

Article – Foreign takeovers in Covid-19 crisis: MEPs push for level-playing field



In a plenary debate on 17 June, MEPs expressed concerns that foreign companies receiving subsidies from their governments may try to gain a competitive edge on European companies or even buy them out taking advantage of their financial difficulties in the Covid-19 pandemic.

The European Commission announced earlier that day the [launch of a public consultation](#) on how to deal with the distortive effects in the Single market caused by foreign subsidies. Most MEPs speaking in plenary supported the initiative and emphasised the need for fair competition.

The [Commission's consultation](#) looks at general market distortions caused by foreign subsidies, but also focuses on foreign subsidies facilitating the acquisition of EU companies or providing an unfair advantage in bidding for public procurement.

[Christophe Hansen](#) (EPP, Luxembourg) said “China is not the only state on a shopping spree for companies weakened by the impact of the pandemic”, but it is “the elephant in the room in this debate”. “If we are to keep up public support for our trade policy, we must equip it with the tools to enforce fair competition,” he added.

“The economic impacts of the coronavirus cannot be used to profit from the weaknesses of businesses,” said [Agnes Jongerius](#) (S&D, Netherlands), adding:

“We can’t just look on as companies receive unfair subsidies and use them to buy our companies.”

“Imagine a football match where the foreign side follows rules that are much easier than those on the home side,” said [Stéphanie Yon-Courtin](#) (Renew Europe, France). “What’s the point of even watching the match, because you know ahead of time who’s going to win.”

In a report on [EU competition policy](#) drafted by Yon-Courtin and adopted in plenary on 18 June, MEPs underlined the need to safeguard critical EU companies and assets from hostile takeovers.

Some MEPs called for strengthening the rules on screening foreign direct investment in the EU. The EU adopted [a legal framework](#) on this in 2019. The aim is to make sure that investment does not pose a threat to critical infrastructure or allow access to sensitive information or key technologies. The rules will come into force in October 2020.

Margrethe Vestager, the Commission’s executive vice president, stressed the lack of transparency in foreign subsidies: “Right now, European governments are doing the best they can to help businesses come through the damage that the coronavirus is doing, but they do that in a controlled way, they do that in a transparent way... The reason why we’re dealing with foreign subsidies is that we have no control, no transparency and that is why we stand up against this today.”