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When the EU takes back control

Loïc Carcy

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by

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About the author

Loïc Carcy studied at Sciences Po Toulouse from which he graduated in 2019 with a Master in Administrative Careers. His time in Sciences Po prepared him for the entrance exams of the French and European civil services. He then joined the College of Europe in Bruges, where he graduated in 2020 in European Political and Governance studies. Later, he integrated in the newly created Unit for FDI screening in Directorate-General for Trade in the European Commission in charge of implementing the EU Regulation on FDI screening, as a Bluebook trainee.

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Contact details
loic.carcy@coleurope.eu

Abstract

The recent years showed a sudden rise in foreign direct investments (FDI) in the European Union, especially from China. This fact could be anecdotical, but globalisation has created unequal positions of power on the international stage. Targeted investments in dual use technologies or strategic sectors can then give a decisive position to a state towards others and hence weaponize interdependence. By adopting the Regulation 2019/452 establishing a framework for FDI screening, the European Union gives an answer to this phenomenon and stands to protect its strategic and critical assets, even if the framework remains solely about cooperation and without giving the European Commission a veto power. Through deterrence and political action, the EU takes back control.

Introduction

The Covid-19 crisis that hit the world in Spring 2020 has led to many consequences on the international order and on international trade more specifically. Indeed, the often-forgotten reality of globalization has hit the European and the Northern-American governments in their fight against the virus: global trade has created mutual dependencies and an asymmetric dependence towards one country, China. As this country is the main producer of masks in the world, other countries mostly depend on it to get supplies. This creates an unequal balance of power between the supplier and the demanders that gives the supplier bargaining power, both commercial and political. Thus, European states and the rest of the world witnessed how interdependence can be weaponized by trade partners.

In the European Union (EU), French President Emmanuel Macron stated rightly that this crisis made leaders and people realise there was a need to protect some sectors that did not have any subsequent value within globalisation *a priori.*[1] President Macron considered that this crisis "forces us to review the grammar of multilateralism".[2] An investment is more than just economics: it is a political and security tool.

To tackle this renewed issue, the EU adopted in March 2019 a Regulation "establishing a framework for the screening of foreign direct investments into the Union".[3] With this text, the EU acknowledges the fact that foreign direct investments (FDI) are more than just a financial flow but can be used for leverage by third countries. It proposes to screen investments in all strategic areas to maintain security and public order.

[1] Victor Mallet and Veronica Kan-Dapaah, 'Macron: coronavirus is Europe's 'moment of truth'', *Financial Times*, 16 April 2020, retrieved 18 April 2020, https://www.ft.com/video/96240572-7e35-4fcd-aecb-8f503d529354
[2] *Ibid.*
[3] European Parliament and the Council of the European Union, 'Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union', *Official Journal of the European Union*, L791, 21 March 2019, pp. 1-14.

FDI corresponds to an investment designed to "maintain lasting and direct links between the foreign investor and the entrepreneur"[4] of the target structure of which "the capital is made available in order to carry on an economic activity".[5] The notion of lasting interest is defined by the Organization for Economic Cooperation and Development (OECD) as when there is a "a significant degree of influence by the direct investor in the management of the direct investment enterprise", materialized by the ownership of "at least 10% of the voting power of the direct investment enterprise".[6] Foreign investors are defined as third-countries natural persons or undertakings[7] coming from outside the European Union.

While some FDI can already be screened at the EU level within the framework of competition policy, this new Regulation takes part in the common commercial policy. The EU indeed holds a competence on FDI within the commercial policy since the Lisbon Treaty under Article 207 TFEU.[8]

Also, the new Regulation is intended to apply to all investments, without distinctions on their country of origin, that could undermine security or public order in the EU. Security corresponds to an ambivalent concept: it refers to a range of measures implemented to maintain public order and prevent any attempt to individuals' integrity (objective aspect, national prerogative under EU law), but it also refers to a feeling of safety in a given situation (subjective aspect).[9] There are also two kinds of security: one that is internal (i.e., rule of law) and the other one that is external to the polity.[10] The fact that security is partially subjective would have an implication on the way the Regulation is implemented by the Member States:

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[4] *Ibid*, p. 6.
[5] *Ibid*..
[6] OECD (2009), OECD Benchmark Definition of Foreign Direct Investment 2008: Fourth Edition, OECD Publishing, Paris, https://doi.org/10.1787/9789264045743-en
[7] European Parliament and the Council of the EU, *op. cit.*, Art. 2(2), p. 6.
[8] Article 207 (1) TFEU.
[9] Mike Bourne, lecture, Queen's University of Belfast, January 2017.
[10] Mike Bourne, *Understanding Security*, Basingstoke, Palgrave MacMillan, 2014, 1st edn.

some would consider that an investment represents a threat to their security or to the Union's security, while others would not.

Another element put forward by the Regulation is the notion of public order, not currently defined in EU law but only by the Member States that can invoke it to justify limitations put on the free movement of goods,[11] persons,[12] capitals[13] and services. The European Union Court of Justice only refers to it in indirect ways[14] that do not prevail over national definitions. Using the French definition of public order, this concept would refer to public safety, public security, and public health.[15]

The Regulation covers investments completed within critical and strategic sectors, meaning all sectors necessary to ensure the resilience and the autonomy of a society, should a crisis occur. These sectors will be analysed later but can correspond to critical infrastructures (physical or virtual) such as energy networks, but also dual use items, among others.[16] In this sense, having a foreign investor holding a lasting interest within critical sectors management can imply security issues for EU Member States, especially when these investors are linked or controlled by a foreign government or state bodies.[17] These fears of foreign interferences and accesses to critical technologies and intelligence due to FDI in Europe motivated the adoption of the Regulation 2019/452.

The triggering moment occurred when Germany realized that Chinese company Midea purchased its national champion on robotics, Kuka, for $5,3bn.[18] Following this event, Germany joined France and Italy to push the Commission for an initiative on the FDI issue. Also, 2016 saw a sudden rise in Chinese investments in the EU, with €35bn investments

[11] Article 36 TFEU.
[12] Article 52 (1) TFEU.
[13] Article 65 (1b) TFEU.
[14] Judgment of 26 September 2018, *Van Gennip and others*, C-137/17, ECLI:EU:C:2018:771, paragraph 58.
[15] Code Général des Collectivités Territoriales, Art. L.2212-2.
[16] European Parliament and the Council of the EU, *op. cit.*, Art. 4(1), p. 7.
[17] *Ibid.*, Art. 4(2), p. 7.
[18] Philippe Le Corre, 'EU moves to protect interests against predatory China', *Financial Times*, 26 November 2018, retrieved 9 April 2020, https://www.ft.com/content/88c67050-ee58-11e8-8180-9cf212677a57

completed in the EU, representing a 77% increase compared to 2015[19] (less than 5% of total FDI completed in the EU).[20]

To prevent such situations from happening, some countries have set screening mechanisms to control FDI and to know where these investments are headed. Currently, 17 Member States in the EU apply such screening mechanisms for FDI that can be classified as.[21]

- *a priori* controls through national authorities;
- *ex-post* controls, investments being voluntarily submitted to the national authorities by investors.

Internationally, the same process is under way. All major powers already have an FDI screening mechanism and modernised it in the recent years.

Then why study this new EU Regulation? Major powers, including the EU, are interdependent. In the field of FDI, the EU is in an even more specific position: it has one of the most open investment regimes and is the world's leader in terms of source and destination of FDI.[22] The stock of FDI in the EU amounted 5,7 trillion euros by the end of 2015, compared to 5,1 trillion euros in the US and 1,5 trillion in China.[23] In the EU, the main foreign investors are the US (35,1% of direct investment in the EU in 2017), Switzerland (12,5%), Canada (4,5%), Japan (4%), Russia (1,3%) and, to a lesser extent, China (0,9%).[24]

[19] François Godement and Abigaël Vasselier, 'China at the gates: A new power audit on EU-China relations', *European Council on Foreign Relations*, London, December 2017, p. 37.
[20] *Ibid.*, p. 38.
[21] European Commission, *Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: Welcoming Foreign Direct Investments while Protecting Essential Interests*, COM (2017) 494 final, 13 September 2017, p. 7.
[22] European Commission, *Commission Staff Working Document* accompanying the document *Proposal for a Regulation of the European Parliament and of the Council establishing a framework for screening of foreign direct investments into the European Union*, SWD (2017) 297 final, 13 September 2017, p. 2.
[23] *Ibid.*, p. 3.
[24] Eurostat, 'Foreign direct investment – stocks', *Eurostat*, 2019, retrieved 27 April 2020, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Foreign_direct_investment_-_stocks#FDI_positions_in_the_EU_Member_States

According to Farrell and Newman,[25] globalisation has created global networks into which all countries are not equal. Some of them have privileged positions, thanks to either a dominant position on the global networks and/or hosting a hub of these networks. These states can benefit from two effects due to their position: ***panopticon effect*** (use the privileged position to observe what other countries are doing and try to analyse their strategy) and ***chokepoint effect*** (use the position as a bargaining power towards one of its partners). Is this new EU Regulation taking part into the panopticon effect or is it a way for the EU to materialise both effects legally?

Back in 2012, scholar Michael Cox considered that "we no longer live in a world composed of clearly specified friends and well-defined enemies, but rather in one where partnership has become a necessity".[26] States try to maintain or to get a decisive position as to hold bargaining power and influence internationally. Farrell recently considered that the EU is in a very difficult situation "because more than any other major actor in the world, it has multilateralism in its DNA".[27] In the current international context of challenges to multilateralism, is the EU trying to adapt and to affirm its capacity to put pressure on the global networks to defend its conception of the international system?

I will study how and why the European Union weaponizes the issue of FDI by adopting a Regulation establishing a screening mechanism at the EU level. I will explore three main hypotheses and try to validate them. First, I will analyse the content of this Regulation and assume that this text greatly reinforces the European Commission while maintaining a decisive power for the Member States. Second, I will demonstrate that this EU screening mechanism is a tool to strengthen the Union within a context of geopoliticization of economics and

[25] Henry Farrell and Abraham Newman, *Weaponized Interdependence*, International Security, Vol. 44, 2019, pp. 42-79.
[26] Michael Cox, *Power Shifts, Economic Change and the Decline of the West?*, International Relations 26 (4), 2012, p. 381.
[27] Richard Byrne, 'Panopticons and Chokepoints', *The Wilson Quarterly*, Spring 2020, retrieved 9 April 2020, https://www.wilsonquarterly.com/quarterly/who-writes-the-rules/panopticons-and-chokepoints/

weaponized interdependence. Finally, I will show that this Regulation is a first legal text towards more integrated and automatic information exchanges between EU States but also towards the design of a European doctrine over strategic interests.

Member States are still at the helm, but Commission powers are strengthened

The Regulation establishing an FDI screening mechanism at the EU level is a compromise between the positions of the Member States to preserve competences at the national level and the Commission, which is more willing to create new integrated tools at the European level.

First initiatives by the Commission but decisive actions of the Member States

The European Commission first proposed this mechanism because it has the legal powers to do so. FDI was added to the EU exclusive competence under the common commercial policy by the Lisbon Treaty in Article 207 (1) TFEU, giving competence to "adopt the measures defining the framework for implementing the common commercial policy".

The choice of a Regulation instead of a Directive must be noted. By proposing a Regulation, the Commission ensures a unified and immediate implementation to all Member States. The choice of a Regulation is also a political signal demonstrating that the EU acts as one when it comes to this strategic issue.

After Kuka's takeover by Chinese company Midea, Germany, France, and Italy submitted a letter in February and June 2017 to the Commission setting out their concerns on foreign direct investments, most of all "the lack of reciprocity and about a possible sell-out of European expertise"[28]. They suggested a common approach on investment control at the EU level. This initiative pushed the European Commission to publish a proposal for an EU FDI

[28] European Parliamentary Research Service, *EU framework for FDI screening*, Brussels, European Parliament, April 2019, p. 5.

screening mechanism without any impact assessment, normally required for any proposal, a move justified by the "rapidly changing economic reality (and) growing concerns of citizens and Member States".[29]

The same initiative, however, failed in 2013. The decisive event seems to have been the sudden rise in foreign takeovers in the EU in 2016. This year saw a growth in takeovers of EU companies "using cutting-edge or dual use technologies, and of strategic infrastructure assets, by non-EU investors",[30] some of them with foreign government ties. This raised huge concerns on the possibility of such governments to influence EU strategic and critical assets.[31] This privileged position can also be used to pressure on EU Member States and to transfer technologies.

It then seems this external threat mobilized the formerly reluctant Member States and opened the way for the Commission to propose again an initiative on this issue. The main idea was to tackle the lack of information sharing and its consequences on security.[32]

Once the psychological barrier on the Europeanisation of FDI screening fell, the legislative process proceeded with exceptional speed. After the submission of the proposal on 13 September 2017, the European Parliament's Committee on International Trade (INTA) adopted its position in May 2018 while the Council adopted its position in June the same year. After interinstitutional negotiations, a provisional text was found in December 2018, formally adopted in February 2019 by the Parliament, and in March by the Council before entering into force on 10 April 2019.[33]

The Commission chose not to propose an FDI screening mechanism entirely operated at EU level because this option would have been very difficult to operate "due to the difference

[29] *Ibid.*, p. 6.
[30] European Parliamentary Research Service, *op. cit.*, p. 2.
[31] *Ibid.*
[32] European Commission, *op. cit.*, p. 8.
[33] European Parliamentary Research Service, *op. cit.*, p. 1.

of views amongst Member States and also due to the fact that national security remains the sole responsibility of Member States".[34] A cooperation mechanism was assumed to ensure flexibility with "a minimum degree of harmonisation and cooperation at EU level"[35] while increasing certainty and limiting the administrative burden.

The build-up of the consensus was made *a minima* by establishing a cooperation framework tackling the previous *status quo* without undermining the MS sovereign competence on national security. The reason behind this is that a veto power on FDI at the EU level was seen a no-go for almost all Member States, both because it could have sent a bad signal on the EU's openness for FDI but also because they wanted such choices on the protection of strategic sectors to remain national competences.[36]

The Regulation then proposes factors "that may be taken into account by the Member States or the Commission"[37] in their screening of FDI. These factors cover a range of strategic areas for the European Union but also sovereign issues for the Member States.[38]

- "Critical infrastructure, whether physical of virtual", [39] such as network infrastructure (energy, water, etc.) as well as defence, financial and electoral infrastructures and real estate used for these infrastructures;
- "Critical technologies and dual use items"[40] such as artificial intelligence, defence, aerospace and biotechnologies;
- Supply to critical inputs;
- Access to information and the ability to use this information;
- Freedom and pluralism of media.

[34] European Commission, *op. cit.*, p. 9.
[35] *Ibid*.
[36] Jorge Valero, 'Leaders tone down Macron's call for foreign investment scrutiny', *Euractiv*, 23rd June 2017, retrieved 16 April 2020, https://www.euractiv.com/section/economy-jobs/news/leaders-tone-down-macrons-call-for-foreign-investment-scrutiny/
[37] European Parliament and the Council of the EU, *op. cit.*, Art. 4, p. 7.
[38] European Parliament and the Council of the EU, *op. cit.*, Art. 4(1), p.7.
[39] *Ibid.*
[40] *Ibid.*

The list of factors contains critical and strategic areas for strategic national autonomy. More than just ensuring the resilience of the Member States, the media category reflects the lessons drawn by the recent developments on possible Russian interference within the 2016 American Presidential election, the vote on the British exit of the EU, but also all disinformation campaigns suspected to have been launched by governmental agencies.[41]

The Regulation's large coverage of sectors is then designed to allow the Member States and the Commission to screen the foreign direct investments in all sectors that could undermine the EU's resilience. For the first time, the EU level can be used to screen strategic sectors: symbolically, this element represents a huge step in awareness that risks might be cross-border and multinational. All Member States, even those lacking a national screening mechanism, are concerned by the Regulation.

In addition to these sectors assessed, Member States and the Commission can consider the fact that the investor is owned or closely linked to a third-country government.[42] The Regulation was designed to include the cross-border nature of investments completed by such investors within the EU, in particular when they have already undermined the security and public order in other Member States.[43] Also, FDI planned or completed by investors representing a serious risk of being engaged in illegal and criminal activities should be screened.[44]

The Regulation's scope is large and covers most of the strategic sectors potentially targeted by FDI. It gives a legal basis for the screening of investments likely to pursue political and strategic objectives under cover of companies and economic motives, wherever these investments might come from. The Regulation provides the EU a panopticon and chokepoint

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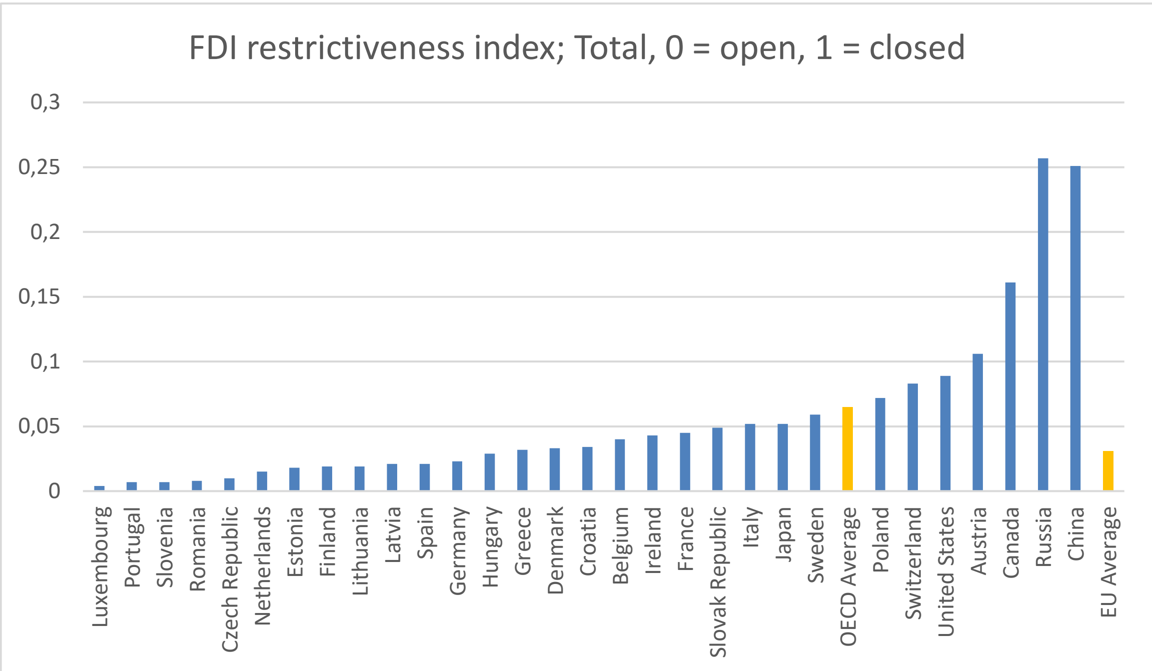
[41] Alexandre Picard and Alexis Delcambre, 'SputnikNews et RT, instruments d'influence de la Russie en France', *Le Monde*, 16 March 2017, retrieved 10 April 2020, https://www.lemonde.fr/international/article/2017/03/16/sputniknews-et-rt-instruments-d-influence-de-la-russie-en-france_5095246_3210.html
[42] European Parliament and the Council of the EU, *op. cit.*, Article 4 (2), p. 7.
[43] *Ibid*.
[44] *Ibid.*

effects through information exchanges between Member States on investors and the risk they might represent.

Finally, the rationale surrounding the proposal and adoption for the Regulation is worth analysing from the weaponized interdependence perspective. If the EU and Member States' objective is to weaponize the EU's position on FDI to acquire bargaining power, using panopticon or chokepoints effects, the official communication never says it that clearly, for obvious political reasons.

The Commission constantly emphasizes the EU's openness to foreign investments,[45] the 2015 OECD FDI Regulatory Restrictiveness Index shows the EU has one of the most open FDI regimes in the world. The graph below contains the 24 EU Member States' available OECD Data and the six major investors in the EU to compare their openness. Considering this graph, the EU appears indeed as one of the most open FDI regimes among the biggest commercial powers.



Graph 1 – FDI restrictiveness index:[46] Source: OECD.

[45] European Commission, *op. cit.*, p. 2.
[46] OECD Data (2020), FDI restrictiveness index, https://data.oecd.org/fdi/fdi-restrictiveness.htm (retrieved 10 April 2020).

In parallel, another complementary narrative is put forward by Commission officials when dealing with inward FDI: the necessary defensive stance. This was particularly well expressed by former Commission President Jean-Claude Juncker's 2017 State of the Union address: "Let me say once and for all: we are not naïve free traders. Europe must always defend its strategic interests".[47] He later added, "It is a political responsibility to know what is going on in our own backyard so that we can protect our collective security if needed".[48] President Juncker demonstrates there that the EU intends to defend itself, to get collective intelligence on third-countries investors actions' and to use this intelligence to help take decisions and preserve the collective security, if endangered. These elements set a very clear intention on using the EU's privileged position as a core centre for FDI to get a panopticon effect and potentially using it as to put pressure on partners endangering its security, that is a chokepoint effect.

Finally, another rationale directed towards Member States emphasizes that the proposed mechanism will not harmonise the different national mechanisms by creating a supranational EU screening framework. It will improve cooperation between the Member States, bring more efficiency and ultimately better preserve security and public order in the Union globally. There, too, the choice of words is important. The framework is always said to help *preserve* public order and security in the Member States/in the EU and not *protect* these two elements. It avoids appearing protectionist and helps legitimise this text both legally and politically.

[47] PRESIDENT JEAN-CLAUDE JUNCKER'S State of the Union Address 2017, *European Commission*, 13 September 2017, retrieved 10 April 2020, https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_17_3165
[48] *Ibid.*

The implementation of the Regulation: a European framework for national screening procedures

The implementation of Regulation 2019/452 raises another set of interrogations, such as how this text would be implemented and who gets reinforced/weakened with it, and extra-EU with the Regulation's effect(s) towards the EU trade partners. Given the relatively recent entry into force of the Regulation and the fact that the screening mechanism is fully operational only since October 2020, these findings primarily rely on the schedule established by the Regulation and the Commission, but also on the secondary literature.

For the implementation, the Regulation distinguishes two kinds of FDI: the ones being screened at the national level (Article 6) and the investments not being screened by a Member State (Article 7).

The investments screened at the national level

When a foreign investment completed within their territory is screened by their own screening mechanism, the Member States "shall notify the Commission and the other Member States".[49] Within this notification, the Member States can include the list of other States whose security would be affected by the said investment. The Commission can also issue an opinion on such an FDI even if no Member States provided comments.[50]

The Regulation creates a complete multilateral system of control and information sharing on FDI within the Member States. There is a clear panopticon effect: the Member States and the Commission all receive the information when an FDI is screened under the Regulation and thus get a broader view on the actions led by a foreign-owned or foreign-linked company on its soil.

[49] European Parliament and the Council of the EU, *op. cit.*, Art. 6(1), p. 8.
[50] *Ibid.*, Article 6(3), p. 8.

The investments not screened at the national level

The Regulation pushes the panopticon effect even further. In light of Article 7(1) et seq. of the Regulation, when a Member State or the Commission considers that a "planned or completed"[51] FDI within another Member State is likely to affect the security and public order of the latter State or more than one State, the first Member State or the Commission can provide comments to the State targeted by the FDI. The Member States and the Commission can also ask for information on the said FDI as to get full knowledge on the characteristics of the investment[52] and provide comments.

The cooperation system allows a full information sharing between Member States, notably the ones that could have missed some inward FDI because of a lack of a national screening mechanism. This can be seen as a soft law tool incentivizing Member States to adopt a screening mechanism: being notified by another State about an FDI planned on its own territory can be seen as good cooperation but also as an awkward attempt to interfere in internal affairs through the screening of inward FDI by another Member State. That would enhance coherence and control at the EU level.[53]

Finally, the Commission is given a direct supervision and screening power for "Foreign direct investments likely to affect projects or programmes of Union interest",[54] defined as projects or programmes in which EU funds represent a significant share of financing or covered by EU law (i.e Galileo, Horizon 2020, PESCO).[55] The Commission is thus a direct and significant actor of the implementation of this mechanism, beyond its ability to set opinions and comments.

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[51] *Ibid.*, Article 7(1), p. 9.
[52] *Ibid.*, Article 7(5), p. 9.
[53] François Godement, 'Investment screening: A victory for Europe', *European Council on Foreign Relations*, 21st November 2018, retrieved 10 April 2020, https://www.ecfr.eu/article/commentary_investment_screening_china_eu_victory_for_europe
[54] *Ibid.*, Article 8, p. 10.
[55] *Ibid.*, Annex, p. 13.

The implementation of the Regulation thus raises the question of who is reinforced or weakened with it. Considering the abovementioned elements, the Commission, the Member States but also the European Parliament are all reinforced in their prerogatives. However, would it not be naïve to say that this Regulation creates a win-win situation? If all actors win, their gains vary in scope and degree. This element is very important to understand how an FDI screening could be weaponized in the EU and by whom more particularly.

With its supervision role (all notifications being sent to its services through the contact points), its ability to issue opinions and comments but also to screen directly FDI targeting areas of Union's interest, the Commission gets a new competence [56] and becomes "empowered". On the other hand, the Member States preserve their sovereignty, fuelling the win-win feeling on this Regulation, retaining their national security competence. [57] The cooperation opens a way for further integration with the building of trust,[58] thanks to greater socialisation between their services. In addition, the European Parliament gets reinforced with the possibility given to hear Commission officials on the implementation of the Regulation after the publication of the annual report.[59] This ensures a democratic and transparent control on the mechanism. Finally, the Regulation's implementation raises questions about its consequences on EU's attractiveness and trade partners' reactions.

One could argue that by adopting a control mechanism, the EU could be seen as drifting towards protectionism by screening investments according to the nature of the investor,[60] reducing its attractiveness. However, European legislators and the Commission carefully introduced transparency into the Regulation on the information required for a planned or completed FDI in the EU.[61] This ensures predictability and maintains the EU's

[56] European Parliamentary Research Service, *op. cit.*, p. 6.
[57] Art. 346 TFEU.
[58] Jean-Paul Jacqué, lecture, College of Europe, October 2019.
[59] European Parliament and the Council of the EU, *op. cit.*, Article 5, p. 8.
[60] *Ibid.*, Article 4(2), p. 7.
[61] *Ibid.*, Article 9, pp. 10-11.

openness to FDI. Also, as Godement points out, most of the EU partners already have screening mechanisms. Some of them are even more powerful than the one adopted in the EU, while other do not offer the same reciprocity in terms of market openness.[62] In addition, the screening procedure will treat all investments on an equal basis, regardless of their country of origin.

A new screening mechanism as a reaction to the geopoliticization of economic relations

Meunier and Nicolaidis rightly noted that "trade and investment policies are becoming essential tools of geopolitics",[63] and the geopoliticization of trade corresponds to a "space where geo-economics is both a product and a tool of security policies".[64] The EU appears ill-equipped to face this new configuration while being a key player in global trade. The EU now faces a world into which geopolitics and economics are more intertwined. This calls for a greater action from its part. I will use case-studies to demonstrate why such a Regulation like the 2019/452 was needed for the EU, by using the examples of the influence of third countries.

The intertwining of geopolitics and economics calls for a greater action from the EU:

Economic policy is a part of the foreign policy and a tool to reach objectives from a diplomatic perspective. The United States and China are classic example of weaponizing interdependence and using their economic position as to achieve diplomatic and political goals. Some authors consider that "they are increasingly using economic connections, from cyber space to financial links, to gain geopolitical advantage or to serve geopolitical goals", putting Europe's economic sovereignty at stake.[65]

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[62] François Godement, *op. cit.*.
[63] Sophie Meunier and Kalypso Nicolaidis, 'The Geopoliticization of European Trade and Investment Policy', *Journal of Common Market Studies*, vol. 57, 2019, p. 106.
[64] *Ibid.*, p. 107.
[65] Mark Leonard, Jean Pisani-Ferry, Elina Ribakova, Jeremy Shapiro, and Guntram Wolff, 'Redefining Europe's Economic Sovereignty', *European Council on Foreign Relations*, June 2019, retrieved 11 April 2020, https://www.ecfr.eu/publications/summary/redefining_europes_economic_sovereignty

Indeed, the completion of investments by Chinese companies in the EU "might be motivated by long-term national or even CCP priorities rather than private profit-making objectives".[66] Financial primacy but also dominant position on new technologies such as Artificial Intelligence (AI) are the privileged links to be weaponized, thanks to their network effects. China pursues investments in these sectors as to reach dominance and be able to use both panopticon and chokepoint effects. Given the change in policy priorities in the US (unlikely to be reversed with Biden's election), the European Union is standing for itself. In this sense, the approval and the implementation of the Regulation 2019/452 is crucial. Not only does this Regulation establish a screening mechanism for FDI planned or completed in the EU, it also indicates the beginning of a renewal in the EU sovereignty conception.

From an economic-based sovereignty, the EU starts thinking, and acting, towards a political-based sovereignty, one able to give the EU the right tools to address the challenges on the international order but also the possible weaponization of global networks, especially now that the US does not seem incline to protect the EU as it did before. This need for a greater defence for the EU against weaponization of interdependence is further reinforced by recent examples.

One is the Chinese purchase of the Greek port of Piraeus by Chinese company COSCO (China Ocean Shipping Company). Thanks to this investment, the Piraeus port was fully modernized, with new technologies and an enlargement of its capacities. However, China now holds the biggest Greek port and one of the biggest ports in the Mediterranean. As Thorsten Benner and Kristin Shi-Kupfer note, "Beijing uses investments in infrastructure and public utilities to create political leverage in Europe's periphery"[67]. China also gained influence on

[66] *Ibid.*.
[67] Thorsten Benner and Kristin Shi-Kupfer, 'Europe needs to step-up vigilance on China's influence', *Financial Times*, February 2018, retrieved 11 April 2020, https://www.ft.com/content/a58b0a0c-127b-11e8-940e-08320fc2a277

Greek assets and used it politically, the Greek government suddenly torpedoing an EU joint declaration on human rights in China in the Human Rights Council.[68]

Through the "17+1" group, an informal group bringing together 12 EU Member States and 5 non-EU States aspiring to membership,[69] China also leverages the prospect and the completion of investments in infrastructures to obtain political gains. If this strategy comes up against the EU for the time being concerning the EU Member States as EU funds remain cheaper financially and politically than Chinese investments,[70] the situation differs for the EU neighbourhood where the political influence can be seized by China as investments are very much needed.

These are some of the reasons why the EU imperatively needs to change its conception on sovereignty and embrace a much more political definition of it, as to be able to tackle these issues and to weaponize its position in the global networks.

A decisive influence of China… but also the United States:

Among the sectors that focus concerns about China's growing influence, the race for dominance of 5G technology and networks is the most prominent. Having a dominant position in the 5G infrastructures enables to get a privileged position on communications and data flowing through it. This position can be used for political and intelligence matters.

My other case-study will focus on the current crisis we are living in at the time of writing, the Covid-19 crisis, as this crisis reveals the asymmetry in the global networks and the possibility for some international actors to weaponize their position in the supply chains of medical equipment. I will show that the EU did not hesitate to hold on to preserve its autonomy.

[68] *Ibid.*
[69] Justina Szczudlik, 'Seven Years of the 16+1: An Assessment on China's 'Multilateral Bilateralism' in Central Europe', *Ifri*, No. 107, April 2019, p. 8.
[70] *Ibid.*, p. 10.

5G and Huawei: the weaponization of the race for technology leadership

Farrell and Newman consider that the weaponization of the global networks, and the coming networks such as the 5G (for 5th Generation of telecommunications technology), "promises – at minimum – to transform traditional notions of statecraft, the role of corporations in national security, and the global projection of hard and soft power".[71]

5G is a field in which the fight for the control over the networks in order to weaponize it in the future is particularly intense. This struggle opposes mainly the United States against China and its national champion for 5G, Huawei. Huawei is Chinese tech company founded in 1987 by Reng Zhengfei, former colonel in the Chinese People's Liberation Army. This link with the PLA has fuelled suspicions of collusions with the Chinese State and the Chinese intelligence services, reinforced with the 2017 law imposing the Chinese companies to "support, assist and cooperate with national intelligence work".[72] Huawei always denied these accusations.

Facing these risks, the US adopted a series of sanctions towards Huawei and Chinese tech-companies more generally. Huawei is then banned from the US 5G network, and American companies had to stop selling processors and US-developed software. Moreover, the US lobbies hard towards its partners around the globe, including the EU, to ban Huawei and Chinese tech-companies from their soil, claiming a risk in spying from China.

These initiatives from the United States are a clear weaponization of interdependence through chokepoints: Thanks to their influence in the technological and intelligence fields, the US tries to pressure on its partners and on China to undermine the latter's growing position in the technological race. If the UK, Australia, New Zealand, and Japan banned Huawei from

[71] Richard Byrne, *op. cit.*

[72] Harold Thibault and Simon Leplâtre, 'Ren Zhengfei, un chef de guerre à la tête de Huawei', *Le Monde*, 11 October 2019, retrieved 13 April 2020, https://www.lemonde.fr/m-le-mag/article/2019/10/11/ren-zhengfei-un-chef-de-guerre-a-la-tete-de-huawei_6015032_4500055.html

their telecommunications networks, some EU MS such as Germany, Belgium, Spain, Portugal or France try to balance the risks and not exclude it totally.

According to Farrell and Newman, the fight over the 5G technology is crucial, as it will define the global interdependence's future. By trying to build all major 5G infrastructures through Huawei, China tries to have access to a chokepoint effect. Huawei becomes an alternative to the US position in providing the hub of the Internet with cheaper but qualitative products.[73] This ability would provide to the one holding it a decisive bargaining power in terms of intelligence and pressure (by cutting a country off from the flows and the access to the network for example). This is a fight for future weaponization of an already important interdependence that will increase tenfold. It is likely that the Biden Administration will continue in this way, albeit in a different style.

In this struggle for future domination on telecommunications networks, what is the European Union doing? The Member States agreed during the European Council of 21 March 2019 on the need for action at the EU level and to get a common approach on this issue,[74] while ultimately deciding nationally. The Commission evokes the influence of FDI in this field and that its potential use by third countries might cause security issues for the Union.[75]

By evoking this fact, one might note that the EU opens the way for controlling FDI in this critical area and would be keen to use its chokepoint capacity towards any investment threatening the Union's safety.[76] The Commission recommends considering technical factors when assessing risks in the 5G networks. It also recommends considering "other factors" such as "the overall risk of influence by a third country".[77] China is never mentioned specifically.

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[73] Richard Byrne, *op. cit.*
[74] European Commission, *Commission Recommendation of 26.3.2019: Cybersecurity of 5G networks*, C(2019) 2335 final, 26 March 2019, p. 1.
[75] *Ibid.*
[76] *Ibid.*, p. 3.
[77] *Ibid.*, p. 4.

The EU is quietly active on this issue and seems keen on weaponizing its position between the US and China to affirm its view on cybersecurity. The EU has one card to play in this fight with two EU companies mastering the 5G technology: Finnish Nokia and Swedish Ericsson. There is then an alternative for a European 5G, and the EU could use this alternative to pressure on both China and the US and implement its own way in 5G, respecting its values on data protection. The US tried to take control of both EU companies as to have a "American" alternative in front of Huawei, the US currently missing local companies mastering the 5G technology [78] This initiative raises the question of strategic shareholders within these companies related to 5G and whether the US should be investing in European companies.

Currently, neither Ericsson nor Nokia have any interest in becoming American: because of the trade war between the US and China, it might lose market shares in China, the second biggest market for Ericsson. Also, it is likely that such takeovers would be blocked by Finland. In this regard, the EU screening mechanism can be triggered by other Member States, considering that the purchase of EU companies in critical sectors might affected security and public order in other States or in the whole Union. The screening mechanism can thus have a deterrence effect, before using it to get a chokepoint effect.

This deterrence effect needs to be stressed as a complementary effect within the weaponized interdependence theory. The panopticon effect helps gathering information and intelligence before using the chokepoint. However, as this case shows, there seems to be an intermediate step before the chokepoint effect: the power targeted by a takeover threatening its position in the global networks uses deterrence thanks to its privileged position in networks and a credible legal arsenal backed by political will.

[78] Ben Hall, 'Do Europe's champions need help in 5G tech battle?', *Financial Times*, February 2020, retrieved 13 April 2020, https://www.ft.com/content/81508804-4caf-11ea-95a0-43d18ec715f5

Having panopticon and chokepoints effects can then deter powers from trying to invest to gain political influence. This effect seems to have been at work during the Covid-19 crisis.

The Covid-19 crisis: the weaponization of the global medical goods supply chains

The Covid-19 crisis that hit Europe in March 2020 revealed the international supply chains interconnectedness and its risks associated. Supply in medical goods and healthcare products like masks, disinfecting gel and other protective equipment is a relevant example on how global networks and supply can be weaponized.

First, it must be specified that globalisation relies on global supply chains made by companies that built-up production networks around the globe, meaning that countries "became more interdependent, because no country could possibly control all the goods and components its economy needed".[79] This productive processes' organisation creates huge efficiencies "but also extraordinary vulnerabilities",[80] revealed by crises such as the pandemic. Countries that have a key role in providing certain kind of products can then destabilise the whole supply chain and put others at a critical risk. This is what happened when China was hit by the pandemic and went on lockdown for several months while Europe neither did have full production capabilities for personal protection equipment nor enough stocks, partly due to the "just-in-time" supply chains configuration worldwide and the absence of sufficient strategic stocks. This revealed how vulnerable and interdependent countries were, including on such strategic and critical devices (that did not appear to be so before the crisis).

From this point on, the access to supply chains and health products became a strategic objective in which political strategies were never far away. For instance, on 26 March 2020, the European Commission set guidelines on the management of the Covid-19 crisis and more

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[79] Henry Farrell and Abraham Newman, 'Will the Coronavirus End Globalization as We Know It?', *Foreign Affairs*, 16 March 2020, retrieved 13 April 2020, https://uschinadialogue.georgetown.edu/publications/will-the-coronavirus-end-globalization-as-we-know-it-the-pandemic-is-exposing-market-vulnerabilities-no-one-knew-existed
[80] *Ibid.*

especially on FDI related to the health sector. In these guidelines, the Commission calls for Member State to

> Make full use of, in this time of crisis, their investment screening mechanisms to address cases where the acquisition of European companies by investors from outside the EU would create a risk to the EU's security and public order.[81]

This shows that the EU can weaponize FDI when needed and to respond to potential attempts from third countries to take control of its critical productive facilities, (even though Regulation 2019/452 was not fully implemented). In that sense, Commission Executive Vice-President Vestager stated on 12 April 2020 that "it's very important that one is aware that there is a real risk that businesses that are vulnerable can be the object of a takeover".[82] To this aim, the EU suspended all rules on state-aid to allow Member States to rescue companies that might face difficulties and thus prevent any takeover completed by companies backed/owned by third countries.

These statements demonstrate the awareness of the potential weaponization of interdependence and for some partners to increase their influence in Europe. These statements take part in the deterrence effect described earlier, showing that the EU and its Member States are ready and legally equipped to face takeover attempts. Also, former Commissioner Hogan declared that "we need to know who invests and for what purpose",[83] opening the way to implement the panopticon effect of the screening mechanism and gather all information to maintain the strategic autonomy of the Union in this field.

This behaviour contrasts with others that might, in the end, reconfigure the balance of powers globally. Indeed, while the EU struggles to maintain its production capacities under

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[81] 'Protecting critical European assets and technology', *European Commission*, 26 March 2020, retrieved 13 April 2020, https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/economy_en#protecting-critical-european-assets-and-technology

[82] Javier Espinoza, 'Vestager urges stakebuilding to block Chinese takeovers', *Financial Times*, 12 April 2020, retrieved 21 April 2020, https://www.ft.com/content/e14f24c7-e47a-4c22-8cf3-f629da62b0a7

[83] 'Coronavirus: Commission issues guidelines to protect critical European assets and technology in current crisis', *European Commission*, 25 March 2020, retrieved 13 April 2020, https://ec.europa.eu/commission/presscorner/detail/en/ip_20_528

European flags and to increase its production locally to become more sovereign,[84] the US and China pursue different strategies. According to Farrell and Newman, the pandemic is used by the United States to "pull back on global integration"[85] while China tries to take advantage of it and to affirm its leadership globally. In this regard, the disastrous crisis management in the US damaged the US credibility to such an extent that some talk about the first crisis in a "post-American world".[86] This feeling is reinforced by the US decision to suspend its contribution to the World Health Organization (WHO) on 14 April 2020 because of the crisis mismanagement by the UN Agency.[87] These elements contrast with China's intense diplomatic efforts to appear as a model in the crisis management. China deploys huge efforts to increase its leadership through what is now called the "mask diplomacy": Beijing sends tons of humanitarian aid to Europe with huge media coverage, contrasting with the low or even inexistent media coverage of European aid sent to China in January 2020.

The Covid-19 pandemic might then reshape the geopolitics with an ever more influential China and an ever closed and isolated United States. Even if it is not verified from a factual point of view (the US remains a powerful and unchallenged power, notably on the military field), this crisis could cause a shift in the international order from a psychological point of view, the US not being recognised for some time as the global power able to maintain order as it used to be. The new Biden Administration's moves in this respect will be decisive on whether this pullback will structuralise or remain conjunctural. The return in the WHO

[84] Jean-François Munster, 'Coronavirus : une usine de masques en Wallonie pour fin mai', *Le Soir*, 31 March 2020, retrieved 13 April 2020, https://plus.lesoir.be/291351/article/2020-03-31/coronavirus-une-usine-de-masques-en-wallonie-pour-fin-mai.
[85] Henry Farrell and Abraham Newman, *op. cit.*
[86] Marc Semo, 'Thomas Gomart : « La crise due au coronavirus est la première d'un monde post-américain »', *Le Monde*, 8 April 2020, retrieved 13 April 2020, https://www.lemonde.fr/idees/article/2020/04/08/thomas-gomart-la-crise-due-au-coronavirus-est-la-premiere-d-un-monde-post-americain_6035934_3232.html
[87] David Smith, 'Trump halts World Health Organization funding over coronavirus 'failure'', *The Guardian*, 15 April 2020, retrieved 15 April 2020, https://www.theguardian.com/world/2020/apr/14/coronavirus-trump-halts-funding-to-world-health-organization

seems to go towards the conjunctural option, but this remain to be confirmed on the longer term.

Within this international context, the EU seems to be equipped to face the new configuration. It demonstrated this during the Covid-19 crisis' first phases. However, would the EU be able to assume such a task in non-crisis times? A debate remains in the EU over the need to screen FDI, even after the entry into force of Regulation 2019/452. A quick overlook of this debate is necessary to enlarge the perspective on the issues at stake.

A debate on the need for an EU FDI screening mechanism remains

Even after the entry into force of the Regulation establishing an EU screening mechanism, some still doubt on the need of such a mechanism and for the EU to coordinate it. On one hand are the ones arguing that having this mechanism is good for both the EU and its Member States as it ensures protection towards politically and strategically motivated investments from third countries. Having an EU-wide mechanism, even not binding offers a global view on planned and completed FDI in EU States: this provides also greater leverage, or what I call deterrence effect[88]. It would level-up the EU position vis-à-vis its trading partners, most of them having vetting mechanisms (i.e., the US) or restricting access to their markets (i.e. China).

On the other hand, others question the very necessity of this mechanism or rather its very foundations as the text would be designed to tackle Chinese investments: according to this side of the debate, if the EU should be able to screen investments, it should do it equally between its partners. Indeed, as Alicia García-Herrero points out, if Chinese acquisitions of

[88] Alicia García-Herrero and André Sapir, 'Should the EU have the power to vet foreign takeovers?', *Bruegel*, September 2017, retrieved 14 April 2020, https://www.bruegel.org/2017/09/should-the-eu-have-the-power-to-vet-foreign-takeovers/

European companies are larger than the ones completed by US companies[89], "fewer Chinese takeovers succeed in Europe than in the US".[90]

Both sides of the debate point out right and fair concerns that ended-up in a balanced, non-binding (but incentive through peer-review) and transparent mechanism avoiding any protectionism accusation. Nonetheless, one might add one element to this debate.

Since the beginning of the discussions on the need for an EU screening mechanism over FDI, the focus has been on one country in particular, even if not openly stated in official documents: China. However, one has first to note that the Regulation makes no distinction between investors' country of origin. As a result, all will be treated equally. In this respect, another country might be considered when it comes to FDI: the United States. If one wants to be realistic and assess all the risks of weaponization the EU and its Member States might face, one has to include the US. In its Staff Working Document, the European Commission states that the US held 35,1% of FDI in the EU in 2017 and controlled 26 000 EU companies while China 'only' controlled 4 000 EU companies[91] and held 1% of inward FDI stocks.[92] Also, the US represented the largest share in non-EU FDI transaction with 40% of total, far ahead of China (12%).[93] The focus on the Chinese FDI in the media instead of US FDI can be easily explained by the importance of the difference of perceptions. While the US is the traditional EU ally since the end of the Second World War, China seems more dangerous with its open goal to be the new superpower by 2050 in a new world order replacing the one the EU favours.[94]

[89] *Ibid.*
[90] *Ibid.*
[91] European Commission, *op. cit.*, p. 4.
[92] Eurostat, *op. cit.*
[93] European Commission, *op. cit.*, p. 16.
[94] Richard Byrne, *op. cit.*

Which perspectives for the protection of the Single Market and EU strategic interests?

Considering the changing balance of powers currently at stake in the world, or at least from a psychological point of view, the European Union finds itself in a very difficult position. As a product of the multilateralism and built upon the Liberal Rules-Based International Order,[95] the EU's future is uncertain. The EU is indeed torn between its values, undoubtedly linked to multilateralism and free trade, and its traditional alliance with the US that no longer hesitates to weaponize the interdependence towards its partners and allies, like with the tariffs imposed on the EU's aluminium and steel productions in 2018. The EU also must face the rise of China and other regional powers, willing to challenge the international order in order to gain more normative influence globally.

In this context, the EU needs to defend its position with a clear strategy. This Regulation establishing a screening mechanism for FDI must then be a first step towards a greater EU international action. Even after the launch of the EU Global Strategy in 2016 and several initiatives like PESCO, the EU lacks common and unified doctrine on strategic interests. Such an element is an indispensable prerequisite for developing a coherent, credible international action and fostering the EU's autonomy globally. The European Union would then be able to make its own choices and lead an alternative way between the often designated two main options the international order is currently facing: isolationism or controlled multilateralism.

The Regulation is without any doubt a huge progress towards more autonomy, but its nonbinding nature and the impossibility to block a deal at the EU level affect the EU's credibility. This competence remains one of the Member States, according to Article 346 TFEU. This provision of the Treaty is essential, as Member States are the basis of the Union. However, this might be problematic when a Member State would give up a strategic asset and that this choice would affect the security or public order of the rest of the Union. Even if peer-

[95] Christopher Layne, *op. cit.*

pressure would potentially apply, the current system remains one of Open Method of Coordination, and thus nothing can force a Member State not to sell a strategic asset to a third country.

Another way to secure strategic assets and interests for the EU and at the EU level would be to create a European Fund for strategic assets,[96] which would "offer member states alternatives when foreign investments are deemed undesirable".[97] Indeed, to provide an alternative in addition to blocking an undesirable FDI, particularly a European alternative, would increase the European autonomy and sovereignty while providing the investment needed economically.

The best option available to build a European doctrine on strategic interests seems the one of socialisation between the national experts on FDI through the EU screening framework: these processes will build mutual trust[98] and, perhaps, the emergence of shared interests. A long-term approach has been opened with this Regulation and it is promising for the European project and European peoples' interests protection.

Conclusion

Back to my original question, how and why the European Union weaponizes now foreign direct investments planned and/or completed within its Member States. First, the EU weaponizes FDI by adopting a new Regulation establishing a screening mechanism for FDI planned or completed in the EU. This mechanism creates a cooperation framework for Member States, as they can share relevant information on planned or completed FDI on their

[96] Mark Leonard et al., *op. cit*
[97] *Ibid.*
[98] François Godement, *op. cit.*

soil that might threaten security and public order in their territory but also in other Member States. This mechanism considers the cross-border dimension of FDI and of risks in the Union.

This screening framework will allow closer cooperation at the EU level and between Member States, with information sharing through contact points and the Commission. The European Commission holds a decisive role in this framework, being able to provide comments and to issue opinions while diffusing confidential information to the Member States and screening FDI on its own when it comes to projects of the Union's interest. My first hypothesis is thus verified.

Moreover, this FDI screening mechanism confers on the EU two effects that Farrell and Newman describe as the ones a power might use to weaponize interdependence. Through information sharing and cooperation, the EU sets a panopticon effect by having a global view on all risky foreign investments planned and completed in its Member States. It will increase its ability to analyse a potential strategy implemented in the Union by a third country and provide an adequate response to it. Also, this mechanism provides the basis for a chokepoint effect: if the risk is assessed, the FDI can be blocked by a Member State.

I would also argue that this mechanism participates in another effect, the deterrence effect. Indeed, the creation and existence of this screening framework will deter on the EU's foreign partners. As of now all, FDI completed in critical and strategic sectors and infrastructures by state-linked companies (among other criteria) can be screened, third countries seeking increased influence in the EU and on the strategic assets of its Member States would have to take that element into account. They then might be deterred from acting and the mechanism would have contributed to the protection of the EU's strategic assets indirectly.

Second, the European Union weaponizes FDI because the world is now, and more than ever, uncertain and that all the other major powers link economics with political objectives.

The EU is thus taking this reality into account to be able to weaponize its position in the global networks if needed.

The cases of 5G and of the Covid-19 crisis provide good examples on how some countries try to acquire a dominant position in global networks as to be able to weaponize interdependence, either by obtaining a panopticon effect or a position giving access to a chokepoint effect, or both. Thanks to this framework for screening, the EU seems strengthened on the international scale. One might point out that the non-binding nature and the ultimate responsibility given to the Member States for their national interests could undermine at the margins the credibility of the system, especially if a clear political and strategic disagreement appears between the EU States. Given this last fact, I consider that my second hypothesis on whether this mechanism strengthens the EU within a context of geopoliticisation of economic relationships is verified. Indeed, the EU never had such a tool before, and this Regulation represents a huge step towards more autonomy and ambition for the Union.

Third, if the Union lacks a common doctrine on strategic interests, some relevant tools are already implemented to give it a common vision and build a doctrine in the future, in accordance with its principles and fundamental values. The socialisation enabled by the mechanism created with Regulation 2019/452 will with no doubt bring the Member States closer and increase their feeling of shared interests on strategic issues. This process is just initiated since 2019 and fully operational since October 2020. Only a medium-term approach (likely the 2023 revision of the Regulation) will say if this Regulation will be it or a first step towards more integration.

Regarding the current initiatives at the EU level and the agenda pushed by some national leaders such as French President Emmanuel Macron, I would argue that this Regulation is only a first step. Then, my third hypothesis is mostly established even if, as said earlier, the ultimate decision remains to the Member States and depends on the evolution of the situation in the international level and inside the EU.

Nevertheless, I argue that events such as the American withdrawal from the European (and world) affairs and the rise of other powers to replace it will trigger in the future other integrative initiatives similar to the EU screening mechanism for FDI. The US return into multilateral arenas seems unlikely to change this dynamic. In my view, the last US President Administration resulted in awareness in the EU of the challenges at stake with third country FDI and its impact on the Union's strategic autonomy.

It is not only about pushing the European integration project further. It is also about protecting its assets and the excellence of its States, companies, and people. It is about saving the autonomy and the sovereignty of both the European Union and its Member States. The Covid-19 crisis show this necessity very well. In this regard, French President Macron stated that: "We are at a moment of truth. It consists in knowing if the EU is a political project, or a market project".[99] He later added: "Those moments are the ones allowing us to possibly imagine something new for mankind, (…), that is to say a new balance in interdependence between women and men".[100] For the European Union and its Member States, it is a vital necessity.

[99] Victor Mallet and Veronica Kan-Dapaah, *op. cit.*
[100] *Ibid.*

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