

FGS·GLOBAL

DEAL CLEARANCE

Navigating politics and capturing opportunity in cross-border M&A

2026 EDITION

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Deal clearance: navigating politics and capturing opportunity in cross-border M&A

For a growing number of deals, the decisive approval no longer comes only from shareholders or boards: political judgment and public perception increasingly shape whether, on what terms and how quickly cross-border transactions close.

Drawing on our annual survey of key markets, the 2026 FGS Global Deal Clearance Report shows where foreign investment scrutiny is heading, which issues, sectors and investor origins draw the closest attention, and how geopolitical considerations shape review processes and outcomes.

Assessing both global and market-specific trends, our report provides dealmakers with practical insights and guidance for structuring and communicating transactions – particularly when cross-border – in ways that mitigate risk and capture opportunities that a shifting global investment environment creates.



Key findings across markets

- **Conditional openness to foreign investment is the prevailing view.** Between 77% and 90% of respondents in every market are open to foreign investment, but most of them only with appropriate safeguards.
- **Support for stricter screening remains high.** While levels of support have declined, clear majorities want FDI to be screened more stringently, ranging from 62% in Japan to 85% in the U.S.
- **Job retention and technology transfer are key criteria.** On average, 57% of respondents want authorities to pay particular attention to job retention (2025: 46%), ahead of technology transfer and security of supply. Job retention has gained ground in all markets surveyed in 2026 and 2025.
- **China remains the main concern, but scrutiny of U.S. investments rises sharply in many markets.** Chinese investments face the most scrutiny across markets by a wide margin. Calls for stricter reviews of U.S. investments are rising, with majorities in five markets and ranging from 44% to 65% outside Japan (2025: 36% to 51%).
- **Geopolitical developments are expected to inform reviews, while confidence in government judgment varies.** At least 73% of respondents in every market want geopolitical factors to be considered. Confidence in government's ability to adequately assess risks stemming from FDI ranges from 78% in the U.S. to 45% in France.

Top recommendations for dealmakers

01. **Build a political case for your deal (before someone else builds one against you).** How a transaction lands in politics and the public has become a fundamental part of the approval logic. Where jobs, technology or security of supply are perceived to be at stake, approval increasingly hinges on demonstrating how a transaction can strengthen the target country's geopolitical resilience and economic priorities. A straightforward approval in the past is no guarantee of a straightforward approval today, and still less so in the future: political logic shifts dynamically, as recent shifts in U.S. policy and global repercussions illustrate.

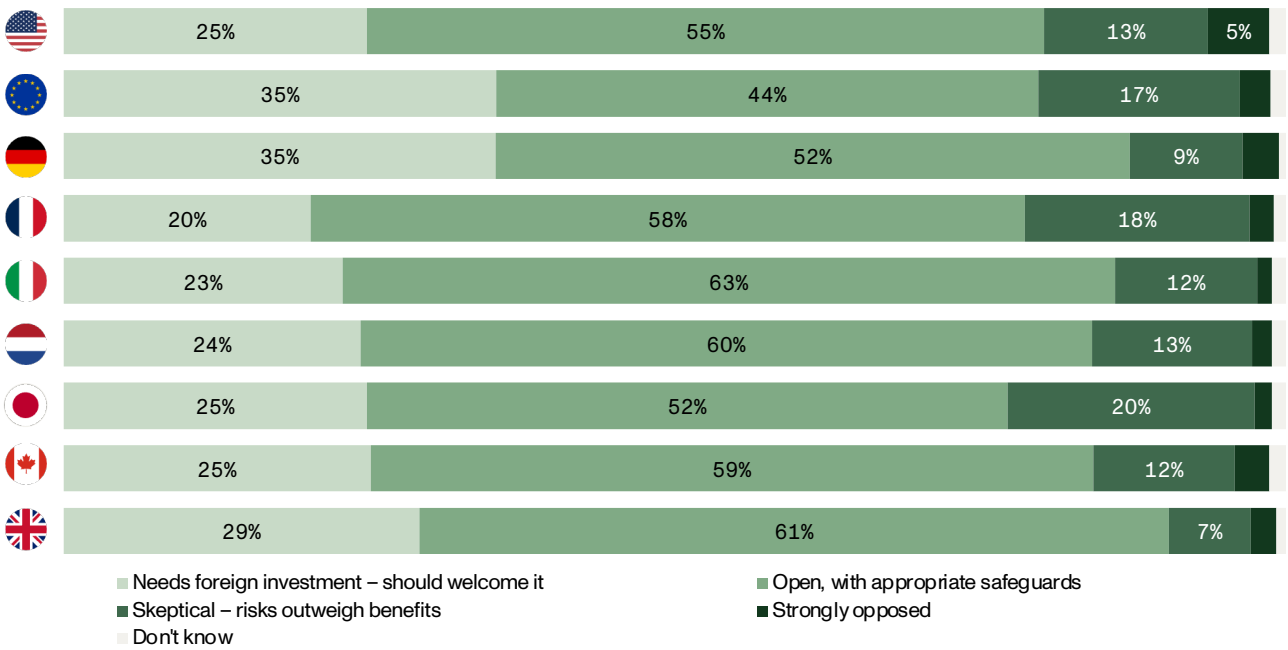
02. **Prepare for politicized procedures and a wider field of stakeholders involved.** Parliaments, NGOs, competitors, unions, media, and other actors all have shown that they can turn regulatory reviews into political battlegrounds. Dealmakers who map those with a potential stake in their transaction, understand what drives them, and engage them early can keep the process on track and protect a reputationally sound closing.

03. **Identify and capture opportunities that macro and political shifts create.** Governments raise barriers against perceived risk, but many are also opening new pathways for investors they regard as credible partners, from expedited reviews to deepening investment ties among aligning economies. As the global map of who counts as a trusted partner is being redrawn, investors who spot these emerging corridors of trust early can secure commercial advantage.

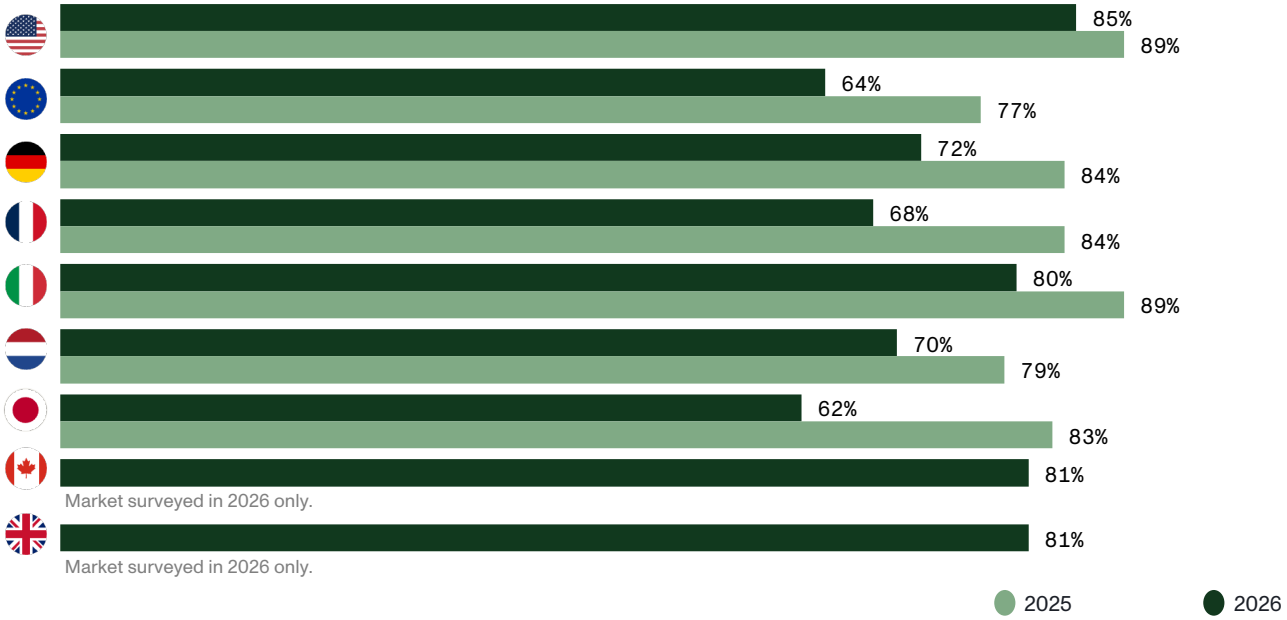
Stricter FDI screening demanded across markets

The findings suggest that existing safeguards are not considered sufficient in and of themselves to address perceived economic and/or security risks stemming from foreign investment. For dealmakers, this means preparing less for immediately stricter rules than for the risk of politicized processes. As geopolitical tensions grow and economic security moves into the mainstream political debate, so does the circle of stakeholders who seek to influence reviews, bringing traditionally legal and technical procedures onto the political agenda.

Thinking about the economy, which of the following best reflects your view?



Should foreign direct investment (FDI) be screened more or less stringently? Share answering "much more" or "slightly more stringently".



Job retention and technology transfer rank among top areas of concern across markets

Although job retention is rarely a formal screening criterion, it increasingly shapes the political climate in which authorities decide. Dealmakers who identify such triggers of political salience early and address them proactively in deal and communications design, for example through credible commitments on employment, investment or supply, can turn potential objections into arguments for approval. Since these triggers evolve with the geopolitical and domestic context, dealmakers must take care to stay attuned to what matters for the moment when their transaction comes together.

Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?

	U.S.	EU	Germany	France	Italy	Netherlands	Japan	Canada*	U.K.*
Retention of jobs	45% ↗	52% ↗	59% ↗	69% ↗	72% ↗	51% ↗	48% ↗	63%*	56%*
Technology transfer	56% ↙	48% ↗	45% ↙	47% ↙	41% ↗	47% ↗	48% ↙	46%*	46%*
Security of supply	56% ↙	39% ↙	44% ↙	31% ↙	33% ↙	30% ↗	41% ↙	54%*	57%*
Strategic or heritage value of the target company	41% ↙	43% ↗	34% ↗	36% ↗	51% ↗	40% ↗	22% ↙	40%*	45%*
Government connections of the buyer	44% ↙	32% ↙	40% ↗	28% ↙	32% ↙	40% ↗	48% ↙	45%*	42%*
Government subsidies received by the buyer	37% ↙	34% ↙	32% ↙	39% ↙	24% ↙	34% ↗	23% ↙	46%*	41%*
Military application	39% ↙	30% ↗	33% ↙	33% ↗	24% ↗	39% ±	42% ↙	33%*	34%*
Government subsidies received by the target	40% ↙	42% ↗	34% ±	35% ↙	21% ↙	26% ↙	23% ↙	41%*	38%*
Additional investment commitments by the buyer	31% ↙	39% ↗	22% ↙	40% ↗	42% ↗	25% ↗	16% ↙	38%*	42%*

Defense remains the most sensitive sector, with ICT and energy and raw materials close behind

The latter two are seen as strategic: future competitiveness increasingly depends on control over data and digital infrastructure, and recent geopolitical shocks have made secure access to energy and raw materials a question of economic resilience. However, as lines between national and economic security continue to blur, what counts as strategic or sensitive remains largely a political judgment that can vary by market and government priorities. Recent high-profile cases show that assets regarded as critical to security of supply can face intense scrutiny even outside traditionally sensitive sectors. Dealmakers who understand these second-order exposures and can credibly show how a transaction strengthens a company's and country's resilience can turn potential scrutiny into acceptance.

In which of the following sectors should the government apply the strictest review when considering FDI?

	U.S.	EU	Germany	France	Italy	Netherlands	Japan	Canada*	U.K.*
Defense and military	59% ↙	56% ↙	59% ↙	70% ↙	56% ↗	65% ↗	68% ↙	70%*	66%*
Information and communication technology	61% ↙	54% ↗	56% ↙	51% ±	50% ↗	53% ↙	49% ↙	56%*	63%*
Energy and raw materials	56% ↙	53% ↗	55% ↙	55% ↗	67% ↗	44% ↙	47% ↙	55%*	58%*
Health and biotechnology	54% ↙	49% ↙	42% ↙	60% ↙	56% ±	41% ↙	41% ↙	55%*	59%*
Semiconductors and advanced manufacturing	41% ↙	33% ↙	39% ↗	38% ↗	31% ↗	40% ↗	56% ↙	33%*	28%*
Engineering, automotive and aerospace	38% ↙	37% ↗	40% ↙	42% ↙	33% ↗	30% ↙	39% ↙	40%*	38%*
Food and agriculture	43% ↙	32% ↙	29% ↙	39% ↗	36% ↗	23% ±	33% ↙	45%*	39%*
Logistics and transportation	27% ↙	15% ↙	22% ↙	18% ↙	20% ↙	22% ↙	9% ↙	26%*	24%*



China remains under the most intense scrutiny, but U.S. investors have moved into the political spotlight in most markets

The recent shift for U.S. investors is most notable and mirrors broader political tensions. Scrutiny of investments originating from the Middle East has by contrast largely held steady or declined in most markets, reflecting growing economic ties. Dealmakers can no longer count on traditional alliances to support their transaction plans. They must understand how their origin shapes political and public perception of them and their deal, and devise strategies that position themselves as credible partners.

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

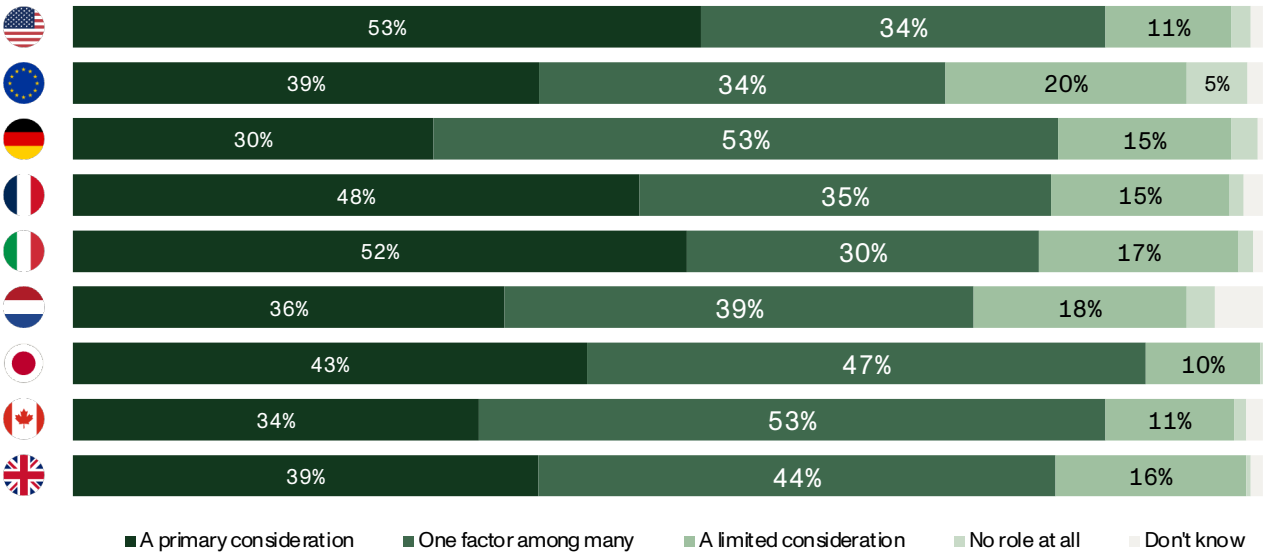
	U.S.	EU	Germany	France	Italy	Netherlands	Japan	Canada*	U.K.*
China	71% ↙	76% ↗	76% ↙	75% ↗	81% ↗	71% ±	89% ↗	75%*	74%*
U.S.	n/a	65% ↗	55% ↗	55% ↗	44% ↗	53% ↗	24%	57%*	50%*
Saudi Arabia	52% ↙	52% ↙	59% ↙	55% ↙	50% ↙	60% ↙	16% ↙	55%*	50%*
UAE	47% ↙	52% ↙	53% ↙	52% ↙	49% ±	55% ±	15% ↙	49%*	48%*
Qatar	42% ↙	54% ↗	51% ↙	56% ↙	40% ↙	54% ±	11% ↙	44%*	41%*
Singapore	21%*	22%*	21%*	22%*	23%*	23%*	9%*	18%*	17%*
Japan	27% ↗	19% ↙	15% ↙	14% ↙	12% ±	16% ↗	n/a	16%*	22%*
U.K.	23% ↙	18% ↙	13% ↙	9% ↙	10% ↙	22% ↗	3% ↙	13%*	n/a
Canada	20%*	8%*	9%*	6%*	5%*	15%*	2%*	n/a	13%*



Large majorities expect geopolitical factors to shape review decisions

In an increasingly volatile geopolitical environment, a transaction's risk profile can shift as rapidly as relations between the investor's country of origin and the host government, and once in the spotlight, it risks being assessed largely regardless of its commercial merits. Dealmakers with a clear view of how that relationship is evolving and how exposed their sector and target are to it, are best positioned to mitigate risk and capture opportunity, including where growing geopolitical alignment can work in favor of the commercial case.

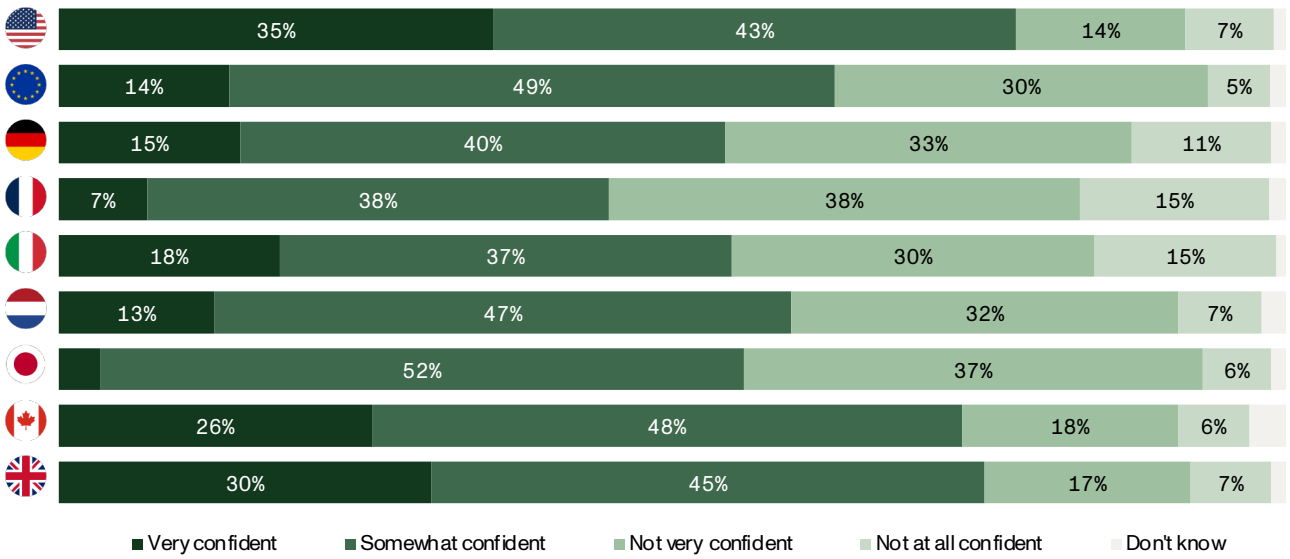
When the government reviews a foreign investment, what role should geopolitical factors play in the decision to approve it?



Confidence in governments' ability to assess investment risk varies widely across markets

Lower public confidence can push authorities toward needing to build a more robust public case to justify their decisions, while higher confidence can imply entrenched positions that are harder to shift. Either way, investors who understand political agendas and dynamics, factor those into their deal communications strategy and engage relevant stakeholders early when needed can build credibility and strengthen the case for their transaction.

How confident are you in the government's ability to determine which foreign investments pose a genuine risk to your market's economy or security?



Note on methodology

The FGS Global Deal Clearance Report is based on an annual survey of political decision-makers and opinion leaders, screened for education level, household income and political interest and engagement. Surveys were conducted in each market's main national language. In 2026, the survey covered nine markets with a total of 3,601 respondents: Canada (n=501), France (n=500), Germany (n=501), Italy (n=250), Japan (n=500), the Netherlands (n=251), the U.K. (n=519), the U.S. (n=500) and Brussels (n=79). Fieldwork took place in September and October 2026. The 2025 survey, conducted in October and November 2025, covered seven markets with 2,885 respondents: France (n=504), Germany (n=518), Italy (n=511), Japan (n=506), the Netherlands (n=260), the U.S. (n=508) and Brussels (n=78). Canada and the U.K. were surveyed for the first time in 2026.

How we support you in getting the deal done

Our global team is uniquely placed to advise investors and companies to maneuver through opaque political and public scrutiny. We are the global leader in M&A communications and have advised on more than 3,900 transactions totaling $7.1 trillion in aggregate value over the past decade. Our global team of trusted advisors has operated at the highest levels of government and in international arenas. We know the players and understand the political and policy factors that can determine deal success. We work in close partnership with legal and financial advisors, helping companies and investors communicate their strategic deal rationales in ways that resonate with political agendas, regulatory requirements, and public sentiment.

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UNITED STATES

Deal screening in the United States is one of many tools deployed by the Trump Administration in 2026 as it navigates increasingly complex dynamics resulting from the "America First" diplomatic and trade policies embarked upon in 2025. For President Trump himself, stabilizing economic relations during a midterm election year has been a top priority. This has often been at odds with the views of many stakeholders in and out of government, leading to an array of competing approaches to foreign direct investment (FDI) and deal clearance.

Political context

While 2025 saw a Trump Administration overtly punitive in its approach to commercial affairs with friend and foe alike, 2026 has witnessed a somewhat more moderate stance in certain areas.

Following the White House's February 2025 announcement of its "America First Investment Policy," many expected the multi-agency CFIUS to clear far fewer deals. In fact, the caseload and results that CFIUS reported for 2025 tracked closely with those addressed during the last year of the Biden Administration. In 2025, CFIUS conducted reviews with respect to 207 notices filed by transaction parties, and subsequent investigations with respect to 114 of them. During this period, the highest number of notices were from Chinese investors, accounting for 17% of the total. Japanese investors followed with 12% of all notices. Investors from the United Arab Emirates and Canada led among the remainder of transactions.

Key findings

- **U.S. screening demands appear to be prompting reciprocity.** As in previous years, American survey respondents led their peers from other markets in calling for more stringent deal reviews, with 85% of U.S. respondents citing that interest. In turn, respondents in several other regions expressed new concerns about U.S. investments in their countries. The biggest change here was among Brussels respondents, with a 15-point increase to 65% of respondents wary of American investments in their countries compared to last year.
- **Concerns about Chinese investments remain high, but those from the Middle East less so.** More than 70% of survey respondents believe that prospective Chinese investments should be reviewed more closely in foreign investment screenings, which in the U.S. are conducted by the multi-agency Committee on Foreign Investment in the United States (CFIUS). Meanwhile, concerns about investments from Middle East countries fell by 9 to 14 points – perhaps a reflection of agreements signed with the Trump Administration over the past year to collaborate more closely on semiconductors and AI-related issues.
- **Job retention is increasingly important.** When asked what factors should be considered in deal clearance reviews, more respondents noted the importance of job retention than in 2025. Other factors met with decreasing concern this year, with a buyer's ties to a foreign government notably less problematic among respondents.

In the lead-up to President Trump's May 2026 trip to China, Treasury Secretary Scott Bessent touted the prospect for creation of a bilateral "Board of Trade" and "Board of Investment" – with the latter providing a prospective forum for discussion and promotion of deals in each other's country. Trump also stated early in the year that he would consider Chinese investments in the U.S. auto sector if they create jobs for Americans.

These proposals met with strong negative reactions from Members of Congress on both sides of the political aisle, along with auto industry leaders and unions. Having pushed back against Chinese electric vehicle battery investments and production in previous years, many voiced even stronger objections to Chinese participation in the treasured auto manufacturing sector. As for the bilateral Board of Investment, the U.S. and Chinese sides announced after the two presidents' September follow-on summit that it had been "operationalized," but the fact that no deals have been announced suggests that resistance to increased inbound investment continues to prevail.

In the areas of information technology and artificial intelligence (AI), the Trump Administration has sought to promote what it calls the "Pax Silica," a group of allied nations that work together to build secure, resilient global supply chains for AI, semiconductors, silicon, and critical minerals. Within this trusted group, investments can be made in each other's IT sectors and technology can be shared with fewer restrictions. As of October 2026, 25 members – including the United Arab Emirates, Qatar, the Netherlands, South Korea, Japan, the European Union and India – had joined the Pax Silica, which the U.S. government envisions as a counterweight to Chinese efforts to build a competing network through IT and AI investments elsewhere.

Other measures to counter Chinese investments and influence have been more overt in 2026, often by agencies with varying policy objectives. In June, the Department of War added 68 entities to its "Chinese military company" list, inflicting reputational damage and a ban on their ability to do business with that agency. Meanwhile, pending legislation in Congress seeks to broaden the criteria for designating such companies, as well as the types of investments and transactions subject to CFIUS review.

Top recommendations for dealmakers

01. **Understand breadth of U.S. national security concerns.**
In the past several years, more and more industry sectors have fallen under the national security lens and have been subject to increased scrutiny by U.S. policymakers and regulators. Dealmakers should acknowledge this – and structure their deals accordingly, with credible mitigation measures – before submitting their transactions for CFIUS review.

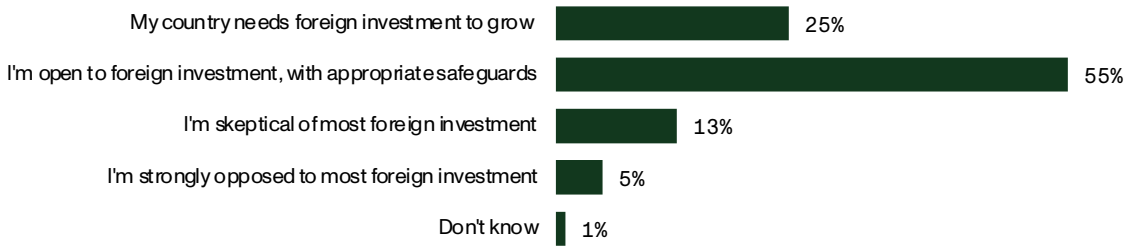
02. **Consider the economics of your deal, and show job impact.**
In the current volatile economy, onshoring manufacturing and/or creating jobs is a priority for U.S. policymakers. Transaction parties should therefore think broadly about the economic impact of a deal, even if the immediate outcome does not add to the workforce – and factor in the second- and third-tier benefits it will have in the supply chain and local communities.

03. **Show connection to U.S. priority objectives.** For many U.S. policymakers, initiatives that advance U.S. interests in multiple ways can garner their attention and support. Dealmakers therefore should study the diplomatic environment in which their transaction will occur and the status of relations between the U.S. and the buyer's country of origin. Aligning your deal's key features and narrative with U.S. government priorities may prompt stakeholder support and even advocacy on its behalf.

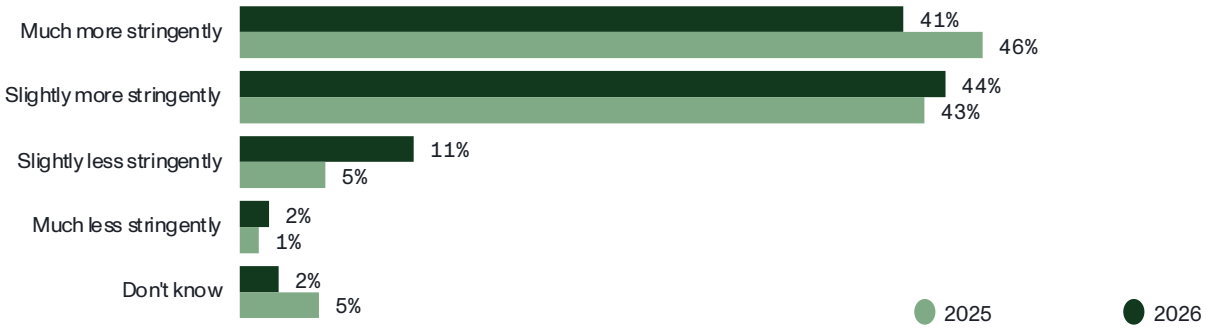
U.S. screening demands are at odds with desire for inbound investment

Our survey results show that American respondents clearly support foreign investment in the U.S. More than 80% of those surveyed agree that policymakers should encourage it outright or with appropriate safeguards. But even more – 85% of respondents – want these safeguards to be stronger. The data itself does not explain this dichotomy, but the tension between American security concerns and economic aspirations might.

Thinking about the U.S. economy, which of the following best reflects your view?



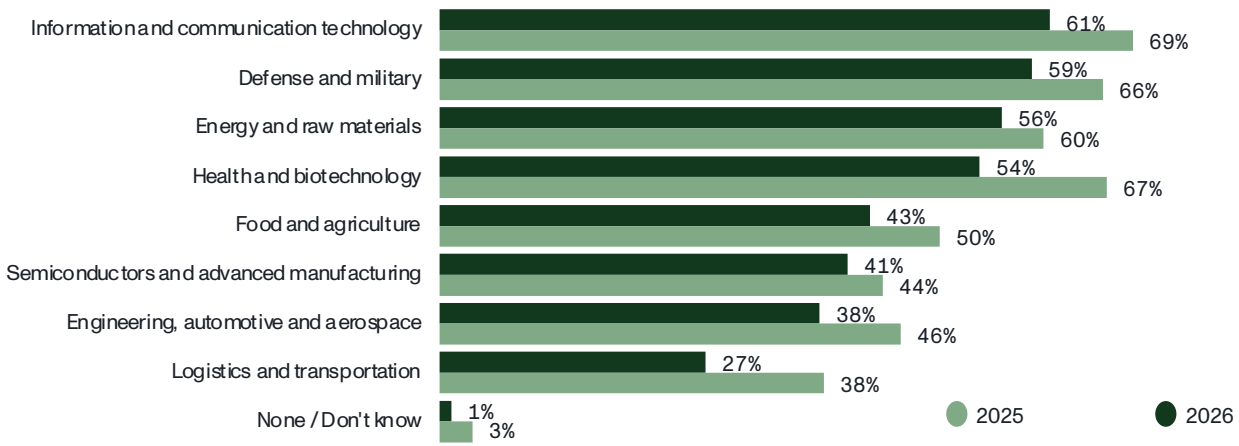
When a company from another country wants to invest here, the government has the power to review and potentially block that investment. Should foreign direct investment (FDI) be screened more or less stringently?



Stricter technology deal clearance demands may be deterring FDI

An overriding concern among policymakers is the loss of American superiority in a range of technology sectors. Respondents understandably indicated that the strictest deal reviews should apply to information technology, military assets, energy products and biotechnology. Yet these are the very sectors that many foreign investors are pursuing. The investments they want to make are not always the investments policymakers and regulators want to permit. The results of this tension are evidenced in the U.S. deal clearance process itself, with CFIUS repeatedly delaying final action on certain transactions as member agencies debate competing equities.

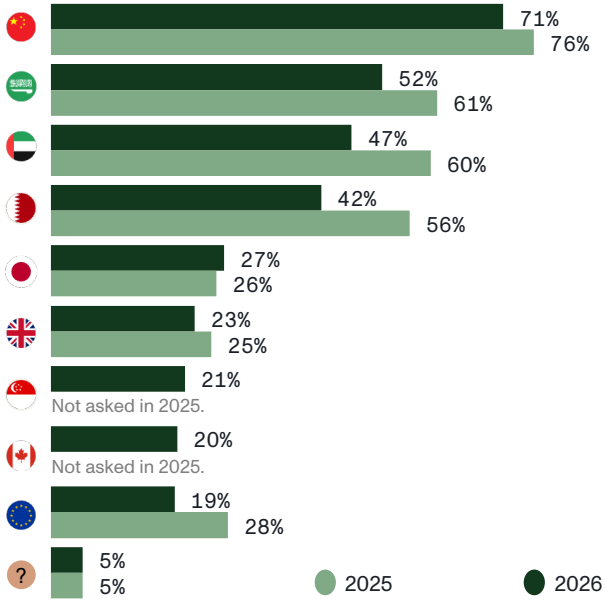
In which of the following sectors do you think the government should apply the strictest review when considering foreign direct investment?



Fewer U.S. concerns about EU and Canadian investments

In contrast, concerns about EU or Canadian investors are shared by only a small number of U.S. respondents. In fact, calls for more stringent reviews of European investments dropped from 28% to less than 20% this year, with concerns about Canadian investments seen at about the same level.

Investments from which countries/regions should be reviewed more closely during foreign direct investment screening by government authorities?



Media discourse

Media coverage of foreign direct investment in the U.S. has been dominated by the interplay between the Trump Administration's tariff agenda and inbound investment flows in the past 12 months. The Administration has framed high tariffs as a tool to attract foreign manufacturers to produce inside the U.S., and the Commerce Department has publicized over $9.94 trillion in announced investment commitments as evidence of the strategy's success. Analysts and think tanks have challenged these claims, with the European Central Bank and the Peterson Institute for International Economics in particular noting significant gaps between announced and realized greenfield investment – with pledged projects not always translating into actual capital deployment.

Coverage of noteworthy CFIUS actions that surfaced in the public domain within the past year includes a presidential decision in January 2026 to block HieFo Corporation's acquisition of semiconductor production assets from the New Jersey-based EMCORE Corporation, reinforcing a pattern of restrictions on Chinese access to U.S. chip manufacturing. Another involved a retroactive review and ultimate presidential rejection of the acquisition by Chinese cloud communications company Suirui International of Jupiter Systems, a California-based manufacturer of video wall processors, displays and visualization technology. Because the company did not complete the required unwinding, the Justice Department was compelled to file a complaint in federal district court to enforce the presidential order.

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GERMANY

Long before “tipping points” entered Germany’s political vocabulary, investment screening had its own. For years after its introduction, the regime lay largely dormant, an instrument few outside specialist circles even knew existed. That changed in 2016, when Chinese appliance maker Midea took over German robotics champion KUKA and Berlin had no legal means to stop the deal. The political backlash woke screening from its long sleep and set off a decade of continuous reform. Its culmination is now on the table: Germany’s first standalone Investment Screening Act.

The draft act is refreshingly candid, warning that “the risks to Germany’s national and economic security have increased considerably.” At the same time, the government is intent on signaling its openness to foreign capital that is needed to return to sustained economic growth. For investors and sellers, the key question is how the balance between openness and protection will play out in practice with a new law in place.

Building on last year’s edition, this report examines how German decision-makers and opinion leaders view foreign investment, and which issues, sectors and investor origins draw the closest scrutiny. Looking ahead, it identifies the trends dealmakers should watch and how to prepare for a screening regime that is set to rely more on political judgment and public explicability.

Key findings

- **Support for stricter screening eases but remains the majority view.** The share of respondents favoring more stringent screening declined from 84% to 72%, likely reflecting the increased priority of economic openness after prolonged economic stagnation.
- **Job retention extends its lead as the top criterion.** 59% want authorities to pay particular attention to job retention (2025: 53%), followed by technology transfer and security of supply.
- **Defense remains the most sensitive sector, but ICT and energy are close behind.** The share calling for stricter review of defense investments fell from 69% to 59%, while ICT and energy and raw materials held steady at 56% and 55%.
- **Scrutiny of U.S. investors rises, while investors from the Middle East face less.** Calls for closer review of U.S. investments rose from 47% to 55% – marking a 20-point increase from 2024 – while scrutiny of investments from Middle Eastern economies declined. China remains the top concern at 76%.
- **The draft Investment Screening Act meets a more measured mood.** 45% want the new law to lean toward stricter controls (2025: 57%), while support for simplification rose from 26% to 33%, consistent with the priority to attract foreign capital.

Political context

Over the past year, the federal government has stepped up its efforts to attract international capital. Following the appointment of Martin Blessing as Personal Envoy for Investment, the government hosted its first-ever Invest in Germany Summit in October. However, this expanded focus is not without limits: Across political parties, the lines between national security and economic security continue to blur.

Nowhere is this more evident than in Germany's changing relationships with the U.S. and China. U.S. investors long benefited from a stable transatlantic alliance, but recent U.S. policy shifts have strained that relationship. German policymakers now openly question whether the U.S. is still a reliable partner, and U.S. investments – particularly in technology and critical infrastructure-adjacent sectors – have become politically charged. Perceived proximity to the current U.S. Administration alone can trigger an intensified review. On China, policymakers in Germany and across Europe converge on the opinion that China's economic development model distorts competition and threatens Europe's industrial base. The response: expanding the economic policy toolkit, ranging from trade defense to investment screening.

Germany's first standalone Investment Screening Act is set to bring more system to this thinking. The draft emphasizes know-how outflow, loss of production capacity and threats to technological sovereignty as review factors, and a "critical mass" test invites screening authorities to look beyond the individual transaction to concentrations of investors from the same country within a sector.

With the Investment Screening Act still moving through the legislative process, and the German government remaining under public and opposition pressure, individual transactions can quickly become test cases and draw in a broad range of stakeholders keen to have their say during the review. Our survey findings help dealmakers anticipate where political scrutiny is likely to arise and how to address it.

Top recommendations for dealmakers

01. **Look beyond the individual transaction to the context it will be judged against.** The German government's draft act invites more discretion, noting that the assessment of a transaction may depend more heavily on the country of origin's footprint in the target sector. Both current political dynamics and prior acquisitions by investors from the same country of origin need to be factored into early deal risk assessment.

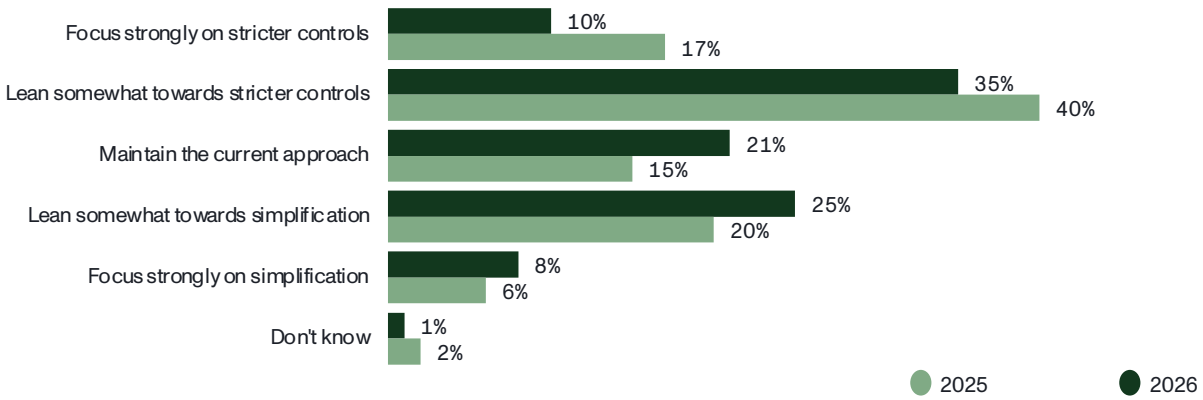
02. **Make public explicability part of your deal design.** Reputational risks are explicitly factored into the review as ministries now weigh whether a deal can be explained to the public, and the government plans to publish prohibitions and comment proactively on cases already in the press. A deal that can be explained convincingly in public leaves less room for others to define its narrative.

03. **Seize opportunities that Germany's economic policy agenda creates.** The federal government continues to court foreign capital, and declining scrutiny of investors from the Middle East, alongside growing partnerships with emerging economies, shows how geopolitical dynamics and perceptions can shift in investors' favor. Those who understand Berlin's priorities and position their deals around them can build trust and gain necessary political backing.

Openness comes with conditions as a majority continues to call for stricter screening

A majority of German respondents are open to foreign investment with appropriate safeguards in place but seven in ten still want stricter investment screening. Demand for much more stringent screening has eased markedly. Several years of stagnation have left their mark: a country in search of growth has good reason to think twice before raising new barriers to foreign capital. At the same time, investment screening and economic security may have become such a regular feature of political and public debate that some may feel the issue is receiving the political and policy attention it deserves. Expectations concerning the new screening law follow the same trend: compared with last year, fewer respondents want it to focus on stricter controls (45%, down from 57%), and more favor simplification (33%, up from 26%). For dealmakers, the bigger uncertainty in the near term is not the rules but how they are applied. As the current political thinking behind the draft act can already shape reviews today, individual transactions can quickly take on a political dimension.

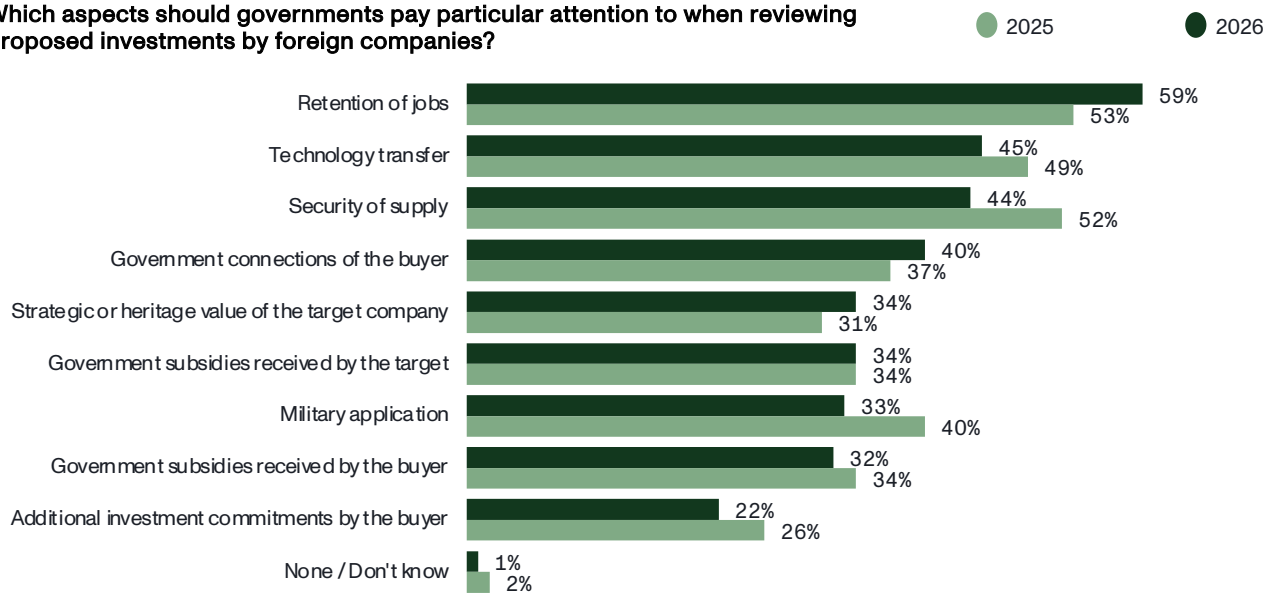
Germany is currently reforming its foreign investment screening rules. Should this new law focus more on simplification or on stricter controls?



Job retention ranks first among review concerns

Plant closures and job cuts regularly make media headlines in Germany these days. Not surprisingly, job retention ranks first among factors for authorities to pay particular attention to. While it is not a formal review criterion, it does shape the socioeconomic climate in which ministries decide. A deal perceived to cost German jobs will struggle to find political defenders. Investors who make and communicate credible, binding commitments on jobs and sites can ease the pressure for political decision-makers and make it easier for them to stand behind a deal in public when necessary.

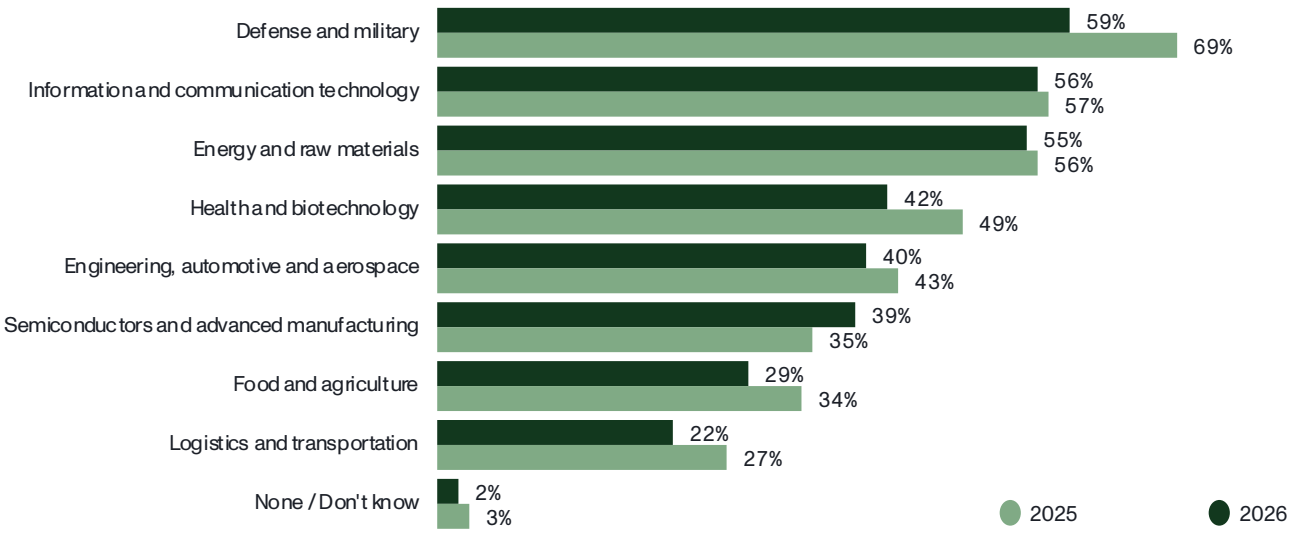
Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?



Sector classifications offer only a partial guide to political scrutiny

Defense still tops the list of sectors respondents want subjected to the strictest review, but its lead over ICT and energy and raw materials has shrunk to a few points. At the same time, a target's sector is only one indicator of political sensitivity. Respondents rank logistics among the sectors least in need of strict review, yet the recent Cosco/Zippel prohibition shows how quickly a transport company can come under scrutiny once its role in supply chains and security logistics comes into focus. Dealmakers are well advised to look beyond traditional sector classifications and assess early how policymakers, the media or other stakeholders could view a target's customers, infrastructure and business relationships in light of Germany's security and economic resilience.

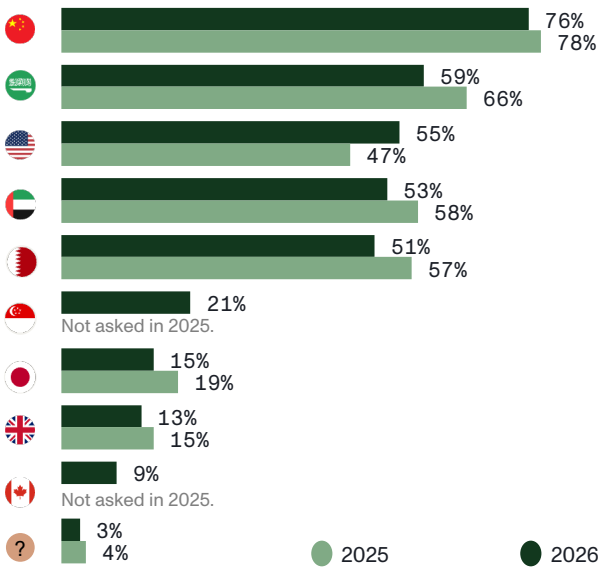
In which of the following sectors do you think the government should apply the strictest review when considering foreign direct investment?



U.S. investors lose their political trust advantage

More than 80% of respondents want geopolitical factors like trade disputes and policy differences to play a role in foreign investment approvals, and 30% regard them as a primary consideration. With respect to countries of origin, the share of respondents calling for closer review of U.S. investments has risen by 20 points to a majority over the past two years. For U.S. investors, a smooth review can no longer be taken for granted, especially in technology, data and other sensitive areas, and questions about governance, data access and links to the current Administration should be expected and prepared for. Perceptions of investors from the Middle East have moved the other way, with calls for closer scrutiny easing as economic ties with the region deepen. Dealmakers who closely track these geopolitical dynamics can anticipate headwinds and spot openings where growing political ties work in their favor.

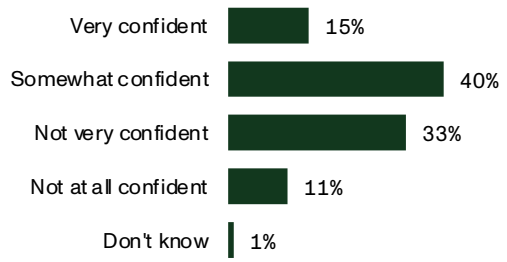
Investments from which countries/regions should be reviewed more closely during foreign direct investment screening by government authorities?



Divided opinions on the government's ability to identify economic and security risks

Just over half of respondents have confidence in government to identify which foreign investments pose a genuine risk to Germany's economy or security, placing Germany in the lower half of the markets surveyed. This can translate into pressure on ministries to justify their decisions to parliament and the public. Investors who present a deal rationale that is clear and holds up to public scrutiny make it easier for decision-makers to take informed views and explain their decisions.

How confident are you in the government's ability to determine which foreign investments pose a genuine risk to Germany's economy or security?



Media discourse

Media attention to foreign investment has grown and become more continuous, extending from the outcome of reviews to much earlier stages. Individual transactions can now catch the public eye and quickly play out against the wider economic security debate from the moment they are announced. Vocal third parties, such as business partners, use the media more strategically to stake out their positions before a formal review has even begun. Opposition parties turn to parliamentary instruments, such as formal inquiries, earlier and more systematically to question the government about individual transactions, increasingly putting individual reviews on the political agenda.

Media also more regularly link separate transactions in coverage to draw broader conclusions, foremost about foreign ownership. Energy Fuels' planned acquisition of Vacuumschmelze Hanau, for example, is being frequently discussed in connection with the review outcome of earlier transactions involving U.S. buyers. In terms of volume, media coverage peaked in early October, as EU-China talks, the prohibition of Cosco/Zippel and the circulation of the draft Investment Screening Act followed in quick succession.

We expect that political and media attention to deals will remain high throughout the German Investment Screening Act's legislative process – and individual transactions can easily move into the spotlight.

Our Berlin team is available to help you assess how a deal is likely to land politically, engage key stakeholders early and align communications with legal strategy.

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FRANCE

France has always approached foreign investment with a particular kind of vigilance: not hostile, but never naïve. Since the decree of May 2014 and the PACTE law of 2019, successive governments have steadily broadened the perimeter of what the state considers too sensitive to leave to the market alone. Yet the pace of change has accelerated sharply. According to the latest FDI scrutiny report published in fall 2026, 418 files were submitted to the Directorate General of the Treasury in 2025 – more than three times the 2014 volume, as investors, lawyers and target companies adapted to an expanding regime. In the summer of 2026, the government moved again. A decree signed on July 30 extended the 10% listing threshold triggering a mandatory filing to companies traded on third-country markets including the London Stock Exchange and Nasdaq. Prime Minister Sébastien Lecornu framed the measure in unambiguous terms: the goal is to prevent "opportunistic" non-European stakes in French companies that could threaten national security. The message to dealmakers is clear: the perimeter of political scrutiny is widening, and the pace of regulatory change shows no sign of slowing.

Building on last year's edition, this report examines how French decision-makers and opinion leaders view foreign investment, and which issues, sectors and investor origins attract the closest scrutiny. Against the backdrop of a regime that is actively evolving, it identifies where political risk is rising, where it is easing, and how to prepare for reviews that increasingly blend legal, economic and geopolitical considerations.

Key findings

- **Demand for stricter screening eases but remains a strong majority.** The share of respondents favoring more stringent screening declined from 84% to 68%. The easing likely reflects a growing awareness that France needs foreign capital to grow, while a decisive majority still expects the state to maintain firm oversight.
- **Job retention surges to the top of the review agenda.** 69% of respondents want authorities to pay particular attention to job retention (2025: 59%). It extends its lead over technology transfer by a widening margin, reflecting France's persistent deindustrialization debate and the political salience of plant closures.
- **Investor commitments gain ground.** Additional investment commitments by the buyer rise by 9 points to 40%, while foreign-government connections of the buyer fall 15 points to 28%, the sharpest single decline in the French survey. Together, these shifts suggest that respondents are becoming more focused on concrete, verifiable undertakings than political proximity.
- **U.S. investors face rising scrutiny, and geopolitical factors are a primary consideration.** Calls for closer review of U.S. investments rise to 55%, now broadly level with Qatar, Saudi Arabia and the UAE. China holds at 75% as the clear top concern. A plurality says that geopolitical factors should be a primary consideration in investment approvals, and 82% say they should play at least some role.
- **Support for state strategic stakes remains universal, but the preferred mode shifts.** 95% of respondents support the government taking stakes in strategic sectors, but the balance tilts markedly toward case-by-case intervention over systematic action, signaling a preference for targeted, proportionate action.

Political context

France's investment screening system entered 2026 already stretched. In its last annual report, the CIEF (the Treasury unit in charge of screening) acknowledged a 7% increase and the highest volume ever recorded, while the government simultaneously promoted France as Europe's premier destination for foreign direct investment for the seventh consecutive year.

The parliamentary dimension of FDI screening has grown more active, confirming the growing politicization of the field. In March 2026, Prime Minister Lecornu commissioned three deputies to review the regime. Their report, delivered in July, judged the system "well-equipped and structured" but recommended tightening review timelines and reinforcing the state's financial capacity to intervene. Separately, more than a dozen bills calling for stronger scrutiny of FDI filings were tabled in Parliament. These legislative initiatives are preparing a future reform. Yet, even if not enacted, they shape the political climate in which individual transactions are assessed.

The July 2026 decree arrived against this backdrop. By extending the 10% listing threshold triggering a mandatory filing to companies traded on third-country markets, including the London Stock Exchange and the Nasdaq, the government closed what it described as a gap that exposed French sensitive companies to opportunistic accumulation of minority stakes below the radar. An accelerated 10-day review procedure was introduced to limit market disruption. As 2026 G7 president, France also leads the group's work on investment screening, reinforcing its role as a standard-setter in the international debate.

Top recommendations for dealmakers

01. **Prepare to make jobs and investment commitments part of your deal narrative.** With job retention at 69% the top criterion and additional investment commitments at 40% gaining the most ground after it, credible and binding commitments on employment, production continuity and R&D investment form the political currency of approval. Quantify them, make them verifiable, and communicate them early. This preparation is critical considering the particularity of the French regulatory practice: 49% of the authorization decisions were, last year, subject to conditions, nearly ten times what is witnessed among France's neighbors.

02. **Expect geopolitical scrutiny largely regardless of your country of origin.** With 82% of respondents saying geopolitics should play a role in investment decisions and 48% treating it as the primary consideration, no investor origin is immune. U.S. investors, in particular, should expect questions about data governance, extraterritorial regulatory exposure and proximity to Washington policy positions. Prepare substantive, factual responses, grounded in a clear reading of the geopolitical context, before these questions are asked.

03. **Engage early, and at all levels.** The CIEF's process is interministerial by design, drawing on expertise from across government. Stakeholder mapping should cover not just the Directorate General of the Treasury but the relevant sectoral ministries, parliamentary committees, and, where applicable, local elected officials. Semiconductor and advanced manufacturing deals, where scrutiny has risen most, should also be prepared for an extended timeline and strict conditions. With elections scheduled for 2027, the political sensitivity of individual transactions will only increase, making early access to the right networks decisive.

Demand for stricter screening eases but a large majority holds the line

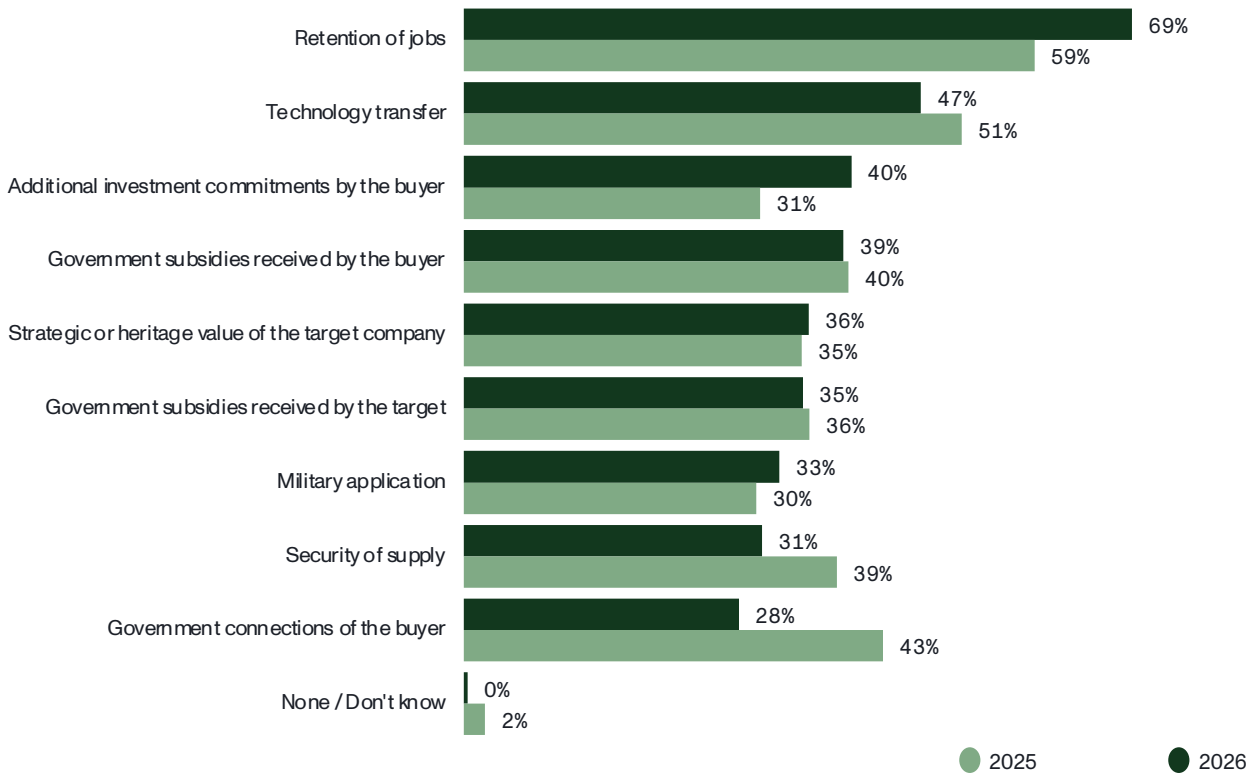
Seven in ten French respondents still want FDI reviewed more stringently, a clear majority, but a notably smaller one than last year's 84%. The sharpest movement is at the extremes: the "much more stringently" category falls 11 points to 23%, while "slightly less stringently" and "much less stringently" both rise significantly. This moderation is consistent with a country that recorded its highest-ever number of FDI screening files in 2025 while simultaneously ranking as Europe's top destination for inward investment for the seventh year running. For dealmakers, softer sentiment should not be mistaken for a lighter touch: with filings at a record high and the regime still expanding, more transactions than ever face review, and the state continues to attach conditions to about half of its approvals. Investors should plan for firm government oversight.

Job retention dominates while buyer connections fall sharply

The composition of what French respondents want authorities to examine has shifted in revealing ways. Job retention rises 10 points to 69%, its highest-ever level in this survey and now the runaway top criterion, ahead of technology transfer (47%) and additional investment commitments (40%). The economic backdrop explains much of this. A foreign acquisition that costs French jobs is politically indefensible, regardless of its industrial logic.

Equally striking is the collapse of "foreign-government connections of the buyer" as a criterion, down 15 points to 28%, the largest statistically significant decline in this year's survey. Read alongside the 10-point rise in job retention and the 9-point rise in additional investment commitments, this shift tells a coherent story: respondents are becoming more pragmatic. What an investor's connections to a foreign government say about their intentions matters less than what they are prepared to put on the table: jobs preserved, facilities kept open, R&D maintained on French soil. The data suggests that well-structured, commitment-oriented investments can secure approval and build political backing when presented credibly and early. A robust commitments package that speaks directly to France's economic concerns can carry more weight than a favorable political profile.

Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?



Defense holds the top, but semiconductors emerge as a new front

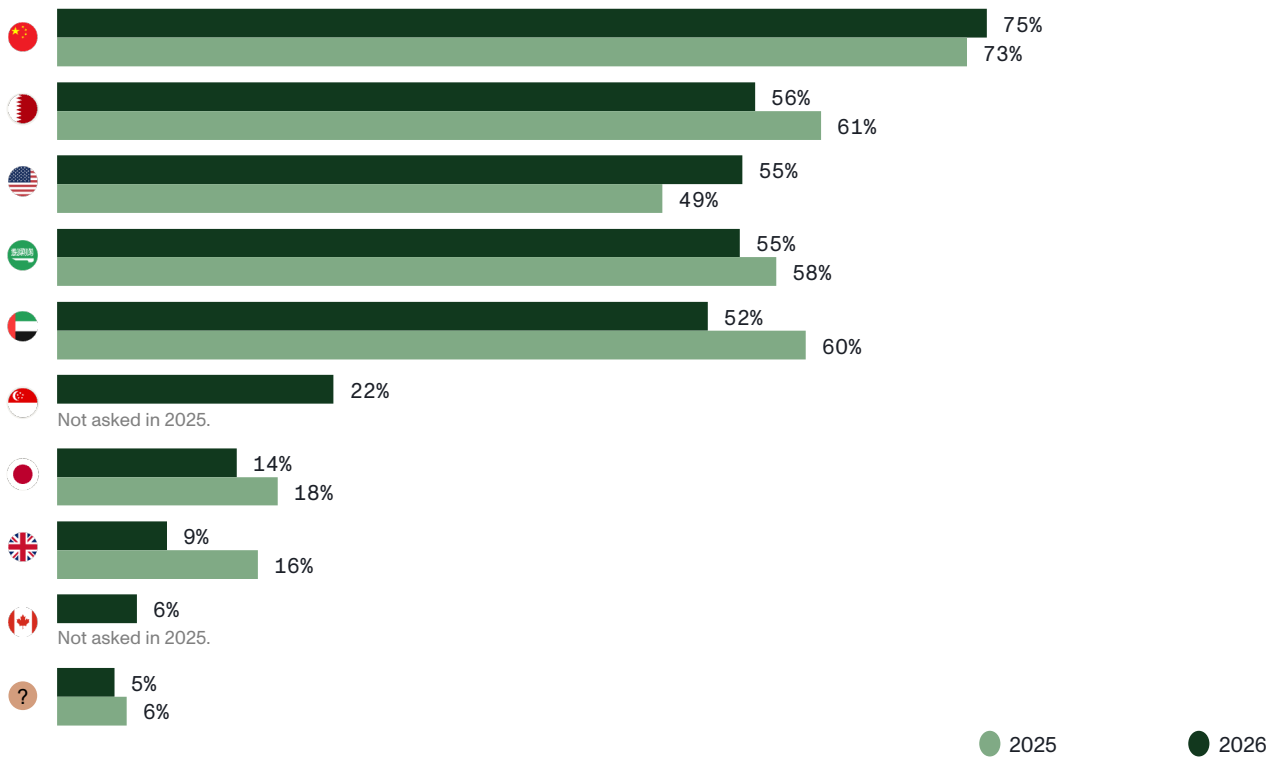
Sector sensitivities are broadly stable at the top of the ranking, but one significant shift breaks the pattern. Defense holds at 70%, health and biotechnology at 60%, and energy at 55%, all roughly where they were in 2025. The standout movement is in semiconductors and advanced manufacturing, up 10 points to 38%, the most significant sector-level change. This reflects the growing policy and public attention to Europe's technological dependencies, accelerated by EU industrial strategy debates and the global semiconductor supply chain disruptions of recent years. Investments in this space now sit in a category of heightened public expectation, and the regulatory framework is moving in the same direction. The EU's revised screening regulation will deepen the controlled perimeter around dual-use and critical technologies.

U.S. investors under increasing scrutiny but China remains the benchmark concern

The country-of-origin landscape has shifted measurably. China remains the dominant concern at 75%, barely changed and a full 19 points ahead of the next country. What is new is the convergence of the tier below: the U.S. (55%, +6 points), Qatar (56%), and Saudi Arabia (55%) are now clustered within a single percentage point of each other. Two years ago, U.S. investors benefited from a substantial trust premium rooted in the transatlantic alliance. That premium has largely eroded, driven by friction in U.S.-EU relations over trade policy, regulatory divergence and technology governance. U.S. investors, particularly in technology, data infrastructure and dual-use sectors, should anticipate questions about governance structures, extraterritorial exposure and data sovereignty that would have seemed unnecessary just a few years ago.

The movement in Gulf perceptions runs in the opposite direction. The UAE falls 8 points to 52%, the largest statistically significant national decline, and Saudi Arabia eases 3 points to 55%. This reflects the deepening of bilateral economic ties and France's active engagement with Gulf sovereign wealth funds and development partners. The U.K.'s sharp decline, down 7 points to 9%, likely reflects post-Brexit normalization rather than political warmth: U.K. investors are increasingly seen through a bilateral commercial lens rather than a strategic threat lens, even as some regulatory divergence adds transactional complexity.

Investments from which countries/regions should be reviewed more closely during foreign direct investment screening by government authorities?



State intervention: consensus on the goal, debate on the method

The near-universal support for state participation in strategic transactions, at 95% in favor, is one of the most stable findings in the survey. But the form that support takes has shifted. The share favoring systematic state stakes falls 8 points to 41%, while case-by-case intervention rises 10 points to 54%. This is a meaningful evolution. It suggests that French respondents increasingly prefer a state that acts with precision, intervening when and where the strategic calculus demands it, over one that takes stakes as a matter of doctrine. The government's own practice is consistent with this direction: in 2025, 49% of authorized investments were approved with conditions, and only seven were refused outright over four years. The state acts, but it acts through conditions rather than prohibitions. Dealmakers who understand this preference and who structure their transactions to give the ministry the tools it needs to impose credible, verifiable conditions are better placed than those who treat conditions as an obstacle rather than a feature of the French system.

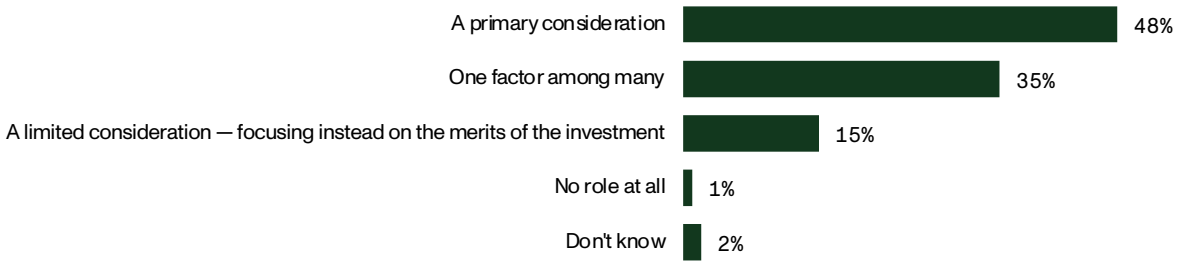
Should the French government take strategic stakes in transactions involving sectors deemed strategic (e.g., defense, energy, artificial intelligence)?



Geopolitics weighs heavily on investment reviews

One of the most consequential findings of the 2026 survey is the mainstreaming of geopolitical logic in French views on investment screening. More than 80% of respondents say geopolitical factors, including trade disputes, policy differences and political tensions with an investor's home country, should play some role in investment approval decisions. More striking still, 48% say these factors should be the primary consideration. Combined with the finding that 81% agree economic and national security should be treated as the same thing when reviewing investments, this amounts to a clear mandate for a geopolitically informed screening regime. The legal framework has moved in exactly this direction: the draft Investment Screening Act in Germany, France's July 2026 decree, and the revised EU regulation all reflect the political premise that investment decisions cannot be ring-fenced from the broader geopolitical environment. For dealmakers, this is not merely an abstract observation. It means that the identity of the investor, the policies of their home government, and the state of bilateral relations on the day a deal is announced can all become material to the outcome of a review.

When the government reviews a foreign investment, what role should geopolitical factors — like trade disputes, policy differences or political tensions with an investor's home country — play in the decision to approve it?



Media discourse

Media and political discussions of FDI in France have shifted from episodic coverage of high-profile deals to a more continuous discussion linking FDI to national sovereignty, economic resilience, and industrial strategy. The establishment of several parliamentary committees with widely covered reports on FDI underlines this trend. High-profile transactions in defense, health, or technology remain flashpoints, but the broader approach by decision-makers focuses on France's economic and power position in a volatile global economy and the perceived need to safeguard critical assets.

For dealmakers, this creates a need to understand and engage with these themes, not just at the regulatory level, but also in public communications and stakeholder engagement. A deal narrative that speaks to sovereignty and industrial resilience can beneficially shape the review process. The upcoming presidential and legislative elections in 2027 will further reinforce the growing need for political engagement around deals in France.

Our team in Paris works with investors and their key legal and financial advisers on political and policy dimensions of their transactions, from stakeholder mapping and engagement to communications aligned with the legal process.

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NETHERLANDS

The Netherlands' traditional openness for foreign investment now comes with strings attached. The screening regime is expanding in scope, accelerating in enforcement, and attracting growing political attention. In May 2026, the Dutch government for the first time openly blocked a foreign acquisition on national security grounds, under mounting political pressure over the protection of critical digital infrastructure. For dealmakers operating in the Netherlands, it is thus crucial to assess the likelihood of government intervention, and how to stay ahead of the curve. The good news is that a careful design in the vast majority of cases allows investors to shape the deal in a way that fits conditions while preserving the business rationale.

This report explores how Dutch stakeholders view foreign investment today, how those views have shifted over the past year, and what that shift means for how deals get done.

Key findings

- **The Netherlands remains open for business.** 24% of respondents say that the Netherlands needs foreign investment to grow and should welcome it but nearly 60% of respondents support it only with appropriate safeguards in place. Foreign investors do not need to worry about general market access but should care about transaction design.
- **Economic anxiety is reshaping what scrutiny means.** Respondents increasingly want governments to examine factors beyond strict national security concerns: retention of jobs, government subsidies received by the buyer, and security of supply are the fastest-rising priorities. The political and public case for a transaction increasingly needs to speak to economic contribution, although the rules remain focused on national security alone.
- **Geopolitics and national security are increasingly embedded in investment decisions.** Three in four respondents say geopolitical factors should play a role in approval decisions, and an equal share say economic and national security should be treated as one and the same.
- **The Solvinity and Nexperia cases act as a watershed.** More than seven in ten support the prohibition of Kyndryl's plan to acquire Solvinity and nearly two in three agree that Nexperia demonstrates the limits of behavioral remedies under foreign ownership with state ties. Transactions touching critical digital infrastructure now face a public firmly set against approval.
- **Western investors can no longer assume preferential treatment.** Chinese investment remains the clear focus of scrutiny at 71%. More notable, however, is the majority of 53% in favor of stricter reviews of U.S. investments.

Political context

Economic security has become a government-wide priority under the new coalition. The Jetten cabinet, which took office in February 2026, committed explicitly in its coalition agreement to tightening investment screening, blocking the transfer of sensitive technologies where strategic interests are perceived to be at stake, and strengthening ties with like-minded partners. Parliament, however, has consistently pushed further and faster than the executive. That dynamic has shaped several high-profile cases and set the political tone for a regime that is expanding in both scope and enforcement ambition.

The clearest example is the Solvinity prohibition, which marked a turning point in Dutch FDI enforcement. In May 2026, the government blocked the acquisition of cloud provider Solvinity by U.S.-headquartered Kyndryl, citing digital sovereignty and the risks the U.S. CLOUD Act poses to data held by the Dutch government. The decision established two things: that the acquirer's nationality offers no immunity from prohibition, and that infrastructure serving government functions will face the highest level of scrutiny regardless of the acquirer's nationality.

The legal framework is widening to match this enforcement posture. From January 1, 2027, the Investment Screening Act (Wet Vifo) will bring six additional technology categories into its mandatory screening regime: biotechnology, AI, advanced materials, nanotechnology, sensor and navigation technology, and nuclear technology for medical use. In parallel, a separate screening regime for the defense sector is moving through the legislative process, adding a further layer of scrutiny beyond Vifo.

At the same time, the ACM is acquiring powers that extend merger scrutiny well below existing thresholds. In September 2026, the House of Representatives adopted the ACM Call-In Power Act, which enables the competition authority to review transactions that fall below the standard notification threshold. Its primary targets are private equity buy-and-build strategies and killer acquisitions in healthcare, childcare and cloud infrastructure. Looking further ahead, the coalition agreement commits the government to introducing the New Competition Tool, which would allow the ACM to intervene in structurally dysfunctional markets even where no legal violation has occurred.

Top recommendations for dealmakers

01. **Be proactive: structure the transaction ahead of the formal clearing process and treat the political narrative as part of the filing.** Start by mapping where the transaction sits politically, not just legally: the economic case, the profile of the acquirer, and the narrative around jobs and economic contribution all need to be built into the transaction structure from the outset. What is said publicly is read by regulators, politicians, and journalists as part of the dossier. Inconsistencies between a press release and a formal notification will not go unnoticed, and a parliamentary question can turn a quiet screening procedure into a news story within 24 hours.

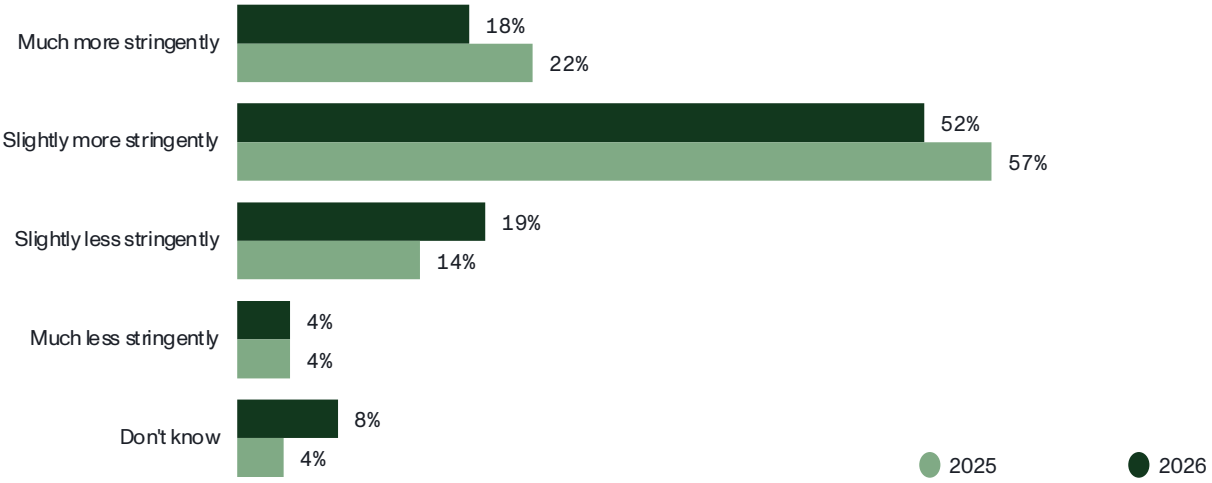
02. **Build a relationship with the BTI before you need one and shape the political environment before the deal is on the table.** Engage the Dutch investment screening authority, Bureau Toetsing Investeringen (BTI), informally and early: the bureau is accessible for scoping conversations with respect to scrutiny without triggering a formal process. Apply the same logic more broadly: the companies that navigate Dutch FDI screening most effectively are those that have invested in political relationships and institutional understanding long before a transaction is on the table, so that their arguments are valued when decisions are made.

03. **Plan for scrutiny, especially in sensitive sectors and even after clearance. A cleared transaction is not a closed file.** The BTI monitors companies in sensitive sectors for changes in ownership, control, and corporate structure, and can intervene long after closing. Post-closing governance arrangements and corporate restructurings can all become triggers for renewed intervention. The political and regulatory work that begins before a filing does not end at clearance.

The appetite for more stringent foreign investment screening has cooled but remains high

The Netherlands' traditional openness is intact: more than eight in ten respondents back foreign investment, the large majority on the condition that safeguards are in place, and only a fraction oppose it. Support for stricter screening still stands at 70%, 9 points below last year, while the share favoring less stringent screening rose from 17% to 23%. This fits a regime that has expanded considerably since the Investment Screening Act took effect and that authorities and investors are now learning to use. For dealmakers, access to the Dutch market is rarely in question. What decides the outcome is how well a deal is prepared for the BTI's review.

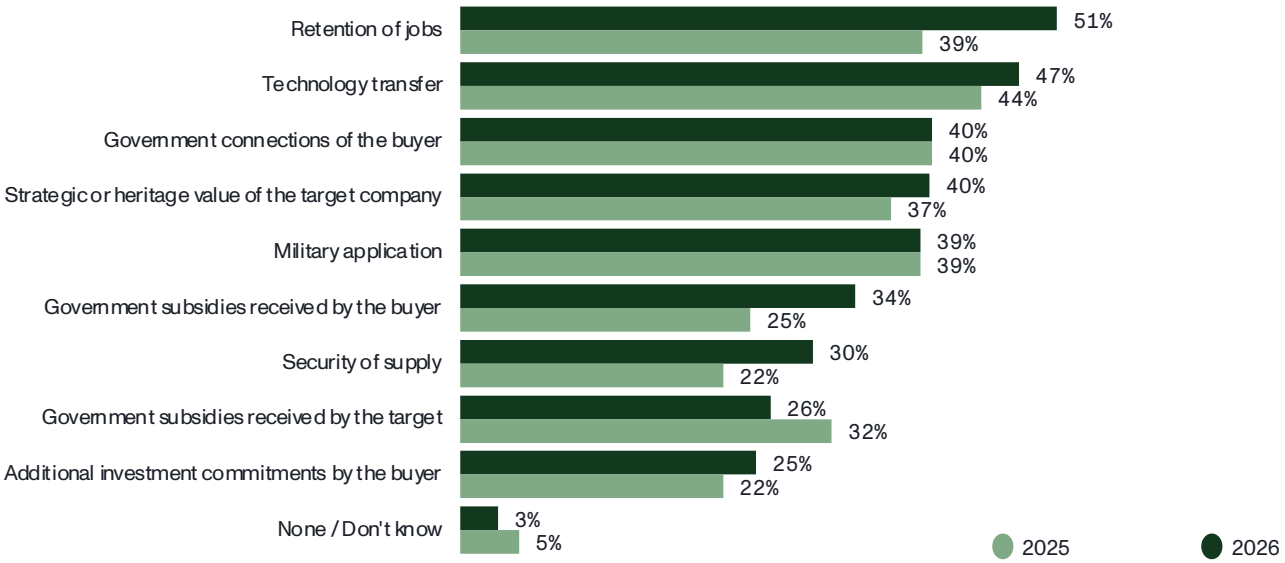
When a company from another country wants to invest here, the government has the power to review and potentially block that investment. Should foreign direct investment be screened more or less stringently?



Screening priorities are expanding toward economic contribution

Job retention (51%) and technology transfer (47%) lead the aspects respondents want governments to examine, followed by the buyer's government connections and the target's strategic or heritage value. The clearest gains are in job retention, up 12 points, and government subsidies received by the buyer, up 9 points. Concern about foreign investment now extends beyond espionage and technology leakage to whether foreign ownership delivers for the Dutch economy. Although the legal test remains national security, investors should be ready to make the case for a deal in economic terms as well, with credible commitments on jobs and local investment.

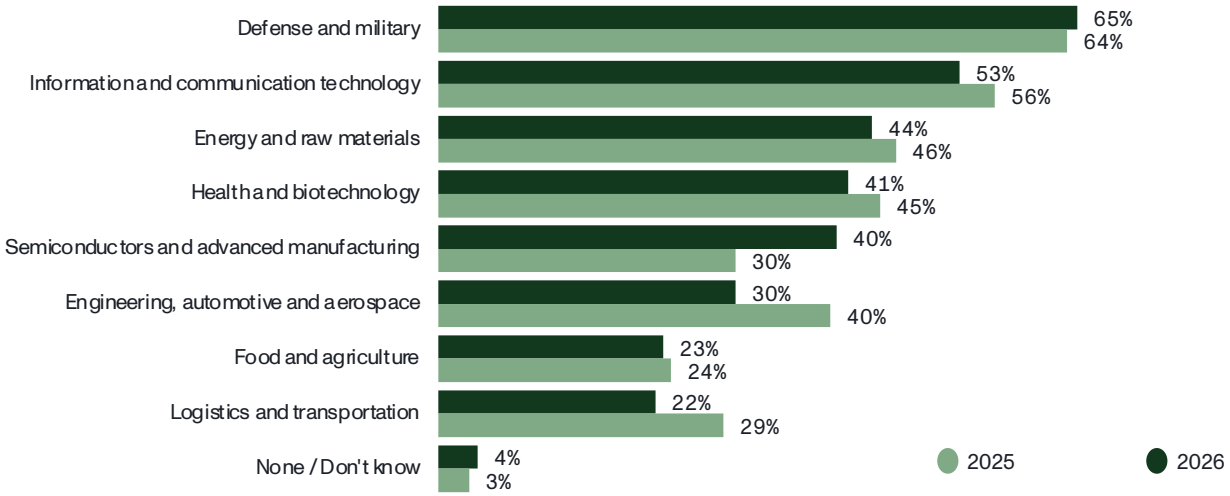
Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?



Semiconductors close in on the core sensitive sectors

Defense and military (65%), ICT (53%) and energy and raw materials (44%) remain the sectors where respondents most want the strictest review, a ranking largely unchanged from 2025. The most notable movement is the rise in semiconductors and advanced manufacturing, up 10 points to 40%. This partly reflects a broader answer option this year and likely also heightened awareness of supply chain vulnerability after the Nexperia case. Engineering, automotive and aerospace moved the other way, down 10 points. Investors in semiconductors and adjacent technologies should expect scrutiny comparable to the traditional core sectors.

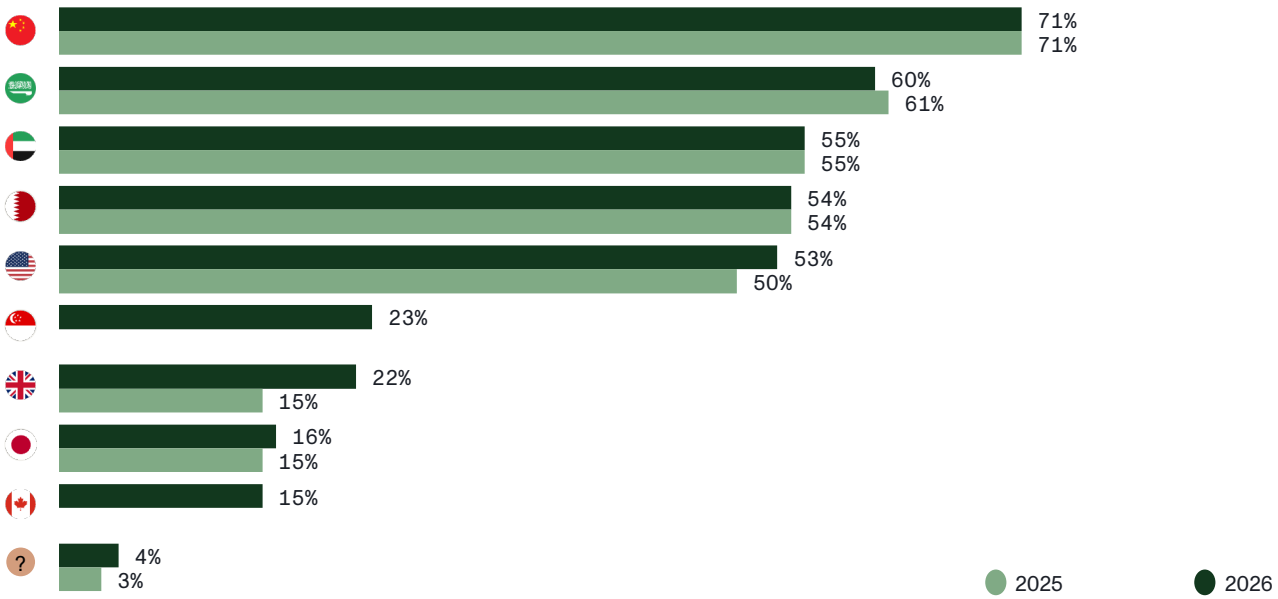
In which of the following sectors do you think the government should apply the strictest review when considering foreign direct investment?



China remains the clear outlier, while scrutiny of Western investors is edging up

At 71%, the share calling for closer review of Chinese investment is unchanged from 2025, and concern about investors from the Middle East is similarly stable. The clearest movement is among Western investors: calls for closer review of U.K. investment rose 7 points to 22%, and U.S. investment edged up to 53%. Respondents are applying a more critical lens across the board. Investors should not assume that origin alone will smooth a review, particularly in digital and data-related sectors.

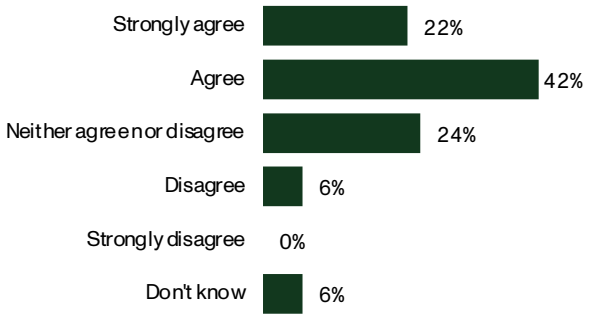
Investments from which countries should be reviewed more closely during FDI screening by government authorities?



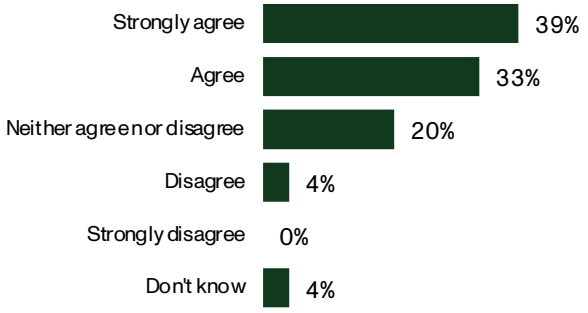
Solvinity and Nexperia have set the political agenda for sensitive deals to come

More than seven in ten respondents support the government's decision to block Kyndryl's acquisition of Solvinity, and opposition is minimal. The decision likely confirmed a view respondents already held: digital infrastructure serving government functions should not pass into foreign hands, whatever the acquirer's origin. Three in four go further and say that U.S. legal reach into data stored abroad justifies treating a U.S. acquirer of Dutch digital infrastructure with the same caution as one from China or the Middle East. Nearly two in three also agree that the Nexperia case exposes the limits of commitments on governance and access once a company is under foreign ownership, although a larger share is undecided here, likely because the case is still unresolved. For dealmakers, transactions touching digital infrastructure face skeptical stakeholders from the outset.

The case of semiconductor manufacturer Nexperia demonstrates that behavioral remedies and governance safeguards are insufficient to protect Dutch national security interests when a company is under foreign ownership with potential state ties.



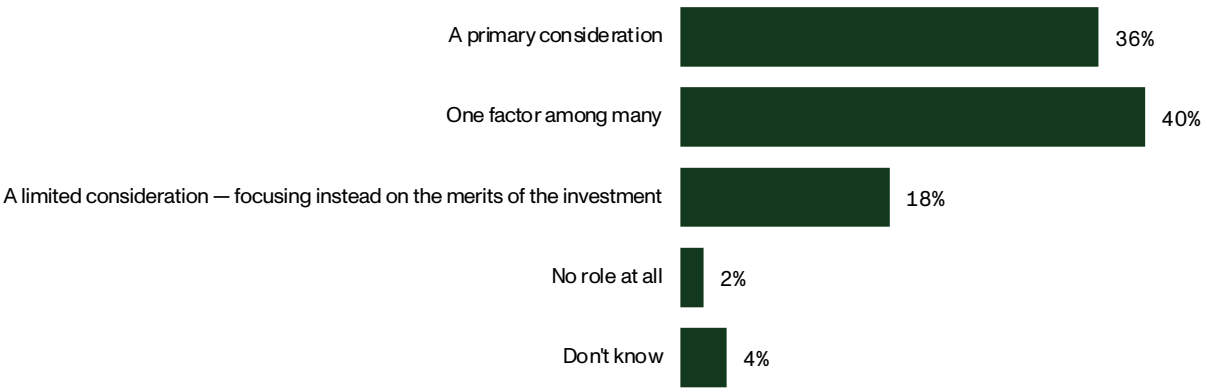
The Dutch government's decision to block U.S. infrastructure services provider Kyndryl's acquisition of the Dutch managed cloud and IT services provider Solvinity — citing digital sovereignty and CLOUD Act risks — was the right decision.



Geopolitics is now a deal variable

Three in four respondents say geopolitical factors should play a role in approval decisions, and just over a third see them as a primary consideration. An equal share agrees that economic and national security should be treated as one, with hardly any disagreement. For a trading nation long associated with rules-based, merit-driven openness, this is a notable consensus: trade disputes, policy differences and political tensions are widely accepted as legitimate grounds for scrutiny. Formally, the Dutch regime still tests for national security. In practice, investors should expect parliamentary and public debate to apply a broader security lens and should address it before the BTI or the House of Representatives does.

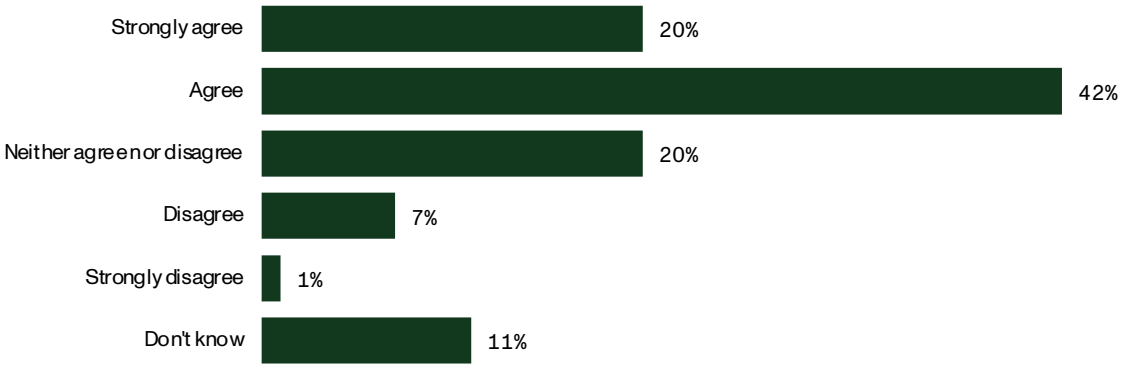
When the government reviews a foreign investment, what role should geopolitical factors — like trade disputes, policy differences or political tensions with an investor's home country — play in the decision to approve it?



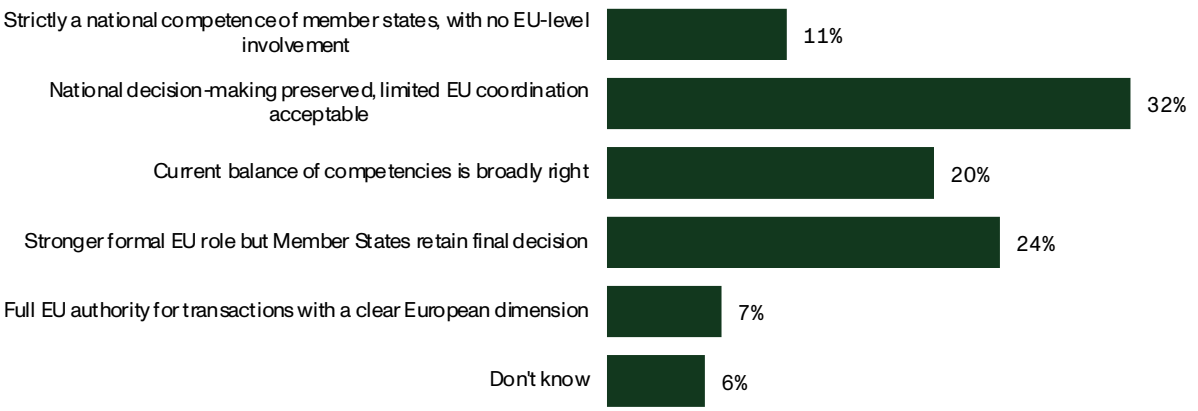
The 2027 Investment Screening Act expansion has public backing, but awareness lags

A clear majority endorses the 2027 expansion of the Investment Screening Act (Wet Vifo) to six new technology categories as the right balance between security and openness. Nearly one in three, however, has no view or does not feel informed enough to form one. On governance, nearly two-thirds prefer that decisions stay in The Hague, with at most limited EU coordination. For dealmakers, national screening will remain the decisive arena, and the case for proportionality will need to be made as the regime expands.

The Dutch government's decision to add six new technology categories (biotechnology, AI, advanced materials, nanotechnology, sensor/navigation technology, nuclear medical technology) to the FDI screening law (Wet Vifo) as of 2027 strikes the right balance between national security and maintaining the Netherlands' openness to foreign investment.



While the newly adopted EU FDI Screening Regulation strengthens coordination across the EU, ultimate decision-making authority remains with individual Member States. Looking ahead, how should review and decision-making powers be allocated for foreign direct investments?



Confidence in government screening is a majority view, but a fragile one

Six in ten respondents are confident in the government's ability to identify genuine investment risks. Only one in eight, however, are very confident, and more than a third have doubts. Respondents appear to want the government to do more while questioning whether it has the capacity to do it well, a tension the expanding Vifo regime will test. For investors, this means decisions may face second-guessing in Parliament and the press, so a well-documented rationale that ministers can defend publicly becomes part of the deal's protection.

Media discourse

Two cases have dominated Dutch media coverage of foreign investment over the past 12 months. The Nexperia saga was a confrontation between the Dutch state and Chinese parent Wingtech that briefly disrupted European automotive supply chains. The case established foreign ownership as a systemic risk story. The Solvinity prohibition added a more uncomfortable dimension: a U.S. acquirer blocked on digital sovereignty grounds, prompting a broader debate about whether the investor's country of origin offers any meaningful protection.

Together, they have set a new default for deal coverage: transactions in technology, digital infrastructure, energy, and any sector touching government data, supply chain continuity, or critical national infrastructure are increasingly assessed through a security lens. Beyond security, deals that cannot articulate a convincing economic rationale – on jobs, Dutch industrial interest, and local economic contribution – risk being framed as a threat. Media engagement is therefore no longer a downstream communications task but should be part of the transaction strategy from the moment a deal is contemplated.

Our team in the Netherlands works with investors and their key legal and financial advisors to develop the political and media case for their deals.

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ITALY

Few countries use their investment screening powers as broadly as Italy. In 2025, the government was notified of a record 1,081 transactions under its Golden Power. Over the past two years, it has intervened in bank mergers, defense carve-outs and long-standing Chinese holdings alike. At the same time, Rome is actively courting capital from new partners. For investors, Italy offers real opportunities, provided their deals fit the government's priorities. The next general elections are due no later than fall 2027, and several major cities will vote in spring 2027, raising the prospect that deals will be judged through an electoral lens. This year's report analyzes how attitudes toward foreign investment are evolving, where scrutiny is rising and where new opportunities are emerging for politically savvy investors.

Political context

The Italian government continues to walk a fine line between attracting foreign capital and using its Golden Power to protect strategic assets and steer industrial outcomes. Several developments in 2026 show how that balance has been tested from several directions.

The government's application of its Golden Power has come under greater scrutiny from Brussels. In 2025, it deployed the regime to impose far-reaching conditions on UniCredit's bid for Banco BPM, intervening in a domestic banking consolidation based on industrial policy considerations. This effectively resulted in a block of the transaction, and UniCredit withdrew its offer.

Key findings

- **Support for stricter screening remains the clear majority view.** 80% want foreign investment to be screened more stringently (2025: 89%), while the share calling for much more stringent screening fell to 30% (2025: 38%).
- **Job retention and strategic or heritage value of companies are top concerns.** 72% want authorities to pay particular attention to job retention, the highest share across all nine markets. Strategic or heritage value of the target follows at 51%, also the highest across markets.
- **Energy and raw materials extend their lead as most sensitive sector.** 67% call for the strictest review of investments in energy and raw materials. Italy is the only market surveyed where this sector ranks first, ahead of defense and health and biotechnology.
- **Scrutiny of Chinese and U.S. investors rises.** 81% want closer review of Chinese investments (2025: 71%) and 44% of U.S. investments (2025: 36%). Calls for closer review of investments from Middle Eastern countries have tempered slightly.
- **Geopolitical considerations are expected to carry considerable weight, while views on government judgment are divided:** 52% want geopolitical factors to be a primary consideration in reviews, and 55% are confident in the government's ability to identify investments that pose a genuine risk to Italy's security or economy.

In November 2025, the European Commission responded by opening an infringement procedure, arguing that Rome's powers over bank mergers may breach EU law and raising fundamental questions about the consistency of Italy's investment screening regime. Italy moved to address these concerns in January 2026 by amending its Golden Power rules: domestic review of banking and financial transactions now follows EU and European Central Bank assessments, while "economic and financial security" has been added to the national interests the law protects.

Pressure has also grown on Chinese stakeholders in Italian companies. In 2025, the government stopped short of forcing Chinese state-linked shareholder Sinochem to reduce its stake in tire maker Pirelli. In April 2026, it changed course and used its Golden Power to cap Sinochem's board influence, citing the sensitivity of Pirelli's connected-tire technology and the need to protect the company's access to the U.S. market. Sinochem has challenged the measures in court and has since cut its stake from 34% to 20%. The case shows that scrutiny now extends to long-standing holdings, and that U.S. policy can shape how Rome treats Chinese investors, even as political relations between Rome and the current U.S. Administration have become visibly strained.

At the same time, Rome is strengthening relations and deepening economic ties with other partners. In October 2026, Italy's Minister of Enterprises and Made in Italy, Adolfo Urso, toured the Gulf. In Abu Dhabi, he signed a memorandum with the UAE's Minister of Investment to promote joint ventures, co-investments and technology transfer in industry and manufacturing, building on the UAE's earlier pledge of $40 billion for Italy's strategic sectors. In Doha, Urso announced an agreement with the Qatar Investment Authority to set up an operational task force to accelerate new investments in Italy, including strategic digital technologies, and to promote a fast-track procedure for projects worth more than €1 billion, allowing the government to declare an overriding of national strategic interest.

Looking ahead, the Golden Power will continue to be a flexible instrument that can reach a broad range of transactions and leaves considerable room for political discretion. In the upcoming election year, such discretion may also be exercised with an eye on voters: decisions on high-profile transactions may be accelerated, delayed or tied to conditions depending on their political resonance. The past twelve months have already shown that what holds true one year may no longer apply the next. Investors therefore need to stay close to the political and regulatory pulse to understand the risks, and openings, for their transaction plans.

Top recommendations for dealmakers

01. **Map every voice that counts and pre-empt concerns.** Golden Power reviews are coordinated by the Presidency of the Council of Ministers, but several ministries are involved and all can shape the outcome. Parliamentary committees, regional authorities, unions and industry associations are also likely to weigh in where they see their interests affected. Investors who engage these stakeholders early can address concerns before they shape the political verdict.

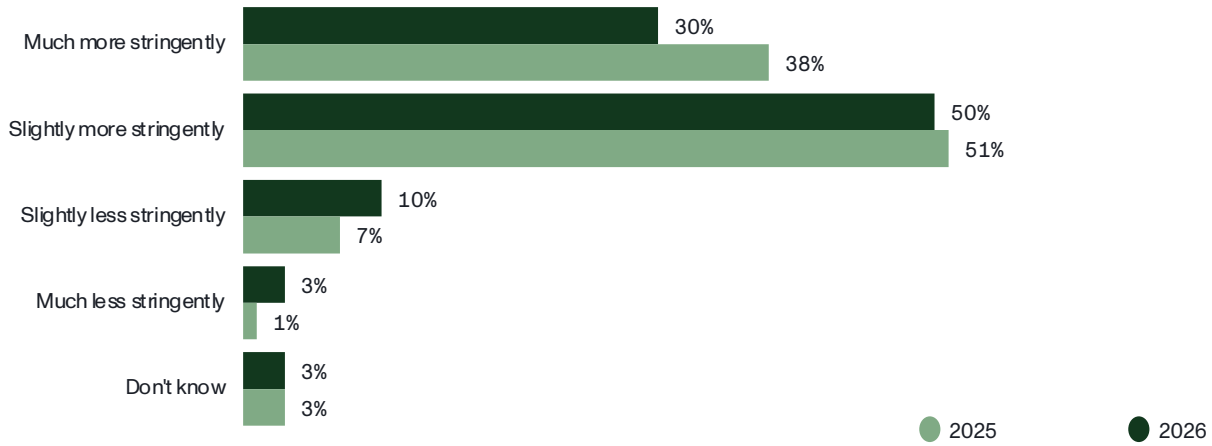
02. **Identify new political doors opening for investment.** Italy's political and economic relationships are being rewired, and the government is courting capital from new partners. Investors who can alleviate public concerns and credibly demonstrate alignment with the government's economic priorities can secure better terms for their deals.

03. **Make the Italian case for your deal.** Job retention and the strategic or heritage value of the target company matter greatly to how a planned transaction lands with the Italian public. Investors who can clearly explain what stays in Italy and what grows there give political decision-makers a reason to stand behind deal plans. Deal timelines should also be planned with the electoral calendar in mind.

A clear majority still wants tighter screening

Most Italian respondents are open to foreign investment with appropriate safeguards in place, and 80% still want screening to become stricter, one of the highest shares in Europe. The intensity of that demand has eased, however, with the share calling for much more stringent screening falling. The government's assertive use of the Golden Power may have slightly tempered calls for further tightening, as the instrument has proven it can reach almost any transaction where political will exists. Its broad scope and discretionary use will continue to shape how foreign investment and its screening are perceived.

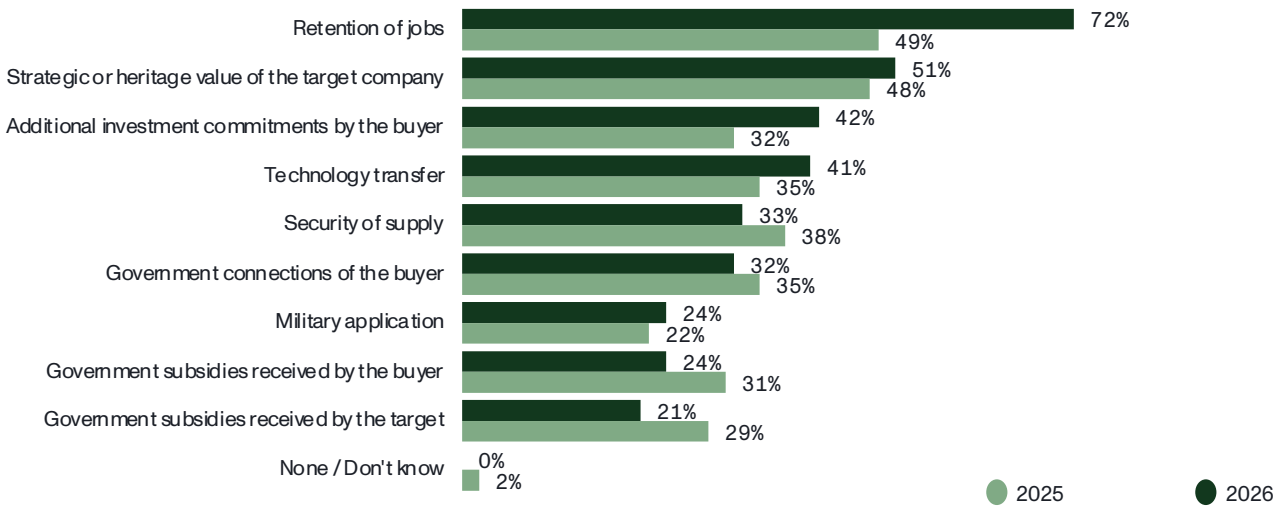
When a company from another country wants to invest here, the government has the power to review and potentially block that investment. Should foreign direct investment be screened more or less stringently?



Job retention as well as strategic and heritage value top stakeholder concerns

Job retention has become the dominant lens through which Italian respondents view foreign investment: at 72%, it carries more weight in Italy than in any other market surveyed, and strategic or heritage value also ranks highest across markets. Both reflect Italy's industrial structure and a long-standing sensitivity to foreign takeovers that have previously raised fears of downsizing or relocation. The Iveco case shows how these priorities shape deals. The government's 2025 clearance required Tata Motors to maintain Italian plants, jobs and research for at least two years, and when unions criticized that horizon as too short ahead of the takeover offer's close in October 2026, Tata stressed that its commitment extends well beyond it. Investors who make credible, lasting commitments on jobs, sites and investment address the questions most likely to decide political and public acceptance.

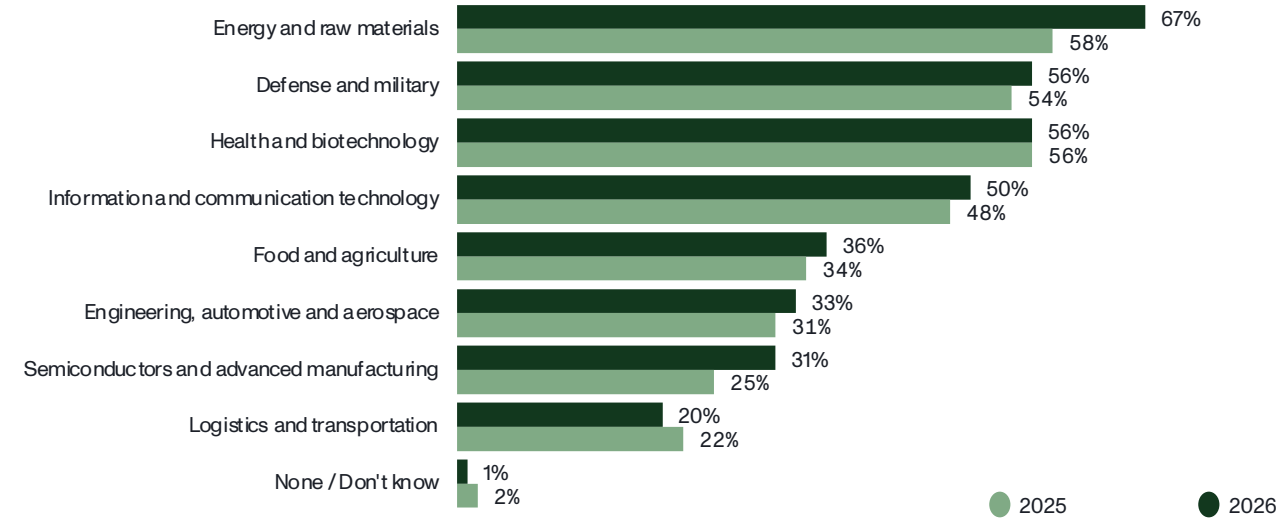
Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?



Energy and raw materials top the list of sensitive sectors

Italy is the only market surveyed where energy and raw materials rank first among the sectors respondents want subjected to the strictest review. This likely reflects Italy's long-standing dependence on external suppliers and heightened concerns about energy security and access to critical minerals. The energy fallout of the conflict involving Iran may have sharpened these concerns further. For dealmakers, transactions touching energy infrastructure, supply or raw materials should be prepared with a clear case for how they strengthen Italy's security of supply.

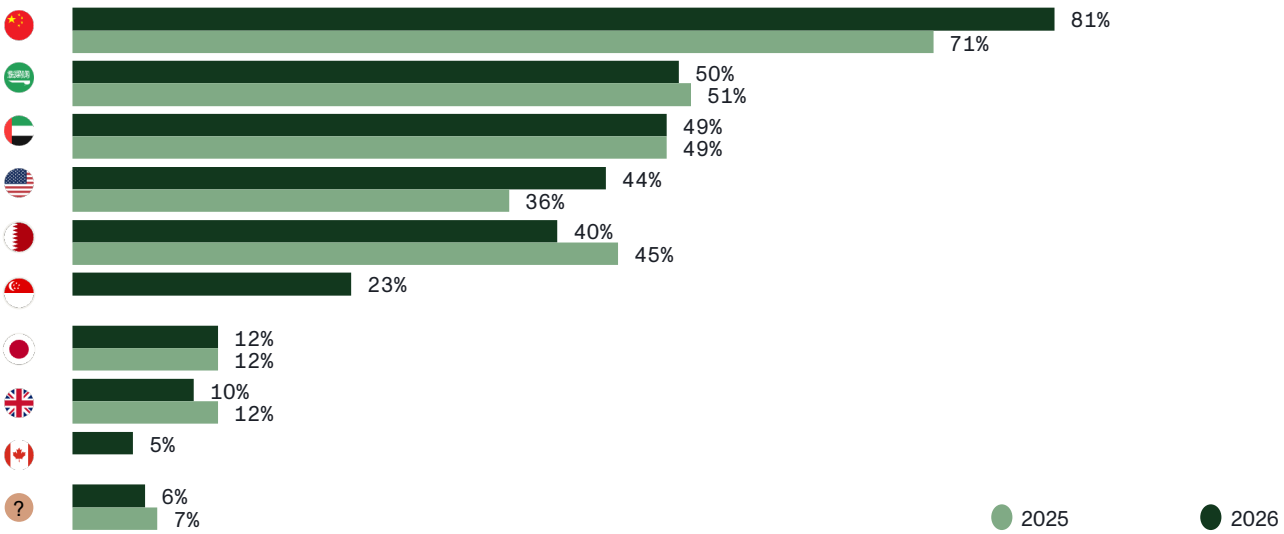
In which of the following sectors do you think the government should apply the strictest review when considering foreign direct investment?



Scrutiny rises for Chinese and U.S. investors

Investor origin strongly shapes Italian stakeholder perceptions of FDI risk. Calls for closer review of Chinese investments have risen to 81%, the highest share of any European market. Despite recently strained relations between Rome and the current U.S. Administration, scrutiny of U.S. investors remains comparatively low, suggesting that Italy's traditional transatlantic policy orientation still carries weight. Investors who can separate political signals from noise and understand how deal plans align with Italy's current economic and political priorities are better placed to anticipate emerging political scrutiny and paths to acceptance.

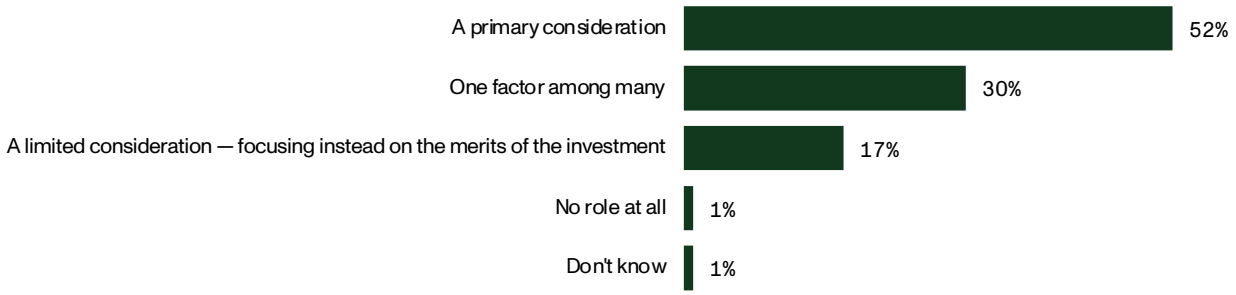
Investments from which countries should be reviewed more closely during FDI screening by government authorities?



Geopolitics weighs heavily, while views on government judgment are divided

Italian respondents give geopolitical factors more weight than those in any other European market: 52% want them to be a primary consideration in screening decisions. Yet only 55% are confident in the government's ability to identify which foreign investments pose a genuine risk to Italy's economy or security, placing Italy in the lower half of the markets surveyed. Together, these findings point to reviews in which political judgment carries considerable weight, while decisions face a skeptical audience. Investors who anticipate how their deal reads against Italy's geopolitical priorities, and present a rationale that holds up to public scrutiny, make it easier for decision-makers to explain their decisions.

When the government reviews a foreign investment, what role should geopolitical factors — like trade disputes, policy differences or political tensions with an investor's home country — play in the decision to approve it?



Media discourse

Over the past twelve months, foreign investment and Golden Power reviews have become a regular feature of Italian business coverage. Much of the reporting has focused on Chinese shareholders in established Italian companies, notably Pirelli and yacht maker Ferretti, where Czech shareholder KKCG publicly urged the government to apply the Golden Power against Chinese-controlled Weichai and lawmakers from two governing parties filed parliamentary questions. A second strand has followed conditions on defense-related assets, including the carve-out of Tinexta's defense unit and the clearance of U.S. group Nuburu's acquisition of Tekne with ten binding conditions, after an earlier attempt to acquire the company had been blocked. Industrial deals with high employment stakes such as the sale of Ilva steelworks have also drawn sustained coverage.

Our team for Italy supports you in anticipating political and public reactions to your deal plans, building support among relevant stakeholders and shaping a deal narrative that holds up to scrutiny.

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EU (BRUSSELS)

Europe's deal clearance landscape is undergoing a significant shift as competitiveness, economic security and geopolitical considerations increasingly shape regulatory scrutiny.

Building on last year's edition, this report examines how Brussels' evolving approach to merger control, foreign subsidies and investment screening is changing the conditions for successful transactions and why navigating this environment requires an integrated regulatory, political and communications strategy.

Political context

Geopolitical rivalry with the U.S. and China is reshaping Europe's approach to investment. China's industrial scale, state support and dominance in strategic supply chains have heightened concerns over dependencies, while U.S. industrial and trade policies have intensified pressure on Europe's competitiveness. Brussels' response is neither a wholesale retreat from openness nor an unconditional embrace of foreign capital. Competitiveness and economic sovereignty are increasingly intertwined: the EU wants to attract investment, build industrial scale and retain greater control over the technologies, infrastructure and productive capacity on which it depends.

Key findings

- **Competitiveness is reshaping merger control while regulatory discipline stays.** The draft merger guidelines open the door to broader industrial arguments, yet strategic benefits will need to be demonstrated and not simply asserted.
- **The FSR's less visible impact may be its deterrent effect on investment.** With 35% of respondents believing it discourages both distortive and beneficial investment, the Commission faces a latent question of proportionality.
- **Europe is becoming more selective about the investment it welcomes.** Revised foreign direct investment screening rules and the proposed Industrial Accelerator Act reflect a shift toward greater scrutiny of foreign ownership, strategic dependencies and the value investors bring to Europe's economy.
- **The real clearance challenge increasingly lies in the cumulative burden.** As merger control, FSR and FDI reviews intersect, dealmakers need to anticipate regulatory and political risks together, supported by a coherent investment narrative across Brussels and national capitals.

This shift is translating into a more assertive, but increasingly complex, regulatory agenda. Revised merger guidelines seek to accommodate Europe's competitiveness ambitions without relaxing competition standards; the FSR and strengthened FDI screening address distortive foreign support and security risks; and the proposed Industrial Accelerator Act signals a willingness to attach industrial conditions to certain foreign investments. Yet greater EU ambition does not eliminate national interests or institutional tensions.

For dealmakers, the emerging question is not simply whether a transaction can secure regulatory approval, but whether its strategic rationale aligns with European priorities while remaining credible across Brussels and the relevant national capitals.

Merger control: a broader analytical lens, in both directions

Europe's competitiveness agenda is reshaping merger control, but the extent of that shift remains contested. In April, the Commission published draft guidelines proposing the first major overhaul of its analytical framework in two decades, responding to long-standing concerns that EU merger control has not kept pace with global competition. The direction resonates with our survey: 74% of respondents believe merger control should do more to support broader EU policy objectives.

The nuance lies in how Brussels interprets this ambition. President von der Leyen has championed the revision as a political deliverable on European competitiveness and a response to calls from industry and national capitals for greater scope to build European scale. Her public endorsement of the proposed tie-up of Airbus, Thales and Leonardo as the kind of "European champion" Europe needs, even before its formal notification, went a step further, drawing criticism over the risk of political interference in an independent merger review. Executive Vice-President Ribera and the Directorate-General for Competition (DG COMP), meanwhile, have been careful to stress that greater willingness to engage with the industrial logic of transactions does not mean relaxing enforcement or changing the underlying legal test. Our respondents share this pragmatic outlook: 53% expect that while competitiveness arguments will be considered, traditional competition metrics should remain decisive.

The draft guidelines give this shift practical expression through a new theory of benefit, inviting merging parties to explain and substantiate how a transaction's efficiencies could strengthen competition, including through investment, innovation or resilience. But the broader analytical lens cuts both ways: it also gives greater prominence to potential harms involving innovation, data and labor markets.

With the Commission already drawing on the draft framework ahead of its planned final adoption before year-end, the implications for dealmakers are immediate. The challenge is to turn industrial ambition into a persuasive competition case: demonstrating not just why a transaction matters for Europe's strategic priorities, but how its claimed benefits will materialize and withstand regulatory scrutiny.

Top recommendations for dealmakers

01. **Define the narrative before others do.** Anticipate how a transaction intersects with debates over European competitiveness and sovereignty. Address political sensitivities early before opposition crystallizes.

02. **Translate the investment rationale into a tangible European value proposition.** Articulate how the transaction advances Europe's strategic priorities, turning its commercial rationale into a compelling, evidence-based narrative for EU and national stakeholders.

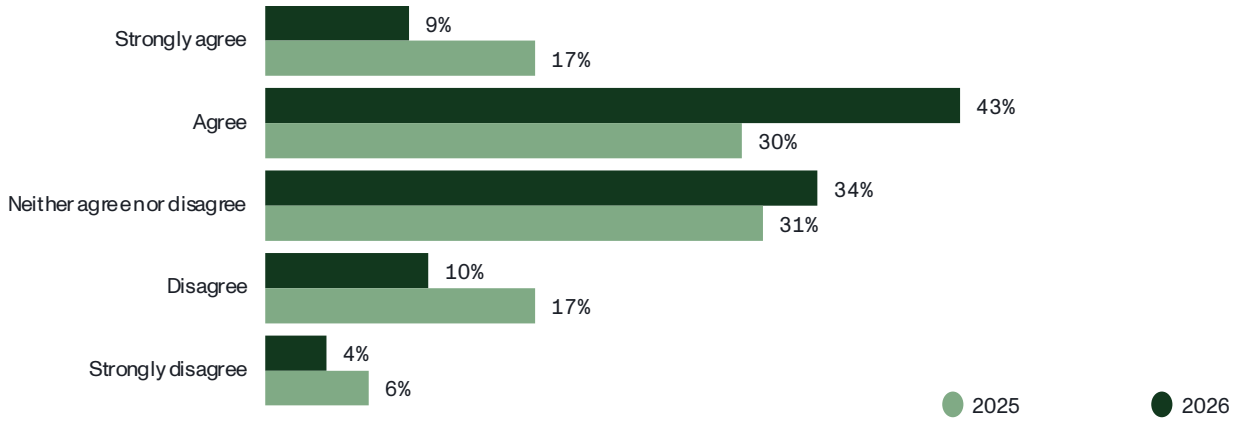
03. **Mobilize support across Brussels and national capitals.** Engage key decision-shapers and credible third-party voices. Coordinate public affairs, communications and legal strategies to build momentum toward clearance.

Foreign Subsidies Regulation: the question of proportionality

Three years into implementation, the Foreign Subsidies Regulation (FSR) is becoming an established feature of EU deal clearance, although its practical boundaries are still taking shape. Enforcement has been more assertive in public procurement, while over 300 M&A notifications have resulted in just three in-depth investigations. This limited decisional record should not obscure the regime's wider influence on transaction planning.

The central challenge is proportionality. While 52% of respondents consider the FSR effective in addressing distortions caused by foreign subsidies, its less visible impact may be on investments that never materialize. Uncertain assessments, procedural burdens and the prospect of far-reaching commitments can weigh on investment decisions. Notably, 35% believe the FSR deters both distortive and beneficial investment, with the current balance considered unacceptable.

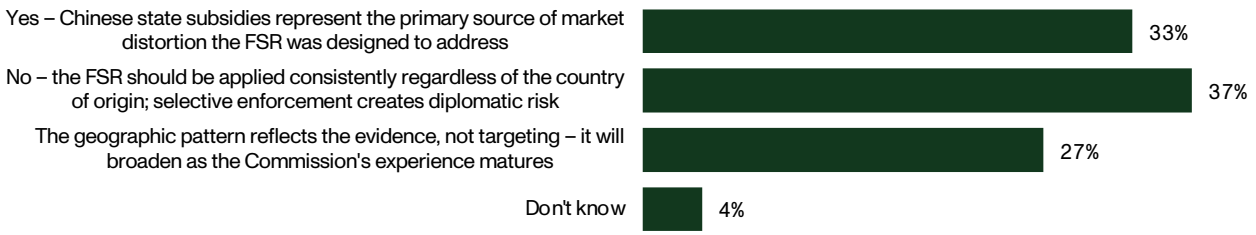
The Foreign Subsidies Regulation has been effective in fulfilling its objective of addressing the distortive effects of foreign subsidies on competition in the EU.



The Commission's three-year review offers an opportunity to recalibrate. Targeted adjustments under consideration for 2027, including higher notification thresholds and simpler reporting, suggest more proportionate enforcement rather than a retreat from the instrument. The European Parliament's expectation of involvement adds a further institutional dimension.

The FSR is also a source of EU-China friction. Although country-agnostic in law, its application to Chinese companies has attracted particular attention, with disagreements over information requests in the JD.com/Ceconomy investigation illustrating the potential for conflicting regulatory obligations. Our survey reflects this tension: 37% favor consistent enforcement regardless of investment origin, while 33% see a focus on Chinese state subsidies as consistent with the FSR's purpose.

In practice, Foreign Subsidies Regulation enforcement has disproportionately focused on Chinese state-backed entities. Is this appropriate?



The Commission's next test is to translate a broad mandate into more predictable, consistent and selective enforcement. Tackling genuinely distortive support must remain compatible with Europe's ambition to attract beneficial foreign investment.

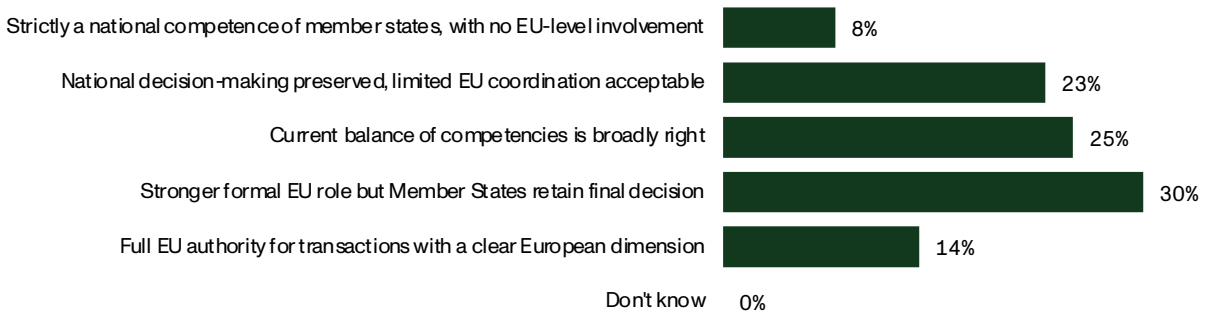
Foreign direct investment: more EU coordination, national control remains

2026 has brought a stronger European approach to foreign investment screening. Adopted in June after negotiations over the balance between EU coordination and national sovereignty, the revised FDI Screening Regulation will apply from January 17, 2028. It establishes a common minimum scope covering sensitive sectors, extends scrutiny to investments through EU entities ultimately controlled by non-EU investors, and strengthens cooperation between authorities. Final clearance decisions nevertheless remain national.

The reform comes as screening activity accelerates. The Commission's latest annual report on FDI screening shows that notifications to the EU cooperation mechanism rose by 40% in 2025, from 477 to 667 – the highest annual increase since its introduction. Our survey reveals support for more EU involvement, but not necessarily centralized authority: 44% favor a stronger formal EU role, including 30% who would retain national control over final decisions. For dealmakers, this means that fragmentation remains an important challenge to navigate.

Additionally, the revised Regulation introduces powers to examine certain non-notifiable investments after closing, subject to national periods of at least 15 months and at most five years. The largest group of respondents (33%) favors EU-level harmonization of this power to avoid inconsistent implementation; only 15% consider it a material risk to deal structuring and valuation.

While the newly adopted EU FDI Screening Regulation strengthens coordination across the EU, ultimate decision-making authority remains with individual Member States. Looking ahead, how should review and decision-making powers be allocated for foreign direct investments?



The revised EU FDI Screening Regulation introduces post-closing call-in powers allowing national authorities to screen investments for up to five years after completion. How significant a risk does this create for investors?



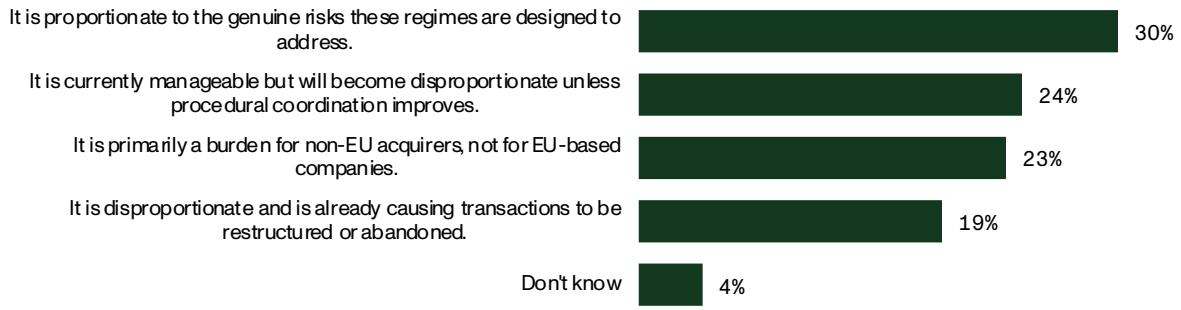
Meanwhile, the proposed Industrial Accelerator Act (IAA), unveiled in March, points toward a more interventionist approach to the quality of foreign investment. Alongside permitting reforms and 'Made in EU' preferences, it proposes conditions for investments above €100 million in selected strategic sectors where the investor's home country accounts for more than 40% of global manufacturing capacity. Requirements concerning employment, industrial participation and technology transfer would seek tangible economic benefits for Europe. The proposal also envisages a more direct Commission role in certain assessments, although its final shape remains under negotiation, with Member States already pushing to safeguard their decision-making powers.

Europe is moving beyond asking whether investment poses a security risk toward asking what strategic value it delivers. Investors will need a compelling European industrial rationale alongside careful management of national screening procedures.

Parallel reviews: the cumulative burden is building

The overlap between merger control, FSR and FDI screening is an emerging pressure point. Only 19% of respondents say the parallel review burden is already disproportionate and causing transactions to be restructured or abandoned. Another 24%, however, consider it manageable today but expect it to become disproportionate without better procedural coordination. Meanwhile, 23% see the burden as falling primarily on non-EU acquirers, and just 30% consider the current framework proportionate.

A single M&A transaction may now be subject to parallel review under EU merger control, the FSR, and one or more national FDI screening regimes. How would you characterize the overall regulatory burden on deal-making that results from this overlap?



The risk lies in the cumulative effect of distinct regimes operating on different timelines. For dealmakers, anticipating these intersections early – and maintaining a coherent transaction narrative across regulatory and political audiences – is increasingly critical to execution certainty.

Media discourse

Brussels' deal coverage has shifted from conventional competition analysis toward a broader debate over Europe's competitiveness. Reporters are increasingly interested in whether the revised merger guidelines will deliver meaningful change in enforcement, how DG COMP weighs industrial benefits against competition concerns, and whether political ambitions for European scale will translate into different clearance outcomes.

Foreign investment is attracting a sharper geopolitical lens, with coverage focusing on Chinese investment, the reach of the FSR and Europe's growing emphasis on economic security and sovereignty. For dealmakers, the communications challenge is to move beyond announcing a transaction's commercial merits and demonstrate its strategic value for Europe, while anticipating the political and regulatory questions reporters are likely to raise.

Our team in Brussels stands ready to advise dealmakers on navigating this changing environment, combining regulatory, political and communications expertise to support successful outcomes.

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UNITED KINGDOM

A clear tension underpins the UK's transactional clearance landscape: strong support for foreign investment sits alongside an expectation that the Government should take a more rigorous approach to screening deals that may pose a national security and/or wider strategic risk. As a consequence, dealmakers must be prepared to explain not only the commercial rationale behind a transaction, but also its contribution to the UK's economy and strategic resilience.

At the same time, the operation of the UK's transaction screening regime remains opaque and subject to some broadly welcome forthcoming revision. For investors, the challenge is therefore twofold: anticipating a more demanding and geopolitically sensitive review, while navigating expectations around a process that is still broadly regarded as lacking transparency.

Key findings

- **Openness to foreign investment remains strong, but safeguards are expected.** 90% of respondents are open to foreign investment with safeguards or believe it is necessary for growth, while 81% support more stringent screening.
- **Economic security is integral to deal clearance.** 85% agree that economic and national security should be treated as the same thing, and 56% identify retaining U.K. jobs as an aspect the screening regime should consider.
- **Geopolitics has a significant bearing on investment perceptions.** 83% say geopolitical factors should play at least some role in assessing foreign investment, while China (74%) is most often the subject of closer review.
- **Politicisation of the regime has become a (perceived) problem.** The Government's efforts to tighten the focus of the Competition and Markets Authority (CMA) have led to nearly 60% of respondents believing it has become politicised.
- **Transparency remains a concern.** 60% agree that the National Security and Investment Act 2021 remains opaque, with limited transparency over processing times and decisions; 66% believe the Government's reforms will provide some greater clarity and certainty.

Political context

A change in the formation of the U.K.'s Government has not altered the fundamental challenge facing policy and business leaders: how to kickstart the U.K.'s sluggish economic activity. Keeping the country open to fresh investment while maintaining control over the country's longer-term economic interest remains a difficult political and economic balance.

The new Prime Minister has placed greater emphasis on the theme of "economic security", with national security and industrial strategy forming a key part of that. His machinery of government changes also saw responsibility for the Investment Security Unit shift from the Cabinet Office to the business department, the practical implications of which are yet to substantively filter through to decision-making but which may in time indicate an interest in more closely aligning screening decisions with the U.K.'s broader economic and industrial policy objectives.

These changes follow earlier efforts by the Government to exert greater control over the competition authority, including in personnel, through publication of a revised Strategic Steer and most significantly through proposed reforms intended to be implemented via the Competition Reform Bill.

For dealmakers, the political change all adds up to an unsettling mix: reforms that recognise both the investment screening and competition regimes are in need of some tightening, but a risk that the absence of much-needed certainty may undermine the fragile economic recovery policymakers are seeking.

Top recommendations for dealmakers

01. **Craft a compelling rationale well in advance of announcement.** Given concerns about politicisation and a broadening of the themes that regulators are categorising as "national security", dealmakers need to be prepared to explain how and why a transaction not only avoids weakening the U.K.'s national security but can help enhance it (including through improving resilience).

02. **Prepare for enhanced scrutiny around the transfer of technology and knowledge.** Investors should apply a broad perspective when assessing which assets and information may be relevant – identifying them early, understanding how these would be accessed after completion and considering whether practical safeguards could address potential concerns. Recent Final Orders under the National Security and Investment Act 2021 regime (including Investigo Limited/Career International AP (Hong Kong) Limited and Gumtree.com/FE International Limited) focused on the data and information security aspects of the transactions, rather than the more 'traditional' national security-related assets.

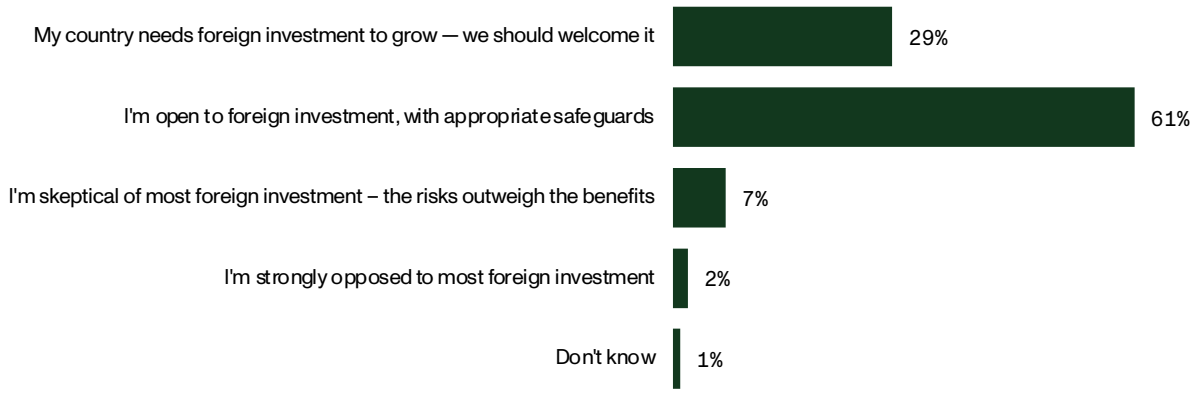
03. **Build regulatory uncertainty into the timetable and expectations.** Although the Government is seeking to improve the clarity of the National Security and Investment Act 2021 and merger review regimes, respondents continue to perceive limited transparency around processing times and decision-making. Early assessment of mandatory and voluntary notification requirements and realistic timetabling can help manage execution risk.

Openness to foreign investment remains strong, but four in five favor stricter screening

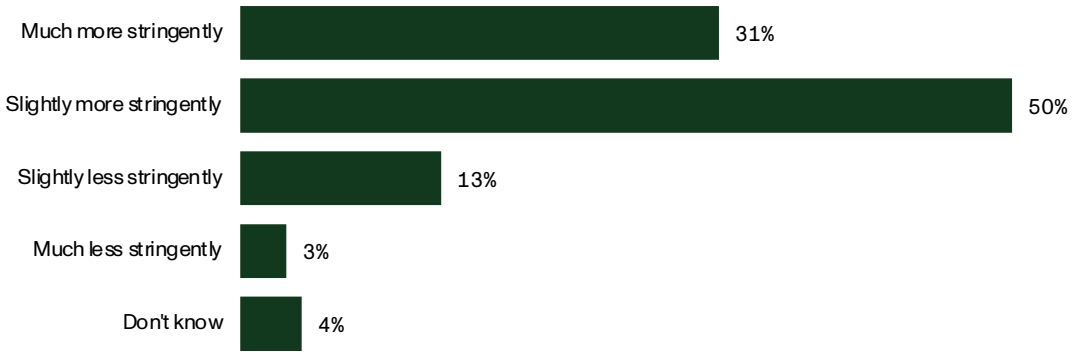
The survey reveals a clear distinction between openness to foreign investment on the one hand, and support for the way it should be screened on the other. More than six in ten respondents are open to foreign investment with appropriate safeguards, while a further 29% believe the country needs foreign investment to grow. Only 9% are sceptical of or strongly opposed to most foreign investment.

However, 81% want foreign investment screening to become more stringent, including 31% who favor much stricter screening. This suggests that stricter review is not necessarily understood as a rejection of foreign capital; rather, respondents appear to favor investment that can be reconciled with safeguards against economic and security risks. Dealmakers should therefore consider framing a transaction in a way that both addresses its commercial benefits and safeguards against potential risks.

Thinking about the U.K. economy, which of the following best reflects your view?



When a company from another country wants to invest here, the government has the power to review and potentially block that investment. Should foreign direct investment be screened more or less stringently?

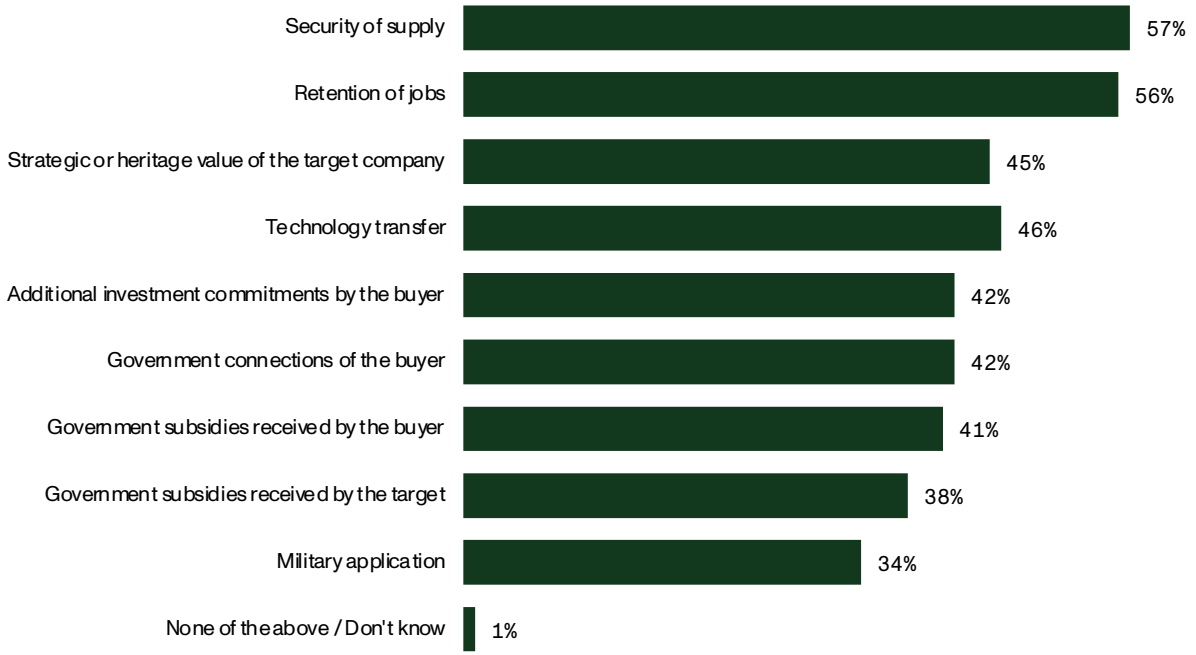


Jobs and security of supply rank among the leading deal-review factors

When asked which factors governments should consider in reviewing foreign investment, respondents most frequently identify security of supply (57%) and retention of jobs (56%). Technology transfer and the strategic or heritage value of the target attract 46% and 45% of responses, while government connections of the buyer and additional investment commitments each receive 42%. Military application is selected by 34%.

The results suggest that the perceived consequences of a transaction matter alongside the identity of the investor and the nature of the target. Investors should therefore identify how a transaction may affect U.K. employment, operations, supply chains and strategically important capabilities.

Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?

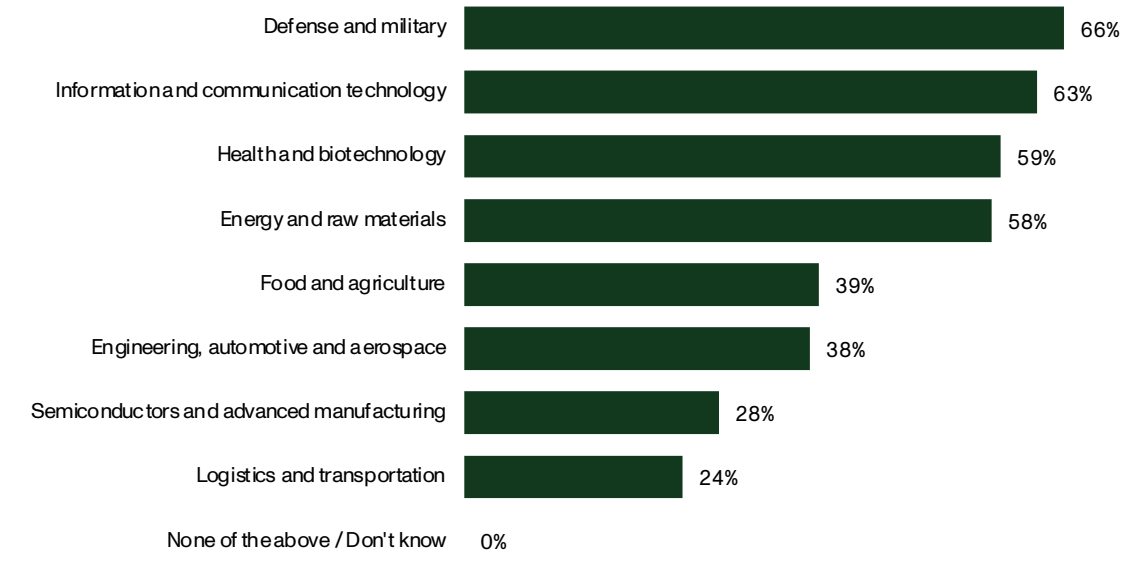


Defense, information technology and healthcare attract the greatest support for strict review

Defense and military is the sector most frequently selected for the strictest foreign investment review, at 66%, followed by information technology at 63%, health and biotechnology at 59%, and energy and raw materials at 58%.

The spread of responses shows that sector-risk assessment should be an important consideration from the outset of a transaction's planning – considering how supply chain resilience and the target's technology, assets, customers and role in the security apparatus may be perceived by reviewers.

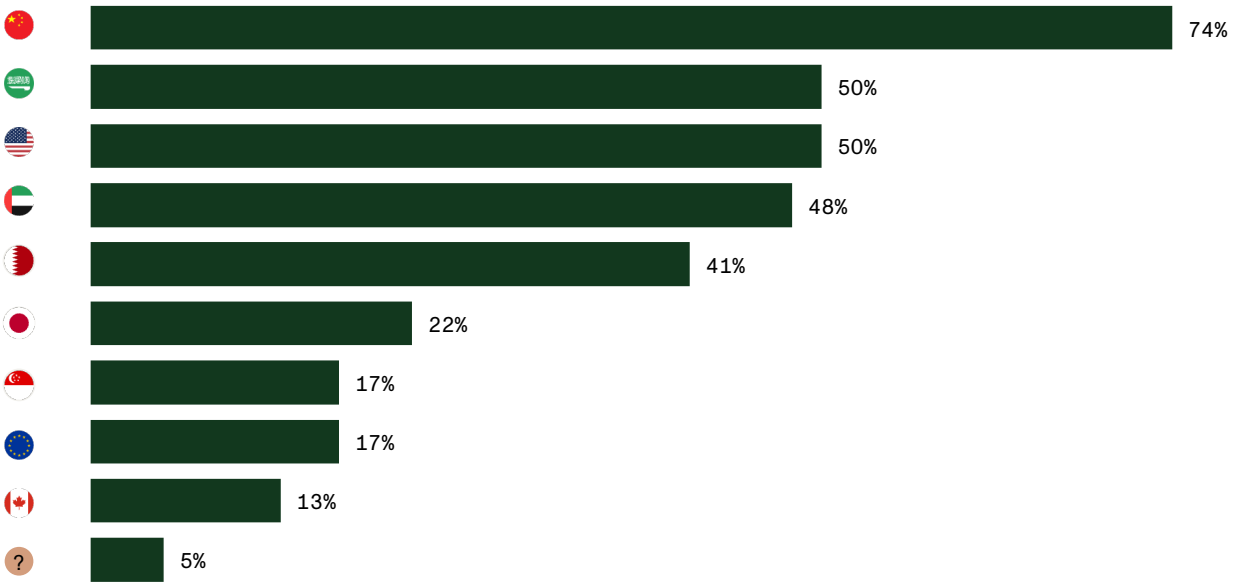
In which of the following sectors do you think the government should apply the strictest review when considering foreign direct investment?



China stands apart as the leading country of origin for closer review

China is identified by 74% of respondents as a country whose investments should be reviewed more closely. The U.S. is next at 50%, followed closely by Saudi Arabia at 50% and the UAE at 48%. Country-of-origin considerations should form part of early transaction planning, alongside the target's activities and assets. Investors should anticipate questions about ownership, governance, strategic dependencies and the geopolitical context where relevant, without assuming that nationality alone determines the outcome.

Investments from which countries/regions should be reviewed more closely during foreign direct investment screening by government authorities?

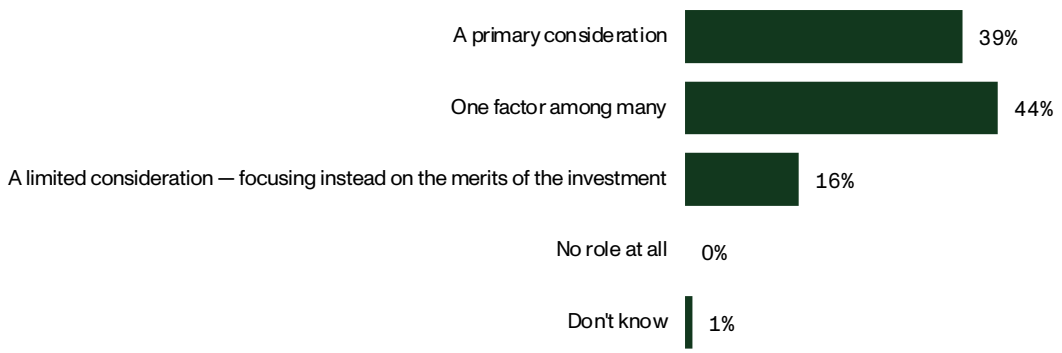


Geopolitical factors are a primary consideration for nearly four in ten respondents

Geopolitical factors are widely regarded as relevant to foreign investment approval. While 44% believe they should be one factor among many, a further 39% say they should be a primary consideration. In total, 83% assign geopolitical factors at least some role in approval decisions; only 16% favour limited consideration and less than 1% say these factors should play no role.

As with country-of-origin, geopolitical analysis should be incorporated early into deal-risk assessment, understanding how the assessing country handles its relevant geopolitical relationships, including having regard to their current status. This may also play into a transaction's timing – giving consideration to the optimal time to enter a transaction that will unavoidably be tied to geopolitical activities.

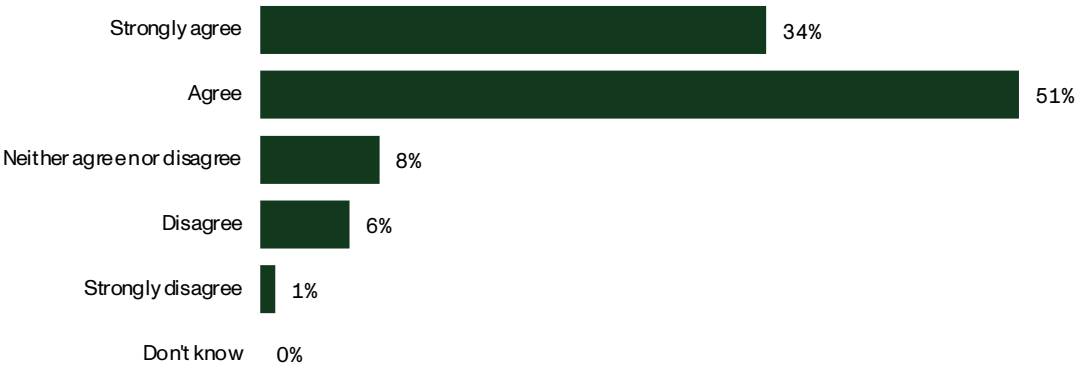
When the government reviews a foreign investment, what role should geopolitical factors — like trade disputes, policy differences or political tensions with an investor's home country — play in the decision to approve it?



Most respondents see economic security and national security as closely linked

A total of 85% agree that economic security and national security are so closely linked that the Government should treat them as the same thing when reviewing foreign investment. This points to broad support for considering economic resilience as part of the national security assessment of foreign investment, which aligns with the prevailing political narrative. Taken together, these findings suggest that the perceived significance of a transaction may extend beyond immediate threats to security to include its implications for the UK's economic capabilities and resilience.

To what extent do you agree or disagree with the following statement: "Economic security and national security are so closely linked that the government should treat them as the same thing when reviewing foreign investments."



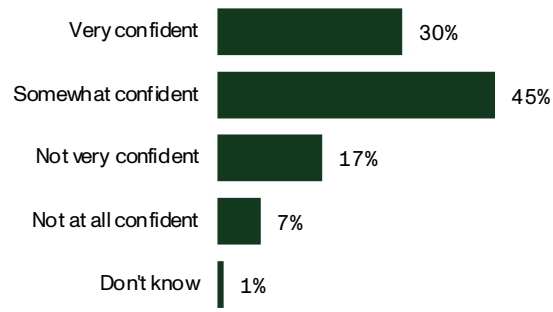
There is confidence in the Government's risk assessment capabilities, but uncertainty over process endures

Three-quarters of respondents (75%) say they are somewhat or very confident in the Government's ability to determine which foreign investments pose a genuine risk to the U.K. economy or security. Nearly one-third (30%) are very confident, compared with 23% who are not very or not at all confident.

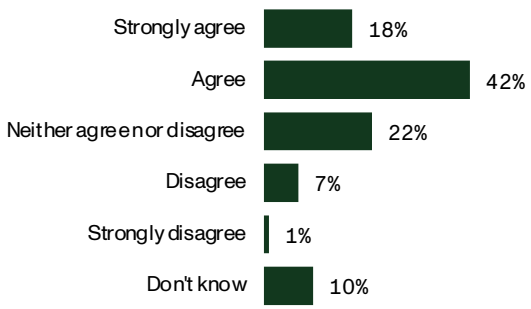
At the same time, there is concern about how the regime operates. Two-thirds of respondents (66%) agree that government reforms to the National Security and Investment Act 2021 will provide greater clarity and certainty for investors. However, 60% also agree that the regime remains opaque, with limited transparency over processing timeframes and ultimate decisions.

These responses are not necessarily contradictory: respondents can have confidence in the Government's ability to identify risk while still wanting greater predictability in the process. Transaction planning should account for review periods, including where certain sectors and countries are involved.

How confident are you in the government's ability to determine which foreign investments pose a genuine risk to the UK's economy or security?



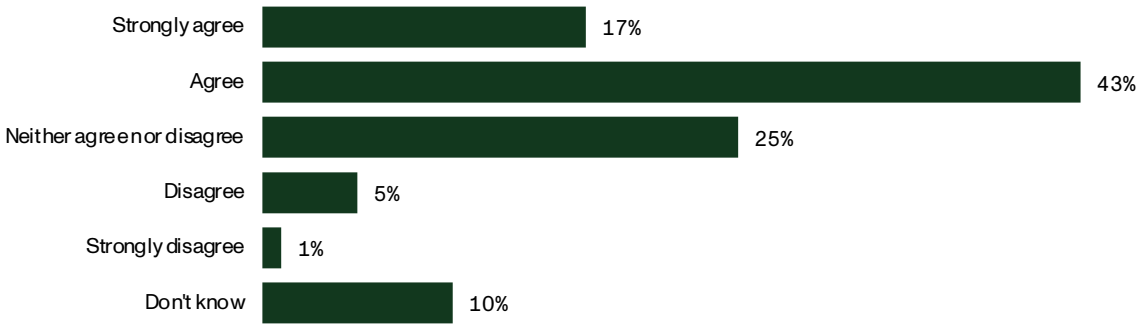
The operation of the National Security and Investment Act 2021 continues to be opaque with limited transparency in processing timeframes and ultimate decision-making:



A majority believes U.K. deal clearance has become more politicised

Six in ten respondents agree that the Government's efforts to tighten the CMA's focus have led to increased politicisation of deal clearance processes. This potential uncertainty runs the risk of undermining the Government's efforts to drive economic growth through investment. Transaction preparation should therefore include the articulation of clear and consistent messaging that sets out how the deal will support wider policy objectives. Ensuring all communications are aligned and are consistent with the legal strategy is central to ensuring a smooth regulatory process.

The Government's efforts to tighten the Competition and Markets Authority's focus when going about its work have led to increased politicisation of deal clearance in the U.K.:



Media discourse

Media coverage on U.K. investment screening has highlighted the tension between protecting national security and maintaining an attractive environment for investment in the past 12 months. Government proposals to refine the National Security and Investment Act 2021 – such as by removing some lower-risk activity from mandatory screening and bringing major water companies into its scope – have formed the basis of this coverage.

Alongside this policy debate, individual transactions have illustrated how scrutiny can extend beyond traditional defense assets to critical infrastructure, telecommunications and access to sensitive data. This is likely to be a theme that endures as the screening regime continues to evolve in scope and approach.

Our team in the U.K. provides strategic counsel on political and regulatory matters, with a specialism advising on M&A transactions, encompassing merger control and FDI clearance processes.

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CANADA

Canada's foreign investment regime has continued the trend we identified in 2025: economic security is synonymous with national security under the Investment Canada Act (ICA), and geopolitical realities are impacting how the ICA is applied across sectors and investor jurisdictions. This report looks at what new factors have moved to the forefront of the minds of Canadian FDI decision-makers, what strategies optimize the path to deal clearance, and explains where and how the political context in Canada is reshaping the application of the Investment Canada Act.

Political context

Following the emergence of the ongoing trade tensions with the U.S. and the election of Prime Minister Mark Carney, the Government of Canada and the Provinces have been focused on attracting investment into Canada, diversifying trade flows and bolstering partnership with allies and peer countries. The federal government has been reforming the regulatory processes for major projects with a goal of reducing the permitting timeframes to 12 months and increasing investor certainty. Government entities or programs tasked with shepherding projects through to approval have been newly created or reformed, including the Major Projects Office, Defence Investment Agency, and Invest in Canada, among others.

The political rhetoric has been optimistic and bold, especially in the wake of the inaugural Canada Investment Summit in September 2026, which brought funds from around the globe to Canada to showcase opportunities and projects. That said, the reality has not always matched the rhetoric, and the Government of Canada is being closely watched to see if Canada can deliver on the promises made by its leaders.

Key findings

- **Economic security and national security are viewed as one and the same by both Canadian FDI regulators and the public.** An overwhelming majority of Canadian respondents (79%) support this view, effectively underscoring support for the Government of Canada's 2025 statement on how the FDI regime would be applied. Practically, investors should be prepared to engage on economic matters even in the context of a national security review.
- **Geopolitical disruption has become an important concern for both Canadians generally and FDI regulators specifically.** Geopolitics has always provided the backdrop for policymaking and regulatory decisions in Canada. In contrast to years past, the prominence and acuteness of ruptures in the former status quo have brought geopolitics from the background to the forefront in Canada. The latest survey shows one-third of Canadian respondents view geopolitics as a primary concern when reviewing investments by non-Canadians, and a further 53% rank it as one of the factors that require attention. Investors and business leaders must take care to understand how the geopolitical dynamics will color their deals and activities.
- **Canada-U.S. tensions are front of mind for the public and a factor in Canadian FDI reviews.** Recent political stresses in the relationship have dominated Canadian media coverage and the attention of politicians. That 57% of respondents stated that investments from the U.S. should be reviewed more closely reflects a notable shift in how Canadians view this relationship. Only China was ranked higher at 75%. Notably, among all markets asked to rank Canadian investments, U.S. respondents had the highest proportion that said investments from Canada should be reviewed more closely.

For investors, the current moment is an opportunity to explore previously unattainable greenfield projects or acquisitions given the political imperative to shore up Canada's economy and key sectors from tariffs and pressure out of Washington D.C.

One of the most surprising shifts in the past 12 months is the warming of relations between Canada and China. Prime Minister Carney led a delegation to Beijing in January 2026 with the clear objective of re-opening exports of Canadian agricultural products in the near-term, and exploring where Canada and China could engage economically in the medium-term. This posture was a departure from the past eight years of cold relationship with China and investors have been watching to see whether the rhetoric of January 2026 would be just that, or signal a new reality for business.

Overall, Canada's evolving view of foreign investment is characterized by pragmatism. Canada's closest trading partner remains the U.S. and American investment remains welcome, provided investors appreciate the geopolitical realities of the current moment and can address Canada's practical concerns. Similarly, investment from China, while subject to thorough FDI reviews, is not out of the question entirely. Canada needs to diversify trade, which positions EU investors positively and will drive a pragmatic approach to FDI.

Top recommendations for dealmakers

01. Plan ahead for investments in Canada to minimize the time to FDI approval and closing. The best time to consider how an FDI review may impact a deal is well before the transaction is finalized. Canada's FDI regime is mature, and officials are unafraid to challenge investors on matters of economic benefit and national security. As a result, those investors who begin planning during the due diligence stage have an advantage as the right preparation can pre-empt costly concessions or imposed conditions, as well as limit the risk of delayed timelines. Canada's national security review also applies to greenfield investment, meaning the same planning is required in those instances. Canadian FDI regulators take an expansive view on which sectors warrant comprehensive reviews, depending on the non-Canadian investor. Government officials in Canada regularly tell investors that they consider each file on a case-by-case basis, which is a polite way of saying that every deal will receive a thorough look.

02. Understand the politics in Canada without neglecting the policies. Deal clearance and FDI reviews in Canada have always had a political aspect, but geopolitical and domestic developments are impacting Canada's investment screening regime in near real-time. A deal that makes business sense, but ignores the political realities in Canada, will face regulatory headwinds. However, the politics of a deal is only part of the equation. Successful investments also anticipate and seek to address Canada's substantive policy objectives and concerns. These change much more slowly than any rhetoric, if they change at all.

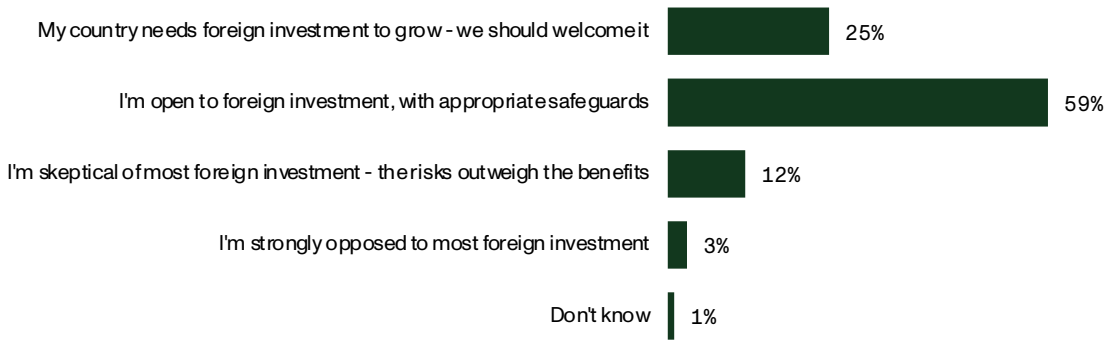
03. Take care to see beyond the headlines. Seeing through the gap between what Canada's leaders say and the whole story is one key to distinguishing what is real and what is rhetoric. The fact the gap exists highlights the importance of a thoughtful, deliberate approach to communications in Canada before a deal is in the spotlight. How investments are framed affects the path to close, and deal proponents must ensure the facts and deal narrative are heard by those who matter. Investors who intend a future exit should keep in mind that Canada's regulatory environment today will not be the one you exit into. Integrating your approach to public affairs, communications and geopolitical foresight is critical for investments now and deals in the future.

Canadians welcome foreign investment but also favor stricter screening

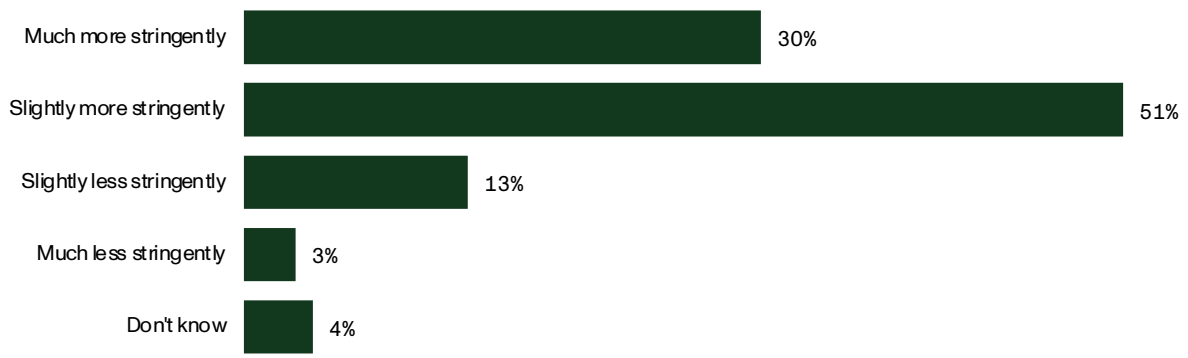
Canadians (84%) are broadly open to foreign investment, but that openness comes with expectations of rigorous oversight. Eighty-one percent of respondents favor more stringent screening, with 30% choosing "much more stringently." Canada's appetite for stricter screening is among the strongest surveyed — comparable to the U.K. (81%) and Italy (80%), and well above Germany (72%) and Japan (62%).

Strong public support for stringent screening gives regulators both the mandate to conduct thorough reviews and the political room to impose conditions or block transactions outright. Investors who treat the ICA process as a box-ticking exercise do so at their own risk. Those who engage early, address substantive concerns proactively, and invest in the regulatory relationship consistently reach better outcomes.

Thinking about Canada's economy, which of the following best reflects your view?



When a company from another country wants to invest here, the government has the power to review and potentially block that investment. Should foreign direct investment be screened more or less stringently?

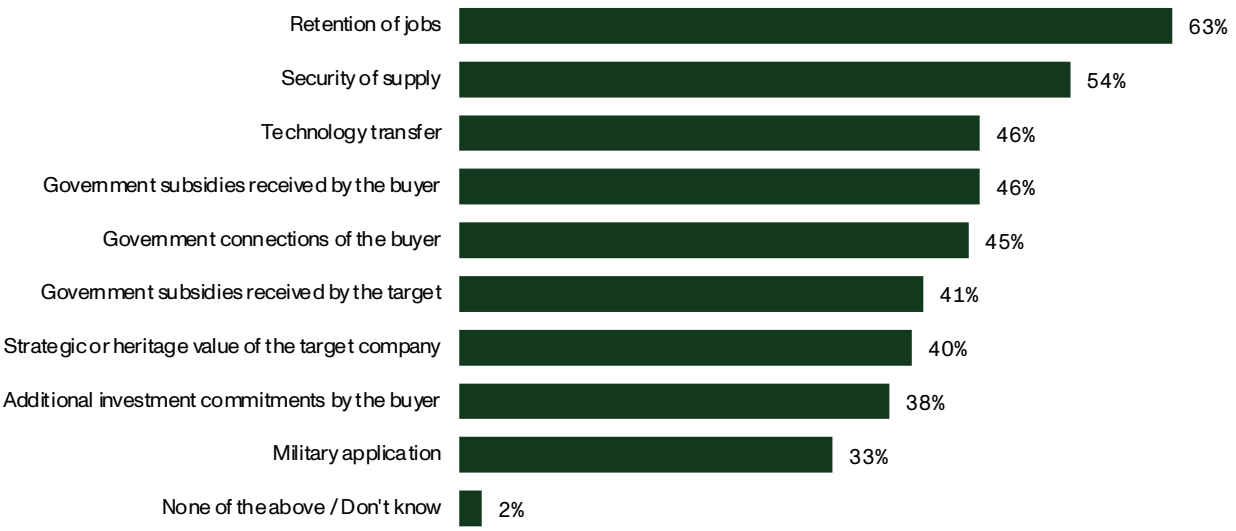


Jobs and supply security lead concerns but buyer characteristics matter

When Canadians were asked what governments should prioritize in reviewing proposed foreign investments, job retention was the clear leader (63%), followed by security of supply (54%), technology transfer (46%). Government connections of the buyer (45%) and government subsidies received by the buyer (46%) also ranked highly.

The ICA framework evaluates state-owned entities and government ties, and Canadian public opinion reflects that emphasis. For investors, the practical implication is clear: a factually grounded narrative that addresses the nature and governance implications of those links needs to be developed before engagement begins. Similarly, investors in energy, critical minerals, food systems, and logistics should expect supply chain resilience to feature prominently in review discussions.

Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?

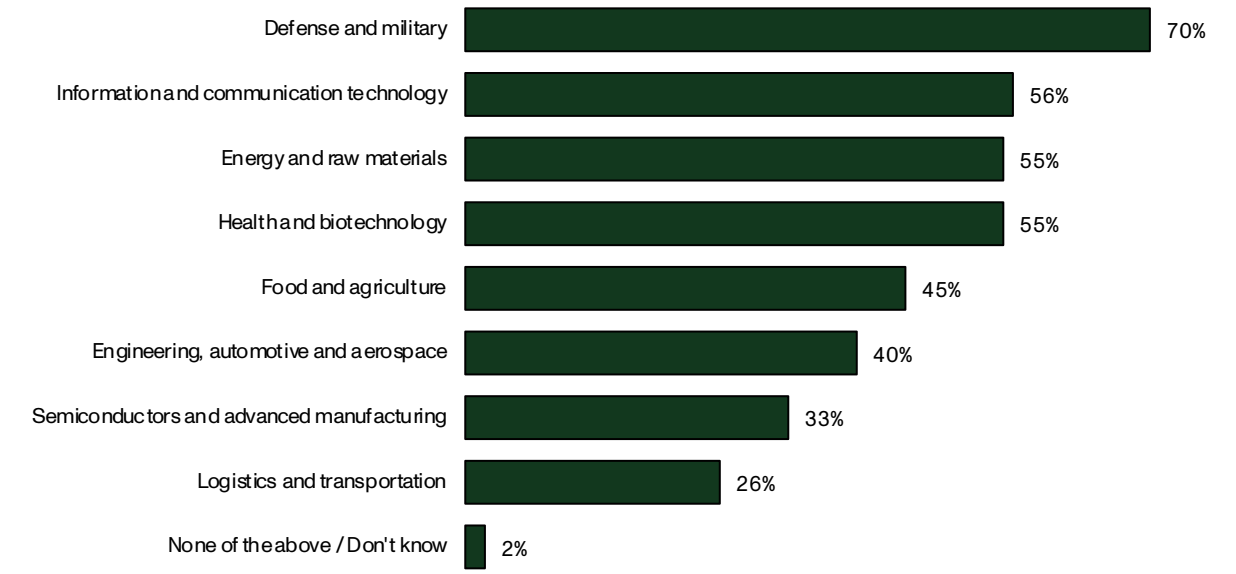


Defense and digital infrastructure face sharpest scrutiny, but do not forget agriculture

Defense and military tops the list of sectors Canadians expect to be most closely reviewed (70%), followed by information and communication technology (56%), health and biotechnology (55%), and energy and raw materials (55%), broadly consistent with other surveyed markets.

Notably, food and agriculture, flagged by 45% of Canadian respondents for strictest review, diverges from other countries surveyed — ahead of Germany (29%), Japan (33%), the Netherlands (23%), and the EU (32%). Canada's agricultural sector carries long-standing strategic sensitivity: from supply management systems to concerns about foreign control of farmland and food security. Expect regulators to assess food and agriculture through both economic security and strategic sovereignty lenses.

In which of the following sectors do you think the government should apply the strictest review when considering foreign direct investment?

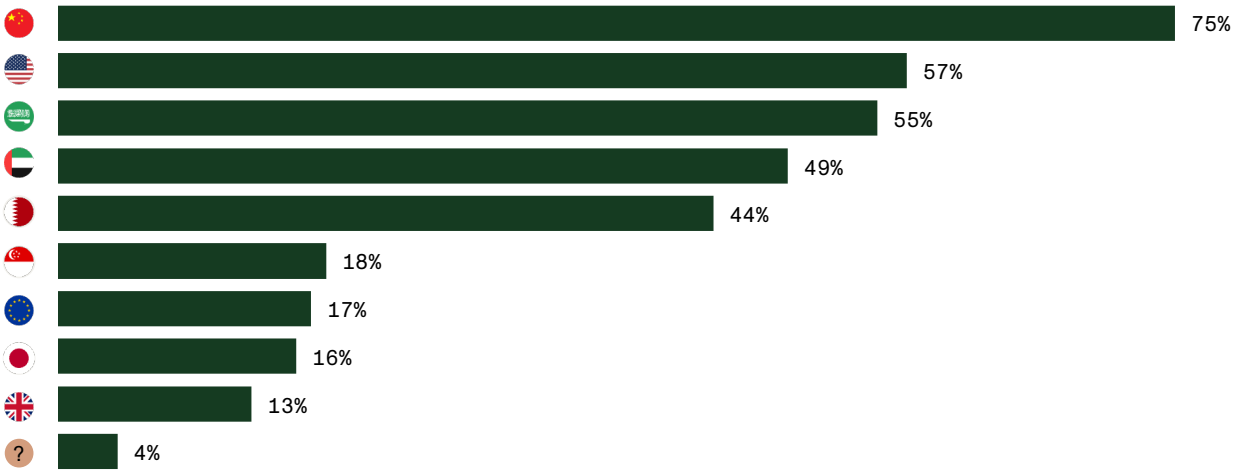


China leads scrutiny rankings and U.S.-based investors now face a fundamentally changed environment

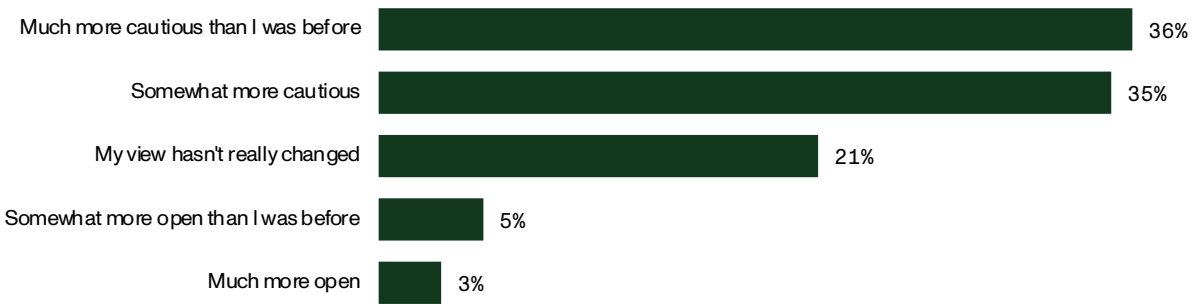
Canadian views of investment by country of origin tell a striking story. China (75%), the United States (57%), Saudi Arabia (55%), the UAE (49%), and Qatar (44%) top the list of countries Canadians believe should face closest scrutiny. European Union member states (17%) and the U.K. (13%) sit at the lower end.

China's position at the top is consistent across every market surveyed — it leads the list in the United States, the U.K., France, Germany, Italy, the Netherlands, on EU level, and in Japan. What is distinctive in Canada is views of the United States. At 57%, U.S. investments are the second-most-scrutinized country. Asked specifically about U.S. investment in the context of recent tariff and trade policy shifts, 71% of Canadians say their view has grown more cautious, with 36% choosing "much more cautious." Old assumptions about a friction-free path into Canada based on the long-standing bilateral relationship may no longer hold.

Investments from which countries/regions should be reviewed more closely during foreign direct investment screening by government authorities?



Thinking about recent shifts in US tariff and trade policy and our country's relationship with the US, how has your view of American companies investing here changed?



Canadians want to see diversification

Asked how Canada should respond to the U.S. restructuring of trade and economic relationships, 49% chose building stronger relationships with more countries and regions, 34% favored greater economic self-reliance, and 10% chose deepening ties specifically with China and India. Only 7% said Canada should stay the course.

The preference for broad diversification rather than a pivot to any single alternative partner may present an opportunity for non-U.S. investors. Transactions that credibly advance Canada's economic diversification objectives, reduce dependency on any single trade relationship, or reinforce supply chain integration with allied economies will find a receptive Canadian audience.

Media discourse

Canadian media discourse on foreign direct investment has shifted over the past 12 months to increasingly emphasize national security and strategic sovereignty. The shift builds on the government's March 5, 2025 update to its Guidelines on the National Security Review of Investments under the Investment Canada Act, explicitly recognizing "economic security" as a factor in the national security review process, attributed to "an increasingly geopolitically fractured world" in which Canada faces threats through economic means. Tier 1 Canadian media outlets pay close attention to the application of Canada's FDI regime with the question shifting from whether the government will intervene to how its expanded toolkit will be applied.

The dominant transactional stories driving coverage reflect two distinct but reinforcing anxieties. The first is the long-standing concern around Chinese investment in Canada's critical sectors, including critical minerals, technology, and transportation. The second anxiety is more recent: the escalation of U.S.-Canada trade tensions through tariff actions and White House communications has seen an economic sovereignty narrative rise to the forefront, in which even U.S.-sourced investment is increasingly assessed through a lens of dependency and strategic risk.

The practical implication for investors is that communications in Canada must anticipate both the national security and economic sovereignty dynamics, rather than relying on jobs-and-investment language alone. Articulating an investment narrative that speaks to Canada's concerns from the outset has become a critical, necessary step. The strongest investment narratives go beyond just business and speak to alignment with Canada's strategic economic security priorities.

Successfully navigating Canada's evolving investment review regime requires an integrated approach, and our Ottawa and Toronto team is ready to support investors at every stage of the process.

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JAPAN

Japan is open for business. It is also, simultaneously, building the most consequential foreign investment screening regime in its history. This report explores what Japanese stakeholders actually think about foreign investment today, how those views have shifted over the past year, and what the change in perception means for how deals can get done. It builds on our inaugural 2025 edition and draws on a fresh survey of 500 respondents conducted in September and October 2026, the year in which Japan's newly enacted reforms, modeled on the Committee on Foreign Investment in the United States (CFIUS), have been visible to the market.

Key findings

- **Japan is open to foreign investment, but on defined terms.** 77% of respondents support inbound capital, with the majority conditioning that support on appropriate safeguards. What those safeguards look like in practice, and how quickly they are tightening, has become the defining question for any foreign investor operating in Japan today.
- **The appetite for stricter screening has eased.** Support for stricter FDI screening fell from 83% to 62% in 2026, driven by a 14-point drop in the share calling for much more stringency. The mood appears to have shifted from "tighten the rules" to "make the law work."
- **What Japan wants reviewed has changed.** 'Strategic or heritage value of the target' fell 24 points to 22%, the survey's largest single move. Job retention rose 10 points to 48%. The 'this is a Japanese institution' argument is losing its audience; employment commitments are gaining one.
- **Japan is hedging its geopolitical bets.** Preference for diversifying toward European, ASEAN, and Middle Eastern investors rose 19 points to 31%, ranking closely behind alignment with the United States (33%).
- **China is in a category of its own.** 89% of respondents say Chinese investment should face closer scrutiny. The next highest is the United States at 24%. That 65-point gap runs through every layer of Japan's regulatory, political, and media environment.

Political context

The Japan Foreign Investment Committee (JFIC), informally known as J-CFIUS, held its inaugural meeting in June 2026. The provisions that will materially affect transactions, including indirect acquisition rules, a five-year post-closing call-in power, and anti-circumvention mechanics, take effect in early 2027, with the call-in regime applying from January 4 and the broader rules from February 3. The concept of JFIC moved from Liberal Democratic Party's election manifesto to enacted law in less than six months. The Diet passed the amended Foreign Exchange and Foreign Trade Act (FEFTA) on May 29, 2026, it was promulgated on June 5, and the JFIC held its inaugural meeting on June 29.

Japan's shift on foreign investment did not begin in the Diet. It began in corporate procurement departments scrambling for rare earths after China's 2010 embargo, in automaker supply chains disrupted by China's 2026 dual-use export restrictions, and in the boardroom conversations that followed each Taiwan Strait escalation. By the time the amended FEFTA passed in May 2026, establishing a CFIUS-style interagency committee and expanding review powers over indirect acquisitions, the business community had already internalized the logic behind it. The legislation formalizes a consensus the market had already reached. For foreign investors, that distinction matters. Investors are not navigating a new regulatory regime imposed from above but entering a market where their counterparts have already decided that security and commerce are inseparable.

The amended FEFTA does not name specific countries. Like CFIUS, it operates through criteria: a "High-Risk Foreign Investor" is defined by government connections, state ownership, and obligations to cooperate with foreign governments in information-gathering activities. In practice, the framework is understood to operate directionally, with Chinese-linked entities and certain sovereign wealth funds as its primary targets. For Japanese corporates, the indirect acquisition rules mean a foreign-to-foreign transaction can now trigger FEFTA obligations if a Japanese business sits downstream. Which foreign relationships carry regulatory risk after January 2027 is a question boards should already be asking.

Top recommendations for dealmakers

01. **Map your regulatory exposure now.** Japan's new foreign investment screening regime begins in January 2027. Transactions closing around that window need filing timelines and regulatory risk assessed before signing. Getting this wrong is a deal risk.

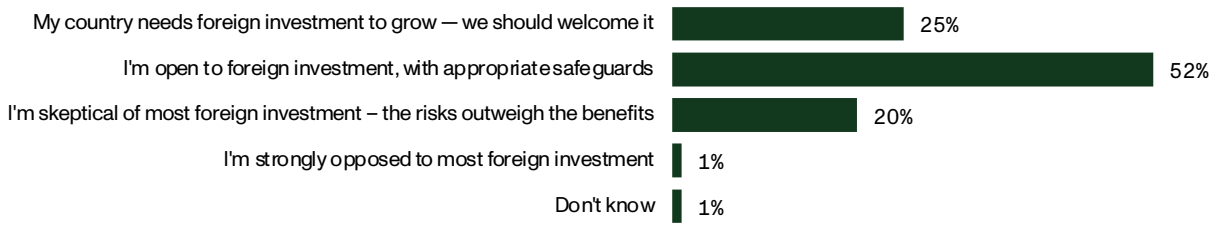
02. **Establish who you are before regulators decide for you.** Japan's new screening framework introduces a 'High-Risk Foreign Investor' classification, widely understood to target Chinese-linked entities and certain sovereign wealth funds, giving perception direct legislative force. Regulators, target boards, and the business press will form a view of your ownership structure and strategic intent before any formal process begins. Investors who have thought through that question in advance, and can answer it clearly, are in a materially different position from those who have not.

03. **Treat perception management as part of deal execution, not an afterthought.** Political and public pressure materially influences clearance outcomes in Japan, and that pressure does not begin when a filing is submitted. It begins the moment the market becomes aware that a transaction is being considered.

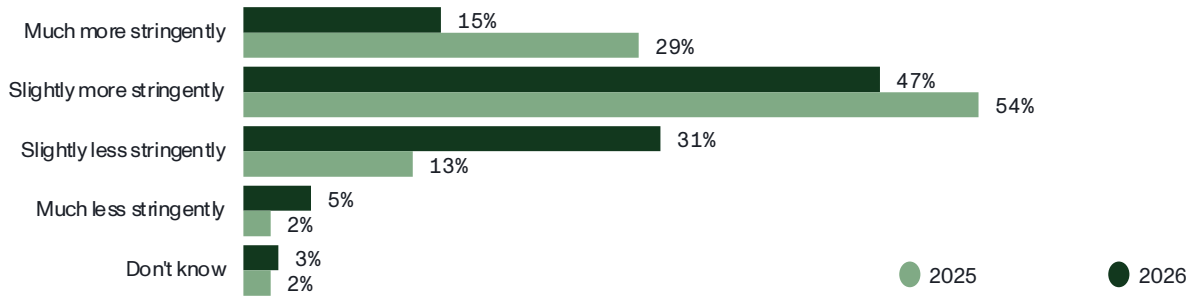
Japan is open for business and the push for tighter screening has eased

77% of respondents support foreign investment, most of them with appropriate safeguards, and outright opposition is negligible. Support for stricter screening fell from 83% to 62%, and the share calling for much more stringent screening halved. Japan is not a closed market. It is a conditional one, where the conditions are becoming harder to ignore. The practical question for foreign investors is not “will Japan let us in?” but “have we designed our transaction to meet the conditions?” A well-structured transaction that engages constructively with the new framework is aligned with where most Japanese stakeholders now are.

Thinking about Japan's economy, which of the following best reflects your view?



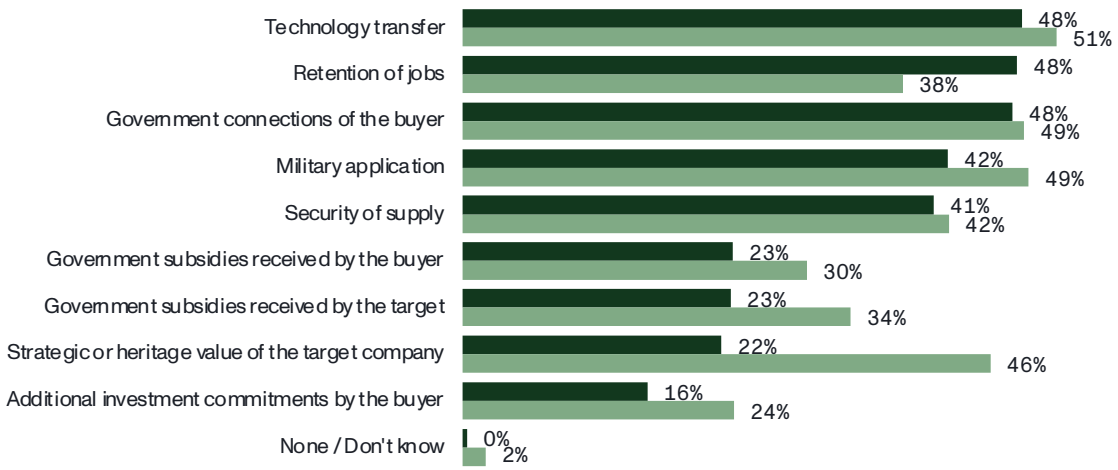
When a company from another country wants to invest here, the government has the power to review and potentially block that investment. Should foreign direct investment (FDI) be screened more or less stringently?



Heritage arguments are fading as job retention gains weight

Technology transfer, retention of jobs, and government connections of the buyer lead the 2026 rankings at 48% each. The sharpest move in the entire survey is the fall in concern about a target’s strategic or heritage value, down 24 points, while job retention rose 10 points and concern about subsidies received by the target declined. The arguments that once stopped deals, that a target was a national institution, that it carried cultural weight, are losing their audience. Employment commitments and security-aligned technology retention are the arguments that increasingly move the room now.

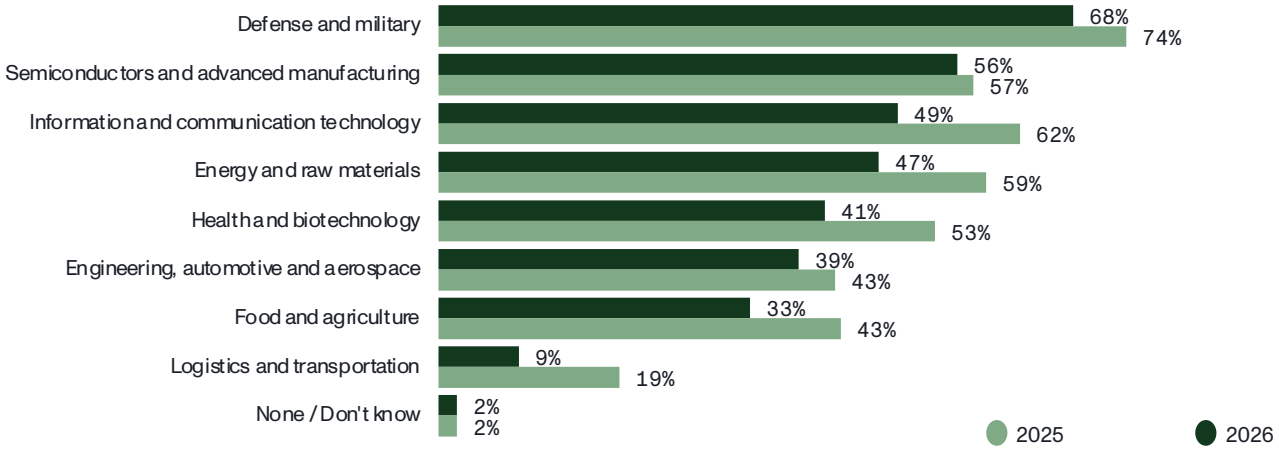
Which aspects should governments pay particular attention to when reviewing proposed investments by foreign companies?



Defense remains dominant; ICT, energy, and health have fallen, but do not mistake moderation for permission

Defense and military (68%) and semiconductors and advanced manufacturing (56%) remain the irreducible top tier. Calls for strict review of ICT, health and biotechnology, and energy each fell by 11 to 13 points, and logistics also declined. The levels have moved more than the logic: these sectors remain sensitive, and the security rationale behind their review is unchanged. Investors in ICT, energy or health face a somewhat easier environment than a year ago, but early regulatory engagement and a well-prepared security narrative remain essential.

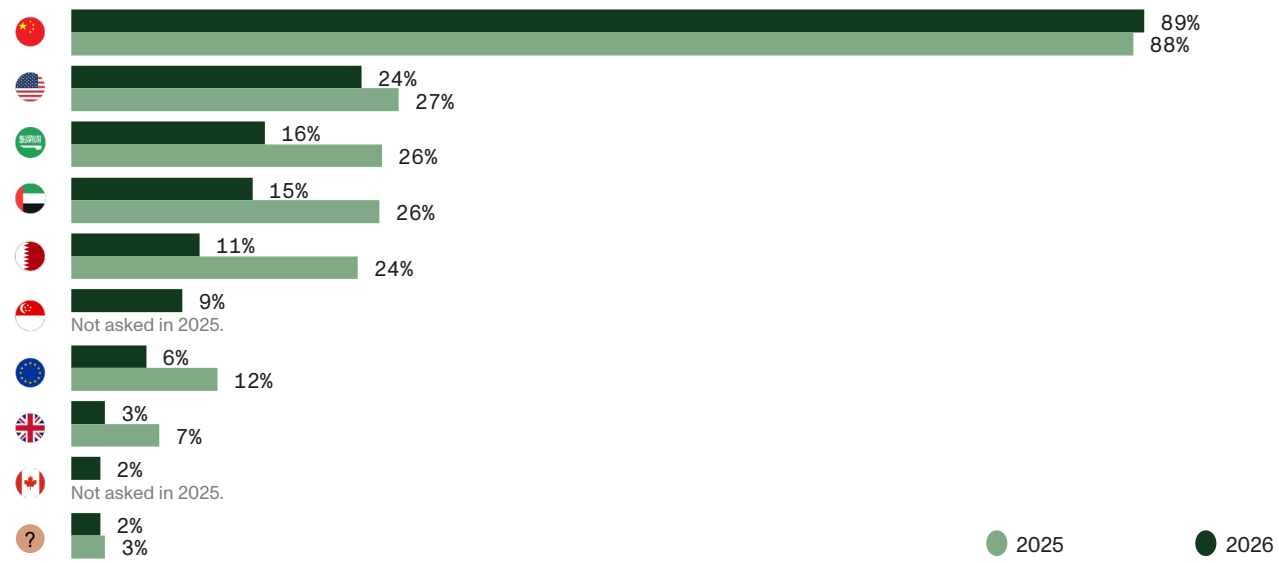
In which of the following sectors do you think the government should apply the strictest review when considering foreign direct investment?



Scrutiny of Chinese investors remains in a category of its own

Nearly nine in ten respondents (89%) want closer review of Chinese investment, essentially unchanged from 2025 and 65 points ahead of the next country, the United States. Calls for closer review of investors from the Middle East fell significantly, by 10 to 13 points. That gap between China and the U.S. does not require much interpretation. It is the lived perception of Japanese business leaders. For any investor that is not Chinese-linked, this gap is a competitive advantage.

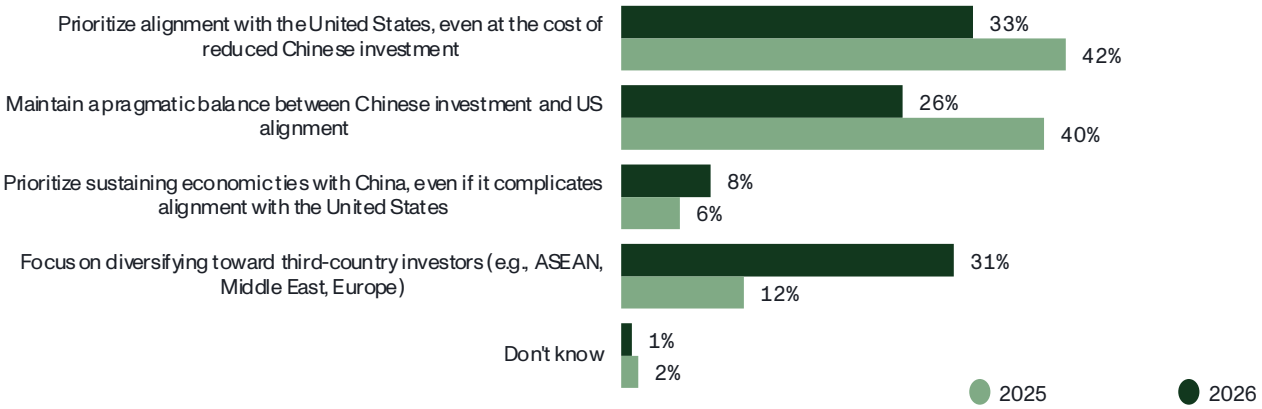
Investments from which countries/regions should be reviewed more closely during foreign direct investment screening by government authorities?



Japan is hedging its geopolitical bets, and European, Middle Eastern and ASEAN investors are the beneficiaries

"Focus on diversifying toward third-country investors" rose 19 points to 31%, whereas "Maintain a pragmatic balance" fell 14 points to 26%. U.S. alignment (33%) fell 9 points. It is clear that the U.S. tariff posture has left a mark. For investors headquartered in Frankfurt, Singapore, Riyadh, or Amsterdam, stakeholder sentiment in Japan is moving in their direction.

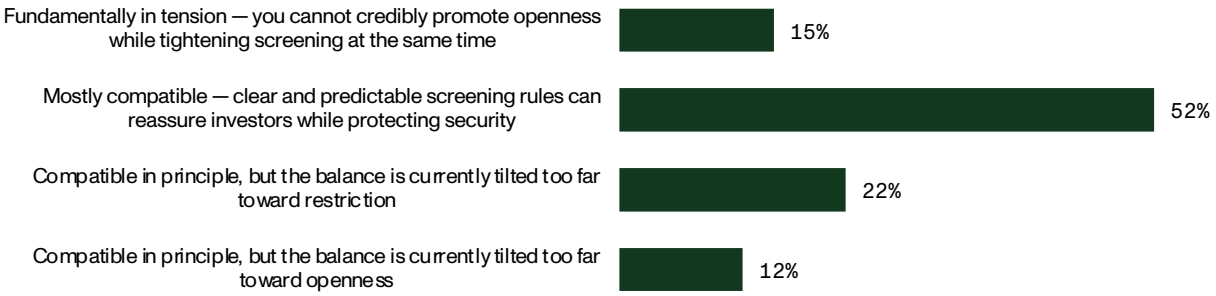
How should Japan balance its economic reliance on China with its security alignment with the United States when considering inbound investments?



Openness and screening are compatible, but only if the rules become predictable

52% say Japan's FDI growth target and its expanded screening regime are compatible, provided screening rules are clear and predictable. 22% think the balance already tilts too far toward restriction. The regulations taking effect in 2027 will settle that debate one way or another. Investors closing deals in the next six months are effectively beta-testing the new framework. Those who engage proactively, through transparent filings and early ministerial contact, will help set the precedent that benefits every investor who follows.

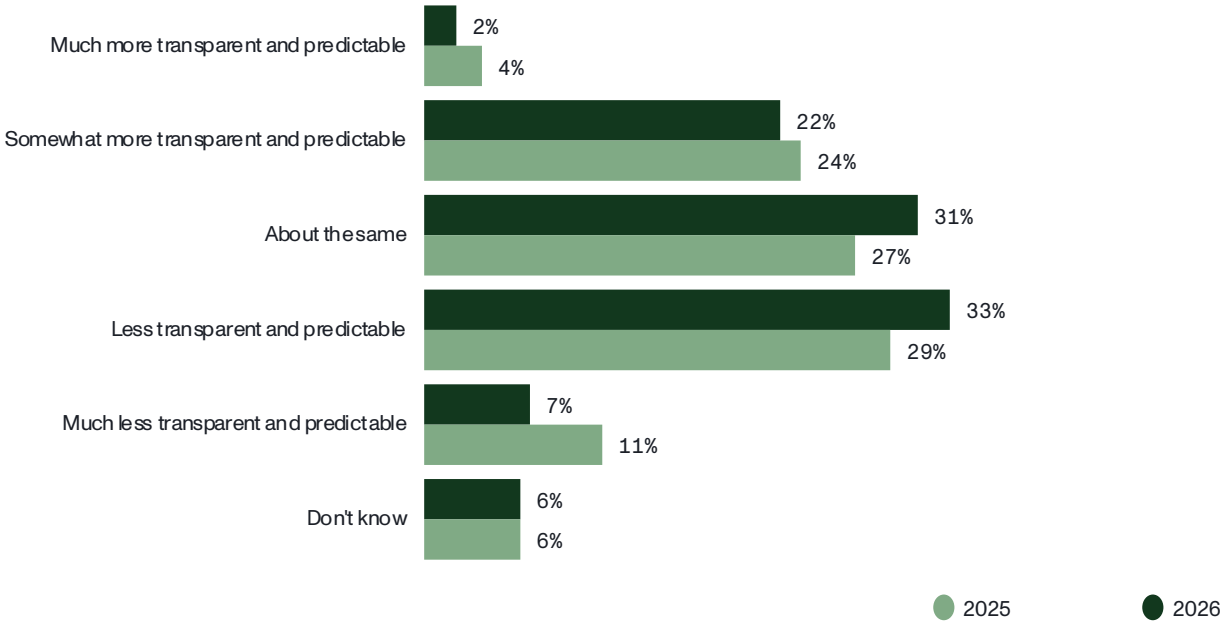
The Japanese government has set a target to double the stock of FDI to 100 trillion yen by 2030, while simultaneously expanding the scope of its investment screening regime. To me, these two goals are:



Japan's review process is still seen as less transparent than its peers, but perception is slowly improving

40% view Japan's process as less transparent than CFIUS or EU mechanisms; 31% see it as comparable. The only statistically significant movement: "much less transparent and predictable" fell 4 points to 7%. That is progress but the transparency deficit still has a direct commercial cost in deal timelines, valuation uncertainty, and MAC provisions. The practical advice is unchanged: investors should engage early, document thoroughly, and not wait for a formal notification window to begin conversations with relevant ministries.

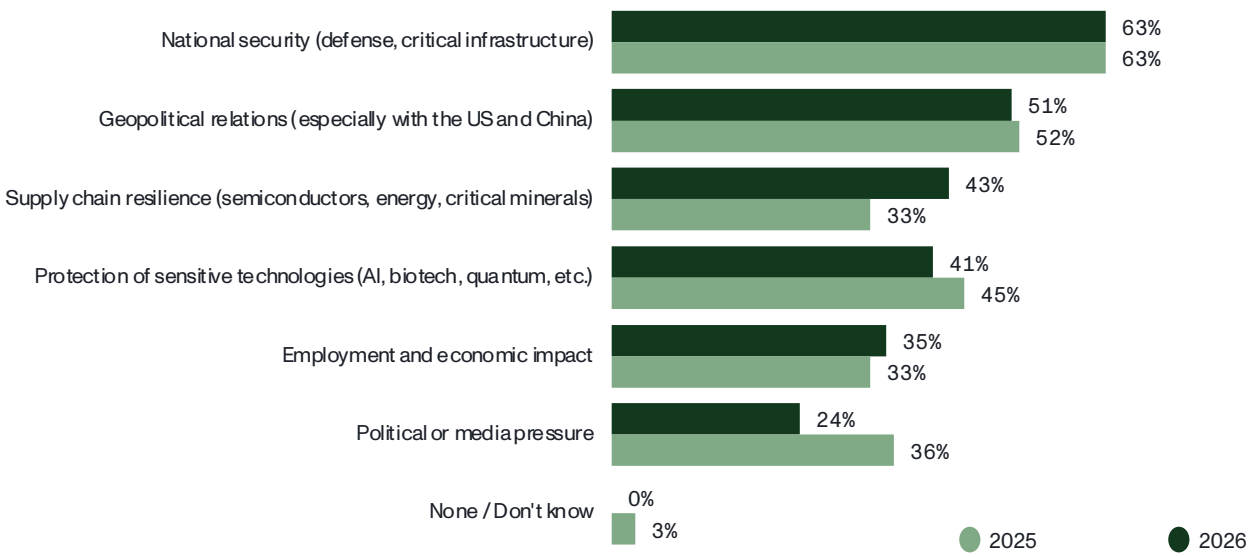
In your view, how transparent and predictable is Japan's FDI review process compared with other advanced economies (e.g., U.S. CFIUS, EU member state screening mechanisms)?



Supply chain resilience is gaining ground as a review driver while perceived political interference is falling

Respondents still see national security and geopolitical relations with the United States and China as the strongest influences on government decisions. Beneath them, supply chain resilience gained 10 points while political or media pressure lost 12. Fewer respondents also believe that political and public pressure materially shapes clearance outcomes, although at 59% (2025: 70%) this remains the majority view. Investors who can speak credibly to Japan's supply chain priorities are pushing on an open door. The fall in perceived political pressure reinforces, not reduces, the case for engaging the formal process seriously.

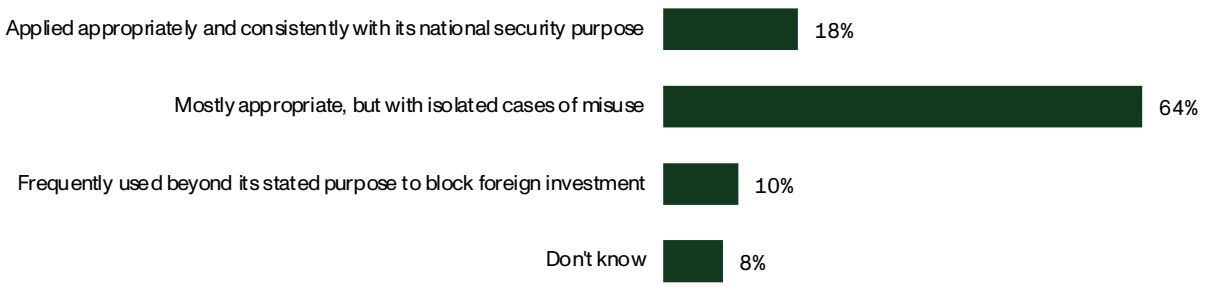
Which of the following factors do you think most strongly influence Japanese government decisions on foreign investment reviews?



Most see the framework as appropriately applied, but misuse concerns will define the J-CFIUS era

64% of respondents say the framework is "mostly appropriate, but with isolated cases of misuse," and 10% say it is frequently used beyond its stated security purpose. Together, 74% believe the framework is not always applied purely on national security grounds, and that perception matters most for deals at the margin: unsolicited bids, activist positions, contested takeovers. In those situations, the political willingness to invoke or expand FEFTA cannot be ruled out. The transactions most exposed to that risk are those without a clear security narrative, a mapped stakeholder environment, and advisers who understand both dimensions of the process.

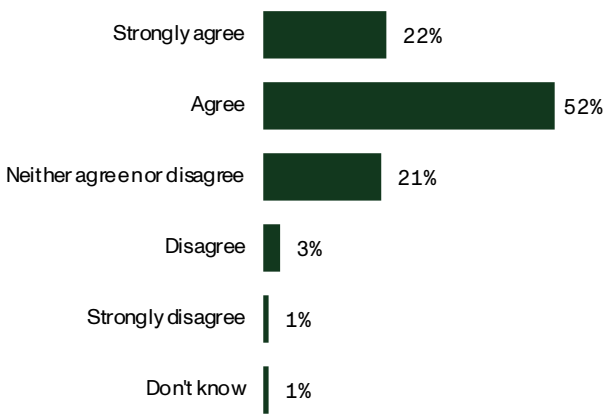
Some observers argue that Japan's foreign investment screening framework is occasionally used to limit foreign shareholder activism or block hostile bids, beyond its stated national security purpose. Which of the following best reflects your view of how Japan's foreign investment screening framework is being applied in practice?



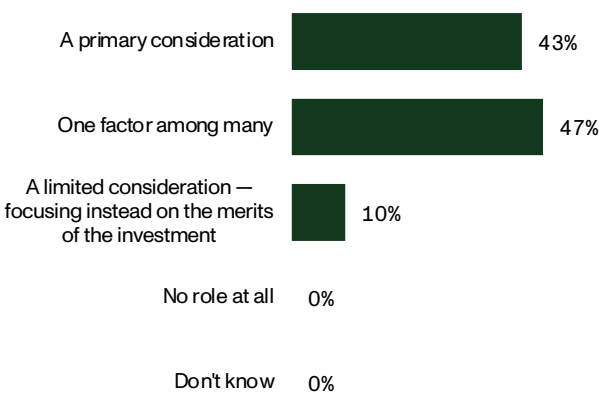
Economic security, national security and geopolitics are now one conversation

74% of respondents agree that economic and national security should be treated as equivalent when reviewing foreign investments. 90% say geopolitical factors should play at least some role in investment review decisions, with 43% saying they should be a primary consideration. Screening appetite has moderated, criteria have shifted, sector sensitivities have recalibrated, and origin country perceptions have moved. Through all these shifts, one thing holds: Japan's investment environment is geopolitically conditioned, and respondents accept that as legitimate. A transaction presented as purely commercial will therefore still be assessed through a security lens, and its structure, ownership and technology access carry weight that a financial model alone will not capture.

To what extent do you agree or disagree with the following statement: "Economic security and national security are so closely linked that the government should treat them as the same thing when reviewing foreign investments."



When the government reviews a foreign investment, what role should geopolitical factors — like trade disputes, policy differences or political tensions with an investor's home country — play in the decision to approve it?



Few are very confident in the government's ability to appropriately assess investment risk

Only 3% are "very confident" in the government's ability to identify which investments pose genuine risks; 37% are "not very confident." Low confidence in screening competence does not reduce scrutiny. It increases the burden of political justification on the investor. An investment that clears the legal threshold can still become politically contested if it generates doubt in the Diet, in the press, or among industry stakeholders. Transparent documentation, credible security-aligned commitments, and early relationship-building are not risk management activities that happen after the regulatory filing. They belong in the filing strategy.

How confident are you in the government's ability to determine which foreign investments pose a genuine risk to Japan's economy or security?



Media discourse

Japanese media increasingly frame inbound M&A within the arc of economic security and geopolitical risk. Coverage over the past twelve months has focused on technology leakage, critical infrastructure, and supply chain resilience, with China as the consistent reference point. The Makino case, in which a foreign acquisition of a defense-linked manufacturer was blocked for the first time since 2008, gave that framing a concrete enforcement example and sharpened the vocabulary around it.

At the same time, business outlets continue to underline Japan's record dealmaking volumes, with Japan-related M&A nearly doubling to $400 billion in 2025, and the government's sustained need for foreign capital to drive innovation and corporate restructuring. The prevailing narrative is conditions-based: investment welcomed when it strengthens Japan's long-term industrial and security capabilities, scrutinized when it does not.

Our team in Tokyo is well-placed to support dealmakers and their legal and financial advisers on navigating this changing environment, combining regulatory, political and communications expertise to support successful outcomes.

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