



AEGIS Europe urges lawmakers to adopt a clear and effective tool against Foreign Subsidies

Brussels, 28 February 2022 – AEGIS Europe welcomes the Commission's proposal for an instrument to address foreign subsidies (FSI) which have distortive effects in the Single Market. However, its scope remains unclear as it appears that it only applies to service sectors. European manufacturing industries need a robust and clear tool to counteract the distortive effects of foreign subsidies.

“While our industries welcome this instrument, there is an unacceptable lack of clarity regarding its scope when it comes to goods, in particular in the field of public procurement and concentrations. Beyond the urgent clarification of the scope, we call for an amendment of Article 40.7 of the FSI proposal in order not to rule out the possibility to act against foreign subsidies distorting the internal market for goods,” comments Inès Van Lierde, Chair of AEGIS Europe.

The European industries are concerned that Article 40(7) of the envisaged FSI appears to impose *a priori* limitations since the instrument would not be applicable to sectors producing and trading goods.

To ensure legal certainty, there is an urgent need to clarify the FSI's application in relation to subsidised goods in the areas of public procurement and concentrations. An absolute pre-requisite for companies to accept the envisaged administrative burden of notifications is the certainty that the Commission will undertake actions against the competitive distortions they face.

Since EU manufacturing industries continue to be systematically undermined by heavily subsidised goods from third countries, adequate remedies are needed to tackle the violation of the WTO's international transparency commitments.

AEGIS Europe calls for the adoption of an instrument that allows the EU to act under the FSI when subsidising third countries violate their WTO subsidy notification obligations. This would be justified under a well-established international law principle which allows a party to suspend its obligations when another party breaches obligations essential to the accomplishment of the object or purpose of the treaty.

European industries also consider that their role in investigations should be strengthened and a reduction of the administrative burden for European economic operators in the framework of notifications should be envisaged. AEGIS Europe also calls for better framing of the discretionary powers of the Commission, for lowering the threshold on concentrations to EUR 250M and for strengthening and widening the scope of redressive measures.

“The FSI proposal needs legal clarity and effective solutions to address the concerns of the European manufacturing industries. Otherwise, the instrument risks not effectively filling the regulatory gap which it was designed to fill. We hope a proper dialogue between the industry and lawmakers will take place and lead to the adoption of a robust tool that can effectively tackle distortions in the Single Market stemming from foreign subsidies,” 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.