

## Impact of foreign subsidies on EU Internal Market

### ***EURATEX welcomes EU initiative and calls for swift implementation***

**EURATEX responded to the EU consultation on the impact of foreign subsidies on the EU Internal Market. It welcomes the initiative and calls for a comprehensive instrument which guarantees level playing field, but it is not protectionist and does not discourage foreign investment.**

The European textiles and clothing industry (T&C) is very globalised, with complex value chains and inter-dependencies with many other sectors. For T&C companies to operate well, they need open and “efficient” markets, but combined with effective controls where necessary.

Against this background, the absence of a level playing field and fair reciprocity between EU and third country competitors on the EU internal market, is a concern. The distortive effects of subsidies provided by non-EU governments have jeopardised the competitiveness of many EU T&C companies. These foreign subsidies could distort the internal market, specifically the general market activity of economic operators in the EU, the acquisitions of EU undertakings, public procurement procedures and access to EU funding. The Commission proposal to create a new legal instrument to address these challenges is therefore very much welcomed.

In its contribution to the public consultation on the matter, EURATEX emphasised that the EU proposal needs to be as comprehensive as possible, both in its scope and in the redressive measures it proposes. The new legal instrument should take into account provisions already available in e.g. EU competition law, Trade Defence Instruments (TDIs) and the International Procurement Instrument. Indeed, consistency and complementarity with other EU tools is key.

According to Dirk Vantuyghem, “*the aim of the instrument is to level the playing field, not to be protectionist and not to discourage foreign investment. For this, the instrument must be non-discriminatory and WTO-compliant*”. EURATEX therefore encourages the EU and member states to move forward with this initiative as soon as possible.