



AEGIS Europe welcomes the White Paper on an Instrument on Foreign Subsidies and calls for early adoption of ambitious and effective EU measures

Brussels, 17 June 2020 - AEGIS Europe welcomes the European Commission's *White Paper on an Instrument on Foreign Subsidies* and considers the planned instrument of utmost importance to achieve a level-playing field on the European market.

European manufacturing industries are increasingly concerned by unfair competition on the European market fuelled by third country subsidies and government support be it with respect to State-driven investments (e.g. acquisitions of European companies, incl. in strategic sectors), or underbidding practices (e.g. in EU public tenders) by foreign firms. These firms are free from the competition rules that apply to European economic operators. In addition, the current possibility for such firms to benefit from EU funds while pursuing unfair pricing strategies is detrimental to the European industry and to EU taxpayers' money. Meanwhile, those same countries and governments restrict access to their own markets (lack of reciprocity).

Foreign government guidance and support creates major distortions on the European market, and must not be confused with government support in the context of the Covid-19 crisis. Indeed, government support linked to the Covid-19 crisis is limited in time, targeted and proportional and aims at ensuring the survival of certain sectors. Third country government support that needs to be addressed is aimed at conquering the EU market, dumping excess production and capturing key technology. This is market distortion not crisis recovery.

As the tools available to the EU do not allow to counter the unfair behaviour of foreign public and government supported entities operating on the EU market, AEGIS Europe:

- Calls for an ambitious instrument that will effectively tackle distortions in the EU market, fill existing legal gaps, and put all economic players on an equal footing. Acquisition of EU companies by foreign subsidized entities, sales below production costs, abnormally low tenders in public procurement are all part of the same problem. The new instrument needs to allow corrective measures as well as real time decision making, such as exclusion from EU tenders or exclusion from the Single Market.
- Considers the White Paper as a necessary step to complement other existing instruments such as an EU Foreign Direct Investment screening mechanism and Trade Defence Instruments, or much-needed proposed initiatives such as the International Procurement Instrument (IPI). All of these instruments should be seen as part of a common toolbox to achieve a level-playing field on the European and international markets.
- Considers that the proposed instruments must draw more on the experience of trade defence investigations and EU proposals for the reform of the WTO subsidies agreement.
- Calls for the early adoption of measures by European institutions so that an instrument can be in place in the course of 2021.



AEGIS Europe and its members look forward to working closely with the EU institutions to build on this important initiative which is ultimately about promoting European values and excellence in manufacturing and innovation.

Inès Van Lierde, Chair of AEGIS Europe “The Alliance considers the planned state aid instrument of utmost importance in achieving a level-playing field for European manufacturing industries. Unfair competition on the European market created by subsidised enterprises from third countries cannot last.”

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Media contact: Amélie Leventi | email: info@aegiseurope.eu | www.aegiseurope.eu

About AEGIS Europe:

AEGIS Europe is an industry alliance that brings together more than 20 European manufacturing associations from metals and ceramics to energy and transportation industries committed to manufacturing in the EU on a truly level playing field ensured by a rules-based free and fair international trade. Our members account for more than €500 billion in annual turnover, as well as for millions of jobs across the EU.