CELIS INSTITUTE

Non-Paper

CELIS Non-Papers on Economic Security

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Protect, Promote, Partner

Economic security when the conversation gets harder

Reflections from the 2026 CELIS Forum on Investment Screening and Economic Security

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About CELIS Non-Papers

The CELIS Non-Papers on Economic Security is an occasional papers series published by the CELIS Institute gUG, Berlin, offering expert analyses and insights into pressing issues at the intersection of economic security, open markets, and competitiveness. Authored by scholars and practitioners, these non-papers delve into topics such as investment screening, supply chain vulnerabilities, foreign subsidies, sanctions, energy security, and other areas of economic security, providing thought-provoking perspectives to inform policy and practice.

About this Non-Paper

This Non-Paper records what was discussed at the CELIS Forum on Investment Screening and Economic Security (CFIS) 2026 for readers who were not in the room, and for those who were and would like to see the debates ordered by theme. It is written for officials, lawyers, investors, and researchers who work on investment screening and economic security. It shows where participants agreed and where they did not on mitigation, judicial recourse, sector-specific risks, and the implementation of the new EU Screening Regulation, and it points to further reading in the CELIS Blog and other sources. The text follows three headings, Protect, Promote, and Partner, which are used only to organise the discussion.

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About CFIS

The CELIS Forum on Investment Screening and Economic Security (CFIS) is the flagship event of the CELIS Institute and was held in 2026 for the eighth time. Participation is by invitation only and all sessions take place behind closed doors under the Chatham House Rule. CFIS 26 met at The Merode in Brussels from 7 to 9 October 2026 and consisted of an opening keynote, nine panels, a roundtable, and two dinner speeches. It was hosted by the CELIS Institute and convened by Steffen Hindelang and Roland M Stein.

About CELIS

The CELIS Institute is an independent, non-profit, and non-lobbying organisation based in Berlin. It was established in 2020 as the permanent successor to the 2019 International Conference on a Common European Law on Investment Screening. The Institute convenes regulators, lawyers, investors, and academics, provides advisory work and training for governments and practitioners, coordinates a network of country reporters, and publishes Non-Papers and a blog. It does not take institutional policy positions. More information is available at www.celis.institute.

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CELIS Non-Paper 02/2026
CFIS 26 · 7 to 9 October 2026 · Brussels

Protect, Promote, Partner

Economic security when the conversation gets harder

edited by Murtaza Mustansir, Steffen Hindelang, Roland M Stein, and Bálint Kovács

Executive summary

Holding a frank conversation about investment screening and economic security has become harder since the first CELIS conference in 2019. Great-power rivalry has sharpened, the closure of the Strait of Hormuz has shown how fragile Europe's supply lines remain, and partnerships that were long treated as settled are being renegotiated while the European continent rearms at speed. Yet these same pressures are the reason the conversation cannot be postponed, and CFIS 26 therefore brought regulators, investors, in-house counsel, legal practitioners, and academics from Europe and other regions to Brussels to have it behind closed doors.

Over three days, much of the discussion concerned how well the existing powers work rather than whether new ones are needed. In their view, the toolbox is largely in place, and the harder task now is making its instruments work together and with the investment Europe needs. Against this background, four findings stood out from the discussions.

Sector matters as much as jurisdiction.

Investors have long known that it matters where they file. CFIS 26 made clear, however, that it matters just as much in which sector a transaction takes place, because defence, pharmaceuticals, and data and AI each carry different vulnerabilities, are screened under different scopes, and call for different remedies.

Conditions, not prohibitions, now carry the weight of screening.

Prohibitions remain rare, while conditional clearances are routine and increasingly detailed. As a result, the credibility of a regime depends on how predictably it designs, monitors, and justifies those conditions, a part of the system that courts, observers, and the public seldom see.

Coherence matters more than new instruments.

Business did not argue against investment screening as such; rather, a concern often raised was the growing number of overlapping and sometimes contradictory procedures. Screening authorities themselves, for their part, are resisting attempts to load their instrument with objectives that belong to other policy areas, in particular industrial policy.

Cooperation rests on trust as well as on law.

The new EU Screening Regulation improves the formal channels between Member States. Nevertheless, much of the most useful exchange, within the EU, with partners abroad, and between authorities and firms, still depends on informal relationships built over time.

CFIS 26 IN NUMBERS

3 days	134	26	10
7 to 9 October 2026 at The Merode, Brussels	participants, the organising team included	countries represented	sessions: nine panels and a roundtable, plus a keynote

Source: CELIS participant list and programme.

1. Introduction

1.1. The Forum and the Institute

The CELIS Forum on Investment Screening and Economic Security (CFIS) is the flagship event of the CELIS Institute and, in its eighth year, a European meeting place for discussing investment screening and economic security. It is deliberately kept small and select, an invitation-only gathering of senior officials, practitioners, investors, and academics held under the strict Chatham House Rule. This year, CFIS 26 met in Brussels from 7 to 9 October 2026 with 134 participants, the organising team included, from screening authorities, EU institutions, companies, investors, law firms, and universities.

Delegations from twelve EU Member States were joined by officials and other stakeholders from Armenia, Chile, the Philippines, Singapore, South Korea, Ukraine, the United Kingdom, the United States, and other countries. The programme opened with a keynote on hybrid threats and resilience and a first panel titled "Protect, Partner & Promote", and it then combined technical panels on mitigation, judicial recourse, capacity building in emerging regimes, and the implementation of the new EU Screening Regulation with sector-specific

discussions on defence, pharmaceuticals, and data and AI. In addition, the event devoted particular attention to multi-jurisdictional screening, cooperation between authorities, and competitiveness.

The Forum is organised by the CELIS Institute, an independent, non-profit, and non-lobbying organisation based in Berlin. As investment rules fragment, CELIS aims to serve the field rather than a side, and it brings regulators, investors, law firms, and academia together across continents in a trusted setting. Over the years, its work has extended from investment screening to economic security more broadly, and it now comprises events, advisory and training work, and a growing body of publications and blog analysis.

This Non-Paper also carries the Institute's new visual identity, which runs through its new website as well. The logo is made of four interlocking forms in four colours, one for each of the communities CELIS brings together: regulators, lawyers, investors, and academia. None of the forms is complete on its own or placed above the others, and what holds them together is the open space at the centre, the neutral room in which those who regulate cross-border investment and those who make it happen can speak frankly.

OUR STAKEHOLDER GROUPS

Regulators	Lawyers	Investors	Academia
Screening authorities, ministries, and EU institutions, who write the rules and apply them.	Practitioners and in-house counsel, who turn those rules into workable deals.	Companies and capital providers, whose decisions the rules shape.	Researchers, who test the evidence and keep the field honest.

1.2. The context of CFIS 26

Several developments in 2026 made this year's conversation harder than before. Military strikes involving the United States, Israel, and Iran in late February 2026 closed the Strait of Hormuz, through which around a fifth of both the world's oil and its LNG normally passes, and in March Brent crude recorded its largest monthly rise on record. At that point, Europe was still absorbing China's second wave of rare-earth export controls from October 2025, partly suspended until November 2026, which had already exposed the dependence of Europe's digital, green, and defence supply chains. With the transatlantic relationship also harder to predict, the line between "friend" and "rival" has become less clear.

At the same time, the legal framework is changing. The revised EU Foreign Investment Screening Regulation (the EU Screening Regulation), Regulation (EU) 2026/1386, was published on 26 June 2026 and applies from 17 January 2028. As analysed in the CELIS blog series on the revision, the EU Screening Regulation sets common rules that aim to harmonise screening across the EU: every Member State must operate a mechanism with a minimum sectoral scope, screening extends to EU-based investors controlled from third countries, reviews follow a two-phase procedure with a first phase of 45 days, and the cooperation mechanism between Member States and the Commission is reinforced.

Member States remain free, however, to adopt complementary or more specific rules. Alongside the Regulation, the Commission and the High Representative's Joint Communication of 3 December 2025 announced a move "from a reactive posture towards a more proactive and systematic deployment of tools", placing trade, competition, anti-coercion, and funding instruments within a single strategic frame. Furthermore, additional instruments are on the way, among them the proposed Industrial Accelerator Act, whose screening provisions are analysed in a contribution to the CELIS Blog.

Screening practice has grown in parallel with these legal developments. European discussions first centred on whether states should screen at all, and only later on how to screen and which risks could be accepted. Today, by contrast, nearly every Member State has a mechanism, and caseloads are rising quickly. The Commission's sixth annual report, published on 14 October 2026, shows how quickly this has grown.

SCREENING IN NUMBERS, 2025

4,773	87%	9%	667
cases handled by Member States, up from 3,136 in 2024	of formally screened cases cleared unconditionally	cleared with conditions; 1% prohibited and 3% withdrawn	notifications to the EU cooperation mechanism, up 40%

Source: Commission, sixth annual report, and analysis.

These aggregate figures should nonetheless be read with care: as an analysis of last year's report in the CELIS Blog pointed out, national reporting practices differ and the Commission's data may understate the number of conditional clearances.

Rising defence spending, moreover, sharpens all of these trends. EU Member States spent €418 billion on defence in 2025, a fifth more than in 2024, and are projected to spend €454

billion in 2026. In addition, NATO Allies committed at The Hague to spend 5 per cent of gross domestic product annually on defence and security by 2035, of which at least 3.5 per cent is to go to core defence requirements and up to 1.5 per cent to related spending.

At EU level, the €150 billion SAFE loan instrument is now disbursing and the European Defence Industry Programme adds further funding, so that much of this money flows into a sector that screening authorities examine closely. Behind all of this, finally, sits the question of competitiveness, which the Draghi Report and the Competitiveness Compass have tied directly to Europe's capacity to grow and attract capital. CFIS 26 therefore brought in-house counsel and institutional investors into the same room as the officials who review their transactions.

1.3. The opening of the Forum

The Forum began on 7 October with an opening keynote on hybrid threats and resilience, which set the security backdrop for the three days. The keynote described a setting in which hostile activity short of armed conflict is expected to continue, so that resilience, understood as the ability to absorb exceptional circumstances and return to normal, matters at least as much as prevention.

Deterrence was presented as a matter of raising the cost for malign actors until they reconsider, and it was observed that naming and shaming, back channels, and sanctions have not so far been enough to stop hybrid activity from intensifying. The discussion that followed asked how far states can go in applying restrictive measures, for example against sanctioned persons and vessels, while still respecting the rule of law, and whether tools of this kind should also be a matter for alliances such as NATO.

The first panel, Protect, Partner & Promote, then took the same three verbs as its title. It asked how geopolitical uncertainty has changed economic security thinking in the EU, which steps matter most in the short to medium term and who should take them, and what role firms play, particularly in strategic industries.

Panellists noted that the EU's economic security work now draws on a much wider toolbox than before, that the protective side attracts most of the attention although a good deal of the effort goes into competitiveness and into working with like-minded partners, and that security risks, market distortions, and trade imbalances call for different instruments. These

points, together with the questions of investment needs and the role of business, run through the sections that follow.



Panel 1, Protect, Partner & Promote, in the Merode Salon on 7 October 2026.



The dinner speeches on the first and second evenings of the Forum.

1.4. How this Non-Paper is organised

The rest of this Non-Paper follows the three headings that framed the Forum's opening discussion, which are used here to organise the debate and not as a policy position. Section 2, on protection, covers mitigation, judicial recourse, sectoral variation, capacity building, and the implementation of the new EU Screening Regulation. Section 3, on promotion, then turns to Europe's need for investment and to what investors expect. Section 4, on partnership, considers cooperation between states, including with partners outside the EU, and between states and business, and Section 5 sets out conclusions and open questions.

2. Protect: screening comes of age

2.1. Mitigation and its limits

Most of the regulatory activity in European screening now concerns the conditions under which a sensitive deal may proceed. Participants reported that conditional clearances have continued to grow in number and complexity, and that more cases reaching a second phase now end in remedies. Three explanations were offered for this shift. Firstly, investors (including private equity funds) from jurisdictions once considered reliably like-minded now feature in authorities' caseloads. Secondly, authorities have gained experience and now assess both industry and geopolitics with more confidence than before. Thirdly, rearmament is drawing private capital and consolidation into defence and aerospace, which in turn produces more filings and more reviews.

As for the content of these conditions, the categories of mitigation measures are largely familiar to practitioners. Many of them aim to keep the domestic target independent and to restrict the investor's access to key technology and sensitive information. Source code may, for instance, be held by a trusted domestic third party, production and supply to public and private customers may have to continue, and appointments to the board and senior management may require prior approval. In addition, a security or compliance officer is often appointed, and this role is harder to fill than it appears, because the person must satisfy both the company and the state.

What has changed, however, is the level of detail. Authorities increasingly examine what level of access to data a transaction would grant to the investor, even when the target's main business is industrial rather than digital. Third-party audits and ex post monitoring also appear in packages more often, and some authorities now keep an internal catalogue of standard mitigation clauses, each linked to a type of risk in their assessment methodology, so that similar risks are treated in similar ways.

This growing reliance on mitigation was accompanied by two reservations, both concerning the limits of screening as an instrument. The first is that conditions requiring an acquirer to maintain employment or research spending at set levels are economic in character. Many participants therefore felt that such conditions belong in industrial or sectoral policy, unless the continuity of an essential service or public order is truly at risk.

The second reservation is practical, since an authority that imposes measures it cannot monitor weakens its own position, and proper monitoring is a continuous cycle of evidence collection and technical assessment rather than a single inspection, which often requires expertise that screening units may not have in house.

Prohibitions, by contrast, remain the exception. The cases that end in one tend to combine several aggravating features, such as a link between the beneficial owner and a foreign state, a legal duty to cooperate with that state's intelligence services, a critical role in energy or defence supply, and a lack of credible alternative suppliers. Many of these features came together in Belgium's first prohibition decision, which has been analysed in the CELIS Blog.

That decision also illustrates the practical lesson drawn by participants, namely that a serious geopolitical risk assessment should take place before a transaction is announced, because commercial exposure begins at announcement rather than at notification. Parties also prepare for the possibility that a deal cannot survive its remedies: investors often fix in advance which conditions they would not accept, and long-stop dates and conditions precedent determine how long a transaction can wait for a decision.

2.2. Predictability and judicial recourse

The prominence of mitigation naturally raises the question of how predictable mitigation decisions are and how far courts can review them. At CFIS 25, mitigation was already on the agenda, and the discussion centred on how to make sure that mitigation does not turn into protectionism, a theme developed further in CELIS's Non-Paper No 13/2025 on mitigation, compliance and judicial recourse. This year, the conversation again turned on predictability, but with greater attention to legality and to how conditions can be challenged.

Because mitigation measures emerge from negotiation, which is sometimes genuine and sometimes closer to a take-it-or-leave-it offer, an investor that has accepted conditions in order to close the deal has little reason to contest them in court afterwards. As a result, a large body of administrative practice rarely reaches a judge, and the legal standards that would make this practice more predictable develop only slowly.

Despite this gap in case law, there was broad agreement on the legal position. A mitigation measure is the form in which a restriction is imposed on one of the fundamental freedoms guaranteed by the EU Treaties; it is not a private arrangement between investor and state. It

must therefore be reasoned, linked to an identified risk and proportionate, and the fact that the investor has formally agreed to the conditions does not exempt the measure from the requirement of proportionality.

In this respect, the Court of Justice's judgment in *Xella*, which has been discussed on the CELIS Blog both as a ruling on national interest and freedom of establishment and as a possible case of judicial cherry picking, was cited as a reminder that national screening measures must respect those freedoms, in that case the freedom of establishment. Following the same logic, states were advised that every prohibition decision should explain why mitigation would not have been sufficient, because an assessment that is not recorded in the decision is difficult to demonstrate later before a court or tribunal.

How to reconcile the use of classified information in the screening process with due process, on the other hand, remains less settled. Courts accept that some material cannot be disclosed, yet the affected company is entitled to at least the essence of the reasons for the decision. To bridge this gap, two proposals drew interest: strict time limits for judicial review, so that a judgment arrives while the transaction still makes commercial sense, and security-cleared special advocates who could examine material the investor cannot see. Beyond these procedural questions, a structural asymmetry also remains.

Since the Court of Justice's judgment in *Achmea*, intra-EU investment treaty arbitration is no longer available, so EU investors who wish to challenge a screening measure must rely on free movement law before national courts, which may refer questions to the Court of Justice. Investors from third countries, by contrast, may still bring claims under bilateral investment treaties or other international investment agreements. Such claims, however, tend to lead to compensation rather than to the reversal of a security decision, not least because the enforcement mechanism of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) covers only pecuniary obligations.

2.3. Sectoral variation

While predictability concerns every screening regime, the Forum also showed that the challenges differ markedly from one sector to another. Investors have always had to choose where to file; the discussions at CFIS 26 added that the sector of the transaction matters just as much. The reason is that sectors differ in the vulnerabilities they present, in how far national screening scopes reach into them, and in the remedies that suit them.

Defence, pharmaceuticals, and data and AI illustrate this in three distinct ways: in defence, the difficulty is to attract capital without exposing critical capabilities; in pharmaceuticals, it is how far the scope of screening should reach; and in data and AI, it is a question of definition.

In defence, to begin with, the tension between attracting capital and protecting critical capabilities is sharpest. Rearmament requires private capital on a large scale. This applies to defence-technology start-ups that grow quickly and need repeated funding rounds, but also to large established defence groups and to civil manufacturers, for instance from the automotive sector, that are moving into defence production, and the same issues arise for all of them. Yet this is also a sector that screening authorities scrutinise closely.

Against this background, the distinction that gained most traction was between "capital sovereignty" and "capability sovereignty", on the view that screening should focus on the dependencies that an investment creates, in intellectual property, governance, access to information, production, and security of supply, rather than on the nationality of the capital alone. Authorities have also become more open about their approach. The German Federal Ministry of Defence, for instance, has published guidance for foreign investors and defence targets and explained its thinking in a conversation with CELIS earlier this year, while the CELIS Blog has also featured a contribution on Germany's strategic capital dilemma in defence technology.

Closely linked to this is the transatlantic dimension, which participants discussed openly. US capital was until recently seen as a mark of quality for European start-ups. Founders have since become more cautious, however, partly because a defence company's investors are now part of its public and political profile. Consequently, a transaction that looks unproblematic under screening law can still attract scrutiny from the media, parliament, and customers, as happened earlier this year when a minority stake of under 10 per cent held by a prominent US investor in a German defence-technology company became an issue in the Bundestag before the budget committee approved the procurement contracts.

Such transactions sometimes also raise questions in the screening procedure itself. Companies therefore need to know all their investors, including minority holders and the backers of funds, and not only those who own or control them, because every investor adds to how the company is seen, and they should decide early which investors they would rather not have in their shareholder base.



Panel 9, Navigating Investment in European Defence, 9 October 2026.

One view put forward in the discussion was that mitigation reaches its limit at interference in the business: information rights, oversight, and security assurances are workable, whereas influence over business decisions or board seats is not, particularly where the state is also a major customer. This is not a general rule, however, since mitigation packages in practice often include prior approval of board and senior management appointments. For start-ups, moreover, uncertainty about scope, timing, and possible conditions acts as a hidden cost of capital, and a slow decision can threaten their survival.

Pharmaceuticals, secondly, show a different problem, namely the breadth and divergence of national scopes. The sector entered many regimes only after the pandemic, and since then national definitions have diverged widely. Some regimes capture any medicine, vaccine, biotechnology, or medical technology activity, as well as health data and critical inputs, thresholds vary by product category, and basic questions of coverage, such as whether optical devices fall within scope, remain open in some jurisdictions.

The burden can be considerable: one example given was a group of three transactions that required nine filings under different regimes, some of them, in the view of those concerned, for deals without any plausible security dimension, such as a filing triggered by an early-stage clinical trial abroad. Participants did not dispute that states have a legitimate interest here, noting that security of supply for essential medicines is a problem that only states can solve, although some things, as one speaker put it, only companies can do; it was also suggested that informal dialogue before filing helps both sides even where national law makes no provision for it.

In the end, the need to protect the sector was accepted across the room, while the degree of national divergence, which is hard to justify within the Single Market, was widely criticised, and some participants called for more harmonisation at EU level. Two

developments are relevant here. The EU list of critical medicines, drawn up by the European Medicines Agency, the Heads of Medicines Agencies, and the Commission, identifies the products whose supply matters most, and the Critical Medicines Act, on which the Council and Parliament reached a provisional agreement in May 2026, addresses the security of their supply.

The EU Screening Regulation, by contrast, does not list pharmaceuticals among the sectors that every Member State must screen, although it names public health, including the availability of critical medicines, among the factors to be considered in an assessment. Because the Regulation sets only minimum standards, Member States may go further. National regimes can therefore continue to differ, and some may extend their screening, so that how much harmonisation the Regulation will bring in this sector remains an open question.

Data and AI, thirdly, present yet another challenge, which is mainly one of definition, as screening moves away from its origins in defence and dual-use goods towards broader and less tangible risks. One proposal discussed at the Forum, for example, would extend screening to greenfield investments in data centres above a certain size. The strategic weight of the sector is also visible in the figures, since UNCTAD finds that strategic sectors including AI infrastructure accounted for 44 per cent of global greenfield project values in 2025.

Nevertheless, "data", "access", and "AI" are loosely defined in most national laws, and firms often cannot tell whether a transaction must be notified, a problem that weighs heavily on AI companies acquiring and building across borders at speed. One point made in this context was that AI will at some point be treated as software integrated into hardware of almost every kind, so that screening should look at what a given system does and what access it gives rather than at AI as a concept.

Participants also stressed that not every AI application is strategic, and several of them therefore suggested that investment screening may not be the main answer here, and that clearer sector-specific regulation of data and digital infrastructure would address many of these risks more directly. The relationship between screening and sectoral rules for digital infrastructure and content weaponisation is analysed in the CELIS Blog, which treats the two as complementary.

2.4. Building screening capacity

Sectoral complexity is demanding even for established authorities, and it is all the more so for emerging and smaller regimes. These were represented in Brussels by authorities at very different stages of screening development, from governments still deciding whether to screen at all to small states with established systems. Their difficulties range from deciding what to screen to designing mitigation measures and building the institutions that can carry out both tasks.

In particular, cooperation within government does not emerge by itself: in some systems, other ministries are still slow to respond to the screening authority's requests, whereas in others a compact administration and well-placed contacts in the security agencies and sectoral regulators make informal cooperation fast. In addition, where the screening function is located, whether in an economic, trade, or security ministry, shapes the balance that is struck between openness and caution. CELIS has followed several of these debates, including Ukraine's path towards a screening mechanism and how a small state can screen investment without deterring it.

2.5. Implementing the new EU Screening Regulation

For EU Member States with established systems, the main task ahead is implementing the new EU Screening Regulation, which for most of them tightens an existing framework rather than replacing it, even though the degree of adjustment varies considerably. On the one hand, regimes that are already mature expect few structural changes, although they will have to absorb a broader dual-use scope and shorter deadlines. On the other hand, other Member States will substantially extend the sectors they screen and should expect their caseloads to rise accordingly.

In both cases, national practices of suspending the first-phase clock will need to be reconciled with the 45-day limit, an issue explored on the CELIS Blog with a focus on timely decision-making and on the first German court rulings on screening timelines. Earlier notification to the cooperation mechanism and simultaneous filing in several Member States were broadly welcomed, whereas the concern that earlier visibility might invite interventionism from other capitals found little support.

Beyond these procedural changes, the Forum also addressed scope creep, since investment screening has become the template for much of the wider economic security

toolbox, and its prominence creates pressure to load it with objectives that belong to other policy areas. Screening authorities, however, said they were actively resisting this scope creep and were pointing instead to other instruments, such as industrial policy, sectoral regulation, and subsidy control, to complement their work. Indeed, the view that each instrument should keep its own legal basis and purpose was among the few points on which no dissent was heard.

> KEY TAKEAWAY · PROTECT
>
> **It matters not only where a transaction is filed but in which sector it takes place, and the weight of screening now rests on conditions rather than prohibitions. How predictably those conditions are designed, monitored, and justified, and how clearly each sector's scope is defined, will shape the credibility of screening.**

3. Promote: what Europe needs and what investors want

3.1. The case for investment

Screening was only one side of the Forum's conversation, because participants also asked how much investment Europe needs and what it takes to attract it. Participants did not question Europe's need for investment, which the Draghi Report put at around €750 to 800 billion of additional investment each year. Participants returned repeatedly to the link between resilience, growth, and capital, both foreign and domestic. Asked whether Europe would be more or less open to foreign investment in five years' time, several participants answered that it will have to be more open, though on different conditions from those of a decade ago.

What matters, in their view, is that those conditions are consistent and applied in the same way across the Single Market. Domestic capital matters as well, because Europe holds large pools of savings that are not productively invested, and one participant noted that deeper European capital markets would be important for financing innovation. If more of that capital were put to work at home, foreign investment might become less a matter of necessity, which could ease the trade-off that screening is called on to manage.

3.2. Toolbox fatigue and the purpose of instruments

Against this need for investment, a recurring criticism from business was directed less at screening itself than at the growing number of instruments around it. Participants observed that, when a tool underperforms, the institutional reflex is often to add another rather than to ask why the first is not working. Moreover, it was pointed out that each new instrument brings reporting obligations that the receiving institutions often lack the resources to process, and even simplification, as one exchange put it, tends to arrive in the form of new regulation.

New instruments with screening elements, such as the proposed Industrial Accelerator Act, gave these concerns a concrete example. Participants warned against a second review track running on criteria that differ from those of security screening, and companies asked whether they would now have to file twice. This uncertainty is not confined to business, however. Much about how these instruments will interact remains unclear to screening authorities as well, and governments are still working out how their national procedures would relate to them. Country-agnostic drafting raised a further concern, because rules written with one country in mind can also catch trusted partners, including long-term minority investors from allied economies.

One answer offered was that rules built on precise, risk-based criteria, rather than on nationality, should not catch trusted partners, and that they should be applied consistently. The EU has a stake in this because it is at the same time widening its network of trade agreements, and, as one participant put it, its credibility as a reliable partner depends on consistent treatment. It was also recognised, however, that the EU may have legitimate security reasons for working more closely with some partners than with others.

Underlying these complaints was an analytical point made more than once, namely that security risks, market distortions, and trade imbalances are different problems, and that the EU has different instruments for each of them. Screening addresses security and public order, the Foreign Subsidies Regulation addresses distortive subsidies, merger control addresses market power, and trade defence addresses unfair trade. Blending them therefore invites both overreach and ineffectiveness, and in practice the boundaries are already less clear than the legal texts suggest.

The remedies in ADNOC/Covestro, cleared with commitments under the Foreign Subsidies Regulation in 2025, included making certain sustainability patents available to the market,

which raised the question of where correcting a distortion ends and selecting market outcomes begins. Similarly, withdrawals such as CRRC's exit from a Bulgarian tender show that these instruments also work through deterrence. Finally, China's restrictions on EU medical devices, adopted in response to EU procurement measures, were a reminder that retaliation is a real cost for an economy that depends on foreign markets.

The same candour applied to diversification, whose price is paid through public procurement and ultimately by consumers. Participants argued that this price should be stated openly, alongside the costs that diversification avoids when supply is disrupted, all the more so, one participant added, because voluntary diversification by companies has so far been modest.

> KEY TAKEAWAY · PROMOTE
>
> **Business did not ask for less screening but for a more coherent system, and screening authorities themselves are keeping the instrument to its security purpose.**

4. Partner: coordination among states, and between states and business

4.1. Cooperation among states

Many of the problems discussed above cannot be solved by any single state, which is why partnership formed the third strand of the Forum. In the Commission's economic security approach the term refers to working with like-minded countries outside the EU, whereas at the Forum it also covered coordination among Member States and between governments and business, and this section follows that wider use. For investors, to start with, differences between screening laws create uncertainty about the risk methodology an authority will apply and about the outcome of the review.



A closed-door roundtable session at the Forum, held under the Chatham House Rule.

In principle, such differences can also make a transaction unworkable if conditions imposed in different jurisdictions contradict one another, a risk that may grow with the number of regimes and conditional clearances. Within the EU, remedies remain the responsibility of each Member State, and some authorities already try to confine their conditions to activities on their own territory and to consult their counterparts before deciding.

Building on these practices, the new EU Screening Regulation provides better tools for coordination within the EU, including earlier notification, simultaneous filing, a shared database of outcomes, and the possibility for the Commission to propose mitigating measures. Whether these tools produce compatible remedies will, of course, depend on how Member States use them.

Moreover, harmonisation in the EU has limits, because each Member State remains solely responsible for its national security. The decision on a given investment is adopted by the Member State that carries out the screening, but that Member State must give due consideration to the comments of other Member States and to any opinion of the Commission, which may also act where an investment affects several Member States or a project of Union interest.

In addition, the EU Screening Regulation sets out common factors, relating to the target and to the investor, that Member States are to consider when assessing risks to security or public order, so that the factors behind a decision are shared even where the outcome is

not. Member States may therefore converge on procedures, definitions, information requirements, and assessment factors, while individual decisions stay national, and the realistic aim within the EU is a common method rather than a single European decision-maker.

Cooperation between EU Member States and partners outside the EU, such as the United States and the United Kingdom, follows a different logic. It was described as close at working level, though it is limited both by each state's sovereignty over security decisions and by the legal constraints on sharing information with one another.

This kind of multi-jurisdictional cooperation has been a central theme of the discussions CELIS has facilitated over the past year, from CFIS 25 in Berlin to the CELIS events in Washington and Singapore this year, and it will be taken further in Tokyo in November. One consistent finding from these discussions is that the exchange of information is itself sometimes a barrier. Formal exchanges of documents between authorities are difficult, whereas informal exchanges based on trusted relationships, built among other places at gatherings such as CFIS, have proven their value.

For emerging and smaller regimes, in addition, exchange between states has a further purpose, because it allows them to learn how others have designed their systems, to share best practices, and to build their own capabilities efficiently rather than starting from scratch. Participants from Asia and Latin America described the European experience as a point of reference for their own systems. At the same time, some lessons travel in the other direction, notably the designated-entity approaches and close public-private relationships that smaller systems can maintain.

4.2. States and business

Partnership, however, is not only a matter between states, since a theme that ran through many sessions was that governments cannot deliver economic security on their own. Companies know their supply chains and often see most clearly what a workable remedy would look like, and the target of an acquisition usually understands its operations better than either the investor or the authority. Governments, for their part, hold the threat intelligence and the legal powers, so that each side depends on the other.

Yet awareness of geopolitical risk among companies, while growing, remains uneven. The European Business Survey published in September 2026 by the Bertelsmann Stiftung

found that only a third of responding companies discuss economic security at management level at least once a month, and that only 10 per cent have made concrete preparations for a Taiwan contingency.

The survey also points to a gap between companies and policymakers, as firms prefer supportive measures over assertive ones. At the same time, business associations are also engaging on security and defence, partly because strategic relevance has expanded well beyond the traditional defence industry, to dual-use technologies, to pharmaceuticals, and to parts of the AI sector.

Against this background, companies were clear about the support they need from authorities. Their requests included earlier and more structured dialogue before filing, faster decisions, published guidance of the kind some ministries have begun to issue, and more transparency about how risks are assessed. Authorities, in turn, acknowledged that they need to decide faster and advise better, and they identified two roles for themselves: making sure that decisions are informed by the views of the private sector, including through trusted advisory networks, and acting as matchmakers between companies in different parts of Europe that would not otherwise meet.

More broadly, participants returned to the idea, in several forms over the three days, that partnership between public and private actors is itself part of how Europe remains competitive. How such exchanges can be organised securely, given the sensitivity of the information involved, nevertheless remains an open question.

For emerging regimes, finally, the relationship with business matters especially, because stakeholders need to understand what investment screening is and what it is not if they are not to be deterred by it, and this requires sustained communication with investors, parliaments, and civil society from the outset.

> KEY TAKEAWAY · PARTNER
>
> **Formal channels for cooperation are improving, within the EU and with partners beyond it, but much of the most useful exchange still depends on informal relationships of trust, between authorities and between authorities and the firms they review.**

5. Conclusion: the harder conversation is the necessary one

Taken together, the discussions at CFIS 26 point to three conclusions. Firstly, Europe's task has shifted from building an economic security toolbox to operating one. The instruments exist, and the questions that matter now concern how they are calibrated, how they interact, and whether administrations have the capacity to apply them well. Several participants considered that a candid review of why existing tools have performed as they have would be more useful than a further layer of obligations, and the resistance of screening authorities themselves to scope creep suggests that this view is shared inside government as well as outside it.

Secondly, participants stressed that screening depends on trust as well as on law. Investors need predictability, authorities need candid information from the firms they review, courts need cases if legal standards are to develop, and allies need confidence that conditions agreed in one capital will not be undermined in another. Legislation alone, therefore, cannot supply any of these.

Thirdly, protection and promotion were seen as closely linked. Without capital, resilience is hard to build, and without protection of its critical capabilities, Europe will find it harder to attract the right kind of capital. The period leading up to the application of the new EU Screening Regulation in January 2028, during which further instruments in the economic security toolbox will also take shape, is the time in which the EU and its Member States can work towards both objectives together.

Beyond these conclusions, several questions remain open for the years ahead. How should compatible remedies be designed for transactions screened in several jurisdictions? How should "trusted capital" be assessed when alliances themselves are shifting? Where does security screening end and industrial policy begin, and who decides? How can mitigation be made accountable without driving every condition into litigation? And how can sector-specific risks be addressed without multiplying divergent national scopes?

CELIS will continue to pursue these questions in three ways.

Convening across borders

Bringing screening authorities and their counterparts together in trusted settings, from Brussels and Berlin to Washington, Singapore, and Tokyo, so that cooperation between states can grow.

Public-private dialogue

Offering spaces where regulators and businesses can talk through real cases candidly, within the limits that security sets.

Capacity building

Helping states that are adopting or reforming screening regimes, through advisory work, training, and the Country Report project, so that new systems can learn from older ones.

Geopolitical times are difficult, and a dialogue on investment screening and economic security is harder to hold than it once was. Nevertheless, CFIS 26 showed that such a dialogue can still be held. The CELIS Institute thanks every speaker, participant, patron, and partner who made the Forum possible, and looks forward to continuing the conversation.



Closing remarks by the convenors on 9 October 2026.

Annex I: Who took part

The participant list for CFIS 26 records 134 people, including the CELIS team that organised the Forum. Because the Forum took place under the Chatham House Rule, this section gives group totals and the names of participating organisations only; it names no individual and links no organisation to any statement made at the Forum.

Representatives of government and EU institutions formed the largest group with 57 participants, 11 of them from EU institutions and 46 from ministries, authorities, and diplomatic missions of 26 countries, and these were joined by 28 lawyers from 22 law firms, 19 representatives of companies, investors, and business associations, 14 researchers and academics, four journalists, and four representatives of international and non-governmental organisations. Of the 26 countries, 12 are EU Member States, seven are other European countries (counting Armenia), and seven lie outside Europe.

GROUP	PEOPLE	PARTICIPATING ORGANISATIONS
Government and EU institutions	57	EU institutions, and ministries, authorities and diplomatic missions of 27 countries (listed below)
Law firms	28	Advokatfirman Delphi, Akin, AVELLUM, Bech-Bruun, BLOMSTEIN, Clifford Chance, Covington & Burling, Debevoise & Plimpton, DLA Piper, Goodwin, HPP Attorneys, Kinstellar, Kirkland & Ellis, Liedekerke, Linklaters, Loyens & Loeff, Pillsbury Winthrop Shaw Pittman, Schoenherr, Simpson Thacher & Bartlett, Skadden, Vinge, Wolf Theiss
Business	19	Airbus, American Chamber of Commerce in Moldova, BusinessEurope, Ericsson, European Medicines Verification Organisation, Gilead Sciences, Johnson & Johnson, NSE Indices, Nscale, OHB, Prometheus, Stellantis, Temasek, TYTAN Technologies, Women in Defense Tech
Academia and research	14	Egmont Institute, European Policy Centre, Finnish Institute of International Affairs, Ghent University, Indiana University Bloomington, Royal Military Academy, University of Antwerp, University of Oxford, University of Szeged, University of Trento, Vrije Universiteit Brussel
Media	4	Financial Times, POLITICO, The Wall Street Journal, and an independent journalist

GROUP	PEOPLE	PARTICIPATING ORGANISATIONS
International and non-governmental organisations	4	Center for International Private Enterprise, European Centre of Excellence for Countering Hybrid Threats
CELIS team and photographer	8	CELIS Institute
Total	**134**	

COUNTRIES REPRESENTED

Armenia, Austria, Belgium, Chile, Croatia, Finland, France, Germany, Hungary, Moldova, Montenegro, the Netherlands, New Zealand, Norway, The Philippines, Pakistan, Romania, São Tomé and Príncipe, Singapore, Slovenia, South Korea, Spain, Sweden, Switzerland, Ukraine, the United Kingdom, and the United States.

CFIS 26 patrons

The CELIS Institute thanks the patrons of CFIS 26 for their support.

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GOODWIN | Skadden | CIPE CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

Annex II: Abbreviations

ADNOC	Abu Dhabi National Oil Company
AI	Artificial intelligence
CFIS	CELIS Forum on Investment Screening and Economic Security
EU	European Union
ICSID	International Centre for Settlement of Investment Disputes
LNG	Liquefied natural gas
NATO	North Atlantic Treaty Organization
SAFE	Security Action for Europe
UNCTAD	United Nations Conference on Trade and Development
US	United States

About the CELIS Institute

The CELIS Institute is an independent non-profit, non-partisan research enterprise dedicated to promoting better regulation of foreign investments in the context of security, public order, and competitiveness. It produces expert analysis and fosters a continuous trusting dialogue between policymakers, the investment community, and academics. The CELIS Institute is the leading forum for studying and debating investment screening policy.
The CELIS Institute enjoys the status of charitable enterprise under German law.
https://celis.institute/

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The CELIS Non-Papers on Economic Security is an occasional papers series published by the CELIS Institute gUG, Berlin, offering expert analyses and insights into pressing issues at the intersection of economic security, open markets, and competitiveness. Authored by scholars and practitioners, these non-papers delve into topics such as investment screening, supply chain vulnerabilities, foreign subsidies, sanctions, energy security, and other areas of economic security, providing thought-provoking perspectives to inform policy and practice.