



COMMISSION'S PROPOSAL ESTABLISHING A FRAMEWORK FOR SCREENING OF FOREIGN DIRECT INVESTMENTS INTO THE EU

AEGIS EUROPE position

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The proper functioning of the Internal Market relies on there being effective and non-distorted competition, guaranteed by competition rules and trade and investment policies.

The Commission's Foreign Direct Investment (FDI) screening proposal must preserve the EU market's openness to foreign investment whilst ensuring that it is consistent with the rules of the Internal Market.

A European framework is essential in light of growing concerns related to acquisitions in Europe, facilitated, organised and/or financed by foreign states. In many industries we are faced with more and more government-led acquisitions that are eroding the integrity of European manufacturing capacity. These acquisitions can give rise to a security and public concern.

Therefore, **AEGIS Europe supports** the Commission's FDI initiative and urges the co-legislators Council and the European Parliament to ensure a screening mechanism that **increases transparency without imposing unnecessary burden on Member States**. The Commission's role should be to assist the Member States by issuing opinions on market compatibility, including screening the degree of state influence and state aid as well as measuring FDI openness in the origin country to foreign investors.

Therefore, AEGIS Europe proposes that the new FDI screening regime include the following principles and mechanisms:

- To evaluate the security, *inter alia*, of the supply of critical inputs in order to ensure the functioning of EU value chains based on strategic industries.
- To avoid politically motivated acquisitions and/or market distortions by focusing especially on investments from 'foreign investors controlled by governments' and those foreign investors subsidised by governments. It is important to include a broader reference to the existence of state-led industrial policy strategies pursuing national interests and exporting overcapacities via FDI activity.
- To ask the Commission to systematically assess the market compatibility of FDI operations notified by the Member States, including:
 - screening of the degree of state influence;
 - evaluating of any state aid.
- To assess whether foreign acquisitions/investments are truly market-driven and do not affect security and public order, as well as market economy principles.

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