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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
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Subject:	REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the implementation and enforcement of Regulation (EU) 2022/2560 of 14 December 2022 on foreign subsidies distorting the internal market, in accordance with Article 52(2) thereof

Delegations will find attached document COM(2026) 368 final.

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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the implementation and enforcement of Regulation (EU) 2022/2560 of 14 December 2022 on foreign subsidies distorting the internal market, in accordance with Article 52(2) thereof

{SWD(2026) 183 final}

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1. INTRODUCTION

Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market ([1]) (the 'FSR') was adopted to address distortions to the internal market caused by subsidies granted by third countries to undertakings engaging in economic activities in the European Union (the 'Union'). The FSR seeks to ensure a level playing field in the internal market by enabling the European Commission (the 'Commission') to identify, assess, and, where necessary, redress distortive foreign subsidies.

Before the adoption of the FSR, undertakings active in the Union were able to finance economic activities in the internal market with subsidies granted by third countries. This concerned any sector of the economy and included, inter alia, participation in public procurement procedures, acquisition of undertakings, or engaging in any other economic activities in the Union. Such foreign subsidies were not subject to Union State aid rules. The Union legal framework contained no mechanism to tackle distortions caused by these foreign subsidies to the internal market, as the traditional trade defence mechanisms apply only to imports of traded goods. The FSR was conceived as a horizontal instrument complementing existing Union merger, antitrust, State aid, public procurement and trade policy rules, with the objective of preserving fair competition and the integrity of the internal market.

The FSR is based on non-discriminatory principles and objective criteria. It covers all sectors and economic activities and targets distortions caused by any foreign subsidy in the internal market. The FSR applies in full respect of international obligations. While the Commission remains committed to constructive dialogue and cooperation with third country authorities and economic operators, it will continue to use all investigative and procedural tools available under the FSR to ensure its effective application and safeguard the level playing field in the internal market.

The purpose of this Report is to present the findings of the first review of the FSR to the European Parliament and the Council.

This Report is prepared pursuant to Article 52(2) FSR, which requires the Commission to review how it implements and enforces the FSR, especially the application of Articles 4, 5, 6 and 9, and the notification thresholds set out in Article 20(3), and Article 28(1) and (2) FSR. In the context of its review, the Commission should also report on developments in international relations involving third countries' subsidy control systems.

The FSR entered into force on 13 January 2023 and became applicable from 13 July 2023. The ex ante notification obligation for concentrations, pursuant to Article 21 FSR and public procurement procedures, pursuant to Article 28 FSR, became applicable from 13 October 2023. This Report, therefore, covers the initial three-year period in the FSR implementation and enforcement.

The FSR is enforced exclusively by the Commission. DG Competition (DG COMP) is responsible for applying the FSR in relation to concentrations and for the general use of the ex officio investigative mechanism. DG Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) is responsible for applying the FSR in relation to public procurement procedures and for the use of ex officio investigative mechanism linked to public procurement procedures and similar forms of public spending. This division of

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([1]) Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market, OJ L 330, 23.12.2022, pp. 1–45, ELI: http://data.europa.eu/eli/reg/2022/2560/oj responsibilities reflects the respective experiences of the services in competition enforcement and public procurement and supports the coherent application of the FSR.

The Commission's review of the early days of FSR implementation and enforcement is based on a combination of qualitative and quantitative evidence, including information obtained through the FSR Review Study, conducted by an external contractor ([2]). The review also takes into account the submissions to the public consultation exercise conducted by the Commission (a targeted public consultation, a public questionnaire seeking specific feedback in relation to the FSR implementation, and a call for evidence) ([3]) as well as the Commission's internal review of its practice.

Overall, the early days of FSR implementation and enforcement show that the instrument is fit for purpose and contributes to its objective of preserving the level playing field in the internal market. On the side of ex ante notifications for concentrations and the public procurements, the Commission has already launched several in-depth FSR investigations, some of which were concluded with commitments offered by the parties to address the identified distortions to the internal market caused by foreign subsidies. On the ex officio side, the Commission has launched several in-depth investigations, which are ongoing at time of publication, and it has also used its inspection as well as call-in powers. The objectives of the FSR are widely acknowledged and supported in the feedback from stakeholders. Stakeholders also claimed that the FSR creates disproportionate costs, especially in the context of the ex ante notifications procedures. They have called for simplification of the rules and higher legal certainty concerning certain FSR concepts.

The accompanying Staff Working Document contains further details from the review.

2. FINDINGS OF THE REVIEW

2.1. Early FSR implementation and actions of the Commission to provide guidance to stakeholders

2.1.1. Actions of the Commission

On 10 July 2023, the Commission adopted Implementing Regulation (EU) 2023/1441 on detailed arrangements for the conduct of proceedings by the Commission pursuant to the FSR ('FSIR'). The FSIR also sets out accompanying forms for the FSR ex ante notifications to the Commission ([4]). The FSIR and the accompanying forms made it possible to put the notification-based enforcement procedures into practice quickly.

Since the entry into force of the FSR, the Commission has taken multiple steps to provide more transparency and guidance to stakeholders, as set out in specific terms below.

([2]) Multiple Mixed Framework Contract for the Provision of Expert Consultancy Services and Studies in the Context of Investigations and Enforcement Related to Foreign Subsidies (COMP/2023/OP/0017).

([3]) Summary report on the Public Consultation on the FSR Review Report, available at Have your say porta at Foreign Subsidies Review Report - public consultation .

([4]) Annex I to the FSIR concerns the Form FS-CO relating to the notification of a concentration pursuant to the FSR and Annex II to the FSIR concerns the Form FS-PP relating to the notification in the context of public procurement procedures pursuant to the FSR. The FSIR also concerned the rules on access to file and treatment of confidential information, transparency requirements, rules for calculating time limits, and the Commission's investigation process, including procedural details for proposing commitments by the undertaking under investigation.

In July 2024, a year after the FSR started applying, a Staff Working Document offering initial clarifications on key concepts under the FSR was published ([5]). Features of the document included initial indications on the interpretation of substantive FSR concepts and, in particular, factors to be considered in assessing whether a distortion exists, and the methodology applied in the balancing test.

The Commission services regularly update a set of dedicated FSR questions and answers ('FSR Q&As') on the Commission website ([6]). These updates address recurring issues arising in practice. They provide additional guidance on a range of topics, including procedural and jurisdictional aspects (such as notification obligations, exceptions under the FSIR, threshold calculations, and foreign financial contributions).

In January 2026, the Commission published the FSR Guidelines, marking a key milestone in enhancing predictability and transparency for stakeholders ([7]). The FSR Guidelines include guidance to stakeholders on the assessment of distortion to the internal market caused by foreign subsidies, the balancing test, and the call-in powers of the Commission for concentrations or public procurement procedures falling below the established thresholds.

Finally, the Commission regularly publishes information on cases, non-confidential versions of its decisions concluding in-depth FSR investigations (as well as summary of the decisions to open in-depth investigations) and dedicated FSR briefs on specific policy developments (such as the first 100 days of FSR enforcement ([8]), the FSR Guidelines ([9])) and its case practice (such as the brief on the first final decision with commitments adopted under the concentration chapter of the FSR in case FS.100011) ([10]). In addition, for concentration proceedings, DG COMP has a dedicated FSR Registry, which enhances transparency, and informs the public about ongoing FSR concentration cases, following their formal notification ([11]).

The Commission services also engage with Member States through a dedicated network of national contact points and Commission expert groups, as well as with stakeholders such as legal practitioners and business associations through conferences on various FSR-related issues, bringing further clarity on its practice.

2.1.2. Results of the review

The actions of the Commission to provide further guidance on the FSR were welcomed and seen as positive. The review, however, highlights areas in which stakeholders consider that higher legal certainty is needed, in particular for a number of substantive FSR concepts

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([5]) Commission Staff Working Document – Initial clarifications on the application of Article 4(1), Article 6 and Article 27(1) of Regulation (EU) 2022/2560 on foreign subsidies distorting the internal market, SWD(2024) 201 final.

([6]) DG COMP website – FSR Q&As.
DG GROW website – FSR Q&As.

([7]) Communication from the Commission – Guidelines on the application of certain provisions of Regulation (EU) 2022/2560 of the European Parliament and of the Council on foreign subsidies distorting the internal market, C(2026) 42 final.

([8]) Competition FSR brief (Issue 1, February 2024) – The Foreign Subsidies Regulation – 100 days since the start of the notification obligation for concentrations.

([9]) Competition FSR brief (Issue 1, March 2026) – Guidelines on the implementation of the Foreign Subsidies Regulation ('FSR Guidelines') – Shedding light on key concepts.

([10]) Competition FSR brief (Issue 1, December 2025) – The e&/PPF Telecom case – Interference on the foreign subsidies line to the EU.

([11]) DG GROW is currently exploring possibilities to increase transparency of proceedings for public procurement while ensuring the confidentiality of national public procurement procedures.

and the application of the analytical framework in individual cases. Below are some specific examples.

Regarding the concept of foreign financial contributions ('FFCs') from third country authorities under Article 3 FSR, stakeholders acknowledge the need for a broad definition of FFCs, which could encompass a wide range of measures to detect potentially distortive subsidies. The feedback, however, also indicates that the broad FFC concept poses a challenge when undertakings need to collect the relevant FFC information across multiple jurisdictions and determine the scope of their reportability for the purpose of their ex ante notifications under the FSR.

Regarding the assessment of distortion under Article 4 FSR, stakeholders report difficulties in predicting how the concept is applied in individual cases. The limited body of Commission decisional practice at the time of the consultation activities in preparation of the Report is cited as a factor contributing to this uncertainty.

Regarding the foreign subsidies most likely to distort the internal market, under Article 5 FSR, stakeholders note that although these are seen as a useful indicator, there remains some uncertainty about the subsidies that '*directly facilitate a concentration*' or enable the submission of '*unduly advantageous tenders*'.

Regarding the balancing test under Article 6 FSR, the stakeholders welcome the possibility to have this exercise under the FSR. However, its practical relevance is deemed limited since there are not yet examples of how the Commission would apply the test in practice.

2.2. Early FSR enforcement shows that the instrument is fit for purpose

The Commission enforces the FSR through three main procedures:

a) A **suspensory ex ante notification for concentrations** in which at least one of the merging undertakings, the acquired undertaking or the joint venture is established in the Union and generates an aggregate turnover in the Union of at least EUR 500 million and the aggregate FFCs received by the parties to the concentration was more than EUR 50 million in the three years preceding the conclusion of the agreement, the announcement of the public bid, or the acquisition of a controlling interest;

b) A **suspensory ex ante notification for public procurement procedures** in which the estimated contract value is at least EUR 250 million – or EUR 125 million for lot-based public procurements, and the combined FFCs of the bidding party and its main subcontractors or suppliers were at least EUR 4 million in the three years before the notification. In cases in which the parties to the public procurement are below the EUR 4 million FFC threshold, the parties must still file a declaration.

c) An **ex officio procedure** to investigate all other market situations, where the Commission can start an investigation on its own initiative.

Overall, the review of early FSR enforcement shows that the instrument is fit for purpose and is working well in practice. The Regulation is recognised as an effective tool that addresses the regulatory gap that existed before its adoption. In addition, the objective of ensuring a level playing field in the internal market is considered legitimate and proportionate. The FSR enforcement has progressed steadily since the start of its application, with the Commission gaining valuable experience in applying its substantive and procedural provisions.

2.2.1. FSR ex officio investigations

2.2.1.1. Information on cases

The Commission continuously assesses whether there is sufficient evidence to merit the launch of ex officio investigation, based on its own analysis, information received from stakeholders and investigations of market information, as applicable.

In two cases, at time of publication, the Commission opened in-depth investigations, pursuant to Article 10(3) FSR:

a) **Case FS.100068** – **Nuctech** – on 11 December 2025, the Commission opened an in-depth investigation, to assess whether the activities of Nuctech in the production and sale of threat detection systems and the provision of related services in the Union benefitted from foreign subsidies that could distort the internal market. The possible foreign subsidies take the form of grants and preferential tax measures and financing, which may have improved Nuctech's competitive position in the internal market and may have negatively affected competition ([12]). The case was initiated in April 2024 with the adoption of a decision requiring Nuctech to submit to inspections pursuant to Article 14(3) FSR (the 'Inspection Decision').

b) **Case FS.100143** – **Goldwind** – on 3 February 2026, the Commission opened an in-depth investigation to assess the activities of Goldwind in the production and sale of wind turbines and the provision of related services within the EU. The possible foreign subsidies include grants, preferential tax measures, and preferential financing in the form of loans. The Commission has preliminary concerns that these foreign subsidies may have improved Goldwind's competitive position in the internal market and may negatively affect competition ([13]).

2.2.1.2. Review by the Union Courts

In the context of ex officio investigations, some investigative acts of the Commission have been subject to review by the Union Courts:

a) **Case T-284/24** – **Nuctech** – in May 2024, Nuctech brought an action for annulment before the General Court challenging the Commission's Inspection Decision ([14]). At the same time, Nuctech also applied for interim measures, seeking suspension of the Commission's Inspection Decision pending the outcome of the main proceedings ([15]). In August 2024, the President of the General Court rejected the application for interim measures ([16]), consequently confirmed on appeal by the Vice-President of the Court of Justice in March 2025 ([17]). At time of publication of this Report, the proceedings related to the action for annulment of the Inspection Decision remain pending before the General Court.

([12]) Summary Notice concerning the initiation of an in-depth investigation in Case FS.100068 – NUCTECH pursuant to Article 10(3)(d) of Regulation (EU) 2022/2560, OJEU C/2026/545.

([13]) Summary Notice concerning the initiation of an in-depth investigation in Case FS.100143 – Goldwind, pursuant to Article 10(3)(d) of Regulation (EU) 2022/2560, OJEU C/2026/1120.

([14]) Case T-284/24, *Nuctech Warsaw and Nuctech Netherlands v Commission*, OJ C, C/2024/4107, ELI: http://data.europa.eu/eli/C/2024/4107/oj.

([15]) Case T-284/24 R, *Nuctech Warsaw Company Limited Sp. z o.o. and Nuctech Netherlands BV v Commission*, ECLI:EU:T:2024:564.

([16]) Case T-284/24 R, Order of the President of the General Court of 12 August 2024, OJ C, C/2024/5824, ELI: http://data.europa.eu/eli/C/2024/5824/oj.

([17]) Case C-720/24 P(R), Order of the Vice-President of the Court of 21 March 2025, ECLI:EU:C:2025:205.

b) **Case T-335/26 – Goldwind** – in May 2026, Goldwind brought an action for annulment before the General Court challenging the Commission's request for information ([18]) and requested interim measures for its suspension ([19]). The request for information was sent as part of the in-depth investigation into Goldwind's activities in the EU wind sector in Case FS.100143. At time of publication, the proceedings related to both applications remain pending before the General Court.

2.2.1.3. Results of the review

The ex officio procedure allows the Commission to assess and address potentially distortive foreign subsidies affecting any market situation and economic activity in the internal market. The results of the review indicate that the ex officio investigation mechanism functions as intended and that the relevant provisions provide an effective framework to pursue the FSR's objective of ensuring a level playing field in the internal market.

While the ongoing investigations do not prejudge their outcomes, the FSR has allowed the Commission to act on the basis of sufficient indications of foreign subsidies distorting the internal market. In the absence of the FSR, the Commission would not have been able to conduct these investigations and assess whether distortions on the internal market were caused by foreign subsidies. The feedback from stakeholders indicates uncertainty when it comes to the duration of ex officio investigations. The initial FSR enforcement experience, however, indicates that the duration varies, and takes longer, in particular in cases where the undertakings under investigation take longer to provide the requested information. In some cases, the timeline is also impacted by the actions brought before the EU Courts.

2.2.2. FSR notification of concentrations

2.2.2.1. Information on cases

The obligation for ex ante notification of concentrations began on 13 October 2023 and by 31 May 2026, the Commission had received 273 formal notifications. Of those cases, 247 were closed after the preliminary review, four cases were withdrawn during the preliminary review phase, and for 19 cases, the preliminary review was still ongoing.

In three cases, the Commission initiated in-depth-investigations:

a) **Case FS.100011 – e& / PPF Telecom**: This case involved the acquisition of PPF Telecom Group (excluding its Czech business), a telecommunication operator in Czechia, Bulgaria, Hungary, Serbia and Slovakia, by Emirates Telecommunications Group (e&), a United Arab Emirates-based operator. The Commission identified foreign subsidies in the form of an unlimited state guarantee, grants, and loans, which were found be able to distort competition at the level of the merged entity, post-transaction. To address these concerns, the parties committed to removing the state guarantee and implementing hold-separate obligations between e& and the target's EU activities. The final non-confidential version of the decision with commitments is published on DG COMP website ([20]).

([18]) Case T-335/26, *Goldwind Science & Technology v Commission*, main proceedings, application lodged on 29 May 2026.

([19]) Case T-335/26 R, *Goldwind Science & Technology v Commission*, application for interim relief, lodged on 29 May 2026.

([20]) Commission decision of 24.9.2024 finding that, with the binding commitments, the foreign subsidies in the concentration do not distort the internal market (Case FS.100011 – e&/PPF Telecom Group), C(2024) 6745 final.

b) **Case FS.100156 – ADNOC / Covestro**: This case involved the acquisition of Covestro, a German chemicals producer, by the Abu Dhabi National Oil Company (ADNOC). The Commission found that foreign subsidies, including an unlimited state guarantee to ADNOC and a capital increase to Covestro, created distortions both in the acquisition process and the post-acquisition activities. The parties committed to amending ADNOC's articles of association to remove the state guarantee and to license certain Covestro patents to market participants. A provisional non-confidential version of the decision with commitments is published on DG COMP website ([21]).

c) **FS.100253 – JD.COM / CECONOMY**: This case involves the acquisition of CECONOMY AG, a German retailer specialised in the field of consumer electronics and home appliances, by JD.com, a company that belongs to a China-based group operating a retail business and an online e-commerce marketplace in China. During the preliminary investigation, the Commission found sufficient indications of foreign subsidies distorting the EU internal market and on 28 May 2026, it opened an in-depth investigation. At time of publication the in-depth investigation was ongoing.

During the review period, the Commission has not exercised its powers under Article 21(5) FSR to call-in concentrations below the jurisdictional thresholds.

2.2.2.2. Results of the review

The early experience with the FSR notification procedure for concentrations reveals that the instrument is fit for purpose. The main takeaways from the review are set out below.

The number of notifications (around 100 per year) has exceeded the Commission's initial projections (30-40 per year, as estimated in the impact assessment that accompanied the proposal for the FSR ([22])). The Commission closed around 97% of notified concentrations after preliminary review, without opening an in-depth investigation. This share is consistent with the outcome of cases reviewed and cleared in Phase I under Regulation (EC) 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the 'EUMR') ([23]).

At the time of publication, the Commission had launched three in-depth investigations into concentrations, two of which were conditionally approved after accepting commitments from the notifying parties to address potential market distortions caused by foreign subsidies. The in-depth investigation in one concentration was still ongoing.

The FSR has allowed the Commission to scrutinise concentrations, identify if there are foreign subsidies in the concentrations which could actually or potentially cause distortions in the internal market and address them through the regulatory FSR process. The two finalised cases with commitments illustrate the importance of the FSR in maintaining the level playing field and signal to acquirers that while the Union remains open to investment,

([21]) Provisional non-confidential version of Commission decision of 14.11.2025 on finding that, with the binding commitments the foreign subsidies in the concentration do not distort the internal market (Case FS.100156 – ADNOC/COVESTRO), C(2025) 7800 final/2.

([22]) Commission Staff Working Document Impact Assessment Accompanying the Proposal for a Regulation of the European Parliament and of the Council on foreign subsidies distorting the internal market

([23]) The proportion of cases found compatible in accordance with Article 6(1)(b) EUMR without commitments in the first phase of the EUMR investigation in the last 5 years ranges between 93% to 99% on an annual basis according to official statistics published on the Commission's website.

such investments will be scrutinised for the presence of foreign subsidies to ensure they are not distorting the internal market.

Stakeholders consider the EU-wide turnover threshold as a clear and appropriate measure for identifying the relevant transactions. They also welcomed the FSR's approach to joint ventures, where turnover is calculated based on the turnover of the joint venture itself rather than those of its parent companies ([24]), which has led to a reduction of notifiable transactions compared with the EUMR.

Early enforcement highlights the value of pre-notification engagements with the Commission case teams, which notifying parties widely use and support. Stakeholders have commended case teams for their responsiveness, improving clarity and efficiency in the notification process. Stakeholders also welcomed the exceptions available from the reporting obligations under the FSIR and the possibility of requesting waivers for certain information from the Commission.

The results of the review also highlight two main concerns for stakeholders. The first relates to FFC data collection that undertakings need to undertake before a notification, which is seen as resource intensive by stakeholders and capturing information that, in their view, may not be relevant to identifying a risk of distortion. The second concern relates to a perceived uncertainty about the Commission's call-in powers, which is seen as potentially disruptive for transaction planning and risk assessments, notwithstanding the legitimate goal of the call-in power to capture below-threshold concentrations that could involve distortive foreign subsidies.

2.2.3. FSR submissions in public procurement procedures

2.2.3.1. Information on cases

Under Chapter 4 FSR, economic operators are required to notify or declare FFCs when participating in large public tenders, specifically where the estimated contract value exceeds EUR 250 million or 125 million for lot-based public procurements and the economic operator has received aggregate FFCs of at least EUR 4 million per third country in the preceding three years.

Since the start of the notification obligation on 13 October 2023 and until 31 May 2026, the Commission received 5 150 submissions from economic operators across 863 public procurement procedures, including 4 293 declarations, 733 notifications and 124 pre-notifications. Of these cases, the Commission opened four in-depth investigations, one of which resulted to a final decision with commitments, while three cases were closed following the withdrawal of the economic operators from the public procurement procedures.

a) **Case FSP.100147 – Supply of railway rolling stock in Bulgaria** – The Commission opened an in-depth investigation on 16 February 2024 to assess if CRRC Qingdao Sifang part of the CRRC group, a Chinese state-owned enterprise, received foreign subsidies that enabled it to submit an unduly advantageous tender for a Bulgarian railway project. On 26 March 2024, the case was closed without adopting a final decision pursuant to Article 31 FSR after the economic operator withdrew from the procurement procedure.

([24]) The turnover of the joint venture itself is considered as better proxy for self-standing economic activity, and not just auxiliary operations.

b) **Cases FSP.100151 and FSP.100154 – Design, construction and operation of a photovoltaic park in Romania** – The Commission opened two in-depth investigations on 3 April 2025 to assess if (i) Shanghai Electric UK Ltd. and Shanghai Electric Hong Kong International Engineering Company, and (ii) ENEVO Group – LONGi Solar Technologie Consortium had received potentially distortive subsidies in the open public procurement procedure for the design, construction and operation of a photovoltaic park in Romania. On 7 June 2024, both cases were closed without adopting a final decision pursuant to Article 31 FSR following the withdrawal of the economic operators from the public procurement procedure.

c) **Case FSP.103117 – Design and construction, acquisition of vehicles and maintenance services of the Violet Line of the Lisbon Metro in Portugal -** The tender of the consortium led by Mota-Engil Engenharia e Construção, S.A. ('Mota-Engil') was conditionally cleared on 21 April 2026. The procedure concerned the open public procurement procedure for the 'Design and Construction, Acquisition of Vehicles, and Maintenance Services for the Violet Line of the Lisbon Metro', to be awarded by Metropolitano de Lisboa, E.P.E. The tender submitted by Mota-Engil relied on Portugal CRRC, an undertaking belonging to the CRRC group, as a main subcontractor for the supply of rolling stock and related services. The Commission found evidence of the presence of foreign subsidies in the form of government grants, tax measures and compensation from public contracts which exceeds the turnover which would have been achieved in a competitive, transparent and non-discriminatory procedure, which enabled Portugal CRRC to submit an advantageous offer to the consortium led by Mota-Engil and subsequently, enabled the consortium to submit an unduly advantageous tender, thus distorting competition in the public procurement procedure. To address these concerns, Mota-Engil committed to replace Portugal CRRC by the Polish Pojazdy Szynowe PESA Bydgoszcz Spółka Akcyjna ('PESA') for the entire duration of the contract performance period. At time of publication the final non-confidential version of the decision with commitments was not yet published.

In addition to these in-depth investigations, the Commission declared two tenders irregular due to incomplete submissions.

a) **Cases FSP.101606 and FSP.101626 – Decisions declaring a tender irregular** – The decisions concerned Case FSP.101606, which involved an offer for the construction of a long-distance tunnel in a tender in Poland, and case FSP.101626, which involved an offer for the supply of computers and workstations in a tender in France. In both cases, the Commission issued a decision declaring the submissions of the respective economic operators incomplete and requiring them to submit a complete notification within 10 working days. As the notifications in both cases were not completed within the deadline, in March 2025 the Commission issued decisions declaring both tenders irregular. Ultimately, the contracting authorities rejected the irregular tenders and both economic operators were excluded from the public procurement procedures.

The Commission also has the power to request the prior notification of FFCs in a public procurement procedure that does not meet the relevant thresholds, pursuant to Article 29(8) FSR. During the review period, the Commission has, for the first time, exercised its power.

a) **Case FSP.103175 – Request for prior notification –** This request was issued in November 2025 and covered two public procurement procedures launched for the construction of various sections of a motorway in Croatia. As the economic operator that was required to submit a prior notification did not comply with the reporting obligation, the relevant contracting authority issued a request to the economic operator concerned to submit a missing notification pursuant to Article 29(3) FSR. Ultimately, the contracting authority considered the tender "*inadmissible, inappropriate, and technically unacceptable"*, and excluded the economic operator from the procedure.

2.2.3.2. Results of the review

The Commission's early enforcement of the FSR demonstrates that the framework is fit for purpose and fulfils its objectives, while further refinement would be useful.

The system has proven efficient, handling more submissions than anticipated while pursuing in-depth review in only a limited number of cases. In addition to in-depth investigations, irregularity cases and one request for prior notification, the FSR's deterrent effect is demonstrated in cases where economic operators, reluctant to share information on FFCs received, withdrew from public procurement procedures, thereby fostering fairer competition.

The Commission has met tight deadlines and completed preliminary reviews within 20 working days despite the complexity of the procedural framework. This has been positively received by stakeholders, as it has strengthened legal certainty for businesses and supported the smooth conduct of procurement procedures. Furthermore, the Commission's consistent guidance to Member States and regular and constructive engagement with stakeholders have been widely welcomed, fostering greater clarity and cooperation in the implementation of the framework.

However, challenges remain, particularly around awareness gaps among contracting authorities and non-notification by economic operators. The comparison between large procurement procedures published in Tenders Electronic Daily (TED) ([25]) and those with at least one FSR submission suggests a decreasing compliance trend over time. Following a significant rise in FSR notifications from 40% to 70% during the first two years of enforcement, compliance fell to 45% in late 2025.

Furthermore, key concerns raised by stakeholders include the administrative burden on economic operators, driven by, in their views, broad reporting obligations, complex reporting thresholds and submission forms. Difficulties in identifying and reporting FFCs often lead to incomplete filings, requiring the Commission to gather missing data during the preliminary review. Tight deadlines compounded by the lack of a 'stop-the-clock' mechanism strain assessments, especially in complex cases.

While progress has been made in providing guidance and improving transparency, stakeholders continue to explain that targeted improvement and simplification of the current framework is needed, as well as enhanced transparency to support a more consistent enforcement and greater predictability.

2.3. Developments in third countries' subsidy control systems

Pursuant to Article 52(2) FSR, in the context of its review, the Commission is bound to report on developments in international relations involving third countries' subsidy control systems.

([25]) TED - EU Tenders, the Supplement to the Official Journal - TED.

The FSR Review Study therefore also assessed the developments in international relations regarding third countries' subsidy control systems. The findings on the issue are presented in more detail in the accompanying Staff Working Document.

In sum, the review of these developments indicates that there have been no material developments in third countries' subsidy control systems since the adoption of the FSR. As a result, the FSR remains relevant to address the distortions in the internal market caused by foreign subsidies, which are not caught by the traditional trade defence mechanisms of the Union.

Continued monitoring of these developments, however, remains important, especially in light of evolving industrial policies of third countries and potential future reforms at international level.

3. ASSESSMENT OF THE EFFECTIVENESS OF THE FSR

Based on the review's findings, the overall objective of the FSR remains valid and it is widely acknowledged that the FSR contributes positively to the preservation of the level playing field in the internal market.

In terms of substantive FSR concepts, stakeholders reported a need for higher legal certainty and clarity, which is typically associated with the implementation of a new legal framework. In this regard, the Commission undertakes a number of initiatives to clarify the FSR concepts, including the recent publication of the FSR Guidelines, the publication of the non-confidential versions of the adopted final decisions concluding its in-depth investigations, regular updates to the FSR Q&As and the publication of FSR briefs. The Commission will remain committed to these practices going forward. The Commission also expects that the accumulation of FSR case practice will bring more clarity to stakeholders and contribute to a better understanding of the specific FSR concepts.

The Commission will also continue to engage with stakeholders and Member States authorities on the FSR.

Based on the review's findings, the FSR does not merit structural changes.

In line with the Commission's 2024–2029 priorities, the review also looked at administrative burdens on businesses, including small and medium-sized enterprises, in the implementation process.

3.1. In relation to the FSR ex officio procedure

Based on the review, the role and objective of the ex officio procedure under the FSR is widely acknowledged.

The recent advancement of two ex officio cases to in-depth review, pursuant to Article 10(3) FSR, offers further insight into the Commission's approach when assessing potentially distortive foreign subsidies.

In terms of the concerns expressed by stakeholders with respect to the length of ex officio investigations, the Commission notes that this can largely be explained by the level of complexity in individual cases, additional challenges brought before the Union Courts as well as the degree of cooperation of the undertakings under investigation.

In light of the above, the Commission considers that no immediate steps concerning the ex officio procedure are needed. The Commission remains committed to make full use of such procedures whenever necessary to ensure that the internal market, EU competitiveness and economic security are not undermined by distortive foreign subsidies. The Commission will continue with its efforts to increase transparency and provide further insights in its approach for ex officio cases, in line with the practices outlined in this Report and the accompanying Staff Working Document.

3.2. In relation to the FSR notifications for concentrations

As confirmed by the review, the ex ante notification procedure for concentrations remains an important enforcement tool of the FSR, which allows the Commission to identify and address distortive foreign subsidies in the context of concentrations and prior to their implementation.

At the same time, the Commission takes note of the stakeholders' feedback concerning the administrative burden associated with FFC data collection for the purpose of notifications of concentrations under the FSR. In order to address this feedback, the Commission may consider possible adjustments to the procedural set up to reduce administrative burden and facilitate compliance, while maintaining the FSR's effectiveness.

In addition, the Commission will remain committed to ensure transparency concerning the FSR enforcement, including updates to the Q&As, additional FSR briefs on key topics, and the timely publication of case-related information.

3.3. In relation to notifications in public procurement procedures

As confirmed by the review, the ex ante notification procedure for public procurement is an important component of the FSR framework, enabling the Commission to identify and address potentially distortive foreign subsidies also in high-value public procurement procedures. At the same time, early enforcement experience together with stakeholders' feedback seem to indicate that the filing requirements related to the reporting of FFCs, in particular the preparation of Form FS-PP and the underlying process of gathering information, may generate a disproportionate burden for economic operators.

To address these concerns, while preserving the effectiveness of the FSR, the Commission may consider possible adjustments to the procedural set-up to reduce the administrative burden on businesses and facilitate compliance.

In parallel, the Commission will continue its efforts to strengthen awareness and compliance and to enhance the transparency of its enforcement practice, including outreach activities for contracting authorities, economic operators and practitioners. It will also further deepen its dialogue with Member States through regular exchanges with the national contact points and the dedicated FSR Public Procurement Expert Group with the aim of ensuring a consistent understanding of FSR obligations across the Union.

4. CONCLUSION

The FSR plays a fundamental and key role in the Union's efforts to address distortions in the internal market caused by foreign subsidies. The overall objective of the FSR, which is to prevent distortions in the internal market caused by foreign subsidies, is widely acknowledged and remains very relevant. The findings of the review highlight the importance of the FSR and confirm that the Regulation has been successful in capturing high-risk concentrations and public procurements, as demonstrated by the Commission's case practice and the adopted final decisions with commitments under Chapters 3 and 4 FSR as well as its ongoing, at time of publication, investigations under the ex officio procedure.

In light of the stakeholders' feedback, the Commission may consider possible adjustments to the FSR procedural set up to reduce the administrative burden on businesses and facilitate compliance, while maintaining the FSR's effectiveness.

The Commission remains committed to enforce the FSR whenever necessary to ensure a level playing field and protect the internal market from distortive foreign subsidies.