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

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

{SWD(2025) 296 final}

INTRODUCTION

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

The report covers 2024 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 other sources 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.

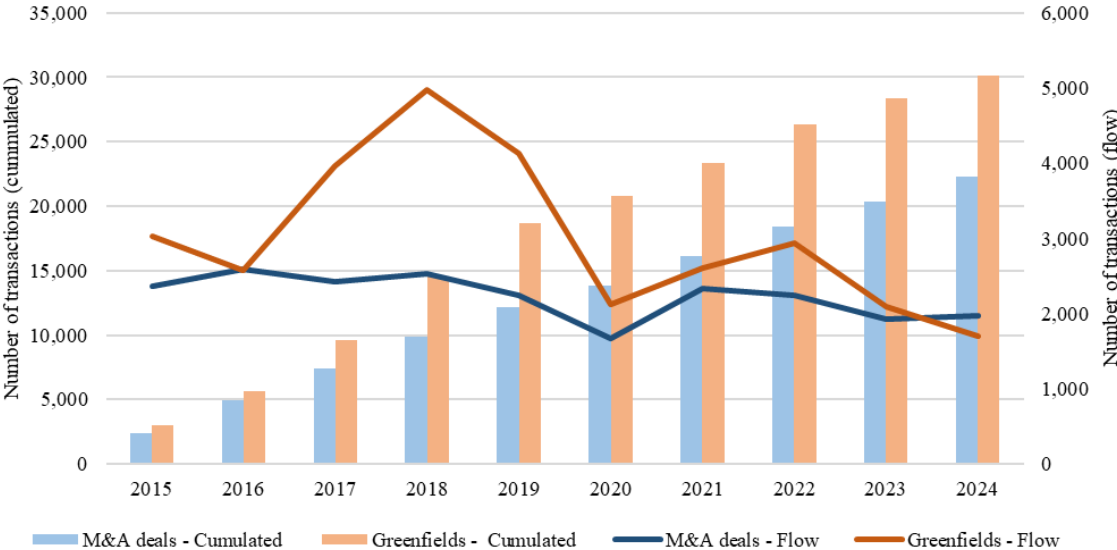
This annual report is an important tool for strategic trade and investment controls to ensure security in the EU.

CHAPTER 1 – FOREIGN DIRECT INVESTMENT INTO THE EUROPEAN UNION

1. Overall trends

The stock of FDI¹ increased by 7.5% between 2023 and 2024. More specifically, foreign mergers and acquisitions (M&A) and greenfields experienced annual cumulative increases of 10% (from 20 329 to 22 302) and 6.0% (from 28 405 to 30 108), respectively (Figure 1, columns). This increase is consistent with trends observed since 2015, with the stock of FDI into the EU27 continuously growing over this 10-year period by an average of almost 5 250 FDIs each year. Looking at this trend by FDI type, the EU27 received an average of 2 230 foreign M&A deals and 3 011 foreign greenfield investments each year between 2015 and 2024. These positive cumulative trends confirm the openness of EU Member States to foreign investments, highlighting their attractiveness to international investors.

Figure 1: 2015-2024 yearly FDI stocks and flows into the EU27 (number of deals and projects)



Source: JRC elaboration based on Bureau van Dijk data, extracted on 26 March 2025 from Orbis M&A and Orbis Crossborder Investment. Data for 2015 corresponds to the flows of FDI in 2015, while data represented in the bars in subsequent years correspond to the cumulated sum of yearly flows.

Total FDI inflows (Figure 1, lines) experienced a downward trend in the last two years, with declines of 23% from 2022 to 2023 and 8.4% from 2023 to 2024, respectively. However, looking at the number of FDIs, M&A and greenfield investments reacted differently. Specifically, the flow of foreign M&A deals, which had experienced a robust recovery in 2021, declined by 3.6% in 2022 and by 15% in 2023, before rebounding with a 2.7% increase in 2024. Greenfield

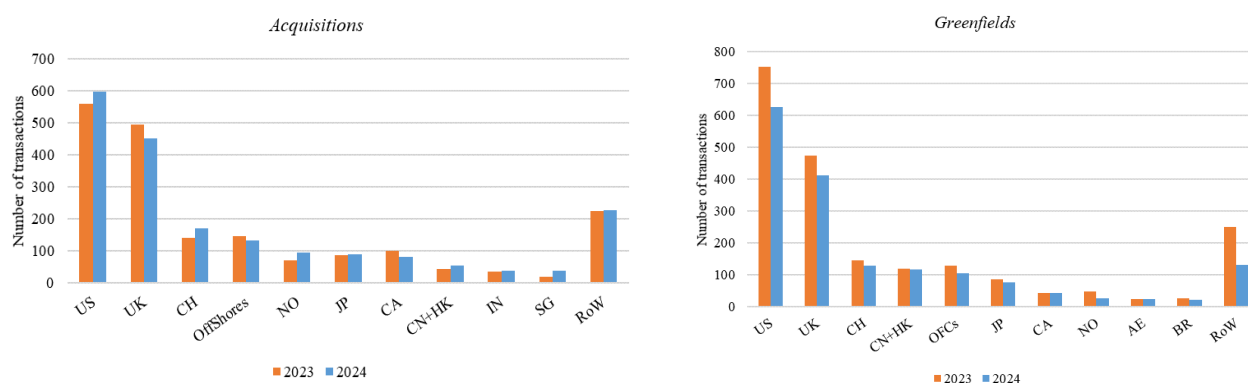
¹ Foreign direct investment transactions can be broken down into greenfields and M&As. International greenfield investments typically involve the creation of a new company or establishment of facilities abroad, while an international M&A amounts to transferring the ownership of existing assets relating 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.

investment flows, on the other hand, experienced a 23% increase in 2021 and a 13% increase in 2022. However, this positive trend was followed by two consecutive years of decline (29% in 2023 and 19% in 2024). The downward year-on-year trend of FDI flows observed in 2023 and partially in 2024 (for greenfields) could be attributed to persisting and ongoing uncertainties² affecting the EU economy and investors' risk perception.

2. Top countries of origin of foreign investors

A comparison between 2023 and 2024 foreign M&A deals by jurisdiction of origin (Figure 2, left chart) shows an overall increase in 2024 compared to 2023 for all top jurisdictions, except the UK, offshore financial centres (OFCs) and Canada. By contrast, the decline in the total number of greenfield investments observed in 2024 reflected a reduction in the number of projects from all jurisdictions, with the exception of Canada, where the number remained unchanged (Figure 2, right chart).

Figure 2: Number of acquisitions of equity stakes (left) and greenfield investments (right) into the EU by foreign jurisdiction (top 10 investors) in 2023 and 2024



Source: JRC elaboration based on Bureau van Dijk data, extracted on 26 March 2025 from Orbis M&A and Orbis Crossborder Investment. OFCs: Offshore financial centres³. RoW: Rest of the world.

The US was the top foreign investor in the EU in 2024, accounting for 30% of all acquisitions (597 deals) and 37% of greenfield investments (626 projects). While M&A deals originating in the US increased by 7% in 2024 compared to 2023, greenfield investments experienced a second consecutive yearly decline of 17% in 2024.

Investors from the UK accounted for 23% (451 deals) of all acquisitions in 2024 and 24% (412 transactions) of greenfield projects into the EU27, placing the UK second in the ranking of top

² Russia's war of aggression against Ukraine entered its fourth year in February 2025. Additional geopolitical tensions, such as the broadening and deepening of the Middle East conflict or the threat of escalating global trade tensions, were also sources of risk during 2024.

³ The main offshore financial centres by number of transactions in 2024 are (in alphabetical order):, Bermuda, the British Virgins Islands, the Cayman Islands, Liechtenstein and Monaco. For the full list of offshore financial centres, see, for example, 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.

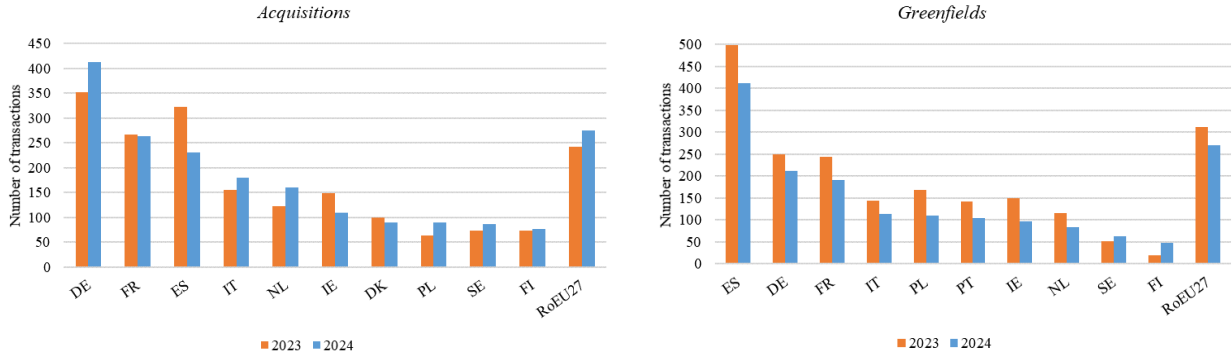
foreign jurisdictions. In this case, the number of both M&A deals and greenfield projects declined in 2024 compared to 2023, by 8.9% and 13%, respectively. The OFCs and Canada experienced a negative trend for M&A deals between 2023 and 2024, falling by 8.9% and 19%, respectively. The jurisdictions with the largest yearly increases in foreign M&A deals in 2024 were Singapore (85%), followed by Norway (34%). Finally, the number of M&A deals originating in China and Hong Kong increased by 23% year-on-year in 2024, after the yearly decline of 20% observed in 2023.

For greenfield investments, the number of FDIs from all top 10 origin jurisdictions, except Canada, decreased in 2024 compared to 2023, with annual declines ranging from 46% for Norway to 2.5% for China and Hong Kong.

3. Top EU destinations for foreign acquisitions

The number of foreign M&A deals into the EU was unevenly distributed across destination Member States (Figure 3, left chart). Most countries received more deals in 2024 than in 2023, except France, Spain, Ireland and Denmark, which received fewer deals. By contrast, the number of foreign greenfield investments into the EU (Figure 3, right chart) followed a different trend in 2024, with only two countries (Sweden and Finland) experiencing an increase compared to 2023.

Figure 3: Number of acquisitions of equity stakes (left) and greenfield investments (right) in 2023 and 2024 by destination Member State (top 10 EU27 recipients)



Source: JRC elaboration based on Bureau van Dijk data, extracted on 26 March 2025 from Orbis M&A and Orbis Crossborder Investment. RoEU27 stands for ‘rest of EU27’.

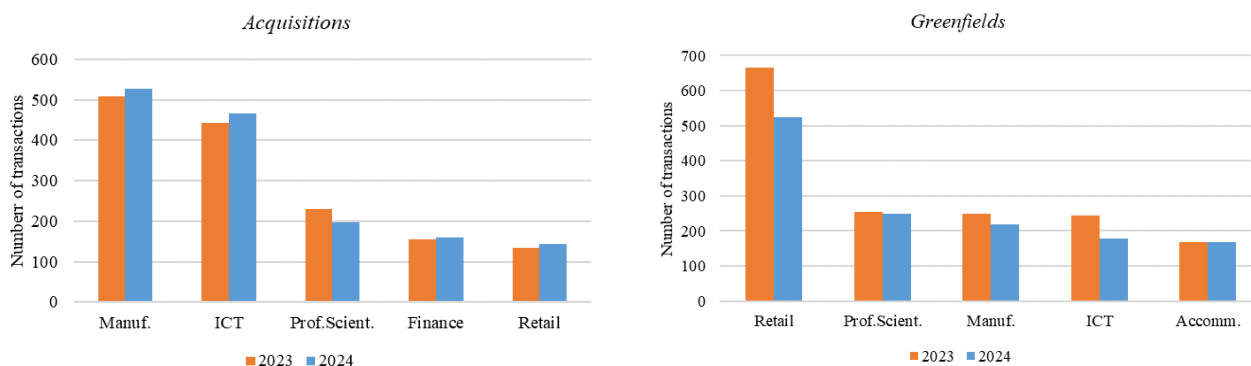
Germany and France were the main destinations for foreign M&A deals in 2024, accounting for 21% (412 deals) and 13% (264 deals) of the total amount of deals, respectively. However, their year-on-year trends in 2024 were different with an increase in the number of deals in Germany (17%) and a decrease in France (1.1%). Despite this slight decline, France overtook Spain as an FDI recipient and ranked second in 2024. Spain placed third in 2024 with a 12% share (230 deals). Besides France and Spain, two other Member States, Ireland (-26%) and Denmark (-9.1%), received fewer foreign M&A deals in 2024 than in 2023. Meanwhile, Poland recorded the strongest increase in M&A activity in 2024 (39%), followed by the Netherlands (30%).

The top two recipients of foreign greenfield investments in 2024 were Spain and Germany, which received 24% (412 transactions) and 12% (212 transactions) of all projects respectively. They were closely followed by France (11%, 191 transactions). The year-on-year decline in project numbers was particularly noticeable for Ireland (36%) and Poland (35%), while two Member States, Sweden (22%) and Finland (140%), experienced year-on-year growth in the number of foreign greenfield projects received.

4. Sector-specific information

Almost all of the top five sectoral categories⁴ experienced year-on-year increases in foreign M&A deals in 2024 compared to 2023, with the exception of deals in professional, scientific and technical (PST) activities (Figure 4, left chart). Conversely, the number of foreign greenfield deals only increased for one of the top five sector categories (accommodation) in 2024 (Figure 4, right chart).

Figure 4: Number of equity stakes (left) and greenfield investments (right) in 2023 and 2024 by NACE Rev. 2 sectors (top five categories)



Source: JRC elaboration based on Bureau van Dijk data, extracted on 26 March 2025 from Orbis M&A and Orbis Crossborder Investment. PST stands for ‘professional, scientific and technical’ activities (NACE Rev. 2, section M) and includes R&D facilities. ICT stands for ‘information and communication’ (NACE Rev. 2, section J). Manufacturing 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’). Accommodation corresponds to NACE Rev. 2 Section I (‘Accommodation and food service activities’).

In 2024, manufacturing remained the main sector for dealmaking, with 27% of foreign M&A (526 transactions). Information and communication (ICT) kept its second place with 24% (467 transactions). Both sectors saw an increase in deal activity, with manufacturing rising by 3.3% and ICT by 5.4% in 2024 compared to 2023. PST activities, where deals decreased by 14% with respect to 2023, ranked third with 10%, followed by finance (8.1%) and retail (7.3%).

For foreign greenfield investments, retail-related activities accounted for almost one third (31%) of projects in 2024 (523 transactions). PST was the second-largest sector in 2024 with a share of 15%. In 2024, manufacturing, with a share of 13%, became the third-largest sector for greenfield investments, while the ICT sector, with a share of 10%, placed fourth. Greenfield investments in

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

the ICT sector and retail experienced the largest year-on-year decline – the number of projects in 2024 fell by 27% and 21%, respectively. Accommodation was the only sector in the top five that experienced an increase in the number of projects (1.2%) in the same period.

5. Conclusions

The EU27 has seen a steady increase in FDI stocks between 2015 and 2024, receiving an annual average of 5 250 FDIs. However, recent years have seen a slowdown of FDI inflows, with annual declines in 2023 (23%) and 2024 (8.4%). The decrease in 2024 inflows was driven by a decline in foreign greenfield investments (19%) as M&As experienced a year-on-year recovery (2.7%).

In 2024, the US and the UK emerged as the top foreign investors. The US led the way with 30% of total M&As and 37% of greenfields, closely followed by the UK with 23% of M&As and 24% of greenfields. As for Member States receiving FDI, Germany was the preferred destination for M&As (21%), while Spain received the most greenfield investments (24%). Lastly, in terms of sectoral distribution, manufacturing (27%) was the top sector for M&A dealmaking, while retail (31%) led greenfield investment activities.

The annual decline in greenfield projects in 2024 affected almost all jurisdictions of origin, destination Member States and sectors. The overall moderate annual improvement in M&A investments observed in 2024 appears to be more unevenly spread across jurisdictions of origin, destinations and sectors.

CHAPTER 2 – LEGISLATIVE DEVELOPMENTS IN MEMBER STATES IN 2024

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

Throughout 2024, the European Commission continued to encourage all Member States to adopt and implement national FDI screening mechanisms to ensure 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 encouraged the alignment of national FDI screening mechanisms and screening practices. It helped Member States with technical and policy guidance, meetings and information exchanges, particularly on best practices. However, there are still noticeable differences between national screening mechanisms, especially: (i) for what constitutes a formal screening of an FDI (which triggers the notification of an FDI to the cooperation mechanism); (ii) the timelines of the national screening procedure; (iii) the sectoral coverage of national screening mechanisms; and (iv) notification requirements by the transaction parties to the national authorities. Addressing these differences was one of the reasons behind the Commission's legislative proposal in January 2024 for the revision of the cooperation mechanism, which is currently being finalised by the Council and the European Parliament.

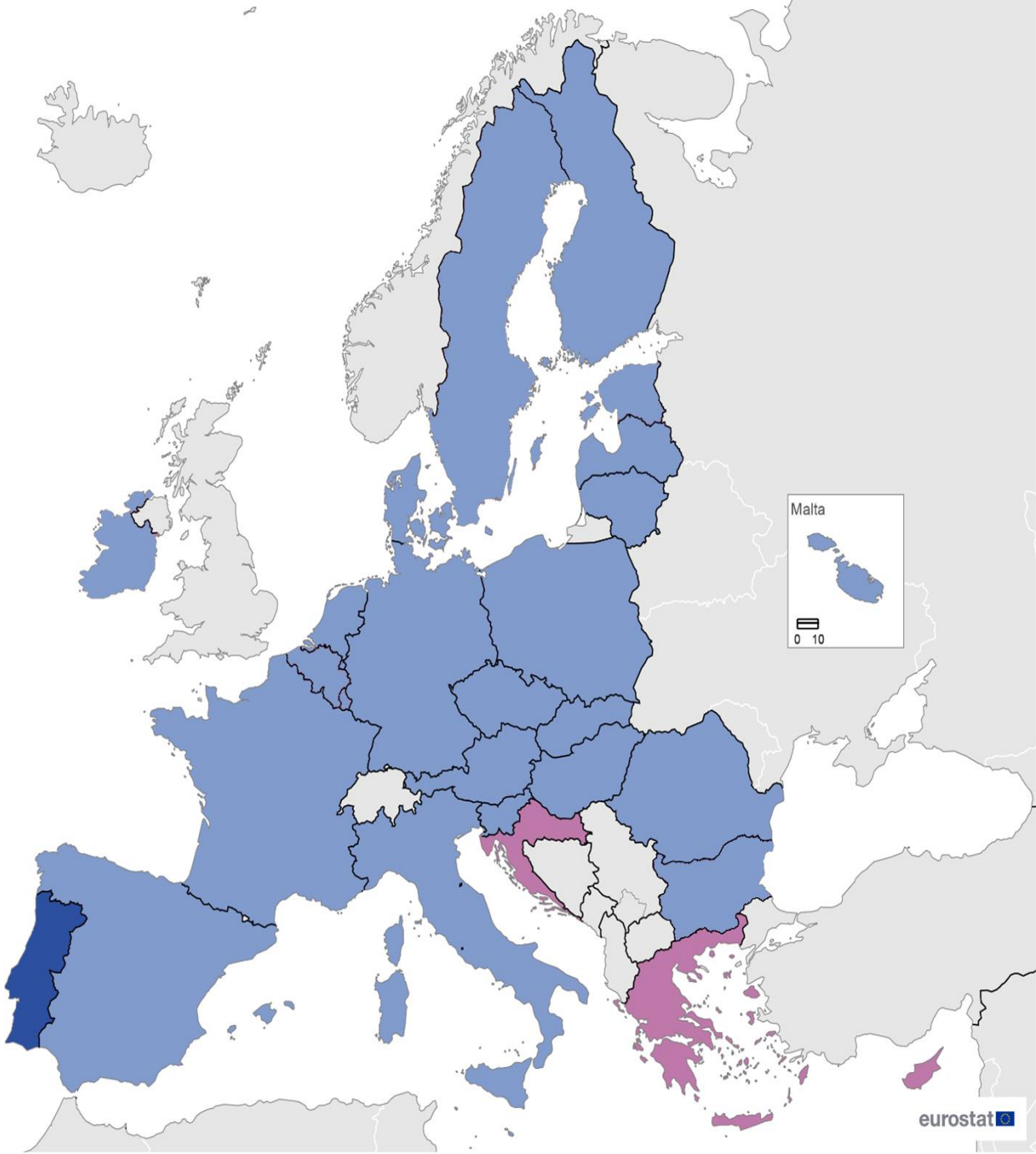
2. Overview of Member States' FDI screening mechanisms and legislative developments

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

In 2024, three Member States engaged in activities with the aim of adopting a screening mechanism, two Member States saw their recently adopted FDI screening mechanisms become operational, and 10 Member States introduced amendments to their existing screening legislation.

By the end of 2024, 24 EU Member States had FDI screening legislation in place.

The map below gives an overview of the legislative situation in EU Member States in 2024.



- Adoption of screening mechanism ongoing
- Screening mechanism adopted/updated since 2017
- Screening mechanism adopted before 2017

The table below gives an overview of the legislative situation and developments in all Member States as of 31 December 2024⁵.

| | |
|--|--|
| National FDI screening mechanism in place (no legislative changes) | Austria, Belgium, Estonia, Finland, Germany, Italy, Latvia, Luxembourg, Malta, Portugal, Slovenia, Spain |
| Amended an existing mechanism | Czechia, Denmark, France, Hungary, Lithuania, Netherlands, Poland, Romania, Sweden, Slovakia |
| Entry into force of a new national FDI screening mechanism | Bulgaria, Ireland |
| Ongoing consultative or legislative process expected to result in the adoption of a new mechanism | Croatia, Cyprus, Greece |

Entry into force of new FDI screening mechanisms

In Bulgaria, the national screening mechanism proposed in Parliament in 2023 was adopted on 22 February 2024, promulgated on 8 March 2024 and will become operational at some point when the necessary implementing regulations have been adopted⁶. In Ireland, the Screening of Third Country Transactions Act, enacted in October 2023, became operational on 6 January 2025.

Ongoing consultative or legislative processes expected to result in the adoption of a new mechanism

As of 31 December 2024, Cyprus had not established a national FDI screening mechanism. A draft law was submitted to the House of Representatives in March 2024. Following several amendments, the draft law was resubmitted to the Law Office of the Republic of Cyprus for legal vetting in early 2025. The text will at some point be presented again to the House of Representatives for adoption.

In Croatia, a working party was formed in October 2023 to draft a legislative proposal to establish an FDI screening mechanism. As of 31 December 2024, the drafting process was still ongoing.

⁵ For more details, please see the accompanying Commission staff working document.

⁶ As of 16 June 2025, the relevant implementing regulations for the Bulgarian screening mechanism have not yet been adopted.

In Greece, the Ministry of Foreign Affairs completed drafting legislation for the establishment of a national screening mechanism.

Updates to existing FDI screening mechanisms

In Czechia, preparatory work to amend both the general FDI screening mechanism (Act No 34/2021) and the sectoral screening mechanism under the Energy Act (Act No 458/2000) was launched. Amendments to the general FDI screening mechanism aim to link investment screening and foreign subsidies investigation and introducing new rules for communication with certain foreign investors.

Denmark amended its FDI screening mechanism through Law nr. 674 of 11 June 2024, which introduced the possibility of earlier screening of special financial agreements relating to offshore wind tenders or other major public energy projects. This new provision entered into force on 1 July 2024.

In France, the revised list of R&D activities in critical technologies covered by the investment screening mechanism entered into force in 2024, following the adoption of an administrative act on 28 December 2023. The revised list now includes photonics and a new description of clean energy.

In Hungary, two sets of amendments to the FDI screening legislation allowed to transpose into national law certain provisions of Directive (EU) 2022/2555 on cybersecurity and Directive (EU) 2022/2557 on the resilience of critical entities.

Lithuania updated two lists relevant for FDI screening activities: (i) the list of equipment and assets important for national security in July and October 2024; and (ii) the list of economic activities considered strategically important for national security on 13 November 2024. The scope of subsectors was expanded to cryptocurrencies and asset-referenced tokens.

The Netherlands adopted an Implementation Regulation on offshore wind on 1 January 2024. The Regulation allows for screening participants in tenders for offshore wind farms and the transfer of control before a wind farm becomes operational.

In Poland, the Regulation of the Council of Ministers of 18 December 2024 amended the list of protected entities (companies either holding assets in critical infrastructure or active in strategic sectors) and the corresponding authorities overseeing them.

In Romania, the adoption of Emergency Ordinance No 152/2024 clarified the notion of ‘European Union investor’ and introduced new provisions on legal deadlines. Additionally, the Secretariat of the FDI Commission was placed under the direct subordination of the President of the FDI Commission, instead of the President of the Competition Authority.

Sweden expanded the list of ‘essential services’ covered by the FDI Screening Act (2023:560) to new activities on 1 October 2024. The most significant amendment is that a number of

protection-worthy activities have been added concerning vital societal functions in the field of information and communication.

In Slovakia, the adoption of Act No 367/2024 on critical infrastructure and on amendments and additions to certain acts led to a limited amendment concerning access to information on FDI screening activities.

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 website⁷.

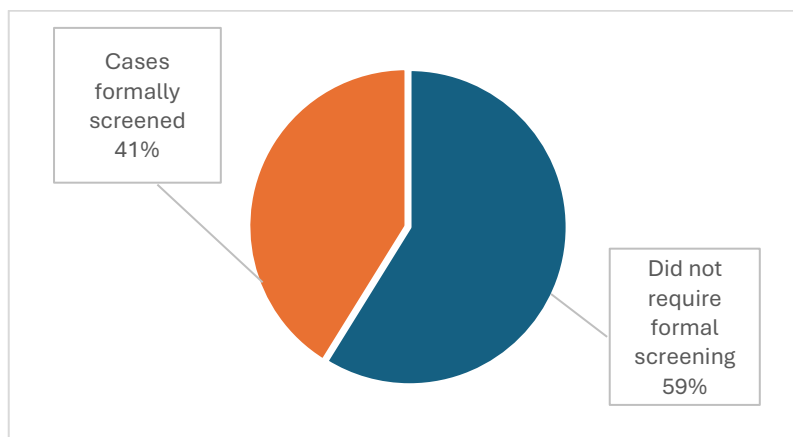
⁷ The list of screening mechanisms notified by Member States (dated 8 January 2025): <https://circabc.europa.eu/rest/download/7e72cdb4-65d4-4eb1-910b-bed119c45d47>.

CHAPTER 3 - MEMBER STATES' FDI SCREENING ACTIVITIES

The FDI Screening Regulation establishes a framework for EU Member States to review FDI in their territory on grounds of security and public order and to take measures to address specific risks. The decision on whether to screen a particular FDI remains the sole responsibility of the Member State where the investment takes place. The Regulation has also created a cooperation mechanism between the Commission and the screening authorities of Member States for assessing the risks of individual FDI transactions. This mechanism makes it possible to exchange information and enables both the Commission and other Member States to flag possible security or public order risks associated with an FDI to other Member States or to EU-level programmes or projects. This allows for assessing and mitigating these risks. While the cooperation mechanism assists the Member State where the investment takes place in assessing and mitigating security or public order risks, that Member State decides which investments to screen, approve, condition, or block.

This chapter provides aggregated information on national screening activities carried out in 2024 based on Member States' annual reports to the Commission under Article 5 of the Regulation. All in all, Member States with national screening mechanisms in place handled a total of 3 136 requests for authorisation and cases that were initiated by the authorities themselves (*ex officio* cases)⁸, up from 1 808 in 2023 and 1 444 in 2022. 41% of these were formally screened, and about 59% were deemed ineligible or did not require formal screening (Figure 5)⁹.

Figure 5 – Member States' FDI screening activities



Source: Member States' reporting.

⁸ Member States have different 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 case reporting. 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 numbers reported in this chapter aim to depict the average behaviour of Member States' screening activities for the reporting year and it is based on the data reported by Member States.

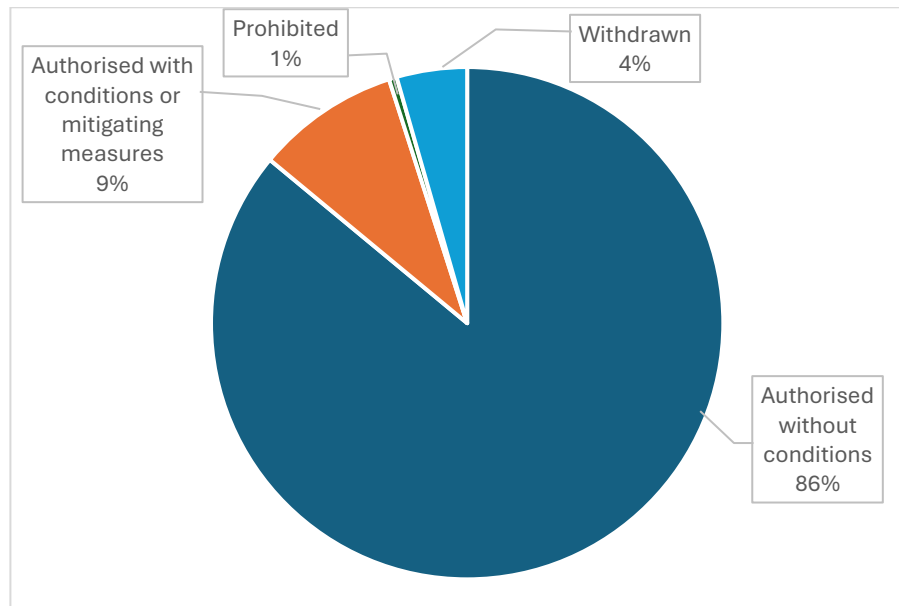
⁹ Note that the reported data is strongly influenced by Sweden reporting a very high number of cases in its first full year of operation of its FDI screening mechanism, surpassing by far the annual number of cases reported by any other Member State. If Sweden were excluded from the calculation, the share of cases formally screened would be 67% and the share of cases that did not require formal screening would be 33%.

Out of the FDI formally screened in 2024 and for which Member States have reported a decision, the overwhelming majority (86%) was authorised without conditions (Figure 6). This means that the 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 FDI without conditions (this figure was 85% in 2023).

In parallel, 9% of decisions involved an approval with conditions or mitigating measures, which is slightly lower than the 10% in 2023. 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, 4% of the filings were withdrawn by the parties before a formal decision was taken.

Figure 6 – Notified decisions on FDI cases



Source: Member States' reporting to the Commission.

Conclusions on Member States' screening activities

- The proportion of formally screened FDI stood at 41% 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 FDI were authorised without any conditions (86%), which is slightly higher than in 2023 (85%). 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, the share of cases where mitigating measures were imposed (9%) is slightly lower than in 2023 (10%).
- The share of FDI blocked by Member States remained at about 1%, 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 FDI that pose very serious threats to security or public order.

CHAPTER 4 – EU COOPERATION MECHANISM ON FDI SCREENING

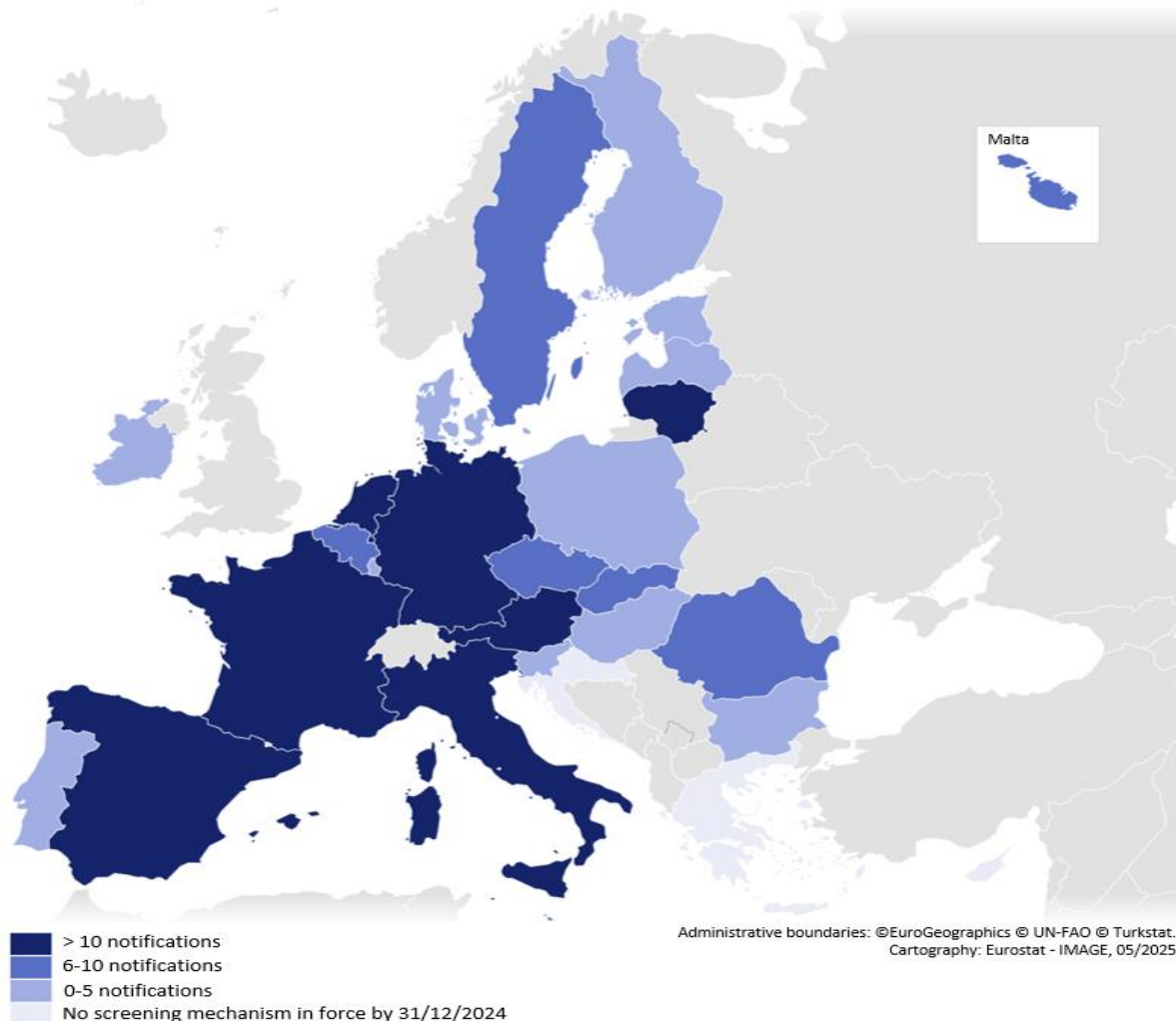
1. Notifications under the FDI Screening Regulation

1.1 Overview of activity in 2024

In 2024, 21 Member States submitted a total of 477 notifications under Article 6 of the FDI Screening Regulation compared to 488 notifications submitted by 18 Member States in 2023¹⁰. Four Member States (Spain, Austria, Italy, France) were responsible for 76% of the notifications and seven Member States (Spain, Austria, Italy, France, Germany, the Netherlands and Lithuania) were responsible for 84% of those notifications¹¹. The notified transactions varied greatly, including in terms of sectoral scope, value of the transaction and origin of the ultimate investors, among other parameters.

Notifications to the EU cooperation on FDI screening

Calendar year 2024



Source: Member States' reporting.

¹⁰ See [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2024\)464&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2024)464&lang=en).

¹¹ In 2023, this share stood at 69% and 85% respectively.

The map above indicates the number of FDI notifications by Member States to other Member States and the Commission in the framework of the EU cooperation mechanism on FDI screening. In 2024, out of the 21 Member States with a national screening mechanism in place, 7 Member States submitted more than 10 notifications, 6 submitted 6-10 notifications and 8 submitted less than 5 notifications.

Compared with the previous year, in 2024, there was a 2% fall in the number of notifications from 488 to 477. Apart from this small decrease, there has been a continuous increase in the number of notifications in recent years. There were 414 notifications in 2021, 421 in 2022 and 488 in 2023, and the number of Member States notifying FDI grew from 13 in 2021 to 21 in 2024.

1.2 Main sectors¹² of FDI notified to the cooperation mechanism

The five sectors with the highest number of transactions in 2023 were manufacturing¹³ (25% of all transactions), ICT¹⁴ (22%), wholesale and retail¹⁵ (14%), financial activities¹⁶ (10%) and professional activities¹⁷ (9%). This is very similar to last year when the same five sectors occupied the top places in the same order. Notifications relating to manufacturing activities gained even more importance compared to 2023 when their share stood at 23%. Lastly, notifications relating to the energy and transports sector accounted for 6% and 5% of the total amount of notifications in 2024, respectively, and other sectors¹⁸ accounted for 9%.

¹² 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.

¹³ 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).

¹⁴ 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).

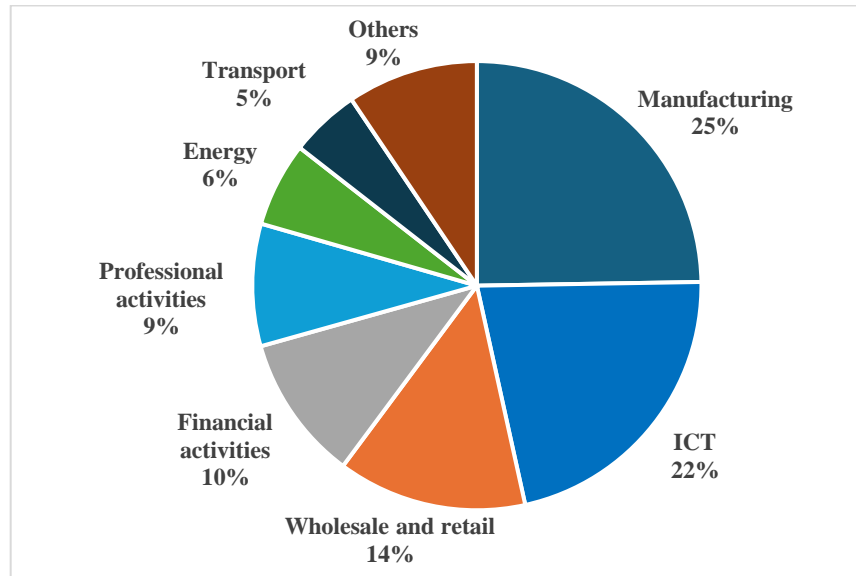
¹⁵ Wholesale and retail includes wholesale and retail activities relating to pharmaceutical goods, chemical products, electronic and telecom equipment and supplies, computers, computer peripheral equipment and software, metals and metal ores.

¹⁶ 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).

¹⁷ 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).

¹⁸ The 'other' category encompasses all other sectors below 5%, in particular, construction, health and administrative activities.

Figure 7 – Sectoral breakdown of all notifications in 2024

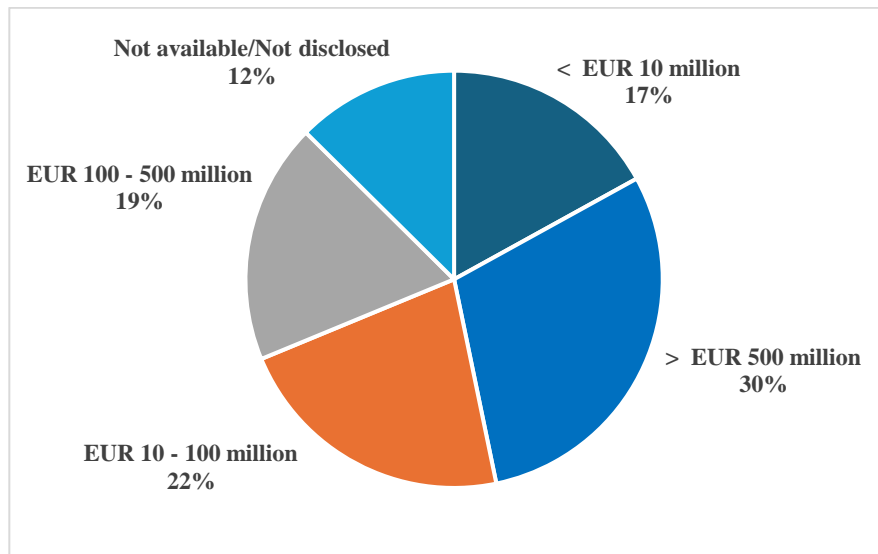


Source: Member States' notifications.

1.3 Total value of FDI notified to the cooperation mechanism

Looking at the value of transactions, 58% of notified FDIs had a value¹⁹ of less than EUR 500 million, up by 5 percentage points (pps) from 53% in 2023. 30% of the transactions involved a value of EUR 500 million and more (29% in 2023).

Figure 8 – Respective value per notified FDI transaction in 2024²⁰



Source: Member States' notifications.

¹⁹ The value, where available, relates to the total value of the transaction of which the notified transaction was part.

²⁰ '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).

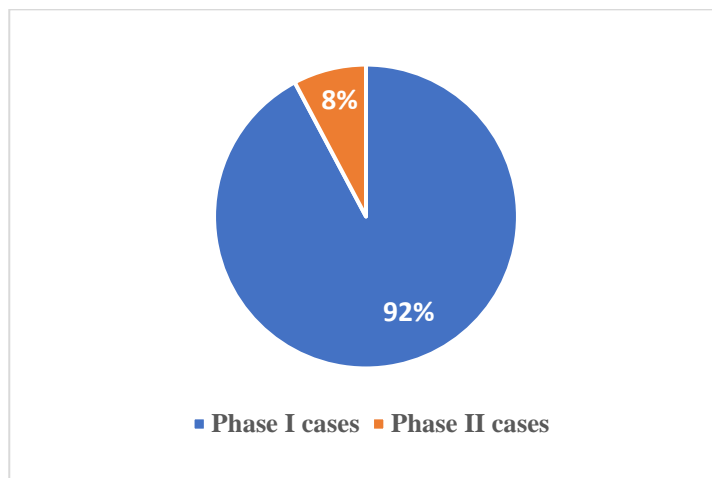
1.4 Procedures for and speed of closing FDI cases

In line with the FDI Screening Regulation, FDI transactions notified by Member States are assessed by the Commission in two phases. All notified transactions undergo a preliminary assessment (‘Phase 1’), with only a limited number proceeding to Phase 2.

Phase 2 involves a more detailed assessment of cases that 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 be concluded with an opinion of the Commission as provided for in the FDI Screening Regulation. However, such opinions remain confidential pursuant to Article 10 of the Regulation. The opinion 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’s assessment and final decision.

In 2024, the Commission closed 92% of the 477 cases in Phase 1, i.e. within 15 calendar days following the notification by the screening Member States (the same share as in 2023). The remaining 8% of transactions proceeded to Phase 2 with additional information being requested from the notifying Member State²¹. In 2024, five Member States accounted for over 66% of the Phase 2 cases, which represents an increase compared to 2023, when the top five Member States notifying cases leading to Phase 2 for the Commission accounted for 60% of the Phase 2 cases. As in 2023, the Commission issued an opinion in less than 2% of the notified transactions.

Figure 9 – Cases closed in Phases 1 and 2



Source: Member States’ notifications.

When opening Phase 2, the Commission requests additional information from the notifying Member State, which varies depending on the transaction and details of the information

²¹ 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.

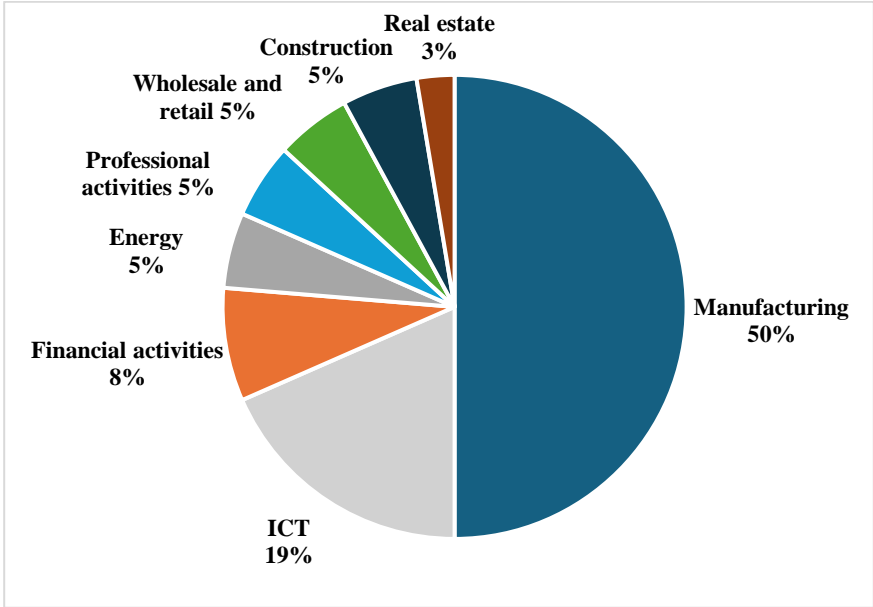
submitted with the notification²². This information often includes questions about the investor’s intentions and business plan regarding the target or the target’s customers in sensitive sectors. This information is requested to better assess how critical the target company is and assess the potential threats posed by the foreign investor.

In 2024, Member States participated in the cooperation mechanism inter alia by asking questions in about 10% of the cases and by issuing comments on FDI transactions occurring in another Member State. The share of cases upon which Member States issued comments amounted to about 3%, well below the 2023 share of 6%²³. The number of Member States issuing comments to other Member States remained unchanged at about one third²⁴.

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 50% of all transactions and was well above the share of 39% in 2023 (Figure 10). The second-largest sector was ICT, accounting for almost a fifth of all Phase 2 cases (24% in 2023). Phase 2 cases on financial activities ranked third with a share of 8%, unchanged compared to last year.

Figure 10 – Phase 2 main targeted sectors in 2024 cases



Source: Member States’ notifications.

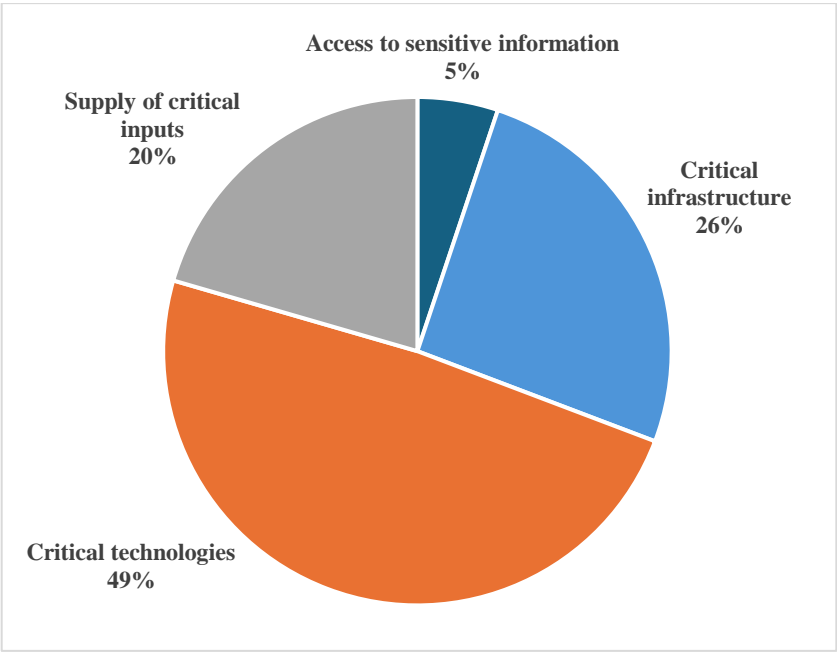
²² The notification form: request for information from an investor for the purposes of notifications under Article 6 of the Regulation serve to ensure some degree of uniformity and a minimum level of information about the transaction, the investor and the target company provided in the notification under the Regulation. The form is available at https://policy.trade.ec.europa.eu/enforcement-and-protection/investment-screening_en.

²³ Several countries can issue a comment on the same transaction.

²⁴ In the majority of cases where Member States had asked questions, the reply they received alleviated the potential concerns, so no comments were issued.

Given the importance of the manufacturing sector, Figure 11 provides an overview of the factors²⁵ that were used to assess the criticality of manufacturing sector transactions for security or public order. The factor used most often is when the transaction involved a foreign investment in critical technologies, which accounted for 49% of the total in 2024 (51% in 2023). The second-largest factor accounting for a share of 26% (34% in 2023) was related to FDIs in critical infrastructure, followed by the supply of critical inputs with 20% (13% in 2023). Finally, access to sensitive information (including personal data) accounted for 5% of the total, up 3 pps from 2% in 2023.

Figure 11 – Factors leading to Phase 2 cases in manufacturing

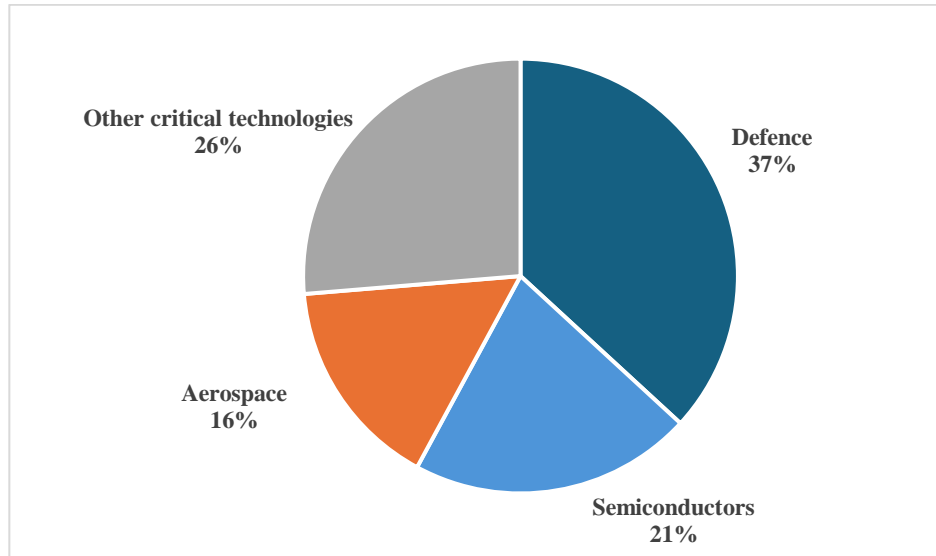


Source: Member States’ notifications

A closer look at notifications related to critical technologies subject to Phase 2 (Figure 12) reveals that defence-related activities accounted for 37% of these cases, up 11 pps from 26% in 2023, followed by semiconductors with 21% and aerospace with 16%. Compared to 2023, the rankings of these last two technologies have flipped, when semiconductors accounted for 17% and aerospace for 22%. The other critical technologies, including artificial intelligence and robotics, accounted for 26% of the total.

²⁵ 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 12 – Types of critical technologies in Phase 2 cases



Source: Member States' notifications

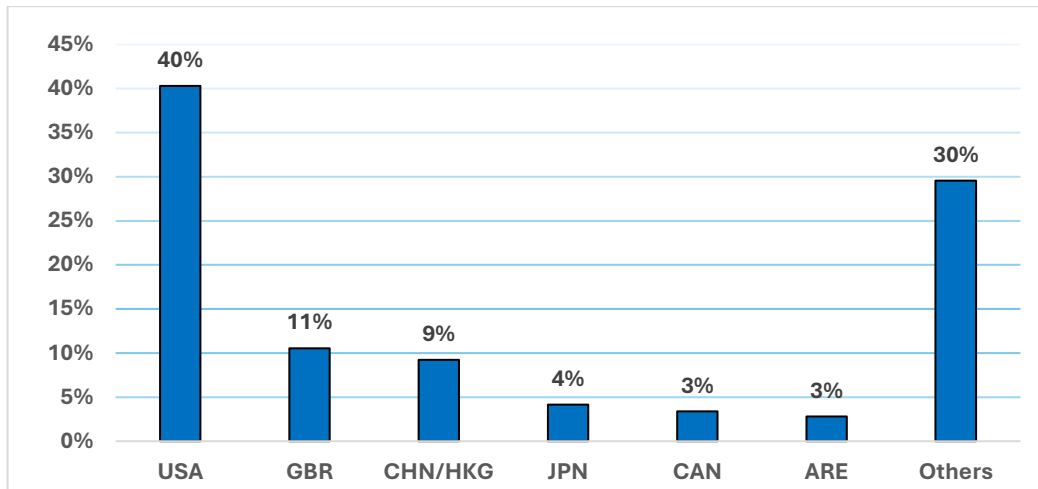
1.6 Origin of ultimate investors in FDIs notified to the cooperation mechanism

Of the 477 cases notified in 2024, the six main jurisdictions of origin were the US, the UK, China (including Hong Kong), Japan, Canada and the United Arab Emirates. Compared to 2023, the share of FDI from US investors notified to the cooperation mechanism significantly increased by 7 pps, from 33% in 2023 to 40% of all transactions in 2024. The share of UK investors on the other hand declined marginally from 12% in 2023 to 11% in 2024. Another major development was the rise of transactions from China, whose share increased by 50% from 6% in 2023 to 9% in 2024. FDIs from Japan ranked fourth in 2024 in terms of total number of transactions with a share of 4% (unchanged from 2023). Lastly, FDI from investors in Canada and the United Arab Emirates each had a share of 3% (down from 5% and 6% in 2023, respectively).

30%²⁶ of notified cases originated from jurisdictions other than the top six, compared to 2023 where this share was 33%. This marks a slight increase in the concentration of investments from the top countries of origin. In 2023, the top six investors accounted for 66% of cases notified, against 70% in 2024.

²⁶ Countries/jurisdictions with a non-negligible share include Jersey, India, Singapore and Switzerland with a share of 2% each. FDI from Russia accounted for a share of 1% of total investments notified to the cooperation mechanism in 2024.

Figure 13 – Countries of origin of ultimate investors in 2024 cases



Source: Member States' notifications.

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

Of all cases notified in 2024, 19% of the notifications concerned transactions undergoing screening in two or more Member States (compared to 29% in the first annual report, 28% in the second, 20% in the third and 36% in the fourth)²⁷. The main sectors subject to these notifications were: (i) manufacturing with a share of 26% (23% in 2023); (ii) ICT with a share of 20% (21% in 2023); (iii) wholesale and retail with a share of 14% (19% in 2023); (iv) professional activities with a share of 7% (13% in 2023); and (v) energy with a share of 6% (5% in 2023) (Table 1). Construction and health accounted for 6% of multi-jurisdiction transactions. Finally, other sectors, including transport and water, accounted for 7% of the total number of multi-jurisdiction cases.

Table 1 – Main sectors of multi-jurisdiction FDI

| | |
|-------------------------|-----|
| Manufacturing | 26% |
| ICT | 20% |
| Wholesale and retail | 14% |
| Financial activities | 10% |
| Professional activities | 7% |
| Construction | 6% |
| Energy | 6% |
| Health | 6% |
| Other | 7% |

Source: Member States' notifications

²⁷ 'Multi-jurisdiction FDI transactions' refers in this context 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 its formal screening.

1.8 Non-notified cases

The FDI Screening Regulation allows Member States and the Commission to exchange information on FDIIs 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 2024, 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 collective security of the EU against investments from third countries potentially raising security or public order risks.
- Second, the EU cooperation mechanism on FDI screening remains highly relevant. This is reflected in the number of notifications, which remained at about the same level as in 2023 (477 notifications in 2024 against 488 in 2023). At the same time, 84% of all notifications originated from seven Member States: Spain, Austria, Italy, France, Germany, the Netherlands and Lithuania. Even though 24 Member States now have operational screening mechanisms, transactions were notified by 21 of them (up from 13 in 2021). The upward trend reflects growing familiarity with the cooperation mechanism. In addition, Member States had an opportunity to have discussions at a technical level at Expert Group Meetings on FDI screening and at the annual ‘Screeners’ Academy’, hosted in 2024 by the Romanian FDI screening authority.
- Third, against the backdrop of the Union’s strong commitment to an open investment environment, the EU cooperation mechanism 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 477 cases notified in 2024, the vast majority (92%) were closed in Phase 1 (i.e. within 15 calendar days following the notification by the screening Member States), with only 8% undergoing a detailed security risk assessment by the Commission. Compared to 2023, this proportion remained unchanged. In 2024, as in 2023, the Commission issued opinions in less than 2% of the cases.
- Fourth, the leading role of manufacturing for Phase 2 cases has even increased from 39% in 2023 to 50% in 2024. A closer look at the factors behind the need for the in-depth Phase 2 security risk assessments reveals that the relevance of the target for ‘critical technologies’ was the factor triggering further assessment in 49% of the cases (51% in 2023). The notifications related to critical technologies subject to Phase 2 show that defence-related activities have gained more importance, accounting for 37% of the total against 26% in 2023. Furthermore, compared to 2023, semiconductors overtook the aerospace sector and ranked second with 21%, followed by aerospace with 16%.

- Lastly, most investors continued to come from the same top two jurisdictions of origin: the US and the UK accounted for 51% of all investment notified to the EU cooperation mechanism. However, the share of US investors grew considerably from 33% in 2023 to 40% in 2024. By contrast, the share of UK investors declined slightly from 12% in 2023 to 11% in 2024. Another noteworthy development concerns Chinese (together with Hong Kong) investors whose share increased by 50% from 6% in 2023 to 9% in 2024. Meanwhile, investors from Canada and the United Arab Emirates accounted for a smaller share of total transactions, with 3% each, down from 5% and 6% in 2023, respectively.

2. Recent progress in FDI screening and looking ahead: a proposed revision of the FDI Screening Regulation

As part of the European Economic Security Strategy²⁸, the European Commission presented a legislative proposal on 24 January 2024 to revise the FDI Screening Regulation²⁹. The proposal builds on the experience gained with over 1 200 FDI cases, an OECD study, an in-depth evaluation by the Commission, and a special report by the European Court of Auditors.

The proposal seeks to tackle the current framework’s main shortcomings, including the absence of screening mechanisms in all Member States, regulatory fragmentation and the lack of a standardised approach to the transactions that all Member States must screen. It aims to:

- ensure that all Member States put in place screening mechanisms;
- introduce a common minimum scope and a minimum harmonisation of national mechanisms;
- bring EU-based investors ultimately controlled by non-EU entities within the screening scope;
- strengthen cooperation and improve accountability between Member States and the Commission.

3. Outbound Investment Review – adoption of Commission Recommendation (EU) 2025/63

On 15 January 2025, the Commission adopted a recommendation on reviewing EU outbound investments. The initiative aims to strengthen the EU’s economic security, guide future policy choices and build on the EU’s open investment environment.

The Recommendation applies to three technology areas of strategic importance which are considered to present a high level of potential risk (semiconductors, artificial intelligence and quantum technologies) and calls on Member States to assess risks to economic security

²⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52023JC0020>.

²⁹ <https://circabc.europa.eu/ui/group/aac710a0-4eb3-493e-a12a-e988b442a72a/library/f5091d46-475f-45d0-9813-7d2a7537bc1f/details?download=true>.

potentially arising from EU outbound investment transactions. More specifically Member States should:

- Review past and ongoing outbound investments of companies established in their respective territories in the three technology areas.
- Collect information and assess, together with the Commission, any potential risks and security concerns about outbound investments, and consider appropriate policy responses at the end of the proposed 15-month review period. These risks could result from leakage of technology or know-how as part of an outbound investment, allowing the technology to be used for military or intelligence purposes against the EU or its Member States or to undermine international peace and security.
- Consult and work with relevant stakeholders, including business, academia and civil society, to get a complete picture of the investment environment and potential security risks.

The Recommendation is based on discussions with Member States in the Commission's Expert Group on Outbound Investment, set up in July 2023, and the public consultation carried out following the White Paper on Outbound Investment published in January 2024.

Follow-up and next steps

Member States had to designate a Single Contact Point by 15 of March 2025. At the time this report was prepared, 25 Member States had notified the Commission of the authorities for Outbound Investment Review.

Member States are also asked to provide: (i) a progress report by 15 July 2025, and (ii) a comprehensive report on implementation of this Recommendation and any risks identified by 30 June 2026.