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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

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

{COM(2024) 464 final}

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1. Foreign Direct Investments into the EU27 – 2023 overview

A) Main findings

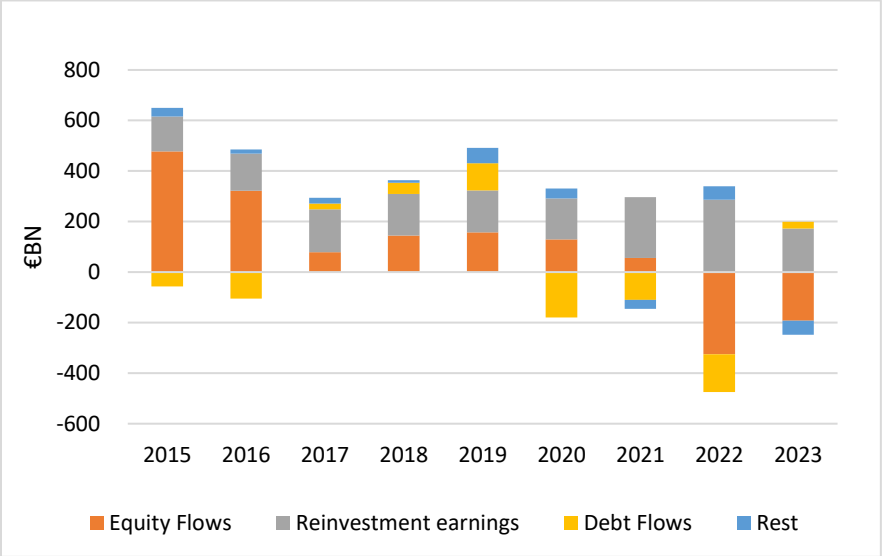
- Global Foreign Direct Investment (FDI) inflows totaled just over EUR 1 trillion in 2023, a decline of 15% compared to 2022. Inflows to the EU27 amounted to EUR -50 billion in 2023.
- A total of 3,800 new acquisitions of equity stakes and greenfield projects were recorded in the EU27 in 2023, a figure -25% lower than 2022 levels. A contraction in both M&As and minority investments (-13%), and greenfield investments (-33%) compared to 2022, accounted for the overall transaction decline.
- The US was the main foreign investor in the EU27 in 2023, grouping 30% of all acquisitions of equity stakes and 36% of all greenfield investments.
- Almost 60% of the investments in the EU27 targeted the information and communication technology (ICT), retail, and manufacturing sectors.
- The main destination of M&As into the EU27 in 2023 was Germany (with a 19% share, compared to 18% in 2022). In terms of Greenfields, the main destination was Spain with a 24% share in 2023 (compared to 18% in 2022).

B) Weak global FDI, slowdown in both acquisitions and new greenfield investments in the EU27

According to OECD data, net global FDI inflows experienced a year-on-year reduction in 2023, totalling just over EUR 1 trillion, down for second year in a row. Global inflows in 2023 declined by -15% compared to the values reached in 2022, and by -30% compared to 2021 values. The EU27 experienced an increase in 2023 FDI inflows compared to values observed in the previous year, however inflows remained negative also in 2023[1], with EUR -50 billion inward FDI recorded[2].

[1] Recall the drop in 2022 FDI inflows to the EU27 was due to sizeable disinvestments that took place in Luxembourg (see https://www.oecd.org/daf/inv/investment-policy/FDI-in-Figures-April-2023.pdf). In the same line, the drop observed in 2023 EU27 FDI inflows appears to be linked to further disinvestments recorded this time also in the Netherlands (https://www.oecd.org/investment/investment-policy/FDI-in-Figures-April-2024.pdf).
[2] See Figure 1 in the Annual Report 2024.

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



Source: OECD data, extracted on 07/05/2024. Data measures inward FDI flows. The details by instrument do 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[3] (**Figure 1**) suggests that in 2023, reinvestment of earnings accounted for most of the flows into the EU27, reaching EUR 172 billion, a figure below the record value of EUR 287 billion observed in 2022. This evidence points to the fact that high profits of multinational enterprises remain an important factor in explaining the contraction in FDI activity. However, the decline in FDI inflows in 2023 at the EU27 level was also driven by the level of intercompany equity flows[4], which accounted for EUR -192 billion.

As in 2022 with respect to 2021, investments by foreign companies[5] in the EU27 fell in 2023 compared to 2022. The number of foreign acquisitions of equity stakes and greenfield projects declined from just over 5,000 in 2022 in to 3,800 new transactions of both types, corresponding to a reduction of 25%[6]. The decrease is explained by a contraction both in M&As and minority investments[7], and in greenfield investments. Acquisitions of equity stakes experienced a 13%

[3] Financial flows consist of three main components: equity capital, reinvestment of earnings of foreign parents' affiliates, and intracompany debt.

[4] The negative levels of FDI equity flows arose mainly in the Netherlands, where some multinationals relocated their conduit activities to other countries in 2023 (https://www.oecd.org/investment/investment-policy/FDI-in-Figures-April-2024.pdf).

[5] 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.

[6] Figures based on data on acquisitions and greenfield projects extracted from Orbis M&A and CrossBorder Investment on March 11, 2024. See Annual Report 2023 for further details.

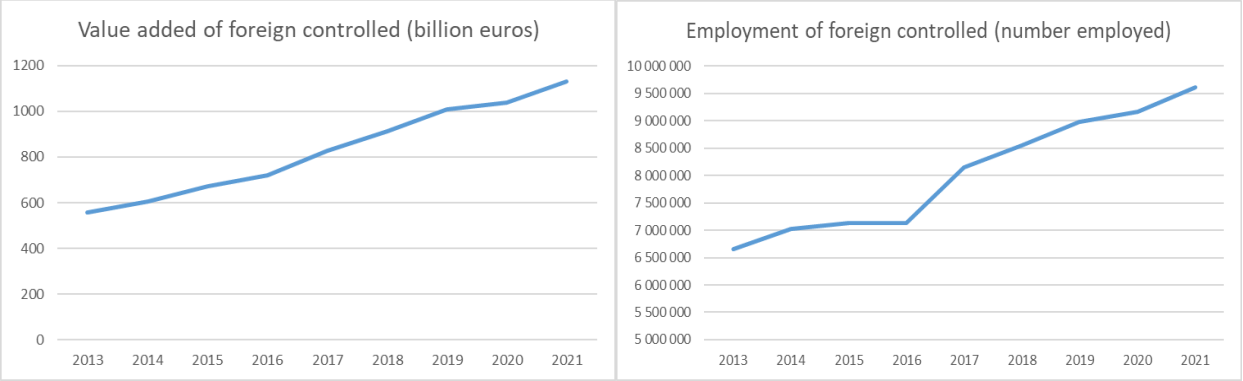
[7] We define minority investment as the acquisition of equity stakes for more than 10% (but less than 50%) of the capital of the target company.

decline in 2023 compared to 2022, while the number of greenfield investments accounted for a larger decline of 33% in the same time period. While restrictive monetary policies have brought inflation under control in 2023, they increased the cost of capital via increases in effective interest rates contributing to a reduction in foreign EU27 investments. The Russian war of aggression cumulated with other geopolitical tensions around the world, contributing to an increase in uncertainty and affecting adversely foreign investments. Furthermore, GDP growth was weakened in 2023, estimated at 0.5%, and expected to be below 1% in 2024 in the EU.[8]

Activity based evolution of EU inward FDI

The evolution of EU inward FDI based on value added and employment of foreign affiliates is presented in **Figure 2**. In the 2013-2021 period, value added produced by foreign controlled firms almost doubled from less than EUR 600 billion in 2013 to EUR 1,131 billion in 2021. The figure corresponds to almost 8% of the EU27 GDP in 2021 (EUR 15 trillion). The number of workers employed in foreign controlled companies grew by more than 44% between 2013 and 2021, increasing from 6.7 million in 2013 to 9.6 million in 2021.

Figure 2. Activity of foreign affiliates in the EU27



Source: Eurostat data, extracted on 25/03/2024. Data from Foreign controlled EU enterprises (FATS) statistics. A foreign controlled firm is a company located in the EU27 with an ultimate owner not in the EU. Caveats: Data up to 2020 are obtained summing foreign companies from outside the EU28 (including the UK) and foreign companies from the UK in the EU27. Some values for years 2018 to 2020 were not available and have been estimated.

C) Over half of foreign acquisitions and greenfield investments originated in US and UK

The US was the main foreign investor in the EU27 in 2023, accounting for 30% of all acquisitions of equity stakes and 36% of all greenfield investments (**Table 1**). Foreign acquisition by the US declined in 2023 by -20% compared to 2022, and by -22% compared to 2021. A similar year-on-year evolution is observed for the second most important EU foreign investor in 2023, the UK, which makes up for a further 25% of M&A, and 22% of greenfield investments. In this case, acquisitions contracted by -17% in 2023 compared to 2022. For the top-two foreign investors, the annual contraction in greenfield projects was much larger than the

[8] As explained, for example in the winter 2024 forecast of the EC: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/winter-2024-economic-forecast-delayed-rebound-growth-amid-faster-easing-inflation_en

contraction in M&A, with an annual decline in 2023 of -45% and -30% for greenfield projects originating in the US and the UK, respectively.

On the other hand, acquisitions of equity stakes originating in Offshore Financial Centres[9] (OFCs), the third most important jurisdictions in 2023 with a 7.9% share of total acquisitions, experienced a year-on-year increase in 2023 (+26%). More modest annual increases of foreign deal making originating in India (+6.1%) and in Japan (+5.1%) were also observed. For the case of greenfield investments in 2023, only projects originating in South Africa increased by 42% compared to 2022 (however they represent only 2.7% of the total).

China and Hong Kong accounted for a larger share of greenfield projects (6%) than of acquisitions of equity stakes (2.7%), with the latter experiencing a larger year-on-year decline (-9.1%) in 2023. Investments from Russia[10] remained low in 2023, and did not make it to the top-ten jurisdictions ranking[11].

Table 1. Number of foreign acquisitions and greenfield investments: share over total for 2023, and percentage change with respect to 2022 and 2021. Detail by jurisdiction of the ultimate investor (for top-ten jurisdictions in 2023)

Table 1a. Acquisitions of equity stakes

	Share (%)	Year-on-year (% change)	
	2023	*22/23*	*21/23*
US	30	-20	-22
UK	25	-17	-21
OFCs	7.9	26	-26
Switzerland	7.1	-19	-24
Canada	5.3	0.0	-26
Japan	4.4	5.1	55
Norway	3.3	-6.1	-30
China	2.7	-9.1	-11
India	1.9	6.1	133
Australia	1.5	-9.7	-20
RoW	12	-11	3.2

Table 1b. Greenfield investments

	Share (%)	Year-on-year (% change)	
	2023	*22/23*	*21/23*
US	36	-45	-36
UK	21	-29	-28
Switzerland	6.8	-21	-20
OFCs	6.1	-31	-21
China	6.0	-0.9	-23
Japan	4.2	-13	-20
South Africa	2.7	42	200
Norway	2.2	-39	-21
Canada	2.1	-24	-13
India	1.5	-18	-15
RoW	11	-29	-36

Source: JRC elaboration based on Bureau van Dijk data, extracted on 11/03/2024 for equity stakes (Orbis M&A dataset) and for greenfields (Orbis Crossborder Investment dataset). OFCs: Offshore Financial Centres. RoW: Rest of the World. China includes Hong Kong.

[9] The main offshores by number of transactions in 2023 are (in alphabetical order): Cayman Islands, Bermuda, British Virgins Islands, Liechtenstein and Monaco. For the full list of Offshore Financial Centres see: *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*.

[10] For more details, see section below entitled *"Russian shareholding in Europe"*.

[11] Only four investments in equity stakes in EU companies and one greenfield project originated in Russia in 2023 (down from 10 investments in equity stakes and 13 greenfield projects in 2022).

Investors, especially large conglomerates with multiple activities, often use subsidiaries registered in other countries (e.g., the group's financial branch) to conduct investments[12]. In 2023, foreign non-EU investors performed investments using their EU subsidiaries in 36% of transactions recorded this year, on average[13]. Looking at the geographical breakdown by the origin jurisdiction of the investor (**Figure 3a**), the use of EU subsidiaries ranges from 18% of acquisitions by investors originating in Canada to 65% by investors originating in OFCs[14]. A high share of acquisitions by investors originating in India and Switzerland (over 40%) also took place through EU subsidiaries. The use of EU subsidiaries ranges from 16% of greenfield investments by investors originating in the US to 64% by investors originating in China and Hong Kong (**Figure 3b**).

Figure 3. Location of the direct investor. Detail by origin of the controlling parent and type of investment in 2023 (acquisition of equity stakes and greenfield investments)

Figure 3a

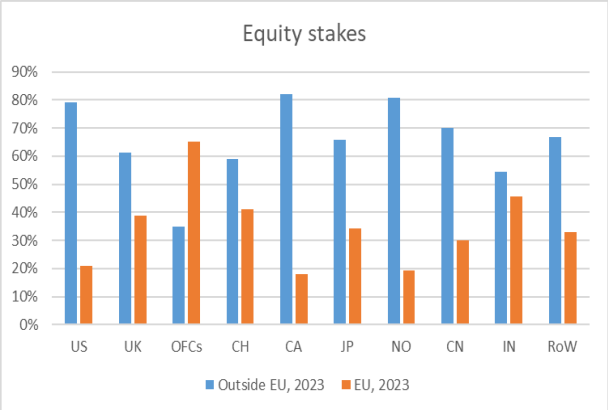
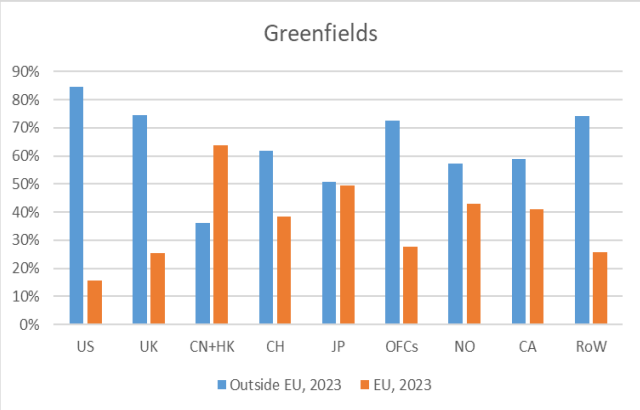


Figure 3b



Source: JRC elaboration based on Bureau van Dijk data, extracted on 11/03/2024 for equity stakes (Orbis M&A dataset) and 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.

D) Manufacturing and ICT concentrated foreign investment activity

Three sectors concentrated over half of total transactions in the EU: retail, manufacturing and information and communication technology (ICT). The top sector by foreign acquisitions of equity stakes (26%) in 2023 was manufacturing, with almost 500 acquisitions (**Table 2**). Manufacturing ranked second for greenfield projects (13%), accounting for 242 projects, after retail (33%). However, the year-on-year comparison of number of transactions indicates that Manufacturing experienced declines for both types of FDI (-6.8% for acquisitions of equity stakes, and by -10% for greenfield investments). In 2023, breaking down manufacturing greenfield projects reveals that it involved mainly openings (or expansions) of manufacturing

[12] These are fully operating companies, not special financial vehicles set in place for the purpose of a specific investment.

[13] When 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.

[14] In many instances these are funds with offices in the EU that acquire minority stakes in EU companies.

plants for different types of electronic components (7.9% share), pharmaceutical products (7.5% share), or medical instruments (5% share).

ICT accounted for 23% of all new foreign acquisitions, placing second, and 12% of greenfield investments in 2023, placing third (**Table 2**). A decline was observed in both acquisitions (-25%) and greenfield projects (-59%) in 2023 compared to 2022. A large share of ICT related foreign greenfield projects in 2023 (almost 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).

Investments in equity stakes grew in 2023 compared to 2022 only for two of the aggregate sectors, professional, scientific and technical activities (PST) (+12%), the third most important sector, and transport (+2.7%). For greenfield investments, a positive year-on-year performance was observed in the real estate (+47%) and construction (+14%) sectors (**Table 2**).

Table 2. Number of foreign acquisitions and greenfield investments: share over total for 2023, and percentage change with respect to 2022 and 2021. Detail by target sector (NACE Rev. 2)

Table 2a. Acquisitions of equity stakes

	Share (%)	Year-on-year (% change)	
	2023	*22/23*	*21/23*
Manufacturing	26	-6.8	-12
ICT	23	-25	-33
PST	12	12	14
Finance, insurance	8.5	-3.0	3.2
Retail	7.7	-8.2	-9.3
Electricity	4.2	-19	-19
Transport	4.0	2.7	43
Construction	2.5	-21	-40
Admin. Support	2.3	-29	-19
Accommodation	2.1	-7.0	-20
Real estate	1.8	-34	-54
Arts, entert.	1.8	-8.3	14
Mining	1.0	-5.0	-14
Health	1.0	-50	-62
Agriculture	0.8	33	-20
Water supply	0.8	-21	-6.3
Remaining sections	0.6	-25	-56

Table 2b. Greenfield investments

	Share (%)	Year-on-year (% change)	
	2023	*22/23*	*21/23*
Retail	33	-33	-23
Manufacturing	13	-10	-19
ICT	12	-59	-47
Finance, insurance	10	-31	-6.6
PST	10	-35	-18
Accommodation	8.4	-10	-34
Transport	6.8	-17	-48
Real estate	2.8	47	43
Electricity	1.2	-18	-8.0
Admin. Support	1.0	-76	-72
Water supply	0.5	-41	11
Education	0.5	-10	13
Construction	0.4	14	-43
Mining	0.3	400	67
Agriculture	0.2	N/A	33
Arts, entert.	0.2	-67	-91
Remaining sections	0.2	-64	-56

Source: JRC elaboration based on Bureau van Dijk data, extracted on 11/03/2024 for equity stakes (Orbis M&A dataset) and 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%. N/A indicates lack of sufficient data to perform the calculations displayed.

Table 3 provides additional information on the top investors presented in **Table 1**, specifically detailing the sectoral breakdown by investor origin. Just over 550 acquisition deals and almost 690 greenfield projects originated from the US. In 2023, US acquisitions mostly targeted manufacturing firms, with this sector grouping a 28% share of all US acquisitions into the EU (**Table 3a**) that year. However, the number of US acquisitions in manufacturing declined annually by 20%, compared to 2022. ICT grouped 15% of US greenfield projects into the EU in 2023 (the second largest share after retail), with the number of greenfield projects experiencing a -61% year-on-year decline (**Table 3b**). The UK was the second most important foreign investor in the EU in 2023 (**Table 1**), with 465 and 407 acquisitions of equity stakes and greenfield projects, respectively. In 2023, UK acquisitions of equity stakes mainly targeted ICT and manufacturing firms, with these two sectors grouping 24% and 19% of all UK acquisitions, respectively (**Table 3a**).

In terms of greenfields, retail accounted for 35% of the investments originating in the UK (**Table 3b**), followed in importance by projects targeting the professional and scientific (PST) and finance sectors (with 14% and 13% shares respectively). All these top three sectors that grouped UK greenfield projects into the EU experienced year-on-year declines in 2023 (by -33%, -31% and -7.3%, respectively).

Table 3. Foreign investments (number of deals and projects) by origin of the investor and target sector (for top investors and sectors)

Table 3a. Acquisitions of equity stakes

Origin		**NACE sector**						**Manufacturing – Detail**	
		Manufacturing	**ICT**	**PST**	**Finance**	**Retail**	**Others**	**High techn.**	**Low techn.**
US	2023 shares	28	26	15	7.7	6.3	17	58	42
	y/y	-20%	-35%	31%	-8.5%	-15%	-24%	-29%	-4.5%
UK	2023 shares	19	24	12	14	6.9	23	63	37
	y/y	1.1%	-18%	3.6%	12%	-35%	-38%	30%	-27%
OFCs	2023 shares	13	23	17	11	9.4	27	50	50
	y/y	33%	-19%	400%	-11%	40%	43%	43%	25%
Switzerland	2023 shares	31	23	9.7	3.0	10	23	46	54
	y/y	7.9%	15%	-32%	-56%	-42%	-37%	36%	-8.3%
Canada	2023 shares	25	29	5.0	4.0	8.0	29	24	76
	y/y	14%	-33%	-17%	0.0%	167%	32%	-50%	90%
Japan	2023 shares	32	17	9.8	1.2	11	29	69	31
	y/y	-19%	0.0%	0.0%	0.0%	80%	33%	-18%	-20%
RoW	2023 shares	35	15	6.8	6.8	8.5	27	53	47
	y/y	-2.1%	-29%	-29%	-3.6%	26%	-4.4%	-8.6%	6.3%

Table 3b. Greenfield investments

Origin		NACE sector						Manufacturing - Detail	
		Retail	**Manufacturing**	**ICT**	**Finance**	**PST**	**Others**	**High techn.**	**Low techn.**
US	2023 shares	30	10	15	9	10	26	54	46
	y/y	-46%	-27%	-61%	-52%	-47%	-31%	-38%	-8.6%
UK	2023 shares	35	7.9	7.4	13	14	23	38	63
	y/y	-33%	-5.9%	-63%	-7.3%	-31%	-15%	-37%	33%
Switzerland	2023 shares	43	16	10	7.8	11	13	70	30
	y/y	-24%	-9.1%	-48%	-23%	0.0%	0.0%	177%	-40%
OFCs	2023 shares	41	5.2	9.5	27	2.6	15	17	83
	y/y	-44%	-14%	-65%	82%	-25%	-29%	-80%	150%
China	2023 shares	27	22	2.6	5.2	19	24	96	4.0
	y/y	-23%	-19%	-77%	0.0%	29%	250%	-17%	-50%
Japan	2023 shares	11	33	22	15	5.1	14	62	39
	y/y	50%	-10%	-19%	-14%	-56%	-8.3%	-24%	25%
RoW	2023 shares	34	17	12	7.3	7.3	22	60	40
	y/y	0.0%	24%	-56%	-53%	-41%	-23%	15%	39%

Source: JRC elaboration based on Bureau van Dijk data, extracted on 11/03/2024 for equity stakes (Orbis M&A dataset) and for greenfields (Orbis Crossborder Investment dataset). A breakdown displaying the technological content of foreign investments in manufacturing, by high vs low technology, is also provided. 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. The 2023 shares for the NACE sector breakdown are computed as the proportion of transactions in each sector category over the total number of transactions originating in each jurisdiction (rows sum up to 100%). The 2023 shares for the High vs Low tech manufacturing breakdown are computed as the proportion of transactions in each category of manufacturing activity over the total number of transactions originating in each jurisdiction (rows sum up to 100%). *y/y* stands for year-on-year and is the percentage change of the number of transactions between 2023 and 2022.

Almost a quarter (23%) of acquisitions of equity stakes originating in OFCs in 2023 targeted EU27 firms operating in the ICT sector (**Table 3a**). While acquisitions by OFCs investors in this sector experienced a year-on-year decline (-19%), acquisitions in the professional and scientific activities sector (which grouped a 17% share) experienced a large increase of 400% in 2023 compared to 2022[15]. Greenfield investments originating in OFCs in 2023 targeted predominantly the retail sector (41% share), followed by investments in financial services (27% share) (**Table 3b**).-Greenfields with OFCs origin targeting the latter sector experienced a large increase (+82%) in 2023 compared to 2022.

Two sectors, retail and manufacturing, attracted almost half of Chinese greenfield projects into the EU27 in 2023 (**Table 3b**). Despite the importance of these sectors, both retail (-23%) and

[15] The large increase for professional and scientific activities was partly due to the fact that a Spanish company with global ultimate owner in the Cayman Islands completed several transactions in Spain to acquire small chains of veterinary clinics. Furthermore, the number of deals in 2022 was relatively low in this sector (only 5 transactions).

manufacturing (-19%) experienced year-on-year declines in the number of Chinese projects in 2023. On the other hand, the third largest sector category grouping Chinese greenfield investments into the EU, professional and scientific activities (19% share) experienced a year-on-year increase in the number of projects (+29%).

Given the heterogeneity of the activities of the manufacturing sector category, a further breakdown is also provided. Following the Eurostat definition, foreign transactions in the manufacturing sector were reclassified by technological intensity in two categories, high- and low-tech manufacturing[16]. Overall, in 2023 foreign M&A and greenfield projects in the manufacturing sector related to high tech manufacturing (with 55% and 59% shares, respectively).

In 2023, foreign M&A in high tech manufacturing originating in the main investor into the EU, the US, grouped 58% of the total number of deals from this jurisdiction related to manufacturing activities. A slightly smaller share (54%) of the total foreign greenfield investments in the manufacturing sector originating in the US corresponded to high tech manufacturing activities (**Table 3a and 3b**). US investments in high-tech manufacturing for both types of transactions experienced larger annual declines in 2023 (by -29% for acquisitions, and by -38% for greenfield projects), compared to US investments in low-tech manufacturing (by -4.5% for acquisitions, and by -8.6% for greenfield projects).

For the case of greenfield projects in the manufacturing sector, the overall annual declines observed in 2023 (regardless of the origin jurisdiction) mask some variation when these investments are split by type of manufacturing activity. Greenfield manufacturing projects originating in Switzerland increased (+17%) for high-tech manufacturing activities, while manufacturing projects originating in the UK (+33%), Japan (+25%) and the OFCs (+150%) increased for low-tech manufacturing activities.

E) Top recipients of EU foreign investments

The top Member State recipient of foreign acquisitions of equity stakes (with a 19% share) in 2023 was Germany, grouping almost 350 acquisitions (**Table 4a**). Spain followed closely in second place, with a 17% share, representing 323 acquisitions. These two Member States experienced in 2023 a reduction of roughly 9% each in the number of acquisitions received compared to 2022. France concentrated 13% of deal making activity in 2023, and received 0.4% more acquisitions in this year compared to 2022. The 2023 acquisition figures also represent a decline in numbers compared to 2021 acquisitions in all top-three Member States. The remaining Member States in the top-ten recipients ranking experienced a mixed year-on-year evolution in the number of acquisitions, with declines recorded in Italy (-29%), the Netherlands (-40%), Sweden (-9.9%) and Denmark (-23%); and improvements recorded in Ireland (+4.4%), Poland (+70%) and Finland (+33%).

[16] 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.

The same three Member States are the top-three recipients of foreign greenfield projects in 2023, albeit in a different order (**Table 4b**). Spain received the largest share (24%) of projects this year, totaling 455, while France (11% share) and Germany (11% share), grouped 217 and 208 projects, respectively. For the case of greenfield investments, all destination Member States recorded declines in the number of projects received in 2023, compared to both 2022 and also to 2021. The year-on-year declines between 2023 and 2022 ranged from -55% for the case of Sweden to -9.9% for Spain.

Table 4. Number of foreign acquisitions and greenfield investments: share over total for 2023 and percentage change with respect to 2022 and 2021. Detail by destination Member State (for top-ten destinations in 2023)

Table 4a. Acquisitions of equity stakes

	Share (%)	Year-on-year (% change)	
	2023	*22/23*	*21/23*
Germany	19	-8.9	-3.6
Spain	17	-9.3	-4.4
France	13	0.4	-5.2
Italy	7.9	-29	-27
Ireland	7.6	4.4	3.6
The Netherlands	6.1	-40	-51
Poland	4.5	70	6.3
Sweden	4.4	-9.9	-6.8
Denmark	4.0	-23	-12
Finland	3.2	33	-25
RoEU	14	-26	-37

Table 4b. Greenfield investments

	Share (%)	Year-on-year (% change)	
	2023	*22/23*	*21/23*
Spain	24	-9.9	-15
France	11	-29	-33
Germany	11	-48	-31
Poland	8.3	-40	-16
Ireland	7.3	-42	-25
Portugal	6.9	-13	-2.2
Italy	6.9	-23	-12
The Netherlands	5.8	-36	-44
Romania	3.0	-21	-32
Sweden	2.6	-55	-53
RoEU	13	-48	-47

Source: JRC elaboration based on Bureau van Dijk data, extracted on 11/03/2024 for equity stakes (Orbis M&A dataset) and for greenfields (Orbis Crossborder Investment dataset). RoEU: Rest of the EU27.

Overall, the largest share of foreign acquisitions of equity stakes originated in the US and in the UK in 2023. These two investors dominated acquisitions regardless of the destination Member States considered, ranging from concentrating a combined 78% of acquisitions destined to Ireland in 2023, to 49% in Spain (Table 5a). In 2023, the largest share of acquisitions targeting Germany (32%), Spain (28%) and France (41%) originated in the US, while acquisitions originating in the UK grouped the largest shares in Ireland (48%), Poland (31%), and Italy and Denmark (29% each). In 2023, acquisitions originating in the UK experienced generalized year-on-year declines in all destination Member States (with the exception of Poland, where they increased by 63%) (Table 5a). Acquisitions originating in the US also declined annually in most top target Member States, except in France (+24%), Poland (+18%) and Sweden (+35%).

Greenfield projects are even more concentrated in these two origin jurisdictions in the main destination Member States, with the largest combined share in 2023 observed also in Ireland (83%), and the lowest in Sweden (54%) (Table 5b). As in the case of acquisitions, the largest share of greenfield projects destined to Germany (53%), Spain (44%) and France (58%) originated in the US in 2023. The year-on-year change in number of greenfield projects indicates that the concentration of projects originating in the US in 2023 compared to 2022 appears to be increasing in most destination Member States (Table 5b). Besides a drop in Romania (-27%), projects by US investors only experienced small annual declines in the Netherlands (-6.7%) and Italy (-2.6%), while they increased in the rest of top 10 Member States.

Acquisitions of equity stakes from investors originating in the OFCs represented the third largest share in several destination Member States. For the case of Spain and France, acquisitions by investors in OFCs represented 16% and 5.1%, respectively, of the total number of acquisitions they received in 2023, also experiencing a significant year-on-year increase in both Member States. Grouping an 8.2% share, acquisitions by OFCs investors in Poland also increased significantly by 250% in 2023 compared to 2022 (**Table 5a**). For greenfield investments, projects originating in OFCs mainly ranged between 5.5% and 6% shares in Germany, Spain, the Netherlands, constituting the third most important origin jurisdiction of greenfield investments in these three Member States in 2023, albeit with a more mixed pattern of year-on-year evolution (**Table 5b**).

Chinese FDI into the EU27 predominantly took the form of greenfield investments in 2023 (**Table 5**). Chinese greenfield projects accounted for the third largest share of projects destined to Sweden (15%), Italy (6.6%) and France (3.8%) in 2023. With the exception of Sweden (+46%) and Ireland (+50%), Chinese greenfields experienced year-on-year declines in 2023 in all top destination Member States (**Table 5b**).

Table 5. Foreign investments (number of deals and projects) by MS destination and origin of the investor (top receiving MS and investors)

Table 5a. Acquisitions of equity stakes

Destination MS		Origin									
		US	UK	OFCs	CH	CA	JP	NO	CN	IN	RoW
Germany	2023 shares	32	20	4.6	14	4.9	4.0	2.6	5.2	4.3	8.6
	y/y	-19%	-1.4%	-27%	35%	55%	-30%	0.0%	-22%	36%	-32%
Spain	2023 shares	28	21	16	5.0	4.6	4.6	2.5	2.8	1.2	14
	y/y	-22%	-30%	225%	-27%	-40%	-6.3%	300%	-18%	300%	-9.8%
France	2023 shares	41	24	5.1	3.8	3.4	4.7	0.4	2.5	3.0	12
	y/y	24%	-21%	140%	-67%	-53%	83%	0.0%	0.0%	250%	32%
Italy	2023 shares	25	29	6.0	7.4	4.7	4.0	0.7	2.0	1.3	20
	y/y	-45%	-31%	-25%	-39%	40%	-50%	0.0%	-25%	0.0%	15%
Ireland	2023 shares	31	48	4.9	1.4	4.2	4.9	2.1	N/A	0.7	3.5

	y/y	-20%	33%	-22%	-33%	20%	40%	N/A	N/A	N/A	-44%
The Netherlands	2023 shares	32	22	8.7	2.6	9.6	5.2	N/A	3.5	3.5	13
	y/y	-45%	-39%	43%	-81%	-21%	0.0%	N/A	33%	33%	-53%
Poland	2023 shares	24	31	8.2	8.2	1.2	4.7	2.4	N/A	N/A	21
	y/y	18%	63%	250%	17%	0.0%	100%	100%	N/A	N/A	260%
Sweden	2023 shares	28	28	2.4	8.5	6.1	2.4	15	2.4	N/A	7.3
	y/y	35%	-36%	-50%	600%	25%	0.0%	-29%	100%	N/A	-25%
Denmark	2023 shares	25	29	9.2	2.6	3.9	1.3	21	1.3	N/A	6.6
	y/y	-39%	-19%	0.0%	-33%	-25%	0.0%	-5.9%	0.0%	N/A	-29%
RoEU	2023 shares	25	20	8.3	8.3	8.3	4.9	3.1	2.1	0.6	21
	y/y	-30%	-30%	-21%	-18%	93%	100%	-33%	17%	-83%	-13%
Total EU share	2023 shares	30	25	7.9	7.1	5.3	4.4	3.3	2.7	1.9	13

Table 5b. Greenfield investments

Destination MS		**Origin**									
		US	**UK**	**CH**	**OFCs**	**CN**	**JP**	**ZA**	**NO**	**CA**	**RoW**
Spain	2023 shares	35	20	6.2	9.2	2.6	4.8	4.4	2.0	2.0	13
	y/y	-24%	1.1%	-15%	-2.3%	-40%	120%	186%	-10%	125%	-20%
France	2023 shares	38	23	11	5.5	10	3.7	N/A	0.5	1.4	7.4
	y/y	-48%	-11%	44%	20%	83%	100%	N/A	-83%	-50%	-56%
Germany	2023 shares	36	15.9	8.2	4.8	8.7	4.8	2.9	3.4	2.4	14
	y/y	-62%	-49%	-19%	-57%	0.0%	-9.1%	N/A	-13%	-50%	-39%
Poland	2023 shares	32	32.3	1.3	1.9	5.1	2.5	11.4	1.3	1.9	11
	y/y	-46%	-35%	-83%	-40%	100%	-50%	0.0%	100%	-25%	-56%
Ireland	2023 shares	48	35	0.7	5.0	2.2	2.9	0.7	0.7	0.7	3.6
	y/y	-45%	-38%	-89%	40%	0.0%	-43%	N/A	0.0%	-67%	-55%
Portugal	2023 shares	37	15	9.1	2.3	6.1	6.1	0.8	N/A	0.8	23
	y/y	-13%	-26%	20%	-73%	0.0%	0.0%	N/A	N/A	-86%	50%
Italy	2023 shares	31	28	9.2	7.6	3.8	1.5	0.8	N/A	2.3	16
	y/y	-47%	-10%	140%	0.0%	-44%	-50%	-88%	N/A	50%	40%
The Netherlands	2023 shares	50	16	3.6	1.8	4.5	4.5	0.9	N/A	4.5	15
	y/y	-27%	-47%	-50%	-80%	0.0%	-44%	N/A	N/A	17%	-41%
Romania	2023 shares	32	18	12.3	5.3	3.5	3.5	1.8	1.8	1.8	21
	y/y	-36%	-23%	17%	-50%	0.0%	N/A	0.0%	0.0%	-67%	0.0%
Sweden	2023 shares	22	12	6.0	2.0	12	6.0	N/A	34	4.0	2.0

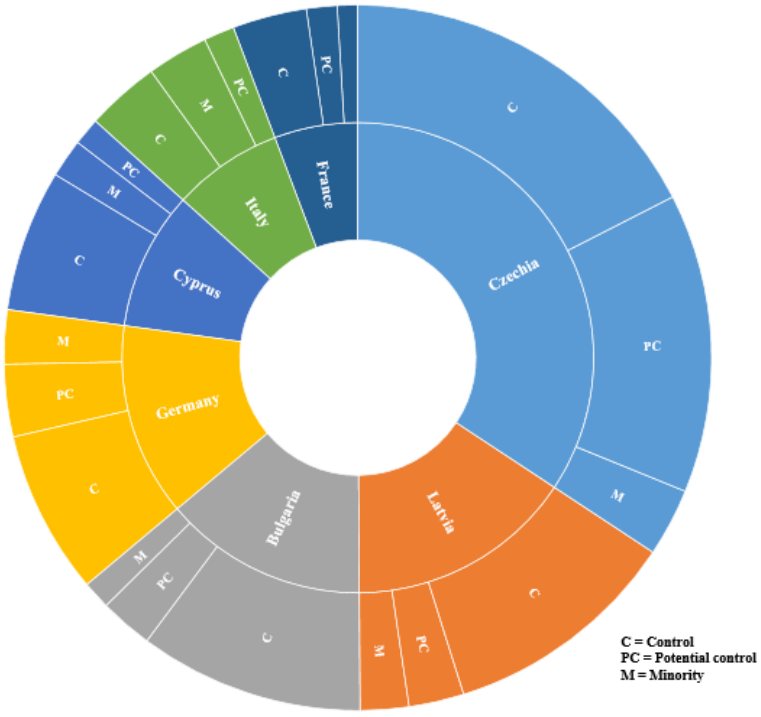
	y/y	-77%	-40%	-80%	-75%	-60%	200%	N/A	21%	N/A	-75%
RoEU	2023 shares	32	18	8.2	9.4	11	4.5	0.8	1.6	2.4	13
	y/y	-59%	-48%	-29%	-45%	30%	-62%	0.0%	-83%	0.0%	-30%
Total EU share	2023 shares	36	21	6.8	6.1	6.0	4.2	2.7	2.2	2.1	13

Source: JRC elaboration based on Bureau van Dijk data, extracted on 11/03/2024 for equity stakes (Orbis M&A dataset) and for greenfields (Orbis Crossborder Investment dataset). RoEU Rest of the EU27, RoW: Rest of the world. List of origin: CH = Switzerland, OFCs = Offshore Financial Centres, CA = Canada, JP = Japan, NO = Norway, CN = China and Hong Kong, IN = India, ZA = South Africa. The 2023 shares for the destination MS breakdown are computed as the number of transactions originating in each jurisdiction in a MS over the total number of transactions (rows sum up to 100%). *y/y* stands for year-on-year and is the percentage change of the number of transactions between 2023 and 2022. N/A indicates lack of sufficient data to perform the calculations displayed.

F) Russian public and private shareholding in the EU27

This box reports on Russian investments in EU firms as of 2022[17] (investment stake). *We detail both* ***controlling*** *and* ***non-controlling (influence)*** *stakes held by investors from Russia[18]. 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 Memeber State (top-seven)



Russian investors exert influence or control in almost 30,300 companies in the EU (0.1% of EU companies[19]). They control about 17,000 EU companies, have potentially controlling stakes in other roughly 7,000 companies and minority stakes in 4,100 companies. We observe an additional 2,200 companies with a reported non-controlling Russian shareholder, for which the amount of stake is not known. The breakdown for the top-seven Member States is reported in **Figure F.1**.

The **top-five EU Member States by number of Russian-controlled companies** are Czechia (with 23% of the total number of EU companies controlled by Russian investors; it was 28% in the previous report), Latvia (14%; it was 14% in the previous report), Bulgaria (14%, it was 8.3% in the previous report), Germany (10%; it was 12% in the previous report), and Cyprus (8.6%; it was 7.1% in the previous report). Czechia, Germany, and Latvia are the top-three countries by number of companies **with Russian influence** (with 29%, 11% and 10% respectively; 32%, 13% and 11% in the previous report), followed by Italy (7.6%; previously 7.7%) and Bulgaria (6.7%; previously 6%).

[17] It covers the stock of companies as of 2022 as it is based on balance sheet information, which is available only up to 2022. 2023 balance sheets are still incomplete at the time of drafting this document.

[18] Note that since 2022 the EU adopted a series of sanctions against Russia (see for example: https://www.consilium.europa.eu/en/policies/sanctions-against-russia/sanctions-against-russia-explained/#sanctions), which targeted energy, transport, technology and financial sectors, as well as imposing restrictive measures on selected individuals. This has significantly decreased Russian FDI activities into the EU.

[19] EU27 companies are approximately 32 million in 2022 (Eurostat enterprise demography).

Table F.1. EU27 companies controlled by the Russian government (top-ten locations, 2022 data)

Location	Number	Percent
Cyprus	114	31
Ireland	70	19
The Netherlands	30	8.2
Czechia	18	4.9
Bulgaria	13	3.6
Luxembourg	13	3.6
Austria	12	3.3
Finland	12	3.3
Germany	11	3.0
Malta	10	2.7

The sectors with the largest presence of Russian investors remain the same as in the previous report: retail (with 4,129 and 3,331 companies under control and influence, respectively), real estate (3,013 and 2,242), PST (1,642 and 1,192). Russia also controls 1,092 companies in finance and insurance and in 813 manufacturing firms.

In 59% of the EU companies under Russian control or influence, the ultimate owner is a natural person (it was 58% in the previous report), in 7.6% a company and in 1.2% a public authority/State (it was 8.9% and 1.4% previously). **The Russian government** controls companies mainly in Cyprus (31% over the total amount of firms controlled by the Russian government; up from 18% in the previous report), Ireland (19%, up from 14% in the previous report) and the Netherlands (8.2%, down from 11% previously) (see **Table F.1**). Almost 15% of these EU27 companies are banks or other financial institutions (up from 11% in the previous year).

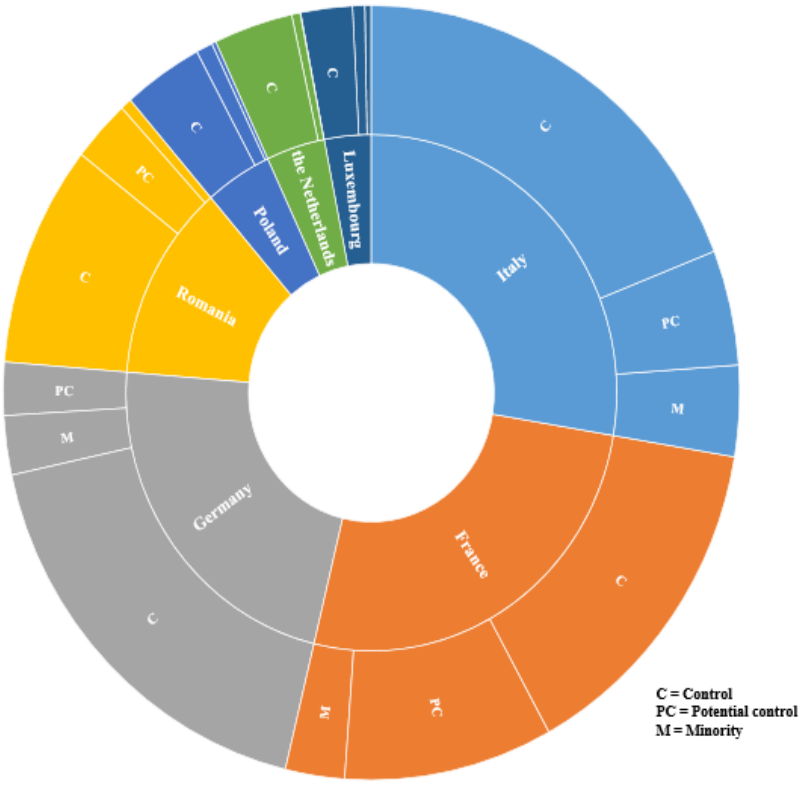
The Russian government directly controls 23 EU companies in the Oil & Gas sector and 32 in Electricity, this represents a non-negligible decline compared to 2021 from 38 and 36 respectively. Six of the controlled Oil & Gas firms are in the Netherlands. Minority stakes are found in five additional Oil & Gas companies across Eastern and North Europe. As for Electricity, five controlled companies are in Germany and four in Lithuania. Minority stakes are present in 32 additional firms, mainly in Latvia and Italy.

Source: JRC calculations based on historical ownership Bureau van Dijk data extracted in November 2023. (*) Potential control refers to direct shareholding only.

G) Chinese public and private shareholding in the EU27

This box reports on Chinese investments in EU firms as of 2022[20] (investment stock). *We detail both* ***controlling*** *and* ***non-controlling (influence)*** *stakes held by investors from China[21]. Companies with multiple Chinese 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 G.1. Number of EU27 companies under Chinese control or influence, by Member State (top-seven)



Chinese investors exert influence or control in almost 49,300 companies in the EU (0.2% of EU companies[22]). They control about 31,900 EU companies, have potentially controlling stakes in other roughly 9,000 companies and minority stakes in 4,700 companies. We observe an additional 3,700 companies with a reported non-controlling Chinese shareholder, for which the amount of stake is not known. The breakdown for the top-seven Member States is reported in **Figure G.1**.

The **top-five EU Member States by number of Chinese-controlled companies** are Italy (with 23% of the total number of EU companies controlled by Chinese investors), Germany (21%), France (17%), Romania (11%) and Poland (4.2%). France, Italy and Germany are also the top countries by number of companies **with Chinese influence** (29%, 20% and 12% respectively), followed by Romania (7%) and Luxembourg (2.7%).

The sectors with the largest presence of Chinese investors are: retail (with 12,624 and 5,111 companies under control and influence, respectively), accommodation (2,132 and 2,711) and manufacturing (2,841 and 1,054). China also controls 1,960 companies in finance and insurance and 1,953 in PST activities.

[20] See footnote 17.
[21] China includes investors from both China and Hong Kong.
[22] See footnote 18.

Table G.1. EU27 companies controlled by the Chinese government (top-ten locations, 2022 data)

Location	Number	Percent
France	425	19
Ireland	383	17
Germany	289	13
Luxembourg	214	9.6
The Netherlands	163	7.3
Spain	129	5.8
Demnark	77	3.5
Greece	74	3.3
Poland	68	3.1
Belgium	63	2.8

In 51% of the EU companies under Chinese control or influence, the ultimate owner is a natural person, in 18% a company and in 4.6% a public authority/State. **The Chinese government** controls companies mainly in France (19% over the total amount of firms controlled by the Chinese government), Ireland (17%) Germany (13%) (see **Table G.1**). About 7% of these EU27 companies are banks or other financial institutions.

The Chinese government does not directly control any EU company in the Oil & Gas sector, however it has minority stakes in six Oil & Gas companies mainly in Western Europe. **The Chinese government controls 336 EU companies in Electricity**. In this sector, 125 controlled companies are in Italy, 72 in Spain and 47 in Germany. It has minority stakes in additional 112 firms, mainly in Spain, France, Germany and Poland. **The Chinese government directly controls 84 EU companies in the Semiconductors sector**, and it has minority stakes in 34 companies in this sector, mainly in Western Europe. Out of the controlled companies, 55 companies are in Germany, 6 in the Netherlands and 5 in France.

Source: JRC calculations based on historical ownership Bureau van Dijk data extracted in November 2023. (*) Potential control refers to direct shareholding only.

H) Semiconductors

Improving the EU strategic autonomy, as a way to address risks arising from global dependencies in strategic sectors and build resilience to prevent or resist future shocks, has become a key priority for the Commission. For instance, the European Chips Act entered into force in 2023, signaling the importance of improving EU competitiveness in the semiconductors sector. In addition, since mid-2023 the Commission and the High Representative have also placed increased focus on the Joint Economic Security Strategy[23], aimed at reducing security risks across supply chains, critical infrastructure, and digital technologies. It is therefore important to monitor and understand foreign (i.e. extra-EU) investments in EU companies in this important industry. Foreign investors carried out 68 investments in EU semiconductors companies in 2023, a figure comparable to 2022

Figure H.1. Number of foreign transactions in semi-conductors producing firms: share over total (2023), by type of deal

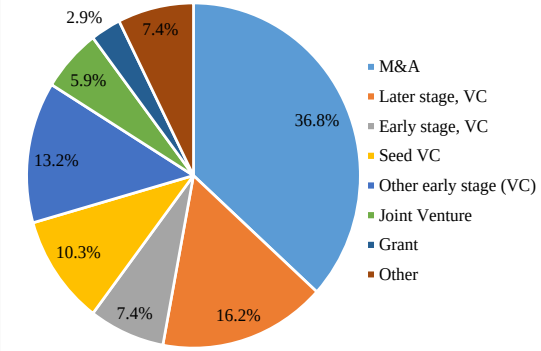
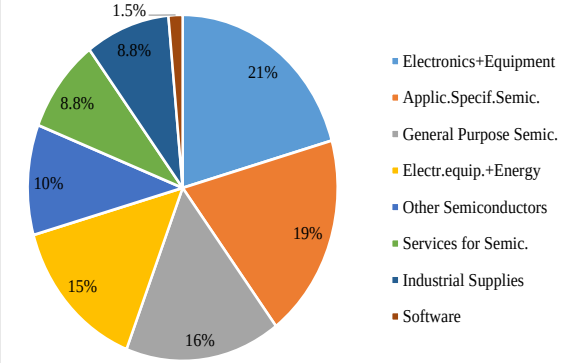


Figure H.2. Number of foreign transactions in semi-conductors producing firms: share over total (2023), by Pitchbook industry code



Source: JRC elaboration based on Pitchbook data extracted on 13/05/2024.

transaction numbers (albeit with a -1.4% decline)[24].

In 2023 foreign investments into the EU semiconductors sector predominantly took the form of Venture Capital (VC) (**Figure H.1**)[25]. A total of 32 VC investments took place in 2023 (experiencing a -14% decline compared to 2022 VC transaction numbers), representing a combined 47% share of total 2023 foreign transactions. The relative importance of different types of VC also experienced some changes in 2023 compared to 2022. In 2022, VC investments were quite evenly distributed between later stage VC financing, typically used to

[23] For example, see JOIN/2023/20.

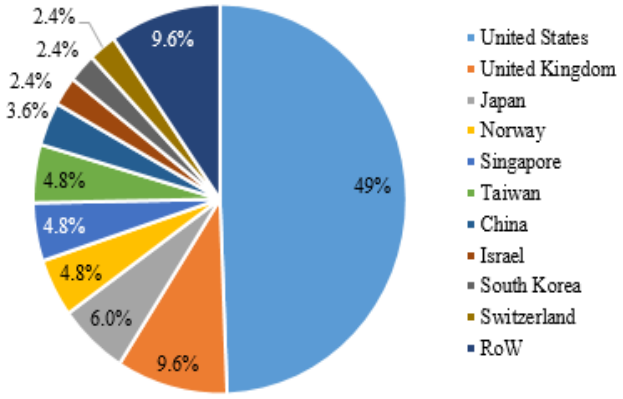
[24] Raw data on investments relating to semiconductor activities comes from the Pitchbook dataset. The companies are classified in the semiconductors sector if Pitchbook reports them as part of the semiconductors industry or if their description contains the keyword semiconductor. The data reported includes completed and announced foreign investment transactions targeting EU27 firms in the semiconductor industry in the period between January and December 2023. Figures include only foreign (non-EU27) investors, classified according to the headquarter location of the direct investor (except when the global ultimate owner (GUO) of the investor is found in the Orbis-BvD dataset, then the country of origin of the GUO is assigned, in around 46% of cases). The figures in this section report shares based on number of transactions.

[25] Venture Capital includes Early Stage VC, Seed investments, Later Stage VC and other early stage investments such as equity crowdfunding, accelerators, incubators and angel investors. The total share of these investments is 47%.

bring products to the market, and early stage VC financing[26]. The first type represented just below half (46%) of all VC deals in 2022, while the latter represented 54%. In 2023, the relative predominance of early stage VC financing became more marked (accounting for 66% of all VC deals this year). The second most important type of foreign transaction in the EU semiconductor sector were M&As, which represented 37% of the total amount of transactions. The number of M&As decreased compared to 2022 (-7%). Finally, joint ventures accounted for less than 6% of foreign transactions in EU semiconductors.

Looking at foreign transactions by primary industry code of the target company **(Figure H.2)**, 21% of deals belonged to the "Electronics and equipment" category in 2023[27]. Application specific semiconductors (19%) and general purpose semiconductors (16%) grouped the second and third largest share of foreign transactions (these include the manufacturing or development of semiconductors).

Figure H.3. Number of foreign transactions: share over total (2023), by foreign investor jurisdiction



Source: JRC elaboration based on Pitchbook data extracted on 13/05/2024. RoW: Rest of the World.

The US remained the main foreign investor in the EU semiconductors sector in 2023 in terms of number of transactions (**Figure H.3**), increasing importance compared to the previous year. The US grouped a 49% share of total investments in 2023 (up from the 33% share US investments represented in 2022). Investments from the UK ranked second with a 10% share (down from the 17% share observed in 2022). Investments originating in developed Asian countries (i.e. Japan, Singapore, Taiwan, and South Korea) accounted for 18% of transactions in 2023 (slightly up from a 17% share in 2022). Finally, only 3.6% of foreign investments in EU semiconductors originated in China in 2023 (a smaller share than the 5.2% grouped in 2022).

[26] This includes early stage VC, seed and other early stage investments such as equity crowdfunding and angel investors.
[27] A broad set of companies is included in this group, producing machinery and equipment for chips production.

2. Methodology and sources

Raw data on acquisitions of equity stakes and greenfield projects comes from Bureau van Dijk datasets (Orbis M&A and Orbis Crossborder, respectively). Data has been retrieved in March 2024 (11/03/2024 for both the Orbis M&A, and the 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[28]. 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.

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.

[28] See Article 2(2) of Regulation (EU) 2019/452 (the FDI Regulation).

Note that very small firms (and to some extent small companies) are poorly covered in the Bureau van Dijk Orbis database (see OECD, 2020[29] for additional insights).

Finally, the classification of companies working in high tech manufacturing can be found on Eurostat webpage. Under high-tech we included companies falling under Eurostat sections *high tech* and *medium-high tech* firms. All remaining companies accounted for under low-tech.

[29] See: https://www.oecd.org/economy/coverage-and-representativeness-of-orbis-data-c7bdaa03-en.htm

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 2023;
- Developments occurred in the field of FDI screening during the reporting period (01/01/2023 – 31/12/2023), 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 (2023): No.

REPORT: Yes. The Austrian government publishes an annual report in German. The latest version is not yet available but will be found on the following website: https://www.bmaw.gv.at/Themen/Investitionskontrolle/Taetigkeitsberichte-der-Investitionskontrollbehoerde.html

Belgium

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The Belgian FDI screening mechanism adopted on 30 November 2022 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.

Links:

- https://economie.fgov.be/nl/themas/handelsbeleid/interfederale
- https://dermagne.belgium.be/fr/filtrage-des-investissements-%C3%A9trangers

REPORT: Yes. The annual report covering the period between 1 July 2023 and 30 June 2024 should be made available in September 2024.

Bulgaria

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

A national screening mechanism was proposed in Parliament on 22 June 2023, adopted on 22 February 2024 and promulgated on 6 March 2024. The screening mechanism is introduced as a new chapter in the Investment Promotion Act. This mechanism establishes screening for investments over EUR 2 million in sensitive sectors (as per art. 4 of the Regulation) from non-EU high-risk countries. The screening body is the Intergovernmental Council under the authority of the Council of Ministers.

Link: https://www.parliament.bg/en/bills/ID/164917

REPORT: No.

Croatia

NATIONAL SCREENING MECHANISM IN PLACE: No.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

As of 31 December 2023, Croatia had not established a national FDI screening mechanism. However, on 30 October 2023, Croatia has formed a Working Party charged with drafting a legislative proposal.

REPORT: No.

Cyprus

NATIONAL SCREENING MECHANISM IN PLACE: No.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

As of 31 December 2023, 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. In 2023, certain provisions of the draft law have been finalised and legally vetted by the Law Service of the Republic. The revised draft law is currently under review by the House of Representatives.

REPORT: No.

Czechia

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): No.

REPORT: Yes. The Czech annual report for 2023 should be released during the Autumn 2024. The report will be accessible via this link: https://www.mpo.cz/en/foreign-trade/investment-screening/

Denmark

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The FDI screening mechanism was amended in June 2023 and the new provisions apply since 1 July 2023. The revision introduces a new case handling process with two distinct phases, and

expands the scope of the Act to enable the Danish Business Authority to screen tenders that specifically relate to the Energy Island project in the Baltic Sea.

Link: https://www.retsinformation.dk/eli/lta/2023/1256

REPORT: No.

Estonia

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The Foreign Investment Reliability Assessment Act adopted on 25 January 2023 entered into force on 1 September 2023 and was notified to the EU on 13 September. As of 1 September 2023, a company or a natural person from outside the European Union investing in an economic sector that is important for Estonia's security or public order will require an authorisation from the Consumer Protection and Technical Regulatory Authority. The authorisation can be granted after an assessment of the impact of the foreign investment on the security and public order of Estonia or another Member State of the EU.

The completion of a foreign investment subject to an authorisation obligation on the basis of the Foreign Investment Reliability Assessment Act is prohibited before the foreign investment authorisation is obtained. In assessing the impact of a foreign investment on the security and public order of Estonia or another Member State of the European Union, the Consumer Protection and Technical Regulatory Authority and the Foreign Investment Committee will consider the circumstances relating to the foreign investor, the economic activities and the relevant economic sector of the target.

Link: https://ttja.ee/en/business-client/entrepreneurship/foreign-direct-investment-screening

REPORT: No.

Finland

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): No.

REPORT: The Ministry of Economic Affairs and Employment has prepared the Annual Report of 2023 which will be publicly available in June or July 2024 on the Ministry's website: https://tem.fi/acquisitions (in Finnish, Swedish and English).

France

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

Entering into force in 2023, France has prolonged 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 disposition 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 publishes an annual report of its FDI screening activities, accessible via this link: https://www.tresor.economie.gouv.fr/Articles/institutionnel/services-aux-entreprises/investissements-etrangers-en-france

Germany

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

On 15 September 2023, Germany introduced fees for FDI screenings, calculated on the basis of the duration and degree of difficulty of each case (Special Fees Ordinance for War Weapons Control, export control and investment screening). In accordance with a transitional provision in the ordinance, fees for FDI screening have now been charged since 1 January 2024.

The online investment screening application form has been available on the Federal Government portal since 1 December 2023. After a transitional period, applications and notifications must now be submitted via the Federal Government Portal. Since 1 January 2024 the use of the online form is obligatory for applications and notifications.

REPORT: Germany publishes annual key facts and figures on investment screening, available in German and English:

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 (2023): Yes.

In 2023, the competent Departments of the Hellenic Ministry of Foreign Affairs have updated the draft legislation for the establishment of the national FDI screening mechanism on the grounds of public order and security, drawing from the experiences of other Member States and in light of the amendment to Regulation (EU) 2019/452.

The main amendments to the draft bill introduced during the reporting period were the following:

- Different thresholds triggering a screening procedure depending on the sector of the target company.
- Mandatory notification from the investor along with an ex-officio procedure.
- Adoption of a two-stage screening process.
- Creation of an advisory Interministerial FDI Screening Committee in support of the decision-making by the Minister of Foreign Affairs.

REPORT: No.

Hungary

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The Government Decree 129/2023 on the rules of asset sales for the purposes of continuity of Debtor's business operations in a state of emergency entered into force on 18 April 2023.

The liquidator may also sell the debtor's share in a business association established for the purpose of carrying out its economic activity in a public procedure pursuant to the Government Decree.

If the sale procedure is aimed at the sale of shares in a company established in Hungary carrying out the activities referred to in Section 2 (4) of Act LVII of 2018 on the Control of Foreign Investments Detrimental to the Security Interests of Hungary (hereinafter: Act LVII of 2018) which exceeds the amount specified in Section 2 (1) and (2) of Act LVII of 2018, the liquidator shall indicate this circumstance in the invitation to participate. The liquidator shall forward the relevant data of foreign investors who have submitted valid applications to the Minister responsible for the management of civilian national security services (hereinafter referred to as "the Minister").

In order to protect the security interests of Hungary, the Minister shall conduct a national security prequalification procedure (hereinafter referred to as the national security prequalification procedure). During the procedure, the rules under Act LVII of 2018 and Government Decree 246/2018 (XII.17.) shall be applied with the derogations set out in the decree.

Furthermore, the Minister shall inform the liquidator thereof if, as a result of the investigation, the participation of the foreign investor in the target harms the security interests of Hungary.

Link: https://njt.hu/jogszabaly/2023-129-20-22.7#CI

REPORT: No.

Ireland

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The Screening of Third Country Transactions Act was enacted on 31 October 2023 and will become operational during quarter 3 of 2024.

The Act defines the nature, scale and type of investments that will undergo screening. It also sets out the main considerations throughout the screening review process. Under the Act, the Minister for Enterprise, Trade and Employment is empowered to assess, investigate, authorise, condition, or prohibit foreign investments based on a range of security and public order criteria. This screening mechanism has been developed in line with the principles outlined in the EU FDI Screening Regulation and ensures Ireland can fulfil its obligations under the Regulation's cooperation mechanism.

Link: https://enterprise.gov.ie/en/legislation/screening-of-third-country-transactions-act-2023.html

REPORT: No. Once the mechanism will be in place, a report will be published annually.

Italy

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

Two amendments to the Decree-Law No. 21/2012 were adopted in 2023. Decree-Law 104 of 10 August 2023 - which was converted into Law 136 of 9 October 2023 - introduced "urgent provisions to protect users, regarding economic and financial activities and strategic investments", and changed the screening procedure concerning critical technologies. In detail, its Art. 7 amended Art. 2 of Decree-Law No. 21/2012.

Links: https://www.gazzettaufficiale.it/eli/id/2023/08/10/23G00119/sg,

https://www.gazzettaufficiale.it/eli/id/2023/10/09/23G00148/SG

REPORT: Yes. The report on national FDI screening activities will be transmitted by the Presidency of the Council of Ministers to the Parliament by 30 June 2024

Latvia

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

On 20 June 2023, Latvia adopted Regulation of the Cabinet of Ministers No. 311 "Procedure for prevention of threat to commercial companies, associations, and foundations of significance to national security". The regulation set up an institution responsible for the screening mechanism and further developed the screening procedures (information to be submitted in applications, notification to the European Commission and Member States etc.).

Link: https://likumi.lv/ta/id/343004-nacionalajai-drosibai-nozimigu-komercsabiedribu-biedribu-un-nodibinajumuapdraudejuma-noversanas-kartiba

REPORT: Yes. A report on national FDI screening activities is being prepared.

Lithuania

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): No.

REPORT: No.

Luxembourg

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The law of 14 July 2023 established a mechanism for the national screening of foreign direct investment likely to undermine security or public order for the purposes of implementing Regulation (EU) 2019/452. The screening mechanism created by this legislation entered into force on 1 September 2023.

Link: https://guichet.public.lu/fr/entreprises/actualites/2023/aout/28-filtrage-invests-etrangers.html

REPORT: No.

Malta

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): No.

REPORT: Malta intends to prepare a report covering the three-year period of implementation. This report would be made 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 (2023): Yes.

In 2023, the Netherlands established a new FDI screening mechanism. The Investments, Mergers and Acquisitions Security Screening Act (VIFO Act) adopted in 2022 was implemented in 2023 *via* several decisions:

- Implementation Act of the FDI Screening Regulation
- Regulation on the Screening of Investments, Mergers and Acquisitions
- Decree of 4 May 2023 determining the time of entry into force of the VIFO Act
- Decree on Screening of Investment
- Decree on the scope of application of sensitive technology
- Decree appointing regulators under the VIFO Act

The Netherlands also launched a process to implement the Regulation on Offshore Wind.

Link: https://www.bureautoetsinginvesteringen.nl/het-stelsel-van-toetsen/wet-veiligheidstoets-investeringen-fusies-en-overnames

REPORT: The Minister of Economic Affairs and Climate Policy is preparing an annual report for 2023, which will be made available in April 2024. The report covers the screening mechanism put in place by the VIFO Act, but also activities under various sectoral laws.

Poland

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The Regulation of the Council of Ministers of 27 December 2023 amended the list of entities subject to protection (addition of two new entities) and the corresponding authorities competent for their control.

Link: https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20230002812

REPORT: No.

Portugal

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): No.

REPORT: No.

Romania

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

In 2023, Romania adopted Law no. 164/2023 approving the Government Emergency Ordinance No. 46/2022 on the implementation of Regulation (EU) 2019/452 and amending the Competition Law No. 21/1996. Romania also adopted the Government Emergency Ordinance 108/2023 amending and completing Competition Law no. 21/1996, as well as other normative acts.

Those developments have led to the creation of a filing fee for all investors (non-EU and EU) of EUR 10,000, and introduced the screening of intra-EU investments.

Links:

- https://monitoruloficial.ro/Monitorul-Oficial--PI--495--2023.html,
- https://monitoruloficial.ro/Monitorul-Oficial--PI--1100--2023.html

REPORT: No.

Slovakia

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

On 1 March 2023 the new foreign investment screening mechanism entered into force and replaced the previous partial mechanism focusing on critical infrastructure in energy and industry sectors.

The new mechanism consists of the following normative acts:

- Act No. 497/2022 Coll. on the screening of foreign investments and on amendments to certain acts ("the Act");

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

The Act establishes the competences of the various authorities involved in the screening mechanism with the Ministry of Economy of the Slovak Republic as the national screening authority, and details the screening procedure (upon request for authorisation and ex officio proceeding). A special category of foreign investments – "critical foreign investments" – is identified by the legislation. Those investments must be screened before completion. The Act also establishes the rights and obligations of the investor and the target entity before, during and after the screening procedure. Inspection mechanisms have been introduced by the Act, allowing authorities to inspect compliance with obligations, review administrative offences and issue penalties.

The Act has been amended on 29 March 2023 by Act No. 95/2023 Coll. as follows:

- § 7 (1) d) with the change of the reference from § 65 to § 63,
- § 9 (a), § 16 (1) b) and c), § 58 (2) a), § 63 (5) with the deletion of the words "for safety and public order of the Slovak republic"

The amendment also introduced § 12 (4), which concerns domestic transfers and transitions of elements of critical infrastructure. This addition covers only domestic or intra-EU transfers and transitions and does not in any way affect or concern the screening of foreign investments or the EU cooperation mechanism.

Links:

1. The Act - https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2022/497/20230329.html https://www.mhsr.sk/uploads/files/fFIleULT.pdf?csrt=6556964531480844445 (ENG)
2. The Regulation of the Government of the Slovak Republic No. 61/2023 Coll. https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2023/61/20230301 https://www.mhsr.sk/uploads/files/FGMaN8KG.pdf?csrt=13639608170496409976 (ENG)
3. Decree of the Ministry of Economy of the Slovak Republic No. 64/2023 Coll. https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2023/64/20230301 https://www.mhsr.sk/uploads/files/lzjPdm1E.pdf?csrt=13639608170496409976 (ENG)

REPORT: Yes. The first report is expected to be published in June 2024 on the website of the Ministry of Economy of the Slovak Republic.

Slovenia

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The temporary screening mechanism established in 2020 by the Intervention Measures to Mitigate and Eliminate the Consequences of the COVID-19 Epidemic Act (ZIUOOPE) was replaced on 1 July 2023 by a new mechanism. This new permanent mechanism was included in the Investment Promotion Act via legislative amendments.

The new legislation further formalises the screening procedure, defines new penalties for cases of non-declaration of investment, provides new definitions of foreign director investors and third parties, modifies the scope of investments subject to an obligation of declaration, and defines new factor risks and critical areas.

Link: http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO7634

REPORT: No.

Spain

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

On 4 July 2023, Spain approved the Royal Decree 571/2023 on foreign investments developing Law 19/2003 on the legal framework for capital movement and foreign economic transactions, and repealing Royal Decree 664/99 on foreign investments. This new FDI screening mechanism entered into force on 1 September 2023.

The Decree has completed the existing legal framework by establishing a specific procedure, clarifying the content of the screening mechanism, shortening the resolution period from 6 to 3 months, establishing qualitative and quantitative exemptions to the prior authorisation regime, and regulating the possibility of voluntary consultation on the authorisation requirement in specific operations.

Furthermore, it amends the procedures on the existing FDI mechanisms on specific sectors.

Link: https://www.boe.es/buscar/act.php?id=BOE-A-2023-15549

REPORT: Yes. The report is being prepared by Spain and will be published on this website: https://comercio.gob.es/InversionesExteriores/Publicaciones/Paginas/default.aspx

Sweden

NATIONAL SCREENING MECHANISM IN PLACE: Yes.

DEVELOPMENTS DURING THE REPORTING PERIOD (2023): Yes.

The bill setting up a mechanism for the screening of FDI entered into force on 1 December 2023.

The new law covers investments in a number of protected activities and specific sectors, which are conducted either by a limited liability company, a European company, a partnership, an economic association or a foundation with a registered office in Sweden. Investments in protected activities carried out in a simple partnership or as a sole trader in Sweden are also covered.

A party who intends to invest in protected activities, whether directly or indirectly, must notify the Inspectorate of Strategic Products (ISP) of the investment if the investment gives the investor a certain influence in the activities. The investor's obligation to notify the ISP arises if, after the investment, the investor would, directly or indirectly, come to possess votes that correspond to or exceed any of the thresholds specified in the Act. For limited liability companies the threshold is 10 per cent of the voting rights. The ISP shall also be able to initiate screening on its own initiative, which means that investments in protected activities that are not subject to the notification obligation may also be screened. An investment subject to the notification obligation may only be carried out if no action has been taken in response to the notification of the investment or the investment has been authorised in the course of screening. If the ISP initiates screening on its own initiative, the investment may only be carried out if the investment is authorised as part of the screening.

The ISP shall prohibit a foreign direct investment if it is necessary to prevent harmful effects on Sweden's security or on public order or public safety in Sweden.

To ensure that foreign direct investments are not hindered to a greater extent than is necessary, the ISP shall also be able to attach conditions to the authorisation of an investment. If the risks associated with an individual foreign direct investment can be reduced to an acceptable level by attaching certain conditions to it, it is not necessary to prohibit the investment. The ISP also has the power to impose sanctions in case of violations of the law.

Link:

1. Press release: https://www.regeringen.se/pressmeddelanden/2023/11/nu-stoppas-utlandska-foretagskop-som-kan-skada-sverige/
2. Act (2023:560) on the Screening of Foreign Direct Investments, Translation of the Screening of Foreign Direct Investments Act - ISP
3. Ordinance (2023:624) on the Screening of Foreign Direct Investments, Translation of the Ordinance on Screening of Foreign Direct Investments - ISP

REPORT: No.