



CELIS Issue Note on Investment Screening and Economic Security in the Majority World

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Introduction

Investment screening and economic security are critical concerns for nations within the majority world, which comprises most of the global population but faces unique developmental challenges compared to highly industrialised countries. These nations strive to attract foreign direct investment (FDI) for economic growth while safeguarding strategic assets and national security. This issue note outlines three pressing issues in this area, presenting their significance and key discussion points. Addressing these issues is crucial for sustainable development and economic resilience, making them vital topics for discussion at CFIS 24.

Balancing FDI Attraction with National Security

Issue

Less industrialised nations heavily rely on FDI for infrastructure development and economic growth. However, this dependence poses significant risks to national security, as foreign investors may gain control over critical infrastructure and strategic assets.

Why It Matters

Striking a balance between attracting FDI and protecting national interests is a complex but essential task. Economic dependency on foreign investment can lead to vulnerabilities, while strategic sectors like telecommunications, transport and energy are particularly sensitive.

Discussion Points

- **Economic Dependency:** How does overreliance on foreign investment contribute to economic vulnerability, and what risks might arise from foreign entities using their investments for political or economic leverage?



- **Strategic Sectors:** What are the potential risks associated with foreign control in strategic sectors such as telecommunications, energy, and transportation, and how can these impact national security?
- **Regulatory Frameworks:** How can emerging economies establish or strengthen investment screening frameworks to mitigate risks, and what balance should be struck to avoid deterring foreign direct investment?

Navigating International Cooperation and Strategic Partnerships

Issue

In a globalized economy, countries cannot address economic security challenges in isolation. International cooperation and strategic partnerships are vital for sharing knowledge, resources, and best practices in investment screening and economic security.

Why It Matters

International cooperation enhances the ability of countries to manage economic security issues effectively. It allows for the pooling of resources, collective problem-solving, and alignment with global standards.

Discussion Points

- **Regional Alliances:** How can regional alliances such as ASEAN, MERCOSUR, and the African Union facilitate cooperation on investment screening practices and economic security strategies?
- **Collective Resources:** In what ways can pooling resources and expertise through international cooperation improve the effectiveness of investment screening mechanisms?
- **Global Standards:** How can aligning with international standards and practices help facilitate smoother investment flows and minimize barriers to trade?

Investing in Domestic Capabilities and Infrastructure

Issue

To reduce dependence on foreign investment and enhance economic resilience, emerging economies should consider investing in their domestic capabilities and infrastructure.

Why It Matters



Strengthening domestic industries and infrastructure is crucial for economic security. It reduces reliance on foreign investments, mitigates risks associated with foreign control, and makes countries more attractive for high-quality FDI.

Discussion Points

- **Domestic Industries:** How can building and supporting domestic industries help mitigate risks associated with foreign dominance in strategic sectors?
- **Innovation and R&D:** In what ways can fostering innovation and research and development (R&D) contribute to self-sufficiency and reduce reliance on foreign technology and expertise in sensitive sectors?
- **Critical Infrastructure:** How does investing in transportation, digital infrastructure, and other critical areas enhance overall economic security and resilience?

Conclusion

Addressing the challenges of investment screening and economic security in majority world countries requires a multifaceted approach. By balancing FDI attraction with national security, fostering international cooperation, and investing in domestic capabilities and infrastructure, these nations can navigate the complexities of the global economic landscape and achieve sustainable development and prosperity. The issues outlined in this note are crucial for discussion at CFIS 24 and will help shape future policies for economic security in the majority world.