

**Brussels, 9 May 2018**

## **Orgalime comments on the European Commission proposal on Investment Screening**

Orgalime herewith provides its comments on the European Commission proposal establishing a framework for the screening of foreign direct investments into the European Union ([SWD\(2017\) 297 final](#)).

Orgalime, the association representing Europe's Technology Industries, speaks for a fundamentally healthy industry that is a major employer in Europe (11 million people), a major exporter (over a third of EU manufacturing exports) and a significant importer thanks to its extensive supply chain.

Orgalime believes that the European market needs to remain open to foreign direct investment, considering its positive impact on growth and employment. We question the need for a second layer of investment screening at European level. National security and public order are prerogatives of Member States. The screening of investment on the basis of national security and public order should not be tackled at European level as it is unclear what it would entail in practice<sup>1</sup>. The European Commission's proposal is unclear on how the European Commission would assess risks to national security and public order in Member States, and on the criteria to be used to screen investment.

Orgalime cautions against the screening of investments at European level and finds that the European Commission underestimates the negative effects such a legislation would entail in the long run, namely an erosion of companies' freedom to invest in "critical technologies" such as robots, semiconductors and dual-use goods<sup>2</sup>, leading to an overall decrease of investments in such technologies.

If the EU institutions were to adopt future EU legislation in this area, which we hope they will not, it should be clarified that the European Commission's opinions on investment screening should not be legally binding on Member States<sup>3</sup>. In the context of screening procedures, it is extremely important that both companies' and investors' sensitive business information - such as intellectual property rights, know-how and trade secrets - are protected. All European information-exchanging mechanisms should fully take this into consideration.

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<sup>1</sup> See article 9, paragraph 1 of the proposal

<sup>2</sup> See article 3, paragraph 3 of the proposal

<sup>3</sup> See article 9 of the proposal

*Orgalime, the association representing Europe's Technology Industries, speaks for 42 trade federations representing the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs nearly 11 million people in the EU and in 2017 accounted for some €2,000 billion of output. The industry represents over a quarter of the output of manufactured products and over a third of the manufactured exports of the European Union.*