



3 December 2025

Application for a Subsidy investigation concerning imports of Cream/White Limestone from Portugal - Pre-initiation consultations

Joint submission by the European Commission and the Portuguese Authorities after consultations

1. Introduction

The European Commission ('the Commission') and the Portuguese Authorities would like to thank the UK authorities and in particular the Trade Remedies Authority ('TRA') for holding on 26 November pre-initiation consultations concerning an application for a subsidy investigation with regards imports of Cream/White limestone from Portugal.

We would like to clarify that the claims made by two UK limestone companies concerning the countervailable nature of some subsidies received by the Portuguese limestone industry are unfounded. As it was explained during the pre-initiation consultations, these payments are clearly not specific and not actionable under the WTO Agreement on Subsidies and Countervailing Measures ('ASCM').

Indeed, most of the programmes covered by the application, fall into the category of non-actionable subsidies, according to Article 8 of the ASCM. These are non-specific and in any case fall under the categories of non-actionable subsidies, for instance, "assistance to disadvantaged regions within the territory of a member pursuant to a general framework of regional development and they are non-specific within eligible regions" (Article 8b). Other challenged subsidies are "promoting the adaptation of existing facilities to new environmental requirements imposed by law and/or regulations" (Article 8c).

In any event, the support payments under the programs covered in the application are compliant with Article 2 and Article 2 a, b and c of the WTO ASCM and are thus not specific and not countervailable.

They are also non-specific in accordance with Articles 363 and 364 of the EU-UK Trade and Cooperation Agreement (TCA).

Moreover, the information contained in the application is not sufficient to justify the initiation of an investigation as provided for in Article 11 of the ASCM, in particular the Commission would like to raise the following crucial elements:

1. **Domestic industry:** the application does not contain sufficient information concerning the total production of the domestic UK industry and therefore, the degree of support or opposition to this complaint has not been demonstrated.
2. **Imports:** The ASCM determines that there has to be a significant increase of subsidized imports, either in absolute terms or relative to production or consumption. According to Comext EU trade statistics database, exports of limestone from Portugal to the UK decrease significantly by 41 % in volume in the period since 2018 and until 2024. Moreover, the data in the application is not based on actual import volumes but on an extrapolation of volume based on the value of exports, which is flawed.
3. **Prices:** Also, based on EU statistics, prices per tonne of Portuguese exports to the UK show an increasing trend from 2019 by 32.%. Therefore, it seems highly unlikely that these exports are causing injury to the UK industry.
4. **Injury:** Regarding injury, the information included in the application is insufficient to show that the domestic industry is suffering serious injury, in particular the performance of the domestic industry seems to improve in the last three years analysed.

Based on the above, the elements to initiate this investigation are clearly not met. Therefore, the UK authorities should not initiate this investigation.

2. EU regional policy

2.1 General explanation Regional Policy

The cohesion policy has its origins in the Treaty of the European Union. Article 3 of the treaty reads that the Union shall promote economic, social and territorial cohesion and solidarity among Member States.

The policy is part of the shared competences of the Union and therefore, the method for its budget implementation is shared management, where the Commission and the national authorities jointly manage the funding. The resources of the cohesion policy account for a quarter of the EU budget (one third in previous funding periods).

Cohesion policy is the EU's main investment tool. It aims to enhance economic, social and territorial cohesion in the Union, by:

- 1) Contributing to reducing economic disparities among EU regions, with financial support focusing in particular in less developed regions.
- 2) Empowering all EU regions to participate actively in the EU's internal market.
- 3) Ensuring all EU regions make a significant contribution to EU-wide priorities, such as the green and digital transitions.

For each multi-annual financial framework, the legislative bodies of the Union adopt a Common Provisions Regulations, containing the general rules for the policy, and fund-specific regulations, including fund-specific rules. Neither of these regulations do not provide for a targeted sectoral support. In principle all economic sectors may be supported, with the specific exclusions included in the regulations (e.g. decommissioning and construction of nuclear power stations, manufacturing and processing of tobacco, etc).

In the common specific regulation is included the methodology of the allocation of the global resources per Member State. For the programming period 2021-2027, the resources of the cohesion policy include the Cohesion Fund, the European Regional Development Fund (ERDF),

the European Social Fund, the Just Transition Fund, the European Maritime, Fisheries and Aquaculture Fund (EMFAF), the Asylum, Migration and Integration Fund (AMIF), the Internal Security Fund (ISF) and the Instrument for Financial Support for Border Management and Visa Policy (BMVI).

The split of the resources of the national envelope between the regions and the various programmes is decided by the Member States.

Cohesion policy programmes are implemented under shared management rules for budget implementation and are under the responsibility of the managing authorities appointed by each Member State.

The mechanism of shared management: the Commission negotiates with the Member States a Partnership Agreement, establishing the strategic priorities for implementation of the policy in the specific Member State for the funding period (2014-2020, 2021-2027) and approves the funding programmes that detail the intervention logic and the typologies of actions of the policy (R&D, support to enterprises, transport, environment, etc.).

The programmes can cover a NUTS II region (regional programme) or can have a broader coverage (national or thematic) covering more regions or the whole territory of the Member State. Also, the programmes can be financed by one fund or can be multi-fund. Under shared management the Member States are in charge of the actual organisation of the calls for projects, selection and approval of the projects and monitor the implementation of projects.

All projects need to comply with the applicable European and national legislation (State aid, public procurement, environmental requirements, etc). Each Member State needs to ensure the visibility of support in all activities relating to operations supported by the cohesion policy funds.

2.2 European Regional Development Fund

The European Regional Development Fund (ERDF) is one of the funds that supports cohesion policy in the Member States.

The ERDF was originally enacted in 1975, following the accession of Denmark, Ireland and the UK, to help procure funds for struggling economic regions during a time when many industrial and agricultural regions were increasingly in need of economic strategies to boost competitiveness.

ERDF supports a broad typology of investments (R&D, productive investment by enterprises, broadband investments, water and wastewater and other environmental interventions, health and education infrastructure, etc.).

All Member States' regions (NUTS 2 level) are eligible for support under ERDF. However, the ERDF resources are allocated depending on the development level of each region:

- 1) Less developed regions - whose GDP per capita is less than 75 % of the average GDP per capita of the EU – receive a co-financing rate of 85%
- 2) transition regions, whose GDP per capita is between 75 % and 100 % of the average GDP per capita of the EU – receive a co-financing rate between 60% to 70%
- 3) more developed regions, whose GDP per capita is above 100 % of the average GDP per capita of the EU - receive a co-financing rate of 50%.

Most of the projects in the area of support to enterprises financed by ERDF are subject to State aid schemes under the General Block Exemption Regulation. These schemes are sent by the Member States to the Commission (DG COMPETITION) according to the transparency rules. Compliance with the approved State aid schemes undergoes various controls and audits. Also, in certain cases, the Commission (DG COMPETITION) can make targeted investigations regarding the compliance with State aid rules. The General Block Exemption Regulation does not target specific sectors, except for exclusions expressly included in the regulation – e.g. fisheries and aquaculture, primary agricultural production sector, processing and marketing of agricultural products, etc – that may receive to support from other EU funds and are subject to other State aid rules.

Programming period 2014-2020	
Common Provision Regulation	Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006
ERDF Regulation	Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006
Programming period 2021-2027	
Common Provision Regulation	Publications Office
ERDF Regulation	Publications Office
Cohesion Policy on Europa	
Inforegio - Cohesion Policy	

2.3 Recovery and Resilience Facility

The Recovery and Resilience Facility (RRF) is the cornerstone of the EU’s response to the COVID-19 pandemic. Established as part of the NextGenerationEU initiative, the RRF provides financial support to member states to implement reforms and investments that promote sustainable growth and recovery

The RRF operates on a performance-based delivery model, which is a significant innovation in funding mechanisms: Member States receive disbursements only upon the successful implementation of pre-agreed reforms and investments, which are defined as milestones and targets.

The performance-based approach incentivises efficiency, as disbursements are tied to the delivery of concrete outputs.

Member States are required to prepare and submit their recovery and resilience plans (RRPs) to the Commission, outlining their proposed reforms and investments.

Member States must also demonstrate robust control systems to prevent fraud and ensure compliance with EU law, include State aid, throughout the implementation of their RRPs.

Once approved, the RRPs serve as the basis for disbursements, with funds released upon the successful achievement of milestones and targets.

As a temporary recovery instrument, the RRF is time-barred: all investments must be completed by 31 August 2026.

Investments under the RRF do not qualify as ‘subsidies’ under WTO law.

1) No ‘specificity’

All Member States have access to RRF funds, based on their recovery plan: there is no regional specificity. The allocation key determines the distribution of financial support under the RRF to each Member State. It is designed to ensure a fair and equitable distribution based on specific criteria (population, inverse of GDP/capita, etc.).

The funding is not targeted at specific companies or sectors, but rather it supports broader economic recovery efforts across Member States. As explained, the funding is provided to the Member States based on realised progress checked against the commitments in their National Plans.

In the case of the PT measures identified, as explained below, such investments were implemented through open calls that did not target either one sector or area but rather were defined by scope: decarbonisation measures for enterprises. This means that all economic operators had access to the funding, based on the terms of reference in the calls. Such types of measures, we submit, would in any event fall into the category of non-actionable subsidies, according to Article 8c of the WTO ASCM (“promoting the adaptation of existing facilities to new environmental requirements imposed by law and/or regulations”)

2) No ‘benefit’

Funding under the RRF cannot be interpreted as constituting a benefit under WTO law in the sense that the financial support does not confer blanket economic advantages to specific entities. Instead, they are payments against realised progress.

The funds are intended to enhance growth potential, resilience, and job creation across the economy, rather than providing selective benefits to individual firms or sectors

Overview of the RRF and its projects	Recovery and Resilience Facility - European Commission
RRF Scoreboard	Recovery and Resilience Scoreboard
Interactive map of RRF-supported projects	Interactive Map

Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (RRF Regulation)	Regulation - 2021/241 - EN - rrf - EUR-Lex
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3. Challenged subsidies

The list in Annex A of the UK letter includes projects financed by EU funds, under two Portuguese strategic programs: **Portugal 2020/Portugal 2030 and Portugal's Recovery and Resilience Plan (PRR)**.

3.1 Portugal 2020 and Portugal 2030

Portugal 2020 was a strategic framework for applying European funds during the programming period 2014–2020, aligned with the European Union's strategy to promote smart, sustainable, and inclusive growth.

[Ordinance nr. 57-A/2015](#) establishes the rules applicable to the financing, by the European Regional Development Fund (ERDF) and the European Social Fund (ESF), of operations in the field of competitiveness and internationalization.

Portugal 2030 is the strategic framework for applying European funds during the programming period 2021-2027, aligned with the EU priorities for smart, green, inclusive growth.

[Ordinance Nr. 103-A/2023](#) establishes the rules for applicable to the financing, by the European Regional Development Fund (ERDF) and the European Social Fund (ESF), of operations in Thematic Area Innovation and Digital Transition.

These set of rules are applied to the entire national territory and to all economic activities. They have a broad scope and a non-specific design:

- They are open to companies across all sectors.
- They are open to all sectors nationwide.
- They do not target a specific industry group, being the limestone, or other. There is no legislation limiting the funds to specific firms/sectors.

Both are aligned with EU Policy:

- They implement EU Structural and Investment Funds, governed by EU regulations and public eligibility rules.
- Are not discretionary or selective beyond the published criteria of eligibility.
- Are national implementations of EU-open programs, not tailored to a specific sector or firm.
- The programs comply with the **GBER (General Block Exemption Regulation)** and EU competition rules.

- There is an **explicit prohibition** on financing activities directly linked to exports (exported quantities, distribution networks abroad, current costs), preventing distortions in international trade.

Both include clear rules regarding eligibility criteria, procedures for the analysis, selection, and decision of applications, and selection criteria. The selection process is transparent and non-discriminatory:

- The Managing Authorities publish calls for applications, available online on the Portugal 2020 (<https://portugal2020.pt/candidaturas/>) and Portugal 2030 (<https://portugal2030.pt/avisos/>) websites.
- Eligibility criteria, rules of procedures for the analysis, selection, and decision of applications are defined in the Specific Regulations prior mentioned [[Ordinance nr. 57-A/2015](#) (Portugal 2020), [Ordinance Nr. 103-A/2023](#) (Portugal 2030)] and reflected in the calls for applications.
- Eligibility is not automatic. Any company could be eligible if it met the requirements set out in the call for proposals. Support with European funds is dependent on the availability of funds within the call's budget, which is determined by the merit of the proposals.
- Companies and their respective projects that meet the eligibility criteria and achieve a project merit score (both in absolute and relative terms) above the selection threshold are eligible for funding.
- The list of approved operations is available online, for search and download, on the Portugal 2020 (<https://portugal2020.pt/projetos-aprovados/lista-de-operacoes-aprovadas/>) and Portugal 2030 (<https://portugal2030.pt/resultados-pt2030/>) websites.
- Also, the website “Mais Transparência Portugal”¹ (<https://transparencia.gov.pt/pt/>), the informative portal on public resource management topics in Portugal, gathers information regarding beneficiaries and projects of Portugal 2020 and Portugal 2030.

Examples 1, 2, 3, 4, 6, 7, 10 and 11 of Annex A relate to projects under Portugal 2020 and/or Portugal 2030 from the stone sector – not specifically the limestone, but all kind of stones.

They all are financed by the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The only exception is example 4 (LSI Stone Digital Factory), which is financed with national funds. Nevertheless, all are subject to the same specific rules, established in Ordinance Nr. 103-A/2023.

Example 8 - SME Internationalization, refers not to a project but to a program under Portugal 2020.

Example 9 - Hiring of Highly Qualified Human Resources (SME or CoLab), refers not to a project but to a type of project under PORTUGAL 2020, However, this type of projects aims at supporting Technological Centres and Colabs, not companies. No project for the stone sector was supported.

¹ “More Transparency Portugal”

Therefore, **examples 8 and 9 should not even be considered for the purpose of this consultation.**

3.2 Portugal's Recovery and Resilience Plan (PRR)

PRR is a national program to promote sustainable economic growth and recovery after the pandemic.

It is funded by the EU's NextGeneration EU instrument and managed by Mission Structure Recover Portugal.

The PRR provides for the implementation of a set of reforms and investments aimed at restoring the country's sustained economic growth, organized into **20 Components** grouped around three structural dimensions: Resilience, Climate Transition, and Digital Transition.

PRR has a Broad and National Coverage and Transparent Criteria

- The scope of each PRR component is established in its specific Ordinance.
- The territorial scope is the entire national territory.
- It is open to any economic sector.
- There is no regional or sectoral specificity, apart from compliance with aid schemes, administered through public calls with transparent eligibility criteria.
- It does not target a specific industry group, being the limestone, or other.
- There is no legislation limiting the funds to specific firms/sectors.

PRR does not contain any export contingency

- Eligibility criteria are established in the specific Ordinance.
- None of these criteria are based on export performance or the use of domestic products over imported ones.

PRR is aligned with EU Policy

- PRR implementation falls under NextGenerationEU, governed by EU regulations, including the Recovery & Resilience Facility.
- Both eligibility and oversight are subject to EU approval, transparency, and open application processes.
- PRR is not discretionary or selective beyond the published criteria of eligibility. It is not tailored to a specific sector or firm.

The selection process of the projects that will benefit from grants is transparent and non-discriminatory

- Calls for proposals follow the scope and eligibility criteria established in the specific Ordinance.

- Calls for proposal establish the selection criteria, that are publicly available and uniformly applied (<https://recuperarportugal.gov.pt/candidaturas-prr/>).
- Eligibility is not automatic; companies must comply with eligibility criteria.
- Applications are evaluated and scored with specific criteria of merit and selected the ones that have enough score to fit in the budget allocated.
- Monitoring reports are available online on the Recuperar Portugal website (<https://recuperarportugal.gov.pt/monitorizacao-relatorios-de-monitorizacao/>).
- Also, the website “Mais Transparência Portugal”, the informative portal on public resource management topics in Portugal, gathers detailed information, updated daily, regarding beneficiaries and projects of PRR (<https://transparencia.gov.pt/pt/>).

Example 13 “PRR Project - Intelligent Automation in Natural Stone Extraction” refers to the project “**Sustainable Stone by PORTUGAL**” (identified also as example 5, on the Annex A list). It was financed under PRR **Component 5 - Investment and Innovation**, that aims to increase the competitiveness and resilience of the economy based on R&D, innovation, diversification, and specialization of the productive structure. **It was presented by a consortium of Companies, Academia, Associations and other entities, including some (but not all) from the stone sector.**

Under **Component 5 - Investment and Innovation** [[Ordinance 43/A/2022](#)] applications are evaluated according to specific selection criteria:

- Degree of innovation or differentiation;
- Impact of the project on business competitiveness and on changing the country’s productive specialization profile;
- Potential impact on the region where the project is developed;
- Ability to leverage investment;
- Potential for economic valorisation of innovation and scalability;
- Contribution of the project to carbon neutrality and energy resilience;
- Quality of the consortium in terms of the promoters’ competencies in relation to the project objectives and the consortium’s governance model;
- Economic and financial viability of the projects and the proponents.

Example 12 “PRR Project - Incorporation of Renewable Energy and Energy Efficiency Measures” is not a specific project, but a PRR component - **Component 11 Industry Decarbonization**. This Component 11 aims at supporting low-carbon processes and technologies in industry, energy efficiency measures, incorporation of renewable energy, storage, and development of decarbonization roadmaps. **No specific project from the stone sector was financed under this Component 11.**

Example 14 “PRR Project - PRODUTECH R3 - Mobilizing Agenda for the Production Technologies Sector for Reindustrialization” refers to the project “PRODUTECH R3 – Recovery, Resilience, Reindustrialization”. It was financed under PRR **Component 5 - Investment and**

Innovation. It was presented by a consortium of Companies and other entities from the Production Technologies sector. It did **not include companies from the stone sector**.

Therefore, examples 12 and 14 should not be considered for the purpose of this consultation.

In conclusion, Portugal 2020/2030 and PRR do not grant “specific subsidies” in accordance with Article 2 of the WTO ASCM.

4. Conclusion

The requirements of Article 11 to initiate this investigation are not met:

- It has not been demonstrated that the application is made on behalf of the domestic industry.
- There is no increase of imports but on the contrary a decrease of 42%.
- The information provided is insufficient to conclude that the domestic industry is suffering injury. Injury, if any, could not be caused by imports from PT as they decrease significantly.
- Finally, the targeted subsidy programs are not specific and thus not countervailable.

We trust that the TRA will refrain from initiating this investigation, any other course of action would be in breach of the WTO rules.