Statement of the European Commission on multilateral rules to address distortive foreign subsidies on the occasion of the adoption of Regulation (EU) 2022/2560 (*)

(2022/C 491/03)

On 30 June 2022, the European Parliament, the Council and the European Commission reached an agreement on the Regulation on foreign subsidies distorting the internal market (2). This Regulation complements the existing European and international disciplines on subsidies and subsidy control. It deals with distortions caused by foreign subsidies in the Union’s internal market.

Subsidies may have a negative impact on international trade and can lead to distortions of competition in both traditional sectors and new technologies. In some cases, uncontrolled subsidies may also result in excess capacities, to the detriment of healthy market dynamics. The EU needs to continue to reap the benefits of international opportunities while developing tools to confront unfair trading practices, both internally and externally (3). This Regulation should contribute to improving the resilience of the EU internal market, in particular when it comes to protecting it against distortions caused by foreign subsidies. This way, the Union complements its toolbox in view of achieving the objectives of the Union’s open strategic autonomy.

With a view to addressing the negative impacts of subsidies, and recognising that WTO rules may not be sufficiently effective in tackling the negative spillovers of state intervention in the economy, including for certain industrial sectors, the European Commission remains committed to further enhancing the effectiveness of the multilateral framework on subsidies, and is determined to strongly push for a legal framework that is well equipped to address distortions to trade and to competition and for a level playing field (4). In particular, the Commission is committed to modernising rules on industrial subsidies to enhance the proper functioning of and to promote compliance with the WTO Agreement on Subsidies and Countervailing Measures (ASCM). In this context, the European Commission recalls its ongoing trilateral cooperation with Japan and the United States.

Rules on subsidies are laid down in particular in the ASCM, which sets out prohibitions of certain subsidies and actions to counter adverse effects of subsidies in the context of trade in goods. In respect of the Union, these rules are, insofar as they relate to countervailing subsidisation, implemented by Regulation (EU) 2016/1037 on protection against subsidised imports from countries not members of the European Union (5). The scope of Regulation (EU) 2016/1037 is determined by the scope of the ASCM.

The Regulation on foreign subsidies distorting the internal market is in line with the Union’s international obligations, including in particular those resulting from the ASCM. The European Commission will ensure that any action taken in the application of this Regulation is consistent with its international obligations.

The Commission intends to make full use of this new Regulation to address distortions caused by foreign subsidies in the internal market.