



# France's FDI Regime: Recent Decisions Signal More Oversight

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## Introduction

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France is a top destination for foreign direct investment (FDI) in Europe, attracting [significant inflows](#) through cross-border mergers and acquisitions (M&A). However, like most open economies, France has sought to balance its commitment to open markets with the need to protect its national interests. Achieving this balance—which has evolved over time—has led France to establish a strong FDI control regime, particularly in sectors of the economy considered sensitive.

In light of recent decisions by French authorities to impose enhanced mitigation measures or block certain foreign investments, a key question for dealmakers is whether these actions, along with other recent developments in the French FDI regime, indicate a potential shift in the FDI review landscape in France.

This blog contends that, among the lessons from these recent decisions, oversight of corporate transactions in France — especially those involving sensitive industries — is likely to intensify. Therefore, parties to such deals can expect the filing and review processes to become more burdensome. In practice, this will likely include increased disclosure requirements, more frequent requests for information, and the imposition of stricter mitigation measures. The impetus for this heightened scrutiny stems from, among other factors, the need to adapt the French FDI regulatory regime to evolving domestic and global economic and security conditions.

In that vein, this blog discusses the mitigation measures implemented by French FDI authorities in certain recent cases, highlighting how their scope has expanded beyond traditional national security areas to encompass broader economic considerations. These economically-focused mitigation measures include ensuring workforce security and sustaining ongoing business activities in France, among other measures.

## Background on the French FDI Regime

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French FDI rules require a foreign investor to file a request with, and obtain authorization from, the French Minister for the economy (Minister) prior to making a covered investment in a covered activity. The French foreign investment regime has a two-step review process — including a 30-business day phase I and, when necessary, a 45-business day phase II review.

The French FDI regime has undergone significant changes over time, frequently in response to shifting economic and security concerns, as well as controversies arising from foreign acquisitions of sensitive French companies. Over the past decade, the French government has implemented a series of decrees, beginning with the so-called [Montebourg Decree of May 16, 2014](#), followed by those of [November 29, 2018](#), [December 31, 2019](#), [July 22, 2020](#), [December 28, 2020](#), and [December 28, 2023](#). The more recent decrees, in particular, were introduced to safeguard French strategic assets from opportunist acquisitions during the COVID-19 pandemic.

Furthermore, France has consistently been at the forefront in Europe in imposing mitigation measures as conditions for FDI clearance, utilizing these requirements as a key tool to protect its national interests. In practice, French authorities [required](#) mitigation measures in approximately half of all approved transactions—54% in 2024. The frequency of such mitigation measures is somewhat higher in transactions involving the defense sector (76% in 2022) or research and development (R&D) involving

critical technologies (61% in 2024). Vetoes, on the other hand, remain relatively uncommon. According to the French authorities' [2025 annual report](#), only six vetoes were issued over the past three years.

In comparison, [Germany](#) has imposed restrictive measures in only 5% of all screened cases, with the number of cases subject to restrictions (including prohibitions) fluctuating between 12 and 14 cases annually over the past five years, and marginally rose to 16 cases in 2024.

### **Increase in Filings; Recent Decisions**

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In the decade since the Montebourg Decree, the number of FDI filings with the French Treasury has [steadily risen](#), from 105 in 2014, to 417 in 2025. Although French authorities have always been vigilant, there are signs that they are now subjecting foreign investments to increased scrutiny. This heightened vigilance in part explains the rise in filings by foreign investors, a number of which are increasingly submitted on a precautionary basis.

Indeed, there are important indications that geopolitical tensions are beginning to reshape the French FDI landscape. Foreign acquisitions of French companies are drawing heightened scrutiny and – more frequently than before – spark criticism from both the public and members of parliament. During 2025 and early 2026, transactions involving foreign investors acquiring ownership stakes in French companies—including retailer Fnac Darty, defense group LMB Aerospace, and healthcare firm Biogaran—have each galvanized intense public debate, even though French authorities reportedly imposed strict mitigation measures as conditions for granting FDI clearance in each case. The Minister also announced that he had blocked the proposed sale of French satellite operator Eutelsat's ground antenna business to Swedish private equity firm EQT. Below, I discuss these cases in greater detail to illustrate how they can help us interpret the changing FDI landscape in France.

### **Insights from Recent FDI Scrutiny**

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Filings with French authorities are confidential, and the authorities do not publicly disclose whether specific transactions are under review, the nature of any risks identified in relation to particular transactions or investors, or the details of mitigation agreements implemented to address concerns relating to French national interests. Nevertheless, certain information available in the public domain regarding specific transactions can be instructive.

#### **Enhanced Mitigation Measures**

Under French FDI rules, the Minister may impose mitigation measures as conditions for authorizing a transaction if necessary to safeguard French national interests. The aim of these [conditions](#), in line with the principle of proportionality, are, among other considerations to:

- ensure the continuity and security of the sensitive activities in France – particularly by preventing them from being subject to foreign laws that could impede them and by safeguarding related information;
- preserve the knowledge and know-how of the French target and prevent their misappropriation; adapt the entity's internal organization, governance, and the exercise of rights acquired through the investment; and,
- establish procedures for informing the administrative authority responsible for oversight.

In imposing mitigation measures, French authorities have traditionally addressed concerns relating to French national interests and the operations of the relevant sensitive activities. Recently, however, there has been a noticeable shift toward measures aimed at preserving French economic security, with increased attention to issues such as job outsourcing and loss of control over supply chains.

These economically focused mitigation measures are aligned with broader [economic security objectives](#), which in this context can be understood as the collection of measures and policies aimed at protecting a nation's economic interests and ensuring its resilience in the face of various risks. It also includes a broader set of actions within the economic sphere that can directly or indirectly influence national security outcomes.

The mitigation measures imposed by the French authorities in the transactions involving the French companies Biogaran and LMB Aerospace offer valuable perspective on France's approach to safeguarding its economic security interests. These now encompass job retention, the financial stability of the French target, and industrial policy objectives.

### **Biogaran/BC Partners**

In 2024, Servier initiated discussions regarding the proposed sale of Biogaran – a major player in the French pharmaceutical industry and one of France's major generic medicines companies – with three prospective foreign investors, including UK-based investment firm, BC Partners. The proposed transaction sparked controversy within the French political class. The press [reported](#) that the Minister indicated that the French government might block the sale.

On July 30, 2025, BC Partners announced that it had entered into exclusive negotiations with Servier to acquire Biogaran. On January 30, 2026, BC Partners [confirmed](#) the completion of the transaction. The firm also stated that it had made certain commitments to French authorities as conditions for obtaining FDI clearance. The commitments include maintaining Biogaran's headquarters and operations in France, protecting jobs at the company, preserving Biogaran's subcontracting model, and ensuring industrial, logistical, and commercial continuity for patients and partners.

To further reinforce these commitments, the French public investment bank Bpifrance [became](#) a minority shareholder and secured a seat on Biogaran's board of directors.

### **LMB Aerospace/Loar Group**

LMB Aerospace is a French manufacturer specializing in high-performance fans for both civil and military applications, notably supplying equipment for the French Rafale fighter aircraft. The company was under American ownership for an extended period before being acquired in 2022 by a French alternative asset management firm.

In February 2025, [media reports](#) indicated that the French firm had entered negotiations to sell LMB Aerospace to Loar Group, a New York-based specialist in aerospace and defense components. On December 26, 2025, Loar Group [announced](#) the completion of the acquisition of LMB Aerospace, stating that it obtained FDI clearance from French authorities. The announcement of the transaction sparked significant controversy, drawing widespread commentary from the French press and prompting strong reactions from political actors across the political spectrum.

According to publicly available [information](#), French authorities approved the transaction but subjected it to specific conditions. These included the French State acquiring a golden share in LMB Aerospace, as well as a seat on the company's board of directors. The golden share is also understood to confer veto rights over certain strategic decisions affecting LMB Aerospace's business operations. Such strategic decisions likely include issues related to the location and operation of production facilities, research and development activities, and the appointment or management of key personnel. These mitigation measures are intended to ensure that the French State maintains a level of oversight and control over aspects of the business considered vital to France's national interests.

## French FDI Regime Creep in Transactions; Fnac Darty

In addition to expanding the scope of mitigation measures (including golden shares arrangements), French authorities have demonstrated a willingness to interpret French FDI rules broadly when necessary to safeguard national and economic security interests.

Fnac Darty is a French retailer specializing in consumer electronics, household appliances, leisure products, and cultural goods. The German consumer electronics retailer Ceconomy AG owns approximately 22% of Fnac Darty. During the summer of 2025, it was [reported](#) that a Chinese e-commerce company had launched a takeover bid for Ceconomy AG. If successful, this bid would result in this Chinese e-commerce company gaining indirect control over Ceconomy AG's stake in Fnac Darty, which qualifies as a covered investment under French FDI rules. The prospect of a major Chinese company acquiring influence over a prominent French retailer through this transaction generated considerable controversy, prompting heightened scrutiny and debate among French authorities and the broader public. In November 2025, the Minister [confirmed](#) that the Chinese investor had accepted certain conditions imposed by the French government, including remaining a minority passive shareholder in Fnac Darty.

The review of the Fnac Darty transaction provides important insights into the evolving approach of French authorities toward FDI screening. First, it demonstrates the French authorities' willingness to extend the reach of FDI rules to activities that may be only tangentially related to the officially covered sensitive activities list. Second, it underscored to both the FDI authorities and members of parliament that certain activities raise concerns related to French national and economic security interests, even though they are not specifically included in the list of covered activities under the French FDI rules.

In the Fnac Darty matter, the Minister emphasized the cultural importance of certain products sold by the retailer, which played a significant role in the company being designated as a strategic enterprise. Under French FDI rules, even occasional involvement in a sensitive activity can be sufficient to trigger FDI review. However, in practice, it is not immediately obvious that Fnac Darty's operations fall within the scope of the covered sensitive activities list.

This situation stands in sharp contrast to the [unofficial veto](#) exercised by French authorities in response to the proposed acquisition of Carrefour—a French supermarket chain widely considered essential to the nation's food security—by a major Canadian company in the convenience sector. While Carrefour's role in the national food supply chain made its strategic importance more apparent, it is less straightforward to argue that Fnac Darty's operations have a comparable impact on French national interests.

More fundamentally, the Fnac Darty case underscores the need for the French FDI regime to evolve in line with shifting national and economic security priorities. If the objective is to ensure that the FDI framework remains responsive to new and emerging risks, it may be necessary to expand the list of covered activities to better reflect contemporary strategic interests.

### Veto Power : Signal or Noise?

As many CELIS readers will be aware of, French authorities in January 2026 blocked the proposed acquisition of the ground antenna business of French satellite operator Eutelsat by Sweden-based private equity firm EQT. According to [press](#) reports, the proposed sale of the ground antenna business was meant to be part of Eutelsat's efforts to raise capital and reduce debt.

The Minister [explained](#) that the decision to block the transaction was based on the strategic significance of the business, particularly given Eutelsat's position as a competitor to Starlink's internet



service. The Minister further noted that Eutelsat’s antennas are used for both civilian and military communications, and that both France and the United Kingdom maintain stakes in the company.

The French government’s involvement in the FDI review process was anticipated for two main reasons: first, the government is Eutelsat’s largest shareholder; and second, the antennas in question have military applications, which are sensitive on a per se basis under French FDI rules. Nevertheless, the decision to exercise a veto is noteworthy, as such interventions by French authorities are relatively uncommon. For context, the authorities disclosed that only six vetoes had been issued over the past three years. Since that disclosure, it appears that two additional vetoes have been issued, including the Eutelsat transaction. Notably, this recent uptick means France has now issued nearly as many vetoes in just a few years as the U.S. (or any other EU member state) has in decades, underscoring a sharp shift in its approach to FDI screening.

However, it is important to interpret each veto on a case-by-case basis. There is no clear trend or pattern emerging from these decisions. Transactions involving the defense sector, in particular, present their own unique considerations. Whether examining the conditional authorization in the LMB Aerospace case or the outright veto in the Eutelsat matter, investors should expect that deals touching on defense will be subject to especially rigorous scrutiny. This trend is also noticeable in other member states, with Germany’s defense ministry for the first time [issuing concrete guidelines](#) related to investment screening in the defense sector.

## Conclusion

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Conceptions of national security are [evolving](#), and there is no clear consensus regarding what national security truly demands. Each transaction is reviewed on its individual merits; however, the transactions discussed in this blog post represent the most recent examples of a discernible pattern of decisions under the French FDI regime. In this regard, this blog post adds to the ongoing discussion surrounding these recent decisions by drawing attention to key lessons that can be learned from them. It is, however, hard to tell at this point whether such pattern will continue, or how deal parties will respond.

Arguably, there are growing indications that the criteria for conditional FDI clearances in France are expanding beyond traditional national security areas to include broader economically focused considerations. While the impact of this shift on the volume of conditional clearances remains to be seen, it is likely that evaluating these additional factors will lead to more rigorous and comprehensive screening processes.

The most important take-aways and shifting practices foreign investors may want to take on board when planning their investments are, among other considerations:

- the increase and breadth of conditional approval of investments, which should be considered early-on in any planned deals;
- the inclusion of golden shares or French institutional investors to strengthen French control over strategic decisions of the French target; and
- the expansion in practice of covered investments in covered sectors subject to screening, requiring precautionary filings.

The growing overlap between national security and economic security has paved the way for governments to rely more heavily on national security–driven laws and regulations governing commerce, such as FDI regimes. France’s actions are to a degree a reflection of this broader trend.

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