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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Sixth Annual Report on the screening of foreign direct investments into the Union

{SWD(2026) 290 final}

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INTRODUCTION

This report is the European Commission's sixth annual report on the application of the EU Foreign Direct Investment (FDI) Screening Regulation (the 'FDI Screening Regulation' or the 'Regulation').

The report covers 2025 and provides transparency on the operation of FDI screening in the EU and developments in national screening mechanisms. It contributes to the accountability of the EU in an area where, given the security interests at stake, transparency on individual transactions is neither possible nor appropriate.

It is based on reports by the 27 Member States and official statistics and consists of four chapters:

- Chapter 1 on trends and figures for FDI into the EU;
- Chapter 2 on legislative developments in Member States;
- Chapter 3 on FDI screening activities carried out by Member States;
- Chapter 4 on the EU cooperation mechanism on FDI screening.

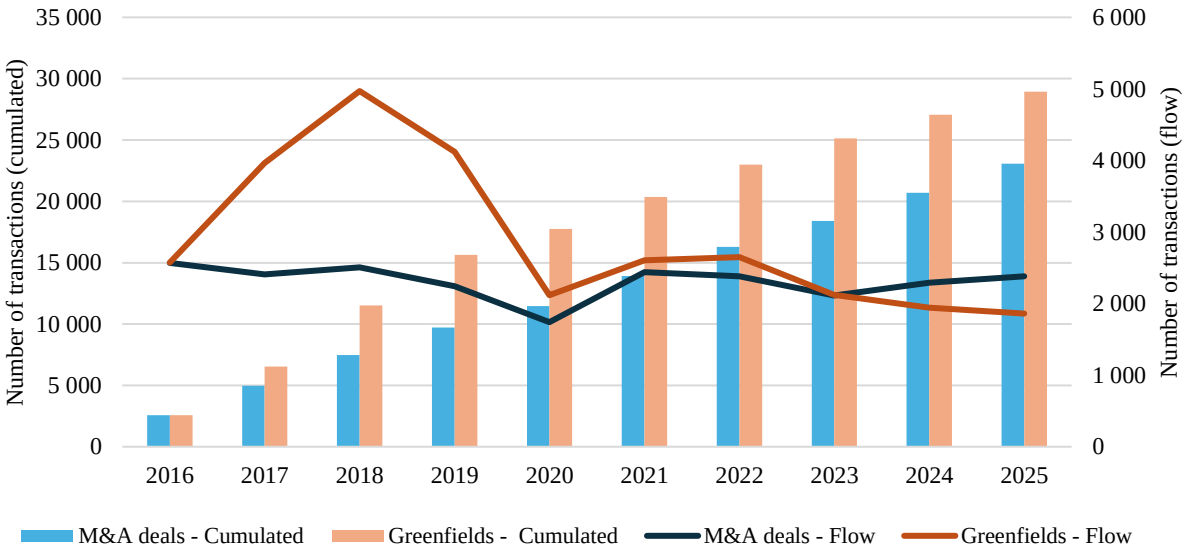
This annual report is an important transparency tool highlighting trends, development and action regarding FDI in order to ensure security and public order in the EU.

CHAPTER 1 – FOREIGN DIRECT INVESTMENT INTO THE EUROPEAN UNION

1. Overall evolution[1]

The stock of foreign direct investment (FDI)[2] increased by 8.9% between 2024 and 2025. Foreign mergers and acquisitions (M&A) and greenfield projects experienced annual cumulative increases of 12% (from 20,695 to 23,078) and 6.9% (from 27,069 to 28,930) respectively, as shown by the bars in Figure 1. This increase is consistent with trends observed since 2016, with the stock of FDI into the EU27 continuously increasing over this 10-year period by an average of around 5,200 FDIs per year. Looking at this cumulated trend by FDI type, the EU27 received an average of 2,308 foreign M&A deals, and 2,893 greenfield investments each year between 2016 and 2025. These positive cumulative trends confirm the openness of the Union to foreign investments, highlighting the attractiveness of the EU Single Market to international investors.

Figure 1: 2016-2025 yearly FDI stocks and flows into the EU27 (number of deals and projects)



Source: JRC elaboration based on Bureau van Dijk data, extracted on 22/02/2026 from Orbis M&A and Orbis Crossborder Investment. Data for 2016 corresponds to the flows of FDI in 2016, while data represented in the bars in subsequent years correspond to the cumulated sum of yearly flows.

Regarding total FDI inflows (Figure 1, lines), the number of FDI deals and projects increased only marginally over the last two years, by 0.1% from 2023 to 2024 and by 0.2% from 2024 to 2025. However, different dynamics between M&A deals and greenfield investments exist. Foreign M&A activity increased annually by 8.5% in 2024 compared to the previous year, and

[1] We focus on number of FDI transactions as an indicator in this chapter as data on the FDI values is missing for a large percentage of the deals and projects in the Orbis M&A and Orbis Crossborder Investment databases.

[2] Foreign direct investment transactions can be split into international greenfield investments and M&As. International greenfield investments typically involve the creation of a new company or establishment of facilities abroad, while an international M&A amounts to transferring the ownership of existing assets relating to an economic activity to an owner abroad. M&As are included if they imply an acquisition of equity stakes above 10% of the capital of an EU27 business.

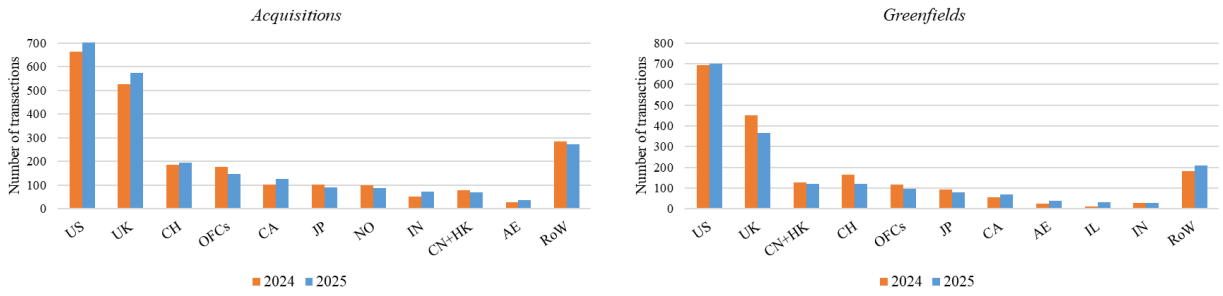
further by 4% in 2025. Greenfield investments, by contrast, declined over the period, by 8.3% from 2023 to 2024, and by 4.3% from 2024 to 2025.

The nearly flat year-on-year trend of inbound FDI flows observed in 2024 and 2025 reflects opposite dynamic between greenfield projects and M&A deals. Following the sharp decline in 2023, M&A activity recovered relatively quickly, whereas greenfield investments continued to contract. This divergence suggests a compositional shift in FDI towards M&As rather than greenfield investments, in the context of heightened macroeconomic uncertainty.

2. Top countries of origin of foreign investors

The evolution of foreign M&A deals between 2024 and 2025 shows a mixed pattern across the top 10 jurisdictions of origin of foreign investors (Figure 2, left chart) with 6 experiencing increases in M&A investments and 4 recorded declines. The overall decrease in the total number of greenfield investments observed in 2025 marks a heterogeneous evolution across the origin of foreign investors, with half of the top 10 investor countries recording increases and the other half experiencing declines in investment activity (Figure 2, right chart).

Figure 2: Number of acquisitions of equity stakes (left) and greenfield investments (right) in 2024 and 2025 into the EU by foreign jurisdiction (top ten investor countries)



Source: JRC elaboration based on Bureau van Dijk data, extracted on 22/02/2026 from Orbis M&A and Orbis Crossborder Investment. OFCs: Offshore Financial Centres[3]. RoW: Rest of the World.

The US was the top foreign investor in the EU in 2025, accounting for 30% of all acquisitions (716 deals), and 38% of greenfield investments (699 projects). M&A deals originating from the US increased for the second consecutive year, rising by 8.2% in 2025 compared to 2024 and by 10% in 2024 with respect to 2023. Greenfield investments originating from the US also recorded a modest annual increase of 0.9% in 2025, following a decline between 2023 and 2024.

The second-largest foreign investor jurisdiction was the UK, accounting for 24% (572 deals) of all acquisitions and 20% (365 projects) of greenfield investments into the EU in 2025. However, the two investment types evolved in opposite directions: while the number of acquisitions

[3] The main offshores by number of transactions in 2025 are (in alphabetical order): Bermuda, British Virgins Islands, Cayman Islands, Liechtenstein and Monaco. 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.

increased by 9% in 2025 compared to 2024, the number of greenfield projects declined by 19% in the same period.

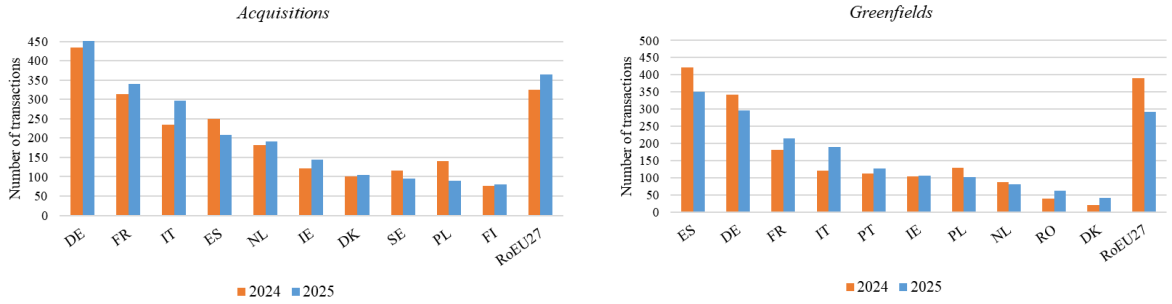
Across the remaining top investor jurisdictions, the strongest growth in M&A deals between 2024 and 2025 was observed for India (+42%), the United Arab Emirates (+37%) and Canada (+23%), alongside a more moderate increase for Switzerland (+4.8%). The remaining four investor jurisdictions recorded declines, ranging from 16% for Offshore Financial Centres (OFCs) to 10% for China and Hong Kong.

For greenfield investments, alongside the US, annual significant increases were recorded for Israel (230%), the United Arab Emirates (56%) and Canada (27%), while India registered a more moderate rise of 3.6%. In contrast, declines were observed in four other jurisdictions in addition to the UK, namely Switzerland (27%), OFCs (17%), Japan (14%) and China and Hong Kong (4.7%).

3. Top EU Destinations for Foreign Acquisitions

The number of foreign M&A deals into the EU (Figure 3, left chart) increased for most top 10 Member States between 2024 and 2025, with the exception of Spain, Sweden and Poland, which recorded fewer deals (Figure 3, left chart). In contrast, trends for foreign greenfield investments by Member State destination (Figure 3, right chart) revealed a more complex pattern. The largest recipient countries, Spain and Germany, experienced annual declines in 2025, but several other top 10 destinations experienced positive annual variations.

Figure 3: Number of acquisitions of equity stakes (left) and greenfield investments (right) in 2024 and 2025 by destination Member State (top ten EU27 recipients)



Source: JRC elaboration based on Bureau van Dijk data, extracted on 22/02/2026 from Orbis M&A and Orbis Crossborder Investment. RoEU27 stands for Rest of EU27.

In 2025, Germany and France were the main destinations for foreign M&A deals, accounting for 20% (469 deals) and 14% (339 deals) of the total, respectively. The two countries also recorded year-on-year growth rates, of 7.8% and 8.3% respectively. In 2025, Italy ranked as third most important destination of M&As, with a 12% share (297 deals), inter alia due to a 27% year-on-year increase in M&A deals. Spain ranked fourth with a 9% share (208 deals), following a 17% annual decline in the number of acquisitions received in 2025.

Besides Spain, two other top 10 recipient Member States, Sweden (-17%) and Poland (-36%), received less foreign M&A deals in 2025 compared to 2024. Meanwhile, Ireland recorded the strongest increase in M&A activity in 2025 (20%), followed by the Netherlands (5.5%), Finland (5.3%) and Denmark (3%).

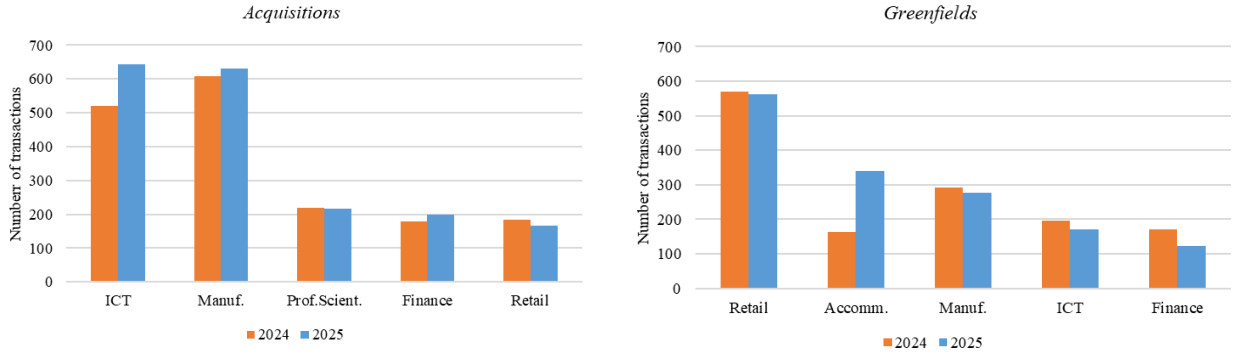
The top two recipients of foreign greenfield investments in 2025 were Spain and Germany, which received 19% (351 transactions) and 16% (296 transactions) of all projects, respectively. However, both countries exhibited fewer investments in 2025 than in 2024, with declines of 17% and 13%, respectively.

France ranked third with a 12% share (215 transactions) and an annual increase in greenfield projects of 19% in 2025. Several other Member States recorded increases between 2024 and 2025, ranging from the largest in Denmark (110%) and Italy (57%) to the smallest in Ireland (1.9%). Finally, year-on-year declines in project numbers were observed in Poland (21%) and the Netherlands (5.8%).

4. Sector Specific Information

Three out of the top five sectoral categories[4] (ICT, manufacturing, and finance) experienced year-on-year increases in foreign M&A deals in 2025 compared to 2024 (Figure 4, left chart). Conversely, the number of foreign greenfield deals increased only for one of the top five sector categories (accommodation) in 2025 (Figure 4, right chart).

Figure 4: Number of equity stakes (left) and greenfield investments (right) in 2024 and 2025 by NACE Rev. 2 sectors (top five categories)



Source: JRC elaboration based on Bureau van Dijk data, extracted on 22/02/2026 from Orbis M&A and Orbis Crossborder Investment. Prof.Scient. stands for professional, scientific and technical activities (NACE Rev. 2, section M), it contains among other things R&D facilities. ICT stands for Information and Communication (NACE Rev. 2, section J). Manuf. corresponds to NACE Rev. 2 section C. Finance corresponds to NACE Rev. 2 section K ("Financial and insurance activities "). Retail corresponds to NACE Rev. 2 section G ("Wholesale and retail trade"). Accomm. corresponds to NACE Rev. 2 section I ("Accommodation and food service activities").

In 2025, ICT overtook manufacturing as the main sector of dealmaking activity, largely driven by a strong annual increase of 23% compared to 2024, reaching a 27% share of foreign M&As (642 transactions). Manufacturing, which grew more modestly by 3.4% in 2025, ranked second with a 26% share (630 transactions). Professional, scientific and technical activities (Prof.

[4] The categories used refer to the NACE Rev. 2 Broad Structure, see: https://ec.europa.eu/eurostat/web/nace-rev2.

Scient.) ranked third with a 9% share, with deal activity decreasing slightly by 0.5% in 2025 compared to 2024. Finance occupied 4th place (8.4% share) with an annual increase of 12% in 2025, followed by retail (6.9% share), which recorded a 9.3% annual decline.

In the case of greenfield investments, all top sectors but one (accommodation) experienced annual declines in the number of projects. Retail related activities accounted for almost one third of the projects in 2025, with a decrease of 1.2% (562 transactions). Accommodation[5], with an annual increase of 108%, became the second-largest sector, with an 18% share, overtaking Prof. Scient. activities, which no longer ranked among the top five sectors in 2025 compared to 2024. Manufacturing with a 15% share ranked third, recording an annual decline of 4.8%, followed by ICT with a 9% share and a 12% decline. Finance ranked last with a 7% share of the total number of greenfield projects in 2025 and the steepest year-on-year decline of 28%.

5. Conclusions

The stock of FDI into the EU continued to grow between 2024 and 2025, reflecting steady cumulative inflows over the past decade, with an average of around 5,200 annual FDI deals and projects recorded between 2016 and 2025. Overall FDI flows remained broadly stable in recent years, however, trends differed across investment modes. While foreign M&As recovered in both 2024 and 2025 after the decline recorded in 2023, greenfield investments continued to contract in the same period, albeit at a slower pace. This divergence suggests a compositional shift in FDI towards M&As rather than greenfield investments, in the context of heightened macroeconomic uncertainty.

The US remained the largest foreign investor in the EU in 2025 across both M&A and greenfield investments, followed by the UK. At the same time, some jurisdictions strengthened their investment presence in the EU through M&As, particularly India and the United Arab Emirates, which recorded annual growth in investment activity.

Across Member States, Germany and France remained the main destinations for foreign M&As in 2025, while Spain and Germany attracted the largest number of greenfield projects. Sectoral developments highlighted the growing importance of ICT, which emerged as the leading sector for foreign acquisitions. Greenfield investments remained concentrated in retail-related activities and accommodation services.

[5] Since 2025 Orbis has included franchises under greenfield investments, disproportionately impacting NACE Sections I (Hospitality) and G (Retail). While franchises have been excluded from the presented statistics, residual unidentified franchise transactions may still affect the trends reported in this section, particularly the increase observed in the accommodation sector.

CHAPTER 2 – LEGISLATIVE DEVELOPMENTS IN MEMBER STATES IN 2025

1. The EU FDI Screening Regulation and EU Member States' FDI screening mechanisms

Throughout 2025, the European Commission continued to encourage those Member States that had not yet adopted national FDI screening laws to do so, thus ensuring that the Commission and all Member States have the appropriate tools to identify and address risks to security and public order related to FDI.

The Commission also supported the alignment of national FDI screening mechanisms and screening practices. It helped Member States with technical and policy guidance, organising meetings and information exchanges, in particular regarding best practices, but not only. Nonetheless, noticeable differences between national screening mechanisms remain, especially regarding: (i) what constitutes formal screening of an FDI triggering a notification to the cooperation mechanism; (ii) the timelines of national screening procedures; (iii) the sectoral coverage of national screening frameworks; and (iv) notification requirements by the transaction parties to the national authorities. All these elements were addressed in the revision of the foreign direct investment (FDI) screening regulation[6], which was adopted on 17 June and will start to apply on 17 January 2028 (see also chapter 4, section 2 for more information).

2. Overview of Member States' FDI screening mechanisms and legislative developments

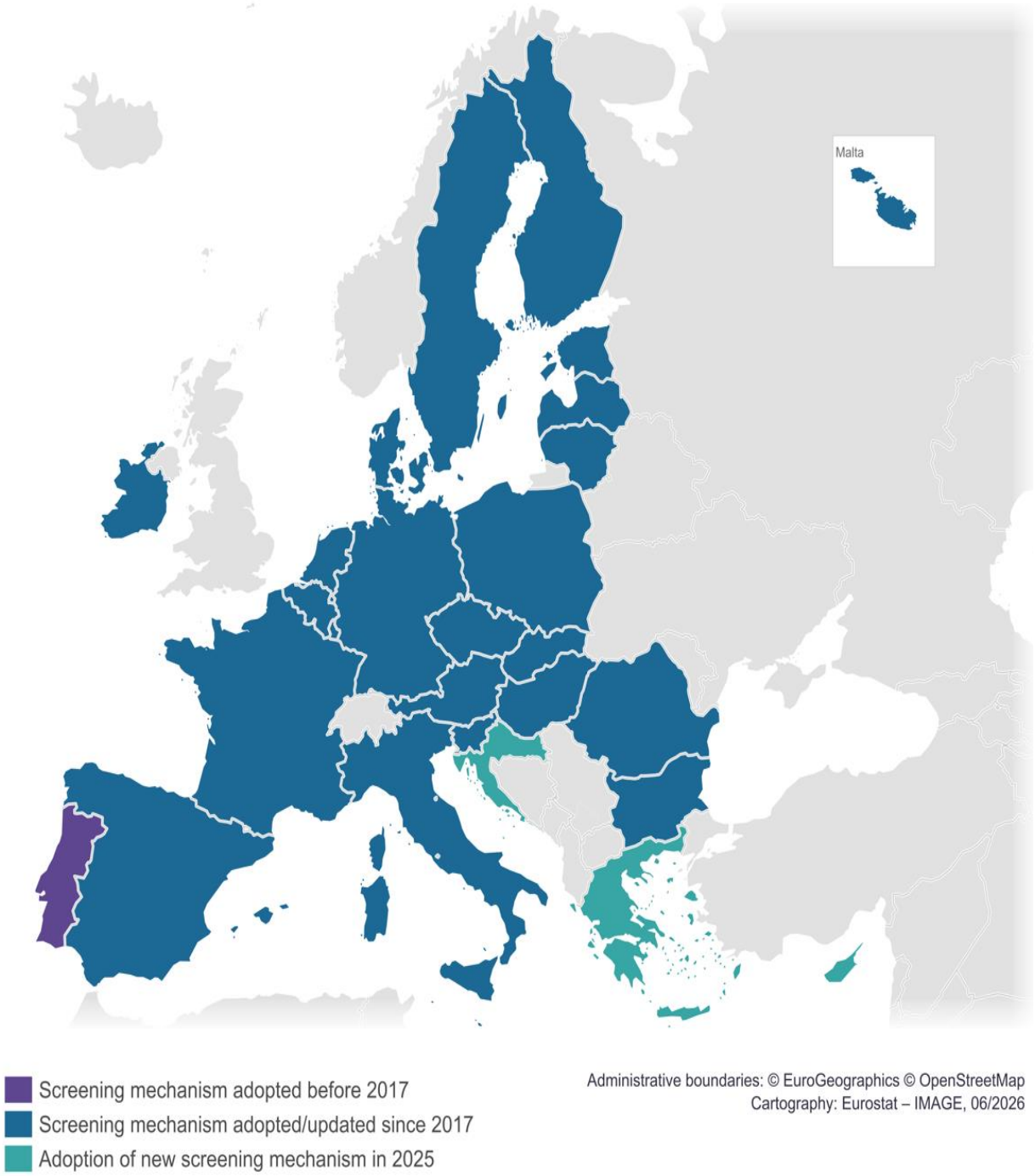
Russia's war of aggression against Ukraine and uncertainties over geopolitical developments have brought the need to secure critical raw materials, (advanced) technologies and infrastructure even more into focus. Consequently, the five Member States without operational screening mechanisms initiated further steps to adopt or enact national screening mechanisms and six others acted to update and expand existing ones in response to changing circumstances.

In 2025 we saw the adoption of national FDI screening laws in Croatia, Cyprus and Greece, meaning that all EU Member States have now a framework for screening FDI.

Furthermore, in the same period, six Member States (Czechia, Lithuania, Luxembourg, Poland, Slovakia and Spain) introduced amendments to their existing screening legislation, and two Member States (Bulgaria and Ireland) enacted their previously adopted FDI screening laws.

The map below gives an overview of the legislative situation regarding FDI screening in EU Member States in 2025.

[6] EU strengthens its foreign investment screening framework, news article from 26 June 2026, https://policy.trade.ec.europa.eu/news/eu-strengthens-its-foreign-investment-screening-framework-2026-06-26_en.



The table 1 below gives an overview of the legislative situation and developments in all Member States in the period 1 January 2025 until 31 December 2025[7].

[7] For more details, please see the accompanying Commission staff working document.

Table 1: State of play of legislative developments in EU Member States

National FDI screening mechanism in place (no legislative changes)	Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Hungary, Latvia, Malta, the Netherlands, Portugal, Romania, Slovenia, Sweden
Amended an existing national FDI screening mechanism	Czechia, Lithuania, Luxembourg, Poland, Slovakia, Spain
Adoption or entry into force of a new national FDI screening law or mechanism	Bulgaria, Croatia, Cyprus, Greece, Ireland

Adoption or entry into force of new FDI screening mechanisms

Croatia adopted the Foreign Investment Screening Act on 24 October 2025, which entered into force on 13 November 2025. The Committee for the Screening of Foreign Investments plays a central role in the screening procedure, issuing opinions on applications for foreign investment approval. The Ministry of Finance is responsible for adopting final decisions. The Act will become fully effective once all necessary implementing acts are adopted in 2026. The Act establishes a screening mechanism for foreign investments affecting critical infrastructure (including energy, transport, defence), the supply of critical resources (including energy and food), access to sensitive information, communication infrastructure, electoral infrastructure and the media sector.

Cyprus established a framework for the screening of foreign direct investments with the publication of Law 194(I)/2025 on 14 November 2025, which entered into force on 2 April 2026. The Law designates the Ministry of Finance as the competent Screening Authority, responsible for assessing applications and issuing decisions. Foreign investors must submit a prior written application to obtain approval before completing an investment. The screening mechanism assesses investments based on factors such as sensitive sectors (critical infrastructure, financial services and real estate), access to sensitive information, media pluralism, critical technologies, and supply of critical inputs.

The **Greek** foreign direct investment screening mechanism entered into force on 23 May 2025 as established by Law 5202/2025 which implements EU Regulation 2019/452. The FDI screening mechanism became operational on 11 November 2025, with the publication of Joint Ministerial Decision 64260, which specifies procedural details such as filing and documentation requirements for foreign investors. The Interministerial Committee for the Screening of Foreign Direct Investments carries out the screening of foreign direct investment, with participation from various ministries and authorities. The screening mechanism applies to investments in the

sensitive sectors of energy, transport, ICT, digital infrastructure and health as well as in the highly sensitive sectors of defence and national security (including dual-use items subject to export controls and equipment on the EU Common Military List), cybersecurity, artificial intelligence, port infrastructure, critical subsea infrastructure and tourism infrastructure in border areas. A second Joint Ministerial Decision is expected to further specify the authority and procedure for imposing administrative fines.

Bulgaria introduced a national screening mechanism for foreign direct investments (FDI) on security or public order grounds through amendments to the Investment Promotion Act in March 2024. The framework became fully operational on 20 August 2025, following the adoption of secondary legislation. The FDI screening mechanism ensures participation in the EU cooperation mechanism and lays down rules on monitoring, enforcement, and sanctions for non-compliance.

Ireland's Screening of the Third Country Transactions Act, enacted in 2023, became operational on 6 January 2025. The Act lays down the nature, scale and type of investments that undergo screening. It also sets out the main considerations throughout the screening review process.

Updates to existing FDI screening mechanisms

Czechia adopted four sets of amendments to the national FDI screening legislation in 2025. The amendments introduced new rules for cooperation between the investment screening authority and the Office for the Protection of Competition (in the context of the Foreign Subsidies Regulation[8]) and provided for the possibility of documents delivery also via a public notice, amended certain elements of the sectoral screening mechanism in the field of energy, redefined the critical information infrastructure company list (in the context of the NIS2 Directive[9]), specified conditions for sharing FDI screening information with National Cyber and Information Security Agency and redefined the critical infrastructure company list (in the context of the CER Directive[10]).

Lithuania adopted two amendments to the existing FDI screening mechanism in 2025. The first amendment updated the list of specific facilities and assets deemed critical for national security, while the second amendment refined the functions, composition, and working procedures of the national Commission assessing security-relevant entities and transactions.

Luxembourg amended its national law on FDI screening in January 2025, updating two existing laws on the commercial register and on the establishment of the register of beneficial owners granting the Ministry of the Economy access to the register of beneficial owners.

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[8] Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market, available at: https://eur-lex.europa.eu/eli/reg/2022/2560/oj/eng.

[9] Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS Directive), available at: https://eur-lex.europa.eu/eli/dir/2022/2555.

[10] Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC.

Poland made its FDI screening regime permanent by repealing the time limitation provisions of the Act on the Control of Certain Investments and other acts in July 2025.

Slovakia implemented Act No 367/2024 on critical infrastructure, which entered into force on 1 January 2025, expanding the right of the Ministry of Economy to access data from public administration information systems and to request confidential data.

Spain extended the temporary screening requirement for FDIs from EU and EFTA residents in strategic sectors until 31 December 2026, through Royal Decree-Law 1/2025, which came into effect on 30 January 2025.

Further details on legislative developments related to Member States' national screening mechanisms can be found in the accompanying Commission staff working document. An up-to-date list of national screening mechanisms is available on the European Commission's website[11].

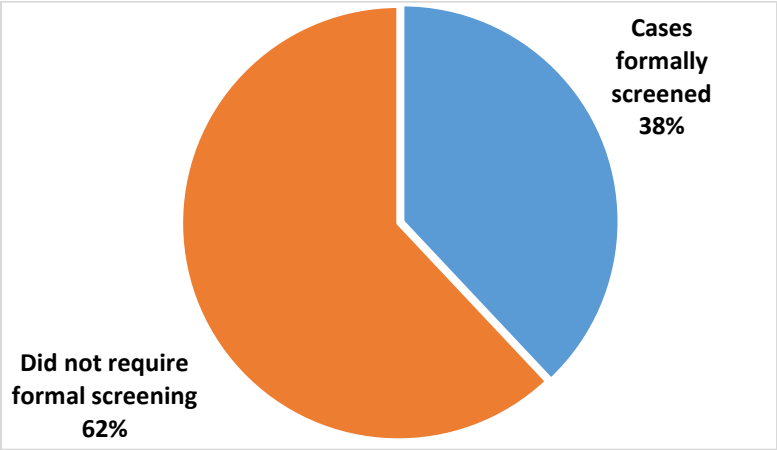
[11] The list of screening mechanisms and legal acts amending it notified by Member States (dated 9 February 2026): https://circabc.europa.eu/rest/download/7e72cdb4-65d4-4eb1-910b-bed119c45d47.

CHAPTER 3 - MEMBER STATES' FDI SCREENING ACTIVITIES

The FDI Screening Regulation establishes a framework for EU Member States to review FDIs in their territory on grounds of security and public order and to take measures to address specific risks. The Regulation has also created a cooperation mechanism between the Commission and the screening authorities of Member States to facilitate the assessment of the security or public order risks of individual FDI transactions. This EU cooperation mechanism makes it possible to exchange information and enables both the Commission and other Member States to indicate security or public order risks that an FDI transaction may pose to other Member States or to EU programmes or projects, allowing for those risks to be assessed and mitigated. While the EU cooperation mechanism assists the Member State where the investment takes place in assessing and mitigating security or public order risks, the Member State screening the FDI ultimately decides whether to approve, condition, or block a particular investment.

This chapter provides aggregated information on national screening activities carried out in 2025 based on Member States' annual reports to the Commission under Article 5 of the Regulation. All in all, Member States with national FDI screening mechanisms in place handled a total of 4 773 requests for authorisation and cases that were initiated by the authorities themselves (*ex officio* cases)[12], an increase from 3 136 in 2024. 38% of these were formally screened, and about 62% were deemed ineligible or did not require formal screening (Figure 5)[13].

Figure 5 – Member States' FDI screening activities



Source: Member States' reporting.

[12] Member States have different FDI screening procedures that vary in scope, process steps, *ex ante* or *ex post* eligibility checks, timelines for screening etc., which are all reflected in the reporting of cases screened. For instance, some Member States declare investments ineligible before a formal screening procedure is carried out, while others first formally screen investments and then declare them ineligible. Therefore, the graphs and figures presented in this chapter are intended to reflect the average screening activity of Member States during the reporting year, based on the data submitted by Member States.

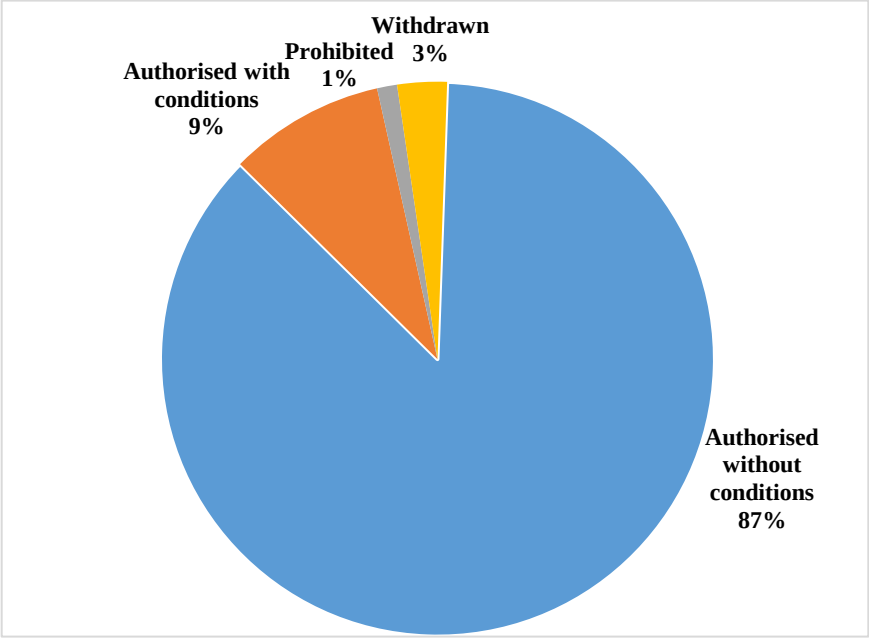
[13] Note that the reported data is strongly influenced by Sweden reporting a very high number of cases that did not require formal screening within its system, surpassing by far the annual number of cases reported by any other Member State. If Sweden were excluded from the calculation, the share of cases formally screened would be 65% and the share of cases that did not require formal screening would be 35%.

Out of the FDIs formally screened in 2025 and for which Member States have reported a decision, the overwhelming majority (87%) was authorised without conditions (Figure 6). This means that the foreign investment was approved without requiring any additional action from the investor. Compared to the previous year, Member States authorised a slightly higher percentage of formally screened FDIs without conditions (this figure was 86% in 2024).

In parallel, 9% of decisions involved an approval with conditions or mitigating measures, the same percentage as in 2024. In these cases, national FDI screening authorities have required certain actions, assurances and commitments from the investors before approving an FDI.

National authorities ultimately blocked investments in about 1% of all cases with a decision (the same as in previous years). Lastly, 3% of the filings were withdrawn by the parties before a formal decision was taken, a slightly lower share compared to 2024 (4%).

Figure 6 – Notified decisions on FDI cases



Source: Member States' reporting

Conclusions on Member States' screening activities

- The proportion of formally screened FDIs stood at 38% of all authorisation requests submitted by investors/transaction parties to the national FDI screening authorities or examined by the national authorities on their own initiative. This development is strongly influenced by Sweden, which reported a very high number of FDI cases for the reporting year.

- Most screened FDIs were authorised without any conditions (87%), which is slightly higher than in 2024 (86%). This shows that FDI screening in EU Member States has not

resulted in a more restrictive investment climate but provides for greater awareness among Member States and the Commission of FDI potentially raising security or public order risks.

- As regards authorisations with conditions, in 2025 the share of cases where mitigating measures were imposed (9%) is the same as in 2024.

- The share of FDIs blocked by Member States remained at about 1% in 2025, which corresponds to the average in recent years.

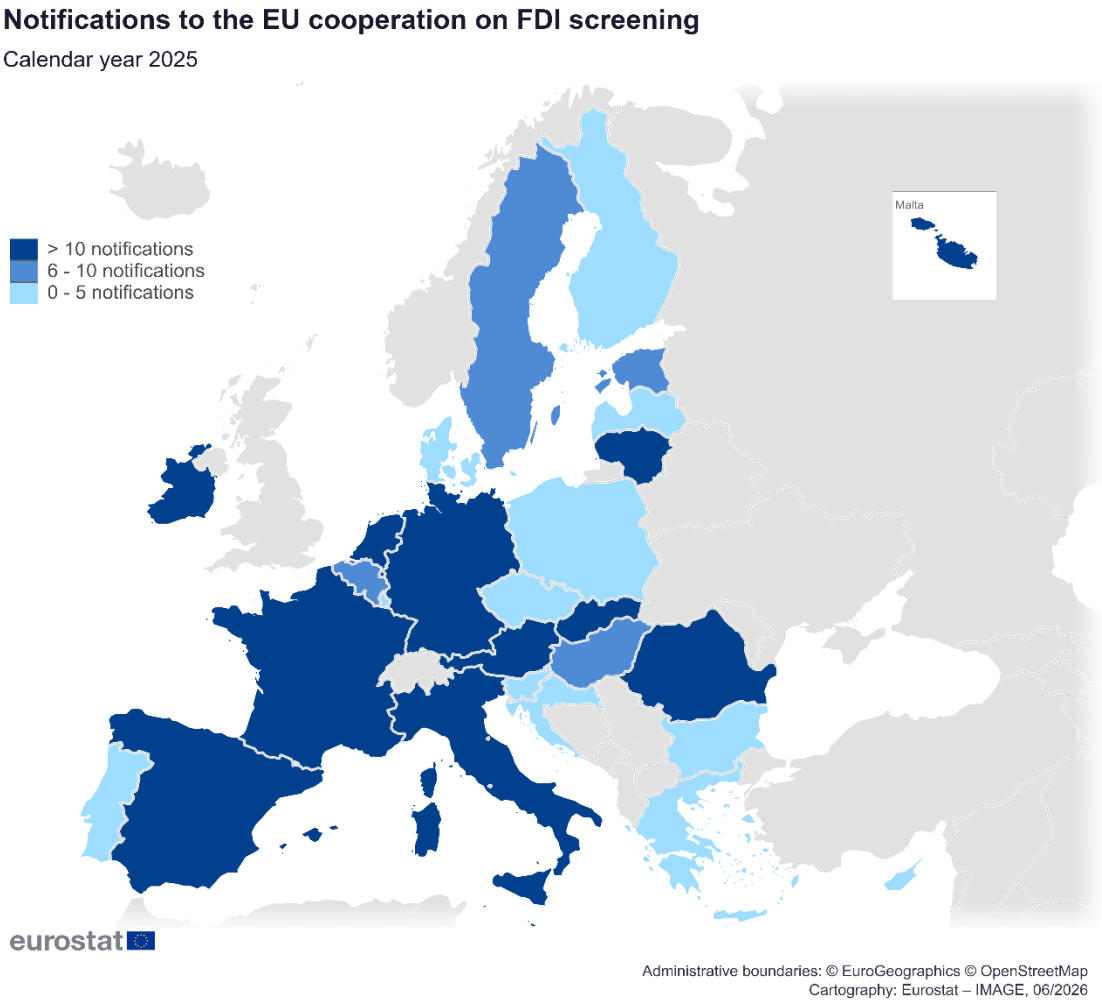
- Overall, these numbers show a stable trend, which confirms that the EU has remained open to foreign investment and that Member States only block those FDIs that pose serious risks to security or public order and where such risks cannot be mitigated.

CHAPTER 4 – EU COOPERATION MECHANISM ON FDI SCREENING

1. Notifications under the FDI Screening Regulation

1.1 Overview of activity in 2025

In 2025, 21 Member States submitted a total of 667 notifications under Article 6[14] of the FDI Screening Regulation compared to 477 notifications submitted in 2024[15]. Four Member States (Austria, France Italy, Spain) were responsible for 65% of the notifications and seven Member States (Austria, France, Germany, Ireland, Italy, Lithuania, and Spain) were responsible for 86% of those notifications[16]. The notified transactions varied greatly, including in terms of sectoral scope, value of the transaction and origin of the ultimate investors, among other parameters.



Source: Member States' reporting.

[14] In the same period, the Commission also made use of the EU cooperation mechanism in relation to foreign direct investments not undergoing screening (Article 7 FDI Screening Regulation) which is not reflected in the statistics of this chapter.

[15] See https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2024)464&lang=en.

[16] In 2024, this share stood at 76% and 84% respectively.

The map above indicates the number of FDIs notified by Member States to other Member States and the Commission in the framework of the EU cooperation mechanism on FDI screening. In 2025, out of the 21 Member States with a national screening mechanism in place, eleven Member States submitted more than 10 notifications, four submitted 6-10 notifications and six submitted less than 5 notifications.

Compared with the previous year (2024), there has been a sharp increase of 40% in the number of notifications from 477 to 667. This has been by far the highest annual rise in the number of FDIs notified to the EU cooperation mechanism. Furthermore, since the first full calendar year of the EU cooperation mechanism (2021), the number of notifications has increased by 61% from 414 notifications in 2021 to 667 in 2025. The number of Member States notifying transactions grew from 13 in 2021 to 21 in 2025.

1.2 Main sectors[17] of FDI notified to the EU cooperation mechanism[18]

The five sectors with the highest number of transactions in 2025 were manufacturing[19] (27% of all transactions), ICT[20] (19%), financial activities[21] (17%) wholesale and retail[22] (13%), and professional activities[23] (8%). This is very similar to last year when the same five sectors occupied the top places, however in 2025 financial activities and wholesale and retail changed places. In 2025, notifications relating to manufacturing activities gained in importance by 2 (percentage points) pps from 25% in 2024. Notified transactions concerning the energy sector accounted for 4% down from 6% in 2024 and other sectors[24] accounted for 12% up from 9% in 2024.

[17] According to the mainstream approach, the primary sector of activity was selected as the leading indicator. This is also aligned with the information contained in all sectoral charts in the staff working document accompanying this annual report.

[18] Note that the overall FDI figures and trends depicted in chapter 1 cannot be compared with the FDI screening specific figures of this chapter as the latter represent a fraction from the general figures and reflect only transactions notified to the cooperation mechanism for the purpose of assessing risks to security and public order.

[19] Manufacturing encompasses activities by companies that are involved in the transformation of materials into new products (for example, manufacturing of electrical equipment and motors, industrial machinery and equipment, weapons and ammunitions, and pharmaceuticals).

[20] ICT stands for information and communication technologies. It encompasses activities by companies providing essential infrastructures and tools for knowledge creation, sharing and diffusion (for example, computer programming, software publishing, data processing and hosting, wireless telecommunication activities).

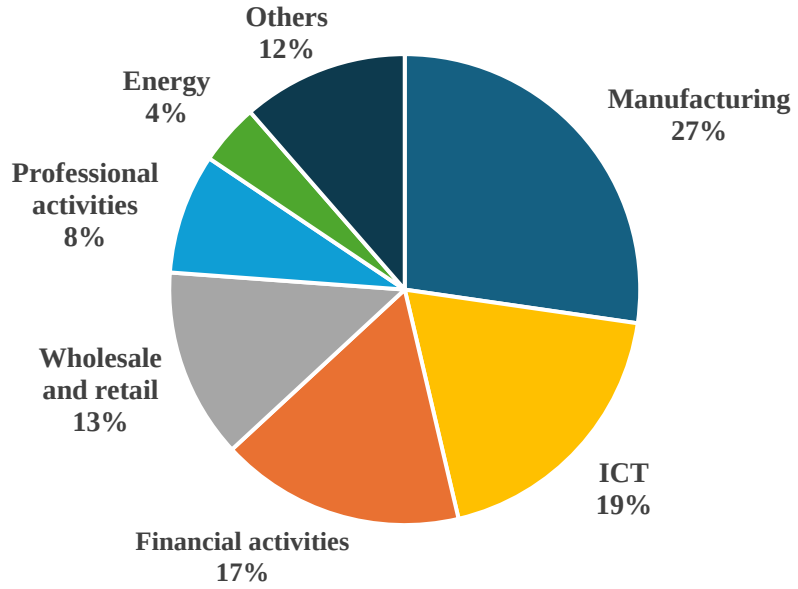
[21] Financial activities encompass activities by holdings, funds or similar actors in the financial sector that aim to acquire a specific (equity) stake or control in a target company (for example, fund management activities, activities of holding companies, financial services and insurance activities).

[22] Wholesale and retail includes wholesale and retail activities relating to pharmaceutical goods, chemical products, electronic and telecom equipment and supplies, computers, computer peripheral equipment and software, metals and metal ores.

[23] Professional activities include activities by law and accounting firms, as well as consultancy and engineering activities (for example, activities of head offices, market research and public opinion polling, consultancy, and research and experimental development on biotechnology).

[24] The ‘other’ category encompasses all other sectors below 4%, in particular, administrative activities, transport and construction.

Figure 1 – Sectoral breakdown of all notifications in 2025

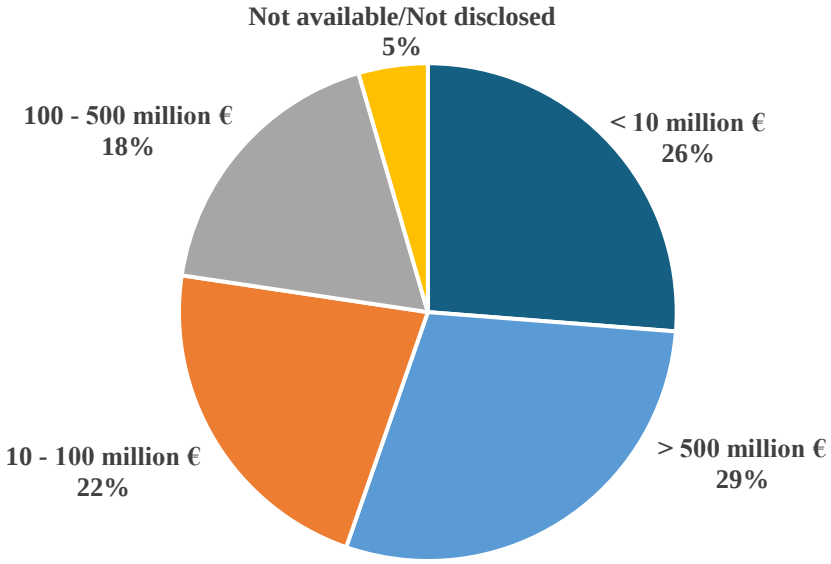


Source: Member States' notifications.

1.3 Total value of FDI notified to the EU cooperation mechanism

Looking at the value of transactions, 66% of notified FDIs had a value[25] of less than EUR 500 million, up by 8 pps from 58% in 2024. 29% of the transactions involved a value of EUR 500 million and more (30% in 2024).

Figure 2 – Respective value per notified FDI transaction in 2025[26]



Source: Member States' notifications.

[25] The value, where available, relates to the total value of the transaction of which the notified transaction was part.

[26] 'Not available/not disclosed' includes blanks, not available/not disclosed and not applicable (for example, because a transaction involved a restructuring or no investment was provided).

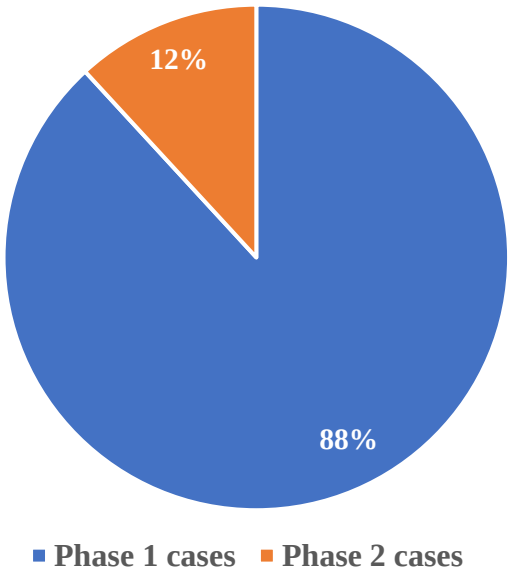
1.4 Procedures and timelines for closing FDI cases

FDI transactions notified by Member States are assessed by the Commission in two phases. Specifically, all notified transactions undergo a preliminary assessment ('Phase 1'), with only a limited number of cases proceeding to Phase 2. The Phase 1 assessment must be completed within 15 calendar days of its notification by the screening Member State.

Phase 2 involves a more detailed assessment of cases, based on replies to requests for further information from the notifying Member State, given that in the Commission's view the transaction could affect security or public order in more than one Member State or create risks to projects or programmes of EU interest. Cases in Phase 2 can lead to an opinion of the Commission as provided for in Article 6 and Article 7 of the FDI Screening Regulation. Such opinions remain confidential and they may: (i) communicate that the Commission considers that the FDI is likely to negatively affect security or public order in more than one Member State or a project or programme of Union interest, (ii) recommend appropriate measures for consideration, or (iii) share relevant information about the FDI undergoing screening to inform the notifying Member State in its assessment and final decision.

In 2025, the Commission closed 88% of the 667 cases in Phase 1 which is a smaller share compared to 2024 (92%). The remaining 12% of transactions proceeded to Phase 2 with additional information being requested from the notifying Member State[27]. This increase in the share of Phase 2 cases indicates that more transactions were assessed as sensitive for security and public order.

Figure 3 – Cases closed in Phase 1 and 2 in 2025



Source: Member States' notifications.

[27] In such cases, the deadline to provide comments or issue an opinion is 20 calendar days after receiving the requested information from the notifying Member State.

In 2025, five Member States accounted for over 68% of the Phase 2 cases, which represents an increase compared to 2024 (66%). As in 2024, the Commission issued an opinion in less than 2% of the notified transactions.

When opening Phase 2, in general the Commission requests additional information from the notifying Member State, which varies depending on the transaction and details of the information submitted with the notification[28]. This information often includes questions about the investor's intentions and business plan regarding the target or the target's customers in sensitive sectors. This information is requested to assess better the criticality of the target company and the potential risks posed by the foreign investor.

In 2025, Member States participated in the EU cooperation mechanism, inter alia, by asking questions in about 11% of the cases (10% in 2024) and by issuing comments on FDI transactions occurring in another Member State[29].

The share of cases upon which Member States issued comments was about 6%, compared to 3% in 2024[30]. The number of Member States issuing comments to the notifying Member State increased significantly from about one third in 2024 to 57% in 2025.

1.5 Main sectors of FDI subject to the Commission's detailed security or public order risk assessment

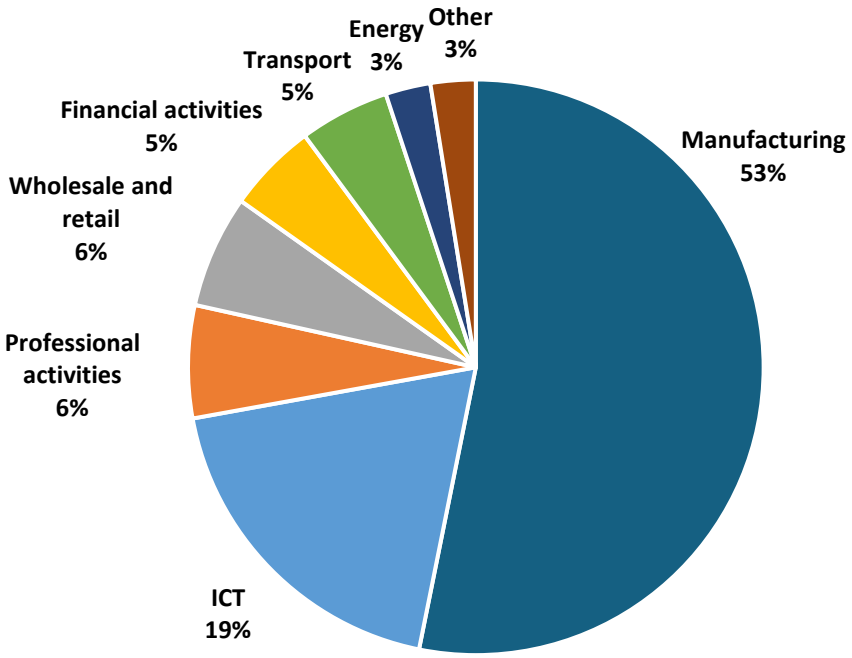
The main sector for Phase 2 cases was manufacturing, which accounted for 53% of all transactions (50% in 2024) (Figure 4). The second-largest sector was ICT, accounting for almost a fifth of all Phase 2 cases (the same share as in 2024). Phase 2 cases regarding professional activities and wholesale and retail ranked third and fourth each with a share of 6% (both shares stood at 5% in 2024).

[28] The notification form: request for information from an investor for the purposes of notifications under Article 6 of the Regulation serves to ensure some degree of uniformity and a minimum level of information about the transaction, the investor and the target company provided in the notification under the Regulation. The form is available at https://policy.trade.ec.europa.eu/enforcement-and-protection/investment-screening_en.

[29] In several cases where Member States had asked questions, the reply they received alleviated the potential concerns.

[30] Several Member States can issue a comment on the same transaction.

Figure 4 – Main targeted sectors in Phase 2 in 2025



Source: Member States' notifications.

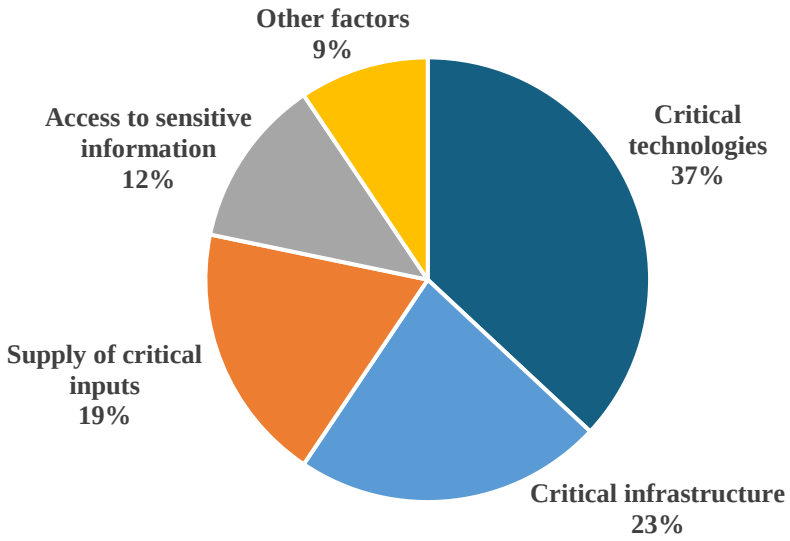
Given the importance of the manufacturing sector, Figure 5 provides an overview of the factors[31] that were used to assess the criticality of manufacturing sector transactions for security or public order in Phase 2. The factor used most often is when the transaction involved a foreign investment in critical technologies, which accounted for 37% of the total in 2025 (49% in 2024).

The second-largest factor accounting for a share of 23% (26% in 2024) was related to FDIs in critical infrastructure, followed by the supply of critical inputs with 19% (20% in 2024). Access to sensitive information (including personal data) accounted for 12% of the total, more than doubling its share from 5% in 2024.

Finally, other factors such as the risk profile of the investor and risks to freedom and pluralism of the media played a role in 9% of the Phase 2 cases.

[31] These factors are set out in Article 4 of the FDI Screening Regulation. For one transaction, there can be several factors used to assess the criticality of a given FDI for security and public order.

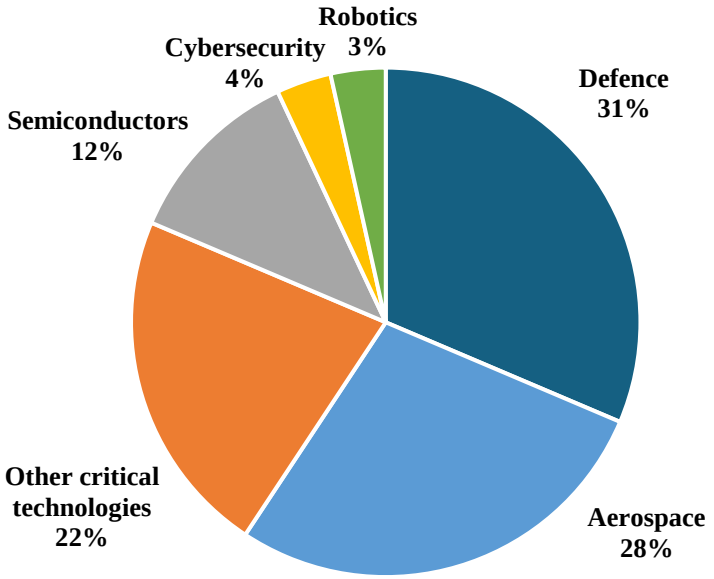
Figure 5 – Factors leading to Phase 2 cases in manufacturing



Source: Member States' notifications

A closer look at notifications related to critical technologies subject to Phase 2 (Figure 6) reveals that defence-related technologies accounted for 31% of these cases (37% in 2024), followed by aerospace with 28% (16% in 2024), and other critical technologies (including AI, quantum and biotechnologies) with 22% (26% in 2024). Transactions involving semiconductors technologies accounted for a 12% share (21% in 2024). Lastly, cybersecurity and robotics technologies made for 4% and 3% of the transactions involving critical technologies respectively.

Figure 6 – Types of critical technologies in Phase 2 cases



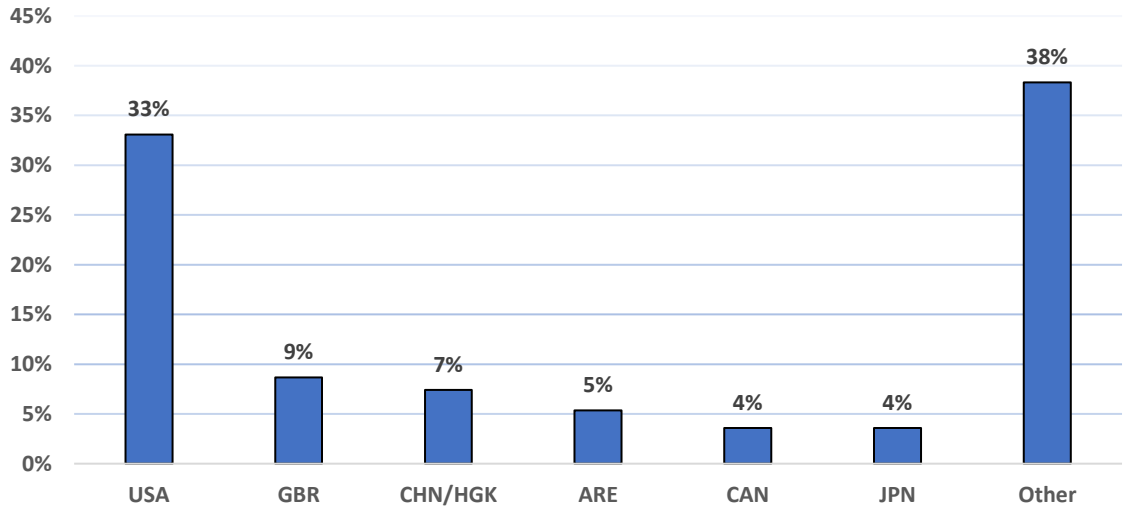
Source: Member States' notifications

1.6 Origin of ultimate investors in FDIs notified to the EU cooperation mechanism

Of the 677 cases notified in 2025, the six main jurisdictions of origin were the US, the UK, China (including Hong Kong), the United Arab Emirates (UAE), Canada and Japan. Compared to 2024, the share of FDIs from US investors notified to the EU cooperation mechanism significantly declined by 7 pps, from 40% in 2024 to 33% of all transactions in 2025 (Figure 7). The share of UK investors also declined from 11% in 2024 to 9% in 2025 as did the share of Chinese investors (including Hong Kong) from 9% in 2024 to 7% in 2025. The proportion of investors from UAE on the other hand, increased markedly from 3% in 2024 to 5% of the total transactions in 2025. Lastly, FDIs from investors from Canada and Japan increased their shares by 1 pps each from 3% in 2024 to 4% in 2025.

38%[32] of notified cases originated from jurisdictions other than the top six, compared to 2024 where this share was 30%. This shows a marked decrease in the concentration of investments from the top countries of origin. In 2025, the top six investors accounted for 62% of cases notified, against 70% in 2024.

Figure 7 – Countries of origin of ultimate investors in 2025 cases



Source: Member States' notifications.

1.7 Multi-jurisdiction notifications to the EU cooperation mechanism and their main sector

Of all cases notified in 2025, 27% of the notifications concerned transactions undergoing screening in two or more Member States (compared to 19% in 2024)[33] (Table 1). The main

[32] Countries/jurisdictions with a non-negligible share include Ukraine and India each with a share of 3%. FDI from Russia accounted for a share of 1% of total investments notified to the EU cooperation mechanism in 2025.

[33] 'Multi-jurisdiction FDI transactions' refers to FDI transactions where the target company is a corporate group with a presence in more than one Member State (and possibly also third countries), for example, by way of subsidiaries in more than one Member State. Such deals may be notified by more than one Member State if the transaction falls under the scope of their screening mechanism and they initiate formal screening.

sectors subject to these notifications were: (i) manufacturing with a share of 32% (26% in 2024); (ii) wholesale and retail with a share of 25% (14% in 2024); (iii) ICT with a share of 19% (20% in 2024); (iv) financial activities with a share of 10% (the same as in 2024); and (v) professional activities with a share of 5% (7% in 2024). Finally, other sectors, including administrative activities, energy and transport, accounted for 9% of the total number of multi-jurisdiction cases.

Table 1 – Main sectors of multi-jurisdiction FDIs

Manufacturing	32%
Wholesale and retail	25%
ICT	19%
Financial activities	10%
Professional activities	5%
Other sectors	9%

Source: Member States' notifications.

1.8 Non-notified cases

The FDI Screening Regulation allows Member States and the Commission to exchange information on FDIs not notified to the EU cooperation mechanism and in case security or public order risks are identified by the other Member States or the Commission, comments or an opinion may be provided. In 2025, the Commission made limited use of this procedure to enquire about transactions not undergoing screening.

Conclusions on the EU cooperation mechanism on FDI screening

- First and foremost, FDI screening continued to be an indispensable tool contributing to the Union's protection from FDIs raising security or public order risks.

- Second, the EU cooperation mechanism on FDI screening increased in importance. This is reflected in the number of notifications, which rose markedly by 40% from 477 notifications in 2024 to 667 notifications in 2025. This is even more important given that the number of countries notifying transactions remained the same (21 Member States). At the same time, 86% of all notifications originated from seven Member States: Austria, France, Germany, Italy, Ireland, Lithuania, and Spain. It is notable that by the end of 2025, all Member States had enacted an FDI screening law at national level, even ahead of the mandatory requirement under the revised FDI Screening Regulation. In 2025, Member States and the Commission also cooperated at technical level within the context of the FDI Expert Group.

- Third, against the backdrop of the Union's strong commitment to an open investment environment, FDI screening at EU level continues to operate as a limited and targeted

tool for exceptional cases where an FDI is likely to affect negatively security or public order in the Union. Of the 677 cases notified in 2025, the vast majority (88%) were closed in Phase 1 (i.e. within 15 calendar days following the notification by the screening Member States), with 12% undergoing a detailed security and public order risk assessment by the Commission. Compared to 2024, the share of Phase 2 cases increased by 50% signalling more transactions having relevance for security and public order. In 2025, as in 2024 and previous years, the Commission issued opinions in less than 2% of the cases.

- Fourth, the leading role of the manufacturing sector for Phase 2 cases has increased from 50% in 2024 to 53% of all Phase 2 cases in 2025. A closer look at the factors behind the need for the in-depth Phase 2 security and public order risk assessment reveals that the relevance of the target for 'critical technologies' was the factor triggering further assessment in 37% of the cases (49% in 2024). The notifications related to critical technologies subject to Phase 2 show that aerospace-related activities have gained significant importance, accounting for 28% of the total against 16% in 2024. Defence- and semiconductors-related technologies on the other hand, decreased their share from 37% and 21% in 2024 to 31% and 12% respectively.

- Lastly, most investors continued to originate from the same top two jurisdictions: the US and the UK accounted for 42% of all FDIs notified to the EU cooperation mechanism. Nonetheless, compared to 2024, the share of US investment in the total declined significantly by 7 pps, from 40% in 2024 to 33% in 2025. The proportion of UK investors also decreased from 11% in 2024 to 9% in 2025 as did the share of Chinese investors (including Hong Kong) from 9% in 2024 to 7% in 2025. The proportion of investors from UAE on the other hand increased markedly from 3% in 2024 to 5% in 2025. Lastly, FDIs from investors from Canada and Japan increased their shares by 1 pps each from 3% in 2024 to 4% in 2025.

2. Revision of the Foreign Direct Investment Screening Regulation

The adoption of the new Foreign Investment Screening Regulation (FISR)[34] represents a major milestone in the Union's economic security agenda. Following the adoption of the Commission proposal in January 2024, the European Parliament and the Council reached a political agreement in December 2025. The revised Regulation was formally signed by the European Parliament and the Council on 17 June 2026, entered into force on 26 July 2026 and will apply as of 17 January 2028 (after an 18 months transition period).

It will strengthen the Union's ability to address risks to security and public order arising from foreign investments. Building on the experience gained since the entry into force of the 2019 FDI Screening Regulation, the revised framework establishes a common minimum level of

[34] REGULATION (EU) 2026/1386 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 June 2026 on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452.

harmonisation across the Union. Its central objective is to close existing gaps in national screening systems, improve coordination among Member States and among Member States and Commission, and ensure that potentially sensitive investments are assessed consistently across the Single Market.

A key innovation is the requirement for all Member States to maintain an operational, ex ante national FDI screening mechanism. The Regulation also introduces a common minimum scope of transactions that must be subject to screening. This includes investments involving activities related to dual-use and military items, critical technologies such as semiconductors, quantum and artificial intelligence, critical infrastructure in the transport, energy and digital sectors, critical raw materials, certain systemically important financial market entities, and electoral infrastructure.

The revised framework extends screening requirements to certain intra-EU investments where the investor established in the Union is ultimately owned or controlled by a third-country person or entity. This addresses the risk of circumvention through complex ownership structures and enhances transparency regarding the ultimate source of foreign investments.

The Regulation further harmonises key procedural aspects of national screening systems. Common requirements include a two-phase review process, procedural safeguards for investors, powers to review non-notified transactions retroactively, and enhanced transparency obligations. National authorities will apply a harmonised 45-calendar-day deadline for initial screening, allowing most transactions, which are not sensitive, to be cleared rapidly while ensuring sufficient scrutiny of higher-risk cases.

Cooperation between Member States and the Commission is also significantly strengthened. The revised EU cooperation mechanism introduces more structured exchanges of information, coordination for multi-jurisdictional transactions, and a feedback mechanism through which Member States communicate the outcome of national screening procedures. The framework is further supported by an EU-level database containing information on investments notified under the EU cooperation mechanism and the outcomes of national reviews since October 2020. The Regulation also provides for the possible establishment of a common EU filing portal at the request of at least nine Member States.

The revised Regulation is expected to increase the effectiveness, consistency and credibility of the EU FDI screening framework. By improving information-sharing, enhancing transparency and addressing specific gaps in the existing framework, the revised framework makes an important contribution to safeguarding the Union’s security and public order while maintaining the EU’s openness to foreign investment.