



## **AEGIS Europe welcomes G7 initiative to address distortions triggered by below-market financing**

**Brussels, 15 June 2021** – AEGIS Europe welcomes the [pledge](#) made by the G7 governments to support the efforts to modernise the WTO and work alongside the wider WTO membership ahead of MC12 to promote fair competition worldwide.

“European manufacturing industries are increasingly concerned by the distortions in international markets because of third countries’ government measures and subsidies. While the EU manufacturing sector must comply with strict EU State Aid disciplines, companies subsidised by foreign governments often gain unfair advantages in international markets, harming the competitiveness of EU producers,” comments Inès Van Lierde, Chair of AEGIS Europe.

AEGIS Europe welcomes the steps taken towards identifying and addressing distortions triggered by below-market financing, such as the OECD [report](#) “Measuring distortions in international markets: Below-market finance,” which analysed industrial subsidies. The report revealed that the largest beneficiaries are capital-intensive sectors and that China is the biggest “donor” followed by India and Russia. The report also highlighted that in sectors with substantial excess capacities, more firms tended to benefit from below-market borrowings and to a larger extent.

The findings of the OECD report and its policy recommendations were endorsed in the Joint [Communiqué](#) issued by G7 Trade Ministers. They reiterated their commitment to open markets by calling for transparency and cooperation at the global level to tackle the imbalances generated by increasing excess capacities.

AEGIS Europe supports the specific actions envisaged by the OECD report to review the multilateral trade rules: (i) overhauling the WTO provisions on transparency and notification, (ii) redefining the notion of a public body by enlarging the scope of subsidy providers under the SCM, (iii) enhancing the corporate disclosure obligations for government-invested entities etcetera.

However, AEGIS Europe calls on governments to push the agenda forward and make sure that concrete policy proposals are not watered down through the interventions of countries whose economies thrive as a result of excess capacities and government subsidies.

“We consider that progress on stronger international subsidy disciplines targeting root causes should go hand-in-hand with improving the effectiveness of legitimate trade actions correcting unfair practices causing serious injury in markets all over the world. In this context, a review of the past WTO Appellate Body case law that proved to be disastrous for the proper functioning of legitimate trade defence actions should be envisaged too and part of the proposed solution,” 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.