EU targets UAE telecoms firm in new anti-subsidy probe

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Telecoms group e& signed an agreement in August 2023 to purchase EU telecoms assets.

The European Union on Monday announced a formal anti-subsidy probe targeting an Emirati telecoms company, the first action under new rules to focus on a foreign bid to buy EU assets.

Brussels has ramped up its scrutiny of foreign investment into the bloc in a bid to defend European industry, usually from rising threats from China and the United States.

The latest probe is the first against a non-Chinese company under new EU rules.

Telecoms group e&, whose majority stakeholder is the United Arab Emirates government, signed a 2.15-billion-euro ($2.3-billion) agreement in August 2023 to purchase Czech PPF telecoms group's assets in Bulgaria, Hungary, Serbia and Slovakia.

The European Commission said a preliminary probe "indicates that there are sufficient indications that e& has received foreign subsidies distorting the EU internal market".

The alleged subsidies "notably take the form of an unlimited guarantee from the UAE and a loan from UAE-controlled banks directly facilitating the transaction", it added.

The commission said it will investigate whether the subsidies lead to "actual or potential negative effects" on the bid's process or the EU's internal market.

It will specifically look at whether the "support" allowed the UAE company "to deter or outbid other parties interested in the acquisition".

The probe was launched under new rules known as the Foreign Subsidies Regulation (FSR), which came into force last year and seek to prevent foreign subsidies from undermining fair competition in the EU.

"Today we open our first in-depth investigation into a concentration under the Foreign Subsidies Regulation, the EU's competition commissioner, Margrethe Vestager, said.

"The FSR allows us to tackle distortive support from third countries for the acquisition of businesses in the EU," she added in a statement.

The commission has until October 15, 2024, to take a decision.

Brussels has already flexed its legal muscle with the new rules, forcing Chinese companies to withdraw from certain projects.

Chinese rail giant CRRC exited a tendered project in Bulgaria in March after the EU launched a [probe](https://techxplore.com/tags/probe/) into it over suspected subsidies.

And a similar investigation saw two Chinese-owned solar panel manufacturers withdraw from a public procurement tender in Romania last month.