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# FDI - a global perspective

2024

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Introduction

# Global FDI in statistics

During the course of 2023, the screening of foreign direct investment (FDI) continued to be an item at the top of the agenda when planning and executing global M&A transactions, as well as greenfield cross-border investments. Over the past year, well over 5,000 mandatory notifications were made across major economies\* which screen FDI on the basis of national security or public order considerations – and this does not even include voluntary notifications or jurisdictions which do not report FDI notification statistics.

These figures demonstrate a continuing trend and desire of governments around the world to scrutinize and, if deemed necessary, intervene

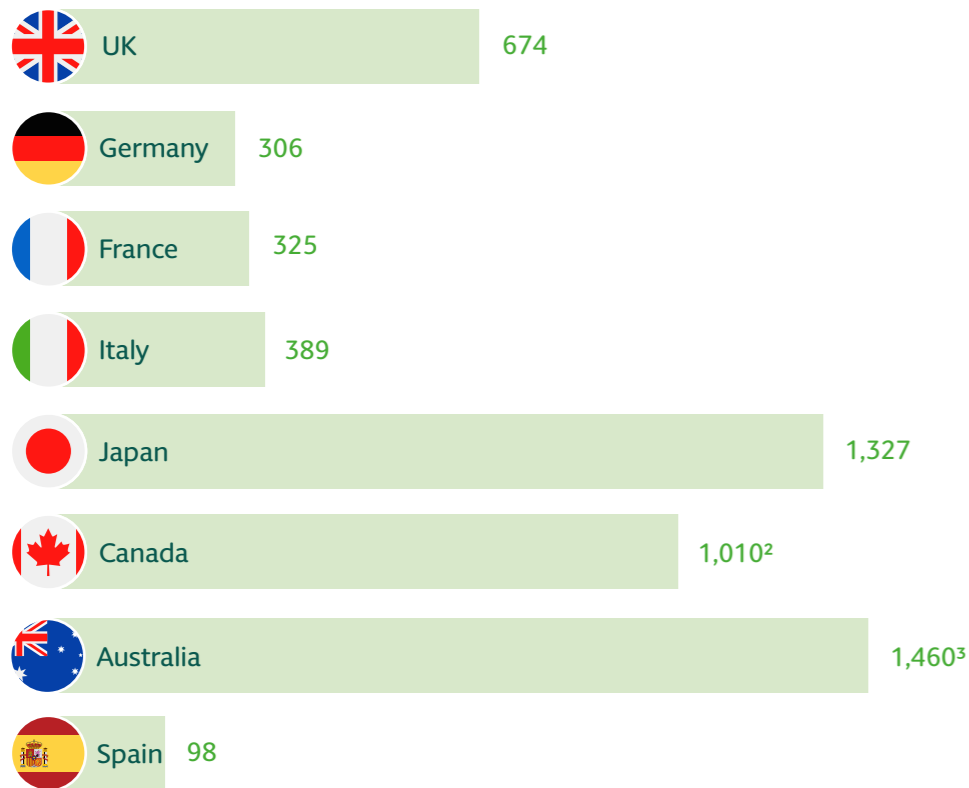
in transactions involving FDI, motivated by a number of national security and geopolitical factors, including rising protectionism, securing, strategic autonomy and, more recently, the need to protect critical industries. Over the past year or so, there have been hundreds of interventions by governments either to impose conditions on a transaction or, more rarely, to prevent a deal from going ahead.

With additional FDI regimes due to go live throughout 2024, this trend looks likely to continue.



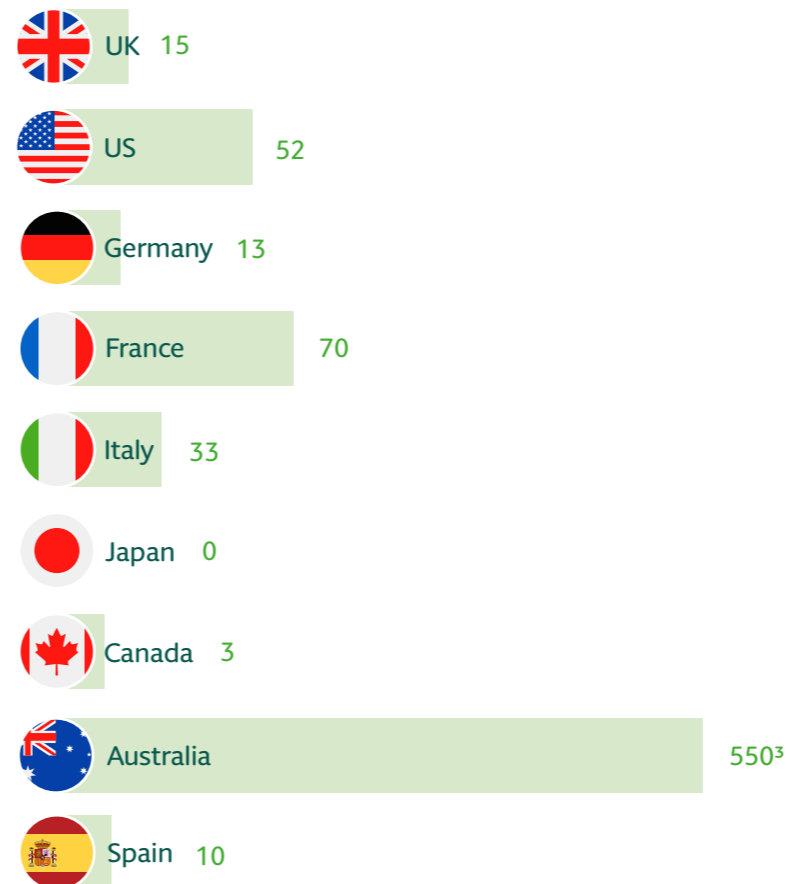
## Number of mandatory pre-closing filings

For corporate investments or acquisitions.<sup>1</sup>



## Number of interventions

Remedies, mitigations, restrictive measures, prohibitions etc.



\*For corporate investments and acquisitions. The reporting periods and jurisdictions surveyed are set out in the appendix.

<sup>1</sup>US: Based on CFIUS's published annual report, among 154 short-form declarations filed in 2022, 44 mandatory short-form declarations were submitted. However, CFIUS does not publish data regarding the number of mandatory long-form notices submitted on an annual basis. 286 long-form notices were filed in 2022.

<sup>2</sup>Canada: Includes mandatory post-closing filings. Mandatory filing obligations apply to all direct and indirect acquisitions of control of Canadian businesses, regardless of potential national security concerns.

<sup>3</sup>Australia: No public data for mandatory filings is available. Once a FIRB application is made, it will become a condition precedent for the closing of the transaction under such application.

Interventions are commonly tax-related in Australia which accounts for the high number.

# Risks for M&A transactions and investments

As investors prepare for M&A transactions, turning a blind eye to FDI screening regimes risks missing a mandatory filing requirement, which could result in fines, legally void transactions and even constitute criminal offenses. Depending on the activities of the ‘target’, the need to make a mandatory notification can arise with investments at very low percentages (of 10% or even lower) depending on the jurisdictions in which the target is active.

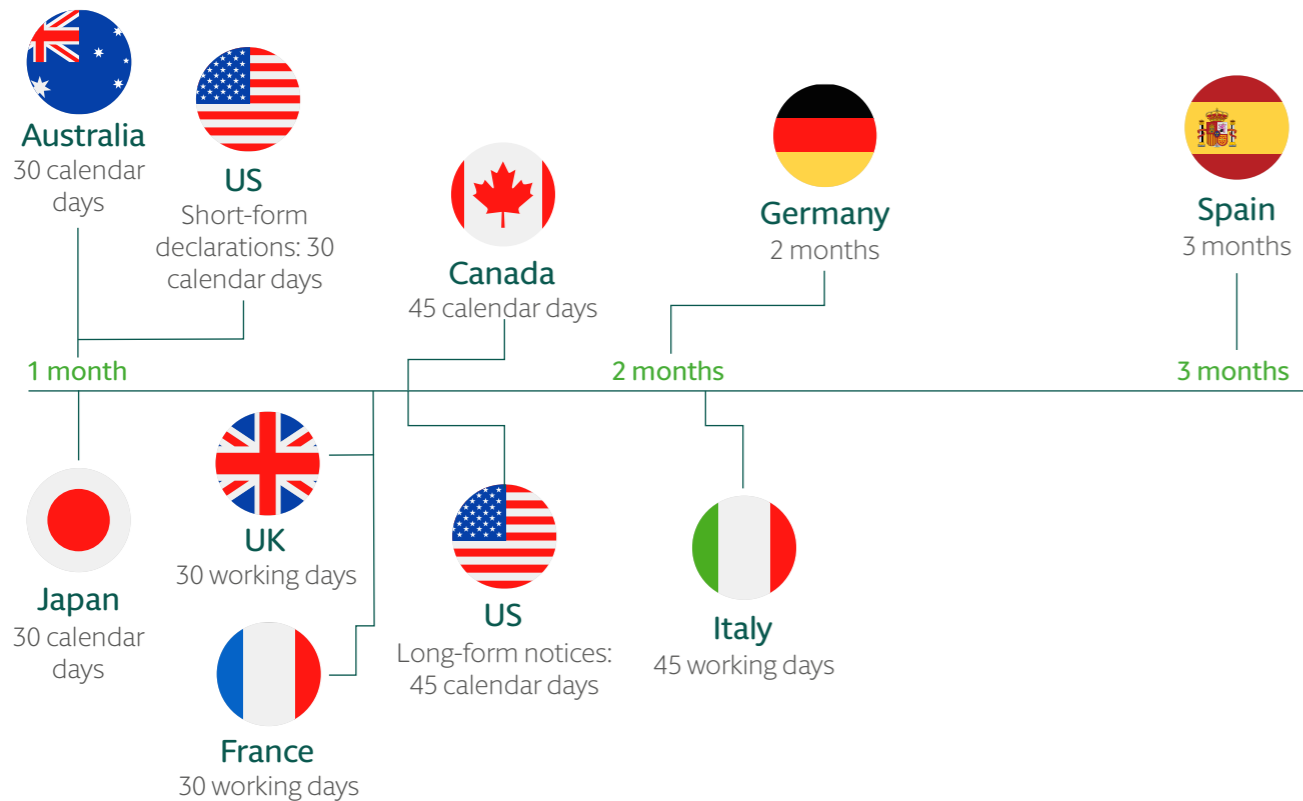
Factoring in differing timelines for FDI regimes across jurisdictions, and other regulatory processes such as merger control and the European Union’s new Foreign Subsidy Regulation (“FSR”), can be a challenge and make the execution of M&A activity less certain and more time consuming. Review periods can vary from 30 calendar days up to potentially several months with inconsistent rules

on whether these periods may be paused or re-set if the authority asks questions. In addition, the risk of a deal being subject to in-depth scrutiny – even if ultimately there are no national security concerns or conditions imposed – all need to be factored into transaction planning as heightened scrutiny can significantly delay closing.

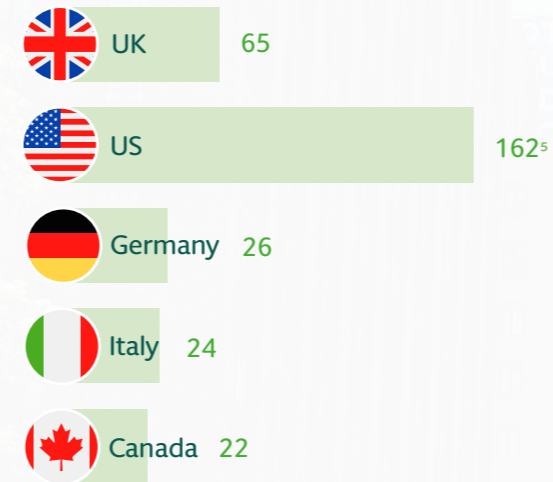
Hogan Lovells has a global FDI team consisting of experts in national security, trade law, regulatory procedures and corporate M&A that helps clients navigate the uncertainties that FDI questions can pose for global transactions. Working at the intersection of business and government, Hogan Lovells is uniquely placed to advise clients on transactions that may fall under one or more FDI screening regimes around the world.

## ‘Phase 1’ review timeline

(excluding pre-notification, clock stoppages, time for acceptance etc.)



## Number of in-depth ‘Phase 2’ reviews<sup>4</sup>



<sup>4</sup>Where applicable and publicly disclosed  
<sup>5</sup>US: Based on the number of long-form notices resulting in a CFIUS investigation.



# Focus on origin of investment and common sectors of interest

It is perhaps unsurprising that the US, UK, France, Germany, Singapore and China feature commonly in the countries of top investors for making FDI notifications. Some countries, including notably the UK, even require certain domestic investments to be notified on a mandatory basis.

For transactions and investments subject to detailed scrutiny, there are some common themes but also some variation, which likely

reflects the relative strengths of the various economies. Military and defence sectors across most jurisdictions are amongst the most scrutinized sectors. There is also increasingly a focus on high-tech areas including computing, artificial intelligence, semiconductors and cyber-security as well as infrastructure sectors and mining.



## Top 3 countries of investment (by number of notifications)



### Key sectors of focus (by number of in-depth 'Phase 2' reviews)



## Hogan Lovells global FDI team is highly skilled and has the knowledge to help execute your transactions and investments

Due to the complexity and intricacies in the regulations, understanding the FDI regimes is crucial for cross-border investors. Identifying the applicable laws and carefully assessing the potential concerns upfront can minimize the risks and is essential to the strategic planning and execution of any transaction.

There are already over 35 active FDI regimes in major economies around the globe and, in 2024 alone, there are set to be at least another 5 new regimes in Europe alone, which will start screening investments.

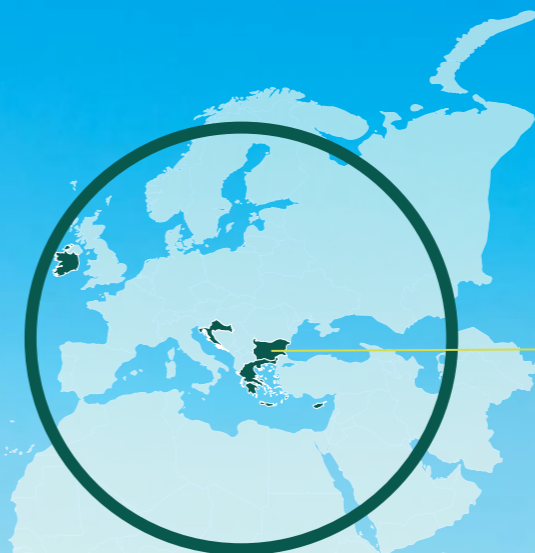
In addition, there are potentially significant revisions of the rules being considered in major jurisdictions including the UK, Germany and the EU.

Given the rapidly evolving legal landscape, our expert global FDI team can assist investors with in-depth knowledge and comprehensive strategies to address FDI issues.

Please refer to the Contacts page for a list of our experienced contributors able to assist.

Also check out our [Global FDI Guide](#) which provides insight into and comparison of FDI screening regimes in 20+ key jurisdictions in the Americas (Brazil, Mexico, USA), Asia-Pacific (Australia, China, Hong Kong, India\*, Indonesia, Japan, Mongolia, Singapore and Vietnam), and EMEA (France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain and the United Kingdom).

## Outlook for FDI regimes in 2024



New FDI regimes set to go live in Bulgaria, Greece, Cyprus and Croatia.



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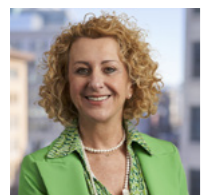
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# Appendix

Reporting periods and jurisdictions surveyed, based on publicly available data



**UK**

April 2022 – March 2023



**US**

January 2022 – December 2022



**Germany**

January 2022 – December 2022



**France**

January 2022 – December 2022



**Italy**

January 2022 – December 2022



**Japan**

April 2022 – March 2023



**Canada**

April 2022 – March 2023



**Australia**

July 2022 – June 2023



**Spain**

January 2022 – December 2022



Alicante  
Amsterdam  
Baltimore  
Beijing  
Berlin  
Birmingham  
Boston  
Brussels  
Budapest\*  
Colorado Springs  
Denver  
Dubai  
Dublin  
Dusseldorf  
Frankfurt  
Hamburg  
Hanoi  
Ho Chi Minh City  
Hong Kong  
Houston  
Jakarta\*  
Johannesburg  
London  
Los Angeles  
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Miami  
Milan  
Minneapolis  
Monterrey  
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