



EOS Position Paper on establishing a framework for screening of foreign direct investments into the European Union

The European Organisation for Security (EOS) is the voice of the European security industry and research community in Europe and beyond. Our goal is to assist in creating a secure Europe, develop a harmonised market and enhance the competitiveness of European security solutions. As such, **EOS recognises the beneficial potential of the European Commission's Proposal for a Regulation establishing a framework for screening of Foreign Direct Investments (FDI) into the EU.**

In 2012, the security industry in Europe already had a growing market value of between €26 billion and €36.5 billion, employing around 180,000.¹ The future of the European security industry continues to evolve apace today, and EOS welcomed the European Commission's (EC) market investment ambitions in its 2017 Reflection Paper on "Harnessing Globalisation".²

However, EOS also acknowledges the concerns raised by the EC regarding the lack of reciprocity when it comes to market access between the EU and some 3rd countries. This is particularly the case in the European security industry, which has also seen "*foreign investors, notably state-owned enterprises, taking over European companies with key technologies for strategic reasons.*"³ While some EU investors often do not enjoy the same rights to invest in the security industries where these foreign investors are based. Such imbalances need careful scrutiny and targeted solutions, while also recognising opportunities to maintain EU openness to foreign investment through dialogue, consultation and measures that enable the supply of security products and services.

EOS recommends EU policymakers and Member States to establish a comprehensive framework for screening foreign direct investment into the EU and protect the EU's strategic interests in the security community on grounds of security or public order. Such a framework would provide the legal certainty that incentivises investment both from within and outside the EU, there-by remaining true to EU values of openness and fair competition but at the same time would ensure that the EU can operate on a level-playing field on the global markets.

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¹ European Commission, Security Industrial Policy: Action Plan for an innovative and competitive Security Industry. COM(2012) 417 final

² European Commission, Reflection paper on harnessing globalisation, 10 May 2017.

³ European Commission, 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. COM (2017) 487