10 December 2025 – This coalition of trade associations representing businesses and advisers from the EU and its key trading partners is committed to creating a level playing field and boosting Europe's competitiveness, attractiveness and growth. This is why we call upon the European Commission and co-legislators to pursue an ambitious legislative review of the Foreign Subsidies Regulation (FSR) to hone its scope and tailor its application to create a proportionate balance between targeting distortive foreign subsidies and promoting European competitiveness.

FSR filings have become some of the most resource-intensive submissions done for transactions globally. These filings have required investments in the design and development of costly data tracking systems that did not exist before the FSR's introduction. They are complex to set up and costly to administer, requiring colleagues from virtually every team and entity to collect and maintain data not collected elsewhere.

These costs are not absorbed. They influence investment and job-creation decisions and deter positive participation in European markets. They add a cost to receiving foreign subsidies, of any form, creating an imbalanced playing field globally. They limit the appetite to participate in the innovative mergers and acquisitions and procurement activity. Likewise, they risk undermining Europe's work to boost its competitiveness through investment and public procurement.

Two years into its enforcement, complying with the FSR has impacted a wider variety of economic actors and proven more resource-intensive than anticipated. Although the aim of the FSR remains valid – ensuring a level playing field by countering distortive foreign subsidies – its design and application have imposed disproportionate costs on companies of all sizes.

This coalition proposes several suggestions to increase the FSR's proportionality and efficiency, thereby facilitating the investments and tenders that benefit the EU.

Increasing the FSR's proportionality

Hone the FSR to focus on the most material and risky FCs

The design and application of the FSR captures a wide variety of financial contributions (FCs) that lack a clear nexus to the internal market and notifiable transaction or procurement procedure, materiality or evidence of selectivity that would make it distortive.

Due to the breadth of the FSR itself, and the Commission's use of wide-ranging requests for information (RFIs), companies must centrally track and prepare almost every FC received globally for notification.

Many of these FCs lack materiality, relevance to the activity in question or are locked into a specific jurisdiction. In many cases, the FSR diverges from the EU State aid and tax framework and risks conflating legitimate and routine fiscal policy tools with foreign State aid. This creates disproportionate burden and uncertainty in attaining routine fiscal agreements such as transfer pricing adjustments and advanced pricing agreements.

This results in companies notifying a large number of FCs from unrelated entities within a group with no bearing on the activity in question, creating unnecessary costs for companies and enforcers alike.

To address these concerns, the Commission should limit the scope of the FSR to focus on the FCs that are most material and risky to the internal market. The Commission can do this through four changes to the FSR, the Implementing Regulation and its draft Guidelines:

- **Focus on high-risk FCs.** The FSR should focus on the FCs specifically identified in Article 5 as likely distortive, which most companies do not receive, FCs granted on non-market terms and incentives that are selective to specific companies or not freely available to all market actors.
- **Focus on apparent connections.** The FSR should require an apparent connection or another material link between an FC and the specific concentration or public procurement under FSR review, and ensure that it directly facilitates the activity that leads to a distortion.
- **Focus on material FCs.** The FSR should focus on material FCs. The Commission could consider several measures to hone the FSR toward material FCs, including raising FC thresholds, converting them to dynamic thresholds that relate to the deal/tender size or market share, or exempting notifications for entities that fall beneath them.
- **Adjust filing thresholds to reduce notifications by 50%.** The FSR's thresholds should also be adjusted in view of the overwhelming number of notifications. Adjusting the filing thresholds to reduce the number of filings would decrease burdens for companies and free up resources for enforcers.

A more finely-honed scope would allow companies to focus their FSR compliance on FCs with an actual bearing on the EU economy and transaction in question while devoting fewer resources to FCs that are immaterial, unrelated, generally available or locked into a specific jurisdiction.

Reinforce the thresholds' certainty by limiting sub-threshold investigations

The Commission has recently confirmed its intent to undermine the certainty stemming from the presence of thresholds by using the *ex officio* tool to start targeting sub-threshold activities.

This intent undermines the certainty created by the FSR's thresholds and would be enormously consequential for companies of all size.

Small and medium-sized enterprises (SMEs) would feel the heaviest burden. Investing in an SME is more costly and uncertain than ever before, with sub-threshold merger review regimes popping up in multiple Member States and now under the FSR. These regimes introduce costs that can make deals unviable and lengthy screening processes that can cause parties to abandon deals. They, accordingly, limit high-potential startups' access to appealing exit opportunities, discouraging them from establishing in Europe in favour of other jurisdictions that provide a suite of exit options for founders.

This move also runs counter to the Commission's intention of limiting the impact of the FSR on SMEs through establishing clear thresholds, as indicated in the impact assessment: 'because of the high proposed notification thresholds, SMEs will not be impacted by additional administrative burdens as a result of having to submit notifications'.

The Commission must consider whether the costs that a sub-threshold regime puts on companies are proportionate to the risk that foreign subsidies pose to sub-threshold transactions and tenders. The Commission has several options to limit this uncertainty:

- **Mandatory notification as an exceptional commitment.** The commitments offered in the *Emirates Telecommunications Group / PPF Telecom Group* decision ('e& decision') already provide a proportionate path to an exceptional call-in mechanism.
- **Significant guardrails on *ex officio* investigations.** These can include imposing time limits on a call-in window and length of investigation and setting clear conditions for opening such an investigation.

This would align the FSR with the Commission's priority of increasing exit opportunities for start-ups under the Savings & Investment Union and the need to bring the FSR's burdens into proportion with the risks at hand.

Increasing the FSR's efficiency

Simplify data collection with an annual reporting mechanism

Providing real-time FC data continues to be the biggest burden for companies under the FSR. Given that the vast majority of FSR notifications do not result in in-depth investigations, a simple way to reduce this burden would be to adopt an annual reporting mechanism, like the one used in merger control.

An annual reporting mechanism could allow companies to file based on the jurisdictional triggers from the EU Merger Regulation (ie from the last audited year) as well as the standards for substantive information. The Commission could, subsequently, issue an RFI if real-time data is needed.

This would simplify compliance for companies significantly, as they would maintain their FSR compliance systems but only actively collect real-time data for filings of interest to the Commission. This would be particularly beneficial in public procurement, where companies engaged in multiple tenders annually could notify once per year.

Streamline notifications for public procurement

The current set up of the FSR's public procurement instrument creates significant compliance difficulties and antitrust risks for companies operating in auctions – particularly, ones bidding in consortia.

The FSR requires highly confidential data to be passed through the main bidder and contracting authority before reaching the Commission. If compromised, this data can be commercially and legally consequential. The Commission should amend the FSR to allow each notifying party in a consortium to communicate their notifications directly and separately to the Commission and provide the contracting authority with a case number as a control feature. This should be complemented by a robust information technology (IT) infrastructure for public procurement filings, allowing economic operators and contractors to submit their filings separately and then follow the progression of the case and access related statistics. An improved IT infrastructure would simplify notifications and resolve confidentiality concerns while allowing the Commission and contracting authorities to access notifications and make it easier to exercise data rights.

The Commission should increase transparency around the process affiliated with screening public procurement notifications. Particularly, the Commission should inform parties of when a public procurement notification is submitted to the Commission and considered complete, which is not clear under current practice and leads to significant uncertainty around when a review period officially begins. Through IT infrastructure or other communications practices, the Commission should strive to inform investors on the progress of their notifications.

Improve waiver availability and introduce extensions

Waivers significantly simplify compliance, particularly for companies that frequently participate in notifiable activities.

To date, waivers have been extraordinarily difficult to access in the public procurement space, providing no route for companies to minimise burdens when engaging in frequent tenders. The Commission should improve the waiver system by:

- **Reviewing its public procurement waiver practices** to increase their availability.

- **Establishing a waiver extension procedure** where a waiver granted for a certain notification could remain valid for a set period of time. During that time, companies would only need to provide supplementary information for notifications, for instance, on FCs directly linked to the activity in question or listed under Article 5(1) of the FSR.

Introduce stronger data protection rules

Through the FSR's mandatory notification requirements and subsequent RFIs, the Commission is able to collect uniquely detailed and comprehensive information about businesses' sensitive commercial activities in virtually every jurisdiction.

Although the business community does not assume nefarious intent, given the breadth and sensitivity of the data collected by the Commission, the Commission should align its FSR data obligations with the rigorous ones developed under rules such as the General Data Protection Regulation, Regulation 2018/1725 regarding the processing of personal data by and between EU institutions and bodies and, in relation to data handling and management, Regulation 2022/868 on European data governance.

The Commission should improve its data protection practices by:

- **Clarifying its practices around data protection.** This should include further guidance and guardrails around who has access to FSR data, how it is stored and processed, and when and how it is deleted. The principle of data minimisation can serve as a guide – ie that data should be only stored and used to the extent that it is necessary for use under the FSR.
- **Clarifying its practices around data use.** The Commission should also clarify how and when information collected under the FSR is shared beyond the FSR teams in DG COMP and DG GROW and whether it is used for other activities. Ideally, the Commission should refrain from using FSR data for other activities, in line with Article 43 of the FSR.
- **Including a right for data to be deleted.** Additionally, in line with data protection regulations, the FSR should include a right for companies to request the deletion of sensitive data once a proceeding is concluded.
- **Ensuring safeguards on the transfer of such data by the Commission outside of the EU.** While the Commission may work with non-EU authorities in the context of the FSR, it should take steps to assure industry that it has safeguards in place related to the transfer of any FSR data outside of the EU, particularly as other jurisdictions may not always apply the same level of diligence as the EU.

Clarity and alignment with data protection standards would help ensure the security of sensitive commercial data collected under the FSR and reassure the business community.

Conclusion

Safeguarding fair competition is an important goal, but two years of experience makes it clear that the FSR's broad scope and disproportionate compliance requirements go beyond its objectives and impose significant costs to investments and tenders that Europe needs to grow and prosper.

We urge the Commission and co-legislators to leverage the FSR's evaluation as an opportunity to refine the instrument to focus on a smaller set of FCs, streamline procedures and put in place safeguards to restore a balance between fair competition, legal certainty and economic growth.

We stand by to support the Commission in its work.

American Chamber of Commerce to the EU (AmCham EU)

Confederation of Swedish Enterprise - Svenskt Näringsliv

Computer & Communications Industry Association (CCIA Europe)

CFE Tax Advisers Europe

Information Technology Industry Council (ITI)

Invest Europe

Japan Business Council in Europe

Korea International Trade Association (KITA)

U.S. Chamber of Commerce