

Screening of investments: Council agrees its negotiating stance

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On 13 June 2018, EU ambassadors agreed on the Council's stance on the proposed regulation on screening of investments. They asked the presidency to start negotiations with the European Parliament as soon as possible.

The proposed regulation establishes a framework at EU level for analysing investments from third countries in strategic sectors and creates a cooperation mechanism among member states and also with the Commission with regard to investments likely to affect security and public order.

Foreign direct investments are a major source of innovation, growth and jobs. Keeping the EU open to investment is crucial, but we also need to have the right tools to protect our key technologies from strategic threats and ensure that our essential interests are not undermined.

said Emil Karanikolov, Bulgarian minister for trade.

Currently, fewer than half of EU member states have legislation in place that allows them to review FDIs. The proposal put forward by the Commission in September 2017 aims at enhancing cooperation, by defining a set of information to be exchanged and introducing certain time limits. Having an EU-wide framework for screening by the member states will increase legal certainty and transparency and will address more effectively the potential cross-border impact of investment inflows on security and public order.

The EU is the number one destination for FDIs and is a very open market. However, in recent years there has been a surge in investments relating to critical EU assets which are not the result of normal market forces. For example, opaque state-owned enterprises or private firms with close government links are buying EU firms using cutting-edge or dual use technologies (such as artificial intelligence, robotics or nanotechnologies) or strategic infrastructure assets which could have a potential impact on the EU's security or public order.

The investment screening proposal has been identified as a legislative priority by all three institutions. The European Council of March 2018 also

called on the Council and the European Parliament to make progress on this file.

On the basis of the text endorsed by EU ambassadors, the Presidency will start negotiations with the Parliament with a view to reaching an agreement within the current legislature.

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