

Targeted consultation
European Consumer Organization (BEUC) – Summary
4 December 2020

As an example of distortive subsidies, BEUC mentioned the subsidies granted to Chinese e-commerce companies for postal services (that are also the topic of discussion within the postal union). Distortive subsidies might help third country suppliers to gain an advantage over EU suppliers. .

BEUC pointed out that products manufactured by companies subsidized by third countries can also be cheaper because they are of a lower quality, which is not beneficial for consumers.

As regards the policy options in the Inception Impact Assessment, BEUC believes that a new legislative instrument might be the best solution to close the regulatory gap. They see the EU interest test as necessarily a political judgement.

Solving the issue by improving international rules is not seen as a suitable solution. If the EU chose to solve the problem of foreign subsidies through WTO rules, it would be bound by the dispute settlement system for the matter of foreign subsidies as well. BEUC is of the opinion that we should prevent any type of attack when we implement new rules on foreign subsidies.

Although FTAs are not seen either as the appropriate instrument to fully solve the issue, BEUC expressed the idea that it could be beneficial to use FTAs to enhance cooperation, e.g. to exchange information on foreign subsidies between countries. An MoU between EU and Mexico competition authorities, encouraged by The FTA between the EU and Mexico was mentioned as an example.

An element that the BEUC would like to see added as an assessment criterion for the policy options is ‘following up on the green deal’.

BEUC found it hard to assess the impact of the various policy options, as the impacts of each option depend on the precise implementation of the options. Any instrument that helps to tackle harmful subsidies will certainly have a positive effect. For consumers, the harm caused by foreign subsidies should not only be analysed in terms of prices, but e.g. also in terms of quality or environment, as the impact is larger than just on a micro-economic level.

BEUC raised two questions on the EU interest test. First, BEUC asked how the EU defined the EU interest, as compared to the national interest. Secondly, BEUC wondered if the EU interest test works in such a way that for example a positive environmental impact could outweigh the negative impact of the subsidy.

Finally, BEUC indicated that they had not conducted any studies on the impact of foreign subsidies on consumer prices in the EU, but considered that this may be interesting and that some information may potentially be found in academic literature.

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