

Hogan
Lovells



FDI - a global perspective

2024

Contents

Global FDI in statistics	2
Risks for M&A transactions and investment	4
Focus on origin of investment and common sectors of interest	6
Hogan Lovells global team of experts	10
Contacts	12



Introduction

Global FDI in statistics

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

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

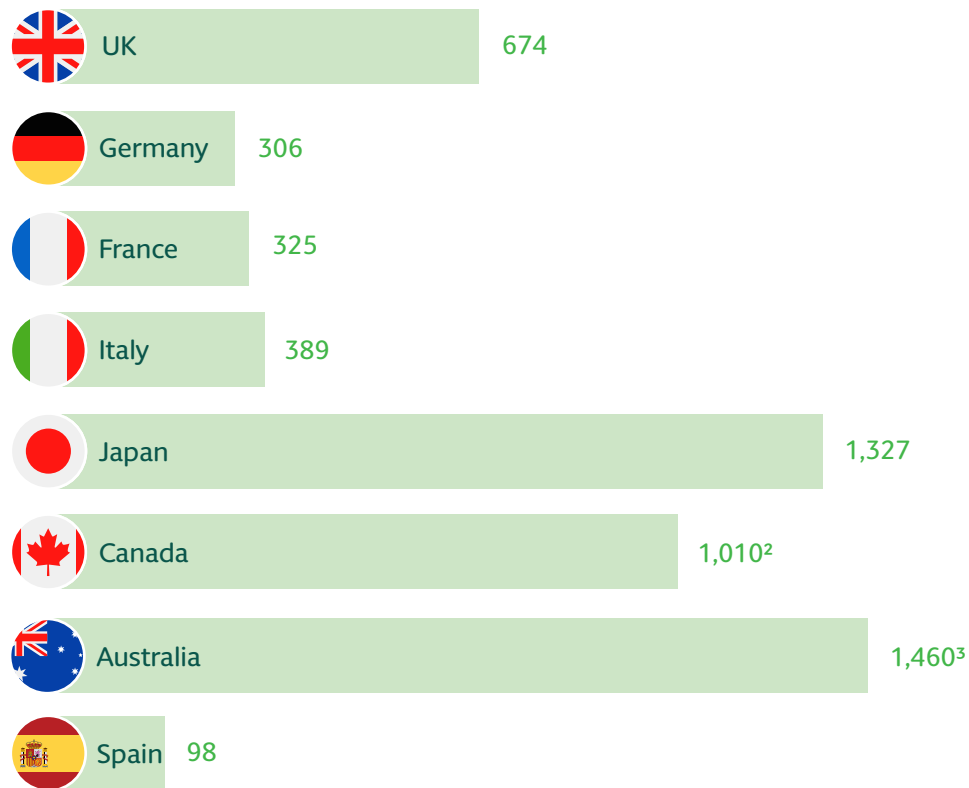
in transactions involving FDI, motivated by a number of national security and geopolitical factors, including rising protectionism, securing, strategic autonomy and, more recently, the need to protect critical industries. Over the past year or so, there have been hundreds of interventions by governments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

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



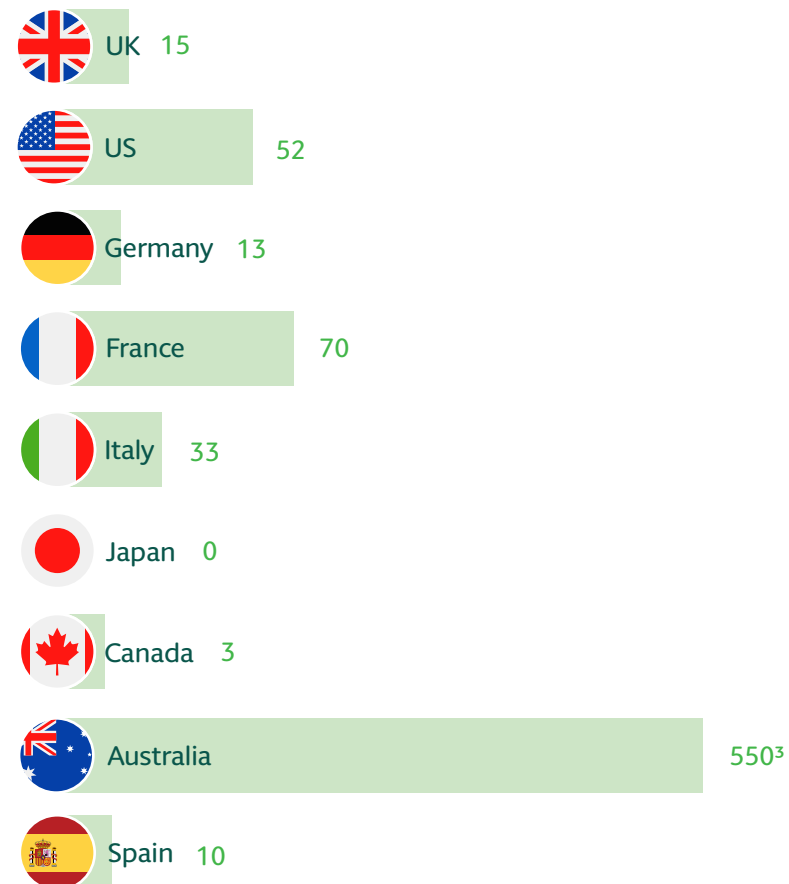
Number of mandatory pre-closing filings

For corporate investments or acquisitions.¹



Number of interventions

Remedies, mitigations, restrictive measures, prohibitions etc.



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

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

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

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

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

Risks for M&A transactions and investments

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

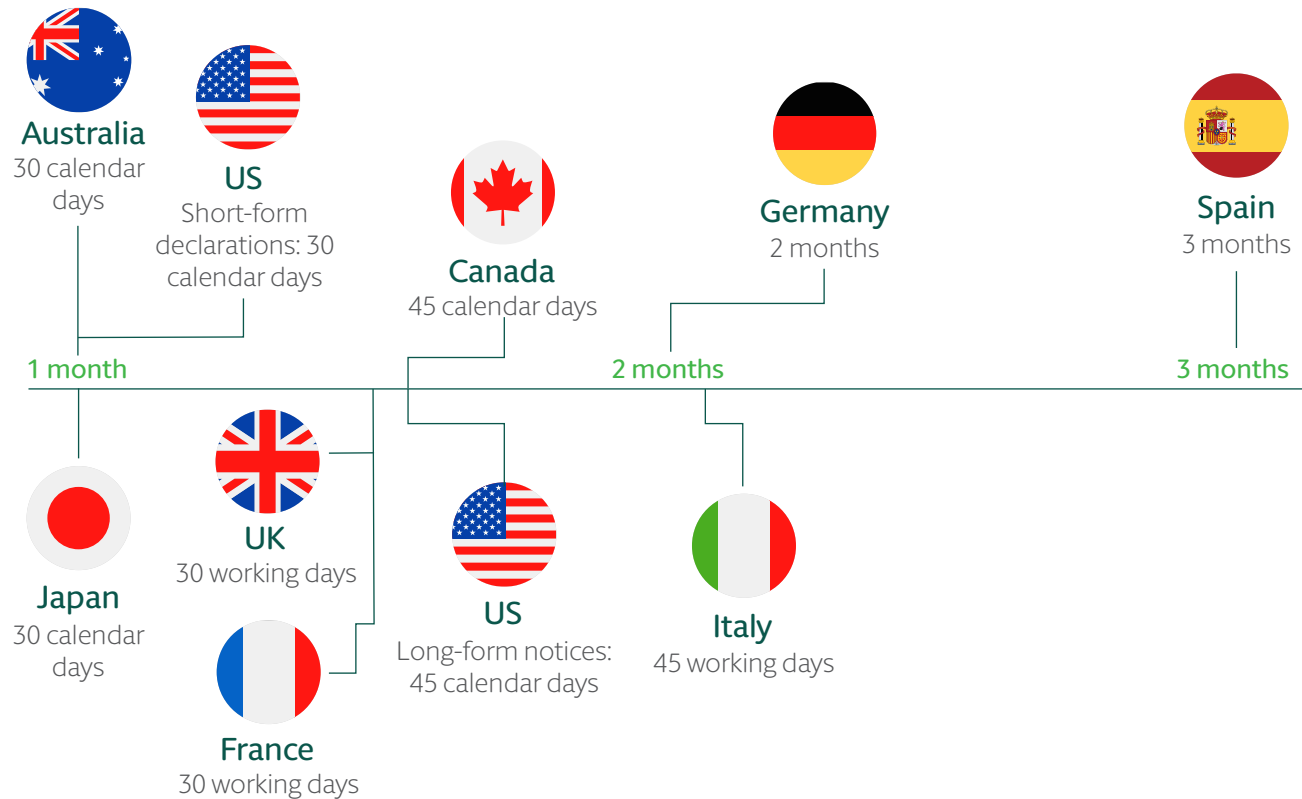
Factoring in differing timelines for FDI regimes across jurisdictions, and other regulatory processes such as merger control and the European Union’s new Foreign Subsidy Regulation (“FSR”), can be a challenge and make the execution of M&A activity less certain and more time consuming. Review periods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

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

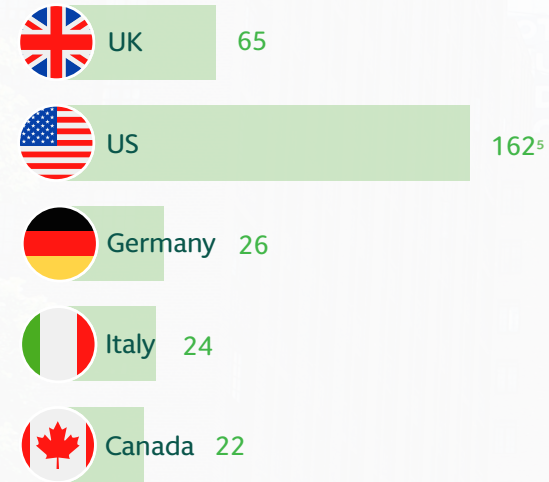
Hogan Lovells has a global FDI team consisting of experts in national security, trade law, regulatory procedures and corporate M&A that helps clients navigate the uncertainties that FDI questions can pose for global transactions. Working at the intersection of business and government, Hogan Lovells is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

‘Phase 1’ review timeline

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



Number of in-depth ‘Phase 2’ reviews⁴



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



Focus on origin of investment and common sectors of interest

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

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

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



Top 3 countries of investment (by number of notifications)



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



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

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

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

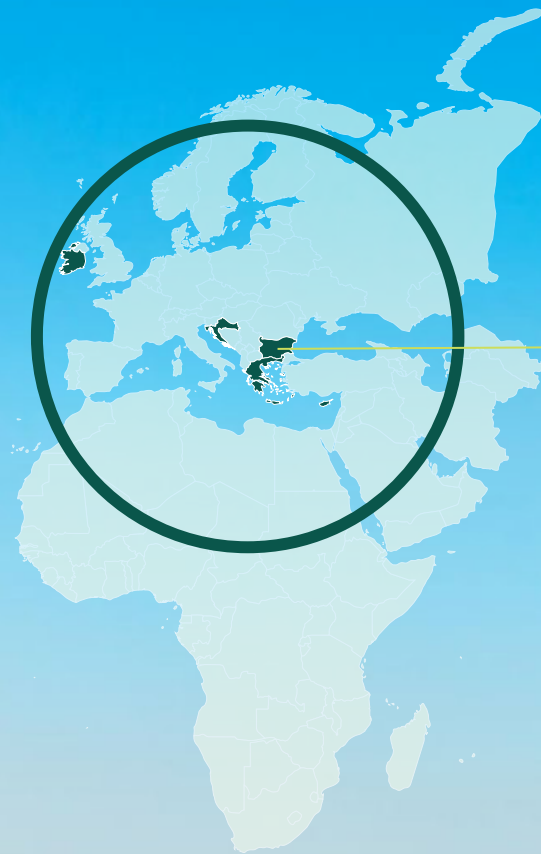
In addition, there are potentially significant revisions of the rules being considered in major jurisdictions including the UK, Germany and the EU.

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

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

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

Outlook for FDI regimes in 2024



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



Contacts



Dr. Falk Schöning

Global Regulatory
Brussels, Berlin
T +32 2 505 0906
T +49 30 80 09 30 000
falk.schoening@hoganlovells.com



Lourdes Catrain

Global Regulatory
Brussels, Madrid
T +32 2 505 0933
T +34 91 3498200
lourdes.catrain@hoganlovells.com



Stefan Kirwitzke

Global Regulatory
Brussels
T +32 2 505 0971
stefan.kirwitzke@hoganlovells.com



Christopher Peacock

Global Regulatory
London, Dublin
T +44 20 7296 5630
T +44 20 7296 5630
christopher.peacock@hoganlovells.com



Aline Doussin

Global Regulatory
London, Paris
T +44 20 7296 2961
T +33 1 53 67 47 47
aline.doussin@hoganlovells.com



Robert Gardener

Director of Government Affairs,
Global Regulatory
London
T +44 20 7296 7123
robert.gardener@hoganlovells.com



Casto Gonzalez-Paramo

Global Regulatory
Madrid
T +34 91 349 82 76
casto.g-paramo@hoganlovells.com



Francesca Moretti

Global Regulatory
Milan
T +39 02 720252351
francesca.moretti@hoganlovells.com



Eric Paroche

Global Regulatory
Paris
T +33 1 53 67 47 47
eric.paroche@hoganlovells.com



Sherry Gong

Corporate & Finance
Beijing
T +86 10 6582 9516
sherry.gong@hoganlovells.com



Adrian Emch

Global Regulatory
Beijing
T +86 10 6582 9510
adrian.emch@hoganlovells.com



Charles Bogle

Corporate & Finance
Sydney
T +61 2 9093 3503
charles.bogle@hoganlovells.com



Wataru Kamoto

Corporate & Finance
Tokyo
T +81 3 5157 8163
wataru.kamoto@hoganlovells.com



Brian Curran

Global Regulatory
Washington, D.C.
T +1 202 637 4886
brian.curran@hoganlovells.com



Anne Salladin

Global Regulatory
Washington, D.C.
T +1 202 637 6461
anne.salladin@hoganlovells.com

Appendix

Reporting periods and jurisdictions surveyed, based on publicly available data



UK

April 2022 – March 2023



US

January 2022 – December 2022



Germany

January 2022 – December 2022



France

January 2022 – December 2022



Italy

January 2022 – December 2022



Japan

April 2022 – March 2023



Canada

April 2022 – March 2023



Australia

July 2022 – June 2023



Spain

January 2022 – December 2022

Alicante
Amsterdam
Baltimore
Beijing
Berlin
Birmingham
Boston
Brussels
Budapest*
Colorado Springs
Denver
Dubai
Dublin
Dusseldorf
Frankfurt
Hamburg
Hanoi
Ho Chi Minh City
Hong Kong
Houston
Jakarta*
Johannesburg
London
Los Angeles
Louisville
Luxembourg
Madrid
Mexico City
Miami
Milan
Minneapolis
Monterrey
Munich
New York
Northern Virginia
Paris
Philadelphia
Riyadh
Rome
San Francisco
São Paulo
Shanghai
Shanghai FTZ*
Silicon Valley
Singapore
Sydney
Tokyo
Warsaw
Washington, D.C.

*Our associated offices

www.hoganlovells.com

"Hogan Lovells" or the "firm" is an international legal practice that includes Hogan Lovells International LLP, Hogan Lovells US LLP and their affiliated businesses.

The word "partner" is used to describe a partner or member of Hogan Lovells International LLP, Hogan Lovells US LLP or any of their affiliated entities or any employee or consultant with equivalent standing. Certain individuals, who are designated as partners, but who are not members of Hogan Lovells International LLP, do not hold qualifications equivalent to members.

For more information about Hogan Lovells, the partners and their qualifications, see www.hoganlovells.com.

Where case studies are included, results achieved do not guarantee similar outcomes for other clients. Attorney advertising. Images of people may feature current or former lawyers and employees at Hogan Lovells or models not connected with the firm.

© Hogan Lovells 2024. All rights reserved. WG-REQ-1236.