



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA



REFORMING THE GLOBAL ECONOMIC GOVERNANCE:
THE EU FOR SDGS IN INTERNATIONAL ECONOMIC LAW



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Re-Globe Seminar Series

How to Avoid a Global Subsidy Race? The EU Foreign Subsidies Regulation

Pierfrancesco Mattiolo (University of Antwerp)



Introductory Remarks and Discussant

Prof. Elisa Baroncini - University of Bologna, Re-Globe Coordinator

Tuesday, 26 March, 11h a.m. -13h

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Abstract: The advent of the 'permacrisis' has ushered in a new normality wherein governments are compelled to intervene in the economy to sustain growth. The convergence of challenges such as the climate crisis, the Covid 19 pandemic, geopolitical tensions, and soaring energy prices has led many administrations to grant subsidies to struggling enterprises. However, for countries with limited resources or a strict adherence to free-market principles, competing against foreign firms backed by state support poses a formidable challenge. Critics argue that the existing remedies within the WTO framework are insufficient to counteract the protectionist repercussions of subsidization, or the policies of 'State capitalist economies'. In response to this issue, the EU has introduced a novel autonomous instrument, Regulation (EU) 2022/2560 on foreign subsidies that distort the internal market (FSR). The new tool is part of a broader shift to "an open, sustainable, and assertive trade policy" made of autonomous tools designed to restore the level playing field. At the same time, under pressure from certain Member States and domestic stakeholders, the EU has been loosening its State aid rules to facilitate increased public intervention. Consequently, Brussels faces a complex dilemma: should it opt for subsidization or regulation? Pursue an autonomous or multilateral solution? Or perhaps, try to reconcile these ostensibly conflicting approaches? After providing an overview of the issue of foreign subsidies and the current WTO framework, the seminar delves into the FSR and other EU measures designed to counter them. These policies fall into two broad categories: a 'defensive' stance, encompassing the FSR and the WTO reform agenda concerning industrial subsidies and State Owned Enterprises, and an 'offensive' approach based on granting State aid to match the foreign subsidies, but also to achieve other geoeconomic objectives. Additionally, the seminar will scrutinise how EU international relations, particularly with the US and China, influence the legislative evolution of these policies. Ultimately, the audience is encouraged to assess the effectiveness and coherence of the EU's dual-pronged approach towards subsidization, and in particular its adherence to EU principles and international commitments under WTO law. How can the EU mitigate the risk of a global subsidy race? Does the FSR offer a paradigm shift in addressing the subsidy issue effectively?

Pierfrancesco Mattiolo is a Graduate Teaching and Research Assistant specialising in European and International Economic Law at the University of Antwerp, Belgium. His primary research interests encompass competition law and policy, international trade law and policy, and economic diplomacy. Pierfrancesco is currently conducting a doctoral research project on the EU Foreign Subsidies Regulation and its interaction with international trade and industrial policy. Before starting his PhD, Pierfrancesco gained invaluable experience as a policy assistant trainee at the Permanent Representation of Italy to the EU in Brussels. Here, he followed closely various FTA negotiations and legislative processes, including the International Procurement Instrument. His professional journey also includes prior work with renowned think tanks in Rome. In addition to his academic and professional pursuits, Pierfrancesco actively collaborates with the Italy-ASEAN Association and ChinaFiles, a leading Italian news agency specializing in Asian affairs.

Recommended Readings:

For a quick comprehension of the problem of subsidies, the FSR mechanism and an overview on other EU policies that answer to foreign subsidies:

· Blockx J. and Mattiolo P., 2023. The foreign subsidies regulation: calling foul while upping the ante? <https://doi.org/10.54648/eerr2023014>

For the WTO compatibility of the FSR (useful also to understand the WTO framework):

· Nagy C.I., 2023. The EU's New Regime on Foreign Subsidies: Has the Time Come for a Paradigm-Shift? https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4609259

For a critical take on the WTO industrial subsidies framework:

· Horlick G. and Clarke P.A., 2017. Rethinking Subsidy Disciplines for the Future: Policy Options for Reform. <https://doi.org/10.1093/jiel/jgx022>