



EU foreign investment screening mechanism becomes fully operational

Brussels, 9 October 2020

The EU framework for screening of foreign direct investment (FDI) will become fully operational as of 11 October 2020. Over the last eighteen months following the adoption of the first EU investment screening regulation, the Commission and Member States have put in place an effective coordination framework. It will now become instrumental in preserving Europe's strategic interests while keeping the EU market open to investment.

Executive Vice-President Valdis **Dombrovskis** said: *"The EU is and will remain open to foreign investment. But this openness is not unconditional. To respond to today's economic challenges, safeguard key European assets and protect collective security, EU Member States and the Commission need to be working closely together. If we want to achieve an open strategic autonomy, having an efficient EU-wide investment screening cooperation is essential. We are now well equipped for that."*

The FDI screening regulation adopted in March 2019 established an EU-wide framework in which the European Commission and the Member States can coordinate their actions on foreign investments. Following the formal entry into force of the FDI Screening Regulation in April 2019, the Commission and Member States have worked on putting in place the necessary operational requirements for the full application of the Regulation starting 11 October 2020. This has included:

- the notification by EU Member States of their existing national investment screening mechanisms to the Commission
- the establishment of formal contact points and secure channels in each Member State and within the Commission for the exchange of information and analysis
- developing procedures for Member States and the Commission to quickly react to FDI concerns and to issue opinions
- updating the list of [projects and programmes of Union interest](#) annexed to the Regulation.

Following [recommendations](#) by the Commission in March 2020 guidance, Member States have also agreed to cooperate informally on FDI screening where a foreign investment could have an effect on the EU single market.

Several Member States are also in the course of reforming their screening mechanisms, or adopting new mechanisms.

Background

The EU is one of the world's most open investment destinations and the main destination for foreign direct investment in the world: FDI stocks held by third country investors in the EU amounted to €6,441 billion at the end of 2017, providing Europeans with 16 million direct jobs.

To protect EU strategic interest related to foreign investment, the EU regulation of March 2019:

- created a cooperation mechanism for Member States and the Commission to exchange information and if necessary raise concerns related to specific investments;
- allows the Commission to issue opinions when an investment poses a threat to the security or public order of more than one Member State, or when an investment could undermine a project or programme of interest to the whole EU, such as Horizon 2020 or Galileo;
- sets deadlines for cooperation between the Commission and Member States, and among Member States, observing non-discrimination and strong confidentiality requirements;
- establishes certain core requirements for Member States who maintain or adopt a screening mechanism at national level on the grounds of security or public order;
- encourages international cooperation on investment screening, including sharing of experience, best practices and information on issues of common concerns.

On 25 March 2020, the Commission issued [guidance to the Member States](#), calling inter alia upon all Member States to set up a fully-fledged screening mechanism, and ensuring a strong EU-wide approach to foreign investment screening at a time of public health crisis and related economic vulnerability.

For more information

[FDI Screening Regulation](#)

[FAQs](#)

[Factsheet](#)

[March 2020 Guidance](#)

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