

## **ECSA contribution to the European Commission's public consultation on the White Paper on levelling the playing field as regards foreign subsidies**

23 September 2020 - Final

The European Community Shipowners' Associations (ECSA) is the voice of the European shipping industry. Founded in 1965, ECSA promotes the interests of 20 member associations of the EU, the U.K. and Norway. ECSA strives for a regulatory environment that fosters the international competitiveness of European shipping.

Overall, the EU shipping industry welcomes the European Commission looking at how to address possible distortions to the level playing field in Europe's single market, created by foreign subsidies.

The shipping industry strongly supports a regulatory and policy framework that ensures competition which takes place in a fair and transparent environment. The EU shipping industry is a highly competitive industry, controlling close to 40% of the world fleet and operating within the EU, on trades to and from the EU as well as on trades between third countries and regions (so called cross-trades). In all those segments European shipping companies are competing fiercely with operators from third countries.

Other global shipping centres around the world gain ground thanks to intensive support from their governments. The EU shipping sector sees this in first instance as a reason to ensure that the existing policy framework at EU level continues to safeguard and steps up efforts so that the EU shipping industry can stay competitive. Monitoring developments globally in terms of the framework applicable to shipping is crucial to ensure that the EU is on par with other shipping centres around the world. The framework conditions applicable to shipping in some other shipping centres around the world have been studied and evaluated in among others a study from [Monitor Deloitte](#). This study provides further explanation on the characteristics of the EU shipping sector as well as how it operates in a very competitive international business environment.

The White Paper correctly assesses certain challenges existing today created by foreign subsidies distorting the EU internal market and undermining the level playing field.

The White Paper therefore puts forward for discussion a framework that could address, on the one hand, the distortions caused by foreign subsidies provided to an economic operator in the EU market (Module 1) and, on the other hand, the distortions caused by foreign subsidies in the context of acquisitions of EU targets

(Module 2) and of public procurement (Module 3). In all Modules, it is the origin of the subsidy, namely granted by a third country, which is the decisive trigger.

ECSA welcomes the White Paper's reflection on how to ensure strong competitiveness and level playing-field conditions for all EU businesses. ECSA appreciates that the EU aims to support the internal level playing field. This new approach has the potential to address disturbing interventions and to fill a gap in the current framework. At the same time it is important to note that these new tools bare the risk to be perceived as EU protectionist measures by non-EU actors.

### ***Maintaining fair competition***

It is indeed important to ensure that foreign business operators that receive subsidies from third countries and have access to the EU internal market do not jeopardise fair competition with business operators not receiving the same support. Fair competition is a necessary condition to maintain innovation, growth and job creation. ECSA sees added value in assessing how this can best be ensured and follows the reasoning of the different modules put forward.

### ***Keeping markets open***

The tools should support and maintain the level of openness of the EU in order to avoid a trigger for decreased investment. This would be detrimental to the EU economy or could be misinterpreted as protectionist initiatives and provoke negative impacts on EU businesses operating in third countries. In this respect ECSA would like to highlight that EU shipping companies, as truly global players, are active in many third countries.

To avoid the disadvantageous misperceptions it is important that the tools will be well balanced, transparent, precise and well explained.

With regards to the concrete modules, it is necessary to clarify and carefully assess how and with what criteria the 'EU Interest test' may be used to establish whether distortion is mitigated by the positive impact that the supported economic activity or investment might have within the EU. Similarly, thorough evaluation is required with respect to how possible 'redressive measures' will work in practice.

### ***Level playing field for EU and global markets***

In order to ensure a global level playing field ECSA underlines the importance of a rules-based multilateral trade regime under the auspices of a reformed WTO, complimenting the instruments emanating from the White Paper.

The EU's competition regime stands for transparency, predictability and due process and is looked at from jurisdictions around the world. Only in this way the EU can remain a strong voice and leader in discussions at the multilateral level when debating the international level playing field. Global multilateral trade

solutions are the preferred tool for global trade. EU shipowners, as truly global operators, would like to underline the importance to have the WTO reformed as soon as possible. Under the WTO framework a global solution could consist of negotiating WTO disciplines for subsidies in the services sectors.

***Strong EU global players***

In compliment to the White Paper approach and to ensure the competitiveness of EU operators competing with foreign operators in third markets, ECSA sees an important role for the EU's trade and competition policy. We invite the EU to focus on ensuring offensive interests around the world, shipping being one of those interests. We strongly support the EU's policy of concluding Free Trade Agreements with third countries and we welcome the EC's renewed focus on enforcement among others by the appointment of the Trade Enforcement Officer.

From this broader perspective, ECSA calls upon the EU to formulate a comprehensive and globally oriented shipping and industrial policy in the EU, with a strong focus on supporting the global competitiveness of the shipping and wider maritime sector. This requires horizontal policy handling across trade, transport, finance, taxation, environment, social and other policy fields.

In the light of the EU Green Deal goals and to ensure a successful transition to a greener economy as well as to maintain and advance its competitive edge vis-à-vis its key global competitors, EU shipping needs among others access to competitive financing in Europe. For the EU, there is a lot at stake in this respect, since adequate financing helps to maintain shipping companies' presence in Europe, which in turn ensures that the related added value will remain in Europe and that innovative and sustainable solutions for shipping can be developed and promoted from Europe.

ECSA looks forward to be closely involved in any further discussions on instruments emanating from this White Paper and will be eager to understand where and how these tools will be applicable to the shipping sector, taking into account its specific characteristics and the diversity of operations of its fleet, as well as, the different modes of maritime transport.

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