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**Screening of FDI into the Union and its Member States**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**Third Annual Report on the screening of foreign direct investments into the Union**

{COM(2023) 590 final}

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## 1. Foreign Direct Investments into the EU – 2022 overview

### A) Main findings

- Global Foreign Direct Investment (FDI) inflows totaled EUR 1.2 trillion in 2022, -14.3% below values in 2021. The EU contributed to the reduction of global flows with EUR -140 billion.
- A total of 4 500 new acquisitions of equity stakes and greenfield projects were recorded in the EU27 in 2022, a figure -7.2% lower than 2021 levels. The decrease was explained by a contraction in M&As and minority investments, with a -15.5% combined decline compared to 2021.
- The US was the main foreign investor in the EU27, grouping 32.2% of all acquisitions of equity stakes and 46.5% of all greenfield investments.
- In 2022, foreign companies used their EU27 subsidiaries for 23% of their investments<sup>1</sup>.
- Almost 60% of the investments in the EU27 targeted the Information and Communication Technology (ICT), Retail, and Manufacturing sectors.
- In 2022, acquisitions in high tech manufacturing grouped 59% of the total number of foreign deals, and 67% of the total greenfield investments, in the Manufacturing sector.

### B) Stable global FDI, but weak flows in the EU27

Net Global FDI inflows experienced a year-on-year reduction in 2022, totalling EUR 1.2 trillion, down by -14.3% compared to the values in 2021, but 34% above 2020 levels. OECD data for 2022 indicates that the EU27 experienced a noticeable decrease in FDI inflows compared to the previous year, and also to 2020<sup>2</sup>. This drop in 2022 FDI inflows is however largely due to sizeable disinvestments that took place in Luxembourg in 2022<sup>3</sup>. Excluding Luxembourg, 2022 FDI flows into the EU27 increased by 22%<sup>4</sup> compared to 2021.

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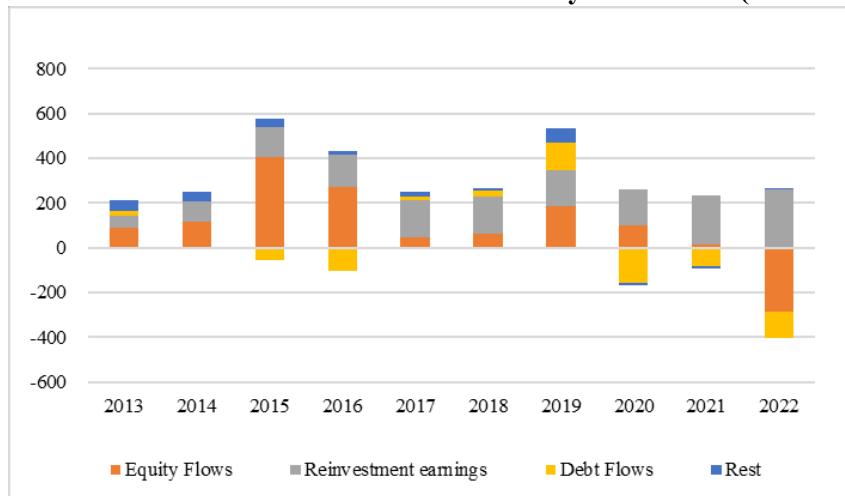
<sup>1</sup> By using an established EU company – which carries out an economic activity in a Member State – to invest into another EU company, the investment becomes an “intra-EU” one and hence falls outside the scope of the FDI Screening Regulation.

<sup>2</sup> See figures in the Annual Report 2023.

<sup>3</sup> OECD, FDI IN FIGURES, April 2023 – <https://www.oecd.org/corporate/mne/statistics.htm>. Although largely due to disinvestments in Luxembourg, global FDI flows still declined in the EU in 2022 compared to 2021. Besides, other major FDI recipients, such as China and the US, also recorded less FDI inflows in 2022.

<sup>4</sup> <https://www.oecd.org/daf/inv/investment-policy/FDI-in-Figures-April-2023.pdf>

**Figure 1. FDI inflow in EU27 with breakdown by instrument (billion EUR)**



Source: OECD data, extracted on 03/05/2023. Data refers to inward FDI flows. The details by instrument does not include inflows into Bulgaria, Croatia, Cyprus, Malta, and Romania whose value is grouped under Rest. FDI values exclude investments from resident special purpose entities. “Debt flows” stands for “Intercompany debt flows”.

The breakdown of FDI inflows by instrument<sup>5</sup> (**Figure 1**) suggests that in 2022, reinvestment of earnings accounted for most of the flows into the EU27, reaching EUR 260 billion, a figure above the record value of EUR 219 billion observed in 2021. This evidence points to the fact that high profits of multinational enterprises in the post-COVID period are an important factor in explaining the rebound in FDI activity. The decline in FDI inflows at the EU27 level was mainly driven by the level of intercompany debt and equity flows, which accounted for EUR -115 billion and EUR -288 billion, respectively.

Looking at the number of foreign transactions<sup>6</sup>, acquisitions of equity stakes decreased in 2022 compared to 2021, while the number of greenfield projects remained stable. Foreign M&As and greenfield investments have also slowed down significantly in the first quarter of 2023, both in terms of numbers and values, compared to the same quarter the previous year. The prospects for the EU economy in 2023 remain uncertain.

<sup>5</sup> Financial flows consist of three main components: equity capital, reinvestment of earnings of foreign parents’ affiliates, and intracompany debt.

<sup>6</sup> We use the term foreign investor to identify non-EU entities (companies or persons) acquiring equity stakes or initiating greenfield investment projects in the EU (in short ‘greenfields’ or ‘greenfield investments’). The terms foreign and non-EU are used interchangeably. Throughout the text, the term acquisitions will identify the acquisitions of equity stakes in EU companies, be it M&A or stakes below 50% but above 10% of the capital, and the term transactions will be referred to the sum of acquisitions and greenfield investments. Portfolio investments are excluded. For additional information see the section on methodology and sources.

### C) Slowdown in dealmaking with -15.5% new acquisitions and -1% new greenfield investments

Investments by foreign companies in the EU27 lost *momentum* in 2022: There was a total of 4 500 new acquisitions of equity stakes and greenfield projects, which is 7.2% lower than 2021 levels. The decrease is explained by a contraction in M&As and minority investments<sup>7</sup>, with a -15.5% decline compared to 2021. The war of aggression in Ukraine and the worsening of macroeconomic conditions significantly impacted EU27 M&A in 2022. Increasing inflation driven by skyrocketing energy and commodity prices prompted higher interest rates and an increased cost of capital, discouraging investors<sup>8</sup>. The number of greenfield investments remained virtually constant, with a -0.9% reduction. Despite the slowdown, both acquisitions of equity stakes and greenfield projects remained above 2020 levels with increases of +18.3% and +22.5%, respectively<sup>9</sup>.

The US was the main foreign investor in the EU27, with 32.2% of all acquisitions of equity stakes and 46.5% of all greenfield investments (**Table 1**). The decrease in deal making from the US, by -14.2% year-on-year, was offset by a growth in the number of greenfield projects (+13.7%) in 2022 compared to 2021. India is the only investor in the top-ten registering year-on-year growth rates for both acquisitions and greenfield investments in 2022, with +107% and +9.1%, respectively. Acquisitions of equity stakes from Japan increased significantly (+23.9%), while robust growth in greenfield projects originating in Offshore Financial Centres<sup>10</sup> (OFCs), Norway and South Africa was observed (by +8.5%, +6.9% and +119% year-on-year, respectively). In contrast, investments from Russia<sup>11</sup> collapsed, with a -68.8% decline for acquisitions and an -82.3% decline for greenfield projects year-on-year<sup>12</sup>.

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<sup>7</sup> We define minority investment as the acquisition of equity stakes for more than 10% (but less than 50%) of the capital of the target company.

<sup>8</sup> In 2022, the cost of borrowing for corporations in the euro area increased by 30 basis points to 3.41% in December 2022 (ECB, <https://www.ecb.europa.eu/press/pr/stats/mfi/html/ecb.mir2212~4e7d08f6a5.en.html>)

<sup>9</sup> See figures in the Annual Report 2023.

<sup>10</sup> The main Offshore Financial Centres by number of M&As or greenfields are (in alphabetical order) Bermuda, British Virgins Islands, Cayman Islands, Mauritius and the United Kingdom Channel Islands. For the full list of Offshore Financial Centres, see e.g. Commission Staff Working Document - Following up on the Commission Communication “Welcoming Foreign Direct Investment while Protecting Essential Interests” – SWD(2019) 108 final – 13 March 2019.

<sup>11</sup> For more details, see below the section entitled “Russian shareholding in Europe”.

<sup>12</sup> Only 10 investments in equity stakes in EU companies and 11 greenfield projects originated from Russia in 2022.

**Table 1. Number of foreign acquisitions and greenfield investments: share over total for 2022 and percentage change with respect to 2021 and 2020. Detail by jurisdiction of the ultimate investor (for top-ten jurisdictions)**

Acquisitions of equity stakes	Share (%)	Year-on-year (% change)		Greenfields	Share (%)	Year-on-year (% change)	
		2022	21/22			20/22	2022
US	32.2	-14.2	27.9	US	46.5	13.7	38.1
UK	25.1	-17.1	8.2	UK	19.0	-8.9	10.1
Switzerland	8.9	-4.2	25.2	OFCs	5.6	8.5	44.3
OFCs	5.4	-43.2	-12.7	Switzerland	4.8	-15.5	-12.1
Norway	4.3	-22.2	37.5	China	3.9	-34.1	-36.1
Canada	4.1	-41.6	15.9	Japan	3.3	-11.8	-1.1
Japan	3.2	23.9	-10.9	Norway	2.3	6.9	40.9
China	2.3	-2.4	-14.6	Canada	1.7	-2.0	17.1
India	1.6	107.1	16.0	India	1.3	9.1	9.1
Australia	1.6	-6.7	64.7	South Africa	1.3	118.8	150.0
RoW	11.3	-3.8	49.6	RoW	10.4	-20.3	44.2

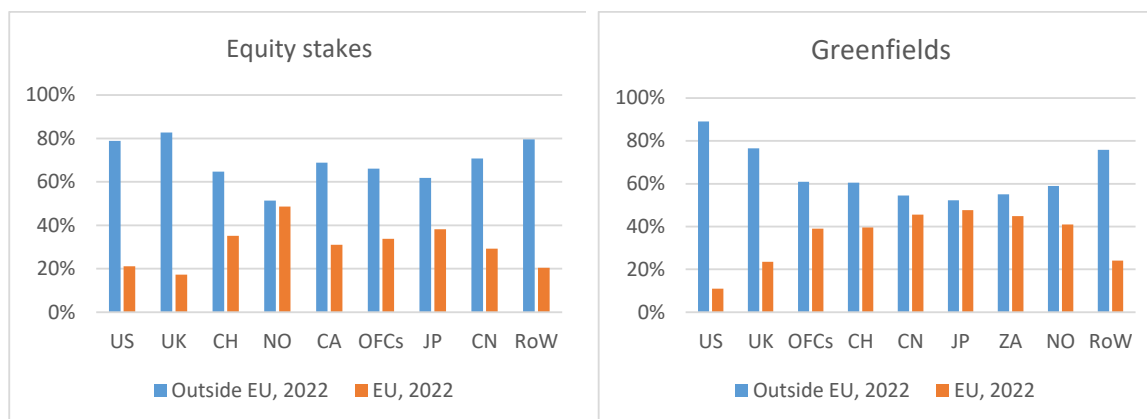
Source: JRC elaboration based on Bureau van Dijk data, extracted on 06/02/2023 for equity stakes (Zephyr dataset) and on 02/02/2023 for greenfields (Orbis Crossborder Investment dataset). OFCs: Offshore Financial Centres. RoW: Rest of the World. China includes Hong Kong.

Investors, especially large conglomerates with multiple activities, often use subsidiaries registered in other countries (e.g., the group’s financial branch) to conduct investments<sup>13</sup>. In 2022, foreign non-EU investors performed investments using their EU subsidiaries in 23% of transactions recorded this year, on average (**Figure 2**). Looking at the geographical breakdown on the origin jurisdiction of the investor, the use of EU subsidiaries ranges from 14% of transactions by investors originating in the US to 44% by investors originating in Norway. A high share of transactions by investors originating in OFCs<sup>14</sup> and Japan (approximately 42%) also took place through EU subsidiaries.

<sup>13</sup> These are fully operating companies, not special financial vehicles set in place for the purpose of a specific investment.

<sup>14</sup> In many instances these are funds with offices in the EU that acquire minority stakes in EU companies.

**Figure 2. Location of the direct investor. Detail by origin of the controlling parent and type of investment (acquisition of equity stakes and greenfield investments)**



Source: JRC elaboration based on Bureau van Dijk data, extracted on 06/02/2023 for equity stakes (Zephyr dataset) and on 02/02/2023 for greenfields (Orbis Crossborder Investment dataset). OFCs: Offshore Financial Centres. RoW: Rest of the World. China includes Hong Kong. Equity stake refers both to M&As and the acquisition of non-controlling stakes in EU companies.

Almost 60% of the investments in the EU targeted three sectors: Information and Communication Technology (ICT), Retail and Manufacturing. With more than 1 000 investments in 2022, ICT was the top sector by foreign acquisitions of equity stakes (28%), and ranked second for greenfield projects (19.4%), after Retail (29.9%). The two digits year-on-year decrease in ICT acquisitions (-18.6%) contrasted with a robust growth of greenfield investments (+17.6%) in this sector (**Table 2**).

A large share of ICT related foreign greenfield projects in 2022 (over 80%) were related to computer programming (mainly opening of new software development and R&D centres) and data processing and hosting activities (such as opening of new data centres and sales offices). Acquisitions of equity stakes in the ICT sector involved micro and small target companies in more than 70% of the cases (**Table 3**).

Manufacturing accounted for 24.7% of all new foreign acquisitions and 10.4% of greenfield investments in 2022 (**Table 2**). Despite the decline observed in both acquisitions (-17.9%) and greenfield projects (-13.1%) in 2022 compared to 2021, transactions in Manufacturing were still above 2020 levels for both types of FDI. Acquired manufacturing companies were larger than targets in the ICT sector, with a share of medium and large companies above 55% (**Table 3**).

In 2022, Manufacturing greenfield projects focused mainly on openings (or expansions) of manufacturing plants for different types of pharmaceutical products (10.3% share), electronic components (6.7% share), motor vehicles (5% share, mostly related to electric vehicle production) or batteries and accumulators (4.6% share).

Investments in equity stakes grew substantially in the Transport (+24%) and Administrative support (+18.6%) sectors in 2022. These two sectors experienced a very positive trend in the post-Covid period, with an increase of 40.9% and 82.1% in 2022 compared to 2020, respectively. For greenfield investments, a strong performance was observed in the Finance (+33.2%), Professional and Scientific (+26.6%) and Health (+200%) sectors. Finance and the Professional and Scientific sectors accounted for more than 10% of greenfield projects each in 2022 (**Table 2**).



**Table 2. Number of foreign acquisitions and greenfield investments: share over total for 2022 and percentage change with respect to 2021 and 2020. Detail by target sector (NACE Rev. 2)**

Equity stakes	Share (%)			Greenfield	Share (%)		
	2022	21/22	20/22		2022	21/22	20/22
ICT	28.0	-18.6	13.4	Retail	29.9	2.0	26.3
Manufacturing	24.7	-17.9	18.6	ICT	19.4	17.6	53.9
PST	8.9	-7.6	33.6	Financ. Insur.	10.8	33.2	56.3
Financ. Insur.	7.3	-5.8	10.2	PST	10.5	26.6	35.5
Retail	7.0	-15.1	-0.8	Manufacturing	10.4	-13.1	4.0
Electricity	4.3	-10.5	8.5	Accommodation	6.5	-29.4	-11.8
Transport	3.5	24.0	40.9	Transport	5.1	-44.0	-26.2
Admin. support	2.9	18.6	82.1	Admin. support	2.7	5.8	43.1
Construction	2.5	-32.3	83.3	Real estate	1.2	-10.8	0.0
Real estate	2.4	-34.8	13.2	Electricity	0.9	-33.3	50.0
Accommodation	2.1	-24.5	164.3	Arts. Entert.	0.7	-35.5	66.7
Health	1.9	-17.1	-22.7	Water supply	0.7	0.0	125.0
Arts. Entert.	1.5	-6.9	22.7	Health	0.4	200.0	300.0
Mining	1.0	-21.7	20.0	Education	0.3	0.0	-42.9
Education	0.8	-17.6	7.7	Construction	0.3	-46.2	-63.2
Agriculture	0.7	-25.0	20.0	Other services	0.1	-33.3	-42.9
Remaining sections	0.6	-38.9	10.0	Remaining sections	0.1	-57.1	-75.0

Source: JRC elaboration based on Bureau van Dijk data, extracted on 06/02/2023 for equity stakes (Zephyr dataset) and on 02/02/2023 for greenfields (Orbis Crossborder Investment dataset). PST = Professional, Scientific and Technical activities (section M of NACE Rev. 2 sector classification). ICT stands for Information and Communication (NACE Rev. 2, section J). Due to the rounding up of numbers to the first decimal, the total of some percentages might reach 100,1%.

**Table 3. Shares of foreign acquisitions in each target firm size category (over sector specific total acquisitions), 2022. Detail by NACE Rev. 2 sectors**

Sectors	Shares, by sector, 2022			
	Micro	Small	Medium	Large
<b>ICT</b>	28.1	42.7	21.2	8.0
<b>Manufacturing</b>	15.6	29.2	35.0	20.3
<b>PST</b>	31.1	37.0	26.1	5.9
<b>Financ. Insur.</b>	25.7	28.7	28.7	16.8
<b>Retail</b>	38.0	35.4	16.5	10.1
<b>Electricity</b>	22.7	22.7	22.7	31.8
<b>Transport</b>	21.1	31.6	21.1	26.3
<b>Admin. support</b>	32.4	17.6	26.5	23.5
<b>Construction</b>	27.6	27.6	24.1	20.7
<b>Other sectors</b>	22.6	27.4	32.3	17.7
<i>Average all sectors</i>	<i>26.5</i>	<i>30.0</i>	<i>25.4</i>	<i>18.1</i>

Source: JRC calculations based on Bureau van Dijk Orbis-Global data extracted in September 2022 and Zephyr data extracted on 06/02/2023. The first four columns are based on detailed balance sheet data, available only for 73% of the acquisitions of equity stakes observed. Each row sums to 100. Micro: enterprises with less than 10 persons employed; Small: enterprises with 10-49 persons employed; Medium: enterprises with 50-249 persons employed; Large: enterprises with 250 or more persons employed. PST = Professional, Scientific and Technical activities (section M of NACE Rev. 2 sector classification). ICT stands for Information and Communication (NACE Rev. 2, section J). Due to the rounding up of numbers to the first decimal, the total of some percentages might reach 99.9% or 100.1%.

Following the Eurostat definition, foreign transactions in the manufacturing sector were reclassified by technological intensity in two categories, high- and low-tech manufacturing<sup>15</sup>.

In 2022, foreign deals in high tech manufacturing grouped 59% of the total number of deals related to the manufacturing sector. Conversely, 67% of the total foreign greenfield investments in the manufacturing sector corresponded to high tech manufacturing activities (Table 4)<sup>16</sup>. The shares in 2021 were 50% and 65%, respectively. For some jurisdictions there was a shift towards investments in high technology sectors. This is the case of the US, whose share of investments in high tech manufacturing increased by almost 15 percentage points for acquisitions and 4 percentage points for greenfield projects between 2020 and 2022. On the other hand, the share of investments in low tech manufacturing from Switzerland and China increased over the same period.

<sup>15</sup> High tech includes high tech and medium-high tech firms, and low tech includes medium-low and low tech ones (NACE-Rev.2, 2 digits). For further details, see Eurostat classification: [https://ec.europa.eu/eurostat/cache/metadata/Annexes/htec\\_esms\\_an3.pdf](https://ec.europa.eu/eurostat/cache/metadata/Annexes/htec_esms_an3.pdf).

<sup>16</sup> The percentages displayed indicate the share of high (low) technology acquisitions and greenfield projects over total annual acquisitions and projects for each investor origin jurisdiction (rows sum up to 100%).

**Table 4. Technological content of foreign investments in manufacturing, high vs low technology (by origin jurisdiction)**

Origin	Year	Acquisitions		Origin	Year	Greenfield	
		High tech. (%)	Low tech. (%)			High tech. (%)	Low tech. (%)
US	2020	51.72	48.28	US	2020	61.5	38.5
	2021	56.25	43.75		2021	63.2	36.8
	2022	66.23	33.77		2022	65.5	34.5
UK	2020	52.38	47.62	UK	2020	50.0	50.0
	2021	40.38	59.62		2021	54.5	45.5
	2022	48.19	51.81		2022	56.8	43.2
Switzerland	2020	43.24	56.76	Switzerland	2020	60.7	39.3
	2021	49.09	50.91		2021	61.3	38.7
	2022	38.89	61.11		2022	52.6	47.4
China	2020	80.00	20.00	China	2020	90.0	10.0
	2021	58.33	41.67		2021	93.9	6.1
	2022	60.00	40.00		2022	89.3	10.7
OFCs	2020	59.26	40.74	Japan	2020	62.5	37.5
	2021	53.66	46.34		2021	78.1	21.9
	2022	41.67	58.33		2022	70.0	30.0
Japan	2020	78.95	21.05	OFCs	2020	50.0	50.0
	2021	50.00	50.00		2021	42.9	57.1
	2022	78.26	21.74		2022	81.8	18.2
RoW	2020	52.38	47.62	RoW	2020	63.9	36.1
	2021	43.27	56.73		2021	56.4	43.6
	2022	60.71	39.29		2022	68.0	32.0

Source: JRC elaboration based on Bureau van Dijk data, extracted on 06/02/2023 for equity stakes (Zephyr dataset) and on 02/02/2023 for greenfields (Orbis Crossborder Investment dataset). RoW: Rest of the world, OFCs: Offshore Financial Centres. China includes Hong Kong.

#### **D) The US and UK dominated foreign transactions in acquisitions equity stakes and greenfield projects**

In 2022, new foreign acquisitions of equity stakes and greenfield investments in the EU originated primarily in the US, in line with previous years. Just over 570 acquisition deals and 1 280 greenfield projects originated in the US. This represented a decline compared to 2021 numbers for acquisitions, but an improvement for greenfields. Overall, US FDI transactions were mostly concentrated in three Member States: Germany, Spain and France. Acquisitions of equity stakes in German target companies by US investors represented almost 20% of the total US acquisitions into the EU in 2022 (**Table 5a**), while new greenfield investments into Germany represented 16% of total US greenfield projects in 2022 (**Table 5b**).

The contraction in acquisitions of equity stakes by US investors in 2022 compared to 2021 affected all destination Member States, but not evenly (**Tables 5a,5b**). The decline affected France (-27.8%), the Netherlands (-23.4%) and Spain (-19.8%) the most. For the case of US greenfields into the EU, Germany saw the largest year-on-year increase in the number of new US projects in 2022 compared to 2021 (+50.7%), followed by Poland (+26.3%). Only Romania, the Netherlands and Italy received less US greenfield investments in 2022 compared to the previous year.

Focusing on the sectoral breakdown, US acquisitions in 2022 mostly targeted ICT firms, with this sector grouping a 33.2% share of all US acquisitions into the EU (**Table 6a**). However, the number of US acquisitions in this sector declined by 21.5% compared to 2021. ICT also grouped 21.2% of US greenfield projects into the EU (the second largest share after Retail), and in contrast with the evolution of acquisitions of equity stakes, they increased by 14.8% year-on-year (**Table 6b**).

The UK was the second most important foreign investor in the EU in 2022, with about 440 and 520 acquisitions of equity stakes and greenfield projects, respectively. In contrast with US investments, UK transactions contracted in 2022 compared to 2021 for both types of FDI. Acquisitions of equity stakes by investors originating in the UK primarily targeted firms in Spain, with a 14.3% share out of all UK acquisitions in the EU in 2022. In terms of year-on-year comparisons between 2021 and 2022 acquisitions originating in UK declined for all destination Member States, except Sweden. Greenfield investment originating from the UK were more geographically concentrated than acquisitions, and also had Spain as main destination (18% share), followed by Ireland (16.1% share). UK greenfields into Ireland also experienced the highest year-on-year increase (+82.6%). In 2022, UK acquisitions of equity stakes mainly targeted ICT and Manufacturing firms, with these two sectors grouping 22.8% and 18.6% of all UK acquisitions, respectively (**Table 6a**). Retail grouped 31% of greenfield investments originating in the UK (**Table 6b**). Greenfields originating in the UK are less concentrated when compared to acquisitions, with ICT, Professional and Scientific services and Finance grouping similar shares (14.8%, 14.4% and 10.9%, respectively).

**Table 5. Foreign investments (number of deals and projects) by origin of the investor and destination country (top investors and receivers), share 2022 and percentage change in the number of transactions with respect to 2021**

**Table 5a. Acquisitions of equity stakes (M&As and minority)**

Origin		Destination									
		DE	ES	IT	FR	NL	IE	DK	SE	BE	RoEU27
US	2022	19.0	14.8	9.6	9.9	10.3	9.8	4.4	3.1	5.2	13.8
	y/y	-6.0%	-19.8%	-14.1%	-27.8%	-23.4%	-1.8%	0.0%	0.0%	-6.3%	-16.0%
UK	2022	13.6	14.3	12.8	11.0	7.4	11.0	5.1	4.9	2.5	17.4
	y/y	-29.9%	-7.2%	29.5%	-15.5%	-26.7%	-2.0%	-32.4%	46.7%	-56.0%	-30.4%
Switzerland	2022	24.5	10.1	10.7	15.1	10.7	1.3	2.5	1.3	3.1	20.8
	y/y	34.5%	0.0%	-46.9%	84.6%	0.0%	0.0%	-20.0%	-33.3%	-28.6%	-21.4%
OFCs	2022	11.5	12.5	16.7	8.3	4.2	7.3	6.3	5.2	1.0	27.1
	y/y	-57.7%	-53.8%	-36.0%	-11.1%	-66.7%	-30.0%	-25.0%	-37.5%	-66.7%	-38.1%
Norway	2022	9.1	5.2	1.3	1.3	15.6	0.0	23.4	20.8	6.5	16.9
	y/y	-41.7%	-33.3%	-80.0%	0.0%	-7.7%	-100.0%	28.6%	-27.3%	25.0%	-38.1%
RoW	2022	18.4	13.7	10.0	10.0	12.6	3.3	3.3	3.3	3.7	21.9
	y/y	2.6%	-13.2%	10.3%	-17.3%	10.2%	-12.5%	100.0%	40.0%	14.3%	-30.4%

**Table 5b. Greenfield investments**

Origin		Destination									
		DE	ES	FR	NL	IE	PL	IT	SE	RO	RoEU27
US	2022	16.0	16.3	14.3	5.5	9.7	7.5	5.9	3.7	2.1	19.0
	y/y	50.7%	6.1%	12.3%	-6.7%	0.8%	26.3%	-2.6%	14.6%	-27.0%	21.5%
UK	2022	10.9	18.0	10.0	6.5	16.1	11.1	4.8	1.7	2.1	18.8
	y/y	21.3%	-41.6%	-22.4%	-34.6%	82.6%	7.4%	13.6%	-30.8%	37.5%	-4.9%
Switzerland	2022	14.5	14.5	8.4	5.3	6.9	9.2	3.1	9.2	3.8	25.2
	y/y	-32.1%	-34.5%	-15.4%	0.0%	800.0%	140.0%	-63.6%	20.0%	-28.6%	-25.0%
China	2022	13.0	18.5	11.1	5.6	2.8	2.8	9.3	14.8	1.9	20.4
	y/y	-46.2%	-41.2%	-33.3%	-14.3%	50.0%	-57.1%	-16.7%	45.5%	-66.7%	-46.3%
Japan	2022	11.1	14.4	4.4	11.1	7.8	7.8	4.4	1.1	1.1	36.7
	y/y	-44.4%	0.0%	-73.3%	-23.1%	40.0%	75.0%	100.0%	-50.0%	-66.7%	22.2%
OFCs	2022	15.0	17.0	5.9	6.5	2.6	3.3	5.9	2.0	3.3	38.6
	y/y	475.0%	-31.6%	12.5%	-23.1%	0.0%	150.0%	-43.8%	-40.0%	25.0%	25.5%
RoW	2022	12.0	19.9	9.2	7.7	4.1	11.5	5.1	3.4	3.4	23.7
	y/y	-6.7%	19.2%	-17.3%	-5.3%	0.0%	38.5%	9.1%	-44.8%	-33.3%	-28.4%

Source: JRC elaboration based on Bureau van Dijk data, extracted on 06/02/2023 for equity stakes (Zephyr dataset) and on 02/02/2023 for greenfields (Orbis Crossborder Investment dataset). BE: Belgium, DE: Germany, DK: Denmark, ES: Spain, FR: France, IE: Ireland, IT: Italy, NL: Netherlands, PL: Poland, SE: Sweden, RO: Romania, RoW: Rest of the world, OFCs stands for Offshore Financial Centres, RoEU27: Rest of EU27. China includes Hong Kong. y/y stands for year-on-year and is the percentage change of the number of transactions between 2022 and 2021.

Acquisitions of equity stakes from investors originating in the OFCs experienced generalised declines in 2022, compared to 2021, in all destination Member States, with year-on-year reductions in number of acquisitions ranging from -66.7% in the Netherlands and Belgium to -11% in France (**Table 5a**). Italy was the main destination of OFCs acquisitions in 2022. For the case of greenfield investments, projects originating in OFCs mainly targeted Spain, and a more mixed pattern of year-on-year evolution is observed (**Table 5b**).

Over one third of acquisitions of equity stakes originating in OFCs in 2022 targeted EU27 firms operating in the ICT sector (**Table 6a**). While acquisitions by OFCs investors in this sector experienced a small year-on-year decline (-2.7%), acquisitions in the Manufacturing sector (which grouped a 12.5% share) declined by -70.7% in 2022 compared to 2021. Greenfield investments originating in OFCs targeted mostly the Retail (38.6% share) and also the ICT (20.3% share) sectors (**Table 6b**). Greenfields with OFCs origin targeting the latter sector experienced a large increase (+82.4%) in 2022 compared to 2021.

Chinese FDI into the EU27 predominantly took the form of greenfield investments in 2022 (**Table 5b**). Chinese greenfield projects are rather concentrated, with Germany, Spain, Sweden and France receiving all shares above 10% of total Chinese projects in 2022. However, with the exception of Sweden, these top-four destinations of Chinese greenfields experienced year-on-year declines in 2022, particularly Germany (-46.2%). Two sectors, Retail and Manufacturing, concentrated more than 60% of Chinese greenfield projects into the EU27 in 2022 (**Table 6b**). Despite the importance of these sectors, both Retail (-52.3%) and Manufacturing (-15.2%) experienced year-on-year declines in the number of Chinese projects in 2022. The top-five greenfield projects in terms of capital expenditure (in EUR) originating in China in 2022 in the Manufacturing sector were all related to high tech manufacturing activities (defined using the same classification as in Table 4). The two largest projects were related to battery manufacturing (with a combined capital expenditure of EUR 9.3 billion), while the other three projects in the top-five related to production of electric vehicles or batteries for these (with a combined expenditure of EUR 3.1 billion).

**Table 6. Foreign investments (number of deals and projects) by origin of the investor and target sector (top investors and sectors), share 2022 and percentage change in the number of transactions with respect to 2021.**

**Table 6a. Acquisitions of equity stakes (M&As and minority)**

Origin	NACE target sector						
		ICT	Manufacturing	PST	Finance	Retail	Others
US	2022	33.2	26.9	9.9	6.8	5.4	17.8
	y/y	-21.5%	-19.8%	9.6%	5.4%	-6.1%	-8.9%
UK	2022	22.8	18.6	9.2	9.8	9.2	30.4
	y/y	-33.8%	-20.2%	-26.8%	37.5%	-22.6%	-2.9%
Switzerland	2022	17.6	22.6	11.3	4.4	13.2	30.8
	y/y	-17.6%	-34.5%	100.0%	-22.2%	40.0%	11.4%
OFCs	2022	37.5	12.5	3.1	11.5	5.2	30.2
	y/y	-2.7%	-70.7%	-72.7%	-57.7%	-37.5%	-37.0%
Norway	2022	54.5	26.0	2.6	2.6	5.2	9.1
	y/y	-16.0%	53.8%	-83.3%	-33.3%	-33.3%	-53.3%
RoW	2022	23.5	31.4	8.8	6.3	5.1	24.9
	y/y	5.2%	3.1%	18.8%	-12.9%	-29.0%	-26.7%

**Table 6b. Greenfield investments**

Origin	NACE sector						
		Retail	Manufacturing	ICT	PST	Finance	Others
US	2022	29.6	8.6	21.2	10.1	10.3	20.2
	y/y	38.8%	-3.5%	14.8%	24.0%	18.9%	-10.1%
UK	2022	31.8	7.1	14.8	14.4	10.9	21.1
	y/y	-7.3%	12.1%	1.3%	44.2%	26.7%	-41.5%
Switzerland	2022	40.5	14.5	16.8	8.4	9.9	9.9
	y/y	12.8%	-38.7%	-26.7%	-15.4%	30.0%	-45.8%
China	2022	38.0	25.9	11.1	13.0	5.6	6.5
	y/y	-52.3%	-15.2%	500.0%	250.0%	-45.5%	-75.0%
Japan	2022	6.7	33.3	24.4	7.8	14.4	13.3
	y/y	-66.7%	-6.3%	69.2%	-36.4%	225.0%	-50.0%
OFCs	2022	38.6	7.2	20.3	2.6	11.8	19.6
	y/y	-15.7%	57.1%	82.4%	-33.3%	125.0%	-9.1%
RoW	2022	25.2	10.7	21.2	10.7	12.4	19.9
	y/y	-11.3%	-35.9%	23.8%	28.2%	70.6%	-38.8%

Source: JRC elaboration based on Bureau van Dijk data, extracted on 06/02/2023 for equity stakes (Zephyr dataset) and on 02/02/2023 for greenfields (Orbis Crossborder Investment dataset). RoW: Rest of the world, OFCs: Offshore Financial Centres. China includes Hong Kong. PST stands for Professional, Scientific and Technical services (NACE Rev. 2, section M), it contains among other things R&D facilities. ICT stands for Information and Communication (NACE Rev. 2, section J). "Others" category aggregates the remaining NACE sections. y/y stands for year-on-year and is the percentage change of the number of transactions between 2022 and 2021.

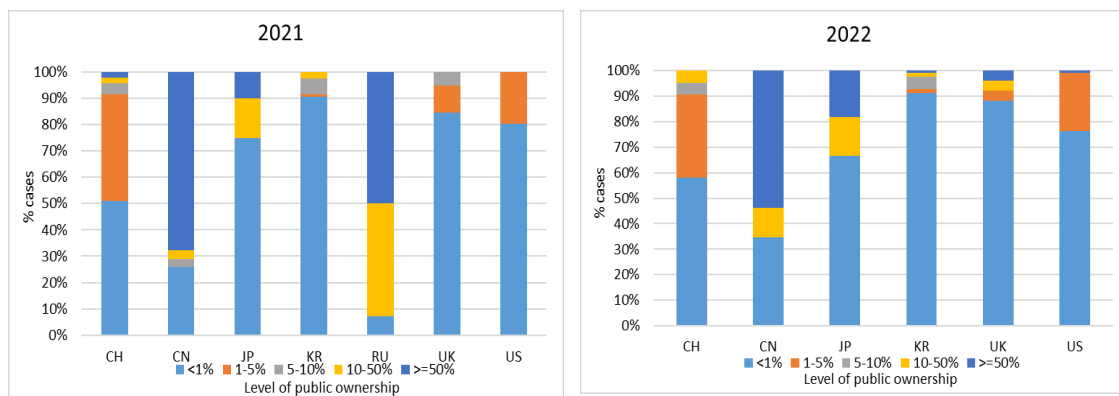
### E) Public shareholding in foreign investors, 2022

This box analyses *public* shareholding in EU foreign investment transactions in 2022, considering both acquisitions of equity stakes and greenfield projects. *Public* shareholding<sup>17</sup> occurs whenever a state-controlled body or company holds stakes (either control or minority) in a foreign investor. We investigate *public* shareholding coming from the main foreign investors into the EU, namely Switzerland, China, Japan, South Korea, Russia, the United Kingdom, and the United States.

In 2022, 13.9% of the foreign acquisitions (13.7% in 2021) recorded presence of *public* shareholding from the selected jurisdictions. For greenfield investments, the percentage were slightly lower, where 12.3% of cases (10.7% in 2021) presented *public* holdings.

In most cases, *public* shareholding is expressed through minority stakes, with an overall average in 2022 of 4.3%, more specifically 4.5% for acquisitions and 4.1% for greenfield investments. This implies that looking merely at control stakes would give a very limited picture of *public* shareholdings (Figure E.1).

Figure E.1. Foreign acquisitions and greenfield investments with public participation: share by amount of participation and country.



Source: JRC calculations on Bureau van Dijk data extracted in November 2022. Russia is removed from the discussion relating to the 2022 data, as information was only based on one data point.

The pattern of *public* shareholding varied widely across the selected foreign jurisdictions in 2022, with the largest proportion of cases (47%) being from the US. This country conveys *public* shareholding mainly through federal and local funds controlled by *public* bodies, which hold usually small stakes (on average below 1.5%) in US and foreign entities investing in the EU. The second largest group of cases comes from South Korea (25%), with average stakes of around 1.5%. Similarly, all other countries present very small average *public* shares, except China with about 38%<sup>18</sup>.

*Public* shareholding tends to be more substantial in foreign investors active in specific industries. The manufacturing sector alone accounted for 49% of the cases, although the amount of *public* stakes is rather limited in this group (on average 2.3%). The second-largest industry affected by *public* shareholding is the ICT sector (12% of cases), with an average stake of 5%.



Other industries had smaller presence of *public* shareholding, but with higher stakes. For example, 11% of cases were in the Financial sector, with an average *public* stake of 16% (the highest *public* average share was recorded in 2022). Wholesale and retail trade grouped a similar 11.5% of cases and on average a 0.6% stake.

Although overall over half of the analysed transactions entail domestic *public* shareholding in 2022, i.e., *public* owners holding stakes in an investor registered in their same country, the selected jurisdictions show rather different preferences. For example, China reported no domestic cases, as their *public* stakes were detected only in investors registered outside China. On the opposite side, the UK held *public* shares almost exclusively (96% of cases) in British companies investing in the EU. The US and Switzerland, finally, showed roughly 80% and 67% of domestic cases of *public* shareholding, respectively.

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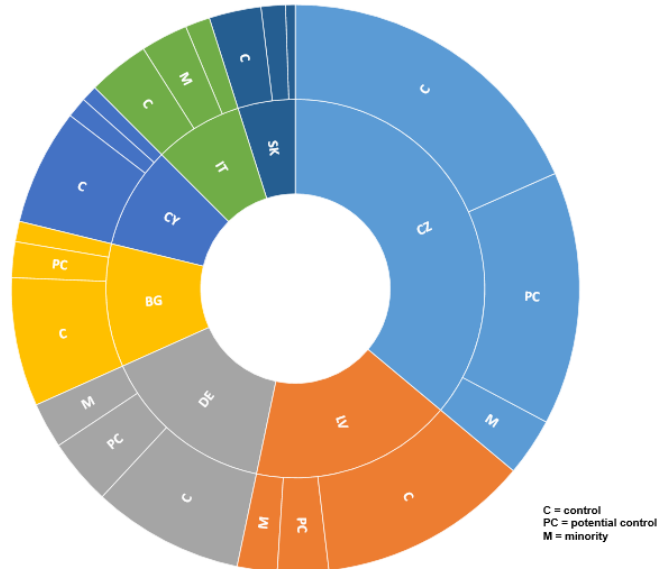
<sup>17</sup> This encompasses the so-called SOEs, i.e., State Owned Enterprises.

<sup>18</sup> The data on State influence depends on the reconstruction of ownership links among subsidiaries, sometimes very difficult for Chinese companies. Those companies often use offshore subsidiaries to enter the EU, with little or no information on the links with mainland China, or have complex nested structures not fully captured by Bureau van Dijk raw data.

## F) Russian shareholding in Europe (EU27)

*This box reports on Russian investments in EU firms as of 2021<sup>19</sup> (investment stock). We detail both **controlling** and **non-controlling (influence)** stakes held by investors from Russia (RU). Companies with multiple Russian shareholders, each holding a stake below 50%, but all of them summing up to more than 50% of the capital of the EU business, are considered as cases of **potential control**(\*).*

Figure F.1. Number of EU27 companies under Russian control or influence, by MS (top 7)



As stated in the previous report, **Russia exerts influence or control in almost 30 000 companies in the EU** (0.11% of the EU companies<sup>20</sup>). It controls about 17 000 EU companies, has potentially controlling stakes in other roughly 7 000 companies and minority stakes in 4 000 companies. We observe an additional 2 000 companies with a reported non-controlling Russian shareholder, for which the amount of stake is not known. The breakdown for top Member States is reported in **Figure F.1**.

The **top-five EU Member States by number of Russian-controlled companies** are Czechia (with 28% of the total number of EU companies controlled by RU; it was 24.7% in the previous report), Latvia (14.1%; it was 18% in the previous report), Germany (12.2%; it was 12.3% in the previous report), Bulgaria (8.3%, same as in previous report) and Cyprus (7.1%; it was 10.3% in the previous report). Czechia, Germany, and Latvia are also the top countries by number of companies **with Russian influence** (31.7%, 12.7% and 11.1% respectively; 32.6%, 12% and 13.1% in the previous report), followed by Italy (7.7%; previously 7.8%) and Bulgaria (6%; previously 5.5%). Ireland (it was Latvia in the previous report) and Cyprus have the highest percentage of controlled companies with respect to their size (measured by the number of companies).

<sup>19</sup> It covers the stock of companies as of 2021 as it is based on balance sheet information, which is available only up to 2021. 2022 balance sheets are still incomplete at the time of drafting this document.

<sup>20</sup> EU companies are approximately 26 million (latest available year 2020, [Eurostat business demography](#)).

**Table F.1. Assets controlled by the Russian government (2021 data)**

Location of the EU company	Number	Percent
CY	74	18.18
IE	55	13.51
NL	45	11.06
DE	23	5.65
FR	20	4.91
CZ	18	4.42
BG	16	3.93
AT	14	3.44
LU	14	3.44
FI	13	3.19

**In 58.2% of the EU companies under Russian control or influence, assets are held by a natural person** (it was 57.7% in the previous report), in 8.9% by a company and in 1.4% by a public authority/State (it was 9.7% and 1.1% previously). **The Russian government** controls assets mainly in Cyprus (18.18% of the cases; down from 34.2% in the previous report), Ireland (13.5%, down from 16.5% in the previous report) and the Netherlands (11.06%, down from 16.5% previously) (see **Table F.1**). These assets are in companies for 89.2% of the cases (it was 79.9% previously), and in banks or other financial institutions for the remaining cases.

**The sectors with the largest presence of Russian investors remain the same as in the previous report:** Wholesale (with 4 316 and 3 499 companies under control and influence, respectively), Real Estate (2 775 and 2 309), Professional Scientific and Technical activities (1 654 and 1 245). Russia also controls 1 195 companies in Finance and Insurance and exerts influence on 910 Manufacturing firms.

**Russia directly controls 38 EU companies in the Oil & Gas sector** (it was 36 in the previous report) **and 36 in Electricity** (it was 33 in the previous report). Nine of the controlled Oil & Gas firms are in Germany, while minority stakes are found in six Oil & Gas companies mainly in Eastern and Nordic Europe. As for Electricity, six controlled companies are in Germany and five in Latvia, while large minority stakes are present in firms mainly in Latvia, Italy, Croatia and Hungary.

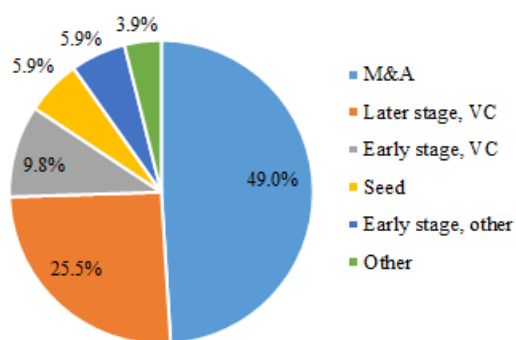
*Source: JRC calculations on Bureau van Dijk data extracted in November 2022. (\*) Potential control refers to direct shareholding only.*

## G) Semiconductors

Semiconductors are not just related to computers and smart phones. They are embedded in our cars, industrial machineries, home appliances, as well as satellites and advanced military devices. Hence, chips are currently present everywhere in our lives, and will be even more necessary to feed the green and digital transition in the coming years. In 2022, global semiconductor sales reached USD 574.1 billion, about double the value as compared to 10 years prior, in 2012, when sales totaled USD 291.6 billion. This fast-growing market is expected to reach USD 1 trillion in early 2030s<sup>21</sup>. In the EU, the combined turnover of EU companies involved in the semiconductor supply chain reached EUR 240 billion in 2021, about 1.7% of European GDP<sup>22</sup>.

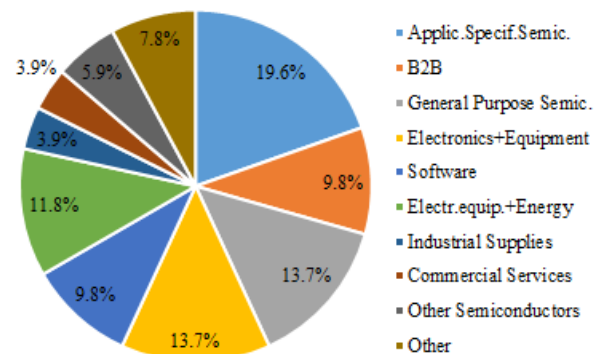
“The fate of nations has turned on their ability to harness computer power” says the economic historian Chris Miller<sup>23</sup>. Security of supply chains has therefore become a national security matter when core technologies key for critical sectors and infrastructures are involved. In this context, geopolitical considerations also play a key role. It is hence important to monitor non-EU investments in this industry.

Figure G.1 - Number of foreign transactions: share over total, 2022. Detail by type of deal



Source: JRC elaboration based on Pitchbook data, extracted on 15/03/2023.

Figure G.2 - Number of foreign transactions: share over total, 2022. Detail by Pitchbook industry code



Source: JRC elaboration based on Pitchbook data, extracted on 15/03/2023.

In 2022, we observed 51 foreign investment transactions involving EU target firms active in the semiconductor sector, 46% more than in 2021, worth a total amount of USD 6.6 billion of capital invested. The recovery in transactions is mostly due to an increased number of M&As (+100% as compared to 2021), representing almost half of all investment transactions and 96% of the capital invested in 2022 (**Figure G.1**)<sup>24</sup>.

<sup>21</sup> Worldwide semiconductor sales calculations from the Semiconductor Industry Association (SIA).

<sup>22</sup> JRC calculations based on balance sheet data (from Orbis-global) for a set of over 1100 EU companies pertaining to the EU semiconductors value chain.

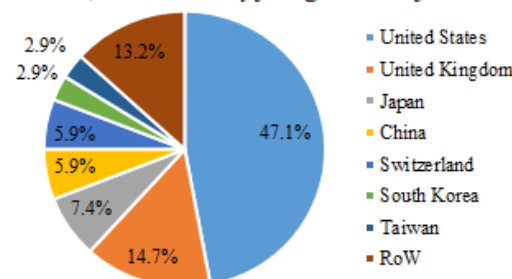
<sup>23</sup> Miller (2022), author of the best-seller book “Chip War: The Fight for the World’s Most Critical Technology”, Scribner, 2022.

<sup>24</sup> Raw data on investments relating to semiconductor activities comes from the Pitchbook dataset. The companies are classified in the semiconductors sector if Pitchbook reports them as part of the semiconductors industry or if their description contains the keyword semiconductor. Pitchbook also collects data on a wide range of investments from early stage (e.g. seed rounds and venture capital) to M&As. The data reported includes foreign investment transactions targeting EU27 firms in the semiconductor industry, both completed (more than 98%) and in progress or announced

Observed venture capital (VC) investment deals were 24 in 2022 (a 14% higher as compared to 2021), implying USD 262 million investment. In 2022, later stage VC financing, typically used to bring products to the market, represented over 54% of all VC deals (up from a share of 29% in 2021), and 71% of the total amount of VC invested. Early stage or seed financing grouped 11 deals (and USD 77 million investments) in 2022 and displayed a downward trend (-27%) with respect to the number of early-stage financing deals observed the year before.

A further look into the Primary Industry Code of the target company (**Figure G.2**) shows that in 2022, most of the foreign investment deals (with a 19.6% share) were addressed to EU targets operating in specific semiconductor activities (such as wafer or sensors production). General-purpose semiconductors, and electronics and equipment related activities grouped the second and third largest share of foreign transactions (these include for example, manufacturing or development of integrated circuits, chips and lasers).

*Figure G.3 - Number of foreign transactions: share over total, 2022. Detail by foreign investor jurisdiction*



Source: JRC elaboration based on Pitchbook data, extracted on 15/03/2023.

The US was the main foreign investor in the EU27 in 2022 with 32 transactions and USD 6 billion<sup>25</sup> invested (**Figure G.3**), followed by the UK. The US was the main source of both VC investment and M&As. Investments originating in Developed Asian countries (i.e., Japan, Taiwan, and South Korea) grouped just over 13% of transactions in 2022 (worth USD 212 million), while China alone was the source of nearly 6% of foreign investment deals in the sector.

(less than 2%), in the period between January and December 2022. Figures include only foreign (non-EU27) investors, classified according to the HQ location of the direct investor (except when the parent company of the direct investor is available, then this location is assigned, in around 20% of cases). The figures below report shares based on number of transactions. Transaction values are only available for a fraction of the investments (63%).

<sup>25</sup> The acquisition of the German company Atotech Deutschland by the US-based firm Mks Instruments is alone responsible for USD 5.5 billion.

## 2. Methodology and sources

Raw data on acquisitions of equity stakes and greenfield projects comes from Bureau van Dijk datasets (Zephyr and Orbis Crossborder, respectively). Data has been retrieved in February 2023 (06/02/2023 for the Zephyr data, and 02/02/2023 for Orbis Crossborder data); and has been further elaborated by the Joint Research Centre (JRC).

The term “foreign investor” is used whenever the investor is ultimately controlled by a non-EU entity (either a company or an individual). When the ultimate owner cannot be established, the location of the investor applies. This definition differs from the one of the FDI Screening Regulation<sup>26</sup>. Throughout the text the term *acquisition* will identify the acquisition of equity stakes in EU companies, be it M&As or stakes below 50% but above 10% of the capital, and the term *transactions* will be referred to the sum of acquisitions and greenfield investments. Raw data (including old deals and projects) are regularly updated by the data provider, but data extraction for the same time window, done at different points in time, could lead to different figures due to update lags.

The section only reports the deals’ number of transactions. Values are only available for a fraction of the acquisitions since companies are not obliged to report the deals’ financial details. For greenfield investment projects, the expected investment and the job creation is always available but not reported in the text for consistency reasons. National account data at the start of the section, although based on the first counterpart location principle, should help in tracking FDI trends.

All types of greenfield projects are accounted for in this document, including the construction of new sites, the relocation of a foreign presence, and the expansion of existing sites. All tables and figures are based on announced and completed transactions but report them with their announced date. Rumours and postponed deals/projects are excluded. A multi-deal, i.e., a deal where there are multiple targets and/or multiple investors is considered a sum of multiple deals. For example, if a foreign investor acquires two companies, this is recorded as two deals. Conversely, if a foreign investor acquires a company with multiple subsidiaries (in different countries), the deal remains unique and is attributed to the parent company’s country. Deals with multiple targets and multiple investors (a negligible amount) are disregarded, as it is very difficult to devise a general rule to attribute the transaction. This classification rule is also applied to greenfield investments in case of multi-purpose projects in which several sites are built and/or the projects with multiple investors are announced.

In the analysis of public shareholding, for each investor, the ownership information available at the time of the deal/project is used. Where not available for 2022, the ownership information used is that of 2021, the latest information available. Data on the size of EU target companies acquired by a foreign investor is based on raw data from Bureau van Dijk Orbis-Global. Where not available for 2022, the information on balance sheet used is that of 2021.

Note that very small firms (and to some extent small companies) are poorly covered in this database (see OECD, 2020<sup>27</sup> for additional insights).

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<sup>26</sup> See Article 2(2) of Regulation (EU) 2019/452 (the FDI Regulation).

<sup>27</sup> See: <https://www.oecd.org/economy/coverage-and-representativeness-of-orbis-data-c7bdaa03-en.htm>

Finally, the classification of companies working in high tech manufacturing can be found in [Eurostat](#) webpage. Under high-tech we grouped companies falling under Eurostat sections *high tech* and *medium-high tech* firms. All the remaining companies are grouped under low-tech.

### **3. EU Member States – legislative developments**

#### **Introduction**

This part of the Staff Working Document reflects the information provided by the EU Member States, pursuant to their annual reporting obligation set out in Article 5 of the EU FDI Screening Regulation.

The section reflects for each Member State whether:

- The relevant Member State had a national investment screening mechanism in place as of 31 December 2022;
- Developments occurred in the field of FDI screening during the reporting period (01/01/2022 – 31/12/2022), e.g., amendments to an existing screening mechanism occurred, or ongoing initiative expected to result in the introduction of a national screening mechanism;
- The relevant Member State publishes, or intends to publish, a national report on FDI screening.



## Austria

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Austria amended its existing mechanism on foreign direct investment (FDI) screening in 2022. It extended - until 31 December 2023 - the 10% screening threshold for FDI in the area of research and development in pharmaceuticals, vaccines, medical devices and personal protective equipment. The amendment (BGBl. I Nr 231/2022) became effective as of 30 December 2022.

**REPORT:** Yes. The Austrian government publishes an annual report in German. The latest version is not yet available at the date of writing this document but will be found on the following website: <https://www.bmaw.gv.at/Themen/Investitionskontrolle.html>

## Belgium

**NATIONAL SCREENING MECHANISM IN PLACE:** No.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

As of 31 December 2022, Belgium had not established a national FDI screening mechanism. However, a Cooperation Agreement establishing a mechanism for the screening of foreign direct investments in Belgium was concluded between the Federal State and the competent federated entities on 30 November 2022. The Belgian FDI screening mechanism became operational on 1 July 2023.

The Federal Public Service Economy operates as the national contact point for the implementation of the Regulation (EU) 2019/452 and for the participation in the EU cooperation mechanism.

Link:

<https://www.dekamer.be/kvvcr/showpage.cfm?section=flwb&language=fr&cfm=/site/wwwcfm/flwb/flwbn.cfm?dossierID=3079&legislat=55&inst=K>

**REPORT:** No.

## **Bulgaria**

**NATIONAL SCREENING MECHANISM IN PLACE:** No.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

As of 31 December 2022, Bulgaria had not established a national FDI screening mechanism. However, Bulgaria initiated first steps to start the process of establishment of an FDI screening mechanism in the fourth quarter of 2022: an Intergovernmental Working Group on the establishment of an FDI screening mechanism was set up on 6 October 2022. Besides, this group met for the first time in November 2022. It analysed the experience of five EU Member States and discussed appropriate models for an FDI screening mechanism in Bulgaria.

**REPORT:** No.

## **Croatia**

**NATIONAL SCREENING MECHANISM IN PLACE:** No

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

As of 31 December 2022, Croatia had not established a national FDI screening mechanism. However, Croatia is undergoing a technical support instrument project with the OECD. One of the activities of the project will result in recommendations for an investment screening mechanism that would enable Croatia to benefit from incoming FDI while simultaneously managing security risks that may be associated with individual transactions and create a more effective and efficient participation in the EU cooperation mechanism. It is expected to be concluded by the end of the summer of 2023.

**REPORT:** No.

## **Cyprus**

**NATIONAL SCREENING MECHANISM IN PLACE:** No

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

As of 31 December 2022, Cyprus had not established a national FDI screening mechanism. However, in 2022, Cyprus drafted a new law for the establishment of a national FDI screening framework. The draft law has been released for public consultation. Following the approval of the Council of Minister in September 2022, the draft law was submitted to the Cypriot House of Representatives.

Link: <https://tinyurl.com/ymky9nre>

**REPORT:** No.

## **Czechia**

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** No.

**REPORT:** Yes. The Czech annual report for 2022 should be released during the autumn 2023.

## **Denmark**

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** No.

On 2 June 2023, an amendment to the existing FDI screening mechanism was adopted by the Danish Parliament. The aim of the amendment is to tighten control over who constructs, owns, and operates the future Energy Island in the North Sea. The amendment also introduces a new case handling process with a phase 1 and phase 2. The amendment entered into force on 1 July 2023 and has been notified to the European Commission.

More information under: <https://businessindenmark.virk.dk/topics/Economy/Investments/>

**REPORT:** No.

## **Estonia**

**NATIONAL SCREENING MECHANISM IN PLACE:** No.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

In 2022, Estonia was in the process of finalising a draft law and preparing the necessary legislation to implement a national FDI screening mechanism: The Government of the Republic approved the draft of the Foreign Investment Reliability Assessment Act in May 2022. The legislative procedure started in the Parliament in June 2022. The Parliament adopted the law on 25 January 2023 and the national FDI screening mechanism is to enter into force on 1<sup>st</sup> September 2023.

The mechanism will define the transactions that are considered as foreign investments and should undergo screening, the concept of foreign investor and the range of target undertakings for which the impact of foreign investments on security and public order is assessed (including, for example, critical service providers, state-owned enterprises, manufacturers and suppliers of military or dual-use goods, owners of defence sites, certain media companies and owners and operators of transport infrastructure).

It will also set out the relevant aspects of consideration throughout the investment assessment process. Foreign investment is going to require an authorisation issued by the Consumer Protection and Technical Regulatory Authority.

Such authorisation shall be based on prior mandatory approval on the admissibility, or prohibition, of the foreign investment under screening from the national Commission, which is going to consist of representatives of the Ministries, security authorities and law enforcement agencies. It will also establish national rules on the cooperation mechanism, as provided for in the EU FDI Screening Regulation.

Links: <https://mkm.ee/uudised/riik-hakkab-hindama-valisinvesteeringute-usaldusvaarsust>

<https://www.riigiteataja.ee/en/eli/504042023002/consolide> (English translation)

**REPORT:** No.

## Finland

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** No.

**REPORT:** The Ministry of Economic Affairs and Employment has prepared the Annual Report of 2022 which is publicly available on the Ministry's website:

<https://tem.fi/acquisitions> (in Finnish, Swedish and English).

[https://tem.fi/documents/1410877/0/VN0083008\\_YKA+vuosiraportti+2022+FINAL\\_EN.pdf/14dee38b-67e1-a3d7-74ce-230c9bdeb07a/VN0083008\\_YKA+vuosiraportti+2022+FINAL\\_EN.pdf?t=1689147367692](https://tem.fi/documents/1410877/0/VN0083008_YKA+vuosiraportti+2022+FINAL_EN.pdf/14dee38b-67e1-a3d7-74ce-230c9bdeb07a/VN0083008_YKA+vuosiraportti+2022+FINAL_EN.pdf?t=1689147367692) (in English)

## France

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

On 23 December 2022, France prolonged - for a year - the obligation for foreign investors to notify investments when acquiring at least 10% of the voting rights of listed companies (Décret n° 2021-1758). It is the second time France prolonged this obligation since its first implementation in July 2020, when the French government lowered the threshold from 25% to 10% of voting rights for listed companies. This measure was taken in a context of economic uncertainties, notably related to the energy crisis.

Link: <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000046792223>

**REPORT:** Yes. France annually publishes an overview of its activities: <https://www.tresor.economie.gouv.fr/Articles/5ed9606f-f37e-4517-ae5d-445dab7ecad0/files/68cd8466-0b98-44d2-9182-777b8768cee0>

## Germany

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** No.

**REPORT:** No. However, Germany published in 2022 key facts and figures on investment screening in Germany, available in German and English under: <https://www.bmwk.de/Redaktion/EN/Publikationen/Aussenwirtschaft/investment-screening-in-germany-facts-figures.pdf>

## Greece

**NATIONAL SCREENING MECHANISM IN PLACE:** No.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

In 2022 Greece was working on the draft legislation aiming at the establishment of the national FDI screening mechanism. After an initial consultation with Commission experts, the Greek government revised the drafted legislation. In addition, Greece actively sought conversations with other EU Member States to exchange on best practices.

During the reporting period, the competent Departments of the Hellenic Ministry of Foreign Affairs-MFA were working on the draft legislation aiming at the establishment of the national FDI screening mechanism on the grounds of public order and security, by consulting with the European Commission and exchanging practices with other Member States that already have or are in the process of developing a national FDI screening mechanism.

Two major amendments were introduced to the initial draft during the reporting period. Firstly, the extension of the deadline regarding the FDI screening procedure from 40 to 60 days, pursuant to the FDI Screening Regulation. The establishment of a more elaborated cooperation mechanism between MFA's screening Authority and other competent Ministries/entities.

Also incorporated in the new version of the national draft legislation, are modifications related to the strengthening of the investigation procedure by giving access to any necessary information or data deriving from any legal or natural person and the designation of the competent Authority for the monitoring of the mitigation measures' implementation. Furthermore, specific fines and penalties were introduced. As soon as the respective draft legislation is approved, it will follow a consultation process with other competent Ministries and entities.

**REPORT:** No.

## Hungary

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

On 5 January 2022, the amendment of Government Decree 246/2018 on the implementation of Act LVII of 2018 on the Control of Foreign Investments Affecting Hungary's Security Interests entered into force, by the Government Decree 802/2021 (XII. 28.). The purpose of the legislation was to harmonise national screening laws with the EU FDI Screening Regulation: The annex to the decree had to be updated due to changes in the legislation to which it refers.

Link:

<https://magyarkozlony.hu/dokumentumok/29d2e1f29792faf30a1ae2978d6374e111c42e25/megtekintes>

**REPORT:** No.

## Ireland

**NATIONAL SCREENING MECHANISM IN PLACE:** No.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

The Screening of Third Country Transactions Bill was published in August 2022 and is currently being considered by Parliament. It is expected that the national FDI screening mechanism will come into force in Ireland in Q4 2023 or early Q1 2024.

This new law defines the nature, scale and type of investments that should undergo investment screening. It also sets out the relevant points of considerations throughout the Screening process. It ultimately empowers the Minister to assess, investigate, authorise, condition, or prohibit foreign investments based on a range of security and public order criteria. The screening mechanism will be established in line with the principles outlined in the EU FDI Screening Regulation, and will better assist Ireland to fulfil its obligations under the Regulation's cooperation mechanism.

Link: <https://enterprise.gov.ie/en/legislation/screening-of-third-country-transactions-bill.html>

**REPORT:** No. However, there will be one, once the mechanism will be in place.

## Italy

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

In 2022, with the Law Decree No. 21/2022 dated 21 March 2022 (converted, with amendments, into Law 51/2022), Italy introduced urgent measures to react to the economic and humanitarian

effects of the Ukrainian crisis (cybersecurity, raw materials, agricultural goods, etc.). Besides, a Decree of the President of the Council of Ministers No. 133 of 1 August 2022 introduced simplification measures, such as the pre-filing mechanism and the settlement of proceedings when no mitigation measures are adopted. In addition, the Decree of the President of the Council of Ministers No. 189 of 1 September 2022 introduced mechanisms between FDI screening and tender procedures.

Articles 24-28 of the Decree-Law No. 21/2022 of 21 March 2022 amends Law Decree No. 21/2012, providing the overcoming of the transitory regime related to the epidemiological emergency Covid-19 (provided by Article 4 of Decree-Law No. 56 of 30 April 2021). In addition, they define the knowledge and participation for the target company and extend the applicability of the Law Decree No. 21/2012 to greenfield investments. There are also procedural developments concerning simplification of measures and the strengthening of the enforcement within the FDI screening procedure.

Links: <https://www.gazzettaufficiale.it/eli/id/2022/03/21/22G00032/SG>

<https://www.gazzettaufficiale.it/eli/id/2022/09/09/22G00138/sg>

<https://www.gazzettaufficiale.it/eli/id/2022/12/06/22G00196/sg>

**REPORT:** Yes. The report on national FDI screening activities has been transmitted by the Presidency of the Council of Ministers to the Parliament on 30 June 2023. It is available under: <https://www.senato.it/leg/19/BGT/Schede/docnonleg/47144.htm>

## Latvia

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Latvia amended its national screening mechanism. The amendments stipulate that the Russian Federation or the Republic of Belarus, its citizens or legal persons registered in the Russian Federation or the Republic of Belarus, may not obtain a qualifying holding or decisive influence in a company of significance to national security, or become a member of a partnership of significance to national security, and also the beneficial owner of a commercial company of significance to national security. These amendments were published on 16 June 2022 and entered into force on 23 June 2022.

The National Security Law of Latvia was amended on 20 October 2022. The amendments entered into force on 14 November 2022. The range of subjects to which the National Security Law applies has been significantly expanded. The amendments set that not only commercial companies registered in the Republic of Latvia can have significance for the national security, but also associations and foundations.

Additional criteria were included to identify commercial company, associations and foundations as commercial company, associations and foundations of significance to national security. For example, this applies if it is owning or holding critical infrastructures; or if it has in its ownership

a liquefied natural gas facility connected to a transmission system or a distribution system; or if it has access to voter data; or if it is a manufacturer, developer, or exporter of dual-use goods.

**REPORT:** Yes. A report on national FDI screening activities is in the making. It will present general information about the Latvian national legislation acts and provide statistic information about notifications received and comments submitted.

Links: <https://likumi.lv/ta/en/en/id/14011-national-security-law>

<https://likumi.lv/ta/id/333449-grozijumi-nacionalas-drosibas-likuma>

<https://likumi.lv/ta/id/336845-grozijumi-nacionalas-drosibas-likuma>

## Lithuania

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Minor amendments to the Law have been adopted: Articles No. 12, 13 and 19 of the Law on the Protection of Objects of Importance to Ensuring National Security of the Republic of Lithuania were amended in March 2022. The main changes were related to procurement provisions and radio frequencies (channels) of electronic communications networks and/or electronic communications services provisions, not to the investment screening regulation. Also, minor updates were made to the list of enterprises and strategic infrastructure important to national security.

Lithuania will set up a working group in spring 2022. Its purpose will be to take into account previous experience from the application of the Law and submit proposals to ensure the effectiveness and efficiency of the national FDI screening procedure.

Link: <https://www.e-tar.lt/portal/lt/legalAct/TAR.57E0E8B29108/asr>

**REPORT:** No.

## Luxembourg

**NATIONAL SCREENING MECHANISM IN PLACE:** No.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Following the opinion of professional chambers and institutions the 2021 approved government initiative to create an FDI screening mechanism was reviewed for opinion by the Council of State in 2022 and amended accordingly. On 27 January 2023, the Government Council approved these governmental amendments to the bill of law aiming at establishing a national screening mechanism for FDI likely to impact security or public order. On 14 February 2023, an additional opinion of



the Council of State was released. The next step will be to present the draft law to the relevant Parliamentary Commission before it will be discussed in the Chamber of Deputies.

Links:

<https://chd.lu/wps/portal/public/Accueil/TravailALaChambre/Recherche/RoleDesAffaires?action=doDocpaDetails&id=7885>

<https://www.chd.lu/fr/dossier/7885>

**REPORT:** No.

## Malta

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** No.

**REPORT:** Yes. The Maltese authorities are currently working on a report which would cover the 3-year journey of the National Foreign Direct Investment Screening Office. This report will be public and made available on the Office's website: <https://www.nfdismalta.com/>

## Netherlands

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

On 19 April 2022, the Dutch House of Representatives adopted the VIFO (“Wet Veiligheidstoets Investerings, Fusies en Overnames”, i.e., Investments, Mergers and Acquisitions Security Screening Act), thereby paving the ground for a general national FDI screening mechanism.

Prior to 2021, the Dutch FDI Screening mechanism was limited to the “Telecommunications Act”, “Electricity Act” and “Gas Act”. On 30 June 2021, the VIFO was submitted to the Dutch Parliament. The bill passed the lower house on 19 April 2022 and the upper house on 17 May 2022. The VIFO has been finalised. It entered into force on 1<sup>st</sup> June 2023 as the necessary statutory instruments were ready to enter into force alongside the Act. The statutory instruments will exempt certain dual-use goods and add other technologies/sectors defined as ‘highly sensitive’: quantum, photonics, semiconductors and high assurance products.

As with the sectoral mechanisms, extra-EU as well as intra-EU and domestic investors will be subject to screening. In contrast to the existing mechanisms, the VIFO contains a two-phase approach.

Besides, the Ministry of Defence and the Ministry of Economic Affairs and Climate Policy are currently drafting a bill for an investment screening procedure for transactions relating to the defence industry.

Links: [Staatsblad 2022, 215 | Overheid.nl > Officiële bekendmakingen \(officielebekendmakingen.nl\)](#)

<https://www.bureautoetsinginvesteringen.nl/>

[https://urldefense.com/v3/\\_https://zoek.officielebekendmakingen.nl/stb-2022-215.html\\_!!DOxrgLBm!Co1IvgJNitqX0lffqzJFWj2YZi3Tpw\\_MdRC7-TADSWUnbwUOVrzeXOuo7lvrKiVZO22a-YZr0fDDMoafEm9NINsROT0YXbA\\$](https://urldefense.com/v3/_https://zoek.officielebekendmakingen.nl/stb-2022-215.html_!!DOxrgLBm!Co1IvgJNitqX0lffqzJFWj2YZi3Tpw_MdRC7-TADSWUnbwUOVrzeXOuo7lvrKiVZO22a-YZr0fDDMoafEm9NINsROT0YXbA$)

**REPORT:** The Minister of Economic Affairs and Climate Policy sends an annual letter to the Dutch Parliament reporting on her/his use of the authority to ban transactions under the Telecommunications Act. This letter includes statistics and reporting on general investment screening activities. The most recent letter can be accessed here (in Dutch): <https://www.rijksoverheid.nl/documenten/kamerstukken/2022/11/03/rapportage-toepassing-wet-ongewenste-zegenschap-telecommunicatie>

## Poland

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

On 12 May 2022 Poland amended the VAT Act and certain other Acts. In addition, temporary regulations which existed in the Act on the Control of Certain Investments have been prolonged up to June 2025.

Link: [https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:72019L1995POL\\_202104681&from=EN](https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:72019L1995POL_202104681&from=EN)

**REPORT:** No.

## Portugal

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** No.

**REPORT:** No.

## Romania

**NATIONAL SCREENING MECHANISM IN PLACE:** No

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Romania published the Emergency Ordinance of the Romanian Government No. 46/2022 on FDI screening in the Official Gazette of Romania on 18 April 2022.

The legal act established a formal national screening mechanism for FDI and for new or greenfield investments made by foreign investors for transactions falling in the scope of the Supreme Council of National Defence's Decision No. 73/2012. It sets a deadline of 60 calendar days for drafting secondary legislation for its application.

In addition, it mandates the Romanian government to set up an Inter-agency Screening Commission in charge of decision-making, chaired by an appointee of the Prime Minister. The Romanian Competition Council (RCC) will ensure secretarial affairs, including the coordination of the expert groups responsible for screening. If the Screening Commission delivers a positive opinion, the RCC will also be responsible for formal decisions on screening cases (even with mitigating conditions). If the Screening Commission delivers a negative opinion, the Romanian Government will take the final decision. Finally, Romania drafted and approved the relevant secondary legislation.

Link: <https://monitoruloficial.ro/Monitorul-Oficial--PI--379--2022.htmlc>

**REPORT:** Yes. Starting in 2022, the Romanian Competition Council will release an annual report on the application of the FDI screening legislation, highlighting and commenting key takeaways.

## Slovakia

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Slovakia's national Parliament adopted the FDI screening act on 29 November 2022. It was then published in the Collection of Laws on 23 December 2022. It is the basis of a comprehensive legislation on the screening of FDI in Slovakia, which replaced the partial legislation previously incorporated in the Act No. 45/2011 Coll., i.e., a partial scheme covering the elements of critical infrastructure within the sectors of energy and industry.

The Regulation of the Government of the Slovak Republic No. 61/2023 is laying down the critical foreign investments and the Decree of the Ministry of Economy of the Slovak Republic No. 64/2023 is laying down the application for the screening of FDI, the form for screening FDI, the request for the modification of a decision on conditional authorisation of an FDI, the report on the execution of a FDI and the monitoring report.

The Act established a complex mechanism for the screening of FDI from third countries on ground of the protection of security and public order in the Slovak Republic and other EU Member States. It establishes the competencies of the Ministry of Economy, other state administration bodies and security forces which participate in the screening of FDI. The Act also laid down the screening

procedure, the obligations and rights of the foreign investor before, during and after the screening procedure; also the obligations of the target; the monitoring of their compliance with obligations established by the Act or the screening decision, as well as related offences and penalties; cooperation at national level as a precondition for a comprehensive cooperation of the Slovak Republic with other EU Member States and the European Commission under the FDI Screening Regulation. The new legislation does not apply to foreign investments completed before its entry into force. The Act, together with the implementing legislation entered into force in March 2023.

Links: [Zákon č. 497/2022 Z. z. o preverovaní zahraničných investícií a o zmene a doplnení niektorých zákonov](#)

[The Act No. 497/2022 Coll. the screening of foreign investments and on amendments to certain acts](#)

**REPORT:** Yes. A report on national FDI screening activities is included in the new comprehensive Act on the screening of FDI. The first report will be published in 2024. According to the legislation, the Ministry of Economy of the Slovak Republic will be obliged to publish a summary information on the application of the law during the previous calendar year. Such summary will be published on the website of the Ministry of Economy of the Slovak Republic. The summary information will not contain any specific information about concrete FDI, as well as foreign investors and target entities. There will be exclusively aggregated data for a given year in the form of anonymous statistical data.

## Slovenia

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Slovenia's mechanism for the screening of FDI within the Intervention Measures to Mitigate and Eliminate the Consequences of the COVID-19 Epidemic Act (Official Gazette of the Republic of Slovenia, No. 80/20, hereinafter referred to as: *ZIUOOPE*) entered into force on 31 May 2020 and was in force until 30 June 2023.

The mechanism was permanently included in the Investment Promotion Act (Official Gazette of the Republic of Slovenia, No. 13/18, hereinafter referred to as: *ZSInv*) and regulated in the framework of the regular legislative procedure. In the second half of 2022, Slovenia entered the preparatory phase of amending the *ZSInv* for the purpose of FDI screening. The legislative procedure was completed on 9 June 2023. The new FDI regime entered into force on 1 July 2023.

Links: Act determining the intervention measures to mitigate and remedy the consequences of the COVID-19 epidemic (*ZIUOOPE*): [Unofficial English translation](#).

<https://www.gov.si teme/tuje-neposredne-investicije/>

**REPORT:** No.

## Spain

**NATIONAL SCREENING MECHANISM IN PLACE:** Yes.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

Royal Decree-Law 20/2022, of 27 December 2022, on measures in response to the economic and social consequences of the war in Ukraine stated the following:

- Article 61: Article 7bis 1 of Law 19/2003 of 4 July 2003 is amended to include in the definition of foreign investment transactions in which control of all or parts of a Spanish company is acquired.
- Article 62: The temporary regime for the suspension of the liberalisation of certain FDI made by residents of EU and EFTA countries is prolonged until 31 December 2024.

Besides, Spain prepared a new FDI screening regulation which was expected to enter into force in the course of 2022 but will be passed during 2023. Its main objectives were to: (i) update the specific administrative procedure for FDI screening, that dates back from 1999 (RD 664/99), and (ii) give a more specific definition of what is meant by critical technologies, essential input, sensitive data, etc. Therefore, while Article 7 bis of Law 19/2003 would remain in force, this legislation would represent a significant development.

On 27 January 2023, the Council of State issued an opinion on the draft, concluding that the consulted norm deserves an overall favourable judgement.

Links: [BOE-A-2022-22685 Real Decreto-ley 20/2022, de 27 de diciembre, de medidas de respuesta a las consecuencias económicas y sociales de la Guerra de Ucrania y de apoyo a la reconstrucción de la isla de La Palma y a otras situaciones de vulnerabilidad.](#)

[Ministerio de Industria, Comercio y Turismo - Detalle Participación Pública](#)

**REPORT:** Yes.

The report identifies the total number of operations subjected to FDI screening, the total number of authorisations and conditional authorisations, the ultimate Investor's country of origin and the reasons for subjecting the investment. The report on 2021 and 2022 can be found under:

2021: <https://comercio.gob.es/InversionesExteriores/Documents/2021%20EN%20CIFRAS.pdf>

2022: <https://comercio.gob.es/InversionesExteriores/Documents/2022%20EN%20CIFRAS.pdf>

## Sweden

**NATIONAL SCREENING MECHANISM IN PLACE:** No.

**DEVELOPMENTS DURING THE REPORTING PERIOD (2022):** Yes.

On 16 March 2023, the Swedish Government adopted a draft bill setting up a mechanism for the screening of FDI. On the same date, the draft bill was sent to the Legislative Council. After the Legislative Council's comments, the government would return with its bill for parliamentary consideration. The bill is expected to enter into force on 1 December 2023.

According to the draft bill, the screening authority will have the possibility to review FDI in Swedish companies that conduct protected activities, such as essential services, security-sensitive activities (according to the Protective Security Act), sensitive personal or location data, critical raw materials and other metals and minerals, military equipment, dual-use products, emerging technologies and other strategic protected technologies.

Notification will be mandatory in all seven sectors. Furthermore, the obligation to notify an investment falls on the investor (regardless of nationality or domicile) provided that the investment results in a certain amount of influence in the target undertaking, for example if the investor would command 10 percent or more of the total number of votes. The target undertaking will have a disclosure obligation towards investors. The assessment must take place before the transaction is carried out.

The assessment will be carried out in two stages. In the first stage, within the 25 working days of a complete notification, the screening authority decides to either take no further action or launch an in-depth investigation. Once the investigation has been launched the screening authority must take a final decision within three months of the decision to initiate an examination. The screening authority, when reviewing the investment, shall be obliged to consult a number of other Swedish authorities. In addition, it is proposed that the screening authority will have the right to initiate investigations on its own, issue sanctions fees, approve investments subject to conditions as well as the right to prohibit transactions.

Links:

<https://www.government.se/press-releases/2023/03/new-act-will-stop-investments-in-companies-by-foreign-actors-that-could-harm-sweden/>

<https://www.lagradet.se/wp-content/uploads/2023/03/Ett-granskningssystem-for-utlandska-direktinvesteringar.pdf>

**REPORT:** No.