



EUROPEAN COMMISSION

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*Dear Speaker,*

*The Commission would like to thank the Riksdag for its Opinion on the white paper on levelling the playing field as regards foreign subsidies {COM(2020) 253 final}.*

*The Commission is mindful of the enormous importance of trade and investment for the EU's economy. The key objective of the white paper does not run counter to the EU's traditional openness towards trade and investment. In fact, the white paper seeks to make trade fairer by creating a level playing field for investments from non-subsidised companies and companies that receive foreign subsidies. Under current rules, companies that receive foreign subsidies have an undue advantage when operating in the internal market over competitors that do not receive such subsidies. At the same time, EU rules on State aid regulate subsidies granted by EU Member States whilst no equivalent rules exist for foreign subsidies. In the long term, this regulatory gap risks leading to a crowding-out of non-subsidised activities or investments in the internal market.*

*The Commission takes note of the call by the Riksdag to undertake a more detailed analysis of the problems caused by foreign subsidies. Whilst the white paper sets out a broad regulatory framework to address foreign subsidies, the upcoming impact assessment will give a detailed overview of the impacts of foreign subsidies on the internal market.*

*The Commission recognises the view of the Riksdag that future regulation on foreign subsidies should not create unreasonable administrative costs for regulatory authorities and companies alike. Especially for Module 2, the Commission envisages a procedure that adheres to pre-set timelines. For Module 1, it is important to equip supervisory authorities with necessary investigatory tools to allow for timely and fact-based decisions whilst respecting the rights of defence of the companies concerned. In general, the Commission takes note of the view of the Riksdag that the modules should be further developed to guarantee their effective implementation in practice.*

*Mr Andreas NORLÉN  
Speaker of the Riksdag  
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*The Opinion of the Riksdag emphasises that future EU foreign subsidy regulation should ultimately lead to the formulation of a new multilateral framework on subsidies. The Commission can assure the Riksdag that it continues its efforts to reform multilateral rules on subsidies – however, this process involves the agreement of other major trading partners of the EU, which is likely to take more time. To avoid further distortions in the internal market in the immediate future, it is paramount to take action at the EU-level as soon as possible.*

*With respect to the scope of the foreign subsidy regulation, the Riksdag would like the Commission to determine whether lower environmental and social standards for companies in third countries can be considered a subsidy. The white paper provides a definition of ‘foreign subsidy’ in Annex I: ‘[...] a “foreign subsidy” refers to a financial contribution by a government or any public body of a non-EU State which confers a benefit to a recipient and which is limited, in law or in fact, to an individual undertaking or industry or to a group of undertakings or industries’. In addition to that, the white paper states that the foreign subsidy needs to directly or indirectly distort the internal market (see Annex I). The above example seems to mainly relate to lower regulatory standards that would go beyond the scope of the future regulation on foreign subsidies. In order for the example by the Riksdag to fall under the future regulation, a financial contribution by a non-EU public authority or government to a beneficiary needs to be present that can be linked to a distortion in the internal market. In this regard, the white paper proposes an approach that is also in line with EU State aid rules.*

*The Commission hopes that these clarifications address the issues raised the Riksdag and looks forward to continuing the political dialogue in the future.*

*Margrethe Vestager  
Executive Vice-President*

*Maroš Šefčovič  
Vice-President*