

## Level playing field with State-Owned Enterprises from third countries

### Brief description and main aims:

In December 2022, the European Commission's proposal for a "*Regulation on Distortive Foreign Subsidies in the EU Single Market*" aimed at tackling the distortive effects of foreign subsidies in the EU Single Market was adopted. This was the first EU instrument to control subsidies granted by third countries. The regulation entered into force on 12 July 2023.

Under the Regulation, the Commission has the power to investigate financial contributions granted by public authorities of a non-EU country which benefit companies engaging in an economic activity in the EU and redress their distortive effects, as relevant. The instrument has two notification-based tools, including one to investigate bids in public procurements involving a financial contribution by a non-EU government, and a general market investigation tool.

Before that, in June 2022, the "EU international procurement instrument" was adopted. The instrument was aimed at securing reciprocal access to third-country markets for EU countries.

### Why FIEC is dealing with this topic:

Over the past decade, an increasing number of EU public infrastructure contracts have been awarded to **third-country State-Owned Enterprises**, particularly from China, whose **very low bids distort competition** and disadvantage European companies. While the EU has largely opened its procurement markets, **reciprocity remains limited**, and recent geopolitical tensions have reinforced the need to **preserve industrial know-how and strategic autonomy**.

FIEC addresses these concerns in cooperation with **EIC** and **EuDA** (European Dredging Association), and recently co-signed a joint letter to Commissioner Séjourné, calling for certain construction activities to be recognised as strategic. In parallel, the **European Commission** has launched a **Call for Evidence** to develop the **Foreign Subsidies Regulation (FSR) Guidelines**, a process FIEC is closely following to ensure the construction sector is adequately protected.

### Actions and key dates:

**25/05/2021** – Launch of FIEC's SOEs [interactive map](#) *Third country State-Owned Enterprises in the European procurement market*.

**30/06/2022** – The EU *International Procurement Instrument* (IPI) was adopted.

**23/12/2022** – The *Foreign Subsidies Regulation* (FSR) was adopted by the European Parliament and the Council. It entered into force on 12 July 2023.

**10/07/2023** – The European Commission adopts rules laying down more detailed practical and procedural aspects related to applying the FSR.

**14/07/2023** – FIEC, EIC and EuDA call for a market investigation in the construction sector (including dredging) by the European Commission under the FSR (Article 36).

**15/02/2024** – FIEC, EIC and EuDA finalise a joint letter highlighting their priorities for the next legislature, including a Trade Defence Instrument (TDI) for construction services.

**23/01/2025** – FIEC, EIC and EuDA send a joint letter to Commissioner Séjourné, calling for certain construction activities to be recognised as strategic

**19/03/2025** – FIEC, together with EIC and our Croatian member federation HUP, host a on "[Third country bids in Public Procurement](#):" in Zagreb.

**02/04/2025** – FIEC contributes to the EC's Call for Evidence on the FSR Guidelines.

**14/04/2025** – Following their joint letter FIEC, EIC, UNIFE and EuDA meet EC concerning the European Preference in Public Procurement

**12/08/2025** – European Commission launches the FSR review "Call for Evidence" and opens a parallel 14-week Public Consultation (*Have Your Say*).