**Thursday 10 November 2022**

P9_TA(2022)0379

## Distortive foreign subsidies

**European Parliament legislative resolution of 10 November 2022 on the proposal for a regulation of the European Parliament and of the Council on foreign subsidies distorting the internal market (COM(2021)0223 — C9-0167/2021 — 2021/0114(COD))**

**(Ordinary legislative procedure: first reading)**

(2023/C 161/06)

*The European Parliament,*

— having regard to the Commission proposal to Parliament and the Council (COM(2021)0223),

— having regard to Article 294(2) and Articles 207 and 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0167/2021),

— having regard to the opinion of the European Economic and Social Committee of 20 October 2021 ([1]),

— having regard to the provisional agreement approved by the committee responsible under Rule 74(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 13 July 2022 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the opinions of the Committee on Economic and Monetary Affairs, the Committee on the Internal Market and Consumer Protection and the Committee on Legal Affairs,

— having regard to the report of the Committee on International Trade (A9-0135/2022),

1. Adopts its position at first reading hereinafter set out ([2]);

2. Approves the joint statement by Parliament, the Council and the Commission annexed to this resolution, which will be published in the C series of the *Official Journal of the European Union*;

3. Takes note of the statements by the Commission annexed to this resolution, which will be published in the C series of the *Official Journal of the European Union*;

4. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

5. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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## P9_TC1-COD(2021)0114

**Position of the European Parliament adopted at first reading on 10 November 2022 with a view to the adoption of Regulation (EU) 2022/… of the European Parliament and of the Council on foreign subsidies distorting the internal market**

*(As an agreement was reached between Parliament and Council, Parliament's position corresponds to the final legislative act, Regulation (EU) 2022/2560.)*

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([1]) OJ C 105, 4.3.2022, p. 87.
([2]) This position replaces the amendments adopted on 4 May 2022 (Texts adopted P9_TA(2022)0143).

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ANNEX TO THE LEGISLATIVE RESOLUTION

Joint statement of the European Parliament, the Council and the Commission

The Union remains committed to an open and rules-based multilateral trading system with a modernised WTO at its core and to further enhancing the effectiveness of the multilateral framework on subsidies. It reaffirms its commitment to support the modernisation of the WTO rules to address distortions to trade and to competition. In particular, the Union will engage in modernising rules on industrial subsidies to enhance the proper functioning of the WTO Agreement on Subsidies and Countervailing Measures (ASCM) and to promote compliance and enforcement.

Statement of the European Commission on clarifications as regards the application of Regulation (EU) 2022/2560 ([1]), pursuant to Article 46 thereof

The Commission commits to clarifying the application of Article 4(1) of Regulation (EU) 2022/2560 on the existence of a distortion caused by a foreign subsidy on the internal market, the application of the balancing test set out in Article 6 of this Regulation, and the assessment of a distortion in a public procurement procedure set out in Article 27(1) of this Regulation.

The Commission will make such initial clarifications public at the latest 12 months after the date of application of these provisions.

Guidelines issued pursuant to Article 46 of Regulation (EU) 2022/2560 may replace these initial clarifications.

Statement of the European Commission on multilateral rules to address distortive foreign subsidies on the occasion of the adoption of Regulation (EU) 2022/2560 ([2])

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 ([3]). 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 ([4]). 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

([1]) Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market (OJ L 330, 23.12.2022, p. 1).

([2]) Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market (OJ L 330, 23.12.2022, p. 1).

([3]) European Commission, Proposal for a Regulation of the European Parliament and of the Council on foreign subsidies distorting the internal market, COM(2021)0223.

([4]) Commission Communication Trade Policy Review — An Open, Sustainable and Assertive Trade Policy of 18 February 2021, COM(2021)0066.

to competition and for a level playing field ([5]). 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 ([6]). 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.'

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([5]) Commission Communication Trade Policy Review — An Open, Sustainable and Assertive Trade Policy of 18 February 2021, COM(2021)0066.

([6]) Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union (OJ L 176, 30.6.2016, p. 55).