

**The Implementation Council**  
KN 2024:04

Justitiedepartementet, Enheten  
för lagstiftning om allmän  
ordning och säkerhet (L4)  
Kopia KN NIM

## **Recommendations of the Implementation Council on the Implementation of the New Regulation on the Screening of Foreign Direct Investment**

The Implementation Council's recommendations are presented in full in section 9. The recommendations in summary are as follows:

- The Council recommends that the implementation of the Regulation be carried out by adapting Swedish legislation primarily in line with the Regulation's overarching purpose.
- When reviewing Swedish legislation, the EU law perspective on free movement must be taken into account.
- The Council emphasises that the legislation must be characterised by predictability.
- The Council advocates that the legislation in this area consider the nature of the stock market.
- The Council stresses the importance of involving the business community in the legislative process.
- The Council highlights that simplifications for companies in many cases also mean simplifications for authorities.
- The Council recommends that legislation in this area be consolidated into as few legal acts as possible.
- The Council recommends that the legislation be preceded by an impact assessment with a particular focus on the economic consequences for Swedish companies.
- The Council recommends that the proposals in section 8 be taken into account when adapting the Swedish legislation.

## 1. Task of the Implementation Council

The Implementation Council is tasked with assisting the Government in its efforts to strengthen the competitiveness of Swedish companies by avoiding implementation above the minimum level and counteracting unjustified regulatory burdens, as well as reducing administrative costs and other compliance costs in connection with the implementation of EU regulations in Swedish law. The Implementation Council's work must be based on a company perspective.

The Implementation Council is mandated to submit documentation and recommendations to the Government, partly as a contribution to Swedish positions in negotiations and partly on how EU legal acts can be implemented in Swedish law in a way that is not more far-reaching from a business perspective than what the legal acts require.

The Implementation Council's work is based on problem descriptions that have been communicated to the Council, mainly from industry organisations and their member companies. During the work on the documentation, contacts are also made with others who are familiar with the respective subject area, such as government agencies. In the light of the information and knowledge gathered and in the context of the overall objective of the case in question, the Council makes a balanced and independent assessment of how the business perspective can be effectively addressed in each case.

In preparing this opinion, the Council has primarily used documentation and information received in contacts with the Confederation of Swedish Enterprise, the Swedish Private Equity & Venture Capital Association, the Swedish Inspectorate of Strategic Products, the National Board of Trade Sweden, the Swedish Investment Fund Association, Business Sweden, Sweden's Venture Capital Fund, Almi Invest, the Swedish Insurance Association, the Ministry of Justice, the Ministry of Foreign Affairs and the Ministry of Climate and Enterprise.

## 2. The EU Legal Act in Question

Revision of the Regulation of the European Parliament and of the Council on the screening of foreign direct investments into the EU,<sup>1</sup> which will result in the replacement of this Regulation with a new one.

## 3. Aim and Purpose of the EU Legal Act

The new EU regulation on foreign direct investment is a revision of a previous regulation aimed at protecting the security and public order of the EU in the field of foreign direct investment (involving two or more Member States or the EU as a whole). The aim of the revision is to streamline and harmonise EU-wide cooperation in this area. Among other things, it will be mandatory for Member States to have a screening mechanism to facilitate cooperation on cross-border investments and a number of specific sectors will be covered by the regulation.

## 4. The Process of Adapting Swedish Law

A provisional agreement on a new regulation was reached between the European Parliament and the Council in December 2025 and will have to be approved before it is formally adopted. The new rules will apply 18 months after the entry into force of the regulation.

The adaptation of Swedish law has, for obvious reasons, not yet taken place in relation to the forthcoming regulation. However, the existing regulation on foreign direct investment has entailed burdensome Swedish legislation that may need to be adapted in the light of a new regulation.

## 5. Responsible Ministry

Ministry of Justice.

## 6. Problem Description from a Swedish Business Perspective

In addition to the current EU regulation, the Swedish regulatory framework on foreign direct investment consists of both legislation implementing this

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<sup>1</sup> Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union

regulation<sup>2</sup> and national legislation that has been created as a result of Sweden's own position on protection against foreign direct investment<sup>3</sup>. The discussions and contacts that the Implementation Council has had in its work on this case, displays that the Swedish rules as a whole, but primarily the Act on the Screening of Foreign Direct Investments (hereinafter the FDI Act), have had a negative impact on the investment climate in Sweden. Affected stakeholders believe that Sweden has gone too far in its ambitions in terms of national security and public order. The result is described as lengthy, complicated and unclear processes with negative consequences for Swedish competitiveness.

The problems described are not primarily a direct consequence of the implementation of the current EU regulation but are largely due to the rules that have been created within the framework of national competence. The Swedish rules make Sweden stand out in relation to other Member States in these contexts. With a view to the implementation of the new EU regulation, and in particular in view of the fact that an important objective of the regulation is to achieve greater efficiency and harmonisation between the Member States<sup>4</sup>, the Council considers it important to highlight the problems described and to make recommendations on how the situation could be improved. The Council finds that the picture described indicates that a comprehensive review of the Swedish regulatory framework needs to be carried out in order to better adapt it to the common EU context and thus achieve a correct implementation of the new EU regulation that is in line with its overall purpose. According to the relevant stakeholders, it is possible to achieve the high ambitions in terms of national security and public order without risking negative consequences for Swedish competitiveness, see further about this in section 8.

Presented below are examples of problems that the Council has been made aware of in dialogue with stakeholders and other actors.

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<sup>2</sup> Act (2020:826) with supplementary provisions to the EU Regulation on Foreign Direct Investment and Ordinance (2020:827) with supplementary provisions to the EU Regulation on Foreign Direct Investment

<sup>3</sup> Act (2023:560) on the Review of Foreign Direct Investments and Ordinance (2023:624) on the Review of Foreign Direct Investments

<sup>4</sup> Cf. the European Commission's proposal COM (2024) 23 final and the reasons found in the latest public version of the proposal

## An Overly Broad Notification Requirement

The notification obligation under the FDI Act applies to all investors regardless of nationality, i.e. also Swedish investors and investors from other EU countries. The new EU regulation has proposed to extend the definition of a foreign investor to investors established in the EU, but only if they are directly or indirectly controlled by a third-country entity, making the investment associated with the same risk as an investment by a third-country entity.<sup>5</sup> Having restrictions on investments from other EU countries is problematic in that it can only take place within the framework of the special provisions that can be expected in the new EU regulation, or if it can otherwise be justified on the basis of the possibilities for exemption that EU law on free movement allows. Furthermore, the free movement of capital also applies to capital from third countries.

The notification obligation under the Swedish FDI Act applies in several cases without considering the actual influence of the intended investment. New investments need to be notified even if this does not change previous ownership, as do intra-group investments and portfolio investments. This also entails problems for insurance companies and investments by policyholders through endowment insurance<sup>6</sup>.

The broad scope of the notification obligation is problematic, not only in the sense that it becomes generally burdensome for investors who need to spend a lot of time and resources on fulfilling it. Worst case scenario, the result is that Swedish companies are rejected as an investment option. It is also difficult to reconcile the broad and thus rather blunt approach with the more specific purpose of the legislation, namely, to protect Sweden (and the EU) by identifying harmful investments from third countries.

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<sup>5</sup> Codification of case-law, see C-106/22 Xella. See also the latest public version of the recitals of the new Regulation (10) and Article 2 (6b)

<sup>6</sup> In endowment insurance, the policyholder is given the right to decide in which shares and other assets the premiums are to be invested, within the limits determined by the insurance or occupational pension company (the insurer). The insurer is the formal owner of the assets and has the voting rights for the shares that the policyholder has chosen to invest in. It is therefore the insurer that is subject to the notification obligation under the FDI Act. Although the insurer formally has the voting rights for the shares in which the policyholder has invested, the company is generally prevented from exercising it in accordance with its insurance terms and governing documents. According to these, the policyholder does not have the right to exercise the right to vote.

## An Overly Broad Scope of Application

The purpose of the Swedish FDI Act is to prevent investments that may threaten activities worthy of protection in Sweden. Essential services and functions are one of seven activities worthy of protection that are identified in the law. It includes activities, services and infrastructure that maintain or ensure functions necessary for society's basic needs, values and security.<sup>7</sup> In 2024, the sector accounted for about 80% of reported cases (about 950 reports out of a total of 1,200).<sup>8</sup>

The Swedish Civil Defence and Resilience Agency (MCF) may, according to the Regulation (2023:624) on the screening of foreign direct investments, issue regulations on which essential services are covered by the Swedish FDI Act. However, the regulations (MSBFS 2024:9)<sup>9</sup> are perceived as unclear and too extensive, which creates great uncertainty about whether an investment is notifiable or not. Proposals for new regulations with the aim of clarifying and improving the current ones have been prepared by MCF, including in collaboration with industry associations.<sup>10</sup> However, stakeholders with whom the Council has been in contact perceive that the current scope of application is rather broadened with the proposed changes instead of entailing clarifications that limit the duty to notify to the most critical activities.

The complexity for investors is reinforced by the fact that MCF has the authority to establish the regulations on essential services, while the notification must be submitted to the Inspectorate for Strategic Products (ISP). This means that one authority defines what should be notified to another, while the MCF cannot provide investors with guidance in individual cases, as the final assessment is made by the ISP. In addition, the insight and transparency of the practice regarding notification matters is limited, which further impairs the companies' ability to predict what assessments the ISP may make. In this regard, it can be noted that there is a more general requirement under EU law that authorisation procedures that risk

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<sup>7</sup> The Inspectorate for Strategic Products, see [Activities worthy of protection](#)

<sup>8</sup> Inspectorate for Strategic Products, FDI statistics for 2024, see [Statistics on FDI cases](#)

<sup>9</sup> MSBFS 2024:9 regulations on which socially important activities are covered by the Act (2023:560) on the Review of Foreign Direct Investments

<sup>10</sup> MSB 2024-14309, Consultation on proposals for new regulations on which socially important activities are covered by the Act on the Review of Foreign Direct Investments

restricting free movement must be predictable, in the sense that their criteria must be accessible and transparent.<sup>11</sup>

The consequence of all this is that many companies choose to notify investments as a precautionary measure. Based on discussions with relevant business organisations, the system is perceived as disproportionate in relation to the purpose of the legislation in the area.

### **Prolonged Processing Times**

In addition to the fact that the notifications themselves require considerable time and resources from the companies, the processing time is an additional burden. For many investments, long processing times pose a significant risk of liquidity shortages in the case of outstanding investments. Therefore, it is crucial to minimize the number of days to ensure the most efficient process possible.

Examples include major industrial and strategic establishments in areas such as energy, batteries, material production and advanced manufacturing. For these investments, predictability is crucial in competition between EU countries. Stakeholders have highlighted that uncertainty regarding the scope and processing times of the screening process has weakened Sweden's attractiveness compared with countries offering more predictable processes.

### **The Legislation Is Not Aligned with the Functioning of the Stock Market**

The notification obligation and the lengthy process that Swedish legislation entails are problematic in unlisted environments but become particularly troublesome when it comes to investments made on the stock market. Uncertainty, time delays and costs associated with the notification obligation hinder the stock market's primary and vital function as a provider of risk capital and impede the supply of capital. Worst case scenario, these uncertainties can hit a stock market in a critical situation, with serious societal consequences. For financial institutions, asset managers, the notification requirement may also, in some cases, conflict with the obligations arising from financial market regulation.<sup>12</sup> Such an arrangement

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<sup>11</sup> This requirement has been developed in the case-law of the Court of Justice of the European Union, for example in Case C-54/99 *Église de scientologie* concerning foreign direct investment and Case C-205/99 *Analir and Others*, and has been codified in several secondary legislation, for example, concerning the establishment of service providers, in Articles 10 and 13 of the Services Directive.

<sup>12</sup> See also below under section 8 on portfolio investments

also does not fit in well with the EU's ambitions for the savings and investment union.

### **Significant Differences with Other Member States**

The broad notification obligation for investments has meant that Sweden has far more notified investments compared to other EU Member States. Some Member States have not had a screening function for foreign direct investment until now. With the new regulation, it will be mandatory. But even in comparison with the Member States that already have such a function, Sweden stands out with its many notifications. Statistics collected by the Council shows that Sweden had 1,261 notifications in 2024, more than twice as many as Germany, which was in second place with 569 notifications. The other countries – Finland, Belgium, France, the Netherlands and Spain – together accounted for a total of 773. In 2025, there has also been an increase for Sweden to 1,987 reports (more detailed statistics are presented in Chapter 7).

The broad notification requirement and the time- and resource-intensive processes associated with it could have a significant deterrent effect on foreign investors, placing Sweden at a competitive disadvantage. Even limited delays or uncertainties in the FDI process may, in practice, be sufficient for entire investments to be redirected to other jurisdictions. This applies not only to industrial investments but also to capital raising in listed companies, where, for example, share issues are highly time-sensitive and delayed FDI decisions risk halting capital flows or impair transaction terms. The broad notification requirement and lengthy processing times risk delaying investment rounds, obstructing capital raising, and causing investors to choose other countries for their capital allocation. This, in turn, affects innovation capacity, scaling potential, and the competitiveness of Swedish companies.

The Swedish FDI Act also entails a notification obligation of portfolio investments made by Swedish asset managers, such as fund management companies. However, such investments cannot be subject to a prohibition under the FDI Act, and the notification obligation therefore only entails an administrative burden that in turn results in a competitive disadvantage for Swedish financial companies.

It can also be noted that Sweden differs from most other member countries when it comes to how the management of foreign direct investment is

organised. In Sweden, the responsibility lies with authorities that primarily work with security and preparedness. In other Member States the handling takes place at the corresponding ministries of industry, trade or finance with input from security authorities. This may contribute to the discrepancy in the number of cases reported compared to other EU countries.

### **Specific Challenges for Innovation Activities in Emerging Technologies**

Some industries are affected more than others by the difficulties that the Swedish rules entail. This applies in particular to start-up businesses in innovative technologies such as AI. Here, foreign direct investment plays an important role as it has a clear link to technology transfers. For these types of activities, the risk level is already high (in terms of technology and market risks) and the current FDI Act may raise this level even more. In order to promote technology development and innovation in the early stages, risk levels should be reduced, something that the Implementation Council touched on in its opinion on the European Competitiveness Fund.<sup>13</sup>

### **Instructions and Forms are Available Only in Swedish**

For international investors who must comply with the notification requirement, it is problematic that there is a certain lack of indicative information in English at the authority that receives and handles the notification and that the forms to be used are only available in Swedish.

### **Insufficient Involvement of the Business Community in the Legislative Process for the FDI Act**

The Swedish FDI Act was developed within a relatively short timeframe. Several stakeholders with whom the Council has engaged have noted that they were not given the opportunity to provide input—neither through a public consultation nor by any other means—and that this has negatively affected the business perspective. For example, the legislation was not prepared in dialogue with representatives of capital market participants. Without broad support from the business community, there is a risk that the perspective becomes one-sided and lacks the balance needed to ensure a healthy investment climate for all parties involved.

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<sup>13</sup> See <https://implementeringsradet.se/wp-content/uploads/2025/11/Implementeringsradets-yttrand-ECF-251105.pdf>

## 7. The Implementation Council's Analysis

Foreign direct investment falls within the exclusive competence of the EU as part of the common commercial policy.<sup>14</sup> The current EU Regulation provides Member States with a legal framework for screening of investments with the aim of contributing to common security. At the same time, Member States have a responsibility under the EU Treaties to safeguard national security and protect their essential security interests.<sup>15</sup> This situation may give rise to some confusion in the case of national regulation of foreign direct investment, as the responsibility of Member States to protect national security seems to be partly in competition with the purpose of the specific EU rules to protect the Union (in the context of the common commercial policy) in this area. Moreover, the scope for action by Member States in this area is limited by EU law on free movement.

In Sweden, the national competence in this area has been used to create a comprehensive regulatory framework that has resulted in the problematic situation described above. The administrative burden and uncertainty experienced by companies do not seem to be proportionate to the security policy value aimed to achieve. The fact that only a few of the notifications that are made lead to further investigation raises the question of whether the extensive obligation to notify an investment can really be considered justified. From a competitiveness perspective, it is rather perceived as unreasonable.

An overall risk with the system that Sweden has chosen is that investors, both Swedish and foreign, reject Sweden as a destination for investments. If the Swedish investment climate is poor, it is of course a disadvantage for Sweden, which becomes unattractive to invest in. Examples include the FDI regulations' link to the EU's overall industrial policy (e.g. Net Zero Industry Act, Critical Raw Materials Act and Battery Booster). There is a risk that an excessive national notification obligation will work against the very strategic investments that the EU is actively trying to promote, which may result in projects being located in other Member States.

Sweden is also facing the risk of becoming a weak link in EU cooperation when it comes to attracting capital to the Union, an ambition that is expressed, among other things, in the European Commission's announced

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<sup>14</sup> Article 3(1)(e) TFEU

<sup>15</sup> Article 4(2) TEU and Article 346 TFEU respectively

28th regime.<sup>16</sup> Sweden's far-reaching approach to investment screening could even disrupt the balance of the internal market and thus ultimately have a negative effect on the security it was originally intended to protect.

It should also be noted that there is no impact assessment carried out on the Swedish FDI application that involves an analysis of the impact on Swedish companies and competitiveness. The impact assessment carried out in "Review of foreign direct investments" (SOU 2021:87, p. 613f) concerns more general reasoning about the costs that may arise.<sup>17</sup> None of the risks or uncertainties we see today regarding the Swedish FDI legislation are mentioned as such in the presented impact assessment.

### **Affected Industries and Companies**

Affected companies are all companies that, in one way or another, are interested in bringing in Swedish or foreign investors to develop their business. The importance of foreign investments for Swedish companies and competitiveness was recently highlighted in the ESO report "När Sverige säljer".<sup>18</sup> Although foreign-owned companies constitute a small part of the Swedish business sector (8%), they contribute significantly to overall productivity growth (40%).<sup>19</sup> Looking at the period 1997–2021, most acquisitions take place in the manufacturing industry, the retail sector and other parts of the service sector (e.g. ICT and consulting). Purchases in sensitive sectors such as defence and advanced technology, on the other hand, account for less than 5% of the total number of purchases. The five most common acquiring countries during this period were Norway, Denmark, the United States, Finland and the United Kingdom.

According to Business Sweden, in 2024, foreign direct investment in Sweden amounted to SEK 205 billion.<sup>20</sup> Looking at the foreign direct investment assets in Sweden in 2023, they amounted to SEK 4,464 billion. Of this latter amount, 86% were companies from Europe (SEK 3,839 billion), 9% from

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<sup>16</sup> European Commission, 28th regime – A legal framework for businesses in the EU

<sup>17</sup> Cf. also the impact assessment in the interim report "Supplementary provisions to the EU regulation on foreign direct investment" (SOU 2020:11, p. 151f), which also only concerns more general impact on Swedish companies.

<sup>18</sup> See [https://eso.expertgrupp.se/rapporter/2025\\_5-nar-sverige-saljer/](https://eso.expertgrupp.se/rapporter/2025_5-nar-sverige-saljer/)

<sup>19</sup> In "Review of foreign direct investments" (SOU 2021:87, p. 615), it is estimated that it affected 600,000 – 700,000 people employed in just over 14,000 foreign-owned subsidiaries in Sweden.

<sup>20</sup> It is <https://www.business-sweden.com/4a5bb1/globalassets/insights/global-analysis/fdi/fdi-2025.pdf>

North America (SEK 402 billion) and 4% from Asia and Oceania (SEK 179 billion).

According to the statistics reported by ISP on its website regarding FDI cases since December 2023, information on business sector or involved foreign country is not reported. Therefore, we cannot say anything about the development since December 2023 other than in terms of numbers and outcomes.

## Consequences for Swedish Companies

### *Notifications Under the Swedish FDI Act Compared to the Number of Notifications in Other EU Countries*

Table 1. Number of FDI notifications in comparable countries<sup>21</sup>

	Sweden	Finland	Belgium	France	Netherlands	Germany	Spain
2023	114*	38	68	309	55	537	129
2024	1261	31	100	392	83	569	167

\*Only December 2023. The Swedish FDI-law (2023:560) was enforced the 1st of December 2023

Source: Data collected by the Implementation Council

Table 1 summarizes our own collected statistics for FDI notifications for Sweden, Finland, Belgium, France, the Netherlands, Germany and Spain.<sup>22</sup>

Sweden stands out with a significantly higher number of notifications than these EU countries. The extensive Swedish notification obligation meant that Sweden, in 2024, had far more notifications than France, despite it having the largest recipient market of foreign direct investments in Europe, while Sweden was the fourth largest recipient country.<sup>23</sup>

This means that foreign actors who want to invest in Sweden face a more extensive administrative burden and uncertainties than in countries such as

<sup>21</sup> For security reasons, Denmark does not report its FDI notifications per year. However, from 1 July 2021 and 31 December 2025, they have had a total of 989 FDI notifications, which corresponds to around 220 notifications per year, <https://erhvervsstyrelsen.dk/statistik-over-erhvervsstyrelsens-behandling-af-investeringscreeningssager>.

<sup>22</sup> For Sweden see; [ISP template with instructions](#) December 2023 only. The Act (2023:560) on the Review of Foreign Direct Investments entered into force on 1 December 2023; For Finland see; [Ulkomaaalaisten yritystojojen seuranta 2022](#); For France see; [Foreign Direct Investment Regimes Laws and Regulations Report 2026](#) France; For Belgium see; [Screening-of-Foreign-Direct-Investment-Annual-Report-2023-2024.pdf](#) and [Screening-of-Foreign-Direct-Investment-Annual-Report-2024-2025.pdf](#); For the Netherlands see; [Contract Estimate BTI 2023 \[Report July 2024\] \(2\).pdf](#) and [Contract Estimate BTI 2024 \(1\).pdf](#); For Germany see; [Investitionsprüfung in Deutschland: Zahlen und Fakten](#); For Spain see; [INFORME INVERSIONES EXTRANJERAS 2023V3\\_20240530](#) and [CONTROL DE INVERSIONES](#).

<sup>23</sup> Business Sweden, INVESTMENTS IN THE SHADOW OF GEOPOLITICS International direct investments in the global and Swedish economy, [fdi-2025.pdf](#)

France, Finland or the Netherlands. This imbalance risks creating further uncertainty and increased costs for investors, which in turn reduces Sweden's attractiveness as an investment destination and can thus negatively affect competitiveness in relation to other EU countries with more predictable and efficient processes.

### *Statistics on Outcomes for FDI Notifications in Sweden*

Table 2. Statistics on FDI notifications in Sweden

Number of cases per year	2023*	2024	2025	Total	Share
Submitted notifications	114	1261	1987	3362	
Decision to dismiss the notification without action	18	1107	1942	3067	91,2%
Decision to initiate a review	0	26	20	46	1,4%
Decision to approve	0	12	8	20	0,6%
Decision to approve with conditions	0	5	1	6	0,2%
Decision to prohibit	0	1	2	3	0,1%
Decision to close the case after a review has been initiated	0	2	8	10	0,3%
Of which decisions to close the case after the ISP has communicated its intention to decide	0	0	4	4	0,1%

\* December 2023 only. The Swedish FDI-law (2023:560) entered into force on 1 December 2023

Source: ISP's statistics on FDI cases, <https://isp.se/utlandska-direktinvesteringar/statistiska-uppgifter-kring-udi/>, and own calculation of share.

Looking at FDI notifications in Sweden for December 2023 to 2025 (Table 2 above), it shows that only 0.1% of these result in a decision to prohibit, while more than 91% of the reports are left without action. Out of a total of 3,362 reports, only three have resulted in prohibition. This gives a clear indication that the current regulatory framework is disproportionate and ineffective in identifying investments that may pose a risk to Sweden's security. It also means that Swedish actors who want to invest in Sweden face an extensive administrative burden, despite the fact that a ban on the investment is very rarely actualized.

### **The Need to Analyse the Impact on Swedish Companies in Impact Assessments**

As described above, the Swedish FDI legislation is too extensive and has had serious economic consequences for Swedish companies and competitiveness. This illuminates the need for an analysis of the impact on Swedish companies to be included in the impact assessment that precedes the legislation. The mentioned report "Review of foreign direct investments" (SOU 2021:87) mostly discusses costs on a general level that may arise for companies. If an analysis had also been made of the impact on Swedish companies in this case, it would probably have emerged that the proposed

FDI regulations were disproportionate and ineffective when it comes to identifying investments that may pose a risk to Sweden's security. The associated economic analysis would also have demonstrated the significant risks of Sweden being negatively affected as an investment alternative. It can be noted that the impact assessment that was carried out in connection with the recent amendments to the regulations proposed by MCF on which essential services are covered by the Swedish FDI Act<sup>24</sup> was assessed as inadequate by the Better Regulation Council.<sup>25</sup>

Maintaining a high level of security is undeniably important for Sweden. However, it should also be considered that foreign direct investment is of considerable economic importance for Sweden as a small open economy. Therefore, the design of the Swedish FDI legislation should be based on safeguarding the image of Sweden as an investment alternative as much as possible. This is not an easy balancing act and an impact assessment can therefore be a useful tool, not least as it can be used to identify and quantify the impact on Swedish companies and competitiveness. It appears that economic analysis of the impact on Swedish companies has not been considered at all before designing the current FDI legislation. By maintaining an overly extensive and inefficient FDI legislation, there is a risk of sending a signal internationally that Sweden's investment climate is unwelcoming and uncertain.<sup>26</sup> For example, what will be the consequences for the around SEK 200 billion annual direct investments (and around SEK 4,400 billion in direct investment assets) if Sweden is excluded as an investment alternative? For Swedish companies that are eligible for this type of financing, there is also a risk that it will take place on poorer contractual terms than in other EU countries. Over time, this may extend to that Swedish companies consider moving their operations abroad with better conditions to access this kind of financing. This situation is remarkable in terms of the impact on Swedish companies and their competitiveness.

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<sup>24</sup> See footnote 10

<sup>25</sup> [Opinion on proposed regulations on which socially important activities are covered by the Act \(2023:560\) on the Review of Foreign Direct Investments - Regelrådet](#)

<sup>26</sup> At the same time, it should be noted that in "Scrutiny of foreign direct investments" (SOU 2021:87, p. 616) it is mentioned that "An effective screening system gives Sweden a high level of credibility in its relationship with other countries and strategically important companies. Important collaborations in several areas depend on a high level of credibility for an audit system."

## 8. Possible Alternative Solutions That Would Make the National Legislation Less Intrusive

In dialogue with the relevant business organisations, the following alternative solutions aimed at making the Swedish legislation less intrusive for companies have been presented.

### *Possibility of Obtaining Advance Rulings*

An option to obtain an advance ruling from the ISP should be introduced. Such a system would give companies and their investors the opportunity to clarify in advance whether an activity is considered sensitive. At present, this is not evident from the ISP's decisions, which means that companies that notify "to be on the safe side" must continue to submit notifications at every investment round. By comparison, the Swedish Financial Supervisory Authority applies a practice whereby fund management companies are informed when reported changes are not considered material, which creates clarity and reduces unnecessary reporting.<sup>27</sup> A similar model would contribute to increased predictability and efficiency in the process.

### *Simplified Process for Previously Approved Investors*

In order to facilitate investments and streamline the process for investors who have already been reviewed by the ISP, a simplified process should be introduced. Investors who have previously been approved and whose ownership structure remains unchanged should be able to make new investments without submitting a complete notification, for example by simply certifying that the ownership structure is the same. Such a system can also be designed as a two-step process, in which investors undergo an initial pre-assessment and can thereafter participate in multiple investments without further review, provided that no specific risks are identified. Only if the ISP identifies particular risks should the notification proceed to a more detailed review.

### *Exclude Portfolio Investments and Endowment Insurance from the Scope of Application*

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<sup>27</sup> Cf. the Swedish Competition Authority's prior contacts in connection with mergers and acquisitions, see [Prior contacts in acquisitions | The Swedish Competition Authority](#)

The EU Regulation does not cover so-called portfolio investments, i.e., investments that are not made with the intention of controlling a company. However, the notification requirement under the Swedish FDI Screening Act also applies to such transactions. This is not only burdensome, but also incompatible with the regulatory frameworks governing financial actors. For example, a fund management company cannot wait for the ISP's assessment when trading shares on the stock exchange. An index fund must be able to immediately rebalance its equity portfolio when there is a rebalancing of the index it replicates. An inflow of capital into an equity fund must be capable of being invested in shares without delay. It is therefore necessary that such investments, as specified in the EU Regulation, are exempt from the notification requirement under Swedish law as well.

Insurance and occupational pension companies should also be exempt from the notification requirement under the FDI Act for investments made within the framework of custody insurance. When implementing the Regulation, it should be clarified that investments made through custody insurance fall within the exemption for portfolio investments, since these too are made without any intention to control the company that is the subject of the investment.

#### *Raise the Threshold for the Notification Obligation*

The potential harm caused by an investment is primarily determined by how the ownership structure changes—that is, the degree of influence the investment gives over the business. It is therefore important to set the threshold values at a reasonable level that limits the notification requirement to foreign investments that result in an ownership interest in Swedish companies, so as not to unnecessarily hinder investments.

#### *Increase Transparency in the Handling of Notified Cases*

For investors, predictability is a crucial factor. Although the handling of investment cases may involve sensitive matters, there should be mechanisms that increase transparency in the process. This would give investors better conditions to understand which types of cases must be notified and provide a clearer basis for assessing the likelihood of approval.

#### *Limit the Scope of the Swedish Legislation*

The current broad scope of application in Swedish legislation should be considered for limitation in accordance with the EU regulatory framework. Such limitation would reduce the administrative burden associated with the notification requirement without compromising the overall objective at the EU level. The notification requirement should primarily cover activities of direct relevance to Sweden's security and should not be affecting a disproportionately large number of investments.

#### *Post-notification of Changes in Ownership in Listed Companies*

To adapt the regulations to the way the stock market operates, it should be possible to submit a notification to the ISP as a post-notification, so that transactions in listed companies can be carried out immediately—both in stock-exchange trading and in block trades—even when threshold values are exceeded. This would reduce the risk of transactions being delayed or not completed at all.

#### *Fast Track for Share Issues*

One way to meet the needs of companies would be to introduce a fast track for share issues that are very time-critical and vital for the companies' financing. Cases related to share issues should therefore be given priority in order to shorten the deadlines for approvals.

#### *Earlier Notification for More Efficient Processes*

Notifications should be able to be submitted at an earlier stage, in parallel with the due-diligence process, rather than only when the final agreement is signed. This would reduce delays in share issues and similar transactions. For the ISP's assessment, it is in most cases sufficient to identify which investors may exceed the threshold values, rather than specifying exact ownership shares. Therefore, there should be an option to submit the notification earlier, which ultimately facilitates companies' processes.

#### *Intra-group Transactions and Start-ups Should be Exempt*

Intra-group transactions between wholly owned group companies should be exempt from the notification requirement, as such transactions do not change the influence or actual control over the business. The Swedish FDI Screening Act should be clarified so that it only covers transactions that

genuinely alter the level of influence over a protected activity or pose a real risk that necessary reviews could be circumvented at a later stage.

New establishments should not be covered by the FDI Act, as they do not involve the acquisition of control over an existing protected activity. The establishment of a new protected activity that may pose a national security risk is governed by other legislation, such as the Protective Security Act, and should therefore not be considered an issue for the FDI Act to address. If new establishments remain within the scope of the FDI Act, the scope should be limited and clarified based on the principle of a likely and material risk.

## 9. The Implementation Council's Recommendations for Implementation

Based on the information gathered during the preparation of this opinion, the Council wishes to underscore the importance of conducting a comprehensive review of the Swedish FDI Screening Act within the framework of the upcoming implementation of the new EU Regulation. The aim of such a broader approach should be to better align the entire regulatory framework with the overarching purpose of the EU legislation on foreign direct investments and the balance envisioned at the EU level between security and competitiveness. This is to ensure that Swedish businesses do not end up in a negative competitive position, nor become a weak link within the EU as a whole.

- **The Implementation Council recommends that the implementation of the EU Regulation be carried out by adapting Swedish legislation primarily in line with the Regulation's overarching purpose**

Swedish legislation should, in connection with the implementation of the new EU Regulation, be better aligned with the overarching purpose it seeks to achieve. What is considered an adequate level of security for the Union as a whole should, in principle, be an acceptable starting point for Sweden as well. At the very least, Swedish legislation should not diverge in a way that makes Sweden less attractive for investments or limits Sweden's ability to be part of the EU's shared ambition to create a competitive Union. The aim of the revision is also to make the system more efficient, and Sweden should organise its system in a way that does not counteract this ambition.

➤ **When reviewing Swedish legislation, the EU legal perspective on free movement must be taken into account**

The current FDI legislation also covers intra-EU investments. The Council wishes to remind that requirements imposed on investments in such situations (beyond those covered by the Regulation) must be justified and proportionate in order not to conflict with EU law on free movement. The Council also wishes to highlight that the free movement of capital extends to capital from third countries. It is therefore important that any review of the existing legislation is designed in accordance with these rules.

➤ **The Council emphasises the importance of ensuring that the legislation is characterised by predictability**

Businesses' need for predictability cannot be overstated. This applies generally, but especially when it comes to investments. The Council therefore wishes to highlight the importance of ensuring that the legislation on foreign direct investments is characterised by predictability. Closely linked to this is transparency, which should also be pursued as far as possible, in accordance with EU legal requirements for authorisation procedures.

➤ **The Council advocates that the legislation in this area consider the nature of the stock market**

The uncertainties associated with the notification requirement have a negative impact on the stock market's primary and vital function as an intermediary of risk capital, and they hinder the supply of capital. Worst case scenario, this may result in very serious societal consequences. Such a system is also inconsistent with the EU's ambitions for a savings and investment union. It is therefore important that the legislation minimises, as far as possible, any negative effects on listed companies and financial market actors.

➤ **The Council emphasises the importance of involving the business community in the legislative process.**

To achieve the right balance between security and competitiveness in the area of foreign direct investments, it is crucial that investors' conditions are clearly understood. The Council therefore wishes to stress the importance of

involving the business community in the work related to implementation and other relevant legislative efforts in this field.

➤ **The Council highlights that simplifications for companies often also mean simplifications for authorities**

Adjusting the broad notification requirement would bring advantages for the investment climate and create simplifications for companies, resulting in lower costs and better opportunities. But it would also simplify the work of the authorities responsible for processing the large number of cases that the notifications generate and enable them to work more efficiently with the cases that truly require attention. The Council therefore wishes to underscore this perspective as well when developing the legislation.

➤ **The Council recommends that legislation in this area be consolidated into as few legal acts as possible**

The legislation concerning foreign direct investments is extensive. Legislative competence is shared, and the rules are spread across several legal acts at different levels. In addition to the EU Regulation, the rules are found in four national legal acts, complemented by national regulatory provisions issued by authorities. From a business perspective, it would be helpful if the legislation—aside from the EU Regulation—were more consolidated. The Council therefore proposes that, in connection with the implementation, the national legislation be organised into as few legal acts as possible.

➤ **The Council recommends that the legislation be preceded by an impact assessment with particular focus on the economic effects for Swedish companies and competitiveness**

The Council recommends that changes to the legislation be preceded by an impact assessment with a particular focus on the economic consequences for Swedish companies and competitiveness, and that the required evaluations be carried out from the same perspective.

➤ **The Council recommends that the proposals in section 8 be taken into account in connection with the adaptation of Swedish legislation**

Ahead of the adaptation of Swedish legislation, the Council wishes to highlight in particular the proposals presented in section 8: the possibility of

obtaining advance rulings; a simplified process for previously approved investors; exempting portfolio investments and custody insurance from the scope of application; raising the threshold for the notification requirement; increasing transparency in the handling of notified cases; limiting the areas of activity covered; post-notification for changes in ownership in listed companies; a fast-track procedure for share issues; earlier notification for more efficient processes; and exempting intra-group transactions and new establishments from the notification requirement.

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Decided by the Implementation Council on 16 February 2026.

*This document has been machine translated from Swedish to English*