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FOREIGN INVESTMENT CONTROL IN FRANCE

NEWS UPDATE FROM SUMMER 2025

Sep 10, 2025

There was a wealth of news on French foreign investment control during summer 2025, with the publication of new guidelines and the 2024 annual report by the Directorate General of the Treasury ("DG Treasury").

Here is an overview of the main points of interest.

- Foreign investments in France ("FDI") in sectors considered sensitive are subject to **prior authorization** by the Minister of Economy.
- Notified transactions may, in the event of a risk to national interests, be authorized **subject to conditions or even prohibited**.

A LIMITED REVISION OF THE GUIDELINES, WHICH NEVERTHELESS PROVIDES USEFUL CLARIFICATIONS

On July 29, 2025, the DG Treasury (to which the Bureau for the Control of Foreign Investments in France ("CIEF Bureau") is attached, published **revised guidelines** on the control of foreign investments in France ("Guidelines").

These Guidelines replace those of September 8, 2022, to take into account regulatory changes that have occurred since then and developments in the CIEF Bureau's doctrinal practice. **While the structure and content of the document remain largely unchanged, the updated version provides welcome clarifications.**

Notable changes include:

- Clarifications on transactions carried out by **funds**, in particular (i) the fact that a foreign fund is considered a foreign investor even if its management company is French, and (ii) that while it is not mandatory to specify the identity of all fund subscribers when filing an application, this information may be requested at any time during the review process if deemed necessary by the CIEF Bureau.

- The inclusion in the "investments" subject to FDI control of **the acquisition of control of an establishment registered** in the Trade and Companies Register (RCS). The guidelines also clarify the scope of this addition, stating that an indirect transaction, *via* the acquisition of a foreign entity owning such an establishment, constitutes an investment eligible for control.
- Updating the list of activities considered "sensitive”, in particular by clarifying the scope of "**critical raw materials**" referred to in the Monetary and Financial Code and by including **photonics** (applications related to the light spectrum—lasers, fiber optics, etc.) in the list of critical technologies.
- The invitation for parties submitting an application for authorization to include a **detailed description** of the target's activities and the services and products provided, where applicable on a subsidiary-by-subsidiary basis, it being specified that summary descriptions will be considered insufficient.
- A reminder of the obligation to submit applications to the CIEF Bureau via the **FDI electronic platform**, which has been launched in October 2023 but was not mentioned in the previous guidelines.
- Details on the investigation procedure if the French entity is subject to **collective proceedings**, including an invitation to judicial administrators and potential acquirers to contact the CIEF Bureau as soon as possible, prior to the formal submission of bids.

The Guidelines therefore have been used as an opportunity for the DG Treasury to provide investors and practitioners with further details on the FDI control regime.

It is nevertheless regrettable that this update did not provide further details on the types of conditions that may be imposed and in what circumstances, as the Guidelines remain relatively vague on this critical issue (although the 2024 Annual Report partially fills this shortcoming, *see below*).

PUBLICATION OF THE 2024 ANNUAL REPORT

On July 30, 2025, the DG Treasury published its FDI **annual report for 2024**.

It confirms the **significant increase in foreign investment in sensitive sectors in France** and, correspondingly, in FDI control. In 2024:

- The CIEF Bureau received 392 requests for authorization and opinions (compared to 309 the previous year).

- 182 transactions, deemed eligible for control, were authorized (compared to 135 the previous year).

It also shows a **tightening of controls**, as the annual report indicates that:

- 99 authorizations were subject to **certain conditions** in 2024, **representing 54% of authorizations** (compared to 60 in 2023, representing 44% of authorizations issued), while this proportion is only 10% across all European Union member states with a foreign investment screening mechanism.

  In this regard, and for the first time, the report cites some concrete examples of conditions imposed ("*ensuring that a portfolio of patents in a sensitive area of medical research remains owned and exploited by a French company*" or "*guarantee the continuation of war material production in France, in order to prevent the risk of it being subject to the legislation of a foreign state that could hinder it*").

- Six foreign investments have been refused under FDI control over the last three years (the cases concerned and the reasons for the refusal are, however, not detailed) and "several" applications for authorization have also been withdrawn spontaneously by the investor before a prohibition decision was adopted.

The report specifies that the authorizations issued concerned **various sectors and investors from both the European Union and third countries**:

- 26% of authorizations concerned activities that are "sensitive by nature" (defense and security), 37% concerned critical infrastructure, goods, or services (energy, water, transport, food security, etc.), 14% concerned research and development activities involving certain critical technologies or dual-use goods and technologies, and 22% concerned "mixed" activities falling into several of the above categories.

- 65% of the transactions reviewed involved an investor from outside the European Union (led by the United States, the United Kingdom, and Switzerland) and 35% involved investor from a Member States (led by Luxembourg, Germany, and the Netherlands).

The report also provides interesting details on the more frequent use by investors **of requests for revision of the conditions imposed** (which may perhaps be explained by the growing "stock" of conditional authorizations). The DG Treasury thus indicates that during 2024, eight requests for revision were submitted, of which seven were accepted.

Finally, the report specifies that 17 decisions were handed down concerning companies in **collective proceedings** (compared to nine the previous year), which is not surprising in the current economic climate.

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