



The politics of
cross-border
deals today

Spotlight on
the Netherlands

How FDI screening trends are affecting the Dutch investment landscape

Political considerations have now become a key success factor for cross-border deals. The Netherlands is certainly not immune to (perceived or real) risks to national and economic security attached to certain investments, mergers, and acquisitions. In fact, the country has experienced several high-profile cases that show new realities that government and regulatory bodies are trying to cope with through foreign direct investment (FDI) screening. Quickly developing geopolitical and geoeconomic realities increasingly put socio-political pressure on authorities and FDI screening.

Since July 2023, the Dutch regulatory framework for sectoral FDI screening (energy and telecoms) has been extended by the introduction of the Investment, Merger, and Acquisitions Security Assessment Act (Vifo Act). Among others it defines certain sensitive technology areas that now require formal screening. For some Dutch politicians, the regulation has been too little or too late, and the cabinet is now working on extending its scope to cover more sensitive areas such as artificial intelligence and biotechnology. Regardless of the applicability of FDI screening to individual cases, politicians and media in recent years have increased their scrutiny of deals in which non-European – especially Chinese but increasingly also US – companies are involved. This creates additional pressure on the authorities to respond appropriately.

As a result, successful dealmakers must be much more politically savvy – able to identify decisive trends, assess their impact on deal structures and align stakeholder engagement from due diligence to closing. In this complex global investment landscape, uncertainties rise about evolving political and regulatory demands – even during or after deals are made. Deliberately broad definitions of national and economic security now include ever more sectors and deals. Understanding and incorporating political and regulatory stakeholders' perspectives on cross border deals is crucial for success.

Noteworthy views from surveyed Dutch political stakeholders

Key questions arise. How do political stakeholders view foreign investments in the Netherlands? Which sectors and countries of origin attract the greatest scrutiny? Are existing legal frameworks equipped for new industrial developments and political sentiments? And against what or whom are we protecting our national and economic interests?

To better understand what drives political and regulatory scrutiny of cross-border deals in key global markets, our teams surveyed political decision makers in the Netherlands, as well as in the US, the UK, Germany, France, Italy, and among the EU institutions. For the Netherlands, our analysis is based on 20+ questions among 260 political decision-makers.¹

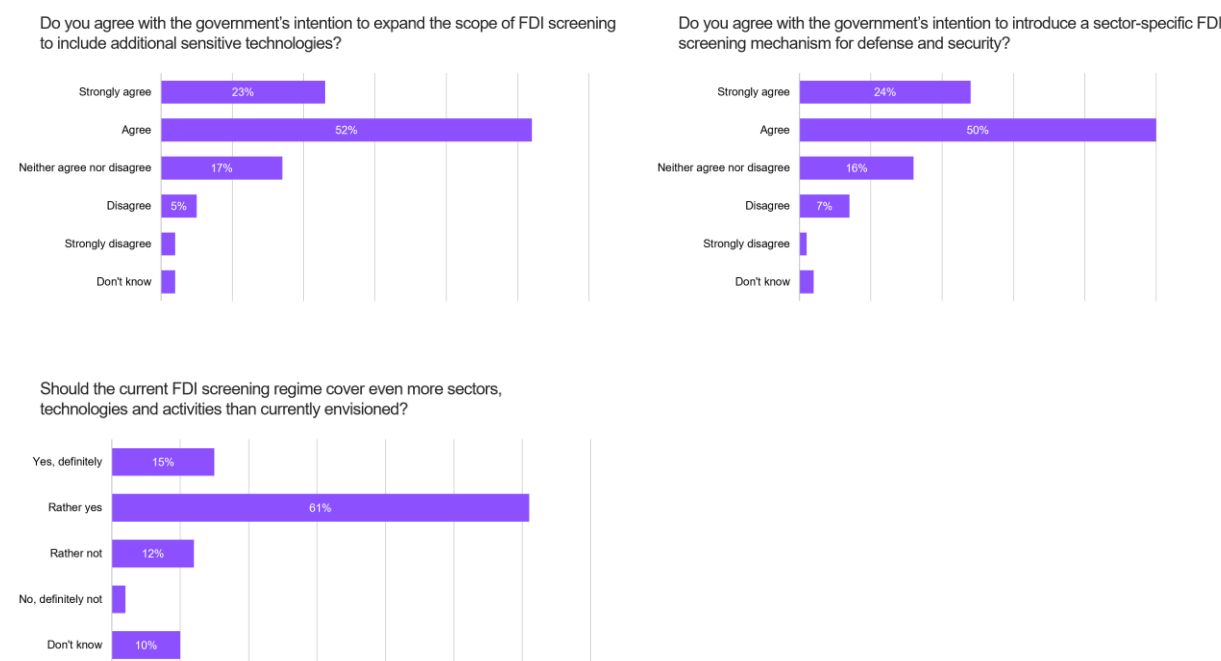
Across markets, the message is clear: a decisive majority favors tighter FDI screening, and the lines between security and economic policy continue to blur. The deal risk map grows even more complex as sectoral sensitivities broaden, and authorities scrutinize even investor capital from countries deemed traditional allies more closely.

Political stakeholders feel the need to expand the scope of FDI screening

While only having the Investment, Merger, and Acquisitions Security Assessment Act (Vifo Act) in place for two and a half years, many respondents already say that the scope of FDI screening should be extended. No less than 75% agree on the planned extension of the Vifo Act to include additional sensitive technologies – only 7% disagree. Similarly, 74% of respondents say that there should be a

¹ These political decision-makers are all Dutch citizens, university-educated and in full-time employment. They earn an above-average household income, all voted in the last elections, follow political news daily, and engage in political discussion daily. Two-thirds of respondents are men and one-third are women; they are from all ages but 88.5% is between 25 and 55; they are from all provinces but 64.7% is from the Randstad region (four out of twelve provinces).

sector-specific FDI screening mechanism for defense and security, as the Dutch government has proposed in a bill (see the text box below). Finally, 76% of respondents say the current FDI screening regime should cover even more sectors, technologies and activities than currently envisioned. Political decision-makers now seem in a hurry to expand the scope of FDI screening and may even wish they realized potential risks of certain deals to economic security sooner.



FDI screening on the rise

The Investment Assessment Bureau (BTI), part of the Ministry of Economic Affairs, since 2020 has been responsible for implementing the investment assessment system for investments, mergers, and acquisitions that could pose a risk to national security.

First it focused on strategic sectors, specifically the gas, electricity, and telecommunications sectors. Since 2022, BTI has also been the supervisory body for compliance with European sanctions regarding ownership or control of unlisted companies established in the Netherlands. In 2023, the Investment, Merger, and Acquisitions Security Assessment Act (Vifo Act) came into effect. It introduced a security assessment for two types of companies in the Netherlands: vital providers – such as vital providers of the banking sector and vital providers in the port areas – companies that possess sensitive technology – such as semicon, photonics, and quantum technologies – and managers of business campuses.

- The BTI screening team conducted 83 investigations in 2024, of which 69 were new notifications that year under the investment assessment system. This is up from 44 in 2023 and 8 in 2022. A significant increase that is almost fully attributable to the introduction of the Vifo Act. Only in one case, the Ministry of Economic Affairs prohibited a transaction.
- In 2024, the government proposed expanding the number of technologies requiring a safety assessment under the Vifo Act. These include advanced materials, artificial intelligence, biotechnology, nanotechnology, sensor- and navigation technology, and nuclear technology for medical applications. This expansion is expected to become effective early 2026 and will result in even more notifications toward the BTI.

- Additionally, the government proposed a new sectoral investment assessment to strengthen the resilience of the Dutch defense and safety industry, similarly to what exists in other EU member states such as Germany. This legislation is expected to enter into force in mid-2026.

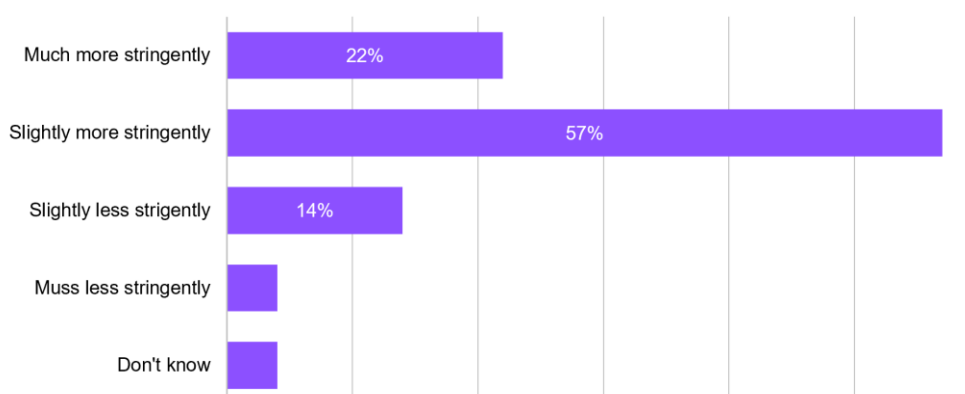
Stakeholders call for more stringent FDI screening

As a trading nation, the Netherlands has traditionally maintained an open stance toward business opportunities and, especially in the past decades, has particularly fostered a laissez-faire political climate with respect to market forces including investments and M&A.

However, scrutiny of foreign direct investment (FDI) is increasing. The number of sensitive cases discussed in both the media and political spheres has grown significantly, particularly over the past five years. Alongside the perspective that the scope of sensitive sectors and technologies should be broadened, our respondents express a general sense of urgency for more rigorous FDI screening. Notably, 79% of respondents believe that FDI should be screened either somewhat or significantly more stringently, while only 16% feel that screening should be relaxed to any degree.

This outcome reinforces the prevailing political sentiment across the spectrum that the Netherlands should strengthen its capabilities to safeguard national and economic security against foreign influence (see the text box below). This perspective is reflected in almost daily media coverage and political debate.

Should foreign direct investment (FDI) be screened more or less stringently?



Political deal pressure

Where merger controls are considered rather technical exercises, FDI screening can be experienced as more obscure – as a black box procedure. In addition, even the possibility of an FDI screening related to a deal creates more uncertainty.

And whether with or without that possibility, deals may still be sensitive to the political arena, at times resulting in political pressure on the cabinet to assess deals in public, often after the deal is done. This is combined with media scrutiny with which political agendas and media framing create significant risks for the deal.

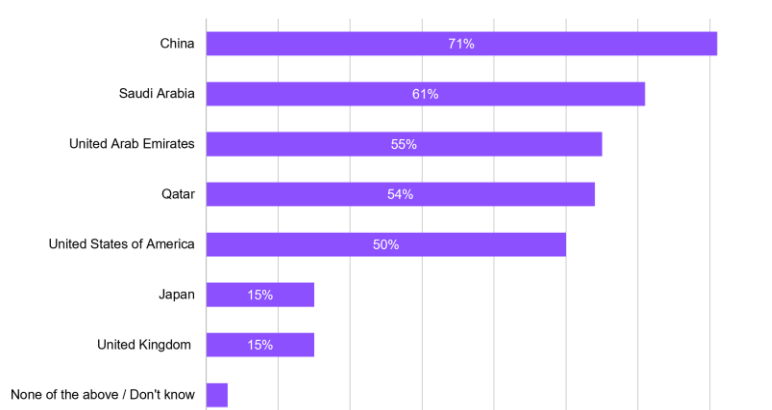
- In March, the sale of family business CCV – a Dutch electronic payment provider – to the American Fiserv met concerns about national security among Members of Parliament, who submitted written questions whether this deal should be investigated under the Vifo Act. The Minister of Economic Affairs responded that this information is confidential.
- In September, Members of Parliament asked critical questions to the cabinet on the sale of Zivver – a Dutch company which facilitates secure communications for the Dutch government – to a US based company. Among others, they asked whether the acquisition was within the scope of the Vifo Act. Parliament adopted a motion calling on the government for stricter measures to retain the cybersecurity industry in the Netherlands.
- In October, the Dutch Ministry of Economic Affairs announced that it took control over Nexperia after receiving signals that the chip manufacturer's Chinese owner wanted to move intellectual property and production to China. Minister Karremans used a never-before deployed law from 1952, allowing him to block major decisions at Nexperia. The measure was unprecedented and had severe consequences for global industry relying on Nexperia's chips, especially automotive and consumer electronics. The developments surrounding Nexperia also underline how much the (geo-) political and regulatory environment has changed since its original sale to Chinese Wingtech in 2019.

The US is among the countries of investment origin that political decision-makers want reviewed more closely

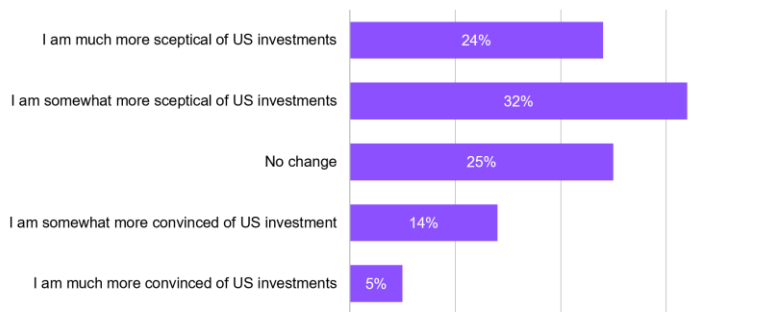
When asked from which region investments should be reviewed more closely via FDI screening, Chinese investors receive the closest scrutiny, followed by several Middle Eastern countries. Interestingly, half of the respondents (also) select the United States. The preference for the United States is particularly notable when compared to other Western countries, such as Japan (15%) and the United Kingdom (15%). Furthermore, when contrasted with non-Western countries, the United States ranks closely alongside Middle Eastern countries of investment origin.

Furthermore, 56% of respondents say they have become somewhat or much more sceptical of US investments because of the Trump administration, compared to 19% that are somewhat or much more convinced of US investments. For 25%, there is no change in the sentiment. These results raise questions as to whether political decision-makers continue to view the United States as the safe and trusted ally it once was. Especially concerns regarding European dependence on innovative technologies are increasingly focused not on non-Western countries, but rather on the United States.

Investments from which countries should be reviewed more closely during screening by authorities?



How is the current Trump administration changing your view of US companies who want to invest in The Netherlands?



The cloud debate

Since the advent of the second Trump administration, the general sentiment in Dutch politics has become that the US is a less trustworthy partner. This has cast a particular spotlight on US cloud offerings. As the Dutch government and other public organizations are heavily reliant on US hyperscalers, in the eyes of many there is a direct conflict with data safety and digital sovereignty.

Parliament has pushed the government to become less dependent on the US and more resilient against foreign threats. In July, the government announced its Dutch Digitisation Strategy that includes the “exploration of the realization of a government-wide sovereign cloud service in collaboration with existing government service providers and the market.” Realistically, the Netherlands will stay dependent on US hyperscalers for a long time. But incidents such as the ICC prosecutor being unable to access his mailbox following US sanctions have sparked fears of a US ‘kill switch’ and the need to regain control over software solutions.

This is also reflected in political and media response to transactions in the cloud and tech biotope. For instance, when Solvinty – a Dutch cloud and services provider – announced its intended acquisition by Kyndryl – a US based technology provider – political and media quickly responded causing a serious snowball effect. As Solvinty provides essential services to several layers of Dutch government, the main sentiment was that the deal could endanger control over data and government services. In this climate, it is increasingly difficult for factual arguments to cut through.

Recommendations: How to navigate political and regulatory scrutiny in The Netherlands

- **Align deal structures with political priorities on economic competitiveness and sovereignty.** Individual transactions can be easily assessed in the context of broader policy objectives. Dealmakers should structure transactions in a way that seeks to address substantive stakeholder concerns, using early and credible commitments to build trust and pre-empt objections.
- **Frame deal communications around strategic value, not just commercial logic.** Our analysis shows that – whether explicitly stated by authorities or not – the factors considered in review procedures are steadily expanding beyond strict definitions of national security into economic security. Commercial rationales alone will not carry a transaction. Dealmakers should frame investment in terms of how it strengthens the Netherlands’ long-term

competitiveness and sovereignty, reduces dependencies and/or safeguards critical capabilities.

- **Prepare for shifts and be ready to adjust your engagement strategy.** Sensitivities around sectors and investor origins can shift quickly. A clear, scenario-based engagement plan helps you remain in control and maintain credibility when political headwinds emerge.

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