C/2026/545

23.1.2026

Summary notice concerning the initiation of an in-depth investigation in case FS.100068 – NUCTECH pursuant to Article 10(3)(d) of Regulation (EU) 2022/2560

(C/2026/545)

On 11 December 2025, in accordance with Article 10(3) of Regulation (EU) No 2022/2560 of the European Parliament and of the Council [1] (the 'FSR'), the Commission decided to initiate an in-depth investigation in the above-mentioned case after finding, based on a preliminary review, sufficient indications that Nuctech has been granted foreign subsidies distorting the internal market. The initiation of the in-depth investigation is without prejudice to the final decision in this case.

1. Ex officio procedure

On 16 April 2024, the Commission adopted a decision pursuant to Article 14 FSR requiring Tongfang Co., Ltd. ('Tsinghua Tongfang'), together with all undertakings controlled directly or indirectly by it, including Tongfang Nuctech Technology Co., Ltd ('Nuctech Technology'), Nuctech Warsaw Company Limited Sp. z o.o. ('Nuctech Warsaw') and Instech Netherlands BV [2] ('Nuctech Netherlands', and together with Nuctech Warsaw the 'Nuctech EU entities'), to submit to inspections.

Between 23 April 2024 and 26 April 2024, the Commission conducted inspections at the premises of Nuctech Warsaw and Nuctech Netherlands. The Commission also conducted two continued inspections at the premises of the Directorate-General for Competition in Brussels between 30 May and 5 June 2024 and between 3 April and 9 April 2025.

The business activities of the undertaking under investigation are as follows:

— Tsinghua Tongfang is registered in the People's Republic of China ('PRC'). It is active in the area of nuclear technology applications, information industry and energy conservation and environmental protection. Tsinghua Tongfang is controlled by the China National Nuclear Corporation, which is in turn controlled by the PRC's State-owned Assets Supervision and Administration Commission ('SASAC'). SASAC's ultimate owner is the Government of the PRC.

— Nuctech Technology is registered in the PRC and is controlled by Tsinghua Tongfang. Nuctech Technology indirectly controls Nuctech Warsaw, registered in Poland, and Nuctech Netherlands, registered in the Netherlands. Nuctech Technology and its subsidiaries are active worldwide in the manufacturing and sale of threat detection systems ('TDS'), including security inspection products for airports, ports, railways and roads, borders and critical infrastructure. Nuctech Technology and its subsidiaries are referred to collectively as "Nuctech" in this notice.

2. Indications of the presence of foreign subsidies

Based on the information available to it at this stage, the Commission considers that there are sufficient indications that Nuctech, after 12 July 2018, has received the following foreign subsidies within the meaning of Article 3 FSR:

i. Grants, granted by the central or local public authorities in the PRC. The Commission preliminarily considers that these measures: (i) conferred a benefit to Nuctech as they consist in the direct transfer of funds that would not have been available to Nuctech under normal market conditions; and (ii) are limited to undertakings operating in specific sectors or carrying out activities that were specifically supported by the PRC via dedicated schemes.

[1] Regulation (EU) 2022/2560 of the European Parliament and of the Council on foreign subsidies distorting the internal market (OJ L 330, 23.12.2022, p. 1).

[2] As of July 2024, Nuctech Netherlands has changed its name into InsTech Netherlands BV.

ii. Fiscal measures, in the form of preferential tax measures, such as reduced corporate income tax rates, pre-tax super deduction for R&D costs, software VAT refunds and other tax refunds, granted by the PRC. The Commission preliminarily considers that these measures: (i) consist of revenue foregone by the tax authorities in the PRC; (ii) confer on Nuctech a benefit resulting from the difference between the tax that would have normally been due and the tax it actually paid; and (iii) are specific, notably, as they are limited to companies recognised as "high-tech enterprises" or companies of a certain size or industry. Other taxpayers cannot benefit from the same measures.

iii. Preferential financing granted to Nuctech, in the form of loans granted by banks whose actions the Commission considers at this stage to be attributable to the PRC. The Commission considers that, on the basis of the information in its possession, there are sufficient indications – within the meaning of Article 10(3) FSR – that Nuctech was granted such loans on preferential terms, and that those terms were likely influenced by favourable policies of central or local public authorities in the PRC for companies in its sector. The loans were specifically addressed to Nuctech and therefore limited to one undertaking.

iv. Finally, the Commission will investigate other foreign financial contributions that may qualify as foreign subsidies to Nuctech, in particular related to technology development and liquidity support. The Commission may also investigate any other foreign financial contributions received by Nuctech, if they are brought to its attention during the in-depth investigation.

3. **Indications of a distortion on the internal market**

Based on the information available at this stage, the Commission considers that there are sufficient indications that the preliminarily identified subsidies are liable to improve Nuctech's competitive position in the internal market, thereby actually or potentially negatively affecting competition in the internal market within the meaning of Article 4 FSR.

Based on Nuctech Technology's ownership of the Nuctech EU entities, the existence of very close functional, economic and organic links between Nuctech Technology and the Nuctech EU entities, the amount of subsidies, the importance of price as a competitive driver in the internal market as well as the absence of any credible legal or economic factors preventing or rendering unlikely the transfer of resources between Nuctech Technology and the Nuctech EU entities, the Commission considers that there are indications that Nuctech has the ability and incentives to transfer part of the benefit from the foreign subsidies to its activities in the internal market.

The Commission has also found indications that Nuctech's improved competitive position could actually or potentially negatively affect competition in the internal market by allowing Nuctech to offer customers lower prices or better commercial conditions than competitors. This may, in turn, have allowed Nuctech to win more tenders at the expense of competitors, consequently strengthening its position in the internal market. Additionally, these better conditions may have reduced or eliminated competition in certain tenders, preventing or dissuading competitors from participating. Finally, the foreign subsidies may have contributed to Nuctech's ability to file patents in TDS-related technologies at a very high pace, which may have contributed to its market penetration.

4. **Conclusion**

For the reasons set out above, the Commission considers that there are sufficient indications that Nuctech has been granted foreign subsidies distorting the internal market, as described in Sections 2 and 3 to initiate an in-depth investigation in accordance with Article 10(3) FSR.

5. **Invitation for comments**

In accordance with Articles 10(3)(d) and 40(1) FSR and Article 8(1) of Commission Implementing Regulation (EU) 2023/1441 ([3]) (the 'FSIR'), the Commission invites any natural or legal person, any Member State, as well as the third country that granted the potential foreign subsidies identified in Section 2 to submit their comments. In accordance with Article 8(3) FSIR, where submitted written comments include confidential information, the submitting person shall provide a non-confidential version of the submission at the same time as the confidential version.

In duly justified cases, the providers of comments may request that their identity is not disclosed. Anonymity will be granted based on explicit good cause shown in the request.

In order to be fully taken into account in the procedure, comments should reach the Commission not later than one calendar month following the date of this publication. Observations can be sent to the Commission by email to COMP-FSR-REGISTRY@ec.europa.eu, with reference FS.100068.

([3]) Commission Implementing Regulation (EU) 2023/1441 of 10 July 2023 on detailed arrangements for the conduct of proceedings by the Commission pursuant to Regulation (EU) 2022/2560 of the European Parliament and of the Council on foreign subsidies distorting the internal market (OJ L 177, 12.7.2023, p. 1).