[State aid: Commission opens in-depth investigation into restructuring aid for Polish Regional Railways]

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Polish Regional Railways has already benefitted from state support in the past. We need to assess whether the aid received is compatible with EU State aid rules and make sure that public support does not lead to distortions of competition in this market"*.

In September 2015, Poland notified to the Commission restructuring aid granted to Polish Regional Railways (*Przewozy Regionalne*), worth PLN 770 million (around €181 million).

Under EU State aid rules companies in financial difficulty, such as Polish Regional Railways, can receive restructuring aid only once over a period of 10 years (the so called "one time, last time" principle). This is to avoid that struggling firms rely on public funding to stay in business, instead of improving its business performance and competing on their merits.

During its preliminary assessment, the Commission found that Polish Regional Railways had already received State support in the past. The Commission's in-depth investigation will examine:

- whether this past State support should be considered as restructuring aid, and consequently whether the aid granted in 2015 complies with the "one time, last time" principle;
- whether, as required by EU State aid rules, Poland has offered adequate measures to alleviate distortions of competition caused by the restructuring aid, and
- whether Polish Regional Railways sufficiently contributes to the costs of restructuring from its own resources.

The Commission acknowledges that the Polish domestic rail passenger sector is different from other economic sectors in certain respects, in particular because it provides an important public service on a market that is not yet fully open to competition at EU level. The Commission will consider how to take account of those differences in the assessment of restructuring aid to Polish Regional Railways.

The Commission will now investigate further to find out whether its initial concerns are confirmed or not. The opening of an investigation gives interested third parties the opportunity to submit comments. It does not prejudge the outcome of the investigation.

Background

Polish Regional Railways is the largest passenger regional rail operator in

Poland and the sole provider of public passenger rail transport in 7 out of 16 regions. The company has been in financial difficulties for some time. In 2015, the State-owned Industrial Development Agency paid PLN 770 million to acquire a majority stake in Polish Regional Railways. Polish Regional Railways used the proceeds from this equity investment to repay its debts and finance restructuring.

Under the EU Guidelines on Rescue and Restructuring Aid, companies in financial difficulty may receive State aid provided they meet certain conditions. Most importantly, the Guidelines require that restructuring aid may be granted only once over a period of 10 years. In addition, the beneficiaries of restructuring aid must offer measures to limit distortions of competition caused by the aid. Such measures can take the form of a commitment by a Member State to open up the market to competition from other operators.

More information will be available on the Commission's competition website, in the public State Aid Register under the case number SA.43127.

EU modernises its trade defence instruments

Together with the new anti-dumping methodology, this is the first major overhaul of the EUs anti-dumping and anti-subsidy instruments since 1995.

The changes to the EU's anti-dumping and anti-subsidy regulations represent a balanced result, taking into account the interests of EU producers, users and importers alike. They will make the EU's trade defence instruments faster, more effective and more transparent. They make the EU better equipped to deal with the challenges of the global economy and unfair competition from imports. At the same time, they bring the EU trade defence system closer to the needs of smaller companies. Finally, trade unions that represent workers whose jobs are at stake due to unfair competition from abroad can now fully participate in these investigations.

The overhaul covers a broad range of aspects relating to the way the Commission carries out trade defence investigations for the benefit of EU producers and other businesses, including importers and downstream industries that depend on imports.

Why is the EU modernising its trade defence instruments (TDI)?

The EU's trade defence instruments have remained largely the same since the creation of the World Trade Organisation (WTO) in the mid-nineties. They have proven effective but needed an update. The aim of this modernisation is to ensure the continued effectiveness of the EU's TDI in the face of new global challenges, for instance various global overcapacities in products like steel and aluminium.

The agreement builds on the proposal presented by the Commission in 2013 aiming at providing Europe's trade defence instruments with more transparency, faster procedures and more effective enforcement.

When will the new rules apply?

The European Parliament's international trade committee endorsed this agreement on 23 January 2018. The new rules will enter into force once the respective approval procedures within the European Parliament and the Council are finalised. This is foreseen for end of May 2018.

What will be the benefits of the reform?

Amongst the most important changes to the EU's anti-dumping and anti-subsidy legislation are:

- **Faster and more efficient investigations**: provisional measures will be imposed within 7 to 8 months, in comparison to the current 9 months.
- **Possibility to impose higher duties:** this will apply to anti-subsidy cases, as well as anti-dumping cases concerning imports produced using raw materials and energy provided at an artificially low price. This means the rule known as "lesser duty rule" will be adapted. In such cases, the EU will be able to apply the duty rates at the full dumping margin level, provided this is in the interest of the EU as a whole, taking into account the interest of consumers, as much as upstream and downstream industries.
- **Improved injury calculation**: the new rules concerning calculation of the 'non-injurious price', i.e. the price that the industry is expected to have charged under normal circumstances, now better reflect economic reality. They may now take into account the cost of necessary investments, such as in infrastructure or research and development, but also future expenses related to social and environmental standards, for example under the Emission Trading System. Also, the 'non-injurious price' will now assume a minimum profit of 6% that will be included in the calculation, with a higher profit margin possible on a case-to-case basis.
- **Inclusion of social and environmental considerations:** Trade has to be open but also fair. The new rules ensure that our high standards in the EU do not disadvantage European industry in application of trade defence measures. The EU will now for instance take into account the cost of compliance by EU industry with higher social and environmental standards. Furthermore, the EU will normally not accept price undertakings from third countries that have a bad record on core International Labour Organisation conventions and multilateral environmental agreements. The Commission also intends to review the measures in place in case of changed circumstances concerning social and environmental standards. The Commission's annual report on trade defence instruments will also include now a section dedicated to sustainability issues.

- **Increased transparency and predictability**: An advance warning of 3 weeks will now be given to companies before duties start being collected. This will allow all companies to adapt to the new situation.
- **Support for EU smaller companies**: EU small and medium-sized companies will now be able to benefit fromstreamlined procedures and support of an SME Helpdesk to make it easier for them to participate in trade defence investigations.The helpdesk for small and medium-sized enterprises (SMEs) will be boosted significantly so that smaller businesses can get practical help and advice from the Commission's trade defence experts, for example on the requirements for bringing a trade defence complaint. There are also practical changes that will make it easier for SMEs to participate in trade defence investigations. For instance the Commission will release a guide in all EU languages on its trade defence instruments.
- **Closing the loophole related to dumped products shipped offshore:** Trade defencemeasures will now also apply to dumped or subsidised products shipped offshore in the Continental Shelf / Exclusive Economic Zone of the Member States when the consumption of the product is significant. This closes an important loophole in the legislation. The Commission will adopt a technical tool to fully implement this legislative change.

Is this only going to benefit European manufacturing companies?

Trade defence measures are typically a double edged sword and this Commission initiative was designed right from the beginning for the benefit of all types of businesses including importers and downstream users. Their benefits include:

- More transparency in particular with regard to provisional anti-dumping duties: they will get an advance warning of at least three weeks. This is subject to a review after two years which can adjust the advance warning to two or four weeks.

- The Commission will also reimburse duties that have been collected during an expiry review, in cases where such review concludes with the termination of measures.

How does this TDI modernisation package relate to the new anti-dumping methodology that the EU has recently introduced?

Both reforms have aimed at maintaining and improving the effectiveness of the EU's trade defence instruments in light of the changes in the global economy but cover different aspects. The present trade modernisation package is distinct from the new methodology for calculating the dumping margin.

The changes agreed in TDI modernisation cover a variety of issues relating to how trade defence investigations are conducted, including the duration of the investigations, better rules concerning the calculation of the non-injurious price and hence the duty levels, increased transparency in particular about provisional duties, as well as help for SMEs.

The new methodology to calculate the dumping margin concerns cases where the exporting country engages in distortive practices in its economy.

This being said, both reforms are equally important in order to ensure the continued effectiveness of the EU's trade defence and preserve a level playing field for EU industry.

Will the lesser duty rule continue to apply?

The lesser duty rule has proven to be effective in the past and it will remain part of the EU's trade defence instruments. However, the rule has been adapted to deal with raw material distortions in anti-dumping cases. In anti-subsidy cases the European Parliament and the Council followed the Commission's proposal to impose the measures at the level of the subsidy margin. Subsidies are particularly distortive of trade. It is not acceptable that exporters benefit from subsidies that are against WTO rules, at the expense of European industry.

More information

Press release on modernisation of EU trade defence of 5 December

New antidumping methodology

EU Trade Defence

Daily News 23 / 01 / 2018

Boost of €100 million for microfinance and social enterprises in Europe from the Investment Plan for Europe

Investment in microfinance and social enterprises is set to receive a significant boost. The EU's financing programme for Employment and Social Innovation (EaSI) will receive an additional €100 million for its Guarantee scheme from the European Fund for Strategic Investments (EFSI), the core of the Investment Plan for Europe. In light of this top-up, Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne **Thyssen**, said: "*Thanks to the €100 million EFSI top-up the EU will be able to boost access to finance to micro-entrepreneurs and social enterprises across the continent. The extra funding is expected to mobilise about €1.9 billion in financing for micro-entrepreneurs, in particular vulnerable groups such as the unemployed, young people, and migrants, as well as social enterprises. Through the programme for Employment and Social Innovation, the European Commission shows its commitment to foster sustainable employment for the most vulnerable people in the labour market. It will enable thousands of new jobs to be created*." The financial support comes on top of the original EaSI Guarantee instrument worth €96 million, for a combined overall investment of €196 million. In order to continue to highlight the need for investment in social infrastructure, a High-Level Task Force on "Investing in social infrastructure in Europe" was set up in January 2017 on the initiative of the European Association of Long Term Investors. Today the Task Force, chaired by former Commission President Romano Prodi and former French Minister Christian Sautter, presented its report at the Commission in the presence of Vice-President **Katainen**. *(For more information: Christian Wigand– Tel.: +32 229 62253; Sara Soumillion – Tel.: + 32 229 67094)*

Investment Plan in Spain: European Investment Bank launches three new projects worth €255 million

The European Investment Bank (EIB) has signed three new deals in Spain under the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan for Europe, the Juncker Plan. The first is a €100 million loan to Acciona to develop its innovation and digitalisation activities in strategic sectors such as renewable energy, infrastructure and water treatment. The second is €125 million in financing to Redexis to construct 845 kilometres of new gas distribution networks in Spain, employing 2,400 people in the construction phase. The third is €30 million to renovate city buses in Palma de Mallorca, replacing 180 diesel buses with a new fleet running on natural gas, as part of the Cleaner Transport Facility programme. Commenting on the Las Palmas buses project, Violeta **Bulc**, Commissioner for Transport, said: "*This project is yet another illustration that the Juncker Plan is bringing tangible results for Europeans… and for the environment! These new buses will improve the daily lives of commuters, stimulate the local economy and put Palma de Mallorca at the forefront of the transition to low-emission mobility. I hope that this success will encourage many other European cities to follow suit." (For more information and all the latest EFSI results see the Investment Plan website or contact Johannes Bahrke – Tel.: +32 229 58615; Siobhán Millbright – Tel.: +32 229 57361)*

EU risk assessments in food sector: EC launching public consultation on transparency

The European Commission is launching today a public consultation on the transparency and the independence of risk assessments and scientific studies as a follow-up to its response to the European Citizens' Initiative (ECI) on glyphosate. The public consultation is also based on the current evaluation of the General Food Law. Commissioner for Health and Food Safety, Vytenis **Andriukaitis** said: *"The Commission is fulfilling its commitment made when responding to the ECI and is initiating a process to reinforce the trust in the EU's scientific assessment in the area of food safety. I call on all interested parties – NGOs, stakeholders, public authorities – to contribute to the consultation launched today. This will allow the Commission to table – as promised – a legislative proposal this spring which will address this issue, as well as reinforce the European Food Safety Authority's (EFSA) governance model and support the long term excellence of its scientific capacity"*. The consultation will remain open until 20 March 2018 and is available here. (For more information: *Anca Paduraru – Tel.: +32 229 91269; Aikaterini Apostola – Tel.: +32 229 87624*)

Commission welcomes progress in approval of the modernised EU's trade defence rules

Today, the international trade committee of the European Parliament endorsed the political agreement reached between the Commission, the Council and the European Parliament on 5 December 2017 on the modernisation of the EU's trade defence instruments. Trade Commissioner Cecilia **Malmström** said: *"Today's resoundingly positive vote means that the EU is one step closer to having the necessary tools to tackle unfair trading practices quickly and effectively. Together with the recently-agreed changes to our anti-dumping methodology, the EU's toolbox of trade defence instruments will be even better suited to deal with global challenges. I now look forward to the speedy adoption of this decision by plenary of the European Parliament. The EU stands for open and rules-based trade, but we must ensure that others do not take advantage of our openness. The EU stands ready to defend its industry and workers from unfair competition."* The changes to the EU's anti-dumping and anti-subsidy regulations will make the EU's trade defence instruments more adapted to the challenges of the global economy: they'll become more effective, transparent and easier to use for companies. In some cases they will also enable the EU to impose higher duties on dumped products. The details of the agreement reached in December are now presented in a dedicated factsheet. The new rules will enter into force once the European Parliament and the Council conclude the respective ongoing approval procedures. *(For more information: Daniel Rosario – Tel.: +32 229 56185; Kinga Malinowska – Tel: +32 229 51383)*

Publication of latest agri-food trade figures: EU remains a strong exporter of agri-food products

Published today by the European Commission, the latest monthly trade report shows that the value of EU agri-food exports reached €12.7 billion in November 2017. With EU agri-food imports at a value of €10 billion, the latest monthly trade balance is now at about €2.7 billion. For the 12-months period November 2016 to November 2017, EU agri-food exports increased by 5.6 % in value terms, compared to the same period one year ago. Major gains in annual values have been achieved in agri-food exports to the USA, Russia and several Asian markets: China, Japan, Korea and Hong Kong. Wine, milk powder and infant food have had good export performance over the last 12 months. EU agri-food imports increased the most for palm oil oilseeds and unroasted coffee and tea. The full report is online. *(For more information: Daniel Rosario – Tel.: +32 229 56185; Clémence Robin – Tel: +32 229 52509)*

Concentrations: la Commission autorise l'acquisition de certains actifs de l'entreprise Asco Industries par Schmolz+Bickenbach

La Commission européenne a approuvé, en vertu du règlement européen sur les concentrations, l'acquisition de certains actifs de l'entreprise Asco

Industries, basée en France, par Schmolz+Bickenbach, basée en Suisse. Asco Industries est un producteur d'acier européen qui fournit des produits longs en aciers spéciaux aux secteurs de l'automobile, de l'ingénierie mécanique, des roulements et de l'énergie. Schmolz+Bickenbach est un groupe industriel actif tout au long de la chaine de valeur ajoutée des produits longs en aciers spéciaux: de la production d'acier et de la transformation à chaud et à froid des produits, jusqu'à leur distribution et la fourniture de services personnalisés. La Commission a conclu que la concentration envisagée ne soulèverait pas de problème de concurrence, car les chevauchements entre les activités des entreprises sont limités. L'opération a été examinée dans le cadre de la procédure simplifiée de contrôle des concentrations. De plus amples informations sont disponibles sur le site internet concurrence de la Commission, dans le registre public des affaires sous le numéro d'affaire M.8740. *(Pour plus d'information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

State aid: Commission clears rescue aid for Croatian shipbuilder Uljanik

The European Commission has found that Croatian plans to grant Uljanik shipyard a State guarantee for a €96 million loan are in line with EU State aid rules. The measure will allow the company to meet urgent liquidity needs while preparing a restructuring plan, whilst competition distortions are limited. On 15 January 2018, Croatia completed its notification to the Commission of plans to grant a State guarantee on a €96 million loan in favour of Uljanik Shipyard. The company, part of the Uljanik group, is located in Pula, in the county of Istria in Croatia, and employs around 1 800 people. It has been in financial difficulties for several years due to the adverse effects of the financial crisis on the shipbuilding sector in general, and on the resulting low orders for new vessels in particular. The measure will enable Uljanik Shipyard to pay wages, suppliers and other urgent liabilities over the next months and prevent it from going out of business, while preparing a restructuring plan. Commissioner Margrethe **Vestager**, in charge of competition policy, said: "*The Croatian State guarantee will help the Uljanik shipyard to continue operating and maintain 1 800 jobs, while they work out a sound restructuring strategy to ensure its future. We approved it today. The restructuring plan must return the company to long-term viability without continued public support, to preserve jobs in Istria on a sustainable basis*." A full press release is available in HR, EN, FR, DE. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)*

State aid: Commission opens in-depth investigation into restructuring aid for Polish Regional Railways

The European Commission has opened an in-depth investigation into restructuring aid for Polish Regional Railways. The Commission has concerns that the company may already have received State aid in the past. EU rules only allow a company to receive restructuring aid once over a 10-year period. In September 2015, Poland notified to the Commission restructuring aid granted to Polish Regional Railways (*Przewozy Regionalne*), worth PLN 770 million (around €181 million). Under EU State aid rules companies in financial difficulty, such as Polish Regional Railways, can receive restructuring aid only once over a period of 10 years (the so called "one time, last time" principle). This is to avoid that struggling firms rely on public funding to stay in business, instead of improving its business performance and competing on their merits. During its preliminary assessment, the Commission found that Polish Regional Railways had already received State support in the past. The Commission's in-depth investigation will examine: i) whether this past State support should be considered as restructuring aid, and consequently whether the aid granted in 2015 complies with the "one time, last time" principle; ii) whether, as required by EU State aid rules, Poland has offered adequate measures to alleviate distortions of competition caused by the restructuring aid, and iii) whether Polish Regional Railways sufficiently contributes to the costs of restructuring from its own resources. Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Polish Regional Railways has already benefitted from state support in the past. We need to assess whether the aid received is compatible with EU State aid rules and make sure that public support does not lead to distortions of competition in this market"*. A full press release is available in PL, EN, FR, DE. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

La Commission approuve une nouvelle indication géographique protégée de Croatie

La Commission européenne a approuvé la demande d'inscription du «Slavonski med» dans le registre des appellations d'origine protégées (AOP). Le «Slavonski med» est un miel produit en Slavonie dans le nord-est de la Croatie. Cette région possède de nombreuses plantes propices à la fabrication de ce miel qui peut être fait à partir de robinier, tilleul, colza, tournesol, châtaignier, fleurs et miellat par des abeilles autochtone de couleur grise. Les apiculteurs de Slavonie perpétuent une tradition apicole qui existe depuis 130 ans. Il s'agit habituellement d'une production de miel «au détail» destinée à procurer un surcroît de revenu aux familles vivant en zones rurales dans des exploitations agricoles familiales. Cette nouvelle appellation va rejoindre plus de 1420 produits déjà protégés dont la liste est disponible dans la base de données DOOR. Pour plus d'informations, voir aussi les pages sur la politique de qualité. *(pour plus d'information: Daniel Rosario – Tel: +32 2 29 56185; Clémence Robin – Tel: +32 229 52 509)*

Upcoming events of the European Commission (ex-Top News)

National debt continues to grow under the Tories – Dowd

Peter Dowd MP, Labour's Shadow
Chief Secretary to the Treasury, responding to today's public

sector finance figures from the ONS, said:

“Three years after the Tories promised they would close the deficit, the Government is still on track to borrow around £50 billion this year. And the national debt continues to increase, up by £62.3 billion on December 2016.

“The failures of austerity are laid bare not just in the crisis in the NHS and across our public services, but in the failure to achieve its stated aim of eliminating government borrowing.

“Only yesterday we saw the IMF’s forecast for global growth next year revised up yet the growth forecast for the UK revised down, which on top of our fiscal position says all you need to know about the failure of this Government’s economic policy.

“The next Labour Government will have a fully-costed plan to eliminate the deficit over five years and reduce government debt as a share of GDP over a Parliament, while investing for the long-term to build an economy for the many, not the few.”

Women and men in the digital Europe

Digitalisation will be under the spotlight of EIGE and the network of nine EU Justice and Home Affairs (JHA) agencies this year.

“While chairing the network, EIGE wanted to give special focus to digitalisation, which has dramatically changed the everyday lives of both women and men. We also aim to highlight the human dimension in all other areas of the network and to bring to the surface the crucial differences of how they affect women and men”, says Virginija Langbakk, Director of EIGE.

The JHA network has an important role to play in Europe. The work of the nine agencies helps ensure that the EU is well equipped to deal with security, justice, fundamental rights and gender equality. The agencies work on a wide range of important areas, including migration and border management, drug trafficking and combating organised crime and human trafficking. Since these areas have a lot in common, the network was established to make use of the synergies and share information.

The network has also taken a strong stance to demonstrate their shared values. In 2017, the heads of the JHA agencies signed a joint statement on zero tolerance for sexual harassment. Men Directors of the JHA agencies also signed a White Ribbon Campaign pledge to never tolerate or remain silent about violence against women and took on the role of Ambassadors for the campaign.

Find more information on the JHA agencies’ network

Follow #EIGEJHA for more updates on Facebook and Twitter throughout the year.

Subscribe to our monthly newsletter

For more information, please contact Živilė Macijauskienė, zivile.macijauskiene@eige.europa.eu