PROTECTION WITHOUT ISOLATION

Investment Screening as a Pillar of Ukraine's Economic Security

ECONOMIC SECURITY COUNCIL *of* UKRAINE

INTERNATIONAL RENAISSANCE FOUNDATION

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EXECUTIVE SUMMARY

Ukraine is approaching the introduction of foreign direct investment screening amid a unique combination of security and economic challenges. On the one hand, the country is countering Russia's military aggression; on the other, it faces persistent hybrid influence, including through **corrosive capital**. Russia has historically used this instrument to exploit strategic resources for its own needs and to deliberately destroy competing industries, and it has also generated resources for other hybrid operations.

The full-scale invasion has sharpened these risks in a number of sectors — first and foremost the defence-industrial complex — that are at once rapidly developing, in need of private capital, and critical to national security. These same sectors pose a direct threat to Ukraine's adversaries, which makes them targets not only of conventional attacks but also of bad-faith investors.

Even now, Ukraine needs private foreign capital for reconstruction and to offset economic losses that cannot be covered by domestic resources or international assistance alone. At the same time, **an end to the active phase of the war and constraints on the use of conventional weapons may push Russia to intensify hybrid pressure,** in which investments and control over assets will become some of its principal instruments of influence. Moreover, historical cases — in particular the attempted acquisitions of Motor Sich JSC and Fire Point — show that the **problem of corrosive capital is not confined to Russia.**

For Ukraine, FDI screening is not only a necessary instrument of protection against such threats but also **part of its adaptation to the new economic security architecture of its allies.** Ukraine's path toward adopting dedicated legislation is unfolding against the background of a global trend toward introducing specialised FDI screening mechanisms and the harmonisation of European legislation in this area — which is particularly significant in light of Ukraine's European integration aspirations.

The need for an FDI screening mechanism has been acknowledged by Ukraine at the state level, and work on legislative regulation has been ongoing since at least 2021. **None of the initiatives, however, have been adopted by (or even reviewed in) parliament, which has forced the state to resort to interim, often fragmented and reactive solutions drawing on other instruments not designed to counter such threats.** This has provided neither preventive protection nor predictability for investors. **The current version of the draft law on FDI screening has been developed by the Verkhovna Rada Committee on Economic Development with the involvement of the expert community, and as of the publication date of this report it is awaiting registration in parliament.**

The effectiveness of the future mechanism will depend on the quality of its design: the balancing of key dilemmas, compliance with international and European standards on the basic principles of FDI screening, and the ability to take into account the combination of risks associated with the investor, the investment target, and the type of control.

A comparative legal analysis of thirteen key parameters of FDI screening across ten jurisdictions demonstrates a mature and consolidated global practice on basic principles, as well as significant variation in details that are sensitive to national context. **The Committee's work on the text of the Ukrainian draft law is largely consistent with international best practice across most parameters.** At the same time, certain elements of the future system require refinement:

- Dual-use items should be added to the list of qualifying activities; fines for minor breaches should be removed; and the five-year review period for the investor's ties to the aggressor state should be extended.
- The draft law should also unify the legal regime for persons connected with the Republic of Belarus, more clearly define certain concepts — including “technological sovereignty” — and set out in more detail the stages of review under the simplified screening procedure.
- In refining the law, drafting subordinate legislation, and implementing the system in practice, it is advisable to follow the principles of effective FDI screening, including: a balance between national security and the attraction of investment; the proportionality of response measures to the level of risk; consistency with European regulations; certainty as to deadlines, procedures, and communication with the investor; and coordination with other authorisation procedures.

INTRODUCTION

Over the past decade, Ukraine has been confronting not only direct military aggression by the Russian Federation but also multi-layered hybrid pressure. While the analytical and academic communities pay considerable attention to the specifics of information operations, cyberattacks, energy blackmail, and influence exerted through culture and religion, economic levers play no less significant a role in hybrid aggression.[1] This concerns, in particular, manifestations of corrosive capital — investments, control over strategic assets, and technological and contractual dependencies that the aggressor exploits to establish long-term political, economic, and security influence.[2] As the arsenal of hybrid instruments expands, so does the range of vulnerable targets. At-risk objects now include not only traditionally sensitive assets but also an ever-widening range of sectors important to national security. The need is accordingly growing not just for narrow restrictions but for more sophisticated, comprehensive protective mechanisms. In countering corrosive investments, one of the instruments of such protection at the state level is foreign direct investment (FDI) screening.[3]

Ukraine has faced the risks of corrosive capital throughout its entire period of independence. The state has sought to respond to these risks both through existing economic security instruments and through attempts to create dedicated FDI screening legislation. The need for such a mechanism has already been recognised in strategic documents on economic security, yet earlier legislative initiatives have not produced a functioning system of protection (see Chapter 1.3). In May 2026, Ukraine is closer than ever to registering a balanced draft law on FDI screening. This heightens the need not only for political backing of such a decision but also for the substantive definition of its key provisions.

Investment screening is a complex, multi-layered system that requires comprehensive expertise — from the analysis of the structure of investment deals to an understanding of the specifics of individual sectors of the economy and industry. It is not only a technical but also a coordination process. It involves a broad range of stakeholders in Ukraine and abroad: relevant ministries, economic security authorities, security and intelligence services, the expert community, civil society, and businesses. Their interests, mandates, and needs must be taken into account and reconciled with one another.

International experience can be useful, but it cannot be transposed mechanically into Ukrainian environment. FDI screening mechanisms differ significantly across jurisdictions in their institutional architecture, review procedures, and lists of sensitive sectors. Each state adapts this instrument to its own economic, political, and security context. For Ukraine, this is particularly important: the national model must simultaneously take into account the need for foreign capital, the experience of hybrid aggression, the risks of corrosive capital, and the European integration process.

Despite the growing attention paid to this topic, Ukraine still lacks studies that analyse FDI screening comprehensively through the lens of national needs. Most available materials focus either on broader international experience or on individual aspects of investment security. Existing studies mainly cover three areas:

- global trends and best practices in screening;
- analysis of national legislation in this field;
- the study of corrosive capital as an instrument of economic penetration.[4]

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[1] https://censs.org/concept-of-hybrid-warfare-and-its-components/;
https://visnyk-psp.kpi.ua/article/view/332563;
https://bit.ly/eu-disinfo;
https://ain.ua/2025/10/22/xronologiia-rosiiskix-kiberatak-na-ukrayinu/;
https://www.radiosvoboda.org/a/news-shmyhal-druzhba-poshkodzhennya/33693252.html;
https://bit.ly/novynskyi-rpts-ukraine;
https://www.president.gov.ua/news/zatverdiv-sogodni-novi-nashi-operaciyi-yaksho-rosiya-ne-hoch-104165;

[2] According to a 2023 study by the Centre for Economic Strategy, the share of domestic private constructive capital in Ukraine was around 22%, whereas that of corrosive capital (in particular oligarchic business) was around 46%.
https://ces.org.ua/wp-content/uploads/2023/12/konstruktivnij-kapital-v-ukraini-3.pdf;
https://securityanddefence.pl/pdf-151038-85044?filename=Economic-coercion-as-a-me.pdf;

[3] https://epravda.com.ua/finances/skrining-inozemnih-investiciy-v-ukrajini-noviy-zakon-i-vikliki-2026-roku-818768/

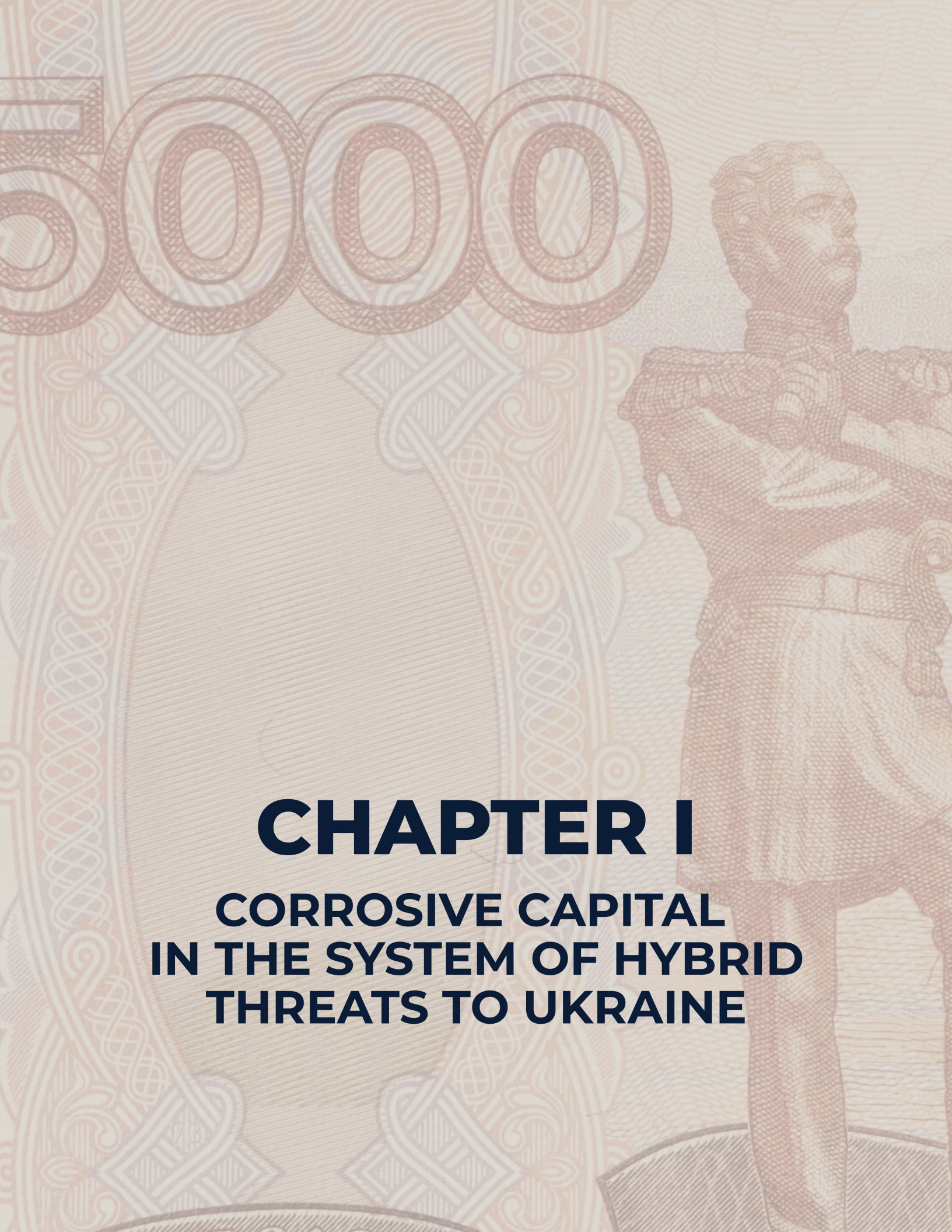
[4] https://unctad.org/publication/evolution-fdi-screening-mechanisms-key-trends-and-features;
https://www.stimson.org/event/strengthening-national-security-through-effective-foreign-direct-investment-practices/;

Thus, despite a substantial body of work on corrosive capital, the security risks of investments, and international screening models, what is missing is analysis that combines global experience with the specific needs of the Ukrainian context. It is precisely this gap that is particularly important for shaping state policy on investment screening. This report seeks to contribute to filling it. It draws on a comprehensive methodology and proceeds from Ukraine's economic and security context. Such an understanding is key to creating a screening mechanism that takes into account the national specifics of public administration, the investment climate, and security risks.

The first chapter substantiates the need to introduce an investment screening mechanism in Ukraine. To that end, it analyses the penetration of corrosive capital and earlier attempts to counter such risks. The second chapter examines screening as an instrument of economic security and identifies the principles on which a sound mechanism should be based.

A separate chapter is devoted to a comparative legal analysis of the legislation of the United States, the United Kingdom, Taiwan, Latvia, Germany, Japan, Republic of Korea, Romania, Sweden, and Finland. In addition to a study of the legislative framework, the research methodology includes a series of expert interviews with representatives of governments, civil society, and businesses. This made it possible to take into account not only the formal parameters of regulation but also their application in practice. On this basis, international experience was compared with the text of the Ukrainian draft law on investment screening developed by the working group under the Committee. The result is a set of recommendations for its refinement that take into account both global standards and Ukrainian realities.

https://www.cipe.org/wp-content/uploads/2023/05/CIPE-investment-security_pages_8-May-2023.pdf;
https://www.cipe.org/wp-content/uploads/2024/07/Investment-Screening-Report-20240730.pdf;
https://www.celis.institute/resources/#Countryreports;
https://iclg.com/practice-areas/foreign-direct-investment-regimes-laws-and-regulations;
https://www.whitecase.com/insight-our-thinking/foreign-direct-investment-reviews-2025;
https://bit.ly/fdi-screening-central-europe;
https://ces.org.ua/research-constructive-capital-in-ukraine/;
https://cascht.com/wp-content/uploads/2023/09/Russian-Corrosive-Invements-CIPE-FINAL-UKR.pdf;
https://csd.eu/publications/publication/investment-screening-for-enhanced-economic-security/;
https://bit.ly/4eqinv0;



CHAPTER I

CORROSIVE CAPITAL IN THE SYSTEM OF HYBRID THREATS TO UKRAINE

CHAPTER 1. CORROSIVE CAPITAL IN THE SYSTEM OF HYBRID THREATS TO UKRAINE

To understand what the screening mechanism in Ukraine should look like, three questions first need to be answered: what threat is it intended to neutralise, how has that threat manifested itself in the Ukrainian context, and are the state's existing instruments capable of responding to it? The concept of corrosive capital gained wide currency after the 2018 report of the Center for International Private Enterprise (CIPE). That report defined corrosive capital as capital that lacks transparency, accountability, and market orientation and that originates from jurisdictions with authoritarian regimes.[5] Over time the concept has broadened. It now covers not only opaque foreign investments but also participation in the equity capital of companies, loans, financial development assistance, and other forms of commercial influence.

Corrosive capital is a form of hybrid influence. Through it, hostile or high-risk actors can gain access to strategic assets, infrastructure, technologies, and data.[6] Such influence may be exerted through direct or indirect investment in the economy of another state — in particular to acquire corporate rights, control, or other decisive influence over enterprises.[7] Its hybrid nature lies in the fact that the real objective often extends beyond the individual asset. The aim is not just commercial gain but the ability to exert systemic destructive influence on critical industries and, by extension, on national security.[8]

Beyond economic pressure, such capital is increasingly becoming an instrument of intelligence activity, sabotage, and — in wartime — kinetic aggression. A telling example is the concern voiced by US intelligence over the ownership by a Chinese investor with ties to Beijing's intelligence structures of a large parcel of land near the strategically important Grand Forks Air Force Base in North Dakota.[9] It was precisely the risk of using formally commercial sites as a staging ground for espionage, monitoring, or data interception that became one of the reasons for expanding the powers of the Committee on Foreign Investment in the United States (CFIUS) to review real estate transactions near strategic military facilities.[10]

Analogous threats are being recorded in Europe, where reports of Russia-linked individuals acquiring real estate near military and critical infrastructure have become more frequent since 2022.[11] Ukraine's experience also shows that the risks of corrosive capital are not purely theoretical; they have already manifested themselves in specific sectors, deals, and forms of control.

1.1. The Economic and Security Situation in Ukraine

The relevance of researching corrosive capital in Ukraine stems, in particular, from the unique economic and security context in which the state is forced to balance the imperative of ensuring its own security against an acute need for foreign private capital.

Long-term national security priorities and the immediate need to equip the army with weapons have driven the rapid development of the Ukrainian defence sector, which has become one of the country's key economic trends. In 2025, Ukraine's defence-industrial complex grew to USD 35 billion, up from USD 1 billion in 2022, while the number of arms-producing enterprises reached 900, of which more than 800 are private. According to available estimates, the defence industry has also become one of the drivers of economic resilience: in 2023, against overall GDP growth of 5.5%, the defence-industrial complex

[5] https://ces.org.ua/shcho-take-konstruktivniy-ta-koroziyniy-kapital/
[6] https://corrosiveconstructivecapital.cipe.org/corrosive-capital/
[7] https://cascht.com/wp-content/uploads/2023/09/Russian-Corrosive-Invements-CIPE-FINAL-UKR.pdf
[8] The concept of hybridity is based on the well-founded premise that, in a globalised world, influencing the internal situation in other states — up to their partial or complete subjugation — does not necessarily require the use of military force.
https://securityanddefence.pl/Hybridity-a-new-method-to-accomplish-dominance,103347,0,2.html
[9] https://bit.ly/499HT40
[10] https://home.treasury.gov/news/press-releases/jy2708
[11] https://www.telegraph.co.uk/world-news/2026/02/23/russian-spies-buy-homes-close-military-sites-europe-kremlin/

contributed 1.5 percentage points, and in 2024 it contributed 1.2 percentage points against overall GDP growth of 2.9%.[12] In 2026, the overall size of the industry could nearly double, to USD 60 billion, while the long-range weapons segment alone could reach USD 35 billion.[13] The drivers of such growth include foreign direct investment and the opening of facilities of major foreign companies in Ukraine, as well as financial assistance from partners, which currently covers civilian expenditures in the state budget.[14]

The defence-industrial complex is a clear example of a sector that combines economic, technological, and security sensitivities. On the one hand, it is critical to the state's resilience and requires inflows of foreign capital to develop, scale up production, and introduce innovation. On the other, the industry concentrates unique research, critical data, and technologies, which makes it a potential object of interest for bad-faith investors.[15] Similar dynamics can be observed in the dual-use items sector. At the same time, in wartime conditions Ukraine's defence-industrial complex poses a direct threat to Russia and Ukraine's other adversaries, and it has therefore already become a target of both kinetic and hybrid attacks.[16] Corrosive capital is one of the instruments of such hybrid influence, through which adversaries may attempt to establish control over production processes, obtain secret technologies, or carry out sabotage under the cover of commercial activity.

At the same time, the scale of reconstruction makes foreign capital strategically necessary well beyond the defence sector. According to the Fifth Rapid Damage and Needs Assessment (RDNA5), direct damage over the course of the full-scale war stood at USD 195 billion as of the end of 2025.[17] The World Bank's estimate for end-2025 puts the total cost of post-war reconstruction over the next decade at USD 588 billion. By comparison, Ukraine's 2025 GDP was USD 209 billion.[18] Under conditions in which reconstruction needs are nearly three times the annual size of the national economy, partner assistance and foreign private investment become critically important.[19]

Official assistance from partners remains critically important for Ukraine's macro-financial stability. In 2026–2027, the key role here will be played by the EU's new EUR 90 billion credit instrument, designed to cover both the budgetary and the defence needs of the state. Part of these funds is intended to provide macroeconomic support, while a larger volume of financing is earmarked for military expenditures, the development of Ukraine's defence-industrial complex, and the procurement of weapons.[20] However, the very fact that this package required complex political coordination demonstrates the limits of this model of support. Securing external assistance now requires ever more difficult negotiations, depends on the domestic political dynamics of partner countries, and is likely to become even less predictable going forward.[21] Moreover, support is increasingly being provided in the form of loans rather than grants. Even where such instruments offer concessional terms or are linked to future reparations, they do not remove the long-term problem of debt burden and cannot serve as the sole basis for the recovery and modernisation of the economy. This is precisely why Ukraine needs not only official financing but also private foreign capital.[22]

Foreign private investment is therefore not a substitute for official assistance but a necessary complement to it. It can support industrial modernisation, technology transfer, the localisation of production, and the integration of Ukrainian enterprises into global supply chains without a direct increase in public debt. In the field of defence technologies this is especially significant: the development of new products and production solutions often requires entrepreneurial expertise, rapid access to

[12] https://www.kmu.gov.ua/news/ukrainskyi-opk-za-try-roky-transformuvavsia-u-potuzhnu-innovatsiinu-industriiu-hanna-hvozdiar-na-zustrichi-z-misiieiu-mvf
[13]https://forbes.ua/news/u-2026-rotsi-potuzhnosti-ukrainskogo-vpk-zrostut-mayzhe-vdvichi-lishe-dalekobiyni-sistemi-dadut-35-mlrd-prognoz-rnbo-07112025-33937
[14] https://gmk.center/en/posts/how-global-industrial-giants-develop-production-in-ukraine-during-the-war/;
https://economyandsociety.in.ua/index.php/journal/article/download/6134/6076;
https://www.worldbank.org/en/country/ukraine/brief/world-bank-emergency-financing-package-for-ukraine;
https://ec.europa.eu/commission/presscorner/detail/en/ip_26_764;
[15] Such unique developments include, in particular: unmanned surface vehicle technologies (autonomous navigation algorithms), the latest electronic warfare systems, software for networked centralised battlefield management, and artificial intelligence algorithms for the automatic recognition of targets within reconnaissance-strike systems. Unique developments in the defence-industrial complex include: the P1-SUN and UJ-22 Airborne in the field of UAVs; the Morok family in the field of EW; Delta and Kropyva in the field of software; and Sea Baby as the latest USV development.
[16] https://bit.ly/ukrzaliznytsia-cyberattack
[17] https://bit.ly/worldbank-policy-paper
[18] https://bit.ly/ukraine-statistics
[19] https://niss.gov.ua/doslidzhennya/mizhnarodni-vidnosyny/otsinka-potreb-ukrayiny-na-vidnovlennya-ta-vidbudovu-1
[20] https://bit.ly/ukraine-90bn-loan
[21] https://www.wsj.com/world/europe/ukraine-is-europes-war-now-77f8e3ce
[22] https://mind.ua/publications/20304337-90-mlrd-evro-dlya-ukrayini-chomu-kredit-es-ne-rozvyazue-problemi-deficitu-ta-yak-povne-finansuvannya-byud

markets, and the willingness of private companies to assume a share of the technological and commercial risk.

The experience of Rheinmetall, Quantum Systems, and Baykar shows that engaging international companies can accelerate the localisation of production, the integration of Ukrainian enterprises into global supply chains, and the transfer of technological capabilities into Ukraine.[23] In this sense, private capital is not merely an additional source of financing but one of the mechanisms for technological renewal, industrial scaling, and the strengthening of the state's economic resilience. Despite the protracted full-scale armed aggression, FDI continues to flow into Ukraine. As of the end of 2025, total net FDI inflows stood at approximately USD 2.6 billion.[24] According to data on the Ministry of Finance's portal, in addition to defence technologies, the greatest investment potential lies in energy (projects worth USD 33.4 billion), real estate and construction (USD 7.7 billion), and transport and logistics (USD 5.4 billion).[25] Additional investor attention is being drawn to the extraction of strategic minerals and to healthcare. In international practice these sectors are classified as critical, since the entry of foreign capital into such assets can, under certain conditions, generate security risks — which is why mandatory screening becomes necessary.

Ukraine's progress in introducing an FDI screening system is unfolding against the background of a large-scale rethinking of global economic security. According to data from the United Nations Conference on Trade and Development (UNCTAD), as of 2018 there were 24 countries in the world with FDI screening mechanisms.[26] By 2025 this number had doubled, exceeding 50.[27] The trend is not only about the proliferation of national screening systems but also about the tightening of the regulation itself. Developed economies are increasingly moving from general control instruments to specialised legislation on investment security. The United Kingdom offers one such example: its National Security and Investment Act of 2021 established a separate FDI screening regime because the broader provisions of the Enterprise Act did not provide a sufficiently targeted mechanism for assessing risks to national security.[28] Analogous reforms were carried out by Japan, which updated its Foreign Exchange and Foreign Trade Act, and by Finland, which integrated screening mechanisms into its national resilience system.[29]

At the same time, development trajectories differ across regions: while liberalisation continues in Asia and Africa, developed economies are tightening control, above all over high technologies and critical raw materials.[30] This approach is also enshrined in US strategic initiatives. One example is the US-Ukraine Minerals Agreement, which restricts access to strategic subsoil for hostile jurisdictions.[31] In this context, FDI screening is for Ukraine not only an instrument of protection but also part of its adaptation to the new economic security architecture of its allies. The introduction of a transparent and predictable FDI screening system will eliminate the scope for arbitrary decisions by state bodies and create a mechanism for investing in Ukraine that is comprehensible to international business.

A separate strategic trend is the active harmonisation of FDI screening legislation within the European Union. The cornerstone of this policy has been Regulation 2019/452, which established a mechanism for coordination and the exchange of data between countries. This development has now reached the stage at which all EU Member States have introduced national screening systems, with Cyprus the last country to complete this institutional cycle.[32] The EU is currently working on a new version of Regulation 2019/452 that will significantly tighten the requirements placed on Member States. The principal change consists in a shift from a mechanism of simple information sharing to the establishment of common obligations

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[23] https://bit.ly/rheinmetall-annual-report-2025;
https://bit.ly/iiss-turkey-military;
https://bit.ly/defense-quantum;
[24] The 2025 figures are preliminary and based on reporting as of 31 December 2025; they are expected to be further refined once the enterprises' final annual financial statements have been received.
https://bank.gov.ua/ua/statistic/sector-external/#5
[25] https://investportalua.com/investment-guide-ua/#sector-overview
Net FDI inflows should not be equated with the investment potential of individual sectors: the former records the actual balance of capital entering and exiting, whereas the latter reflects the approximate scale of projects that may be realised over several years and will not necessarily be financed in full.
[26] https://unctad.org/system/files/official-document/wir2019_en.pdf
[27] https://bit.ly/fdi-security-2025
[28] https://www.legislation.gov.uk/ukpga/2021/25/contents
[29] https://www.japaneselawtranslation.go.jp/en/laws/view/4412/en;
https://finland.dlapiper.com/en/news/finland-significantly-tighten-its-fdi-screening-regime;
[30] https://unctad.org/system/files/official-document/wir2025_en.pdf
[31] https://www.kmu.gov.ua/storage/app/uploads/public/681/33c/e8f/68133ce8f2e82842702204.pdf
[32] https://www.whitecase.com/insight-our-thinking/foreign-direct-investment-reviews-2026-republic-of-cyprus

to screen capital in the most sensitive sectors. The reform introduces a mandatory minimum list of sectors that must be subject to screening across all EU countries, in particular artificial intelligence, quantum technologies, and semiconductors. For Ukraine, this process is of particular significance given its European integration aspirations. While, as a candidate state, Ukraine is not formally obliged to adopt a dedicated investment screening law, its introduction and synchronisation with EU rules and standards are important for high-quality integration into the European market and into the EU's legal and security architecture.

The Ukrainian context is thus characterised by a combination of a critical need for foreign private capital and a heightened vulnerability to its potential bad-faith use. The large-scale growth of the defence-industrial complex, the needs of post-war reconstruction, the deficit of budgetary financing, and the need for industrial modernisation make foreign investment one of the key factors in Ukraine's economic resilience. At the same time, the very sectors most in need of capital — the defence industry, energy, transport, logistics, strategic minerals, infrastructure, high technologies, and healthcare — are the most sensitive from a national security perspective.

For Ukraine, creating its own FDI screening system is not only a security necessity but also part of integration into the EU's legal, economic, and security architecture. International experience confirms that FDI screening is becoming a standard element of modern economic security, and the European Union is consistently strengthening the coordination and harmonisation of such mechanisms.

1.2. The History of Corrosive Capital Penetration in Ukraine

Russian capital has traditionally played the leading role among sources of corrosive investment in Ukraine, serving as a means of preserving and deepening Russia's influence over the country.

Asset seizures at the start of the full-scale invasion showed that Russian beneficial owners were present in sectors important to national security — sectors that, in jurisdictions with developed investment screening mechanisms, would typically be subject to screening procedures. Russian legal entities and individuals held assets in:

- the financial sector (corporate rights in Alfa-Bank Ukraine JSC (now SENS BANK JSC) held by the oligarchs Mikhail Fridman, Petr Aven, and Andrey Kosogov);
- heavy industry (a stake held by companies linked to Oleg Deripaska's RUSAL LLC (рос. ООО «РУСАЛ») in the Mykolaiv Alumina Refinery);
- telecommunications (persons affiliated with Russian shareholders in the ownership of the mobile operator KYIVSTAR PJSC);
- energy (assets of oil-and-gas companies — Glusco petrol stations, linked to the businessman Alexander Babakov, and Karpatnaftohim LLC, controlled by offshore structures of Ilkham Mamedov and Ihor Shchutskyi);
- logistics infrastructure (vessels used for shipping in the Black Sea region);
- real estate (one of the country's largest shopping and entertainment centres, Ocean Plaza in Kyiv, belonging to Arkady Rotenberg's circle).[33]

At the same time, Russia's hybrid economic influence was not limited to control over assets but pursued other objectives, including the exploitation of strategic resources for its own needs and the deliberate destruction of competing industries. The titanium industry, in particular, came under the monopoly control of pro-Russian structures between 2001 and 2014.[34] In that case the goal was not bankruptcy but the use of

[33] https://forbes.ua/news/sud-zaareshtuvav-aktivi-ofshoriv-fridmana-i-partneriv-na-12-mlrd-grn-16052022-6034;
https://bit.ly/deripaska-asset-ukraine;
https://www.kyivpost.com/uk/post/22505;
https://suspilne.media/139295-sud-arestuvav-28-kompanij-vlasnikiv-merezi-glusco-sbu/;
https://youcontrol.com.ua/catalog/court-document/110813062/;
https://dpsu.gov.ua/uk/news/46928-u-chornomu-mori-areshtovano-sudno-sho-perevozilo-zerno-z-okupovanogo-krimu;
https://www.radiosvoboda.org/a/news-skhemy-ocean-plaza/32289902.html;
[34] https://cascht.com/wp-content/uploads/2023/09/Russian-Corrosive-Invements-CIPE-FINAL-UKR.pdf

the Ukrainian raw-materials base to supply Russia's defence-industrial complex and to prevent the independent development of titanium-processing capacity in Ukraine outside Russia's control.

The opposite strategy — eliminating competition — was observed in oil refining. As a result of the actions of Russian owners, Ukrainian enterprises were systematically driven into decline, leading to the country's dependence on imported fuel. By the start of 2014, of six large Ukrainian oil refineries only one was operating; the rest had been closed or driven into bankruptcy.

In addition to bankrupting enterprises and creating trade dependencies, Russian capital provided resources for hybrid operations. In particular, Russian state-owned banks and loyal business interests were used to finance pro-Russian political forces and media outlets that spread disinformation and built networks of strategic corruption to influence state decisions and obstruct European integration processes.[35]

The impact of Russia's invasion on the presence of Russian capital in Ukraine must also be taken into account. After Russia launched its aggression in 2014, sanctions were imposed by Ukraine and its allies on Russian legal entities and individuals, and following the full-scale invasion in 2022 the sanctions process gained significant momentum. This made it possible to reduce radically the influence of Russian capital on Ukraine's economy.[36]

According to estimates by the Centre for Economic Strategy, the share of revenue of companies under the control of Russian entities in the Ukrainian economy peaked in 2013.[37] At that time, Russian assets exceeded USD 20 billion. These resources were concentrated in strategic industries: finance, energy, metallurgy, and logistics. By contrast, in 2024, according to data from the State Statistics Service of Ukraine, the share of companies linked to Russian beneficial owners was 0.6% — seven times lower than the 2013 figure.[38]

Such an assessment, however, reflects only the visible portion of capital and cannot be considered exhaustive. The Russian corrosive resource employs a wide arsenal of methods to minimise the impact of economic restrictions and to conceal its actual presence. These instruments include the restructuring of businesses through changes of jurisdiction and the re-registration of assets in the name of controllable nominee owners who are not subject to sanctions. For this reason, the investment screening mechanism must be sufficiently detailed to take into account not only formal indicators of ownership but also typical circumvention strategies — in particular changes of jurisdiction, nominee holdings, chains of connected persons, and other indirect forms of control.

The end of the active phase of the war will not mean the disappearance of security risks associated with the penetration of corrosive capital. On the contrary, constraints on the use of conventional weapons will push Russia to intensify hybrid pressure, in which investments and control over assets will become some of the key instruments of influence. The experience of Georgia after 2008 demonstrates that an end to armed aggression does not create automatic immunity from the aggressor's economic expansion. Despite the occupation of only part of its territory, Russian capital was able to gain control over strategic nodes of the Georgian economy. In particular, the Russian group Inter RAO PJSC (рос. ПАТ «Интер РАО») for a long time controlled a significant share of the electricity distribution networks and generation; Rosneft Oil Company PJSC (рос. ПАТ «Роснефть») acquired a stake in the key oil terminal at Poti; and Lukoil PJSC (рос. ПАТ «Лукойл») and VTB Bank PJSC (рос. ПАТ «Банк ВТБ») established themselves in the retail fuel market and the financial sector.[39] This allowed the Kremlin to retain levers of influence over the country's domestic politics even without military intervention. Without the introduction of an FDI screening system, Ukraine risks facing an analogous silent occupation of strategic sectors during reconstruction.

Moreover, the issue of corrosive capital penetration is not confined to Russia. The Ukrainian technology sector, and in particular its defence-technology segment, has already attracted investments bearing the hallmarks of corrosiveness. The best-known example, which demonstrated the absence of a systemic approach to FDI screening in Ukraine, is the case of Chinese investment in Motor Sich JSC — a key Ukrainian

[35] https://bit.ly/ukraine-court-victory;
https://www.pravda.com.ua/news/2021/02/02/7282097/;
https://bit.ly/sberbank-debt-uz;
[36] https://bit.ly/ukraine-rf-companies-profit
[37] https://ces.org.ua/russias-economic-footprint-in-ukraine/
[38] https://stat.gov.ua/uk/explorer?md5=c46734784144ceea3f251c6fc4666bf0
[39] https://bm.ge/en/news/georgia-loses-76-million-arbitration-case-to-russian-energy-giant-inter-rao;
https://jamestown.org/rosneft-expands-its-presence-in-south-caucasus-via-georgia/;
https://www.radiosvoboda.org/a/news-gruzija-lukoil-sankciji-ssha/33568786.html;

producer of aviation engines, including engines for military hardware (the Mi-family helicopters, for instance; Motor Sich JSC engines also power the reconnaissance and combat drones of the Turkish company Baykar).[40]

In 2016–2017, the Chinese company Beijing Skyrizon Aviation Industry Investment Co., Ltd. (which former US Secretary of Commerce Wilbur Ross linked to the Communist Party of China) acquired a controlling stake in Motor Sich JSC through a network of offshore structures. At that time no FDI screening mechanism existed in Ukraine, and oversight was limited to competition law and the general provisions of commercial and corporate law. After de facto control had been established, Ukrainian state bodies and international partners identified a number of national security risks, including: the possible transfer of critical military technologies, the weakening of defence potential, the use of Ukrainian developments in PRC military programmes, and a potential breach of Ukraine's international obligations in the area of export control.[41]

The SSU subsequently opened criminal proceedings, and the shares of Motor Sich JSC were seized by court order, blocking the realisation of the Chinese investors' ownership rights.[42] In January 2021, the President of Ukraine put into effect a non-public decision of the National Security and Defense Council of Ukraine (NSDC) on the application of sanctions against the Chinese investors, including the freezing of assets, restrictions on trade operations, and the severing of logistical links.[43] By November 2022, the NSDC announced the adoption of urgent measures to ensure the country's defence capability — the nationalisation of a number of strategic defence enterprises, including Motor Sich JSC, with the transfer of the company's management to the state concern Ukroboronprom.[44]

This case showed that even before the full-scale invasion Ukrainian defence technologies could become objects of corrosive investment, and that such deals could provoke a negative reaction and tensions in relations with strategic Western partners. The absence of a formalised screening mechanism meant that the response came late and in a manual, ad hoc manner, providing no predictability for investors and failing to create a sustainable system to protect national interests over the longer term.

After the start of the full-scale invasion, Ukraine continued to face risky foreign capital. One example is the application submitted to the Antimonopoly Committee of Ukraine (AMCU) in December 2025 regarding the acquisition of a 30% stake in Fire Point. This enterprise produces the strategically important long-range FP-5 Flamingo missiles and FP-1 drones used by Ukraine. The buyer of the USD 760 million stake is the UAE defence conglomerate EDGE Group PJSC. The deal triggered considerable attention in the media and among the public because of information about joint projects between companies in EDGE Group PJSC and Russian state defence structures, including Rostec Group. As of April 2026, AMCU had returned the application without consideration.[45]

The Fire Point case, like the earlier Motor Sich JSC case, shows that in the absence of an FDI screening mechanism Ukraine is forced to respond to risky investments not through the specialised procedures customary in Western jurisdictions but through indirect regulatory instruments. This approach may work in individual cases, but it remains ad hoc and largely reactive, which only underscores the need for an integrated and formalised mechanism to counter such threats.

Corrosive capital in Ukraine has thus historically been first and foremost an instrument of Russian influence. Through its presence in the financial sector, energy, industry, logistics, and other strategic industries, Russia obtained not only economic benefits but also levers for shaping dependencies, holding back the development of competing sectors, financing political influence, and undermining the state's economic resilience.

Russia's armed aggression in 2014, and in particular the full-scale invasion, led to a substantial contraction of Russian capital in Ukraine under the impact of sanctions, asset seizures, and confiscations. The actual level of Russian economic presence, however, is difficult to assess because of the regulation-circumvention schemes and indirect-control acquisitions to which the aggressor state resorts. At the same time, a

[40] https://www.reuters.com/world/ukraine-seizes-motor-sich-aviation-company-amid-china-dispute-2021-11-06/; https://gwaramedia.com/bezpilotnik-bayraktar-z-ukrainskim-dvigunom-uspishno-projshov-viprobovuvannya/;
[41] https://www.wilsoncenter.org/blog-post/motor-sich-and-americas-pressure-campaign-ukraine-can-it-keep-chinese-bay; https://www.radiosvoboda.org/a/motor-sich/30770246.html;
[42] https://epravda.com.ua/news/2021/12/14/680663/
[43] https://www.president.gov.ua/documents/292021-36389
[44] https://www.rnbo.gov.ua/ua/Diialnist/5872.html
[45] https://www.reuters.com/legal/transactional/ukraine-anti-trust-body-sends-back-uae-firms-bid-drone-maker-2026-04-08/

potential end to the active phase of hostilities is likely to shift the aggressor's focus to hybrid methods, including the infiltration of corrosive capital.

Ukraine's earlier attempts to respond to the risks of corrosive capital have been largely fragmentary and reactive in nature. In the cases described above, the state has in effect used not a specialised investment vetting mechanism but a combination of various instruments — competition oversight, criminal procedure measures, NSDC sanctions, asset seizures, and in some cases nationalisation. This model has made it possible to intervene in the most sensitive individual situations, but it has not produced a stable, consistent procedure capable of identifying and neutralising risks systemically before they materialise. The next subsection describes how Ukraine has gradually moved from ad hoc responses to attempts to create a dedicated FDI screening mechanism.

1.3. Previous Attempts to Counter the Penetration of Corrosive Capital

The previous sections demonstrate that the absence of an FDI screening mechanism in Ukraine is a practical vulnerability that has already manifested itself in cases of corrosive investment in strategic assets. In Ukraine's unique economic and security context, the need for such a procedure only intensifies. Moreover, this need is recognised at the state level: even before the full-scale invasion, the Economic Security Strategy of Ukraine for the Period until 2025 was adopted, identifying the absence of an FDI screening system for objects of strategic significance among the key challenges to investment and innovation security.[46] Shortly after the adoption of the Strategy, in the Joint Statement on the U.S.-Ukraine Strategic Partnership of 1 September 2021, Ukraine directly committed itself to passing legislation establishing a robust investment screening process.[47]

It was in 2021, against the background of the situation surrounding Motor Sich JSC, that Ukraine made its first attempt to introduce an FDI screening system. At that time, the Cabinet of Ministers submitted to the Verkhovna Rada Draft Law No. 5011 “On Foreign Investment in Business Entities of Strategic Importance for the National Security of Ukraine”.[48] The draft was registered and included on the agenda but was ultimately withdrawn from consideration on the recommendation of the relevant committee for revision. The text was overly framework-like and left a substantial portion of key issues — in particular procedural rules, risk assessment criteria, and grounds for refusal — to the level of subordinate regulation. This created risks of legal uncertainty, excessive discretion on the part of public authorities, and low predictability for investors.

The full-scale invasion in 2022 postponed any return to the issue of FDI screening for several years. The discussion was reopened only in 2025, against the background of the growing need for private capital for reconstruction, the intensification of negotiations with the United States on new formats of economic cooperation, and Ukraine's gradual adaptation to the European economic security framework, alongside the EU's own updating of investment screening regulation.

In 2025, two alternative draft laws — Nos. 14062 and 14062-1 — were registered in the Verkhovna Rada, each proposing a different model of FDI screening.[49] The first envisaged a commission under the Ministry of Economy and a defined list of sectors; the second envisaged a leading role for AMCU, with the Cabinet of Ministers taking the final decision in complex cases and the list of sectors to be determined by the Government subsequently. According to the assessment of the CELIS Institute, however, both draft laws contained substantial gaps relative to EU and OECD standards.[50] The appearance of two parallel initiatives confirmed a renewed political attention to the topic, but it also revealed the absence of a coordinated vision of the future system.

The result was the creation of an informal working group under the Verkhovna Rada Committee on Economic Development (hereinafter referred to as the Committee), which brought together Members of Parliament, legal advisors, experts, and civil society representatives. Over the course of its work, the

[46] https://bit.ly/ukraine-investment-screening;
https://zakon.rada.gov.ua/laws/show/347/2021#n11;
[47] https://www.president.gov.ua/en/news/spilna-zayava-shodo-strategichnogo-partnerstva-ukrayini-ta-s-70485
[48] https://itd.rada.gov.ua/billinfo/Bills/Card/25437
[49] https://itd.rada.gov.ua/billinfo/Bills/Card/57344;
https://itd.rada.gov.ua/billinfo/Bills/Card/57597;
[50] https://www.celis.institute/posts-celis-2019/the-horizon-of-investment-screening-in-ukraine/

participants developed a concept and prepared the text of a dedicated draft law on FDI screening that takes into account the output of the earlier debate and a range of expert recommendations. The text of the law is not currently public; the draft is awaiting registration in the Verkhovna Rada of Ukraine, passage through two readings, and signature by the President.

While work on the legislative mechanism continues, interim institutional solutions are emerging in Ukraine. In particular, in January 2026 the Cabinet of Ministers established the Interagency Commission on FDI Screening as a temporary advisory body.[51] Its tasks include coordinating public authorities in the assessment of the impact of foreign investment on national security, analysing investments already made or planned in strategic business entities, international cooperation, and the preparation of recommendations on the normative regulation of screening. The creation of such a commission may help the state respond to individual ad hoc cases such as Fire Point, but it does not replace a fully fledged screening mechanism. The Commission's proposals can be implemented only through a separate decision of the Cabinet of Ministers. For that reason, its powers regarding practical influence on transactions — in particular the ability to block or approve investments — remain insufficiently defined.

Another distinct format for the vetting of investors is screening within the framework of public-private partnerships. In Ukraine, such vetting is partially regulated, including by Article 12 of the Law of Ukraine "On Concession," which provides for a preliminary stage of candidate selection (prequalification).[52] At this stage, qualification requirements are applied to participants covering, among other things, ownership structure, business reputation, and compliance with legislation, including restrictions on ties to the aggressor state or to persons subject to sanctions.

A practical example of the application of these provisions is the preparation of the concession of the container terminal at the port of Chornomorsk, in which the prequalifying participants are currently undergoing security screening with the involvement of the relevant authorities, including the Security Service of Ukraine and the Foreign Intelligence Service of Ukraine. The state is seeking to attract a strategic investor to restore an asset that is not currently operating. The facility in question is directly linked to the state's logistical capabilities and to control over critical port infrastructure. The case of Chornomorsk SE CSP aptly illustrates the basic dilemma at the heart of policy on countering corrosive capital: the state is simultaneously interested in attracting private capital to the restoration and modernisation of strategic assets, yet cannot do so without verifying the origin of that capital, its control structure, and any potential ties that could pose risks to national security.

Conclusion

The formation of an FDI screening mechanism in Ukraine has thus been under way since at least 2021. None of the previous attempts, however, has led to the final introduction of a workable system. On the one hand, the full-scale invasion has delayed this process; on the other, it has substantially heightened its urgency. As of today, one can speak of political attention, legislative initiatives, and individual interim solutions — which, however, remain fragmented and unable to substitute for a comprehensive mechanism. This generates a demand for a more systemic approach and the involvement of a wider range of stakeholders — state bodies, international partners, and the expert community — so that the Committee's current attempt does not repeat the shortcomings of earlier initiatives and concludes with the adoption of a sound, predictable, and practically applicable law.

The following chapters are devoted to an analysis of the conceptual foundations of FDI screening as an instrument of economic security, a comparison of international approaches to its implementation, and an assessment of the new draft-law text — non-public at the time of publication of this study — developed by the Committee, which is in the final stages of refinement before registration in the Verkhovna Rada. The analysis aims to assess the conformity of the future Ukrainian screening system with EU standards and international best practices, and to formulate practical recommendations for legislators on the refinement of the draft law and the subsequent implementation of the mechanism.

[51] https://zakon.rada.gov.ua/laws/show/97-2026-%D0%BF#Text
[52] https://zakon.rada.gov.ua/laws/show/155-20/en-sk/ed20191003#Text

CHAPTER II

FOREIGN DIRECT INVESTMENT SCREENING: A CONCEPTUAL FRAMEWORK

CHAPTER 2. FOREIGN DIRECT INVESTMENT SCREENING: A CONCEPTUAL FRAMEWORK

In 2018, CFIUS examined Broadcom Ltd.'s proposed acquisition of Qualcomm Inc. as a potential threat to US national security. Because Broadcom Ltd. was at that time incorporated in Singapore, the transaction was treated as the acquisition of a US strategic asset by a foreign company and was subject to mandatory screening. The review examined not only the parameters of the transaction itself but also possible long-term consequences, such as the risk that the United States would lose its leadership in 5G and that the reliability of telecommunications infrastructure would be weakened. Concerns were raised about threats to Qualcomm Inc.'s cooperation with the US Department of Defense and about a possible reduction in research-and-development investment in favour of short-term financial performance. Based on this assessment, the transaction was blocked by presidential executive order.[53]

A similar sequence of events unfolded in the Nexperia BV / Newport Wafer Fab Ltd case in the United Kingdom.[54] With the entry into force of the National Security and Investment Act, the UK government acquired a clear instrument for reviewing transactions in strategic sectors, in particular the semiconductor industry.[55] Under this procedure, it was established that full control by Nexperia BV — a company linked to Chinese capital — over the country's largest semiconductor producer, Newport Wafer Fab Ltd, created risks for critical supply chains, for access to sensitive dual-use technologies, and for the state's technological sovereignty.[56] The mechanism of the Act made it possible to apply a proportionate response measure: the investor was required to divest at least 86% of the shareholding, i.e., to relinquish control over the asset.

Both cases share a central feature — a state investment screening mechanism that rests on a clear legislative framework, a competent authority, and a defined decision-making procedure, and that serves as an effective instrument of economic security.

2.1. FDI Screening as an Instrument of Economic Security: Functions, Limits, and Key Dilemmas

Foreign direct investment screening is a specific state procedure, defined by law, for the review of individual investment transactions for risks to national security and economic resilience. In the broader meaning used, in particular, in EU regulation, FDI screening covers the state's powers to assess investments, conduct in-depth review, authorise them, approve them subject to conditions, prohibit them, or — in specified cases — review transactions that have already taken place.[57] Its key function is to distinguish constructive capital from corrosive investments.

According to the definition of the Organisation for Economic Co-operation and Development, foreign direct investment refers to investment in which an investor from one country acquires a lasting interest in, and significant influence over, an enterprise in another country.[58] It is the lasting nature of that influence and the access it confers to management, assets, data, and technology that identify the investment as an object of security regulation.

The primary aim of screening is to maximise the benefits of foreign investment and minimise the security risks associated with it.[59] In a well-balanced model, screening does not seek to limit capital inflows;

[53] https://www.cnbc.com/2018/03/12/trump-issues-order-prohibiting-broadcoms-bid-to-take-over-qualcomm.html
[54] https://www.reuters.com/technology/uk-orders-chinas-nexperia-sell-least-86-microchip-factory-2022-11-16/
[55] https://www.gov.uk/government/collections/national-security-and-investment-act
[56] https://www.ft.com/content/3c2a7f5e-8b8a-4d4c-b7bb-5c6a2c9e5c5f
[57] https://eur-lex.europa.eu/eli/reg/2019/452/oj/eng
[58] https://bit.ly/oecd-fdi-definition
[59] https://www.consilium.europa.eu/en/policies/fdi-screening-explained/

instead, it seeks to make the regime for admitting foreign investment more predictable and transparent.[60]

In practice, FDI screening addresses several interrelated tasks. It:

- makes it possible to identify risks of losing control over strategic assets, critical infrastructure, production chains, or enterprises significant for defence capability and the functioning of the state;
- enables the assessment of risks of access to sensitive technologies — primarily defence, dual-use, digital, and high-tech;
- allows the state to respond to risks of undesirable external influence — where an investment creates conditions for political, economic, or technological pressure from a foreign state, its associated companies, or networks of intermediaries;
- makes it possible to take into account the broader context — from the protection of critical infrastructure, public order, and the resilience of supply chains to risks for sensitive data, the media environment, and other areas important for the public good.

At the same time, screening should not be turned into an all-encompassing mechanism that duplicates other instruments of economic security. Among the mechanisms already used to safeguard Ukraine's economic security are:

- counterintelligence activity by the SSU;
- investigation of economic and financial crimes by the BES;
- competition oversight by AMCU;
- export control;
- financial monitoring by the State Financial Monitoring Service of Ukraine and the NBU;
- sanctions decisions by the NSDC;
- recovery of assets to the state;
- sectoral authorisation regimes, in particular in the area of subsoil use.[61]

Other central executive authorities and regulators, including the NBU and the tax authorities, perform individual economic security functions.[62] The main mechanisms and authorities of economic security, together with the subject of their regulation, are set out in Table 1.

Table 1. Main Mechanisms for Safeguarding Economic Security in Ukraine

Mechanism / authority	Regulatory basis	Main regulatory focus
Competition oversight (AMCU)	Law of Ukraine “On Protection of Economic Competition”; Law of Ukraine “On the Antimonopoly Committee of Ukraine”	Reviews agreements involving different forms of concentration or concerted practices (mergers, acquisitions of control, the establishment of joint ventures, the acquisition of assets, and so on). Its focus is on the risks of monopolisation, the restriction of competition, and the impact of the transaction on the market. FDI screening, by contrast, assesses the security acceptability of an investment: the origin of the capital, the structure of control, the investor's ties, and the potential impact on the strategic asset.
Sanctions policy (NSDC)	Law of Ukraine “On Sanctions”	Reactive (in contrast to the primarily preventive nature of screening) restriction or blocking of the activities of already identified persons, companies, and jurisdictions. Applied to already identified threats.

[60] https://www.celis.institute/celis-event/fdi_screening_ukraine_balancing_security_predictability_investment/
[61] https://zakon.rada.gov.ua/laws/show/328-2023-%D1%80/ed20230418#Text;
https://biz.ligazakon.net/analitycs/208289_yak-pratsyuvatime-byuro-ekonomchno-bezpeki;
[62] https://bank.gov.ua/admin_uploads/article/Strategy_NBU.pdf;
https://tax.gov.ua/pro-sts-ukraini/pologennya;

Mechanism / authority	Regulatory basis	Main regulatory focus
Financial monitoring (State Financial Monitoring Service of Ukraine, NBU)	Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Proceeds..."	Focuses on the legality and transparency of financial flows (the detection of suspicious financial transactions, verification of the origin of funds, prevention of the laundering of proceeds and the financing of terrorism). It is not a mechanism for the comprehensive assessment of the strategic consequences of an investment.
Export control (State Service of Export Control of Ukraine)	Law of Ukraine "On State Control over International Transfers of Military and Dual-Use Items"	Regulates the cross-border transfer of military and dual-use goods, technologies, and services. Whereas screening assesses the admission of foreign capital to strategic assets inside the country, export control assesses the admissibility of taking sensitive goods and technologies out of it.
Counterintelligence activity (SSU)	Law of Ukraine "On the Security Service of Ukraine"; Law of Ukraine "On Counterintelligence Activity"	Aimed at detecting, preventing, and putting a stop to threats to state security, including foreign influence, subversive activity, and concealed control over assets. It is not an investment admission procedure and does not provide for the systemic approval, prohibition, or conditional approval of transactions. The SSU is an important source of information for assessing security risks within the FDI screening procedure.
Investigation of economic crimes (BES)	Law of Ukraine "On the Bureau of Economic Security of Ukraine"; Criminal Code of Ukraine; Criminal Procedure Code of Ukraine	Investigates economic, financial, and tax offences; operates reactively in relation to violations that have already occurred or to substantiated suspicions. FDI screening, by contrast, is a preventive procedure. The BES may respond to unlawful conduct by an investor but does not replace a mechanism for the prior admission or prohibition of an investment.
Recovery of assets to the state (Ministry of Justice, HACC)	Law of Ukraine "On Sanctions"; Code of Administrative Procedure of Ukraine; Criminal Procedure Code of Ukraine; Commercial Procedure Code of Ukraine	A last-resort, reactive mechanism applied only after risky capital has acquired the asset or obtained control over it. It does not prevent such capital from entering and merely makes it possible to remedy its consequences after the fact through sanctions-based or complex judicial procedures.
Sectoral authorisation regimes	Sectoral legislation: the Subsoil Code of Ukraine; legislation in the spheres of energy, electronic communications, media, and so on	Establishes special requirements for access to particular markets or types of activity. Their focus is on a company's compliance with sectoral rules and standards. FDI screening, by contrast, is a cross-sectoral mechanism for the comprehensive assessment of the security implications of a specific investment.
Other regulators and central executive authorities (NBU, STS, etc.)	The relevant authorities' specific legislation	Monitor individual aspects of the activities of investors or companies within their mandate — financial stability, tax discipline, reporting, or compliance with sector-specific rules. They are not instruments for vetting investments against national security criteria or for their admission or prohibition.

Foreign investment screening should be integrated into the system of state policy as a distinct mechanism that substantively fills the gap in countering corrosive capital. As Table 1 shows, it differs from other economic security mechanisms both in the moment of its application and in the subject of its assessment. The point is that this is a preventive procedure under which a competent authority is given a mandate to vet an investment against national security criteria and to take a decision to approve it, approve it subject to conditions, prohibit it, or — in specified cases — order forced divestment, i.e. require the investor compulsorily to dispose of its assets or shareholdings in a company in order to put an end to control over them. It is precisely the ability to prevent a security-unacceptable investment from going ahead that constitutes the autonomous place of screening in the ecosystem of regulations.

The effectiveness of a screening mechanism depends not only on the very fact of its introduction but also on the quality of its institutional and procedural design. A solid methodological basis here is provided by the analytical framework set out in the Stimson Center's study Foreign Direct Investment (FDI) Screening:

A Primer.[63] That work offers recommendations for countries on the path towards introducing FDI screening, and singles out the key elements of an effective system of investment controls, including:

- clarity of basic legislative definitions;
- protection of the screening authority from political influence;
- transparent procedures for filing, review, and the appeal of decisions;
- the ability to apply not only prohibition but also mitigation measures, with subsequent monitoring of their implementation;
- clearly defined penalties for breaches of the rules;
- adequate resourcing of competent authorities;
- safeguarding the confidentiality of information;
- the ability to retrospectively review transactions that have already taken place, within defined criteria.

No less important is that effective screening must rest on a permanent mechanism of risk assessment and on the ability to update procedures regularly in line with changes in technology, the sectoral structure of the economy, and the security environment. This is a system that requires strategic vision, interagency coordination, and regular reporting.

Despite its clearly defined tasks and place within the system of state policy, any investment screening mechanism is the product of a balance between several conceptual dilemmas:

a. Investment attraction vs. national security. The state has an interest in inflows of capital, technology, and managerial know-how and in integration into global markets — particularly in conditions of war, post-war reconstruction, or structural modernisation of the economy. But the more open the investment regime, the greater the scope for the entry of corrosive capital — especially under conditions of regional conflicts, polarisation of the international community, trade wars, and intensified competition between states. One of the tasks of screening is to balance these poles institutionally.

b. Market openness vs. legal certainty. An overly broad or imprecisely formulated screening mechanism can create uncertainty for bona fide investors, raise regulatory costs, and become a deterrent to investment. The absence of clear procedural limits can become a source of corruption risks, particularly where the general understanding of the process is closed off from the investor. An overly narrow or formalistic approach, by contrast, leaves a significant portion of real risks out of view, especially where those risks arise through less obvious forms of control. A screening system must therefore either adapt regularly and promptly to new challenges and threats, or grant competent authorities sufficient flexibility, autonomy, and powers to respond to non-standard cases. Such flexibility, however, inevitably reduces the level of predictability and legal certainty for investors, which makes the balance between adaptability and procedural safeguards one of the key challenges in designing the mechanism.

c. Speed of decisions vs. quality of analysis. Investment transactions are often time-sensitive, and businesses expect predictable review timeframes. But an overly hasty procedure may fail to detect complex investor ties, the real ultimate beneficial owner, hidden chains of control, or the long-term technological consequences of the transaction. Effective screening must therefore combine clear timeframes, transparent procedures for filing and completing documentation, and sufficient analytical depth of review.

In sum, FDI screening is a distinct instrument of economic security that addresses tasks not covered by existing mechanisms. Its main function is the preventive assessment of investment transactions for threats to national security. The formation of such a system is inevitably linked to the need to balance key dilemmas: between openness to investment and the protection of national security, between flexibility and legal certainty, and between speed of decisions and depth of analysis. For that reason, the question of the principles of such a mechanism and the risk factors it must take into account is central to building an effective screening system in Ukraine.

[63] https://www.stimson.org/wp-content/uploads/2024/06/Foreign-Direct-Investment-FDI-Screening-A-Primer.pdf;

2.2. EU Regulation and the Basic Principles of Investment Screening

Beyond the broader international experience, the natural point of reference for Ukraine is the European model of investment screening. Given the country's course towards EU accession, it is worth bearing in mind that the Union is actively and consistently building common approaches to economic security and harmonising rules between Member States.

The first EU-wide legal instrument was Regulation 2019/452, which established a framework for the screening of foreign direct investment on grounds of security and public order and entered into force in October 2020. The Regulation leaves national governments broad autonomy in building their own screening mechanisms. It sets out the basic principles which competent authorities at the national level must observe when reviewing inbound investments. These principles are close to the OECD recommendations and include:

- transparency of rules and procedures;
- non-discrimination of foreign investors;
- protection of confidential information;
- the possibility of appealing screening decisions;
- effective measures to detect and prevent circumvention of the rules.[64]

An important part of Regulation 2019/452 is the establishment of a cooperation mechanism between the European Commission and Member States in relation to inbound investments. The aim of this step was to set up a sustained channel of communication and coordination between national governments and EU bodies — for monitoring investments, exchanging information, and discussing transactions. Where necessary, Member States and the European Commission may submit comments on a potential transaction, although the final decision rests with the recipient country of the investment.[65]

At the same time, the results of expert interviews with businesses that have experience of undergoing screening in EU countries indicate a shift in the paradigm of how these procedures are applied: whereas before 2022 screening was often perceived in many European jurisdictions as a formality, today it is increasingly turning into an instrument of in-depth security audit of investments by the European Commission.[66]

In the course of European integration, it is therefore important for Ukraine to be guided not only by the basic principles of Regulation (EU) 2019/452 but also by the further evolution of the European FDI screening framework. This matters not only for formal alignment with EU law but also for the quality of the Ukrainian investment regime: screening is gradually becoming a European market standard against which investors will assess the predictability and security of Ukraine's investment environment.

Substantial divergences between the Ukrainian model and EU standards could become an argument against deeper integration of Ukraine into the Union's internal market, since candidate states can be used by autocratic regimes as a channel for the penetration of corrosive capital into the European economic space. For this reason, the Ukrainian screening mechanism must be compatible with the European logic — transparent, non-discriminatory, resilient against circumvention of the rules, and sufficiently practical for identifying real security risks.

2.3. Risks Associated with Foreign Investment

Defining the range of risks that foreign capital can carry is one of the key elements of any screening model and directly shapes its key parameters. In broad terms, such risks can be grouped into three categories:

a. Risks relating to the investment target. It is important to identify the investment target: is the matter critical infrastructure, a defence enterprise, a media asset, a producer of sensitive technologies, a supplier of important resources, or an entity with access to substantial volumes of sensitive data. The

[64] https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0372
[65] https://www.celis.institute/celis-blog/introducing-the-foreign-direct-investment-screening-regulation-a-blog-series/
[66] https://bit.ly/fdi-screening-eu

legislation should clearly reflect which spheres the state considers vulnerable and critical to national security.

By way of example, EU Regulation 2019/452 sets out a list of priority sectors that Member States may consider when assessing the risks associated with inbound investment:

- critical infrastructure (physical or virtual), including energy, transport, water, healthcare, communications, the media, data processing or storage, the aerospace industry, the defence industry, electoral and financial infrastructure, and facilities requiring special protection, as well as land and real estate critical to the use of such infrastructure;
- critical technologies and dual-use items as referred to in Article 2(1) of Regulation (EU) 2021/821, including artificial intelligence, robotics, semiconductors, cybersecurity, the aerospace industry, defence, energy storage, quantum and nuclear technologies, nanotechnologies, and biotechnologies;
- the supply of critical inputs, including energy and raw materials, as well as food security;
- access to sensitive information, including personal data, or the ability to control such information;
- the freedom and pluralism of the media.[67]

This list is not exhaustive, and EU Member States adapt it to their own security context. What matters, however, is not only the list of sensitive areas but also their prioritisation. Risks similar in nature may be subject to different levels of oversight in different countries depending on their weight for national security. For Ukraine, under conditions of full-scale war, this means heightened attention first and foremost to the defence industry and dual-use items, as well as to critical infrastructure, strategic and critical minerals, electronic communications, information protection, and the media. The concept underlying the FDI screening draft law developed by the Committee likewise singles out activities related to ensuring security and defence needs, as well as the risks of creating favourable conditions for the intelligence or other subversive activities of foreign states. The proposed approach to defining critical sectors in the text of the draft law currently awaiting registration in the Verkhovna Rada of Ukraine is examined in more detail in Chapter 3.

b. Investor risks. This group concerns the investor's jurisdiction, its ties to state structures, sanctions or political risks, ownership structure, prior activity, and the potential motivation to use the asset for purposes other than purely commercial ones.

An important element of the Committee's current work is a set of unconditional grounds for prohibiting an investment associated, in particular, with this group of risks. The legislative practice of certain countries — for example, Taiwan and Latvia — features similar categories of circumstances that make an investment unacceptable by default and largely lead to its prohibition. According to the text of the forthcoming Ukrainian draft law, such critical criteria currently include: the investor's holding of citizenship of the aggressor state (in particular, where such citizenship has been held in the past 5 years); the investor's registration in such a state or in a jurisdiction subject to sanctions; or the presence of a stake of ≥10% in the investor's capital belonging directly or indirectly to the aggressor state, its citizens, or persons under sanctions.

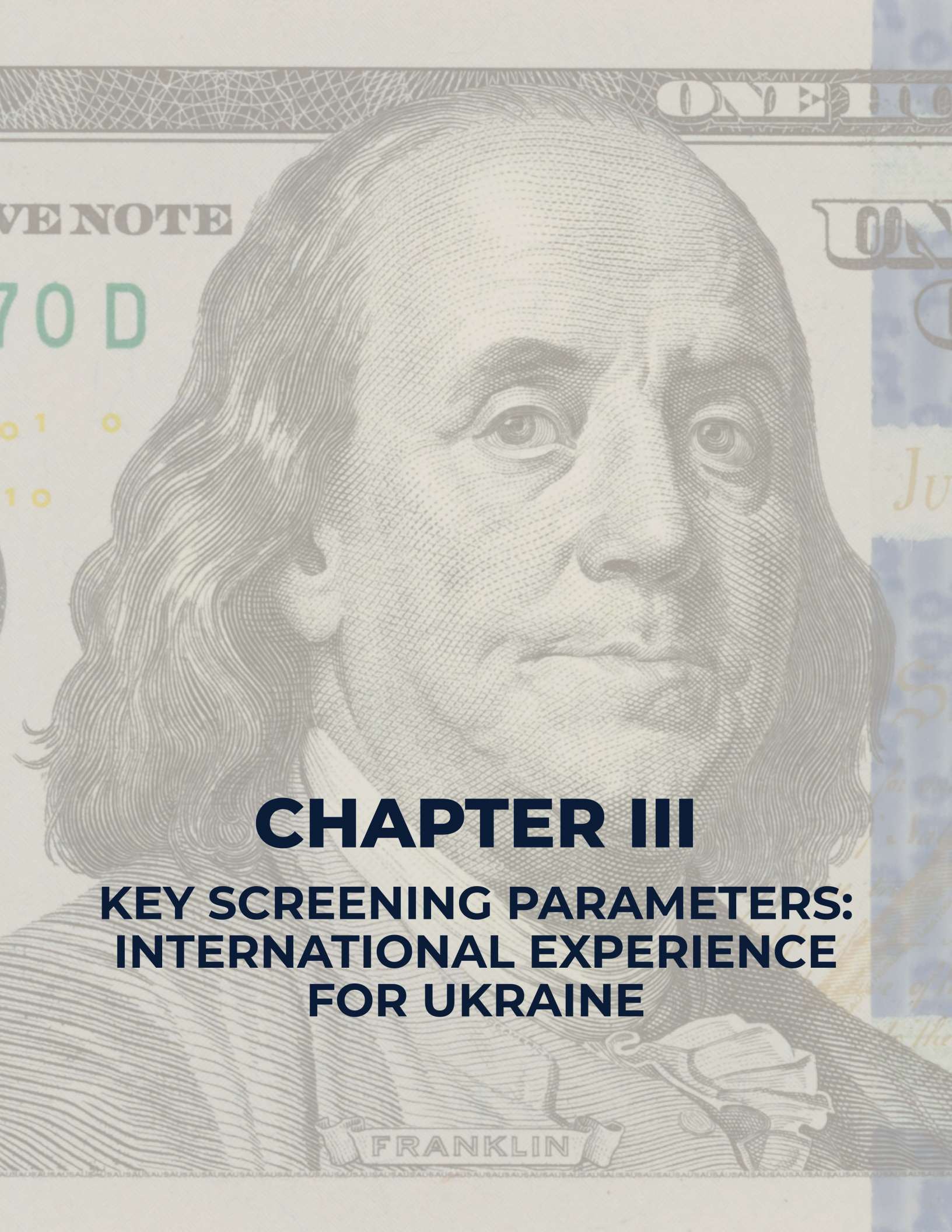
c. Control risks. This group relates to the nature of the control that the investor acquires: whether the matter is full control, a blocking or minority stake, access to managerial decisions, critical information, technologies, production processes, or other forms of direct or indirect influence. The relevant legislation should determine the degree of significant or decisive influence of the investor over the asset, the minimum thresholds of ownership stakes, and other parameters.

Conclusion

Against the background of the historical cases of corrosive capital penetration into the Ukrainian economy described above and the fragmented attempts by the state to counter such threats, the need for FDI screening as a distinct preventive procedure with its own subject of regulation becomes

[67] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019R0452-20211223

particularly pressing. The effectiveness of such a mechanism depends on the quality of its design: the balancing of key dilemmas; compliance with international and European standards on the key principles of FDI screening; and the ability to take into account the combination of risks associated with the investor, the investment target, and the type of control. The design of the mechanism, in turn, is determined by the specific parameters of FDI screening. The next chapter focuses on a comparative legal analysis of those parameters across different countries and on the Committee's current work on the text of the draft law — with the aim of assessing the extent to which the proposed future screening system in Ukraine corresponds to international standards and best practices, as well as to Ukraine's unique security context and practical needs.



CHAPTER III

KEY SCREENING PARAMETERS: INTERNATIONAL EXPERIENCE FOR UKRAINE

CHAPTER 3. KEY SCREENING PARAMETERS: INTERNATIONAL EXPERIENCE FOR UKRAINE

The effectiveness of an FDI screening mechanism depends on understanding and correctly defining the parameters of the system — from the competent authority and the list of sensitive sectors to the procedures for reviewing applications and appealing decisions. This chapter examines the following key FDI screening parameters:

1. Sectors — areas of economic activity in which investment is considered by the state to be potentially sensitive to national security and its interests;
2. Competent authority — the body that directly carries out investment screening;
3. Minimum transaction threshold — the minimum size of an investment above which the investor must undergo screening;
4. Types of transactions — the types of deals that fall within the scope of the screening mechanism;
5. Procedure for initiating screening — the mechanism for triggering a review: from defining the parties obliged to provide information to establishing the form of such communication;
6. Review timeframes — the time limits for the process of reviewing and approving or rejecting an investment;
7. Fees and fines — the administrative cost of undergoing screening for the investor and the system of penalties for breaches of procedure;
8. Transparency of the process — the degree to which the screening process and the outcomes of applications are open to the public;
9. Methodological support, consultative engagement, and reporting — the set of tools for ensuring the transparency of the system;
10. The need for screening in restructuring and intra-group transactions — the law's coverage of changes within a single group of companies where the beneficial owner remains unchanged;
11. Filing party — the party on which the obligation to initiate the screening procedure rests;
12. Approval of a transaction subject to conditions — the possibility of approving a transaction subject to certain commitments by the investor;
13. Appeal of a decision — the possibility and procedure for appealing a decision of the competent authority by lawful means.

These parameters were studied through a comparative analysis of the legislation and experience of countries that have already introduced FDI screening (the detailed results of the comparative legal analysis are set out in Annex I). The list comprises the United States, the United Kingdom, Taiwan, Latvia, Germany, Japan, South Korea, Romania, Sweden, and Finland. The choice of these states was based on a desire to understand approaches to screening mechanisms in countries with different legal systems, geographical locations, economic structures, and geopolitical situations. It also reflects differing intensities of investment and the fact that the chosen countries are at different stages of introducing and developing the relevant legislation.

This chapter analyses the approaches of various states to configuring their FDI screening systems on the basis of their regulatory frameworks and the results of a series of expert interviews with representatives of competent authorities, as well as with Ukrainian and international businesses that have experience of undergoing such procedures in different jurisdictions. Independent experts and representatives of non-governmental organisations involved in the FDI screening field were also surveyed.

The data gathered on each of the parameters has been compared with the current work on the future legislative regulation of FDI screening in Ukraine. In particular, this chapter takes into account the text of the draft law developed by the working group under the Committee (the Ukrainian draft law on

Investment Screening[68]), which is not currently public and is awaiting registration in parliament. It is this text that forms the basis of the comparative analysis, which makes it possible not to be confined to the earlier initiatives (in particular the previously registered draft laws Nos. 14062 and 14062-1) but to focus on the most up-to-date vision of the future Ukrainian FDI screening model. On this basis, more relevant and applied recommendations are formulated for the refinement and subsequent implementation of the relevant legislation.

3.1. Sectors

This parameter defines the list of areas of economic activity in which investment is considered by the state to be potentially sensitive to national security and its interests. In effect, it delineates the scope of the mechanism: whether a particular transaction is subject to mandatory review (screening) or may proceed without additional oversight by the state.

Most of the countries analysed share a common approach in classifying the defence industry, critical energy infrastructure, and the production of dual-use items as areas of enhanced oversight. Beyond this core, however, there is significant divergence in the methods of classifying and determining the sensitivity of assets (a comparative matrix of the sectoral coverage of FDI screening in the jurisdictions studied is set out in Annex II). Countries with a high level of technological development, such as Taiwan and South Korea, shift the focus from classic industrial sectors to exhaustive lists of key national technologies and classify semiconductors, AI, and biotechnologies as the categories of highest security weight.[69] The United States and Sweden emphasise the protection of sensitive personal data and treat IT-sector companies as nodes of access to strategic information about citizens.[70]

Finland's approach is fundamentally different: it assesses investments not through rigid sectoral lists but through the lens of safeguarding the important functions of society (energy, healthcare, transport, the banking system, telecommunications, food supply), which makes it possible to cover any enterprise — irrespective of its formal sectoral affiliation — if it is critical to the stability of the state.[71] According to the expert interviews conducted, this allows the system to be maximally adaptive: an asset is deemed critical not because of its formal affiliation to a particular type of economic activity or sector but because of its direct role in ensuring comprehensive security and security of supply. Moreover, the functional model makes it possible to respond effectively to changes in value chains and the emergence of new threats that are difficult to capture in advance in largely static sectoral lists. Nevertheless, the above-mentioned update of the EU Regulation regarding a minimum list of sectors for mandatory review means that Finland will be forced to alter its approach at least in part.

Some countries extend the screening toolkit to atypical areas, driven by specific national risks: Romania and Latvia separately single out the media space to prevent hybrid threats.[72] Latvia, moreover, includes among the objects of review transactions involving large tracts of agricultural and forest land.

A notable trend is the grouping of sectors by levels of priority, where different review regimes depend on the type of sector — from mandatory prior authorisation by the state for strategic areas to voluntary notification of an investment in other areas.[73] According to the Committee's work on the draft law, the Ukrainian approach to sectoral coverage will be based on the concept of “qualifying activities”, which is divided into critical activities and activities of general interest. Critical activities are confined exclusively to the defence industry, covering the entire cycle — from the development and production to the marketing and disposal of military goods, technologies, and services. Activities of general interest are considerably broader and cover the operation of critical infrastructure facilities of Categories I and II, the

[68] The terms “current version of the draft law”, “the Committee's work”, and “draft-law text” are used interchangeably in this chapter.
[69] https://www.moea.gov.tw/Mns/dir_e/Investment/DirApply_En.aspx?kind=A&subkind=02&menu_id=42925;
https://www.investkorea.org/upload/kotraexpress/2024/01/images/Business_in_Korea.pdf;
[70] https://home.treasury.gov/system/files/206/Final-FIRRMA-Regulations-FACT-SHEET.pdf;
https://isp.se/eng/foreign-direct-investment/translation-of-the-screening-of-foreign-direct-investments-act/;
[71] https://bit.ly/finland-screening-act
[72] https://bit.ly/unctad-romania-defence;
https://likumi.lv/ta/en/en/id/14011;
[73]https://bit.ly/investitionspruefung

use of strategic subsoil, electronic communications, the cryptographic protection of information, and the media sphere (television, radio broadcasting, the press).

The Ukrainian approach covers most of the sectors that European Regulation 2019/452 defines as priority (see Section 2.3). The enhanced oversight of the defence sector reflects not only widespread global practices but also Ukraine's security context and the specifics of a wartime economy, in which the military-industrial complex is not only a key target of conventional and hybrid attacks by the aggressor but also one of the main drivers of economic development, technological innovation, and the attraction of private capital. Under such conditions, defence technologies, supply chains, and access to military developments or dual-use items require enhanced protection, in particular from corrosive capital.

3.2. Competent Authority

This parameter defines the parties vested with the powers to administer the screening system. It covers the distribution of roles between the bodies that receive applications, conduct technical assessment, and take the final decision to permit or block an investment.

In global practice, the dominant trend is to vest the status of the system's principal administrator in one of the relevant departments — most often the ministry of economy or finance — which provides a single window for engagement with the investor (see Table 2). The internal architecture of these systems differs significantly, however, depending on the chosen level of collegiality in the decision-making process.

The United States and Romania use a model of interagency committees or commissions, in which representatives of different structures have formally defined roles in assessing risks, which makes it possible to balance economic priorities against the requirements of national security.[74] Germany and Finland favour a more centralised model in which the ministry of economy acts as the key executor, engaging other bodies only in an advisory capacity.[75] A distinctive feature of Latvia and Romania is the legally enshrined integration of the special services and intelligence agencies directly into the screening procedure, including by granting them the right to initiate reviews on their own.

South Korea demonstrates a specific approach, reinforcing its administrative apparatus with expert committees that bring in academics for the specialist assessment of the technical risks of transactions.[76] In most systems, the ultimate right to block the most critical transactions remains with the highest executive body — the government or the head of state — which underscores the high significance of this instrument.

According to the text of the draft law developed by the working group under the Committee, a three-tier system of screening bodies is proposed in Ukraine, comprising the Cabinet of Ministers of Ukraine, the competent authority, and a special interagency Commission. This architecture conceptually follows the model of interagency committees that operate successfully in the United States, the United Kingdom, Romania, and Taiwan. The competent authority — namely the Ministry of Economy, designated as the central executive authority that implements state investment policy — is the key administrator of the process. It administers the Register of Foreign Investors, conducts screening, oversees compliance with the requirements of the law, and issues preliminary conclusions. The Cabinet of Ministers of Ukraine concentrates strategic powers in its hands, including the approval of the threat-assessment methodology and the taking of final decisions to prohibit controlled transactions.

To ensure effective interagency engagement, the competent authority establishes the Commission on Foreign Investment Screening as an advisory body. Its composition necessarily includes representatives of the competent authority itself, the Ministry of Defence of Ukraine, the Security Service of Ukraine, the intelligence agency in the foreign-policy and economic spheres, and the relevant Verkhovna Rada committee. In addition, the competent authority is required to bring the Ministry of Defence of Ukraine and the Security Service of Ukraine into screening where a transaction concerns the defence industry. The Commission issues conclusions on the competent authority's draft decisions and provides informational and analytical support.

[74] https://legislatie.just.ro/Public/DetaliiDocument/254239
[75] https://tem.fi/en/acquisitions
[76] https://bit.ly/4vrI4Bc

Table 2. *Authorities Responsible for FDI Screening in Different Countries*[77]

Country	Competent Authority
USA	US Department of the Treasury; Committee on Foreign Investment; CFIUS
United Kingdom	Cabinet Office; The Investment Security Unit (ISU)
Taiwan	Ministry of Economic Affairs; Department of Investment Review
Latvia	Ministry of Economy
Germany	Federal Ministry for Economic Affairs and Energy (BMWE)
Japan	Ministry of Finance, together with other relevant ministries
Republic of Korea	Ministry of Trade, Industry and Energy (MOTIE); Foreign Investment Committee (FIC)
Romania	Commission for the Examination of Foreign Direct Investments (CEFDI), subordinate to the Government
Sweden	Ministry for Foreign Affairs; Inspectorate of Strategic Products (ISP)
Finland	Ministry of Economic Affairs and Employment
Ukraine (draft law)	Ministry of Economy

3.3. Minimum Monetary Transaction Threshold

This parameter defines the minimum transaction amount above which an investment automatically falls within the scope of FDI screening. It is an instrument for filtering out small investments in order to reduce the administrative burden on the state and on business.

In the practice of the leading states that apply investment screening mechanisms, the dominant trend is to dispense with any fixed monetary thresholds. Most developed systems, including the United States, the United Kingdom, Germany, Japan, Latvia, Sweden, and Finland, set no minimum transaction value, since a threat to national security often does not depend on the volume of capital, especially in the case of the acquisition of start-ups with unique developments.[78] This makes it possible to review even small investments in critical technologies or strategic assets.

Certain countries apply limits to filter out small transactions: Romania has set a threshold of EUR 2 million, while retaining the right to review smaller transactions where specific threats are identified. South Korea applies a similar approach, with the minimum threshold fixed at KRW 100 million (EUR 58,000).[79] Among the countries studied, there is therefore a movement towards prioritising security risk over financial indicators.

The current version of the Ukrainian draft law sets no minimum monetary threshold (transaction value) for initiating the screening procedure. Instead of financial limits, it applies an approach based on objective criteria of a controlled transaction: the status of the foreign investor, the type of activity of the target, and the nature of the transaction itself. This means that any investment leading to the acquisition of a significant participation in, or the establishment of control over, an entity engaged in qualifying activities is subject to review, regardless of the actual price of the transaction — which is consistent with the practice of EU countries. Despite the power of the Cabinet of Ministers of Ukraine to define separate conditions for simplifying procedures or for exemption from screening, the state's right to review minority shareholdings remains a safeguard against concealed foreign influence.

[77] The table indicates the body or institution responsible for administering the screening procedure. For countries with an interagency model, it additionally specifies the body within which the relevant unit operates or which performs a coordinating role. Detailed information on the structure of the bodies in each of the countries studied is set out in Annex I.
[78] https://iclg.com/practice-areas/foreign-direct-investment-regimes-laws-and-regulations/usa;
https://www.mof.go.jp/english/policy/international_policy/fdi/Data/annual_report2024_en.pdf;
https://www.celis.institute/celis-country-reports/country-note-finland-2025/;
[79] At the exchange rate of 4 May 2026
https://bit.ly/foreign-investment-korea

3.4. Types of Transactions

This parameter describes the legal form of the transaction that triggers the screening mechanism. It determines what exactly is considered an "investment": only the purchase of shares (with or without voting rights), or also the leasing of assets, lending, or the acquisition of intellectual property rights.

A common trend across most systems is the shift from controlling formal shareholdings to assessing the actual influence of the foreign investor over the activities of the enterprise. The United States, the United Kingdom, Germany, and Latvia include in the concept of a transaction not only the direct acquisition of stakes but also the acquisition of indirect control, which may be exercised through a right of veto over strategic decisions, access to non-public technical information, or the right to appoint representatives to supervisory boards.[80]

Fundamental differences between national systems are evident in the definition of ownership thresholds and of the objects of control themselves. Sweden, Germany, and Finland operate a differentiated scale ranging from 10% to 90% of assets, whereas Japan sets an extremely low threshold of 1% for public companies in strategic sectors.[81] The US and UK models focus on the concept of a "qualifying asset". In these jurisdictions, screening is conducted regardless of the equity stake if the transaction confers significant influence or access to critical resources: intellectual property, technological equipment, or real estate near military and infrastructure facilities. Latvia, for its part, stands out for including credit transactions among the objects of control and treats the provision of large loans from non-partner countries as a concealed instrument of influence.

In states with a focus on technological leadership, in particular Taiwan and South Korea, particular significance attaches to transactions that threaten the leakage of key national technologies, where control is assessed by the degree of access to commercial secrets.[82] An indicative example is the case of Singapore's Any Technology Pvt in Taiwan.[83] An investigation revealed its ties to the Chinese company Rivere Tech, which was partly owned by a Chinese state fund. Because Any Technology Pvt was due to update the core of the payment system of Cathay United Bank Ltd, and therefore could have gained significant access to the commercial secrets of one of the country's largest banks, its activity was deemed a threat to national security. As a result, the Taiwanese government shut the company down, the bank terminated the contract, and a substantial fine was imposed on the offender.

The question of whether to include greenfield investment within the scope of screening remains a matter of debate. Greenfield investment involves the creation of a new company, new capacities, or another new presence of the foreign investor, whereas brownfield investment entails entry into an already existing business or asset through the acquisition of a stake, control, or access to existing infrastructure, technologies, or data. Brownfield deals are usually perceived as more risky, since the investor gains immediate access to an already operating strategic asset.

In international practice there is no consensus on whether greenfield investment should be subject to screening: some states do not cover it, since it is not associated with the classic change of control, while others include it in review, especially where sensitive sectors are involved. For example, FDI screening in Finland is aimed precisely at the acquisition of a stake in a company by a foreign investor. Greenfield investment is not reviewed as a separate category but may be taken into account within screening if it is part of a broader deal to acquire a company or control over it.

From the business perspective, a significant portion of greenfield investment — for example in warehouses or other new commercial infrastructure — is usually not regarded as requiring in-depth

[80] https://www.ecfr.gov/current/title-31/subtitle-B/chapter-VIII/part-800;
https://www.gov.uk/guidance/national-security-and-investment-act-guidance-on-acquisitions;
https://www.bundeswirtschaftsministerium.de/Redaktion/DE/Downloads/A/awv-englisch.pdf;
https://bit.ly/latvia-fdi-report;
[81] https://isp.se/eng/foreign-direct-investment/translation-of-the-screening-of-foreign-direct-investments-act/;
https://bit.ly/annual-report-2024-finland;
[82] https://bit.ly/korea-investment-law;
https://bit.ly/4mBJMMA;
[83] https://www.taipeitimes.com/News/biz/archives/2025/03/19/2003833654

security oversight. However, the general trend, in particular in European regulation, is moving towards broader coverage of such investment where it is relevant to security or public order.[84]

In the Ukrainian draft law, the approach to defining this parameter is characterised by a broad list of "qualifying transactions", namely:

- the creation of a new business entity with the participation of a foreign investor, where such an entity is to carry out qualifying activities;
- the acquisition of a significant participation — that is, direct or indirect ownership of a stake (shares, units) that confers the ability to exert significant influence over the company's activities. For a target engaged in critical activities, this threshold is 10%, while for a target engaged in activities of general interest it is 25%;
- the direct or indirect acquisition of control over a business entity or its assets, in particular through: the acquisition or taking into use (lease, concession, management) of an integral property complex or part thereof; the acquisition of rights enabling the holder to determine the terms of activity, to influence management or decision-making; or the attainment of decisive influence.

In particular, the draft law spells out the criterion of decisive influence, which may be realised not only through the holding of a stake of ≥50% of the shares but also through the right to issue binding instructions, to determine the terms of business activity, or to form the composition of management bodies. An important procedural feature is the equation of decisions of national and foreign courts or arbitral tribunals with qualifying transactions where they lead to a change in the owner of strategic assets.

It is worth noting that, despite the absence in the Ukrainian draft law of a separate distinction between greenfield and brownfield investment, it partially accounts for greenfield investment by classifying as a qualifying transaction the creation of a new entity by two or more persons where that entity intends to carry out qualifying activities.

Overall, the Ukrainian approach is consistent with international practice, since it covers not only the formal acquisition of a stake but also broader forms of actual influence over a strategic asset — through control, the use of assets, management rights, or other mechanisms of decisive influence. At the same time, in the further refinement of the model it would be worth weighing the positions of stakeholders on whether greenfield investment requires a separate regime and, if so, in precisely which sensitive sectors and according to which criteria.

3.5. Procedure for Initiating Screening

This parameter defines the legal mechanism for triggering a review: from defining the range of parties obliged to provide information to establishing the form of such communication. In international practice, the procedure for initiating screening is mostly based on mandatory and voluntary filing options. The first type concerns clearly defined strategic sectors, while the second allows investors, on their own initiative, to obtain confirmation of a transaction's safety and legal certainty.

In most of the jurisdictions studied, the screening process begins with the investor's submission of an application to the competent authority. Almost all of the regimes studied are vested with the right to initiate screening on their own initiative, i.e. ex officio. This occurs primarily in cases where the investor has failed to fulfil its obligation to notify formally and information about the transaction has reached the authority through interagency exchange channels, internal market monitoring, or open sources.

Most systems are built on a single-window principle, under which the investor interacts only with the competent authority, which then independently coordinates the review process and engages other relevant departments and special services. Such internal coordination usually remains outside the scope of direct communication with the parties to the transaction. Another trend in modern systems is the full

[84] https://data.consilium.europa.eu/doc/document/ST-6254-2026-INIT/en/pdf

digitalisation of processes through specialised web portals, which ensures the standardisation and speed of data exchange.

International practice devotes particular attention to the mechanism of retrospective screening, which is present in one form or another in almost all modern investment-control systems. This tool grants the state the right to review transactions that have already been concluded and, where necessary, to initiate their cancellation or the forced disposal of stakes. The main differences between national models lie in the definition of the triggers for initiating such a review and in the time limits within which the state may exercise this right. During the expert interviews, business representatives and independent analysts stressed that retrospective oversight is an area of heightened sensitivity for the investment climate. For investors, it is important to have clearly defined criteria for initiating such a review and an exhaustive list of grounds for cancelling a transaction. If these conditions remain opaque or subjective, the very existence of a retrospective procedure may become a weighty argument for abandoning large projects on account of the high legal uncertainty.

The Ukrainian draft law provides for three main forms of initiating the screening procedure: authorisation-based, notification-based, and retrospective. Authorisation-based screening concerns only the defence sector and begins on the application of the foreign investor, which may be filed by post, through the Diia web portal, or by email. The competent authority registers such an application no later than the day following its receipt and, within 10 calendar days, checks it for compliance with the established requirements. Where the application is properly completed, the procedure opens automatically unless the authority has taken a different decision within the prescribed period. For activities of general interest, notification-based screening applies, requiring the investor to disclose data no later than one month from the date the transaction is carried out.

The state may initiate retrospective screening on the basis of a decision of the competent authority relying on two criteria — a breach in the conduct of the investment and/or a transformation of the investor. Both criteria must affect the state of Ukraine's national security. The grounds for retrospective screening on the basis of the first criterion are the provision of inaccurate data, evasion of mandatory screening, or failure to comply with previously established conditions of approval. A retrospective review may also be initiated where there is a change in the investor's ownership structure or activities. A separate ground is the discovery, after a transaction has been carried out, of material information about the investment that may be significant for assessing security risks. The state may commence such a review within 1, 3, or 5 years from the date of the transaction, depending on the type of ground.

To minimise risks for business, a mechanism of preliminary conclusions is provided, allowing the investor to obtain an official clarification as to the need for the procedure even before the transaction is carried out. The draft law provides for the possibility of applying a simplified procedure for trusted investors — foreign entities whose transactions have previously been approved or verified by the competent authority without decisions to prohibit them or to impose additional conditions.

3.6. Review Timeframes

This parameter establishes the time limits within which the state is obliged to provide a response to the investor. Clearly defined timelines give businesses the important certainty without which the screening procedure turns into an unpredictable risk factor. Transparent deadlines allow investors to plan effectively the stages of a transaction and its subsequent implementation, removing the threat of unexpected delays to capital investment. In addition, strict regulation of review periods substantially reduces corruption risks and prevents authorities from unjustifiably dragging out the process.

In international practice, review timeframes are usually based on a two-stage model that makes it possible to approve safe transactions quickly while leaving additional time for in-depth analysis of complex cases (see Table 3). A common feature of most of the systems examined — including the United States, the United Kingdom, Latvia, and Sweden — is the establishment of an initial preliminary-assessment period lasting from 25 to 45 days.[85] Where matters proceed to an in-depth investigation

[85] https://bit.ly/cfius-laws;
https://www.gov.uk/guidance/national-security-and-investment-act-guidance-on-acquisitions;

phase, however, the overall period can be substantially extended: in Romania and Japan it reaches 4–5 months, and in Germany it can last from 6 to 9 months for the most complex transactions. [86]

A fundamental feature of how deadlines are calculated in international practice is the stop-the-clock principle, under which the running of time is suspended while additional information from the parties to the transaction is awaited (as, for example, in Germany). Some jurisdictions, such as Taiwan, differentiate timeframes by the origin of the capital and set significantly longer review periods for investments from the PRC as a higher-threat jurisdiction. In Finland, the duration of the procedure is also aligned with the type of sector, with no clear time limits on the review of defence and security transactions. The global trend overall is to grant the competent authority the right to a one-off extension of timeframes in emergency situations or by decision of the government.

According to the expert interviews with business representatives who had undergone FDI screening in particular European jurisdictions, uncertainty about review timeframes or about individual stages of the procedure substantially complicated the planning of a transaction and engagement with the investment target. Clear legislative definition of timeframes, their observance by the competent authority, and transparent communication about the duration of each stage are therefore among the key elements of a screening system that is predictable for investors.

According to the Ukrainian draft law, the overall period for conducting authorisation-based screening is limited to 90 calendar days from the date the procedure is opened. Where no decision is taken within this period, the investment is deemed approved automatically. This condition not only creates certainty for the investor but also encourages the competent authority to observe the review periods established by law. In addition, at the initial stage the competent authority has up to 10 calendar days from the submission of the application to check its completeness and, where it is compliant, to open the screening procedure.

The process of reviewing screening applications is divided into stages. The competent authority is obliged to inform the applicant of the existence of security risks no later than 50 days from the date the screening procedure is opened, after which the investor has 10 days to draw up a mitigation plan. The procedure for involving the interagency Commission begins no later than the 65th day, and its final conclusion must be ready by the 80th day of the procedure.

For transactions falling within the category of activities of general interest and subject to notification-based screening, the review period is 30 days. For the category of trusted investors, or companies listed on specified foreign exchanges, an accelerated regime is provided under which the procedure may not last longer than 45 days.

An important aspect of the current version of the draft law is the provision for the investor to obtain a preliminary conclusion as to whether a future or completed transaction meets the conditions of a controlled foreign transaction (that is, whether the transaction will be subject to screening). This period is 10 calendar days from the date the foreign investor's application is registered with the competent authority.

Overall, the approach proposed by the Committee is consistent with international practice, since it establishes clear review periods, provides separate regimes for different types of transactions, and contains a mechanism for automatic approval in the event of the authority's inaction. However, the Ukrainian model does not provide for a separate division of authorisation-based screening into an initial review and an in-depth investigation — an approach applied in some jurisdictions and envisaged within the update of the European screening framework.[87]

[86] https://bit.ly/3Q0j9Vo;
https://laws.e-gov.go.jp/law/324AC0000000228;
[87] https://policy.trade.ec.europa.eu/enforcement-and-protection/investment-screening_en

Table 3. Application Review Timeframes

Country	Review Timeframes
USA	From 45 to 120 days
United Kingdom	From 30 to 105 days (extendable)
Taiwan	From 30 to 120+ days. Timeframes depend on the origin of the capital
Latvia	From 30 to 120 days
Germany	From 180 to 300 days
Japan	From 30 to 150 days
Republic of Korea	From 135 to 165 days
Romania	From 45 to 135 days
Sweden	From 115 to 205 days
Finland	From 45 to 90 days
Ukraine (draft law)	Up to 90 days. Preliminary conclusion — 10 days; authorisation-based screening — 90 days (45 days under the simplified procedure); notification-based screening — 30 days; retrospective screening — 60 days

3.7. Fees and Fines

This parameter covers the administrative cost of the screening service for the investor and the system of penalties for breaches of procedure, such as failure to file an application or breach of the conditions of approval.

In the global context there are two distinct approaches to the financial aspect of review. The first consists in fee-free filing of applications, characteristic of the United Kingdom, Taiwan, Japan, Sweden, Latvia, and South Korea, where the state fully bears the administrative costs. The second approach provides for the payment of fees, as implemented in the United States, Germany, Finland, and Romania. The size of such payments often depends on the duration of the investigation or the value of the transaction. In the United States the fee is capped at a fixed percentage of the transaction value, while in Germany the cost rises at each stage of analysis. A specific instrument of the German system is also the additional fees for monitoring compliance with the conditions of approval, which shifts the cost of long-term oversight of security commitments directly onto the investing entity.[88]

In the system of penalties, the global trend is a move away from fixed fines towards percentage charges on the investor's total worldwide turnover, which ensures the proportionality of the penalty to the scale of the business (see Table 4). This approach is applied, for example, by the United Kingdom and Romania. The nature of liability differs substantially: while in most countries it is exclusively administrative, in Taiwan, for example, the most egregious breaches carry criminal penalties involving imprisonment.[89] In addition to financial penalties, certain states, such as Latvia and South Korea, have the right to forcibly cancel transactions or to require the disposal of stakes where an investment has been made without proper approval.

[88] https://www.gesetze-im-internet.de/bmwkbgebkaiv/BJNR0F80A0023.html;
https://bit.ly/cfius-laws;
https://bit.ly/4sAJLd7;
[89] https://iclg.com/practice-areas/foreign-direct-investment-regimes-laws-and-regulations/taiwan#_edn14

The Ukrainian draft law provides that the screening procedures are financed by the state. Financial interaction with the investor remains predominantly in the realm of liability for breaches of the established rules.

The system of penalties in the draft law is differentiated and places liability directly on the foreign investor on the principle of proportionality to its income. For the most egregious breaches — in particular carrying out a transaction in the defence sector without undergoing screening or in defiance of a decision to prohibit it — the fine may reach 5% of the business entity's annual income for the previous reporting year. Where a transaction is carried out without complying with the mandatory notification-based screening procedure, this threshold is 3%. The penalty for providing inaccurate information that materially affected the final decision on approving a transaction warrants separate mention. In such a case, the fine may amount to up to 10% of the sum of the foreign investment itself. For situations where the investor has not provided information about its own income or where that income cannot be established for other reasons, fixed fines of between 50,000 and 100,000 non-taxable minimum incomes are provided. In addition, joint and several liability is introduced for all members of a group of companies.

Overall, the Ukrainian approach to fees and fines is consistent with global practice: the procedure involves no fee for filing an application, and liability for breaches is built predominantly on proportional fines tied to the investor's income or the value of the investment. During the expert interviews, representatives of competent authorities noted that, for jurisdictions interested in attracting the maximum amount of foreign capital, excessively high fines for most procedural breaches can be counterproductive. For Ukraine, this argument is particularly relevant, since the future screening system must preserve investment attractiveness during the reconstruction period.

Table 4. Fees and Fines

Country	Fees	Fines
USA	Investment up to USD 500,000 — free; from USD 500,000 — a fee of USD 750 to USD 300,000	The amount varies depending on the breach and is approved through the courts
United Kingdom	No fees	Civil and criminal penalties — 5% of worldwide turnover or GBP 10 million
Taiwan	No fees	Prohibition of investment activity. Imprisonment if, as a result of the transaction, a PRC citizen gained access to critical sectors
Latvia	No fees	Cancellation of the transaction
Germany	From EUR 800 to EUR 6,000 depending on the stage of investigation, plus EUR 10,000–30,000 for risk mitigation	Up to EUR 500,000 for each minor breach for individuals; up to EUR 10 million for companies
Japan	No fees	JPY 1 million (EUR 5,400) or three times the investment amount, whichever is greater
Republic of Korea	No fees	The Minister may decide to require disposal of the foreign company's stake in favour of the state, a foreign company, or a foreign national
Romania	Application filing fee — EUR 5,000	Fine — 10% of worldwide turnover, or EUR 2 to EUR 10 million if the company is new
Sweden	No fees	Fine from SEK 25,000 (EUR 2,300) to SEK 100,000 (EUR 9,000) for non-compliance with mitigation conditions
Finland	EUR 8,000 per filing	From 2027, up to EUR 10 million or 10% of turnover for companies; EUR 500,000 for individuals
Ukraine (draft law)	No fees	From 1% to 5% of annual revenue, or 10% of the investment amount, or 10,000–100,000 non-taxable minimum incomes (EUR 3,300–33,000)

3.8. Transparency of the Process

The transparency-of-process parameter concerns the level of disclosure of information about specific cases: whether the very fact of a review, its course, the parties involved, and the final decisions are public, and to what extent such information may be available to third parties or to society. Openness in this context reduces corruption risks and increases trust in the competent authority. A balance must be maintained between the transparency of the process and the protection of commercial secrets, personal data, sensitive security information, and restricted-access information.

In global practice, the prevailing trend is to ensure maximum confidentiality of the screening process (see Table 5). A common feature for Latvia, Germany, Japan, South Korea, Romania, Sweden, and Finland is the wholly closed nature of the procedure, where the fact of a review and its content are not disclosed to third parties. The strictest secrecy regime operates in the United States, where CFIUS typically neither confirms nor denies the very existence of an application, and public disclosure of information is possible only by way of exception.

Some countries opt for selective transparency: in the United Kingdom, the government publishes on official resources notices of final decisions to block transactions or to apply additional conditions, with a generalised statement of reasoning, which helps business understand the logic of how the regime operates. Taiwan also permits transparency in the form of brief announcements, but only after a transaction has actually closed.

According to the Ukrainian draft law, the procedure for reviewing investment cases is largely closed, but meetings of the Screening Commission are divided into open and closed parts. The open part may be attended by representatives of the public authorities within whose competence the matters under consideration fall, specialists engaged for consultation on specialised questions, and the foreign investor in person and/or through a representative. The final discussion and adoption of the Commission's conclusion, however, take place in the closed part of the meeting. All members of the Commission and officials of the competent authority are obliged to observe the confidentiality regime in respect of information that becomes known to them in the performance of their duties, and they bear liability for breaches of the rules on the protection of information.

The limited transparency of the process is implemented through the publication of generalised data, which is consistent with the practice of other countries. The official website of the competent authority is required to publish information about trusted investors whose transactions were successfully approved without additional conditions. In addition, to ensure the accountability of the system, the draft law provides for the annual publication of a report on the state of affairs in the screening field for the previous calendar year (more on reporting procedures in Section 3.9).

Table 5. Transparency of the Process

Country	Transparency of the Process
USA	Partially open; information may be disclosed by way of exception
United Kingdom	The process is public if the parties disclose information or the acquisition is publicly available and the government deems it so
Taiwan	Partially open. A brief announcement is possible after a transaction closes
Latvia	Closed
Germany	Closed
Japan	Closed
Republic of Korea	Closed
Romania	Closed
Sweden	Closed
Finland	Closed
Ukraine (draft law)	Partially open

3.9. Methodological Support, Consultative Engagement, and Reporting

This parameter covers the set of tools for ensuring the transparency of the system: from methodological support in the form of guidance to active engagement and regular reporting. The availability of official guidelines, pre-screening consultation procedures, and mechanisms of public accountability is critically important for the investor. The experts surveyed described such support as a guarantee of the system's success overall: these tools allow business not only to prepare an application correctly but also to obtain legal certainty even before the official start of the procedures, while systematic reporting ensures democratic and public oversight of security restrictions.

The practice of developed countries demonstrates a clear trend towards combining the above approaches. In the systems of the United States, the United Kingdom, Japan, and Finland, detailed public guidelines help investors navigate complex procedural requirements. The most extensive system of methodological assistance is found in Germany, which has developed exhaustive sections of answers to frequently asked questions (FAQ).[90] In the countries of Eastern Europe and Asia, by contrast — in particular Romania, South Korea, and Taiwan — the practice of issuing public clarifications is usually absent or fragmentary.

As regards active engagement, in most of the jurisdictions studied pre-screening consultations are encouraged. The United States, the United Kingdom, Germany, Japan, Romania, and Sweden regard such dialogue as an instrument for reducing administrative risks. In the United States, for example, the Committee on Foreign Investment actively encourages investors to engage in advance in order to clarify the scope of the information required. Taiwan has implemented this approach through a specialised platform that acts as a single window for clarifications, while in South Korea consultations help business to determine the very need to undergo screening. The exception is Latvia, where there is no official mechanism for preliminary dialogue, which makes the filing process more formalised. Overall, international experience confirms that the most effective practice is not so much individual consultation as the availability of exhaustive guidelines. This increases predictability for business and allows the state to conserve limited administrative resources.

An important element of the system is the reporting procedure, which is based on the principles of accountability to the government and to the public. A common feature for the United States and the United Kingdom is the preparation of annual analytical reports containing statistics on the number of reviews, the sectoral distribution of transactions, and the geographical origin of capital. In the United Kingdom, this process is reinforced by the relevant minister's obligation to report directly to Parliament. Differences are observed in periodicity: while most countries are oriented towards an annual cycle, Taiwan has introduced the practice of publishing monthly case statistics on the departmental website to ensure prompt transparency.

The Ukrainian draft law provides for a comprehensive approach in which one of the features of the regime will be active explanatory work. The competent authority is therefore vested with powers to issue advisory clarifications, prepare generalised answers on practical aspects of the procedures, and disseminate international best practice. An important instrument of direct engagement is the preliminary-conclusion mechanism, which allows the investor to obtain an official clarification as to the need to undergo screening. In addition to pre-procedure enquiries, the draft provides for engagement directly during a review, including the mandatory hearing of the investor's arguments within the retrospective form of oversight.

The principles of accountability and transparency are enshrined in the Ukrainian draft law as foundational. The competent authority is obliged to publish annually an analytical report on the results of its activity for the previous year. This includes statistics on applications filed, the number of authorisations, and an analysis of investment trends in strategic sectors. In addition, a separate mechanism of strategic reporting is provided: two years after the law enters into force, the Cabinet of Ministers of Ukraine is to provide the Verkhovna Rada with detailed information on the implementation status. This creates an additional level of parliamentary oversight and makes it possible to assess the effectiveness of the new security procedures over the longer term.

[90] https://bit.ly/foreign-trade-law-qa

Table 6. Reporting Procedures of Competent Authorities

Country	Authority's reporting procedure
USA	Annual CFIUS report
United Kingdom	Annual reports are prepared by the Secretary of State and presented to Parliament
Taiwan	Monthly case statistics on the website of the Department of Investment Review
Latvia	No public reporting on FDI screening
Germany	Annual reports from the Ministry for Economic Affairs and Energy
Japan	Annual report of the Ministry of Finance
Republic of Korea	Annual reports from the Ministry of Trade concerning investment inflows only
Romania	The Competition Council publishes reports and individual decisions
Sweden	The Inspectorate of Strategic Products publishes statistics on its website
Finland	Annual reports from the Ministry of Economic Affairs concern company acquisitions
Ukraine (draft law)	Annual report of the competent authority

3.10. The Need for Screening in Restructuring and Intra-Group Transactions

This parameter defines whether changes within a group of companies (for example, the transfer of an asset from one subsidiary to another) are subject to screening where the beneficial owner remains unchanged.

An analysis of foreign approaches reveals significant divergence in attitudes to internal restructurings, driven by the balance between administrative efficiency and the risk of circumventing the law through complex corporate structures.

A significant proportion of the countries studied — in particular the United Kingdom, Japan, Latvia, Romania, and Sweden — apply the principle of mandatory screening even for internal restructurings and treat any change in the ownership chain as a potential ground for review. Another group of states, comprising the United States, Germany, and Finland, by contrast applies a more liberal model: screening is usually not required where the ultimate beneficial owner remains unchanged and no new foreign legal entity is added to the ownership structure and the owner's jurisdiction does not change.

South Korea demonstrates a specific approach, providing for intra-group transactions a simplified notification-type procedure that allows the state to retain oversight without unduly burdening transparent business. In Taiwan, control within a group is focused as far as possible on preventing the emergence of any new stake of Chinese origin as a result of a technical restructuring.

An important trend is the desire of countries with a functioning FDI screening system to forestall situations in which, through a series of intra-group transactions, the immediate owner changes to an entity from a less transparent jurisdiction, which may complicate subsequent oversight of a strategic asset. Most systems therefore incline to the view that internal restructurings should not be a “grey zone” for avoiding security assessment.

The Ukrainian draft law provides for a general exemption from the screening procedure for controlled transactions that take place between business entities already linked by relations of control. This means that intra-group transactions or corporate restructurings that do not change the beneficial owner mostly do not require repeated review by the state. This relief has a limitation, however: it does not extend to cases where the rights or assets concerned were acquired by the group earlier as a result of a transaction that should have undergone screening but was carried out without it, in breach of the rules.

In addition, a ground for screening even within a single group is a change in the “quality” of the foreign investor's control over a strategic asset. According to the Committee's work, this will be determined through the combination of the characteristics of the controlling persons and a change in the form of

the influence itself — for example, a shift from sole to collegial control or a substantial transformation in the nature of decisive influence over the enterprise's activities. Thus, if an internal restructuring leads to a real realignment of forces in the management structure or to a change in the characteristics of the persons exercising control, the state retains the right to conduct a full security assessment of such a transaction.

The Ukrainian approach is therefore closer to the liberal model, which does not require repeated screening of intra-group transactions in the absence of a change in the ultimate controller. A positive factor is that the draft law leaves the state an instrument for responding to such transactions where their purpose is the potential circumvention of screening.

3.11. Filing Party

This parameter defines on whom the legal obligation to initiate the screening procedure rests. This may be the investor, the investment target, or both parties at once.

In international practice, the dominant approach is one in which the principal responsibility lies with the foreign investor as the initiator of the transaction (see Table 7). In some systems, however, there is a trend towards involving both parties to the transaction in order to ensure the completeness of security data. In the United States, in particular, for mandatory notifications the documents must be filed by both parties simultaneously, whereas for voluntary filing this may be done by one participant, provided that exhaustive information about the counterparty is supplied.

South Korea demonstrates a specific “reverse responsibility” model, where, in cases concerning national key technologies or the defence sector, the reporting obligation is shifted onto the Korean company receiving the investment. A similar approach to the allocation of responsibility is applied by Latvia, where the investment target also becomes a mandatory filing party if it forms part of critical infrastructure.

A distinct preventive mechanism is the obligation to inform enshrined in Swedish legislation: there, the target company is obliged to officially warn a potential investor of its status as an object requiring protection before negotiations even begin. In most European systems, such as those of Germany, Finland, and Romania, the procedure remains focused on the investor or its lawful representative.

International practice thus ranges from a purely investor-centric model to models of collective responsibility, where the investment target plays an active role in the process of security verification.

In accordance with the provisions of the Ukrainian draft law, the key party on whom the obligation to initiate the procedure rests is the foreign investor. It is the investor who must file an application for approval of a controlled transaction in the case of authorisation-based screening, or send a notification of a completed transaction in the case of notification-based screening. The draft law allows the investor to act either in person or through an authorised representative, provided that a power of attorney or another document confirming the representative's authority is supplied.

The Ukrainian model, however, provides for the investment target itself to participate in the process. The competent authority has the right to send requests for the provision of necessary information both to the foreign investor and to the target company. Within the screening procedure, consultations with both parties to the transaction are envisaged in order to establish all the circumstances of the case. In addition, in the specific cases of retrospective screening, the procedure begins on the initiative of the competent authority itself, which notifies both the investor and the target company.

Table 7. Filing Party

Country	Filing Party
USA	Mandatory filings — both parties; voluntary filing — one party, but it must report on both parties to the transaction
United Kingdom	The investor, but confirmation from other parties is sometimes required
Taiwan	The investor or its representative

Latvia	Mostly the investor; the investment target files an application if it belongs to critical infrastructure
Germany	The investor
Japan	The investor
Republic of Korea	The investor, but in critical sectors filings are made by the companies receiving the investment
Romania	The investor
Sweden	The investor, but the investment target must notify the investor that it operates in one of the sensitive sectors
Finland	The investor
Ukraine (draft law)	The investor or its representative

3.12. The Possibility of Approving a Transaction Subject to Conditions

Approving a transaction subject to conditions is the state's ability to permit a transaction on condition that the investor fulfils certain commitments (mitigation measures), instead of prohibiting the investment outright.

A common feature for all the screening systems studied is the availability of such mitigation instruments. In global practice, this mechanism is regarded as the "gold standard" for maintaining a balance between attracting capital and protecting national interests. The study shows that the implementation of this instrument in different jurisdictions comprises three main components: the format in which the conditions are recorded, their content, and the mechanisms for monitoring compliance.

In the United States and the United Kingdom, decisions to approve subject to conditions are based on the principles of necessity and proportionality, and the conditions are often recorded in the form of special mitigation agreements or orders. In the United Kingdom, for instance, risk-mitigation measures are divided into two main categories:

- Structural mitigations provide for one-off organisational changes to the corporate structure that are implemented at the stage of taking the final decision (for example, the divestment or forced sale of a certain stake in the business). Once these conditions have been fulfilled, the security risk is considered neutralised;
- Behavioural mitigations are long-term commitments by the investor. They may include requirements to keep data or intellectual property exclusively within the territory of the state, to report regularly to the government on operational activity, to bring a government observer onto the board of directors, or to establish an internal security-governance structure. The duration of these measures makes them more difficult for the state in terms of continuous monitoring and oversight of compliance.

A specific feature of the Finnish and Swedish systems, by contrast, is the emphasis on continuous oversight and a strict system of penalties for non-compliance with established requirements, where monitoring is carried out in close cooperation between the ministry of economy and the security agencies. In most countries — such as Germany, Romania, Japan, and Latvia — the conditions may include restrictions on access to strategic information, requirements to keep key production capacities within the territory of the country, or the appointment of independent members to supervisory boards.

Risk mitigation thus transforms screening from a purely prohibitive mechanism into an instrument for ensuring a balance between guaranteeing security and preserving the inflow of foreign capital within strategic sectors. In the project to build the Hinkley Point C nuclear power plant, for example, the United Kingdom applied a structural measure in the form of a "special share", which gave the government a right of veto over the subsequent sale of key stakes.[91] In the 2023 Swedish case of Shanghai Putailai Co.,

[91] https://bit.ly/hinkley-point-c

Ltd. the Chinese investor deemed the requirements to change the management and operational-control structure commercially unacceptable, which led to the complete abandonment of the plant's construction.

The Ukrainian draft law likewise provides for the possibility of a decision to conditionally approve a controlled foreign transaction as a workable alternative to its outright prohibition. All restrictions and requirements imposed are recorded directly in the decision of the competent authority and become binding on the investor for subsequent compliance.

It is important to bear in mind that this mechanism does not apply to investments that meet the unconditional grounds for refusal — in such cases the state does not offer conditions of approval; instead, a direct prohibition of the transaction applies.

To protect the interests of business, the draft law establishes that such conditions must be proportionate, directly connected to the threat identified, and the least burdensome of all effective measures. In addition, within 10 calendar days of being notified of security risks, the investor has the right to propose its own measures to the competent authority for eliminating them. Where a transaction is approved, the investor bears the obligation to report regularly to the state authority on the progress of implementing such measures within the periods specified in the decision.

3.13. The Possibility of Appeal

This parameter defines the investor's right to appeal a decision to prohibit a transaction or to impose restrictions through judicial or administrative channels.

In international practice, the dominant approach is one based on ensuring legal protection of investors' rights through the possibility of judicial or administrative appeal against decisions of the competent authority. In most of the European countries analysed — in particular Germany, Latvia, Romania, and Sweden — this right is exercised through recourse to specialised administrative courts, which review the lawfulness of the authorities' actions and the proportionality of the restrictions imposed.

A common feature is the establishment of fairly short time limits for filing appeals, usually ranging from 28 to 30 days from receipt of the decision. A fundamental exception is the United States, where a presidential decision to block a transaction on national security grounds is not subject to judicial appeal.

Some countries, such as Finland, restrict the right of appeal for the most significant decisions taken at plenary sessions of the government, while in South Korea this mechanism is based not on special investment legislation but on the general rules of administrative procedure. An important feature of Latvia's approach is the court's obligation to balance the investor's private interests against the conclusions of the special services and to assess the conformity of the decision with the principle of legitimate expectations.

Overall, despite the general integration of screening into the system of administrative law, the courts predominantly avoid reviewing the substance of security assessments and focus on procedural lawfulness and protection from discrimination.

The Ukrainian draft law expressly guarantees foreign investors the right to judicial protection of their rights, freedoms, and legitimate interests. Any decision, act, or omission of the competent authority or the Cabinet of Ministers of Ukraine adopted in connection with the implementation of this law may be the subject of judicial appeal in administrative proceedings. A three-month period from the day on which the person learned, or should have learned, of the violation of its rights is established for filing such a claim.

A distinctive feature of the Committee's work is the involvement of the High Anti-Corruption Court (HACC) in hearing cases relating to the forced-divestment procedure. Such claims are heard by a panel of three judges within 60 days of the claim's receipt. A decision of the court of first instance may be appealed to the HACC Appeals Chamber within 15 days. However, to ensure the promptness and finality of decisions in the area of national security, a ruling of the appellate instance takes legal effect immediately and is not subject to further appeal in cassation.

Conclusion

The comparative analysis of thirteen parameters across ten jurisdictions thus demonstrates a mature and consolidated global practice on basic questions and notable variation in the details. Common features for most systems are: the absence of minimum monetary thresholds in favour of a risk-based approach; a single competent authority with interagency support; clear review periods with the possibility of extension in complex cases; the closed nature of the procedure as a condition of effective engagement with the special services; and conditional approval, which makes it possible to attract capital and neutralise risks at the same time. Systems diverge, however, where national context comes into play: the list of sectors, the degree of formalisation of penalties, and the level of public methodological support depend on the specifics of each jurisdiction.

In this context, the current version of the Ukrainian draft law demonstrates conformity with key international standards across most parameters. The absence of a monetary threshold and the focus on control are consistent with the practice of the United States, the United Kingdom, Germany, and most EU States. The three-tier institutional architecture — the competent authority, the interagency Commission, the Cabinet of Ministers for prohibition decisions — structurally follows the model that operates successfully in the United States, Romania, and Taiwan. The clear staged timeframes (90 days with internal deadlines spelled out, 45 under the simplified procedure) are competitive against most of the jurisdictions studied. Conditional approval with requirements of proportionality, state financing without fees for the investor, and the closed nature of the procedure with elements of accountability through an annual report — all of this coincides with, or comes close to, best practices.

However, the analysis shows that certain elements of the future system require refinement before the law is adopted. Some observations concern specific provisions of the current draft-law text, while others are broader and relate to the principles on which FDI screening should be built — both at the level of the law and during the drafting of subordinate legislation and practical implementation. It is to precisely these questions that the next chapter is devoted, containing recommendations on the overall design of the system and on targeted amendments to the draft law.

CHAPTER IV
RECOMMENDATIONS

CHAPTER 4. RECOMMENDATIONS

The previous chapters have consistently built up the rationale for the need for FDI screening in Ukraine. The analysis of the economic and security context has shown that the country simultaneously faces systemic hybrid threats — including through corrosive capital — and needs to attract foreign investment on a large scale for reconstruction and development. Historical cases have confirmed that these risks are long-lasting, while the existing response instruments remain fragmented and predominantly reactive, which justifies the need for a separate, preventive screening mechanism.

The comparative legal analysis of international practices and the results of the expert interviews have made it possible to determine precisely how such a system should be built so as to perform a security function and not impede investment at the same time. In this context, the Committee's work on the draft law already forms a balanced model that is, on the whole, consistent with international and European standards and takes into account Ukraine's security context.

This chapter therefore does not propose a revision of the concept but focuses on its refinement. The recommendations are structured along two lines: the first concerns the principles that should remain the foundation for the system's further development (in particular in the preparation of subordinate legislation and in implementation); the second concerns targeted changes to the text of the draft law that it would be advisable to take into account before its registration in the Verkhovna Rada.

4.1. Recommended Principles of Screening

To develop an effective FDI screening system in Ukraine — during the drafting of the text of the dedicated law, as well as the building of the secondary legislative base and the practical implementation of the system in the future — it is worth adhering to the following principles:

1. **A balance between managing national security risks and ensuring a sustained inflow of investment**

A fundamental precondition for the successful operation of any foreign investment screening mechanism is achieving a stable balance between managing security risks and preserving the investment attractiveness of the jurisdiction. This principle should be regarded not merely as a general declaration but as the basic logic that ought to shape all elements of the system: from the legislative construct to the practice of taking decisions in specific cases.

The current version of the draft law generally reflects this approach. The security component is realised through the definition of the range of critical sectors and transactions subject to review, as well as through the establishment of unconditional grounds for refusing an investment, in particular in cases of the investor's ties to the aggressor state or to persons under sanctions. The draft law takes into account the need to attract foreign capital: it provides for clear review periods, mechanisms for engagement with the investor, differentiated screening regimes, and simplified procedures for trusted investors.

This balance must therefore be preserved and operationalised at the subsequent stages. During the drafting of subordinate legislation — in particular the methodology for assessing threats to national security — and in further practical implementation, all criteria, thresholds, and procedural decisions must be shaped with this principle in mind. This means that screening instruments must be sufficiently sensitive to real security risks but at the same time must not create a disproportionate procedural burden for bona fide investors or extend the scope of oversight beyond the limits of objectively justified threats.

2. **Proportionality of response measures to the level of risk**

The screening mechanism must also be grounded in the principle of proportionality: the depth of review, the severity of intervention, and the content of restrictive conditions must clearly correspond to the level of security risk. This approach is important for preserving the investment attractiveness of the jurisdiction, since it allows the state to focus limited resources on genuinely risky transactions while minimising

administrative pressure on constructive capital. High-risk investments in defence and critical technologies should be subject to more thorough analysis, while simplified procedures should be applied to less sensitive cases.

An analysis of the current version of the Ukrainian draft law indicates the proper integration of this principle. This is manifested above all in the division of areas of activity into critical ones, where screening is mandatory, and areas of general interest, where a simplified or notification-based approach is applied. Such a division makes it possible to differentiate the intensity of state oversight according to the strategic significance of the sector and the potential threat. A logical continuation of this approach is a separate provision to the effect that the conditions for approving a transaction must be directly connected to the threat identified and remain the least burdensome for the investor. This limits the discretion of the competent authority and provides that state intervention will not go beyond what is necessary. In addition, the availability of simplified procedures for trusted investors and listed companies on specified exchanges illustrates the practical realisation of the principle of proportionality at the stage of initiating a review.

After the draft law is adopted, the main attention should be focused on the practical implementation of the principle of proportionality. To that end, the competent authority should develop clear methodological recommendations on the application of conditional approval, which will require justifying the connection between the additional conditions and the threats to national security. It is important to take into account international experience on the periodic review of the list of critical sectors subject to screening. In some countries, such as the United Kingdom, the need for such a review is provided for by law. For Ukraine, such an approach would be useful given the rapid change in the security environment, technological development, and the emergence of new sensitive areas. Conducting such an audit periodically, in coordination with other departments and the business community, will make it possible to keep a finger on the pulse of real threats and to supplement the current list of critical sectors. Over the longer term, this will increase the predictability of the procedure and reduce the number of investment projects abandoned at the planning stage.

3. Certainty as to deadlines, procedures, and communication with the investor

The screening system must be procedurally comprehensible and predictable for investors. According to the results of the expert interviews, the key priorities for business are the predictability, stability, and transparency of the process. The clearer the rules of the game, the expected deadlines, and the procedural status of a case, the lower the uncertainty for the investor. For Ukraine, which seeks to preserve the trust of bona fide partners in difficult security conditions, clear communication becomes a key factor in building a reputation as a safe place for capital. Alongside the legislative enshrinement of the rules, it is therefore advisable to develop the practice of informing the applicant about the course of individual stages, to provide public clarifications on the application of the mechanism, and to prepare accessible instructions for going through the procedures.

The Ukrainian draft law contains provisions to ensure this certainty. The model proposes an overall review period of 90 days. A positive aspect is the introduction of an accelerated review regime of up to 45 days for trusted investors and the mechanism of preliminary conclusions, for the preparation of which the competent authority has only 10 days. The digitalisation of application filing through the Diia web portal is also a positive step that is consistent with the world's best practices. The internal processes of engagement between state departments require detailed regulation, so that the technical exchange of data does not create unpredictable pauses in the running of the timeframes.

After the adoption of the law on FDI screening and the necessary subordinate legislation, the priority should be the development of step-by-step practical instructions. It is advisable to create the corresponding electronic infrastructure and clear communication protocols that would oblige the competent authority to notify in good time of the need for additional documents or of the transition from preliminary examination to the screening procedure.

4. The possibility of an abbreviated procedure for trusted investors and/or jurisdictions of origin of the ultimate beneficial owners

An effective screening system should provide for a mechanism of simplified review for trusted investors. International experience shows that the introduction of “trusted investor” status is a recognised instrument for optimising the operation of the regime, allowing the state to focus limited analytical

resources on the thorough examination of genuinely risky transactions. The results of the expert interviews confirm that even the most mature systems are now arriving at the conclusion that reviews are excessive for transactions that have no direct connection to national security. This stimulates a movement towards the differentiation of procedures, which can already be traced in many European models, where investments from transparent businesses with an impeccable reputation undergo approval significantly faster. A further example of such optimisation is the American mechanism of "Excepted Foreign States" within CFIUS, which creates preferential conditions for investors from allied countries.[92]

This principle is reflected in the current version of the draft law, which introduces a simplified review procedure for trusted investors and for companies whose shares are traded on specified foreign stock exchanges, reducing the maximum review period to 45 days.

Although the legislative basis for the abbreviated procedure is already in place, the mechanism for its application and the specific criteria of trustworthiness will become a matter for subordinate regulation. It is necessary to spell out such parameters as a positive history of undergoing screening in the past, absolute transparency of the ownership structure, and the unequivocal absence of sanctions or political risks. It is also important to set out a transparent algorithm for granting trusted-investor status and the conditions for its automatic revocation in the event of a change in the security profile of the company or the jurisdiction of its ultimate beneficiaries.

5. The availability of procedures that minimise the investor's legal and financial risks in the event of a refusal to approve a transaction

Screening should reduce the risks of disproportionate losses for a bona fide investor in the event that an investment is not approved. To that end, clear assessment criteria, the proper reasoning of decisions, and the use of conditional approval where risks can be neutralised without prohibiting the transaction outright are important. The Ukrainian draft law enshrines the possibility of imposing additional obligations on the investor instead of an outright refusal. An important element of legal certainty is the provision of a "stop-the-clock" mechanism for correcting technical errors: if an application does not meet the requirements, the investor is given a window of 5 to 10 calendar days to remedy the deficiencies. In addition, where security threats are identified during the analysis, the investor has a further 10 days to submit its own proposals for minimising them. Such procedural steps make it possible to avoid automatic refusals on account of formal inaccuracies and create real conditions for dialogue between business and the state.

At the stage of implementing the law, it is important to establish a transparent practice of reasoning, in which every decision to impose a restriction will be reasoned in detail, which will increase trust in the jurisdiction and make it possible to avoid lengthy litigation.

6. Coordination of screening with other authorisation procedures

It is advisable to organise FDI screening in such a way that it can take place in parallel with other authorisation procedures, in particular with competition oversight, as is the case in most EU countries.

The draft law on FDI screening in Ukraine provides that the need to undergo screening is not a ground for the Antimonopoly Committee to refuse to accept an application for consideration. This is a qualitative step forward compared with earlier initiatives, in particular Draft Law No. 14062-1, which established a sequential passage of the procedures. The clear enshrinement of the possibility of the simultaneous consideration of documents by different state bodies that approve a transaction is consistent with the practice of reducing the regulatory burden on the investor and should be preserved in the final version of the law.

After the law enters into force, the main attention should be focused on technical coordination and data exchange between the Ministry of Economy and the Antimonopoly Committee, so as to minimise the duplication of requests to the parties to a transaction. It is essential that the processes of concentration

[92] https://bit.ly/cfius-foreign-states;
https://www.celis.institute/celis-news/cfiuss-known-investor-program-a-new-chapter-in-foreign-investment-screening/;
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52024DC0464;

control and screening do not impede one another, allowing business to undergo both reviews in parallel and to obtain the state's decisions without lengthy time gaps.

7. Alignment with European regulations

Given Ukraine's status as a candidate state for EU accession, the screening system should be designed from the outset with European approaches and the recommendations of the European Commission in mind. This concerns, above all, the basic principles enshrined in EU Regulation 2019/452: transparency, proportionality, non-discrimination, and the protection of confidential information. The harmonisation of the Ukrainian approach with the European framework is necessary not only to fulfil future obligations but also for the country's integration into Europe's security architecture. After all, the closer the national model is to the logic operating within the Union, the higher the trust of European investors will be.

The Ukrainian draft law takes these requirements into account already at the development stage, which is one of its advantages. The text reflects the key components of the European system: the categories of critical activities and activities of general interest are defined, a mechanism of annual reporting is introduced, and clear investor rights are established.

At the level of the law, only the general principles of such harmonisation have so far been laid down, which is a justified step at the candidacy stage. In the course of the further implementation of the legislation, the main attention should be directed at the strategic monitoring of the dynamics of European regulation. It is important to ensure the flexibility of the system so that it can in future respond promptly to the expansion of the list of sensitive sectors in respect of which the EU requires screening to be conducted. In particular, account should be taken of such areas as semiconductors and advanced dual-use technologies, which in European practice are increasingly being singled out as categories of oversight. Such an approach to gradual adaptation will allow Ukraine to maintain compatibility with the European security perimeter and to update national filters in good time in line with the Union's current standards.

8. Openness in the drafting of subordinate legislation and coordination with independent stakeholders

The high-quality and genuine implementation of the basic principles enshrined in the dedicated law will depend directly on the content of the subordinate legislation that will define the day-to-day procedures of engagement between the state and businesses. The principle of openness and inclusiveness in their drafting entails the involvement of independent experts and representatives of business, the civil society sector, and international partners.

This practice of public deliberation and the gathering of feedback from international partners, which already operates at the level of the Committee, must be carried over to the subsequent stages of implementing the law. The preparation of key government resolutions — in particular on the screening procedure and the functioning of the Register of Foreign Investors — should go through a process of open consultation. Such a format of work will make it possible to ensure high regulatory quality, to avoid divergences in the interpretation of the rules, and to build trust in the new institution on the part of the international community even before the first investment cases are considered.

9. A single competent and coordinating authority

It is advisable to build foreign investment screening around a single competent authority defined by law. The coordination of the procedure, the gathering and analysis of information, communication with the investor, and the preparation of decisions from a single centre reinforces institutional certainty and forms a clear single point of entry for businesses. However, the work of this authority should rest on the assessment of an advisory commission, the relevant ministries, and the special services, depending on the sector and the nature of the specific application. The optimal model — one tested by world practice — is one in which the centre of decision-making and coordination is single, but the assessment itself rests on interagency expertise.

In the Ukrainian draft law, according to the Committee's work, this role is assigned to the Ministry of Economy, which administers the process, maintains the Register of Foreign Investors, and conducts direct communication with the applicant. The political weight of the system is reinforced by the powers of the Cabinet of Ministers, which takes the final decisions on prohibiting investments. The system of

checks and balances is realised through the creation of the Commission on Foreign Investment Screening — an interagency body that provides specialist assessment and has access to case materials. For the most critical areas, in particular the defence industry, the law expressly provides for the mandatory involvement of the Ministry of Defence and the Security Service of Ukraine in the assessment process. This model coincides with world practice and conforms to the general standards for effective FDI screening, so this distribution of powers is worth preserving up to the adoption of the dedicated law.

10. Political confirmation only for decisions to prohibit an investment

It is advisable to retain the political level of decision-making only for those cases in which screening results in a proposal to block an investment. In this way, heightened legitimacy and political responsibility for blocking an investment are combined with the promptness of considering all other cases. This principle is enshrined in the Ukrainian draft law, where the Committee's work clearly delineates the competences: the competent authority independently takes decisions on approval, whereas the Cabinet of Ministers of Ukraine considers exclusively draft decisions on prohibition. An important safeguard is the mechanism of tacit consent, under which an investment is deemed approved if the competent authority or the government has not issued a decision within 90 calendar days. This is good practice that disciplines the state apparatus and ensures the predictability of the process for businesses.

11. Public guidelines for investors and clarification of current screening practice

The availability of exhaustive public instructions is a weighty condition for the effective operation of the screening system. The state should regularly publish guidelines on the rules of the procedure, the current interpretation of critical sectors, typical security risks, and the general logic of applying mitigation measures. As international experience shows, although preliminary consultations with the competent authority are an extremely useful practice, an even better solution is the availability of comprehensible and accessible instructions. They help business to understand the state's practical approach to risk assessment as early as the deal-planning stage.

An analysis of the Ukrainian draft law indicates that this principle is already built into its foundation. The Committee's work currently contains a direct requirement for the competent authority to carry out active methodological and explanatory work. In particular, it provides for powers to issue advisory clarifications, to generalise screening practice, and to publish these materials on the official website without fail. This creates a solid legislative foundation for forming a service-oriented model of engagement with investors.

A key priority after the adoption of the draft law should be the development of detailed and comprehensible guidelines based on the world's best practices, in particular as implemented in Germany. It is important to introduce the practice of regularly publishing generalised descriptions of completed cases (without disclosing any information about the persons party to a transaction), so that investors can see the real types of threats identified and the logic of how the FDI mechanism operates. In addition, the competent authority should encourage business to develop its own compliance systems. The very availability of clear clarifications will allow companies to conduct a high-quality internal review of their own structure and to assess probable sanctions or political risks even before the official filing of documents. Such an approach will facilitate the distribution of responsibility between the state and the private sector, increasing the overall security of the investment environment.

12. Adjacent legal and institutional infrastructure around screening

In world practice, the effectiveness of a screening system is ensured not only by the law itself but also by the robustness of the broader legal and institutional infrastructure. This concerns the interaction of the new mechanism with the rules on disclosing the ownership structure and ultimate beneficial owners, as well as with the legislation on the protection of commercial secrets and sensitive technological information. An important component is also the proper institutional capacity of the responsible authorities: access to specialised databases, modern analytical tools, technological provision, and sufficient human and financial resources. Without adjacent regulation and strong institutions, even the best-drafted screening procedure risks proving declaratory.

In Ukraine, elements of such infrastructure exist, but the current legal architecture poses certain challenges for the launch of the new system. The main area of concern is the insufficient legislative clarity in the field of threats to national security, on the assessment of which screening rests. At present,

economic security is regarded as a component of national security, but the threats themselves are formulated through very broad categories — in particular through the concept of "vital interests", which, unlike its analogue in Finland, has no exhaustive list. In the Ukrainian draft law, these uncertainties are to be made specific at the level of subordinate legislation. In particular, the Committee's work currently provides that the Cabinet of Ministers of Ukraine approves the methodology for identifying threats to national security and establishes clarifying requirements for critical activities.

At the stage of implementing the system, the government would do well to focus on strengthening the adjacent legislation and building institutional capacity. It should also ensure the integration of the new competent authority with existing state registers and financial-monitoring systems for the rapid verification of ultimate beneficiaries. Finally, the state must provide adequate funding for training specialist analysts and equipping them with software tools, since the speed and quality of decisions will depend directly on the technical capacity of the state apparatus to analyse complex transnational deals.

13. Clear lists of documents and of the content of disclosure by investors

Maximum clarity in defining the list of documents and the volume of information investors must provide is a substantial criterion for the transparency of the system. This protects the bona fide applicant from subjectivity, where incomplete disclosure of data could be construed against them solely because of the vagueness of the regulatory requirements. Clear standards for preparing an application reduce the transaction costs of business and lower the number of clarifying requests from the competent authority, which substantially accelerates the overall pace of review.

An analysis of the current version of the draft law indicates that the Ukrainian draft law lays down a two-tier structure for regulating this matter. At the level of the law, the functional categories of information that must accompany the application are defined: from the identification of the persons through whom indirect ownership is exercised to the data for assessing the origin of the investment and its financing. It is a positive feature that the draft law does not overload the main text with technical lists but delegates the development of the specific list of documents to the Cabinet of Ministers of Ukraine. At the same time, the draft law expressly enshrines the investor's right to provide any additional explanations or documents, which makes it possible to better demonstrate the absence of security risks in a specific transaction.

At the stage of implementing the legislation, the main task for the government will be to develop exhaustive lists of documents within the subordinate Screening Procedure. It is necessary to move away from general formulations and to approve specific forms and checklists for each type of screening. Moreover, the development of these forms should be accompanied by the publication of detailed instructions on completing complex sections — for example, the disclosure of the chain of beneficiaries in large international holdings. Such detail will increase the level of certainty for the investor and ensure the high quality of the input data for security analysis.

14. Regular review of the list of critical sectors

The list of critical sectors should not remain static, since the security environment, the latest technologies, and vulnerability patterns change far faster than the underlying legislation. The flexibility of the system guarantees that the state will be able to respond adequately to new hybrid threats without creating artificial barriers for those sectors that have lost their strategic sensitivity over time and require a free inflow of capital.

In the text of the Ukrainian draft law currently awaiting registration, a certain element of this necessary flexibility is already in place. It is a positive feature that the document does not cement the list of restrictions directly in the body of the law but vests the Cabinet of Ministers with powers to establish clarifying requirements, conditions, and exemptions for critical activities. It also provides that it is the government that will approve the methodology for identifying threats to national security, which creates a proper legal foundation for the continuous adaptation of the system.

At the stage of implementing the law, it is important to bear in mind that, despite the absence of rigidly fixed periods for regular review in the text, the very possibility of, and the powers for, such updating are fully provided for. The experience of other jurisdictions, in particular the United Kingdom, attests to the advisability of introducing a procedure for the periodic audit of sectors. Such a practice, grounded in engagement with business, the expert community, and international partners, makes it possible to

guarantee that the list of critical sectors will always match the current state of economic and technological development.

15. A single electronic portal for filing documents and communication

It is worth using a single electronic portal for filing applications, notifications, and additional documents and for communication with the competent authority within the screening procedure. This widespread world practice reduces administrative costs, eases the investor's access to the mechanism, and unifies the format of submitting information. In addition, an electronic account makes it possible to track the status of a case, to record all procedural actions, and to send notifications and requests in a standardised form, thereby increasing the transparency and predictability of the procedure. For the state, this also eases the procedure for compiling annual reporting, allows for better systematisation of data, and reduces the risks of losing or incompletely processing information.

The Ukrainian draft law already conceptually reflects this approach, enshrining the possibility of filing documents in electronic form, in particular through the Diia Unified State Web Portal of Electronic Services. This is a very positive signal to the market, demonstrating the state's aspiration to simplify the point of entry for capital as far as possible and to minimise physical bureaucracy. It is extremely important that the digital package of documents have full legal force and that the competent authority not require paper duplication of the documents.

After the adoption of the law, the key challenge will be the actual technical implementation of this instrument. The government will need not only to ensure the development of a convenient and intuitive investor-account interface but also to build a robust cyber-protection system. Since the most sensitive commercial, technological, and financial information of transnational companies will pass through the portal, the reliability of data encryption must become an absolute priority. It is also important to set up, in technical terms, the secure integration of the portal with the internal communication networks of the intelligence and security authorities, so that the interagency exchange of documents within the Commission's work takes place quickly and without risks of information leakage.

4.2. Recommended Changes to the Current Draft Law

As of May 2026, the Committee's work takes into account most of the principles of a sound FDI screening system. However, certain provisions remain in the text that it would be advisable to clarify or refine at the current stage of preparing the draft law for registration in Parliament, in order to increase legal certainty and bring the future mechanism even closer to the world's best practices. The proposed changes include, in particular:

1. Review of the five-year horizon for checking ties to the aggressor state

The text of the Ukrainian draft law currently provides for a number of unconditional grounds for refusing/blocking an investment. These grounds for such a decision are, in particular, the following:

- On the date of filing the application — or in the 5 years preceding that date — for approving a controlled foreign investment or opening a retrospective screening procedure, the foreign investor held the citizenship of the aggressor state;
- In procedures similar to those described in the first point, where, over the past 5 years, the investor's charter capital has contained stakes belonging directly or indirectly to a foreign investor holding the citizenship of an aggressor state, or a legal entity connected with the aggressor state has held a total stake of 10% or more in the charter capital;
- The investor cooperated with the aggressor state or with the unlawful authorities established in the temporarily occupied territory of Ukraine.

Thus, in cases where the ground for prohibiting an investment is the investor's tie to the aggressor state, the draft law applies a five-year review period. The law itself will only become fully operational 12 months after its signing and publication — that is, probably not before summer 2027.

Under such conditions, the five-year period may prove insufficient. It may fail to cover even part of the actions taken in the first years of the full-scale invasion: for example, investors who continued to operate on the Russian market in 2022 but formally exited it before the law took effect. If the law enters into force later, the same problem may arise with respect to actions taken in 2023.

The timeframe for checking ties to the aggressor state therefore needs to be reviewed, or a separate special regime should be provided for such cases, so that the screening mechanism does not lose its security effectiveness from the very moment of its launch.

2. Establishing a unified legal regime for persons connected with the Republic of Belarus

The current text of the draft law developed by the Committee uses several categories of states, a tie to which may result in the restriction or prohibition of an investment: an aggressor state/occupying state; a state subject to sanctions under the legislation of Ukraine; and a state subject to sanctions by decision of an international organisation of which Ukraine is a member or participant.

Belarus currently has no single, consistent status in this system. Russia is expressly defined as an aggressor state, whereas Belarus — despite its role in supporting Russia's full-scale invasion — is not formally covered by this category.[93] Some Belarusian individuals and legal entities are under sanctions, but this does not fully solve the problem: entities from Belarus that are not under sanctions may fall outside the regime of enhanced oversight or restrictions.

This creates legal uncertainty and a potential security gap. Given Belarus's political and security dependence on Moscow, it is advisable to clearly define its status for the purposes of screening. It would be worth enshrining Belarus's membership of the category of high-risk jurisdictions, ties to which are a ground for prohibiting an investment, for enhanced review, or for a special regime. The corresponding approach should be reflected uniformly in all relevant provisions of the draft law, in particular in the rules on the prohibition of investment, retrospective screening, and the transitional mechanism for excluding investments connected with the aggressor state.

3. Repealing fines for unintentional and minor breaches

According to the Committee's work — in particular the provisions on authorisation-based screening — if an application or its annexes do not meet the requirements, the competent authority first notifies the investor of the deficiencies and grants a period to remedy them, and only then returns the application if these deficiencies are not corrected. Similarly, in notification-based screening, a notification may first be deemed not filed on account of non-compliance with the requirements, with the possibility of refiling once the deficiencies have been remedied.

At the same time, the draft law's block on liability allows fines to be imposed for the investor's submission of incomplete information or for the failure to provide, or incomplete provision of, information at the request of the competent authority. It is advisable to draw a clearer distinction between technical, unintentional, and immaterial breaches — which should be corrected through a request for revision — and cases of the failure to provide, or the distortion of, information that has a decisive influence during the process of taking a decision on approving a transaction. According to most world practices, where an investor has not remedied the deficiencies, the ultimate consequence should be non-approval or non-acceptance of the application, not a fine.

According to the results of the expert interviews, for jurisdictions that seek to attract foreign capital, excessive fines for procedural or technical breaches can be counterproductive. For Ukraine this is particularly important, since the screening system must not only protect national interests but also remain predictable and not deter bona fide investors during the reconstruction period. Fines should therefore remain a last-resort measure for cases of the deliberate failure to provide, the concealment of, or the provision of inaccurate information that materially affects the outcome of screening.

[93] https://zakon.rada.gov.ua/laws/show/129-19#Text

4. Adding dual-use items to the list of qualifying-activity areas

Russia's full-scale invasion of Ukraine has demonstrated that the significance of dual-use products for national security is only growing. This is confirmed by the sectoral sanctions of Ukraine and the EU on the supply of such goods to Russia, as well as by analogous export-control measures on the part of the PRC.[94] In addition, the question of reducing the dependence of the military-industrial complex on a foreign component base and of localising the production of dual-use products — needed in particular for the production of drones and UAVs — is becoming increasingly relevant for Ukraine. Accordingly, this sector, like the defence industry, may develop actively, require foreign capital, and at the same time become a potential target for corrosive investment.

In international practice, dual-use items almost always belong to the sensitive sectors subject to foreign investment screening (see Annex 2). In the current version of the Ukrainian draft law, by contrast, this category is mentioned neither among critical activities nor among activities of general interest.

Therefore, given the Ukrainian wartime context and the significance of dual-use products for defence, technology transfer, and the circumvention of export control, it is advisable at the very least to include such goods within the scope of screening as an activity of general interest. Given the breadth of this category and the differing degrees of riskiness of individual goods, the Cabinet of Ministers may define a list of dual-use items that will be subject to screening. Such an approach will make it possible to take into account both international practice and the specifics of the Ukrainian context without unduly expanding the scope of the law.

5. Clear definition of the terminology used in the draft law

The text of the draft law on FDI screening uses the concepts of “technological sovereignty” and “economic sovereignty”. The first is mentioned among the criteria that are to be taken into account by the Cabinet of Ministers of Ukraine when establishing additional requirements, conditions, or exemptions for investments in critical areas. The second is connected with the general aim of introducing and operating the FDI screening system. Current Ukrainian legislation contains no clear definitions of these concepts, which may complicate their application in practice and create scope for divergent interpretation.

International experience shows that categories connected with technological sovereignty require practical content through concrete criteria and lists of technologies, sectors, or types of activity. In the Republic of Korea, for example, the protection of the state's technological capability is realised through a list of National Core Technologies — critical technologies whose leakage may pose a risk to national security or the country's competitiveness.[95] In the EU, a similar function is performed by the approaches to defining critical and key technologies, which are taken into account by Member States within their national screening systems pursuant to Regulation 2019/452.

In light of this, it is advisable to make the concept of “technological sovereignty” specific in Ukrainian legislation, within the very text of the current draft law. Also, there is the option of defining a list of critical technologies that ensure such sovereignty and fall within the relevant categories of critical activity.

The concept of “economic sovereignty” likewise has no clear legislative definition, whereas the concept of “economic security” is already partly defined in the Ukrainian legal field and is used in strategic documents and legislation.[96] It is therefore advisable to consider the possibility of replacing the term “economic sovereignty” in the text of the draft law with the term “economic security” as more established and more amenable to practical application. However, such a replacement does not remove the need to update the strategic framework: the current Economic Security Strategy of Ukraine was approved for the period until 2025, and a new document should take into account the emergence of the FDI screening mechanism as one of the instruments of economic security.

[94] https://www.reuters.com/world/asia-pacific/china-bans-dual-use-items-exports-7-european-entities-over-taiwan-arms-sales-2026-04-24/
https://commission.europa.eu/topics/eu-solidarity-ukraine/eu-sanctions-against-russia-following-invasion-ukraine/sanctions-dual-use-goods_en
https://commission.europa.eu/topics/eu-solidarity-ukraine/eu-sanctions-against-russia-following-invasion-ukraine/sanctions-dual-use-goods_uk
[95] https://security.kaist.ac.kr/page/en/selectPage.do?menuSeq=3339&pageSeq=3449
[96] https://zakon.rada.gov.ua/laws/show/347/2021#n11

Such specification is important for the predictability of the future screening mechanism. It will make it possible to preserve sufficient flexibility for the state in responding to security risks while reducing the risks of excessive discretion and legal uncertainty for investors.

6. Description of the review stages for the simplified screening procedure

The Committee's work already provides for a simplified authorisation-based screening procedure for trusted investors, the overall period of which may not exceed 45 calendar days. However, unlike the standard procedure — for which the law expressly sets out the consecutive review stages — for the accelerated procedure it refers to the Foreign Investment Screening Procedure. It is therefore advisable, either in the law or at the very least at the level of subordinate legislation, to clearly fix how exactly these 45 days are distributed between the individual stages (initial review, analytical assessment, consideration by the Commission, and the taking of a decision).

CONCLUSIONS

The Committee's current work on the Ukrainian FDI screening system thus reflects the logic of a sound basis for a modern mechanism for protecting national security. The final stage of refining the draft law before its registration should be aimed at eliminating certain gaps and clarifying a number of provisions. Above all, it is advisable to include dual-use items in the list of qualifying-activity areas, to review the five-year horizon for checking the investor's ties to the aggressor state, to unify the approach to persons connected with the Republic of Belarus, and to define more clearly certain concepts on which the law will rest. Separate attention is required for spelling out the simplified screening procedure, while fines for minor breaches should be repealed.

The further refinement of the dedicated law, the drafting of subordinate legislation, and the practical model of implementation should be grounded in several basic principles: a balance between the protection of national security and the attraction of foreign capital; the proportionality of response measures to the level of risk; consistency with the EU's procedural approaches; clarity as to deadlines, procedures, and communication with the investor; coordination with other authorisation procedures; and the institutional capacity of the competent authority to take decisions on the basis of high-quality analysis.

Ukraine should not mechanically copy the more complex and more mature models of other countries. The future system must adopt the world's best practices but remain flexible and adapted to the Ukrainian context: the large-scale need for foreign capital, full-scale war, persistent hybrid threats, and the need for the rapid recovery of the economy.

FDI screening should not become a barrier to investment but rather a safeguard against corrosive capital and an instrument for increasing trust in Ukraine as an investment-attractive jurisdiction. The competent authority should become a predictable partner for business — one that provides methodological support, transparent communication, and a comprehensible path to the security approval of transactions. Provided that key safeguards are preserved and proper institutional implementation is ensured, Ukraine has the opportunity to build a modern, proportionate, and resilient FDI screening system that will simultaneously protect national sovereignty and demonstrate to bona fide investors that participation in Ukraine's recovery is safe, transparent, and promising.

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This research was conducted with the support of the International Renaissance Foundation. Its content is the exclusive responsibility of the authors and does not necessarily reflect the views of the International Renaissance Foundation.

The Economic Security Council of Ukraine (ESCU) is an independent organisation established in 2021 in Kyiv to counter external and internal threats to the national security of Ukraine and its partner countries.

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APPENDIX I. COMPARATIVE TABLE OF INTERNATIONAL FDI SCREENING SYSTEMS

Table 1. Comparative table of strategic coverage and institutional structure of FDI screening systems

Countries	Sectors	Responsible authorities	Types of transactions
USA	The approach is based on an assessment of risks to national security, in particular the TID category. Critical technologies include defence goods, nuclear/chemical materials, and cutting-edge technologies (AI, quantum computing); infrastructure includes telecommunications, energy, transport, and the financial sector; sensitive data covers medical, financial, and geolocation information of US citizens	Committee on Foreign Investment (CFIUS). An inter-ministerial body led by the US Department of the Treasury screens and assesses the risks of transactions. The final decision on blocking a deal rests with the US President	3 categories: acquisition of control (direct or indirect control over a business), minority investments (in TID sectors, if they provide access to technical information or participation in decision-making), real estate (purchase/lease near strategic/military facilities)
United Kingdom	The approach is based on the protection of 17 sectors identified by the government. This list includes: strategic materials, robotics, AI, civil nuclear energy, communications, computer equipment, critical suppliers, cryptography, data infrastructure, defence, energy, military and dual-use goods, quantum, satellite and space technologies, synthetic chemistry and transport	Investment Security Unit (ISU). It is the government body responsible for conducting the screening process, while the Secretary of State makes the final decision on whether to approve, block, or approvals subject to conditions on an investment. In practice, this creates a two-tier structure: one body carries out the screening and assessment, while the other serves as the final decision-making authority.	2 categories: acquisition of control over entities or assets. Entities (mandatory): exceeding thresholds of 25%, 50% or 75% of voting rights, obtaining material influence or the right to block decisions. Assets (voluntary): control over land, property/intellectual property
Taiwan	The approach is based on the origin of the investment and the investor's nationality. For investments from the PRC, a 'positive list' of permitted sectors applies (base metal production, the paper industry, the manufacture of pharmaceutical and medical chemical products, and the production of electronic components). For foreigners and Chinese nationals residing outside the PRC, a 'negative list' applies, prohibiting or restricting investment in arms manufacturing, the aerospace sector, telecommunications, critical infrastructure, semiconductors, media, transport and postal services. However, companies from third countries with registered capital from the PRC are subject to the same procedure as mainland Chinese investors	Department of Investment Control. It operates within the Ministry of Economy and is the main body responsible for conducting screening and granting approvals. For investments requiring approval from relevant ministries (or other relevant authorities), there is an extended screening procedure	Depends on the investor's origin (the PRC or other). From the PRC: almost all investments (including companies from the PRC where 30% is controlled by persons from the PRC). Other foreign investors: any investment in private companies and acquisitions of 10% or more in public companies

Countries	Sectors	Responsible authorities	Types of transactions
Latvia	The approach is based on the protection of 13 categories of infrastructure and assets. These include energy, telecommunications, electronic media, the financial sector, water supply, transport infrastructure, healthcare, food supply, and developers and manufacturers of dual-use goods. Companies owning large forest/agricultural land holdings and companies in the gambling sector are subject to screening	The Ministry of Economy, in close consultation with Latvia's law enforcement and security agencies, Cabinet of Ministers Regulation No. 311 acts as the final decision-making body if an investment could compromise national security. The Cabinet of Ministers acts as the final decision-making body if an investment could compromise national security	Acquisition of a shareholding (10%), obtaining decisive control, or loans amounting to more than 10% of the company's assets from outside the list of safe jurisdictions**.** This list includes EU member states, EFTA, NATO and OECD countries
Germany	The approach combines controls on the defence sector and 27 sensitive sectors. These include the management of critical infrastructure (energy, water, food, finance, transport), the development of security IT solutions, telecommunications, cloud services, media, healthcare, AI, autonomous driving, robotics, semiconductors, cybersecurity, aviation, optoelectronics, quantum technologies, and critical raw materials	Federal Ministry for Economic Affairs and Energy (BMWE). Conducts screening, grants investment approval or approves it subject to conditions. However, a decision to block an investment must be approved by the Federal Government. The Ministry of Defence, the Ministry of Foreign Affairs and the Ministry of the Interior are sometimes involved in the review process	Acquisition of shares and indirect control. Thresholds: from 10% (for critical infrastructure and defence), from 20% (for other sensitive sectors), from 25% (all others). Indirect control: veto rights, seats on the supervisory board, right to information (even without a threshold share)
Japan	The approach is based on a list of designated sectors, which are divided into key and non-key sectors. Key sectors include the defence industry, the aerospace sector, nuclear energy, cybersecurity, semiconductors, batteries, critical minerals, fertilisers, machine tool manufacturing and dual-use goods; non-key sectors include software, public transport, broadcasting, water supply and postal services	The Ministry of Finance and relevant ministries (in particular, the Ministry of Economy, Trade and Industry) act as the lead agencies responsible for receiving applications (via the Bank of Japan) and conducting screening. At the stage of assessing risks to national security, the Council on Customs, Tariff, Foreign Exchange and Other Transactions is involved in the process. Other ministries and the Prime Minister may be involved in the screening process on a sector-by-sector basis	Acquisitions of shares and significant operational changes. Thresholds: from 1% of shares in specified public companies or any stake in private ones. Transactions: voting rights regarding the appointment of directors, transfer of business, loans for more than one year, establishment of branches
Korea	The approach is based on the categorisation of all business sectors (1,196 categories) and the protection of technological leadership. 61 categories are prohibited to foreigners (including defence), whilst 29 categories are subject to restrictions (nuclear energy, broadcasting). Priority is given to National Core Technologies, which include semiconductors, nuclear energy, aerospace technologies and weapons. Furthermore, the National Strategic Technology Nurture Plan contains a joint inter-ministerial strategy to enhance the state's competitiveness in the global innovation race	Ministry of Trade, Industry and Energy (MOTIE). It is assisted by the inter-ministerial Foreign Investment Committee (FIC), which assesses general security risks. For transactions involving critical technologies, the Industrial Technology Protection Committee and the Expert Committee are involved	Transactions of $70,000 (100 million KRW) or more that confer control. The investor acquires 10% or more of the voting rights or gains the ability to appoint key executives. The focus of the review is on the intention to gain effective control and the risks of leakage of national technologies

Countries	Sectors	Responsible authorities	Types of transactions
Romania	The approach is based on protecting strategic sectors, including energy, transport, information technology, critical infrastructure, finance, agriculture, arms manufacturing, and the media sector.	Commission for the Examination of Foreign Direct Investment (CEFDI). The Commission's secretariat operates within the structure of the Competition Council, which directly processes applications. In cases of particularly high-risk transactions, the Commission consults with the Supreme Council of National Defence and the security services	Transactions of €2 million or more in sensitive sectors. A transaction is subject to screening if two conditions are met simultaneously: exceeding the monetary threshold (which may be disregarded in the event of a serious threat to national security) and the company's operation in one of the strategic sectors
Sweden	The approach is based on the protection of 7 key categories. These cover essential services (energy, transport, finance, healthcare, water supply, digital infrastructure), activities in the fields of security and critical raw materials, the processing of sensitive geolocation/personal data, the production of military equipment, dual-use goods and cutting-edge technologies (AI, robotics, quantum computing)	The Inspectorate for Strategic Products (ISP). It is the main authority responsible for screening investments and making decisions (in particular regarding prohibitions or approvals subject to conditions). The Inspectorate's activities are coordinated by the Swedish Ministry for Foreign Affairs	Acquisition of shares or influence over management. Thresholds: crossing the thresholds of 10%, 20%, 30%, 50%, 65% and 90% of voting rights in companies engaged in activities requiring protection. Influence: direct or indirect influence over management
Finland	The approach is based on an assessment of the criticality of enterprises for societal functions (3 groups). Group 1 covers the defence industry and arms trade; Group 2 includes companies producing critical products or services for public authorities (cybersecurity, communications); Group 3 covers organisations vital to society (energy, healthcare, transport, finance, water supply, telecommunications, food)	The Ministry of Economy and Employment, which is the main body responsible for screening and approving transactions, provided they do not threaten national interests. If a serious threat arises, the Ministry refers the matter to the government for consideration	Acquisition of shares by a foreign investor. Acquisition of 1/10, 1/3 or 1/2 of the total voting rights in a company, or a stake conferring equivalent decision-making powers

Table 2. Procedural rules and administrative principles for verification

Countries	Procedure for initiating screening	Processing times	Applicant	Need for screening for reorganisations and intra-group transactions
USA	Mandatory (for TID sectors) or voluntary. Both parties (in the case of mandatory submission) or one of the parties (in the case of voluntary submission, but with data provided on both parties) submit an application to the Committee (CFIUS) with a detailed description of the transaction	Review – 45 days; Investigation – 45 + 15 days; Presidential review – 15 days	Both parties (in the case of mandatory notification) or one party (in the case of voluntary notification)	Yes, with exceptions. For example, if a new foreign legal entity is introduced into the direct or indirect ownership structure of the company
United Kingdom	Mandatory (in 17 sectors), voluntary or retrospective. The investor submits a completed form via the electronic portal on the government website; in some cases, confirmation from other parties to the transaction may be required	Application processing – 5 days; Preliminary assessment – 30 days; Detailed review – 30 + 45 days	Investor. The competent authority may request further information from other parties to the transaction	Yes
Taiwan	Mandatory. The investor submits an application containing a detailed investment plan to the Investment Control Department	30–60 days for foreign investment; 60–120 days or more for investments from the PRC	Investor	Yes
Latvia	Mandatory. The investor or the investment project submits a detailed application to the Ministry of Economy	1 month, but the processing period may be extended to 4 months	Investor or investment project	Yes
Germany	Mandatory or voluntary. Ex officio review is possible. The investor submits an application detailing all aspects of the transaction and their corporate structure via the Federal Government's online portal	Initial analysis – 2 months; Screening process – 4 + 3 months; For high-risk transactions + 1 month of analysis	Investor	Not required following restructuring if the ultimate parent company and the jurisdiction of the new owner remain unchanged. Otherwise, a change in ownership structure may trigger a review
Japan	Mandatory. The investor submits an official application to the Ministry of Finance via the Bank of Japan	30 to 150 days	Investor	Yes
Korea	Mandatory. The application is submitted to the Ministry of Trade, Industry and Energy	Review – 90–120 days; Screening – 45 days; If the investor makes an additional request, the specified timeframes are suspended	The investor or the investment entity. If the transaction concerns critical sectors, the application is submitted by the investment entity.	Yes
Romania	Mandatory. Ex officio review is possible. The investor submits the application in Romanian and English to the Secretariat of the Commission (CEFDI), which may request additional documents during the review process	45 to 135 days	Investor	Yes, for strategic sectors

Countries	Procedure for initiating screening	Processing times	Applicant	Need for screening for reorganisations and intra-group transactions
Sweden	Mandatory. Ex officio review is possible. The investor submits completed forms via the Inspectorate's online portal (ISP) or by post. The investment entity is required to notify the investor in advance of an investment in one of the sensitive sectors	Preliminary screening – 25 days; In-depth review – 90–180 days	Investor	Yes
Finland	Mandatory or voluntary. The investor submits an application to the Ministry of Economy and Employment for strategic transactions in the defence or security sectors, or a notification for investments in other strategic sectors	Screening – 3 months, but an additional review may be required within 6 weeks; No time limits are set for the defence and security industries	Investor	No, provided that control is maintained

Table 3. Economic implications, transparency and investor protection mechanisms

Country	Fees and fines	Transparency of the process	Right of appeal	Notable cases	Brief conclusion
United States	No fees apply to transactions up to USD 500,000. For larger transactions, the fee is calculated individually, capped at 0.15% of transaction value, and applies only to formal notices. Breaches of screening rules may trigger penalties reaching millions of dollars.	Closed. Disclosure is permitted only by exception, including to courts, Congress, government partners, with the parties' consent, or where the President formally blocks a transaction.	None	Ralls Corp. v. CFIUS (2014) and T-Mobile	A flexible system with strong retrospective control. It is one of the oldest and most institutionally developed regimes globally. Its maturity also makes it highly complex, so direct replication at the early stages of introducing screening in Ukraine may be inefficient. The largely voluntary mechanism allows investors to initiate review themselves, while CFIUS retains an open-ended power to review or unwind suspicious past transactions.
United Kingdom	No filling fees. Completing a transaction without the required approval is subject to strict criminal and civil sanctions, including a fine of up to 5% of global turnover or GBP 10 million, whichever is higher.	Partially open. The government may publish information where disclosure is in the public interest.	Yes	Newport Wafer Fab & Nexperia	Universal coverage and a clear sectoral framework. The regime has 17 defined sensitive sectors, encouraging businesses to make proactive voluntary notifications to avoid the risk of transactions being unwound.
Taiwan	No filling fees. Penalties depend on the origin of capital: non-PRC foreign investors may lose investment and foreign-exchange rights, while PRC investors may face transaction cancellation, a fine of up to TWD 25 million or criminal liability with imprisonment of up to three years.	Partially open. Details of the review procedure are not disclosed, but a short official notice may be published after final approval and closing.	Yes	Any Technology Pvt	A strict dual track based on the origin of capital. Its distinctive feature is differentiated treatment of risky jurisdictions: a strict positive list applies to PRC investors, while a more liberal list of prohibitions applies to the rest of the world.
Latvia	No filling fees. The legislation does not set specific financial penalties, but failure to notify competent authorities of a transaction in a sensitive sector may lead to full annulment of the completed transaction.	Closed	Yes	Ingka Investments	A focus on specific assets and an unconditional ban for aggressor states. The regime is distinguished by a ban on investment from Russia and Belarus, control of large foreign loans exceeding 10% of company assets, and inclusion of land ownership and gambling among strategic areas.
Germany	Administrative fees range from EUR 800 to EUR 6,000. The fee increases with each subsequent screening stage (from 2 to 10 months), and where mitigation conditions are imposed it may rise by an additional EUR 10,000-30,000 due to the authority's increased administrative workload.	Closed	Yes	Viessmann & Carrier Global	Comprehensive control with very low thresholds. A complex two-track system with intervention thresholds starting at 10% and specific rules on indirect control provides deep protection but significantly extends transaction review timelines. Detailed guidance is available for investors.

Country	Fees and fines	Transparency of the process	Right of appeal	Notable cases	Brief conclusion
Japan	No filling fees. Foreign-investment screening legislation does not require investors to pay administrative fees at the filing or review stage.	Closed	Yes	TCI Fund & J-Power	A minimal intervention threshold and a residence-based test. Japan has the lowest screening threshold among G7 countries (from 1% of voting shares in listed companies), and the key factor for review is the investor's actual place of residence rather than citizenship.
Korea	No filling fees. There are no direct financial penalties, but if the Ministry decides to prohibit an investment after completion, the investor must divest its stake to a safe owner or the state within six months.	Closed	Yes	SK Siltron & Hahn & Co.	Strategic protection of technology. Despite general openness to foreign capital, the regime has highly detailed business classification (more than 1,100 areas) and is focused on strict protection of national critical technologies from potential leakage abroad.
Romania	The filing fee is EUR 5,000. It is fully refunded if the transaction is not subject to screening. Transactions completed in breach of the rules may be fined up to 10% of total worldwide turnover, or EUR 2-10 million for newly established companies.	Closed. If the final decision contains additional classified information, it is provided to the investor in redacted form without the sensitive data.	Yes	MVM Group & E.ON Energie	Institutional integration with merger control and strict sanctions. Screening is embedded in the competition framework: the inter-agency commission's secretariat operates within Romania's Competition Council. This allows security-risk review to be synchronised with merger-control procedures. The regime covers a broad range of strategic sectors and provides for fines of up to 10% of worldwide turnover for breaches.
Sweden	No filing fees. Although the review procedure is free of charge, the ISP may impose fines ranging from SEK 25,000 to SEK 100 million where the investor fails to comply with state-imposed mitigation conditions.	Closed	Yes	Ramsbury Invest AB	A well-designed system with broad coverage. The mechanism is well structured and has a single responsible authority, but mandatory filings for all investors, including domestic and EU investors, combined with low thresholds create substantial administrative pressure on the system.
Finland	A fixed fee of EUR 8,000 applies to each filing. It is paid for document processing by the Ministry of Economic Affairs and Employment during each separate screening procedure.	Closed	Yes	Valokuitunen	Integration into the concept of total defence. The distinctive feature of the Finnish regime is the prioritisation of vital societal functions over a sector list. This functional approach allows the state to review any transaction that could threaten national resilience or supply-chain security.

ANNEX II. COMPARATIVE MATRIX OF SECTORAL COVERAGE OF FDI SCREENING

Sector group / Sector	Ukraine*	EU	US	UK	Taiwan	Latvia	Germany	Japan	South Korea	Romania	Sweden	Finland
Defence and security												
Production of weapons and military equipment	+	+	+	+	+	+	+	+	+	+	+	+
Dual-use goods		+	+	+	+	+	+	+	+	+	+	+
Suppliers to government/armed forces	+		+	+								+
Critical infrastructure												
Energy, including civil nuclear	+	+	+	+	+	+	+	+	+	+	+	+
Transport and logistics	+	+	+	+	+	+	+	+		+	+	+
Water supply and wastewater	+	+	+			+	+	+			+	+
Financial sector	+	+	+			+	+			+	+	+
Healthcare and medicine	+	+	+			+	+				+	+
Emerging and critical technologies												
Artificial intelligence		+	+	+	+	+	+			+	+	
Semiconductors and microelectronics		+	+		+		+	+	+			
Quantum technologies		+	+	+	+	+	+			+	+	
Robotics and autonomous systems		+	+	+	+	+	+		+	+	+	
Aerospace sector and satellites		+	+	+	+		+	+	+			
Biotechnology			+	+	+	+			+	+		
Batteries		+	+			+		+	+	+		
Information, communications and data												
Telecommunications and connectivity	+	+	+	+	+	+	+	+		+	+	+
Cybersecurity and cryptography	+	+	+	+		+	+	+		+		+
Cloud services and data centres	+	+	+	+			+			+	+	
Sensitive personal/geolocation data		+	+							+	+	
Media, newspapers and broadcasting	+	+			+	+	+	+		+		
Resources, food and other areas												
Critical raw materials and minerals	+	+	+	+			+	+	+		+	
Agriculture and food		+				+	+	+		+		+
Ownership of large land plots			+			+				+		
Gambling						+						

*draft sectoral law

2026