



Chinese state-owned companies will continue to distort the EU market if foreign subsidies tool does not include goods

Brussels, 1 July 2022 – AEGIS Europe, an alliance representing over 20 key European manufacturing industries and companies, has welcomed the European Commission's proposal for an instrument to address foreign subsidies, which distort the Single Market. Our industries, from commodities to downstream products, perceive it as a tool meant to finally level the playing field.

Following the agreement found during the trilogues on the last day of the French Presidency of the Council of the EU, our industries welcome the decision to issue an interinstitutional declaration committing to address the modernisation of the WTO Agreement on Subsidies and Countervailing Measures (ASCM). However, and as the final agreement has not been released yet, the scope of the instrument may remain unclear when it comes to goods as opposed to services in the context of public procurement and concentrations. Against this background, AEGIS Europe believes that European economic operators, who will be subject to notification requirements, should be able to use the instrument and seek remedy of the existing unbalances in the Single Market caused by non-European state-owned companies.

“For our industries, a lack of clarity regarding the scope of the instrument when it comes to goods, particularly in the field of public procurement and concentrations, would be unacceptable at this stage. European companies will have to comply with notification requirements, and for uncertain benefits since there is no guarantee that action will be taken against foreign subsidies on goods¹ that distort the European market,” comments Inès Van Lierde, Chair of AEGIS Europe.

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 international transparency commitments of the WTO Agreement on Subsidies and Countervailing Measures (ASCM). Along these lines, we would like to remind of the findings of the OECD [report](#) “Measuring distortions in international markets: Below-market finance”. This report provides an in-depth analysis of industrial subsidies and reveals that the largest beneficiaries are capital-intensive sectors and that China is the biggest “donor”. However, AEGIS Europe stresses that any reform of the ASCM at the WTO level will be challenging and could take years – which EU industries cannot afford.

“It is urgent to provide legal clarity to European manufacturing industries, which have been in dire need of such an instrument. Otherwise, it will effectively not fill the regulatory gap it was designed to fill. We hope pragmatic solutions will be found to truly enable a robust tool that can effectively tackle distortions stemming from foreign subsidies in all situations on the Single Market,” 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.

¹ AEGIS Europe has called for an amendment of Article 40.7 of the FSI proposal so that the Commission can act against foreign subsidies distorting the internal market for goods