



AEGIS Europe welcomes the Commission’s legislative proposal on distortions caused by foreign subsidies in the Single Market

Brussels, 11 May 2021 – AEGIS Europe welcomes the Commission proposal for a new instrument designed to help level the playing field and address the distortive effects of foreign subsidies in the Single Market.

“The EU manufacturing sector struggles to remain competitive not only in the face of distortions caused by the import of dumped and subsidised goods but more and more often in the face of companies subsidised by foreign governments gaining unfair advantages on the Union market. Union producers are subject to State Aid disciplines. Current rules can’t discipline subsidies given outside the Union but causing distortions within the Union. This is a major gap in the law.” comments Inès Van Lierde, Chair of AEGIS Europe.

AEGIS Europe welcomes the fact that some of its asks, such as giving the Commission exclusive competence to investigate, have been taken on board. However, we consider that the €5 million threshold for triggering investigations is too high and out of line with State Aid thresholds. If this difference is not bridged, foreign subsidies will get an easier ride. Specific details are needed on how our industries can be involved in opening an investigation, on the application of the balancing test, and timelines such as those in the EU’s merger control regime. Redressive measures must be effective. Transparency, as is the case for State Aid, will be essential.

The application of this new instrument to services and public procurement is welcomed. But clarity is still needed on potential overlaps with the subsidies disciplines in the WTO or in countervailing actions. Equally, the application to sectors not effectively covered by Trade Defence instruments (i.e. foreign subsidised goods that are not imported but nevertheless distort the Single Market) needs to be further defined.

Finally, AEGIS is concerned that the disciplines do not fully address access to EU funding by operators receiving foreign subsidies. Shared management of funds is covered by the public procurement provisions and direct management will be potentially addressed through a future review of the Financial Regulation, however indirect management remains to be tackled.

“The Foreign Subsidies instrument should complement existing or envisaged tools such as the Trade Defence Instruments, Foreign Direct Investment screening and the International Procurement Instrument as part of the EU’s toolbox to tackle distortions generated in third country markets by overseas governments. Firm action is essential, especially now that the WTO system is in disarray and cannot offer an adequate forum to enforce compliance with the multilateral trade system,” concludes Van Lierde.

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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.