The Horizon of Investment Screening in Ukraine

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I. Executive Summary

Ukraine's post-war recovery will require unprecedented volumes of foreign investment, yet the country currently lacks a coherent, legally grounded system to manage national-security risks linked to these inflows. Two draft laws introduced in 2025 (No. 14062 and No. 14062-1) seek to establish Ukraine's first formal foreign direct investment (FDI) screening mechanism. In January 2026, the government established an Inter-Agency Commission on FDI Screening; however, the body has only advisory powers. The draft laws diverge sharply from each other in institutional design, definitions, and thresholds, and both contain substantial gaps when measured against EU and OECD standards, leaving Ukraine without a functional framework at a time of accelerating reconstruction needs.

- **The urgency of adopting an effective screening regime stems from Ukraine's exceptional exposure to strategic risks.** Reconstruction in sectors such as transport, energy, and defence will depend heavily on foreign capital, while these same sectors face heightened vulnerabilities due to wartime damage, concentration of assets, and the involvement of foreign state-backed investors. Without a structured screening mechanism, Ukraine risks technology leakage, hostile influence over critical infrastructure, and long-term strategic dependencies. At the same time, FDI remains indispensable for rebuilding the economy, scaling defence-tech production, modernizing the energy grid, and aligning key industries with the EU's economic and security architecture.

- **The current legislative proposals suffer from conceptual, legal, and procedural problems that undermine predictability and leave a wide space for circumvention.** Definitions of FDI, foreign investor, control, and covered transactions are inconsistent with international practice and risk capturing low-value, low-risk deals while missing strategically important minority stakes. Notification thresholds (especially those based on fixed-asset values or broad references to 'agreements related to making FDI') are imprecise. Sectoral coverage is either overly narrow or left to future government decrees,

generating uncertainty. Institutional design remains unresolved: assigning screening to the Antimonopoly Committee of Ukraine would strain its mandate and resources, while a commission within the Ministry of Economy may lack safeguards for independence. Review processes, timelines, and sanctions are insufficiently clear to ensure both security and investor confidence.

- **To address these shortcomings, Ukraine should adopt clear and internationally aligned definitions, ensure that minority investments with strategic rights are captured, and tailor asset-based thresholds to focus on transactions with genuine security relevance.** A stable set of sensitive sectors should be defined in primary legislation, with a transparent process for periodic updates or 'call in'. The screening authority must be institutionally independent, supported by structured interagency input, and equipped with clear timelines, parallel review procedures, and the ability to impose targeted mitigation measures. Effective monitoring, transparent reporting, and judicially reviewable criteria are essential to build credibility and avoid politicization.

- **A reliable, proportionate, and EU-aligned FDI screening system is integral to Ukraine's reconstruction and its path toward deeper integration with European economic and security structures.** By adopting a coherent legal framework, enhancing institutional capacity, and embedding screening within a broader national economic-security strategy, Ukraine can safeguard critical sectors while maintaining an open, predictable investment environment capable of attracting the scale of capital required for recovery.

II. Introduction

In the early 2010s, the Ukrainian aircraft engine producer Motor Sich drew significant attention from Chinese state-linked investors. The company held unique technologies for aircraft and helicopter engines, as well as industrial marine gas turbines. After several unsuccessful attempts to study and replicate these technologies during on-site visits, Chinese representatives shifted their strategy and pursued direct acquisition. Between 2014 and 2017, various Chinese individuals gradually purchased minority stakes in Motor Sich. Together, these acquisitions secured control over approximately 80% of the company's shares. Given the high level of state support within the Chinese economy, these transactions effectively provided China with access to strategically important aerospace technologies that could affect Ukraine's national security.[1] The relevance of this precedent has only sharpened in the current context.

Russia's full-scale invasion of Ukraine has fundamentally reshaped the country's economic and security landscape. The war has inflicted widespread destruction on infrastructure, disrupted supply chains, and exposed vulnerabilities across strategic sectors.[2] The 2025 Rapid Damage and Needs Assessment Report, released jointly by Ukraine's government, the World Bank, the European Commission, and the United Nations, estimates that the total cost for reconstruction amounts to €506 billion between 2025-2035.[3] Kyiv's reconstruction strategy rests on a 'build-back-better' approach, pursuing the dual aim of rebuilding what has been destroyed while advancing the modernisation of Ukraine's economy by strengthening technologically advanced, high-value-added sectors.[4] In particular, the country's thriving and innovative defence tech industry, with battle-proven expertise in AI and drone

[1] Prokhorov, B. and Goriunov, D. (2021) 'Chinese economic footprint in Ukraine', Centre for Economic Strategy, 24 September. Available at: https://ces.org.ua/en/chinese-money-in-ukraine-en/ (Accessed: 26 November 2025)
[2] World Bank (2025) 'Updated Ukraine recovery and reconstruction needs assessment released', *World Bank News*, 25 February. Available at: https://www.worldbank.org/en/news/press-release/2025/02/25/updated-ukraine-recovery-and-reconstruction-needs-assessment-released (Accessed: 26 November 2025).
[3] World Bank. (2025).
[4] Kosmehl, M., Movčan, V., Pindyuk, O. and Weiss, S. (2024) *Ukraine's future competitiveness: Directions for structural shifts in foreign trade and investment*. Vienna: Vienna Institute for International Economic Studies and Gütersloh: Bertelsmann Stiftung. Available at https://wiiw.ac.at/ukraine-s-future-competitiveness-directions-for-structural-shifts-in-foreign-trade-and-investment-p-6900.html (Accessed: 26 November 2025).

manufacturing, depends on capital injections to scale production capacities.[5] Moreover, Ukraine's largely untapped reserves of lithium, titanium, copper, and rare-earth elements, which are vital for green, digital, and defence transformations, bear significant potential to boost the country's post-war competitiveness amid a global race for critical raw materials.[6] Against this background, attracting both greenfield and brownfield FDI will be essential to supplying the expertise, technology, and capital needed to 'build-back-better' Ukraine's economy.[7]

Yet with this urgent need for FDI comes an equally urgent imperative to safeguard national security. The surge in capital demand to reconstruct and modernise the Ukrainian economy presents a window of opportunity for authoritarian regimes to channel strategic investments into critical sectors in Ukraine, gaining leverage over critical infrastructure, key technologies, and political decision-making. Thus, Ukraine faces the strategic challenge of balancing urgent investment needs with the protection of its essential security interests.

Although Ukraine has lacked a formal FDI screening mechanism, the Antimonopoly Committee of Ukraine (the 'AMCU') has developed a practice of conducting a quasi-review of foreign investments. During merger control proceedings, the AMCU often examines the source of funds and the ownership structure of foreign parties in greater depth. When the AMCU identifies individuals or entities with links to Russia or Belarus, or those included on Ukrainian sanctions lists, it typically investigates further to assess whether any form of control exists.

However, the AMCU's powers in such situations remain limited. The authority may reject a merger notification or suspend its review only if (i) one of the parties or entities under their control appears on Ukraine's sanctions list and (ii) the relevant sanctions

[5] Fedorov, M. (2024) 'Ukraine needs international investors to maintain defense tech momentum', *Atlantic Council, UkraineAlert*, 1 October. Available at: https://www.atlanticcouncil.org/blogs/ukrainealert/ukraine-needs-international-investors-to-maintain-defense-tech-momentum/ (Accessed: 26 November 2025).
[6] Ministry for Economy and Sustainable Development of Ukraine (2025) *White paper on critical raw materials and strategic extraction in Ukraine*. Available at: https://mepr.gov.ua/wp-content/uploads/2025/07/20250711_CRM-whitepaper_final_SCREEN.pdf (Accessed: 26 November 2025).
[7] German Economic Team (2025) 'FDI development during the war: Dynamics, structure, and drivers', *German Economic Team Newsletter*, no. 199, July–August. Available at: https://www.german-economic-team.com/en/newsletter/analyse-der-fdi-entwicklung-seit-kriegsbeginn/ (Accessed: 26 November 2025).

impose specific prohibitions, such as restrictions on selling shares or assets. In contrast to the competition authorities of EU Member States, which may block mergers on grounds of protecting 'legitimate interests' under Article 21(4) of the EU Merger Regulation even when competition concerns are absent, the AMCU has no equivalent legal basis. As a result, any attempt by the AMCU to undertake a quasi-FDI screening falls short of credibility and may even be considered unlawful.

Ukraine made its first attempt to introduce an FDI screening mechanism in 2021, when the Ministry of Economy presented a draft law proposing a formal review procedure. However, the bill did not progress and ultimately never entered into force. In 2025, the issue resurfaced with the submission of two alternative draft laws to parliament: No. 14062 and No. 14062-1 (the 'Bills'). Each proposal offers valuable elements but also presents notable shortcomings.

This report builds on that momentum by offering a structured, evidence-based analysis of Ukraine's investment screening landscape, with a particular focus on the policy challenges posed by the forthcoming surge in reconstruction investment. Its purpose is to assess national-security risks linked to foreign investment; analyse the current legal and regulatory framework, including the competing draft laws introduced in 2025; examine relevant international models to inform Ukraine's policy design; capture preliminary private-sector attitudes toward FDI screening; and evaluate governance and transparency concerns associated with the implementation of a future screening regime. To that end, the report proceeds in four parts: an assessment of security-related FDI risks; an analysis of the existing legal framework; a comparative review of international screening systems; and an examination of governance and stakeholder perspectives to support effective, transparent, and investor-friendly implementation.

III. FDI Risk Assessment

A. Sectors of Analysis

Across Ukraine's reconstruction effort, numerous sectors performing activities of national security relevance will attract heightened levels of FDI. Understanding how

these inflows intersect with security risks requires examining how the European Union ('EU') identifies and evaluates sensitive sectors within its own FDI screening framework. In this context, the threat assessment applied here adopts a dual analytical lens rooted in both established and emerging EU standards for determining security-relevant assets and technologies.

First, it draws on the EU Commission's guidance on 'critical entities' and 'critical infrastructure' set out in the Critical Entities Directive (EU) 2022/2557, which defines sectors indispensable for the maintenance of vital societal functions or economic activities.[8] The defined categories already inform and guide EU Member States' FDI screening practice. Second, it considers the list of 'critical technologies' contained in Annex II of the ongoing revision of the EU FDI Screening Regulation, which identifies technology domains considered strategically sensitive, economically indispensable, and potentially subject to foreign interference or coercion.[9]

EU guidance on threat assessment of FDI is particularly relevant in the context of Ukraine's pursuit of EU accession. As part of the External Relations cluster of the *EU acquis* for accession, Ukraine is expected to align its national legislation on the screening of foreign investments with the EU FDI Screening Regulation, as explicitly outlined in the European Commission's 2025 Enlargement Report.[10]

B. Transportation Sector

Transportation infrastructure by land, air, and sea constitutes a critical chokepoint for a country's supply chain resilience, citizens' mobility, and defence logistics.[11] Beyond

[8] Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC [2022] OJ L 333/164. Available at: https://eur-lex.europa.eu/eli/directive/2022/2557/oj (Accessed: 17 November 2025).
[9] European Parliament and Council (2024) Proposal for a Regulation on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452 (COM(2024) 23 final, Procedure 2024/0017 (COD)). Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52024PC0023 (Accessed: 27 November 2025).
[10] European Commission (2025) Ukraine 2025 Report – Commission Staff Working Document accompanying the 2025 Communication on EU Enlargement Policy (SWD (2025) 759 final). Brussels: European Commission. Available at: https://enlargement.ec.europa.eu/document/download/17115494-8122-4d10-8a06-2cf275eecde7_en (Accessed: 27 November 2025).
[11] Directorate-General for Defence Industry and Space (2025) 'Military mobility', *European Commission*. Available at: https://defence-industry-space.ec.europa.eu/eu-defence-industry/military-mobility_en (Accessed: 27 November 2025).

the risk of physical disruption, national security concerns related to FDI in this sector extend to investments targeting businesses involved in the manufacturing of central components for the functioning of transportation infrastructure. In 2024, Spanish authorities blocked the acquisition of a Spanish train manufacturer by a partly state-owned Hungarian company, citing the investors' historic ties to Russia. National security concerns centred on the target companies' specialised track-changing technology, which could be transferred to Russia and used to enhance the military mobility of Russian troops in Ukraine.[12] This shows that national security concerns are driven not only by questions of ownership but also by an investor's ties to foreign threat actors, which can justify blocking FDI.

Governments in the EU and the United States (US) have also become increasingly cautious about foreign and, particularly, state-backed investors seeking to acquire, build, or operate transportation infrastructure.[13] National security concerns include the risk that state-backed investors could gain access to militarily relevant data through the construction or operation of transportation infrastructure. For instance, in the context of port infrastructure, such data may include 'the callings of ships, their fuel and material requirements, the contents of their cargoes, the names of personnel, and their origins and onward destinations.'[14] Prominent cases illustrating scrutiny of foreign investment by state-owned enterprises ('SOEs') in transportation infrastructure on national-security grounds include the 2022 decisions by German authorities to restrict the Chinese SOE COSCO's attempted acquisition of a 35 percent stake in the

[12] Politico (2024) 'Spain vetoes Hungarian takeover bid for train manufacturer over Russia ties', *Politico Europe*, 28 August. Available at: https://www.politico.eu/article/spain-veto-hungarian-takeover-bid-train-russia-ties/ (Accessed: 27 November 2025).
[13] European Parliament (2023) *Security implications of China-owned critical infrastructure in the European Union. Study requested by the Subcommittee on Security and Defence (SEDE)*. Available at: https://www.europarl.europa.eu/RegData/etudes/IDAN/2023/702592/EXPO_IDA(2023)702592_EN.pdf (Accessed: 2 December 2025).
[14] Watterson, C.J., de Saint Rapt, J.-A. and Yun, E. (2023) 'China's state-led international port development: Challenges for port states', *Marine Policy*, 155, 104763. https://doi.org/10.1016/j.marpol.2023.104763 (Accessed: 27 November 2025).

Tollerort Container Terminal in the Port of Hamburg,[15] and the 2006 blocking of a UAE state-owned port operator from taking over six major US seaports.[16]

Facing fiscal and economic hardship, Southern European countries after the 2008 financial crisis were highly welcoming of capital from Chinese SOEs. Subject to the austerity measures imposed by the Troika in 2010, Greece sold a majority stake in the state-owned port of Piraeus to the Chinese state-owned company COSCO in 2016.[17] In the absence of an FDI-screening mechanism, security concerns were nevertheless raised at the time, with commentators warning that the transaction increased Chinese influence over strategic maritime infrastructure in Europe.[18]

To an unprecedented extent, Ukraine is in urgent need of capital to reconstruct and modernise its transportation infrastructure.[19] Such a modernisation effort is essential not only for the country's economic, civil, and military resilience, but also for its political trajectory, as it would enable deeper integration into EU supply chains and the single market.[20]

According to the 2025 Rapid Needs Assessment Report, transportation is the second-most heavily damaged sector in Ukraine to date.[21] Reconstruction and recovery needs are estimated at US$77.5 billion from 2025 to 2030. The subsectors with the highest investment needs are road-related infrastructure (47 percent) and rail-related

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[15] Seeburg, C. (2022) 'Cosco-Deal zum Hamburger Hafen: Scharfe Kritik auch nach Kompromiss', *Süddeutsche Zeitung*, 25 October. Available at: https://www.sueddeutsche.de/politik/cosco-hamburg-hafen-china-kritik-1.5681167 (Accessed: 27 November 2025).

[16] Masters, J., McBride, J. and Berman, N. (2023) 'What happens when foreign investment becomes a security risk?', *Council on Foreign Relations*. Available at: https://www.cfr.org/backgrounder/what-happens-when-foreign-investment-becomes-security-risk (Accessed: 27 November 2025).

[17] Reuters (2016) 'China's Cosco acquires 51 pct stake in Greece's Piraeus port', *Reuters*, 10 August. Available at: https://www.reuters.com/article/markets/chinas-cosco-acquires-51-pct-stake-in-greeces-piraeus-port-idUSL8N1AR252(Accessed: 27 November 2025).

[18] Cogan, M. (2018) 'China's commercial maritime expansion raises security concerns', *National Review*, 8 May. Available at: https://www.nationalreview.com/2018/05/china-commercial-maritime-expansion-global-security-concern/(Accessed: 27 November 2025).

[19] European Commission (2025) *The EU and Ukraine: Ukraine country fiche*. Brussels: Directorate-General for Enlargement and Eastern Neighbourhood, European Union. Available at: https://enlargement.ec.europa.eu/document/download/a335f242-2938-4846-8db9-2f27f875e4fa_en (Accessed: 27 November 2025)

[20] Center for Strategic and International Studies (2025) *Modernizing Ukraine's transport and logistics infrastructure*. Washington, DC: Center for Strategic and International Studies. Available at: https://www.csis.org/analysis/modernizing-ukraines-transport-and-logistics-infrastructure (Accessed: 27 November 2025).

[21] World Bank. (2025).

infrastructure (26 percent).[22] Smaller in scale, Ukraine's port infrastructure is estimated to account for roughly 1.8 percent of total transport-sector capital needs. However, their reconstruction carries strategic significance, as seaports handle around 90 percent of Ukraine's exports, making them indispensable for economic recovery and trade connectivity.[23]

Private capital participation in the sector is expected to be limited in the short to medium term due to high risks and long-term investment horizons.[24] The success in attracting private capital to the sector in the long-term will depend on the effective implementation of the 2025 Public–Private Partnership law, which aims, among other things, to facilitate private-sector participation in air transport, ports, and railways.[25] Considering the sector's high-risk levels, long investment horizons, and the still-uncertain implementation of the 2025 Public–Private Partnership law, large infrastructure projects are expected to rely heavily on domestic and foreign state-led investment in the short to medium term.[26]

Given the security concerns the EU and the US attach to state-led investment in transport infrastructure, Ukraine's reliance on foreign state-led capital makes it essential to distinguish commercial projects from those driven by foreign strategic interests. In this context, China's expressed interest in participating in Ukraine's reconstruction suggests that Ukraine may face similar risks to those identified in other jurisdictions. Considering that China's approach to post-war reconstruction relies primarily on state-led capital deployed through SOEs, this can amplify national-security considerations for Ukraine.[27] At the same time, Chinese state-led investment can

[22] World Bank. (2025).
[23] Reuters (2025) 'Ukraine needs €500 million to rebuild critical port facilities damaged by war', *Reuters*, 30 May. Available at: https://www.reuters.com/world/ukraine-needs-500-million-euros-rebuild-critical-port-facilities-damaged-by-2025-05-30/ (Accessed: 3 December 2025).
[24] OECD (2023) *FDI in critical infrastructure: Supporting EMDEs in attracting more, better and safe FDI*. Policy Note no. 2023/01. Paris: OECD Publishing. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/05/fdi-in-critical-infrastructure_fb457fb5/d361a3a4-en.pdf (Accessed: 3 December 2025).
[25] World Bank (2025).
[26] World Bank (2025).
[27] Legarda, H. and Soong, C. (2025) *Interests first: China's playbook for post-conflict reconstruction and implications for Ukraine*. Berlin: Mercator Institute for China Studies (MERICS). Available at: https://merics.org/en/report/interests-first-chinas-playbook-post-conflict-reconstruction-and-implications-ukraine (Accessed: 3 December 2025).

support Ukraine's reconstruction by offering highly competitive bids, fast delivery, and substantial state-backed financing from firms with extensive experience in the delivery of major infrastructure projects.[28] This duality renders Chinese investment both an opportunity and a potential risk for Ukraine's post-war recovery, underscoring the need for a robust and transparent investment-screening framework capable of approving, conditioning, and blocking security-threatening investment in its transportation infrastructure.

C. Energy Sector

Power generation, transmission, and storage infrastructure form the backbone of civilian life, economic activity, and military functions.[29] While a disruption of energy infrastructure is a central national security concern, access to data has also raised national security concerns in the context of FDI. Transmission networks are particularly sensitive in this regard, as they connect power producers with end consumers and provide grid operators with detailed data on generation patterns and the consumption behaviour of civil, industrial and military users.[30]

While governments have blocked foreign investment in energy infrastructure,[31] they have also relied on mitigating security threats through investment-screening mechanisms. For example, in 2022, the United Kingdom ('UK') government imposed conditions on the indirect acquisition of a 35 percent stake in a UK-based grid operator by a Chinese state-owned company. Amongst others, the conditioning restricted the data access of the Chinese state-owned company to operational grid data.[32]

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[28] Legarda, H. and Soong, C. (2025)
[29] European Commission and NATO (2023) *EU-NATO final assessment report on critical infrastructure resilience*. Brussels: European Commission and NATO. Available at: https://ec.europa.eu/commission/presscorner/api/files/document/print/lt/ip_23_3564/IP_23_3564_EN.pdf (Accessed: 4 December 2025).
[30] Zaman, D. and Mazinani, M. (2023) 'Cybersecurity in smart grids: Protecting critical infrastructure from cyber attacks'. https://doi.org/10.70470/SHIFRA/2023/010 (Accessed: 4 December 2025).
[31] BBC News (2016) 'Australia blocks Ausgrid energy grid sale to Chinese companies', *BBC News*, 19 August. Available at: https://www.bbc.com/news/business-37129047 (Accessed: 5 December 2025).
[32] Thomas, S. and Smith, J. (2023) 'How FDI is impacting the global energy sector', *Global Competition Review*. Available at: https://globalcompetitionreview.com/hub/fdi-regulation-hub/fifth-edition/article/how-fdi-impacting-the-global-energy-sector (Accessed: 5 December 2025).

Similarly, foreign investment in the energy sector where the investor is found to have commercial links to threat actors has come under heightened scrutiny by investment-screening authorities. In 2025, Romanian authorities blocked a proposed investment by a Hungarian state-owned energy company to acquire the Romanian gas and electricity supply division, on the grounds of the company's commercial ties to Russian state-owned energy entities such as Gazprom and Rosatom.[33] The Romanian Ministry of Energy cited 'decisive influence, shadow control, and economic dependence' as national-security risks stemming from these commercial links.[34] The case demonstrates that national-security concerns may arise from commercial links to foreign adversaries irrespective of ownership structure.

Investment into renewable energy production has also been subject to blocking on grounds of national security. In 2012, the Obama administration prohibited the acquisition of four U.S. wind-farm projects by Ralls Corporation, a Chinese company, because the sites were located within or near the restricted airspace of the US Naval Weapons Systems Training Facility.[35] The proximity of foreign-owned projects to national-security-sensitive facilities, particularly in the case of land-intensive assets, has repeatedly raised national-security concerns due to potential interference with or visibility over military operations.

For the EU, balancing openness to foreign investment with the protection of essential security interests in the energy sector is particularly challenging, given the substantial capital required to modernise its energy infrastructure. This challenge is underscored by the EU Commission's finding that EU-wide investment needs will rise sharply—

[33] Reuters (2025) 'Romania to review E.ON energy provider sale over Russia risk', 15 January. Available at: https://www.reuters.com/business/energy/romania-review-eon-energy-provider-sale-over-russia-risk-2025-01-15/(Accessed: 5 December 2025).
[34] Agerpres (2025) 'Ministerul Energiei a sesizat CEISD în legătură cu intenția MVM Grup de a achiziționa E.ON Energie România', 15 January. Available at: https://agerpres.ro/economic/2025/01/15/ministerul-energiei-a-sesizat-ceisd-in-legatura-cu-intentia-mvm-grup-de-a-achizitiona-e-on-energie-r--1412994 (Accessed: 5 December 2025).
[35] U.S. Department of the Treasury (2012) 'Treasury statement on President's decision regarding Ralls Corporation'. Press release TG-1724, 28 September. Available at: https://home.treasury.gov/news/press-releases/tg1724 (Accessed: 5 December 2025).

dominated by electricity grids, which alone require over €1.2 trillion between 2024 and 2040—to enable a decarbonised and resilient energy system.[36]

Similarly, Ukraine finds itself in the position to modernise its heavily centralized and fossil fuel-dependent energy sector. While a decentralized and decarbonized energy system would increase Ukraine's energy independence, such modernisation is also essential for the country's integration into the EU's energy framework. For the EU, integrating Ukraine's energy sector is a strategic priority for strengthening European energy security, as outlined in REPowerEU[37] and the EU External Energy Engagement Strategy.[38] Ukraine possesses vast areas suitable for large-scale solar, wind, and hydrogen production. With Russian gas transit through the country now halted, Ukraine also has a well-developed pipeline infrastructure that can be repurposed for hydrogen transport.[39] Reconstruction and modernisation of Ukraine's energy system, therefore, carry significant security implications not only for Ukraine but also for the EU, whose energy resilience would be affected by any vulnerabilities, disruptions, or hostile influence over Ukraine's emerging energy infrastructure.

Since February 2022, the energy sector has been subject to continuing attacks and damage. According to the 2025 Rapid Needs Assessment Report, the energy sector is expected to be the third-most capital-intensive sector for reconstruction, with a calculated demand of US$67.8 billion.[40] Notably, roughly 80 percent of these costs relate to rebuilding the power generation, transmission, and distribution systems.[41] The depletion of Ukraine's power generation capacities is exemplified by the destruction of the Kakhovka hydroelectric power plant dam and the loss of Ukraine's

[36] European Commission (2025) *Investment needs of European energy infrastructure to enable a decarbonised economy: Final report*. Available at: https://www.artelys.com/app/uploads/2025/02/Artelys_investment-needs-of-european-energy-infrastructure.pdf (Accessed: 5 December 2025).
[37] European Commission (2025) 'REPowerEU', *European Commission*. Available at: https://commission.europa.eu/topics/energy/repowereu_en (Accessed: 5 December 2025).
[38] European Commission (2025) 'EU external energy engagements', *European Commission*. Available at: https://energy.ec.europa.eu/topics/international-cooperation/eu-external-energy-engagements_en (Accessed: 4 December 2025).
[39] International Energy Agency (2025) *Unlocking Ukraine's hydrogen opportunity: A roadmap*. Paris: International Energy Agency. Available at: https://www.iea.org/reports/unlocking-ukraines-hydrogen-opportunity-a-roadmap (Accessed: 5 December 2025).
[40] World Bank. (2025).
[41] World Bank. (2025).

control over Europe's largest nuclear power plant in Zaporizhzhia.[42] Ukraine's high-voltage transmission network has been heavily damaged during the war, reducing available capacity from about 56 GW to roughly 9 GW by late 2024.[43]

In line with Ukraine's integration into the EU's Energy Framework, EU capital participation is expected to be a key driver in reconstruction, supported by the Commission's €50 billion Ukraine Facility, which includes dedicated funding for the energy sector and energy infrastructure between 2024-2027.[44] In particular, Ukraine's state-owned transmission infrastructure has received sovereign-guaranteed loans and grants from European and Western democratic partners and multilateral institutions to support reconstruction.[45] The state-owned nature of Ukraine's transmission system also provides an inherent layer of security oversight, as the government already exercises control over investment decisions in SOE holdings and retains extensive authority over security-sensitive operations.

However, mobilising private capital will be essential to scale Ukraine's renewable-energy generation, with investment needs for flexible energy-storage capacity alone estimated at US$41 billion.[46] In this respect, private capital participation to develop or operate wind, solar, or hydrogen facilities may also present national security risks if investors maintain commercial links to threat actors or adversarial governments, mirroring the threat assessment applied in Romania. Such risks may be amplified when newly established or existing renewable-energy installations are located in proximity to military sites. This is particularly relevant for greenfield investments, as

[42] Martsyniak, M. (2023) 'The destruction of the Kakhovka hydroelectric power station – legal responsibilities', *EU Neighbours East*. Available at: https://euneighbourseast.eu/young-european-ambassadors/blog/the-destruction-of-the-kakhovka-hydroelectric-power-station-legal-responsibilities/ (Accessed: 3 December 2025).
[43] Watling, J. and Dolzikova, D. (2024) 'Fighting for the light: Protecting Ukraine's energy system', *Royal United Services Institute*, 12 August. Available at: https://www.rusi.org/explore-our-research/publications/commentary/fighting-light-protecting-ukraines-energy-system (Accessed: 4 December 2025).
[44] European Commission (2025) 'EU assistance to Ukraine – recovery and reconstruction of Ukraine'. Available at: https://commission.europa.eu/topics/eu-solidarity-ukraine/eu-assistance-ukraine/recovery-and-reconstruction-ukraine_en (Accessed: 4 December 2025).
[45] European Investment Bank and European Commission (2025) 'European Commission and EIB Group sign €2 billion guarantee under Ukraine Facility to support country's reconstruction and resilience', 6 March. Available at: https://www.eib.org/en/press/all/2025-124-european-commission-and-eib-group-sign-eur2-billion-guarantee-under-ukraine-facility-to-support-country-s-reconstruction-and-resilience (Accessed: 5 December 2025).
[46] World Bank (2025).

the war will leave Ukraine with an expanded network of military, defence, and other security-sensitive sites, raising complex questions about where and how to draw the line between commercially attractive locations and those posing national-security risks. These risks make clear that Ukraine's reconstruction will require an investment-screening system that can distinguish benign capital from security-sensitive investment and mitigate threats without deterring urgently needed energy-sector investment.

D. Defence

The resilience and economic strength of Ukraine's defence industrial base are and will continue to be central for the country's capacity to deter and respond to any future military aggression against its territorial sovereignty. With the looming repeal of export restrictions on Ukrainian-manufactured arms, the sector is expected to develop into a high-value-added export ecosystem, offering significant potential to advance Ukraine's economic modernisation and recovery. [47] Against this background, preventing unwanted technology transfer through foreign investment to the advantage of potential adversaries, as well as retaining and strengthening production facilities on Ukrainian soil, will be central to Ukraine's national security. To achieve these objectives, the attraction of FDI to the defence sector will be instrumental.[48]

FDI in defence-related technologies has been subject, particularly in established screening jurisdictions, to the 'small-yard, high-fence' principle—whereby governments protect a narrowly defined set of critical technologies with exceptionally stringent controls [49]. Yet as technological advancement accelerates and the boundaries between civilian and military applications increasingly blur, screening authorities face growing challenges in determining which investments fall within this protected 'yard'

[47] Dee, S., Fedina, K., Suman-Chauhan, K., Graham, E., Hill, D. and Gibson, A. (2025) *Looking ahead: Enablers of innovation and scale for the future of Ukraine's defence-industrial base*. Santa Monica, CA: RAND Corporation. RR-A3833-6. Available at: https://www.rand.org/pubs/research_reports/RRA3833-6.html (Accessed: 5 December 2025).
[48] World Bank. (2025).
[49] Cavanagh, C. (2023) 'Small yard, high fence? U.S. economic restrictions on the People's Republic of China', *Georgetown Security Studies Review*. Available at: https://gssr.georgetown.edu/the-forum/topics/geoeconomics/small-yard-high-fence-u-s-economic-restrictions-on-the-peoples-republic-of-china/ (Accessed: 5 December 2025).

and therefore warrant heightened scrutiny.[50] For instance, the London-based firm Hadean, whose distributed-simulation technology was first developed for civilian gaming, now supports the UK's Ministry of Defence's synthetic training and planning systems, illustrating how commercial tools can quickly acquire strategic military relevance.[51]

The defence-tech boom has also fueled investor interest from the venture-capital ecosystem. This surge has, in turn, raised national-security concerns regarding non-controlling FDI. In the US, these concerns led to an expansion of the screening authority's powers to review foreign minority investments in companies developing critical technologies, including dual-use and defence-related innovations. Accordingly, even non-controlling stakes acquired through venture-capital funds may trigger scrutiny where foreign limited partners or fund structures could enable access to sensitive information, board rights, or technological know-how.[52] This reflects a growing recognition that early-stage financing, particularly in military frontier technologies such as AI, autonomy, space, and cyber, can present national-security risks even in the absence of formal control.

Despite the existence of an established aerospace and defence sector stemming from the Soviet Union, Ukraine's defence industrial complex has rapidly developed during the war, positioning it at the forefront of this global defence-tech transformation. The pressures of large-scale war have accelerated innovation cycles, driving Ukrainian

[50] SIPRI (2017) *Good practices for implementing the EU Common Position on export controls for dual-use items and technology*. Stockholm: Stockholm International Peace Research Institute. Available at: https://www.sipri.org/sites/default/files/2017-07/1707_sipri_eu_duat_good_practices.pdf (Accessed: 5 December 2025).
[51] Ministry of Defence (2022) 'Provision of a Hadean cloud distributed simulation capability demonstrator (Contract 703836451)', *Contracts Finder*, 5 August. Available at: https://www.contractsfinder.service.gov.uk/notice/0da9d8b6-c621-4081-b105-98e49a86e530 (Accessed: 5 December 2025).
[52] Jackson, J.K. (2020) *The Committee on Foreign Investment in the United States (CFIUS)*. Congressional Research Service Report RL33388. Updated 26 February 2020. Available at: https://www.congress.gov/crs_external_products/RL/PDF/RL33388/RL33388.93.pdf (Accessed: 5 December 2025).

firms to specialise in frontier technologies such as unmanned systems, robotics, electronic warfare, and secure communications.[53]

Attributed to its competitive advantage of experienced and battle-proven technologies, Ukraine's defence industrial complex offers a strong value proposition.[54] Amid ongoing fighting, major US and European defence companies have entered into joint ventures with Ukrainian defence firms. These partnerships are driven by the opportunity to test and refine equipment in real-combat conditions,[55] to access Ukraine's highly skilled engineering and defence-tech workforce, and to secure long-term strategic positioning in a rapidly evolving defence market.[56]

For Ukraine's defence industry to grow and scale production, FDI will be an essential driver. The Motor Sich case demonstrates how minority stakes accumulated through offshore structures can enable strategic influence while escaping formal oversight. Mirroring US threat assessments, non-controlling or passive foreign participation in venture-capital funds can create similar pathways for influence, as minority positions embedded deep within fund structures may grant access to sensitive technologies or strategic insights long before any formal acquisition becomes detectable. These considerations underscore that national-security risks often arise not from direct equity acquisitions but from less visible investment channels, where structurally distant minority positions can nonetheless provide access to sensitive technologies or strategic insights long before any formal acquisition becomes detectable.

Geopolitically, the integration of Ukraine's defence industrial complex into the European Defence Technological and Industrial Base ('EDTIB') has become a key pillar

[53] Kirkegaard, J.F. (2025) *Ukraine: European democracy's affordable arsenal*. Bruegel Policy Brief 10/2025. Available at: https://www.bruegel.org/policy-brief/ukraine-european-democracys-affordable-arsenal (Accessed: 5 December 2025).
[54] Kirkegaard, J.F. (2025).
[55] Siebold, S. (2025) 'Ukraine offers its front line as test bed for foreign weapons', 17 July. Available at: https://www.reuters.com/business/aerospace-defense/ukraine-offers-its-front-line-test-bed-foreign-weapons-2025-07-17/ (Accessed: 5 December 2025).
[56] Werstjuk, I. (2025) 'Wir können mehr tun – Wovon die ukrainische Rüstungsindustrie lebt und was ihr Wachstum behindert', *Ukraine-Analysen*, no. 312. Bundeszentrale für politische Bildung (bpb). Available at: https://www.bpb.de/themen/europa/ukraine-analysen/nr-312/560844/analyse-wir-koennen-mehr-tun-wovon-die-ukrainische-ruestungsindustrie-lebt-und-was-ihr-wachstum-behindert/ (Accessed: 5 December 2025).'

in the EU's emerging security architecture.[57] The inclusion of Ukrainian defence manufacturers within procurement under the EU's SAFE instrument underscores Ukraine's strategic importance to the Union's broader security framework.[58] Whereas the EU's defence industrial base struggles to manufacture equipment in sufficient quality and quantity, Ukraine has the expertise, innovative capacity, and significantly lower labour and investment costs to help meet Europe's defence needs.[59] According to the Ukrainian government, the country's arms industry can manufacture products worth €20 billion, but Ukraine is only able to purchase €6 billion, leaving two-thirds of its capacity unused.[60]

However, perceptions of regulatory uncertainty, corruption, and sanction compliance risks constrain FDI into the defence sector.[61] Against this background, the introduction of an investment screening mechanism is not only essential to ensure that Ukraine's competitive advantage and know-how do not promote military objectives of potential adversaries, but also a measure that increases transparency, certainty, and investor confidence in the sector. A well-designed screening regime would therefore strengthen the resilience of Ukraine's defence-industrial base—central to deterring and responding to future aggression—while simultaneously enhancing Ukraine's geostrategic position within the EU's security infrastructure and improving its economic recovery prospects.

IV. Legal Landscape Analysis

The vulnerabilities identified across Ukraine's strategic sectors, combined with international pressure and high-profile cases such as Motor Sich, have underscored

[57] European Commission (2024) 'Joint press release: EU–Ukraine defence industries forum bolsters cooperation between Ukrainian and European defence industries', 6 May. Available at: https://enlargement.ec.europa.eu/news/joint-press-release-eu-ukraine-defence-industries-forum-bolsters-cooperation-between-ukrainian-and-2024-05-06_en (Accessed: 5 December 2025).
[58] European Commission (2025) 'Press corner: Q&A – ReArm Europe: Frequently asked questions', *European Commission*. Available at: https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_790 (Accessed: 5 December 2025).
[59] Kirkegaard, J.F. (2025).
[60] Werstjuk, I. (2025).
[61] Dee, S., Fedina, K., Suman-Chauhan, K., Graham, E., Hill, D. and Gibson, A. (2025) *Looking ahead: Enablers of innovation and scale for the future of Ukraine's defence-industrial base*. Santa Monica, CA: RAND Corporation. RR-A3833-6. Available at: https://www.rand.org/pubs/research_reports/RRA3833-6.html (Accessed: 5 December 2025).

the need for a formal investment-screening framework. Ukraine first attempted to address this gap in 2021 with a draft law on foreign investment screening (Bill No. 5011),[62] but that initiative stalled without adoption. In 2025, renewed interest from government bodies, industry stakeholders, and external partners has brought the issue back to the forefront, resulting in two competing draft laws – Bill No. 14062[63] and Bill No. 14062-1[64] (the 'Bills'). Each offers a distinct vision for how Ukraine should balance openness to foreign capital with the imperative of safeguarding national security. This section evaluates these proposals against international best practices and EU standards, focusing on whether they provide a coherent, transparent, and proportionate framework capable of meeting Ukraine's strategic objectives.

E. Governing Principles

Every piece of legislation should begin not with technical provisions, but with the principles that guide its application. Before assessing the procedural and institutional aspects of the Bills, it is therefore essential to determine whether they rest on sound and coherent principles. This is particularly important for ensuring alignment with EU legislation and facilitating future harmonisation efforts.

Bill No. 14062	Bill No. 14062-1
Screening of foreign investments must be carried out in accordance with the following **principles**:	Screening of FDI is based on the following **principles**:
1) **priority** of measures aimed at **protecting the national security** of Ukraine;	1) **balancing the interests** between the attraction of foreign investments and the protection of the strategic interests of the state;
2) **performance of the functions** of the central executive body that ensures	2) **transparency** and **legal certainty** in the availability of legally defined

[62] Verkhovna Rada of Ukraine (2022) *Explanatory note to draft law on foreign investment in strategic entities (Draft Law No. 70997)*. Kyiv: Verkhovna Rada of Ukraine. Available at: https://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=70997 (Accessed: 5 December 2025).
[63] Verkhovna Rada of Ukraine (2022).
[64] Verkhovna Rada of Ukraine (2025) *Draft law on screening of foreign direct investments (Draft Law No. 14062-1, registered 7 October 2025)*.

Bill No. 14062	Bill No. 14062-1
the formation and implementation of state investment policy **to achieve the objectives** of this law;	criteria for investment assessment, clear deadlines for consideration and the procedure for appealing against the decisions of the screening authority;
3) **impartiality** in decision-making based on the results of the screening of foreign direct investment;	3) **impartiality** and **non-discrimination** towards investors regardless of their country of origin, except in cases expressly provided for by law or international treaties of Ukraine;
4) **irreversibility of** the application of **measures** of influence.	4) **proportionality** in the application of restrictions or prohibitions on investments;
	5) **consistency** with Ukraine's **international obligations**.

The Regulation (EU) 2019/452 (the 'FDI Regulation') rests on three core principles: legal certainty, transparency, and flexibility. [65] (Legal certainty and transparency require Member States to define when and how FDI screenings take place. This includes specifying the circumstances that trigger a review, the grounds on which it may be conducted, and the procedural rules that govern it. The screening process must operate within transparent timelines, and foreign investors must have access to effective avenues for challenging screening decisions. Crucially, these rules must apply in a non-discriminatory manner, ensuring equal treatment of all investors subject to compulsory screening.

Against this background, the principles outlined in Bill No. 14062-1 appear broadly consistent with EU law. In addition to promoting legal certainty and transparency, the bill incorporates the principle of flexibility by emphasising the protection of Ukraine's

[65] 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 [2019] OJ L 79/1. Available at: https://eur-lex.europa.eu/eli/reg/2019/452/oj (Accessed: 17 November 2025).

strategic interests and adherence to its international obligations. Such objectives can complement the EU framework when clearly and consistently articulated.

Additionally, the legislation should clearly articulate what the FDI screening mechanism is designed to protect – national security or broader, more fluid notions such as national interests. For example, Bill No. 14062 is national security-centric, while Bill No. 14062-1 allows for restricting or prohibiting investments when necessary and proportionate to safeguard, among other things, '*economic security*'.

At present, there is no statutory definition of 'economic security'. Although the Ukrainian Supreme Court has characterised economic security as an element of national security,[66] the legal basis for this position is, at the very least, unclear when measured against the existing statutory definition of 'national security'.[67] The Bill itself defines 'screening' as a procedure for reviewing FDI in order to assess its 'impact on *national security*', yet simultaneously refers to threats to '*economic security*' as a separate and independent ground for prohibiting FDI.[68] In the absence of a clear correlation between these concepts, adopting such an expansive approach would create significant uncertainty about situations when FDI screening applies and when investment could be restricted or blocked.

This level of discretion risks undermining the fundamental principles that an effective screening regime must uphold predictability, proportionality, and legal certainty. In practice, this mechanism might turn a targeted national-security tool into a much broader instrument of economic regulation.

F. Definition of FDI

Both Bills provide for a definition of FDI, but these definitions diverge from the one proposed by the FDI Regulation.

[66] Court of Ukraine (2025) *Administrative decision in case No. 11-126зai25*, Case No. 11-126зai25. Available at: https://reyestr.court.gov.ua/Review/128876524 (Accessed: 5 December 2025).
[67] Law of Ukraine No. 2469-VIII of 21 June 2018 on National Security of Ukraine. Available at: https://zakon.rada.gov.ua/laws/show/2469-19#Text (Accessed: 5 December 2025)."
[68] Law of Ukraine No. 2469-VIII (2018).

Bill No. 14062	Bill No. 14062-1
An agreement related to making FDI – a legally formalised action (contract, agreement or other deed) made by the foreign investor and aimed at acquiring **ownership, participation, or control rights** in the target to obtain civil rights and obligations related to such investment.	Foreign direct investments – investments that are made by a foreign investor to **obtain rights and obligations** with respect to the target, located in Ukraine
Foreign direct investments – **valuables** contributed to the target by the foreign investor to obtain the rights to participate in the management of the target.	—

Bill No. 14062 departs from the well-established conceptual foundations of FDI by offering its own, overly broad definition. Under the OECD approach, FDI presupposes that an investor in one economy acquires control or a meaningful degree of influence over the management of an enterprise in another.[69] These same elements, lasting economic links and managerial influence or control, also underpin the definition set out in the FDI Regulation. To ensure that the Ukrainian regime focuses on genuine FDI rather than ordinary portfolio transactions, and to maintain coherence with international practice, the bill should incorporate these core principles into its definitional framework.

Bill No. 14062 also introduces a stand-alone definition of FDI centred on the idea of 'valuables' contributed to the target. The rationale for this approach is unclear, and such a narrow focus risks overlooking forms of investment that do not have an immediately quantifiable value. By contrast, the FDI Regulation refers broadly to 'an *investment of any kind*', ensuring that all relevant structures fall within its scope.

[69] OECD (2025) *OECD Benchmark Definition of Foreign Direct Investment (Fifth Edition)*. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/03/oecd-benchmark-definition-of-foreign-direct-investment-fifth-edition_38a25baf/7f05c0a3-en.pdf (Accessed: 5 December 2025).

Adopting a similarly inclusive formulation would provide greater legal certainty and help avoid loopholes in the screening mechanism.

Bill No. 14062-1 defines FDI broadly as any contribution made by a foreign investor and focuses primarily on the rights and obligations acquired as a result of such investment. However, this approach overlooks the fundamental characteristics that distinguish FDI from other forms of capital flows, namely, the establishment of lasting economic ties and the ability to exercise a significant degree of influence over the management of the enterprise. Without incorporating these core elements, the definition risks capturing transactions that are not genuine FDI while failing to ensure proper oversight of those that are.

Who is the foreign investor?

<table>
<tr><th>Bill No. 14062</th><th>Bill No. 14062-1</th></tr>
<tr><td colspan="2">Both Bills refer to the definition of a 'foreign investor' as per the Law of Ukraine 'On the Regime of Foreign Investment'. Therein, the foreign investors are entities that conduct investment activities in Ukraine, including:

1) legal entities established in accordance with legislation other than Ukrainian legislation;

2) individuals – foreigners who do not have permanent residence in Ukraine and are not restricted in their legal capacity;

3) foreign states, international governmental and non-governmental organisations;

4) other foreign entities engaged in investment activities that are recognised as such in accordance with Ukrainian legislation;</td></tr>
<tr><td></td><td>The law does not apply to investments made by:

1) residents of Ukraine, except when they act on behalf of or in the interests of a foreign investor;</td></tr>
</table>

Bill No. 14062	Bill No. 14062-1
	2) foreign **investors whose ultimate beneficial owner** is a **resident of Ukraine**; 3) foreign investors as **portfolio investments that do not result in gaining control** over the screening object.

There are several issues within the definition of the foreign investor that are particularly important. First, the proposed definition fails to capture legal entities incorporated in Ukraine whose parent company and/or ultimate beneficial owner is a third-country national or resident. This gap creates a clear risk of circumvention: actors who would otherwise qualify as 'foreign investors' could simply establish nominal Ukrainian entities and thereby avoid any screening altogether.

Second, both Bills potentially exclude foreign individuals who hold permanent residency in Ukraine from the obligation to clear their investments under FDI screening. This uncertainty could create gaps in certain scenarios. For example, a Russian national would face the prohibition of making a foreign investment. Similarly, while not facing an automatic rejection, any other foreign national would be subject to mandatory screening. In both cases, if they have a permanent residence in Ukraine, such individuals are not classified as 'foreign investors'. Such inconsistency may incentivise foreign investors to establish a nominal physical presence in Ukraine solely to exploit this legislative gap and avoid FDI screening, thereby undermining the rationale for exempting persons whose economic interests are genuinely based in Ukraine.

Last, the Bills also do not address situations involving dual citizenship, where one citizenship is Ukrainian. With the introduction of multiple citizenship in 2025, this issue may become increasingly significant and warrants careful consideration.

The practice of EU Member States varies with respect to the treatment of individuals as foreign investors. In Sweden, FDI screening rules apply to all investors regardless of their domicile, although only non-EU/EFTA investors may face a prohibition.[70] In France, the rules can extend to French citizens whose primary tax residence is outside the EU.[71] Germany, by contrast, imposes notification obligations solely on investors based outside the EU/EFTA, regardless of their citizenship.[72] Austria explicitly limits FDI screening to individuals with citizenship from non-EU/EFTA countries.[73]

To reduce uncertainty while maintaining a balance of interests, it is preferable to define 'foreign investor' in the bill itself rather than by way of reference to another law that was not designed for FDI screening purposes. To this end, the concept of a 'foreign investor' could include:

- any individual of a foreign nationality;
- any individual of Ukrainian nationality whose tax residency[74] is outside Ukraine;
- any foreign registered entity and/or undertaking;
- any Ukrainian entity and/or undertaking that is under the control of any of the above-mentioned persons.

In cases of dual citizenship where one nationality is Ukrainian, primary consideration might be given to the individual's tax residence. In particular, if their main residence is in Ukraine, they should be exempt from screening; if their main residence is abroad, they should be subject to the rules. It should be noted, however, that in cases of dual

[70] Wendelsson, D. and Martinez, N. (2025) *CELIS country note on Sweden, 2025*. CELIS Institute, 13 May 2025. Available at: https://www.celis.institute/celis-country-reports/country-note-sweden-2025/ (Accessed: 5 December 2025).
[71] Koslar, R. (2025) *CELIS country note on France, 2025*. CELIS Institute, 7 July 2025. Available at: https://www.celis.institute/celis-country-reports/country-note-france-2025/ (Accessed: 5 December 2025).
[72] Schöning, F. and Gertz, J. (2024) *CELIS country note on Germany, 2024*. CELIS Institute, 3 July 2024. Available at: https://www.celis.institute/celis-country-reports/celis-country-note-germany/ (Accessed: 5 December 2025).
[73] Weiss, V. (2025) *Country note: Austria 2025*. CELIS Institute, October 2025. Available at: https://www.celis.institute/wp-content/uploads/2025/10/Country_Note_Austria_2025.pdf (Accessed: 16 February 2026).
[74] While the Law of Ukraine '*On Currency and Currency Transactions*' refers to 'permanent residency' rather than 'tax residency', anchoring the definition of a 'foreign investor' to tax residency could be more appropriate. Tax residency more accurately reflects a person's personal and economic ties to a country, as well as sustained physical presence there. Moreover, tax residency criteria are broadly aligned across jurisdictions, which enhances legal certainty and predictability.

Ukrainian-Russian citizenship, the general prohibition for investors holding a Russian passport must take precedence over the dual citizenship rule.

G. Covered Investments

Bill No. 14062	Bill No. 14062-1
FDI screening is required for the following transactions:	FDI screening is required for direct or indirect acquisition of:
1) any agreement related to making FDI in the target;	1) control over the target;
2) direct or indirect acquisition of the rights to dispose of more than 25% of voting rights in the target;	2) ownership or rights of use of at least 10% of the book value of the target's fixed assets;
3) direct or indirect acquisition of the right (a) to appoint the sole executive body and/or more than 50% of the collegial executive body; and/or (b) to elect more than 25% of the supervisory board; and/or (c) to block decisions of the management bodies; or	3) ownership or rights of use of land plots utilised, or intended to be utilised, for activities in the screened economic sectors; or
4) approval of making an investment aimed at acquiring ownership or rights to use of at least 10 % of the book value of the target's fixed assets.	4) any other rights that confer decisive influence over the target.

Several issues require further consideration.

Catch-all provisions

The first category of covered investments under Bill No. 14062 is drafted so broadly that it risks capturing transactions that neither confer control nor any meaningful influence over the target. The bill defines an '*agreement related to making FDI*' as any legally formalised action aimed at acquiring ownership, participation, or control rights. As a result, even the acquisition of a shareholding of less than 25 percent with no

governance, veto, or information rights may technically fall within the scope of screening. It is unclear whether this was an intentional policy choice, but the provision as drafted introduces substantial uncertainty and may lead to unnecessary regulatory burdens.

By contrast, Bill No. 14062-1 anchors the trigger more clearly in the acquisition of control but then adds a catch-all clause covering any rights that grant 'decisive influence' over the target. Given that the statutory definition of control already includes the ability to exercise decisive influence, the added clause appears redundant and risks being interpreted expansively in practice.

In both Bills, these open-ended or duplicative provisions create interpretative ambiguity and may result in inconsistent enforcement. Clarifying the thresholds and eliminating overlapping concepts would significantly improve legal certainty for investors and authorities alike.

Acquisition of control, voting rights or both?

Bill No. 14062 primarily relies on shareholder-level voting thresholds and the ability to appoint or elect members of the target's executive or supervisory bodies. It also refers to rights to block decisions of the 'management bodies', which likely means the executive and supervisory bodies. However, in principle, this concept could also extend to the shareholder level since a shareholders' meeting is itself a form of a management body. This ambiguity should be removed. Beyond this, the Bill repeatedly mentions 'control' but never explicitly lists the acquisition of control as an independent trigger for screening, which creates an internal inconsistency in the overall design.

Additionally, Bill No. 14062 defines a covered transaction solely by reference to the right to 'dispose of more than 25 percent' of shares, while omitting other core incidents of ownership, such as the rights to own or use those shares. This narrow framing unduly limits the provision's scope and risks excluding transactions that may confer significant influence or control without formal disposal rights.

Bill No. 14062-1, by contrast, makes more consistent use of the control concept. Still, it does not consider that certain minority shareholdings, even when falling short of control, may nevertheless grant a significant degree of influence, including rights to strategic information. Such influence may expose sensitive data or allow a foreign investor to monitor or affect the company's strategic direction. The absence of explicit coverage of such situations leaves a regulatory gap that could undermine the effectiveness of the screening regime.

Acquisition of assets or approval to acquire assets?

Both Bills introduce an obligation to notify certain asset deals, but the proposals have different approaches towards notifiable events.

For instance, Bill No. 14062 focuses on the approval of an investment aimed at acquiring or using at least 10 percent of the book value of the target's fixed assets. It is unclear why the bill emphasises the approval rather than the actual acquisition. From a corporate law perspective, some transactions may require approval by an

executive body and/or shareholders, but the bill does not specify which type of approval would trigger the notification requirement. Furthermore, if an investment does not require any approval from the investor's management bodies, it is uncertain whether such an investment would fall outside the scope of the screening regulation.

By contrast, Bill No. 14062-1 focuses directly on the acquisition of ownership or usage rights over the respective assets, providing a clearer and more precise definition of a notifiable event.

Under both Bills, an investment will fall within the scope of screening if it is directed at the target's fixed assets and the value of those assets is at least 10 percent of the target's book value on its balance sheet. While the rationale is understandable (risks may arise through the transfer of specific assets, particularly those involving sensitive technologies), the proposed threshold appears low for the following reason. A 10 percent benchmark would probably capture a wide range of ordinary business transactions that carry no strategic significance, such as leasing premises, purchasing equipment, or acquiring minor operational assets. This would draw a large number of low-risk deals into the screening system, placing an unnecessary administrative burden on both investors and the reviewing authority, while potentially delaying the assessment of genuinely sensitive cases.

A possible solution is to introduce an approach under which the acquisition of assets triggers a notification obligation only when those assets comprise a business as a going concern. For example, the acquisition of berths, cargo-handling equipment, and storage facilities within a seaport (assets which together enable the continuous provision of port services) should clearly qualify. To prevent circumvention, the rule should also capture a series of separate asset acquisitions carried out within, for example, five years, where, taken together, they create the same functional effect. This approach would help filter out low-value, low-risk transactions while preserving scrutiny of strategically significant ones.

Acquisition of land plots

Bill No. 14062-1 requires notification of the acquisition or use of critical land plots intended for activities in screened economic sectors. Some might claim that a simple acquisition of a land plot does not confer control or any other strategic advantage to its owner, which will create unnecessary overregulation for both investors and the screening authority if subject to FDI screening.

There are, however, cases where the acquisition of land may trigger serious security concerns. A well-known example is the 2022 case of Fufeng, a Chinese investor whose purchase of agricultural land in the United States fell outside the jurisdiction of CFIUS because it did not qualify as a 'covered transaction.'[75] The controversy arose from the fact that the land was in proximity to an Air Force base. Following the CFIUS decision, several U.S. states initiated or adopted their own FDI review mechanisms specifically targeting land acquisitions.

Therefore, if Bill No. 14062 is to serve as the basis for future legislation, it must incorporate such a provision since it addresses a valid national security concern.

H. Covered Activities

Bill No. 14062	Bill No. 14062-1
Targets active in the following sectors are subject to FDI screening:	The Bill does not include a list of economic sectors subject to screening. The Cabinet of Ministers must introduce such a list within six months after the Bill is passed as law by Parliament. This list must be reviewed at least every two years.
1) operation of critical infrastructure (entities listed in the Register of the Critical Infrastructure Assets);	
2) extraction of metallic ores and non-metallic critical minerals (Government determines the exact list); and	

[75] Brown, M. (2023) 'State proposals on restricting foreign ownership of farmland: Part seven', *National Agricultural Law Center*, 27 June. Available at: https://nationalaglawcenter.org/state-proposals-on-restricting-foreign-ownership-of-farmland-part-seven/ (Accessed: 16 December 2025)."

3) development, production, modernisation, repair, transportation, disposal, and trade of military goods and dual-use goods.	

The key issue with Bill No. 14062-1 is that the list of covered sectors would be established through secondary legislation rather than in the law itself. If the government adopts the list by resolution, the latter could be amended by the government itself at short notice. Businesses would then have little time to adjust their transactions and avoid potential sanctions. By contrast, if the list is enshrined directly in the law, any changes would require a formal legislative amendment. This means parliamentary scrutiny, transparency, and a much higher level of predictability for investors.

At the same time, from a security perspective, it would be beneficial to define the list of screened sectors through secondary legislation. This approach would allow the government to promptly reflect ongoing developments, particularly in rapidly evolving areas such as military technologies and give the government the flexibility it needs to respond to emerging security challenges.

Regarding Bill No. 14062, the list of sectors requires further clarification. While the category of critical minerals is predictable, given the unlikely discovery of new minerals in Ukraine, the other two categories would benefit from a more precise definition.

For critical infrastructure, the scope should be clarified. Under the Law of Ukraine 'On Critical Infrastructure', four categories of entities are distinguished, varying by their importance and geographical scope – from entities of national significance to those of local importance.[76] Including all categories would likely overwhelm the competent authority with notifications related to transactions that pose no real threat to national security. It would therefore be more effective to limit mandatory notifications to

[76] Law of Ukraine No. 1882-IX of 16 November 2021 on Critical Infrastructure (current version as of 21 September 2024). Available at: https://zakon.rada.gov.ua/laws/show/1882-20 (Accessed: 16 February 2026).

investments in entities of national and, at most, regional importance, while leaving investments in entities of local significance to *ex officio* review by the authority.

Regarding dual-use products, achieving absolute clarity is inherently challenging. At a minimum, the future law should specify the scale or frequency of activities that trigger the screening obligation. Questions may arise, for example, if a transaction is a one-off operation or constitutes only a small fraction of a company's total sales. Under the current wording, even isolated or incidental dealings with dual-use goods could fall within the scope of FDI screening.

I. Blocking Factors

<table>
<tr><th>Bill No. 14062</th><th>Bill No. 14062-1</th></tr>
<tr><td colspan="2">Both Bills establish identical criteria for prohibiting foreign investments. Specifically, an investment may be blocked if the shareholder, founder, or ultimate beneficial owner:
1) has previously engaged in FDI linked to Russia or other sanctioned states;
2) is subject to sanctions;
3) holds Russian citizenship; or
4) maintains property interests in Russia.
5) the foreign investor submits incomplete or incorrect information;
6) the investment poses a threat to national security, the security of critical infrastructure, or conflicts with Ukraine's national interests.</td></tr>
<tr><td>Transactions cannot be cleared if any of the above conditions apply either at the time of notification or within the two years preceding it.</td><td>Transactions cannot be cleared if any of the above conditions apply either at the time of notification or within the five years preceding it.</td></tr>
</table>

While the cutoff date proposed in Bill No. 14062 appears reasonable, the retrospective period in Bill No. 14062-1 may be overly broad. If FDI screening begins in 2026, it would apply to all companies with any presence in Russia from 2021 onward. In practice, this

could effectively prohibit investments from, for example, many multinational corporations that began divesting from Russian operations after the full-scale invasion in February 2022, and the divestments were finalised only in 2023 or 2024.

This approach could prevent major investors which hold a significant share of the household products market in Ukraine from making new investments until 2028. Such a restriction would likely reduce Ukraine's investment attractiveness without substantially enhancing national security. A more balanced solution would be to maintain a two-year cutoff, while allowing earlier situations to be assessed through *ex officio* review.

J. Responsible Authority

The Bills suggest two possible options. Bill No. 14062 proposes to create a commission within the Ministry of Economy, while Bill No. 14062-1 designates the AMCU as the competent authority.

EU Member States take different approaches to determining which authority is responsible for FDI screening. Most assign this function to a ministry that typically handles trade and economic matters. For example, in Austria, it is the Federal Ministry of Economy, Energy and Tourism,[77] and in Ireland, it is the Ministry for Enterprise, Trade and Employment.[78] Others delegate it to a specialised agency operating under such a ministry, such as the Netherlands Foreign Investment Agency within the Dutch Ministry of Economic Affairs,[79] or Sweden's Inspectorate of Strategic Products, which reports to the Ministry for Foreign Affairs. Only in rare cases is the task entrusted to the national competition authority.[80] Romania is one example where the Romanian Competition Council also oversees FDI screening.[81]

[77] Weiss, V. (2025).
[78] Treacy, L., Ryan, S. and Higgins, A. (2025) *CELIS country note: Ireland 2025*. 17 July. Available at: https://www.celis.institute/celis-country-reports/country-note-ireland-2025/ (Accessed: 16 February 2026).
[79] de Kok, J. and Geursen, W. (2025) *CELIS issue note: Formal and informal guidance – Netherlands, 2025*. 20 March. Available at: https://www.celis.institute/celis-country-reports/issue-note-formal-and-informal-guidance-netherlands-2025/ (Accessed: 13 November 2025).
[80] Wendelsson, D. and Martinez, N. (2025).
[81] Bădescu, G. and Manea, C. (2025) *CELIS issue note: Formal and informal guidance – Romania, 2025*. 3 July. Available at: https://www.celis.institute/celis-country-reports/issue-note-romania-formal-and-informal-guidance/ (Accessed: 16 February 2026).

Both options proposed by the Bills have their drawbacks. In the case of the AMCU, the main concern is its already heavy workload. In addition to its traditional powers over cartels, abuse of dominance, and merger control, the AMCU also handles appeals in public procurement cases – all while operating with limited staff.

Another issue arises from the fact that many transactions subject to FDI screening are likely to overlap with Ukrainian merger control obligations. Under both Bills, obtaining an FDI screening decision is a prerequisite for merger control clearance. If the AMCU were responsible for both regimes, questions could arise regarding the impartiality of decisions under one or the other framework.

The AMCU has publicly stated that it does not view itself as the appropriate authority to conduct FDI screening. Its core mandate is the enforcement of competition policy, and it has no powers related to national security.[82] As a result, any screening decision would inevitably depend on input from other competent authorities. If those bodies fail to respond on time, the AMCU could be forced to decide without sufficient information, potentially clearing transactions that pose security risks.

From the AMCU's perspective, assigning it parallel responsibility for both merger control and FDI screening would create legal uncertainty and weaken its ability to perform its primary competition-related functions. Such an arrangement would also run counter to Ukraine's obligations under Directive (EU) 2019/1, which requires national competition authorities to prioritise their resources toward combating anticompetitive conduct.[83]

A commission within the Ministry of Economy, while consistent with common practice in EU Member States, could be vulnerable to political influence from other state bodies. Regardless of which authority ultimately manages FDI screening notifications, the key

[82] Antimonopoly Committee of Ukraine (2025) *Expert opinion on Draft Law No. 14062-1 'On screening of foreign direct investments' (Annex 1)*, 31 October 2025. Available at: https://amcu.gov.ua/static-objects/amcu/uploads/public/690/859/308/690859308d630659799624.pdf (Accessed: 16 February 2026).
[83] Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market [2019] OJ L 11/3. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.011.01.0003.01.ENG&toc=OJ:L:2019:011:TOC (Accessed: 16 February 2026).

requirements are integrity and decision-making independence. In addition, the authority should receive adequate training and guidance from foreign specialists with established expertise in this field.

Moreover, to ensure the integrity of the FDI screening regime, an effective mechanism for judicial review is essential. At present, both Bills provide for the possibility of challenging screening decisions in court. However, they share the same key shortcoming: neither clearly defines the grounds on which such a review may be conducted. Bill No. 14062 simply acknowledges the parties' right to seek judicial review, while Bill No. 14062-1 goes slightly further by specifying that such review should follow the rules of administrative procedure, implying the application of general principles of administrative justice. Nevertheless, investors expect a fair, predictable, and independent review process, and this can only be achieved if the Bills introduce clear and concrete criteria for assessing screening decisions.

K. Review Process & Timelines

Bill No. 14062	Bill No. 14062-1
Once an FDI screening notification is submitted, the competent authority has up to **60 calendar days** to assess its completeness. If the notification is deemed complete, the authority must inform the investor within **5 business days** either of the initiation of the screening procedure or of the conclusion that the transaction does not fall within the scope of FDI screening.	After an FDI application is submitted, the responsible authority has up to **15 business days** to decide whether to: 1) reject the application as incomplete; 2) initiate the substantive review; or 3) conclude that the transaction is not subject to screening.
The authority may request additional information from the foreign investor, who then has **20 calendar days** to provide the requested details. If the	The bill also allows the authority **15 calendar days** to consult with the foreign investor and obtain any additional information.

investor fails to do so, the notification is left without consideration.	
The substantive review of the transaction itself must be completed within **90 calendar days** from the date the authority decides to initiate the review.	Once the substantive review is initiated, the authority must complete it within **60 calendar days**. Any decision to grant clearance with conditions or to prohibit the investment is subject to **final approval by the Cabinet of Ministers**, which has up to **30 calendar days** to act.
	If neither the authority nor the Cabinet issues a decision within the prescribed deadlines, approval of the transaction is **tacitly presumed**.
The review of the merger control notification cannot commence without the FDI screening clearance or a decision that the transaction is not subject to screening.	The review of the merger control notification may be conducted in parallel with FDI screening. However, the final decision may only be taken after the completion of the FDI review.

Clarity of the process

The procedure for submitting additional information requires greater clarity. Bill No. 14062 provides that the competent authority has 60 days to assess the completeness of a notification and, if necessary, may request additional information from the investor, who then has 20 days to respond. However, the current wording does not specify whether the authority may issue such a request at any point during the 60 days or only after the period has elapsed. It would be reasonable to presume that the authority can request information at any time within this timeframe, but an explicit clarification would enhance predictability.

Clear rules on the timing, scope, and powers at each stage of FDI screening are essential to establish an effective dialogue between investors and screening authorities. As in the merger control context, well-defined procedures increase the efficiency and transparency of the entire process.

Correlation with the merger control

Both Bills propose to make FDI screening and merger review independent, though in different ways. However, these two reviews should proceed in parallel rather than sequentially for two key reasons.

First, conducting the reviews one after another could significantly extend the clearance process. In EU Member States, FDI screening and merger control are typically conducted in parallel, with FDI reviews usually lasting between one and six months, depending on the jurisdiction.

Under Bill No. 14062, FDI screening may take up to 150 days, while merger review can commence only after FDI clearance or confirmation that such clearance is not required. In complex Phase II cases, merger review may extend for up to 6-8 months. If merger control proceedings can only commence after the completion of FDI screening, the overall clearance process could stretch to nearly a year or longer, creating significant transaction uncertainty and potentially prompting investors to abandon the deal altogether. Given that such filings often occur across multiple jurisdictions, such a delay may result in the abandonment of a transaction or incentivise foreign investors to bypass Ukraine.

Bill No. 14062-1 represents an improvement in that it allows for the parallel review of FDI screening and merger control filings. However, it still contains several uncertainties about the review timelines. In particular, the time limits for the substantive review phase are calculated in calendar days, while the 15-day pre-review period is defined in business days. Moreover, the Bill provides for a 15-calendar-day consultation period for requesting additional information without clarifying whether it runs independently from, or forms part of, the pre-review stage. This lack of consistency calls for clarification and unification of the applicable time frames.

Second, the two reviews are substantively distinct, and there is no clear justification for interlinking these stages, whether in terms of their timing or their substantive assessment. As confirmed by the Supreme Court of Ukraine, the AMCU's merger control review assesses only whether a transaction complies with competition law, without granting a full clearance of the transaction itself.[84] Therefore, there is no justification for linking the outcome of merger control to the results of the FDI screening procedure.

L. Sanctions

Bill No. 14062	Bill No. 14062-1
If a foreign investor provides false or incomplete information in the FDI application and this is identified before the transaction is implemented, the authority will prohibit the transaction. If the issue is discovered after implementation, the authority may impose remedial measures, including: 1) suspension of voting rights; 2) deprivation of dividend rights; or 3) unwinding of the transaction. The same measures apply if a foreign investor fails to notify a notifiable transaction. Additionally, if a transaction is implemented in violation of a prohibition, a fine of up to 50% of the investment value may be imposed on top of the remedial measures.	If a foreign investor fails to notify a notifiable transaction, the authority may seek judicial invalidation of the transaction. The investor may also face: 1) a fine of 5% to 10% of the investment value, or 2) prohibition on making new investments in Ukraine for a period determined by the authority. If the investor fails to comply with the AMCU's prohibition decision, a fine of 10% to 20% of the investment value will be imposed. In cases of repeated non-compliance, the authority may again seek judicial invalidation of the transaction.

[84] *High Commercial Court of Ukraine (2014) Postanova (judgment) in Case No. 910/23701/13, TOV 'Kompanija z upravlinnja aktyvamy 'Praktyka'' v. Antimonopoly Committee of Ukraine and others, 27 August 2014. Available at: https://reyestr.court.gov.ua/Review/40295251 (Accessed: 2 February 2026).'*

Practice across EU Member States shows that the most common combination of sanctions is declaring the transaction void together with imposing a fine (as seen in the Netherlands and Spain). In some jurisdictions, sanctions may include criminal liability, such as imprisonment (Austria), or restrictions on exercising voting rights (Germany).

However, the efficiency of these remedies in addressing the actual risks posed by hostile foreign investments remains questionable. The Motor Sich case illustrates that even the strictest sanctions, such as transaction invalidation, fines, or restrictions on voting rights, cannot undo the transfer of sensitive technologies to unfriendly states once it occurs (and it can occur by email). In an environment where information and technology constitute the most valuable strategic assets, a more robust and preventive sanction regime is necessary to ensure their protection.

Additional developments

On January 29, 2026, the Cabinet of Ministers of Ukraine established the Inter-Agency Commission on Foreign Direct Investment Screening (the 'Commission'). The main task of this Commission, according to the resolution, is to conduct an analysis of past and future FDI into business entities that are of strategic importance to national security, upon the recommendation of a state authority, local government body, critical infrastructure operators, or based on information obtained from other sources. The resolution also includes provisions on the composition and meetings of the Commission.

At the same time, the government's resolution *does not*:

- establish an FDI screening regime;
- define covered investments;
- define covered activities;
- provide for any notification requirements; or
- vest the Commission with any real screening or decision-making powers.

The Commission is temporary and appears to be an advisory body within the government.

V. Recommendations

The preceding sections have explored sectoral vulnerabilities, reviewed international models, and examined the strengths and weaknesses of Ukraine's draft legislative proposals. Building on that foundation, this concluding section offers a set of overarching principles and technical guidelines that can inform the evolution of Ukraine's screening regime:

Ukraine will also benefit from **sustained cooperation with international partners**. Alignment with the EU's information sharing mechanism and cooperation with the United States can strengthen Ukraine's ability to assess complex ownership structures, proximity risks, and minority investment pathways. These partnerships enhance both the effectiveness and legitimacy of the system. However, this also depends on international partners, such as the US, UK, and EU, extending cooperation and information sharing with Ukraine.

Proportionality is crucial when determining whether an investment presents risks that require mitigation or, in rare cases, restriction. Several jurisdictions have introduced limited forms of retroactive review to address transactions that may not have triggered screening at the time they occurred but that later reveal national security relevance. If Ukraine chooses to include such a mechanism, it should be designed with clearly defined boundaries to avoid generating uncertainty for investors. The Czech system, for example, allows authorities to review certain transactions within a defined five-year period after closing, which provides a safeguard while maintaining predictability for market participants. A similar approach in Ukraine would ensure that authorities retain the ability to address unforeseen risks without creating open-ended exposure for investors. Clarity about the scope, timeframe, and criteria for retroactive review would therefore support both security objectives and investment certainty.

Predictability and legal certainty are essential for fostering long-term investment. Clear and internationally coherent definitions of FDI, foreign investors, and covered transactions will help ensure that the mechanism focuses on those activities that genuinely raise national security concerns. Incorporating internationally accepted criteria related to lasting economic links and influence or control will also help avoid capturing routine transactions that do not pose meaningful risks.

The **definition of foreign ownership** requires careful consideration. Complex ownership structures and indirect influence present challenges for any screening system. To reduce opportunities for circumvention, the framework should clearly capture Ukrainian incorporated entities that are controlled from abroad, as well as individuals whose ties to Ukraine are limited by tax residency or dual citizenship. A comprehensive definition enhances predictability and strengthens the credibility of the system.

Ukraine would also benefit from a carefully tailored approach to identifying covered transactions. Minority investments that provide strategic information rights, governance influence, or early access to sensitive technologies may present security risks even when they fall short of formal control. At the same time, it is important to avoid capturing low value transactions that do not affect operational capabilities. A functional approach, focusing on whether a transaction transfers influence or assets central to sensitive activities, can help strike the right balance.

Sectoral coverage should provide both stability and adaptability. Earlier chapters of this report noted that infrastructure, transport and logistics, energy, and dual-use and defence technology are areas where Ukraine faces heightened exposure. These sectors merit inclusion in a baseline list, but updates should remain possible through a transparent process that allows authorities to respond to new technologies and evolving risks.

Institutional design should prioritise effective interagency cooperation. Regardless of where the competent authority is ultimately located, a well-functioning screening system requires input from the ministries responsible for defence, national security, energy, digital policy, transport, and economic affairs, as well as other technical bodies. A structured process for interagency consultation can help ensure that decisions draw on the full range of expertise needed to evaluate complex transactions. Coordination and clarity of process matter more to investors than the specific institutional home of the mechanism.

Procedural clarity is also essential. Investors need a clear understanding of the information required to file, the expected timelines, the circumstances that may lead to requests for additional information, and whether parallel review with merger control is possible. As mentioned earlier in the report, uncertainty can delay or deter investment. Consistent timelines and opportunities for pre-filing discussions will support efficient review and build confidence among investors.

Mitigation and monitoring should form integral parts of the system. As discussed earlier, many jurisdictions use conditional approvals to address risks while allowing investment to proceed. For mitigation to be effective, Ukraine will need mechanisms that allow authorities to define obligations clearly and monitor compliance over time. The Motor Sich case, referenced earlier, demonstrates the importance of early detection and ongoing oversight, especially for transactions involving sensitive data, operational control, or dual-use technologies. Both Bills would benefit from addressing remedies in greater detail. In many jurisdictions, remedies serve as a primary tool for managing national security concerns and are frequently used as an alternative to outright prohibitions.

Finally, **transparency and stakeholder engagement** should guide implementation. Transparency includes publishing procedural guidance and

anonymized summaries of decisions, but it also involves meaningful consultation with affected parties. As mentioned earlier in the report, input from investors, industry, civil society, and subject matter experts can help identify potential unintended consequences and improve the practical functioning of the system. Regular consultations and performance reporting reinforce trust and demonstrate that screening serves both national security and long-term economic development.