

New protections for UK businesses key to national security and fight against coronavirus

Press release

New protections will be introduced to further safeguard the national security and resilience of the UK.



- Changes to Enterprise Act 2002 will protect UK businesses critical to combating coronavirus and future public health emergencies
- Extension of existing powers to protect companies and technologies which are key to national security

Changes to the Enterprise Act 2002, being laid before Parliament on Monday 22 June 2020, will allow the government to scrutinise certain foreign takeovers to ensure they do not threaten the UK's ability to combat a public health emergency such as coronavirus.

The economic disruption caused by the pandemic may mean that some businesses with critical capabilities are more susceptible to takeovers – either from outwardly hostile approaches, or financially distressed companies being sold to malicious parties.

These new powers will enable the government to intervene if a business that is directly involved in a pandemic response, for example, a vaccine research company or personal protective equipment manufacturer – finds itself the target of a takeover.

In addition, these changes will expand powers to scrutinise and intervene in mergers in 3 sectors of the economy central to national security – artificial intelligence, cryptographic authentication technology and advanced materials – by lowering the thresholds that must be met before such scrutiny can take place.

This follows the introduction of powers in 2018 allowing the government to

intervene in military products and technologies normally used for civilian purposes but which may have military applications, computing hardware, and quantum technology.

Secretary of State for Business, Alok Sharma commented:

To better protect the country's resilience to Covid-19 we are taking steps now to mitigate against public health emergencies.

These measures will strike the right balance between the UK's national security and resilience while maintaining our world-leading position as an attractive place to invest – the UK is open for investment, but not for exploitation.

These powers will send an important signal to those seeking to take advantage of those struggling as a result of the pandemic that the UK government is prepared to act where necessary to protect our national security.

These latest changes to the Enterprise Act are intended to mitigate risks in the short term ahead of more comprehensive powers in the forthcoming National Security and Investment (NS&I) Bill.

Notes to editors

- The Enterprise Act 2002 allows the UK government to intervene in mergers and takeovers on 4 specified public interest considerations; national security, media plurality, financial stability, and now to combat a public health emergency.
- The government has intervened on public interest grounds under the EA02 on 20 occasions: 12 on national security grounds, 7 on media plurality and once on financial stability.
- No transaction has ever been blocked in public interest grounds.
- The public health emergency Statutory Instrument will be laid on Monday 22 June 2020 and will come into force on Tuesday 23 June 2020.
- The Statutory Instrument to lower the thresholds for artificial intelligence, advanced materials and cryptographic authentication will be laid on Monday 22 June 2020 but will not come into force until both Houses of Parliament have debated and approved it.

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