

Brussels, 4 July 2018

AEGIS Europe letter on Foreign Direct Investment Screening

Dear Member of the European Parliament Committee on International Trade,

The European Parliament and the Council have finalised their respective positions on the Commission's proposal in relation to the screening of Foreign Direct Investment (FDI). Trilogue negotiations are about to start.

A European framework for FDI is important for the national security and public order in the European Union. Inward investments which threaten national security and public order include those which have the potential to distort competition and the proper functioning of the Single Market. It must be possible for Member States to control all such investments so that public order and national security interests are not undermined.

AEGIS Europe considers the Commission's proposal is a fundamental policy tool necessary to help ensure undistorted competition for strategic assets, and calls on the Council to ensure greater cooperation and transparency among the Member States and with the Commission.

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

- Member States and the Commission may consider the potential effects of FDI on the security of the supply of critical inputs, *inter alia*, with a view to avoid possible disruptions to value chains in strategic industries;
- To avoid politically-motivated acquisitions that may put at risk national security or public order, it is not sufficient to consider whether a foreign investor is controlled directly or indirectly by a third country government. Screening should also consider the existence of state-led industrial policy strategies which can influence the FDI decisions of foreign investors.
- The Commission should systematically assess the internal market compatibility of FDI operations involving one or more Member States, including an examination and evaluation of:
 - the degree of state influence over the activities of the foreign investor;
 - any state aid or subsidy benefiting the foreign investor.
- Member States which have an FDI screening mechanism need to be able to obtain timely information from other Member States regarding the ownership structure of



investors in order to be in a position to make the determination whether or not a given investor is a foreign investor.

AEGIS Europe supports the Commission's FDI initiative and urges the co-legislators to ensure a screening mechanism that increases transparency without imposing unnecessary burdens on Member States.

We remain at your disposal to further discuss these matters,

Sincerely,

Inès Van Lierde

Chair of AEGIS Europe

AEGIS EUROPE

AEGIS Europe is a grouping of 25 industrial associations dedicated to ensuring that EU policymakers work towards free and fair international trade. AEGIS members are leaders in sustainable manufacturing and account for more than €500 billion in annual turnover and millions of jobs across the EU. To find out more about AEGIS Europe please visit www.aegiseurope.eu.