

FOREIGN INVESTMENT: RISING TIDES OF POLITICS IN REGULATION

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Guides

Our updated report on FDI tracks a swathe of changes to global investment rules as nations wrestle with Covid-19

We are delighted to share with you our newly updated report on Foreign Investment: Rising Tides of Politics in Regulation, which reflects a swathe of recent changes to Foreign Direct Investment (**FDI**) regimes around the world against the backdrop of the Covid-19 pandemic.

FDI filings have become an increasingly important piece of the regulatory jigsaw for cross-border M&A. Even before the pandemic, a number of countries traditionally open to investment were moving towards stricter public interest and FDI scrutiny of M&A (such as the US, UK and Australia), against a backdrop of amplified protectionist rhetoric. The unprecedented global impact of the pandemic has clearly accelerated this trend in recent months, with a number of key jurisdictions tightening their FDI regimes amidst concerns about opportunistic acquisitions by foreign buyers.

The focus continues to stretch well beyond acquisitions by certain Chinese companies, and the concept of “national security” continues to be extended, to include critical infrastructure, communications assets, advanced technology and data, and – influenced by the pandemic – healthcare. These trends reflect some big shifts in the global economy, as well as the political mood. Whilst some of the amendments directly related to the pandemic may ultimately prove to be temporary, the overall picture is likely to be one of structural change, rather than cyclical.

At the same time, the historical “level playing field” frustration when it comes to FDI restrictions has been turning. Some Asian countries have progressively opened parts of their economies to FDI and have streamlined their screening processes. It remains to be seen whether this trend will also continue as these jurisdictions emerge from the pandemic.

The result is a fluid and uncertain environment, in which it is more important than ever for foreign investors to understand both the legal framework and political and policy contexts they are operating in. Coordinating a consistent global approach to any FDI filings required is key to minimising deal risk.

[Download the report](#)

In this newly updated report, published jointly with Global Counsel, we consider both the current landscape and new restrictions due to take effect as we look ahead to 2021 – including the recently proposed National Security and Investment Bill in the UK, and enhanced regimes in the US, Australia, Japan, Canada, India, France and a number of other European countries. We also set out practical advice on how to navigate FDI controls through effective deal planning and execution.

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