

The politics of
cross-border
deals today

Spotlight on
Italy



Italy's foreign direct investment landscape in 2025 reveals a regime in flux, characterized by assertive golden power deployment in a variety of contexts. Our survey conducted among Italian policy and political opinion leaders illuminates an environment in which economic security motives substantially shape investment screening – but the application of these motives is politically calibrated.

Executive summary

- **A strong majority in favor of higher FDI scrutiny.** 89% of Italian respondents favor more stringent screening, and 82% believe economic policy should be guided more closely by security policy principles.
- **China faces the highest scrutiny.** 71% want stricter screening of Chinese investment, while around half want the same for investments from Middle Eastern countries.
- **Job retention, the strategic or heritage value of the target and security of supply are top stakeholder concerns.** This underscores that industrial identity, employment continuity and resilience considerations remain decisive factors for political acceptance.
- **Golden power has become more expansive and evolved into a flexible political instrument.** The 2025 cases of UniCredit–Banco BPM and Pirelli–SinoChem show how Italy applies golden power with striking asymmetry: deploying it to shape domestic banking consolidation while carefully managing entrenched Chinese ownership in strategic industrial assets – despite reported US pressures.

Italy-specific recommendations: How to navigate the political-public landscape

- **Expect further unprecedented and discretionary applications of golden power:** The UniCredit-Banco BPM intervention demonstrates authorities' willingness to deploy golden power in contexts not traditionally associated with intervention. Conversely, the Pirelli case shows a willingness to accept ambiguous ownership structures when divestment proves politically and economically sensitive.
- **Address substantive political concerns beyond formal requirements:** Survey results show stakeholders prioritize strategic and heritage value of the target company, job retention and supply security – concerns extending well beyond traditional national security criteria. Successful transactions will credibly demonstrate how investment aligns with Italian industrial policy priorities.
- **Even for foreign investors facing high scrutiny, pathways remain open:** The Pirelli case showcases authorities' pragmatic approach to managing existing Chinese ownership in strategic assets. Success requires demonstrating alignment with Italian interests and addressing governance autonomy concerns through credible structural commitments.
- **Engage early with all relevant stakeholders:** Although golden power reviews are formally led by the Presidency of the Council, outcomes depend on coordinated engagement with several ministries like MEF, MIMIT, and MAECI – but also parliamentary committees, regional authorities, labor groups and industry associations. Particularly in light of recent context-dependent golden power applications, effective strategies must go beyond formal compliance.

Political context: Government balances economic openness with security imperatives

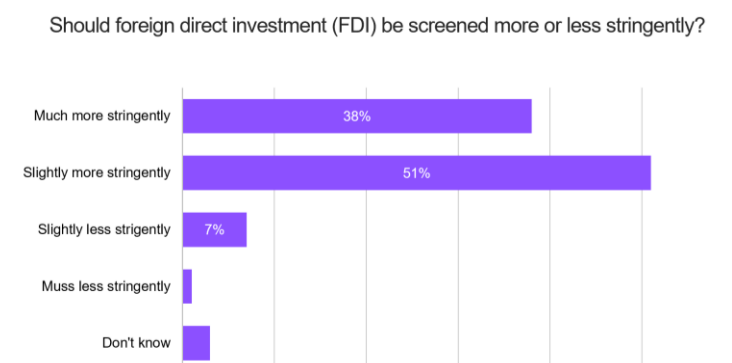
Italy's center-right government continues navigating tensions between attracting foreign investment to support economic growth and deploying golden power instruments to protect strategic assets and shape industrial outcomes. While the administration has maintained Italy's traditional transatlantic orientation, it continues to pursue pragmatic economic relationships with Middle Eastern states and manage complex relations with China.

The government's approach to FDI screening reflects this balancing act. On the one hand, authorities have signaled openness to foreign capital in non-strategic sectors while demonstrating willingness to intervene aggressively when transactions threaten perceived national interests – defined increasingly broadly to encompass domestic industrial policy preferences, not merely traditional security concerns. The UniCredit-Banco BPM case exemplifies this, marking the first time the government deployed golden power – based on industrial policy considerations rather than foreign control concerns – so intrusively in a domestic banking consolidation, effectively resulting in a block. The case has triggered European Commission infringement procedures and raised fundamental questions about the consistency of Italy's investment screening regime.

On the other hand, authorities have demonstrated notable restraint regarding existing sensitive investments, despite a reported spotlight on a politically driven push for divestment of Chinese ownership. The Pirelli-SinoChem case illustrates this dynamic: despite mounting pressure from domestic shareholders and US political concerns, the government in September 2025 ended its investigation of potential governance violations, stopping short of requiring SinoChem to divest its 37% stake or imposing additional restrictions beyond existing 2023 measures. Instead, authorities accepted a regulatory compromise in which SinoChem retains its position as Pirelli's largest shareholder while the company declared loss of de facto "control" under accounting standards – preserving Chinese capital in a strategic Italian industrial asset while satisfying governance autonomy requirements on paper.

Broad support for more stringent screening but discretion in enforcement practice

Survey results show strong support for more stringent FDI screening in Italy: A clear majority of 89% of respondents favor stricter measures – with 38% calling for much more stringent and 51% for slightly more stringent review procedures – while only 9% advocate for less stringency. 82% of respondents believe that economic policy should be guided by security policy principles, underscoring a broad consensus that economic openness must be balanced with safeguards for national resilience.

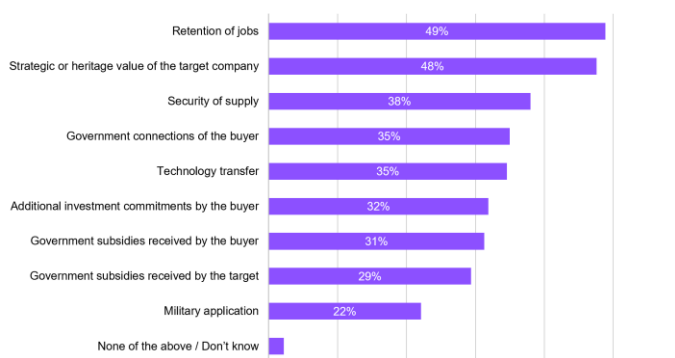


At the same time, enforcement practice in recent high-profile cases points towards selective application rather than across-the-board stringency.

Jobs, heritage value and security of supply are issues of main concern

Asked which aspects should receive particular attention during FDI reviews, respondents highlight a set of concerns grounded in Italy's political economy and industrial structure. Job retention emerges as the most important factor, identified by nearly half of all respondents. This focus reflects the country's long-standing sensitivity to continuity of employment in the context of investment screening, especially in strategic economic regions and/or in sectors where foreign acquisitions have previously triggered fears of downsizing or relocation.

Which aspects should the Italian government pay particular attention to when reviewing foreign direct investment into Italy?

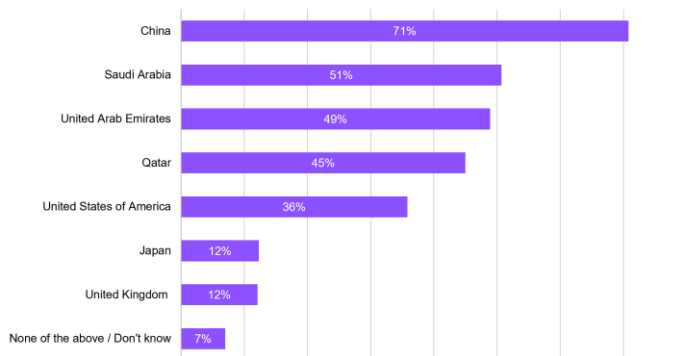


Strategic or “heritage” value of the target company ranks almost as highly, underscoring that many Italian corporate assets carry symbolic and industrial importance beyond their immediate commercial function. This dynamic is evident not only in high-profile golden power cases such as Pirelli, but also in recent public debates around transactions involving iconic consumer brands. Although not a golden power case, the acquisition of a controlling stake in Bialetti by a Chinese-led investment fund in April 2025, for example, triggered sensitivities linked to the company's cultural resonance and longstanding role in Italy's industrial identity. Security of supply constitutes the third core concern, reflecting rising awareness of vulnerabilities exposed by geopolitical tensions, energy disruptions and global supply chain instability. Stakeholders increasingly expect foreign investors to demonstrate how ownership changes will safeguard or enhance continuity of supply.

Chinese investors and FDI into energy, raw materials, health and biotechnology attract greatest scrutiny

Survey results show that investor origin strongly shapes Italian stakeholder perceptions of FDI risk. China stands out: 71% of respondents believe Chinese investment should be reviewed more closely. However, Middle Eastern investors also attract heightened scrutiny, with about half of respondents calling for closer reviews of investments. While the United States is not perceived with the same degree of risk, a notable 36% nonetheless favor stricter review of investments, potentially reflecting growing European debates about strategic autonomy, concerns about extraterritorial effects of U.S. industrial policy and a desire for greater reciprocity in transatlantic economic relations.

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



Survey responses further indicate that Italian stakeholders perceive a broad range of sectors as strategically sensitive. Energy and raw materials top the list (58%) reflecting Italy's long-standing dependence on external suppliers and heightened concerns around energy security and critical mineral access. Health and biotechnology follow closely (56%), underscoring the priority placed on pharmaceutical resilience. Defense remains a core area of concern (54%), while information and communication technology emerges as nearly as sensitive (48%), mirroring the centrality of cybersecurity, data infrastructure, cloud services and 5G networks in recent golden power decisions.

Conclusion

While Italy's political FDI landscape in 2025 is defined by an increasingly assertive use of golden power, this does not mean that Italy is closing its doors to foreign capital. Rather, economic openness is conditional and contingent on alignment with articulated political priorities. Those who treat golden power as a central strategic consideration and design deals that strengthen Italy's economic security rather than merely fitting within its legal framework will be best positioned to navigate the Italian public-political environment.

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