

Topic : Foreign Subsidies in the Single Market

Brief description and main aims:

In May 2021, the European Commission published a proposal for **Regulation on Distortive Foreign Subsidies in the EU Single Market** aimed at tackling the distortive effects of foreign subsidies in the EU Single Market. The proposal will also fill a legislative gap as, currently, there is no EU instrument to control subsidies granted by third countries. It is expected that the Regulation will be adopted in November 2022.

Under the proposed Regulation, the Commission will have the power to investigate financial contributions granted by public authorities of a non-EU country which benefit companies engaging in an economic activity in the EU and redress their distortive effects, as relevant. The Regulation proposes the introduction of three tools, two notification-based and a general market investigation tool. This includes a notification-based tool to investigate **bids in public procurements** involving a financial contribution by a non-EU government, where the estimated value of the procurement is €250 million or more.

Why FIEC is dealing with this topic:

FIEC treats this issue in cooperation with the European International Contractors (EIC) and the European Dredging Association (EuDA). Efforts are now focused on providing the EC information substantiating a reasonable suspicion of foreign subsidies in a particular market segment, justifying a market investigation (under Art. 34).

In the last years, an increasing number of public infrastructure projects have been awarded to third country State-owned enterprises (SOEs), particularly from China, submitting extremely low prices against which private European companies cannot compete. A pattern of distortive subsidies is suspected in these cases. As such, it is important to look at the possibilities for action the Regulation offers that could potentially help **restore a level playing field in the EU Single Market**.

Actions and key dates:

05/05/2021 – European issues Proposal for a Regulation on Distortive Foreign Subsidies

25/05/2021 - Launch of [interactive map](#) *Third country state-owned enterprises in the European procurement market*

24/09/2021 – FIEC-EIC [Key messages](#) and joint amendments (later updated together with EuDA)

04/05/2022 – Council and European Parliament agree their negotiating position on the Commission's proposal

20/09/2022 – FIEC-EuDA-EIC agree on the possibility of working towards triggering a market investigation (final EIC decision pending)

11/2022 – Adoption expected