

WORLD POLITICS

Biden to host EU chief as Europe hopes to avoid subsidy race with the U.S.

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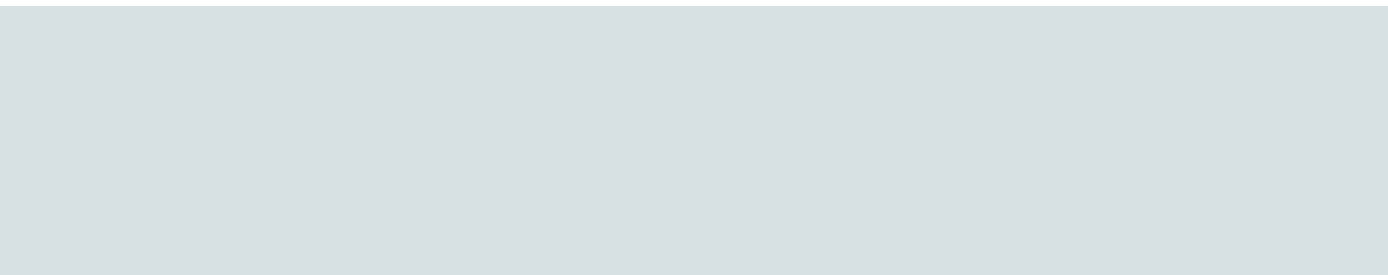


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KEY POINTS

- Tesla, Enel, Solvay, EDP and Volkswagen are among the companies that have expressed an interest in benefiting from the subsidies stateside.
- The IRA has allocated more than \$300 billion in climate and green energy policies.
- European Commission President Ursula von der Leyen arrives in Washington, D.C., Wednesday and is meeting Biden at the White House Friday.



President [Joe Biden](#) will welcome Ursula von der Leyen to the White House this week, with the European Union's top official eager to gain concessions amid a tense subsidy spat between the two giant trading blocs.

Both sides of the Atlantic have been embroiled in a trade dispute in the wake of Biden's [Inflation Reduction Act](#), which has allocated more than \$300 billion in climate and green energy policies. While EU officials have said they support the U.S.'s efforts to have a more sustainable economy, they are worried some subsidies and provisions of the law will divert investment away from Europe.

"We want to achieve as much non-discriminatory treatment for EU products and companies as possible, avoiding distortions of the level playing field," a spokesperson for the European Commission, told CNBC via email Friday.

[Tesla](#), [Enel](#), [Solvay](#), [EDP](#) and [Volkswagen](#) are among the companies that have expressed an interest in benefiting from the subsidies stateside and are therefore pressing ahead with expansion plans in the U.S. This could ultimately mean less innovation in Europe and fewer jobs for Europeans too.

"I do not think [European Commission President Ursula] von der Leyen will manage to extract meaningful concessions from the U.S. on the IRA. Ultimately, the whole point of the IRA is to strengthen U.S. industry in sectors related to the green transition," Anna Rosenberg, head of geopolitics at Amundi Asset Management, told CNBC Monday.



“Therefore, the IRA is targeted at the EU simply because European firms have so far been leaders in that space and the U.S. wants to attract them. Granting meaningful concessions would defeat the purpose of the IRA,” she added.

Speaking to CNBC’s “Squawk Box Europe” Tuesday, Klaus Rosenfeld, CEO of automotive supplier Schaeffler, said “Europe has to be careful [so] that they don’t lose out.”

Von der Leyen arrives in Washington, D.C., Wednesday and is meeting Biden at the White House Friday. In recent weeks, Europe’s trade and competition chiefs have also been in the United States for discussions with lawmakers. In early February, the French and the German economy ministers also flew to the U.S. capital for discussions.

An EU official, who did not want to be named due to the sensitive nature of the talks, said that “the main thing is potentially a commitment on critical raw materials” in terms of what von der Leyen might obtain this week from Biden.

This would mean that European companies might qualify for IRA support if they provide a part of the raw materials needed back in the U.S. for manufacturing processes.

“The EU and U.S. are working together to ensure that our respective incentive programmes are fair and mutually reinforcing and thus drive the green transition.” the spokesperson for the





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