



European
Commission





LEVELLING THE PLAYING FIELD

WHITE PAPER ON FOREIGN SUBSIDIES

June 2020

#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.

© European Union, 2020

Reuse of this document is allowed, provided appropriate credit is given and any changes are indicated (Creative Commons Attribution 4.0 International license). For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

All images © European Union, unless otherwise stated. Icons © Flaticon – all rights reserved, © Carlos Muza on Unsplash – all rights reserved, © Scott Graham on Unsplash – all rights reserved, © OtoZapletal on Pixabay – all rights reserved, © Dimitris Vetsikas on Pixabay – all rights reserved