



European
Commission

LEVELLING THE PLAYING FIELD

WHITE PAPER ON FOREIGN SUBSIDIES

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#EUIndustrialStrategy

Subsidies granted by non-EU governments to companies in the EU appear to have an increasing impact on the Single Market. The European Commission has published a White Paper on the distortive effects caused by foreign subsidies in the Single Market.

-  State aid control ensures that public support granted by **EU Member States** does not lead to competitive distortions in the Single Market
-  There is no international or EU instrument sufficiently addressing similar distortions caused by **Foreign Subsidies**
-  The proposed new instrument will complement existing tools and fill the regulatory gap
-  Rules will apply equally to subsidies granted by all non-EU countries and will not be discriminatory towards any country



A foreign subsidy is any financial contribution by a government or public body of a non-EU State to an undertaking in the EU:



Building blocks for new legal instruments tackling distortive foreign subsidies:

MODULE 1

GENERAL INSTRUMENT TO CAPTURE DISTORTIVE EFFECTS OF FOREIGN SUBSIDIES

- 1** Preliminary review
- 2** In-depth investigation if a market distortion is suspected
- 3** Redressive measures if, on balance, a market distortion is confirmed

MODULE 2

FOREIGN SUBSIDIES FACILITATING THE ACQUISITION OF EU COMPANIES

- 1** Compulsory notification mechanism for subsidised acquisitions triggered by a threshold
- 2** Preliminary review
- 3** In-depth investigation if a market distortion is suspected
- 4** Redressive measures if, on balance, a market distortion is confirmed



MODULE 3

FOREIGN SUBSIDIES IN PUBLIC PROCUREMENT PROCEDURES

- 1 Compulsory notification mechanism of potential foreign subsidy for bidders
- 2 Preliminary review and in-depth review where necessary to establish existence of foreign subsidy
- 3 Decision on potential distortion of procurement procedure
- 4 Redressive measures: exclusion from the procurement procedure and possibly from future procedures



FOREIGN SUBSIDIES IN THE CONTEXT OF ACCESS TO EU FUNDING

- Foreign subsidies present the same challenges when EU money is being spent > new solutions should also apply here.
- EU funding indirectly managed by international financial institutions should similarly mirror the approach to foreign subsidies.



Depending on the Module and circumstances, enforcement will be carried out by:

- The European Commission
- The Member State's authorities
- Jointly by the European Commission and the Member State's authorities

NEXT STEPS

- 17/06/20 - White Paper publication
- 14-week public consultation - open until 23 September 2020.
- Impact assessment, based on results of the public consultation, with a view to introducing a new legal instrument in 2021.

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