



ERT

Expert Paper

ERT response to the Consultation on the White Paper on Foreign Subsidies

September 2020

ERT on Competition Policy

ERT strongly believes in competition policy and enforcement to secure fairer markets and strong competition. These are fundamental to the functioning of the internal market and to the benefit of EU consumers.

As outlined in ERT's strategic paper launched in April 2019 entitled *Strengthening Europe's Place in the World*, companies led by ERT Members are committed to creating jobs and prosperity in Europe but call on policymakers to create the required framework conditions for European companies to compete successfully and at scale globally.

ERT voiced in its *Competing at Scale* publication (October 2019) its deep conviction in competition policy and enforcement to secure fairer markets and strong competition. ERT also welcomes the increasing focus in Europe (at both the Commission and NCA level) on the challenges posed by changing market demands, including the digitalisation of all parts of the economy.

As a leading competition authority, DG Competition sets an important global example, and its messages carry significant weight.



Table of Contents

1. ERT welcomes the New Instrument	4
2. The New Instrument should be firmly rooted in EU competition law	4
3. Addressing selected questions relating to the three Modules	6

1. ERT welcomes the New Instrument

(1) The Working Group on Competition Policy of the European Round Table for Industry, hereafter ‘**ERT**’, welcomes the proposal to level the playing field as regards foreign subsidies. The New Instrument will make an important contribution to securing the global competitiveness of European industries to the benefit of the EU economy and its people.

(2) European companies are increasingly faced with competition from companies outside the EU that benefit from State support but that are not subject to the same rigorous State aid scrutiny. This puts EU companies at a significant competitive disadvantage. The WTO subsidies regime is insufficient, as the Commission has correctly identified. Its dispute settlement procedures have been critically undermined leading to the inability to deal with unfair State and market practices to the extent that they are covered by WTO rules.

(3) The EU needs a broad, effective and workable regime to appropriately address distortive foreign subsidies, but without making inward investments less attractive or prompting third countries to adopt tit-for-tat rules that would be harmful for European investments abroad. ERT considers that this will require:

- Legal certainty, starting with clear definitions of key concepts such as foreign subsidy, State-owned enterprise (“SoE”) and distortion. The basic premise should ensure that significant distortions of the internal market by foreign subsidies that would be illegal if granted by an EU Member State, are captured. The challenge is to do so in a way that balances the openness of the internal market and the need to defend it against unfairly distortive subsidies that have a material impact.
- Enforcement procedures that are not overly burdensome and that can be completed within short timeframes leading to effective redress. They should reflect a workable allocation of tasks and responsibilities between authorities and apply appropriate standards of proof and procedural safeguards. They should also be designed to prevent circumvention.

(4) Ensuring that the New Instrument is proportionate, does not discriminate, and is based

on transparent and fair processes, will not only minimise the risk of third-country retaliation, but might even help to establish a multilateral or global solution for the control of unfairly distortive subsidies.

(5) It will be important to have clear mechanisms to address potential overlaps between existing EU rules and the New Instrument in the different scenarios outlined in the White Paper in order to alleviate the administrative burden for the targeted company and to ensure that Europe remains an attractive place to invest.

2. The New Instrument should be firmly rooted in EU competition law

2.1 Foreign subsidies regime should be aligned with the State aid framework

(6) The White Paper’s proposed definition of foreign subsidy in Annex I borrows from concepts of State aid¹ as well as the EU Anti-subsidy Regulation.²

(7) ERT considers that in view of the New Instrument’s internal market focus, the concept of foreign subsidies should be **modelled on the EU State aid definition**. Because it is a means of levelling the playing field in the EU, the message should be conveyed that there is no basis for third countries to adopt foreign subsidy rules where there are no similar rules applying to domestic subsidies in their jurisdiction. In addition, the New Instrument should primarily address foreign subsidies with potentially systemic and/or significant distortive effects on the internal market.

(8) The concept of foreign subsidy must be clear, appropriate and effective, capturing unfairly distortive subsidies that would be illegal if granted by an EU Member State. Significant related issues to be addressed include:

- Clarification that the **selectivity factor** (“limited, in law or in fact, to an individual undertaking or industry or to a group of undertakings or industries”) means that it may extend to schemes that at first sight apply to firms in general; or that apply to a large number of eligible firms (for example, all firms of a given sector that may benefit from a certain or similar frameworks). Similarly, the fact that aid is not aimed at one or more specific recipients defined in advance, but

¹ According to Annex I “[f]oreign subsidies would fall under any new legal instrument only insofar as they directly or indirectly cause distortions within the internal market”, which is in line with the current State aid regime (see also footnote 65 and section 4.1.3 of the White Paper).

² Annex I acknowledges that: “the suggested notion of ‘foreign subsidies’ builds on the subsidy definition set out in the EU Anti-subsidy Regulation” (page 47 of the White Paper).

is available if certain objective criteria are met, is insufficient to call into question the selective nature of the measure.³ These clarifications are necessary to provide more legal certainty regarding foreign tax regimes, free trade zones, joint ventures with an SoE, etc., which may potentially qualify as foreign subsidies.

- Introduction of **presumptions** regarding the criterion of State origin,⁴ and a clear definition of what is needed to link a foreign State to the activities of a sub-State body for those to qualify as intervention by the State or involving State resources. Support schemes of foreign States are often ad hoc, unspecified,⁵ and/or non-transparent. The New Instrument must address such difficulties and, in light of the practical obstacles in evidence gathering, consideration should be given to the conditions under which it may be appropriate to reverse the burden of proof.
- Clarify the criterion of subsidies that “directly or indirectly cause distortions within the internal market”. Specifically, what information would be required and how could it be obtained to establish direct or indirectly caused distortions, e.g., where support may be managed/channeled through State-owned or private banks or within a group of or between SoEs. The New Instrument should confirm that it **is sufficient for any distortion to be potentially significant**, in line with the test for the effect on competition or on trade within the EU State aid framework.⁶

(9) The concept of foreign subsidy should apply as widely as the notion of State aid, i.e., irrespective of the sector and of the size of the subsidy, the beneficiary or the target. In addition, in light of a clear evidence-gathering concern, we recommend

introducing a rebuttable presumption that all foreign SoEs are presumed to have benefitted from foreign subsidies of a distortive nature. The presumption could be successfully rebutted, for instance, where the SoE can substantiate that it is subject to disclosure and transparency requirements equivalent to those that publicly traded companies are subject to in the EU, or that there is adequate transparency on State support to SoEs in their country of origin.⁷

(10) The New Instrument should be modelled on the European State aid framework, focusing on foreign subsidies with the most distortive effects on the internal market and those to SoEs, rather than capturing a large number of smaller cases with the associated administrative burden, additional costs and delays for companies. It should be subject to full judicial review to ensure the respect of rights of defence and in the interests of legal certainty.

2.2 Overlaps with trade defence instruments and bilateral trade agreements

(11) The White Paper specifically acknowledges that overlaps are possible between the New Instrument and dispute settlement or consultation procedures under trade agreements and suggests that, in case of an overlap, the Commission may choose to address any distortion created by the foreign subsidy under the option it deems most appropriate.⁸ While the White Paper draws inspiration from the existing State aid framework,⁹ it seems to favour a trade defence approach when the New Instrument overlaps with existing trade instruments.¹⁰

(12) ERT is of the view that the Commission should be consistent from the outset and adopt a principle-based approach as regards the different legal instruments, rather than adopting a case-by-

³ Commission Notice on the notion of State aid as referred to in Article 107(1) TFEU, OJ C 262, 19.7.2016, p. 1-50, paragraph 118. See also on the concept of behavioural selectivity the judgment of the Court of Justice of 21 December 2016, Commission v World Duty Free Group and Others, Joined Cases C-20/15 P and C-21/15 P, ECLI:EU:C:2016:981, paragraphs 81 and 119 “the potentially selective nature of [a] measure at issue is in no way called into question by the fact that the essential condition for obtaining the tax advantage conferred by that measure is that there should be an economic transaction ... regardless of the nature of the business of the recipient undertakings. ... A measure ... to facilitate exports, may be regarded as selective if it benefits undertakings carrying out cross-border transactions, in particular investment transactions, and is to the disadvantage of other undertakings which, while in a comparable factual and legal situation, in the light of the objective pursued by the tax system concerned, carry out other transactions of the same kind within the national territory”.

⁴ The granting of an advantage directly or indirectly through State resources and the imputability of such a measure to the State are two separate and cumulative conditions for State aid to exist. Commission Notice on the notion of State aid as referred to in Article 107(1) TFEU, paragraph 38 (see https://eurometaux.eu/media/1624/study_-_analysis-of-market-distortions-in-china.pdf).

⁵ Unless the purpose of subsidies is specified, corporate income statements have to be read together with local plans and policies in order to deduce the government’s intention behind a subsidy. This greatly complicates the work of researchers trying to deepen the understanding of State-business interaction in general and subsidy practices in particular.

⁶ Commission Notice on the notion of State aid as referred to in Article 107(1) TFEU, paragraphs 189: “the definition of State aid does not require that the distortion of competition or effect on trade is significant or material” and 198 “... the circumstances in which the aid is granted are in most cases sufficient to show that the aid is capable of affecting trade between Member States and of distorting or threatening to distort competition ...”.

⁷ The fact that the presumption is rebuttable, and that is motivated by the evidence-seeking concern, would save such presumption from arguments that it violates the principle that the EU legal order is neutral with regard to the system of property ownership under Article 345 TFEU.

⁸ White paper, pages 43-44 (section 6.8).

⁹ The White Paper refers to the EU State aid framework for example at page 5 in the Introduction; when it refers to the State aid de minimis threshold at page 15 in section 4.1.3; or when it compares the proposed redressive measures to State aid ones in section 4.1.6.

¹⁰ The White Paper states that the Commission could “use the experience gained in a trade defence case in order to guide its assessment” (section 6.6, page 42).

case pragmatic approach. That would ensure legal certainty and avoid deterring foreign investments into the EU.

(13) ERT considers that, as a rule, foreign subsidies should be assessed under the New Instrument. If it transpires during the review that the subsidy would be more adequately addressed under a trade defence instrument or another process, e.g., a bilateral trade agreement, the Commission might open a specific procedure for appropriate redress.

2.3 Overlaps with merger control, antitrust rules and foreign direct investment

(14) The White Paper explains that a “new instrument on foreign subsidies would not affect the current rules on antitrust and mergers” and proposes “a mechanism to address any overlap and ensure that procedures are efficient”.¹¹ ERT considers that such mechanisms for overlaps should be deployed at an early stage to ensure that they do not undermine the effectiveness of the New Instrument but in a way that does not add unnecessary complexity such as to discourage foreign investment in the EU. Multiple merger control and/or foreign direct investment (“FDI”) notifications and disclosures to a variety of authorities can be very burdensome and significantly impact a transaction’s costs and timetable.

2.4 EU interest test

(15) ERT does not see a need for an EU interest test. If an investigation concludes that a foreign subsidy distorts the internal market this should be sufficient. A balancing test such as the proposed EU interest test introduces further complexity and legal uncertainty and is potentially open to politicisation.

(16) If an EU interest test were adopted, the **relevant assessment criteria** should be defined (job creation, achieving climate neutrality and protecting the environment, digital transformation, security, public order and public safety and resilience, etc.) in a clear and measurable way. Practical examples or guidance on when the possible positive impact outweighs the distortion (e.g. if the conditions of existing EU State aid guidelines or precedent are met) should be provided. The **Commission should be exclusively competent** for the application of the EU interest test as part of an in-depth investigation, regardless of whether the overall process is led by the Commission or by Member States. The results

of the Commission’s assessment should bind the relevant authority.

2.5 Other general comments

(17) Focus of the New Instrument: ERT considers that the New Instrument should focus on the most distortive foreign subsidies. More work is needed to define the most distortive foreign subsidies and to establish criteria to prioritise cases.

(18) Privileged access to the domestic markets: ERT supports the concept that, when assessing distortions of the internal market resulting from foreign subsidies, the competent supervisory authority should take into account whether the beneficiary has privileged access to its domestic market providing it with an unfair competitive advantage that could be leveraged in the EU internal market and thereby exacerbating the distortive effect of any subsidy (sections 4.1.3.2 and 4.2.3 of the White Paper).

(19) Commitments vs. redressive measures: ERT does not disagree with the possibility of accepting commitments but stresses the need for adequate monitoring of compliance with them. Given that this will be more difficult to do in relation to activities outside of the EU, there should be some EU “anchors” (such as EU operations). Redressive measures should be imposed where commitments are not respected, in addition to fines and periodic penalty payments.

(20) Reversal of the burden of proof for subsidy and distortion: The New Instrument should include a rebuttable presumption of subsidies being granted to State-owned enterprises, particularly in the context of Modules 2 and 3 (see the suggestion in paragraph 9 above).

(21) Neutral terminology: Certain terminology used in the EU legal framework may not be familiar to a global audience (for example, the term “undertaking”). We recommend the use of neutral terminology coupled with careful definitions and explanations.

3. Addressing selected questions relating to the three Modules

3.1 General instrument to capture foreign subsidies (Module 1)

(22) Scope - all firms active in the EU: ERT considers that Module 1 should apply to all firms

¹¹ White Paper, footnote 12 on page 9.

active in the EU and not only to those established in the EU (see the option outlined in section 4.1.2.2, on page 15 of the White Paper). This would include undertakings established outside the EU but seeking to acquire EU targets and those exporting into the EU.

(23) Investigatory powers require sufficient resources: ERT supports the ex officio investigation powers under Module 1 but notes the necessity to ensure that the competent supervisory authorities have sufficient resources and legal basis to effectively exercise those powers and to investigate and understand sometimes non-transparent capital flows or other foreign subsidies. ERT proposes that the Commission be the sole and central supervisory authority (see paragraph (31) below).

(24) Complaints from industry associations: The New Instrument should explicitly include the possibility for industry associations to complain (see section 4.1.1 of the White Paper), it being sufficient to raise prima facie valid concerns of a distortive foreign subsidy and only require a reasonable level of detail. Similarly, the fact-finding exercise described in section 4.1.5 (on page 18) of the White Paper should explicitly include the possibility of obtaining information from industry associations.

(25) De minimis threshold of EUR 200,000: ERT agrees that there should be a de minimis threshold for the investigation of foreign subsidies in order to ensure the efficient functioning of the New Instrument. But the proposed de minimis amount of EUR 200,000 awarded over a period of three years (see Commission Regulation (EU) No 1407/2013) is too low to allow for a resource efficient control of the most distortive foreign subsidies. ERT considers that the Commission should carefully assess the impact of such a low threshold, including on workload. While the New Instrument should apply to all forms of subsidies and the enforcement should focus on the most distortive subsidies, carve outs should be considered to exclude from any de minimis threshold certain categories of subsidies, such as those to companies operating in conditions of overcapacity or to failing companies without a restructuring plan.

(26) Distortion of the internal market: The White Paper proposes that foreign subsidies would fall under the New Instrument only insofar as they (directly or indirectly) cause distortions within the internal market (as per Annex I and section 4.1.3 of

the White Paper). The Commission should clarify that this condition is akin to that of “threatens to distort competition” under State aid law, which is relatively easily met (see also above).

(27) Redressive measures: ERT understands that in the case of foreign subsidies, it may be difficult to establish that the foreign subsidy is actually and irreversibly paid back to the third country and that it may therefore be necessary to enable the competent supervisory authority to impose alternative redressive measures. These should include the Deggendorf principle according to which a beneficiary of illegal State aid is unable to receive compatible aid for as long as the illegal aid has not been repaid.¹² The extent to which such a remedy might also apply retroactively (e.g. a requirement to rewind a transaction) should also be addressed. In this context, ERT also invites the Commission to clarify how the potential redressive measure of prohibiting a subsidised acquisition (outlined in section 4.1.6) would sit with a possible parallel merger control investigation.

(28) Provision should be made for redressive measures to be complied with within a reasonable fixed delay, subject to adjustment where warranted in the individual case. Sanctions for non-compliance must be severe enough to serve as effective deterrents.

(29) Finally, it is key that the fairness, transparency and proportionality of the review process is ensured and that effective judicial review is available.

(30) Supervisory authority: It is not entirely clear from section 4.1.7 of the White Paper in which situations the Commission would be better placed to enforce Module 1. The Commission seems to propose:

1. that the Commission is better placed as soon as two or more national supervisory authorities pursue a case concerning the same foreign subsidy (we note that this is not aligned with the threshold of “more than three Member States” set out at point 14 of the Commission Notice on cooperation within the Network of Competition Authorities of 2004), but that
2. in general, the Commission is competent for any foreign subsidy benefitting an undertaking in the EU also where it concerns the territory of only one Member State (raising questions about the difference between “better placed” and

¹² Judgment of the Court of Justice of 15 May 1997, *Textilwerke Deggendorf GmbH (TWD) v Commission*, C-355/95 P, ECLI:EU:C:1997:241, paragraphs 25 and 26.

“competent”); and

3. that (several) national supervisory authorities may pursue the case unless the Commission starts an in-depth investigation (at the Commission’s own initiative or at the request of the national supervisory authorities, which the Commission may decide either to accept or reject).

(31) ERT suggests that the Commission be the sole and central supervisory authority and

should commit sufficient resources to robustly screen sectors of third country economies to be able to understand the capital flows and any non-transparent State support in identifying which products/services/companies are being directly or indirectly subsidised, for the following reasons:

1. The EU is exclusively competent to establish the competition rules necessary for the functioning of the internal market and the common commercial policy (Article 3(1) TFEU).
2. The Commission is experienced in both EU competition and trade policy and has the necessary experience and knowledge (including language capabilities) to carry out the complex fact-finding investigations required under the New Instrument.
3. The Commission can guarantee consistency across the EU that individual Member States are not able to ensure (with an economically reasonable amount of resources). For similar reasons, the Commission holds a monopoly for declaring State aid compatible with the internal market.
4. The Commission is better placed to prevent distortions of the internal market because Member States may have strong vested national interests in attracting inward investments for instance. In the post-Covid 19 recovery period, there is a substantial risk of Member States putting the national interest before that of the EU internal market.

(32) Finally, for Module 1 to be an effective tool for levelling the playing field, it is vital to provide for:

1. Timelines for each step in the Module 1 procedure to be established, in alignment with merger or

FDI notifications in case Module 1 covers also acquisitions; and

2. An adequate reporting system that collects input from relevant market actors in all EU Member States. This reporting system should guarantee notification through measures like incentives and/or penalties. Member States should inform the Commission about their reporting mechanisms and the Commission should be able to provide binding recommendations if any changes are required.
3. Sufficient resources (personnel and budget) must be made available to the competent authority.

3.2 Foreign subsidies facilitating the acquisition of EU targets (Module 2)

(33) ERT welcomes the inclusion of a Module addressing the distortions of the internal market through acquisitions which is a timely complement to the EU-wide FDI screening mechanism (that primarily focuses on national security or public order concerns).

(34) Module 2 should exclusively capture acquisitions of EU targets facilitated by foreign subsidies and should be *lex specialis* in this respect. Any combination of Module 2 with Module 1 must not allow for the ex-post reopening of a case already cleared under Module 2 as this would lead to uncertainty and possibly conflicting decisions.

(35) Scope (section 4.2.2.1): At least initially, the scope of Module 2 should be limited to the acquisition of control as set out in the EU merger control regulation. Other acquisitions not conferring control but only the ownership of a certain percentage of shares or limited voting rights should be excluded.

(36) Filing threshold (section 4.2.2.3): The filing threshold for Module 2 should be easy to assess and unambiguous. Clear quantitative thresholds (transaction value, target revenue, etc.) have proven to be most practicable. Qualitative thresholds should be avoided.

(37) ERT considers that shared competence between the Commission and the Member

¹³ Available at <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12416-New-competition-tool>

¹⁴ About the asymmetrical market definition, see the studies cited by Nicolas Petit in a presentation he offered us, available at https://www.linkedin.com/posts/nicolaspetit1_market-definition-ec-revision-china-activity-6679002832194072576-py1P

¹⁵ Paragraph 25 of the Notice.

States with a lower threshold for Member State application of Module 2 would be at odds with the one-stop-shop principle in EU merger control. The Commission should be the sole and central competent authority under Module 2.

(38) Assessment of distortion (section 4.3):

ERT supports the proposed criteria to determine a distortion. It is important to look not only at aspects such as size (both of the subsidy and the beneficiary), the wider context should also be taken into account, e.g. whether a subsidy to acquire a small or medium-sized target in a strategic sector could have potentially negative effects in the market.

(39) ERT considers that the criterion of “situation on the market(s) concerned” would benefit from further clarification and stresses the importance of ensuring that all types of support obtained in the beneficiary’s home market be taken into account in the assessment.

(40) Notification obligation: ERT agrees that the notification obligation should apply only to potentially subsidised acquisitions. ERT welcomes the introduction of the concept of ‘financial contribution’ from a third-country authority in this context. But the notification criteria require greater clarity to avoid failures to notify potentially subsidised acquisitions.

(41) Procedure: ERT agrees with the proposed procedural set-up for Module 2, including both the ex ante compulsory notification and the ex officio review. However, it is of paramount importance that the timelines of the Module 2 procedure are aligned with the existing merger control and FDI procedures (no additional timeline extensions should be possible), and the interplay between them should be clarified.

(42) ERT considers that sanctions for failure to notify (under Module 2 and 3) should be as high as the sanctions for an acquisition/public procurement bid distorted by foreign subsidies in order to have a sufficient deterrent effect (see section 4.2.5 of the White Paper).

(43) Mechanisms for relevant stakeholders to provide input regarding subsidised acquisitions should be widely available, for example with a foreign subsidy whistle-blower tool. This is important to address the potential for incomplete

or unreliable information regarding foreign subsidies.

(44) The Commission might also establish a dedicated department of specialists at DG COMP who may be assigned to the merger control case teams to assess potentially distortive foreign subsidies in parallel with the merger control procedure. This may help streamlining decision-making processes under the New Instrument.

(45) Redressive Measures: any likely remedies in the context of foreign subsidy scrutiny should be complementary and aligned to what could be imposed in the merger control review with the aim of reducing the administrative burden and ensuring consistency between both procedures.

(46) Finally, ERT invites the Commission to initiate its merger control enforcement review and, in that context, expressly codify:

1. that third parties already present in or entering the EU market financed by foreign subsidies may have a significant competitive impact on competition in the internal market, and
2. to include as new grounds for prohibition the distortive impact of foreign subsidies on competition in the internal market in the context of acquisitions of EU targets.

3.3 Foreign subsidies in EU public procurement procedures (Module 3)

(47) ERT welcomes the initiative to dedicate a separate Module to public procurement but considers that ensuring that all foreign subsidies, including those in complex corporate structures are captured requires further consideration to reduce the significant risk of circumvention.

(48) The proposed approach is based on the individual procurement procedure. Bidders would have to declare whether they have received foreign subsidies and the contracting/supervisory authority would assess this information. This approach risks overburdening national contracting/supervisory authorities who have limited resources to effectively assess the existence of foreign subsidies (and sometimes also little or no incentive).

(49) Therefore, the proposed self-declaration mechanism risks being ineffective. ERT considers that, consequently, the **Commission should assume a bigger role** in the context of Module 3.

(50) A more centralised, coordinated approach involving screening to identify which sectors, companies and markets are prone to foreign subsidisation would enable the Commission to identify and address systemic public procurement distortions in specific sectors/markets. The Commission should also consider subjecting SoEs to stricter supervision and/or additional documentation requirements as proposed in paragraph 9 above.

(51) This procedure would ideally lead to the creation of a **watchlist or certification** that could be used in future procurement procedures (eliminating the need to assess the bidder again) and would avoid fragmentation. Related Commission decisions should bind national contracting authorities.

3.4 Interplay between Modules 1, 2 and 3

(52) ERT believes that for both Modules 1 and 2 the Commission should be the competent supervisory authority. This would ensure consistency among investigations, avoid the unnecessary costs of multiple investigations in different Member States and ensure alignment and timelines of decisions.

(53) Modules 2 and 3, in application of the *lex specialis* principle, should address distortions caused more specifically by subsidisation in the context of acquisitions and in public procurement procedures, respectively.

(54) Finally, the Commission should have a more prominent role across all Modules of the New Instrument. The Commission should work to identify products/services and companies that are being subsidised to an extent that may distort the internal market, for instance, by conducting foreign subsidy sector inquiries. **The Commission should also be able to take appropriate measures to remedy such distortions, including by excluding the identified subsidised firms from public procurement procedures in the EU.**

3.5 Foreign subsidies in relation to access to EU funding

(55) ERT considers that awarding EU financial support, such as under public procurement or grant procedures, should indeed not contribute to favour companies that have received distorting foreign subsidies. This principle should apply to all EU-facilitated financing (e.g. EIB, recovery fund, structural funds, CEF2, Digital Europe or Horizon

Europe).

(56) Companies that have violated any of the Modules, for instance by not respecting disclosure or notification obligations, should not have access to EU financial support.

(57) In addition, in order to ensure reciprocity, the Commission should consider restricting access to EU financial support for companies which are already benefiting from foreign subsidies (any form of direct and indirect subsidies, including research grants) in a country that does not enable access to the same funding opportunities for European companies which are also active in that country.

(58) Furthermore, in order to ensure a level playing field, the Commission should consider that foreign companies are not subject to the EU's rules and regulations in their domestic market, which means that careful consideration of fair competition in the context of access to EU funding is needed. EU subsidiaries of foreign groups that are not abiding by the same (often stricter) requirements as EU companies in the internal market should in theory not have the same level of access to EU financial support.



The European Round Table for Industry (ERT) is a forum that brings together around 55 Chief Executives and Chairmen of major multinational companies of European parentage, covering a wide range of industrial and technological sectors. ERT strives for a strong, open and competitive Europe as a driver for inclusive growth and sustainable prosperity. Companies of ERT Members are situated throughout Europe, with combined revenues exceeding €2 trillion, providing around 5 million direct jobs worldwide - of which half are in Europe - and sustaining millions of indirect jobs. They invest more than €60 billion annually in R&D, largely in Europe.

This response is submitted by the Competition Policy Working Group of the European Round Table for Industry.

For more information, go to: <https://ert.eu/focus-areas/competition-policy/>

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