

# FDI: French authorities impose conditions as filings surge



In late July, the French Treasury released its annual report on foreign investment screening for calendar year 2024. Wesley Lainé takes stock of the findings.

On 30 July 2025, France's General Directorate of the Treasury of the Ministry of the Economy (French Treasury) released its annual report on foreign direct investment ('FDI') screening for calendar year 2024. The report shows a continued increase in the number of FDI applications made by foreign investors, significant use of mitigation measures and conditions by French authorities, and that French authorities have maintained a strong focus on safeguarding French economic security by protecting strategic sectors of the French economy.

Here are the key takeaways from the French FDI annual report that market participants should pay attention to with respect to the French FDI regime.

## Record number of FDI applications in 2024 – report

The French Treasury's FDI control office ('the Office') received 392 FDI applications in 2024, compared to 309 of such applications in 2023. This number marks a 27% year-on-year increase from 2023. These FDI applications include 327 formal requests for prior authorisation in relation to a foreign investment to the French Minister for the Economy ('MoE'), 61 ruling requests by a French company or a foreign investor (acting in agreement with a relevant French company), and four notifications by non-EU foreign investors in relation to crossing the 10% voting rights threshold in a French publicly traded company.

Regarding the 327 formal requests for prior authorisation to the MoE, the Office determined that 182 of these



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requests were eligible for French FDI control having met the criteria set forth under French FDI rules. This information indicates that the Office found more than 40% of these formal requests involved transactions that did not fall within the scope of French FDI rules and were therefore not subject to FDI control. It is also likely that some requests were withdrawn.

The upward trend in filings shows that more foreign investors are submitting formal requests for authorisation on a precautionary basis. This approach is consistent

with guidance issued by the French Treasury. Specifically, the French FDI guidelines recommend that foreign investors submit a formal request for prior authorisation or a ruling request in case of doubt regarding whether the activities of a French target company subject to a covered investment meet the sensitivity threshold to warrant making a filing in France.

In response to 61 ruling requests, the Office issued 49 decisions. According to the report, the Office determined that the relevant French company's activities were ineligible for French FDI control in 73% of such decisions.

## Protection not rejection

French authorities have historically addressed perceived risks or threats arising from FDI through mitigation measures and conditions rather than blocking transactions. In fact, the report reveals that the Office increased its use of mitigation agreements by imposing conditions in 99 out of 182 cases that the Office

authorised in 2024 (54%). This number marks a 10% year-on-year increase from 2023 (44%).

In addition to transactions involving sensitive sectors where mitigation measures are typically expected (e.g., defence), the report reveals that French authorities imposed mitigation measures in 61% of FDI authorisations involving French companies carrying out R&D activities involving covered critical technologies. Specifically, such R&D relates to critical technologies such as biotechnologies, cybersecurity, and semiconductors, amongst others. The report states that these conditions sought to guarantee continued funding for these R&D projects and protect French know-how and IP assets.

The authorities also reported mitigation measures and conditions that were consistent with those identified in its guidelines, such as:

- Ensuring that an activity involving the production of defence materials will remain in France, and preventing any risk that such activity will

become subject to restrictions under foreign regulations.

- Ensuring that a portfolio of patents developed through sensitive medical research will remain owned and operated by the relevant French target entity.

An additional piece of interesting data from the report is that the MoE received eight requests to modify certain undertakings that were imposed as part of the relevant FDI clearance. The MoE agreed to revise the undertakings in seven cases, and rejected one such request.

**Review process adapted for insolvency proceedings**

French FDI rules do not provide any special review process for foreign investments in distressed French target companies. However, the report states that the Office collaborates with the

Interministerial Committee for Industrial Restructuring, the Interministerial Delegation for Corporate Restructuring, and

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insolvency administrators to ensure seamless coordination with respect to French FDI control and insolvency proceedings, regardless of the stage of the proceedings (conciliation, receivership, liquidation, etc). The report

states that the review timeline for companies in insolvency proceedings was on average 20 business days, which is faster than the standard review timeline under French FDI rules (30-business day phase I and, when necessary, a 45-business day phase II review). In 2024, the Office issued 17 FDI decisions involving foreign investments in companies in insolvency proceedings, compared to nine in 2023.

**Final thoughts**

The annual report provides a degree of transparency about what it is that French authorities are trying to protect, what kinds of transactions raise concerns, and why. The increase in FDI filings in France can

be primarily attributed to the broad scope of the French FDI regime and sustained vigilance by French authorities on national security and economic security issues. Because of the French FDI regime’s wide review net, an ever-larger set of transactions are being caught out as reviewable or deemed to likely raise further scrutiny – namely through links to covered sensitive sectors or critical technologies. These factors have pushed foreign investors to adopt a more cautious approach with respect to the French FDI regime. For deal parties, French FDI control may very well bring an additional variation to their transaction. Deal parties should therefore keep that front of mind.

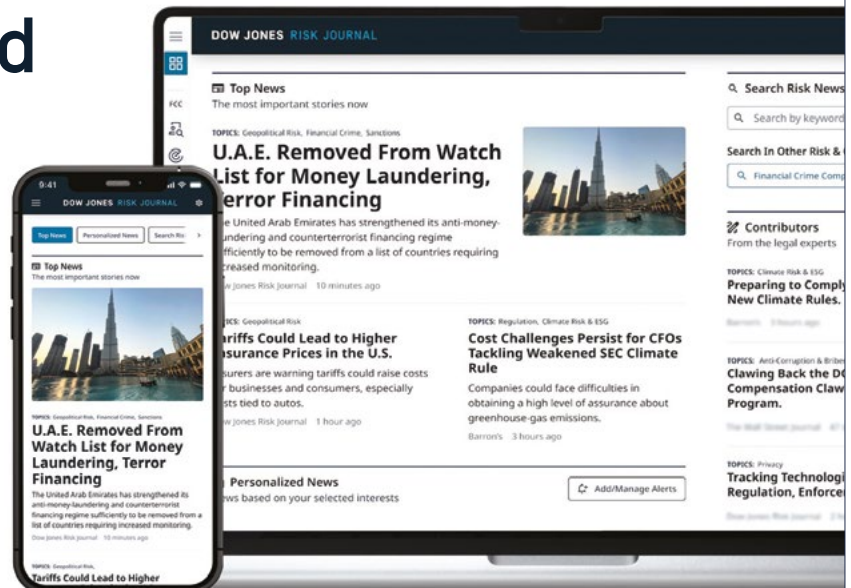
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