



Review of the Foreign Subsidies Regulation (FSR)

Position Paper

European companies are increasingly encountering unfair competition from third-country producers with access to the EU's internal market. ESMIG members face this challenge directly, particularly in the context of public procurements for national rollouts of smart metering solutions across the EU.

The feedback below highlights key areas which could be improved to safeguard a level-playing field to secure fair competition and better protect Europe's critical infrastructure.

Key recommendations:

- 1. Expand the criteria for ex-ante investigations and strengthen the use of ex officio investigations in strategic sectors**

As utility customers of ESMIG members typically divide their procurement among several technology suppliers to mitigate risk, resulting in contract values well below the current threshold of €250 million, ESMIG proposes the following to the European Commission:

- Consider including tenders in critical infrastructure sectors, such as smart metering and smart energy systems, as a **criterion in ex-ante investigations** in the review of the Foreign Subsidies Regulation (FSR).
- Make greater use of **ex officio powers**, as demonstrated in the investigations involving wind turbine suppliers and nuclear technology, to examine foreign subsidies **below the notification thresholds**. This is particularly important in **critical infrastructure** sectors such as smart energy systems. In addition to economic consequences through market distortions, such subsidies may have cybersecurity implications in an uncertain geopolitical environment.

2. Strengthen non-price criteria in critical infrastructure tenders

To reduce vulnerabilities and promote strategic autonomy, public procurement should prioritize the following:

- **ESG criteria:**
 - **Sustainability:** Go beyond minimum requirements and align with EU Green Deal objectives. Require independent third-party verification of sustainability reporting.
 - **Labor and social standards:** Ensure third-country suppliers meet EU standards, supported by compliance systems.
- **Critical infrastructure and cybersecurity:** Evaluate and exclude potential high-risk suppliers, making cybersecurity a mandatory criterion for all critical infrastructure tenders, to ensure that Europe's critical energy infrastructure remains secure and under European control.
- **Supply chain resilience:** Strengthen supply chain resilience by ensuring European strategic control over key elements of the value chain.

3. Ensure fair competition and reciprocity

- Safeguard a **level playing field**, particularly in strategic sectors such as critical infrastructure, in which ESMIG plays a supporting role.
- Apply **reciprocity principles** in relations with third countries when European companies are unable to compete on equal terms with companies that benefit from protection or subsidies by their national governments.

- Adapt **EU competition and trade policies** to respond to rising global protectionism and to more effectively identify and address challenges from subsidized foreign competitors.



About ESMIG

ESMIG is the European voice of the providers of smart energy solutions. Our members provide products, information technology and services for multi-commodity metering, display and management of energy consumption and production at consumer premises.

Our activities are focused on systems for smart metering, consumer energy management and safe and secure data transfer.

We work closely with EU policy makers and other EU associations to make Europe's energy and water systems cleaner, reliable, more efficient and the European consumer informed, empowered and engaged.