



2025/63

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COMMISSION RECOMMENDATION (EU) 2025/63

of 15 January 2025

on reviewing outbound investments in technology areas critical for the economic security of the Union

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

Whereas:

- (1) The Commission and the High Representative have adopted a Joint Communication on European Economic Security Strategy ⁽¹⁾ ('the Strategy') to put in place a comprehensive strategic approach to economic security.
- (2) The Union remains one of the most attractive destinations and partners for global companies ⁽²⁾ and a major source of outbound investment. The Union remains committed to an open investment environment. Nevertheless, the Strategy recognised that with rising 'geopolitical tensions and global economic integration deeper than ever before, certain economic flows and activities can present a risk to our security' while 'profound technological shifts are adding to the intensity of this competition and making economic and security challenges more complex'.
- (3) The Strategy identifies a range of complex challenges for the economic security of the Union and its Member States, reflecting the fact that these challenges cut across trade, technology and security objectives requiring an integrated policy response. Addressing economic security risks will help to ensure that the Union maintains its role as a technology leader, is able to promote and defend its interests, respond to geo-political pressures and withstand economic shocks. The Strategy focuses on identifying, assessing, and managing risks in four categories: the resilience of supply chains, risks for the physical security and cyber security of critical infrastructure, risks for technology security and risks of technology leakage and of weaponisation of economic dependencies or economic coercion.
- (4) The risks caused by technology leakage are likely to be particularly acute for a narrow set of technological advances that can enhance military and intelligence capabilities of actors that may use them to undermine international peace and security. Such leakage should not be fuelled by Union capital, expertise, and knowledge: including in the context of outbound investment from the Union.
- (5) To assist its assessments of the risks of technology leakage linked to outbound investment, the Commission established in July 2023 a dedicated Expert Group on Outbound Investments composed of the Commission and Member State experts ('the Expert Group') ⁽³⁾ which has been examining the issues related to the risk of critical technology and know-how leaking from the Union to third countries intentionally or unintentionally in the context of outbound investments.
- (6) In parallel, in the Recommendation on critical technology areas (EU) 2023/2113 ⁽⁴⁾, the Commission has identified ten technology areas for further risk assessment with Member States. Following that Recommendation, the Commission has launched in-depth collective risk assessments with Member States of some of the technology areas identified therein. The results of those assessments will inform the Union's approach to outbound investment, which could further evolve together with the deeper understanding of risks.

⁽¹⁾ Joint Communication to the European Parliament, the European Council and the Council on 'European Economic Security Strategy' (JOIN(2023) 20 final).

⁽²⁾ Please note that the terms company, undertaking, business and firm are used interchangeably in this recommendation.

⁽³⁾ Register of Commission Expert Groups Code E03911.

⁽⁴⁾ Commission Recommendation (EU) 2023/2113 of 3 October 2023 on critical technology areas for the EU's economic security for further risk assessment with Member States (OJ L, 2023/2113, 11.10.2023, ELI: <http://data.europa.eu/eli/reco/2023/2113/oj>).

- (7) The work of the Expert Group has confirmed that currently Member States do not systematically gather data on individual outbound investment transactions and do not review such investments in a way that could allow the identification or assessment of security risks. Consequently, closing the existing knowledge gap with a systematic review of Union outbound investments by Member States should be prioritized in order to have an informed, fact-based policy discussion.
- (8) Determining the scope of potential concerns about outbound investment presents several challenges. Initial challenges include understanding the extent and nature of Union outbound investments, collecting relevant data and evidence, and assessing whether they create or aggravate clearly identifiable collective risks to economic security. To address those challenges, it is necessary to gain insights into the relevant individual transactions, the technology and know-how related to them, and, where relevant, the analysis of sectoral data and investment trends. The review of individual transactions should provide Member States and the Commission with the necessary information on outbound investments in the narrow set of technology areas.
- (9) Based on the information gathered, the Union and its Member States should assess whether there are any risks to economic security related to outbound investments and identify any gaps in existing EU policies, including with regard to trade and investment controls regarding the identification and mitigation of such security risks. This should help to determine whether a deeper insight is necessary in certain technology areas, and design proportionate and targeted responses to mitigate identified risks either through existing tools or new instruments at national level or Union level.
- (10) To launch this process described above, the Commission published a White Paper on outbound investment ⁽⁷⁾ earlier this year describing the Union's initial work on the subject. The White Paper's aim was to invite comments from interested stakeholders in order to help the Commission define the scope of a potential Commission Recommendation on outbound investment in close cooperation with Member States.
- (11) The White Paper was supported by a public consultation to receive structured input and reactions to its approach. ⁽⁸⁾ Respondents to this consultation agreed that there is a need to assess potential risks related to outbound investments. Therefore, the Commission continues its gradual approach with this Recommendation and lays out a common scope to structure the review and risk assessment, while Member States will individually decide on the details of its implementation according to their specific circumstances.
- (12) Regarding the technology areas identified in Recommendation (EU) 2023/2113, and building on the work with the Expert Group, the replies to public consultation and the administrative burden involved for Member States and business, the review and risk assessment by Member States should focus on advanced semiconductors, artificial intelligence and quantum technologies which has been identified as the ones likely to pose the most significant risks of technology leakage through outbound investment.
- (13) Regarding the type of outbound investment transactions, the review should cover a wide range of transactions, while excluding transactions that are unlikely to enable or facilitate the development or transfer of critical technologies or know-how.
- (14) Regarding the geographical coverage, the review should be 'country-neutral' and not exclude, *a priori*, specific destinations. Nevertheless, Member States may prioritise their review activities based on the risk profiles of individual countries. The risk profiles should be coordinated with other Member States and the Commission and include, when relevant, the past behaviour of the country concerned, including violations of the UN Charter.
- (15) The review undertaken following this Recommendation should also establish whether outbound investments from the Union to third countries accelerate or increase the successful development of critical technologies in countries that could use such technologies to counter or surpass the security-related capabilities of the Union, its Member States, and other countries, or to undermine international peace and security.

⁽⁷⁾ COM(2024) 24 final.

⁽⁸⁾ https://policy.trade.ec.europa.eu/consultations/monitoring-and-risk-assessment-outbound-investment_en.

- (16) The outcome of the risk assessment to be undertaken by Member States, with the support of the Commission, should allow a shared understanding of risks, within the framework of the Expert Group. Discussions within the Expert Group will be a useful reference point for any further policy choices and will help determine the possible need for mitigating measures. The Commission and Member States will ensure that sensitive information is securely shared, saved and, where necessary, classified to ensure the necessary level of protection.
- (17) This Recommendation does not prejudice the outcome of these risk assessments, nor the necessity to take measures aimed at mitigating potential risks. Any potential subsequent proposals for mitigating actions to protect economic security will build on such assessments. Any policy responses should be proportionate and precisely targeted to address the risks identified for each type of outbound investment or activity and critical technology area.
- (18) The Commission encourages Member States to consult relevant stakeholders, including business, academia and civil society as part of their review activity, to get a complete picture of the investment environment and potential risks and to be able to act in the interest of Union citizens and businesses.
- (19) The review and risk assessments envisaged in this Recommendation are time-limited exercises to help shape appropriate policy responses,

HAS ADOPTED THIS RECOMMENDATION:

1. **Scope of technologies for review**

Member States should review outbound investments related to the following technology areas discussed above:

- (a) Semiconductor technologies, meaning any technology or know-how related to:
 - i. design of integrated circuits and other semiconductors ⁽⁷⁾, including related semiconductor intellectual property core;
 - ii. electronic design automation software for the design of integrated circuits and other semiconductors, or for the design of advanced packaging;
 - iii. front-end fabrication of integrated circuits and other semiconductors;
 - iv. assembly, testing and packaging of integrated circuits and other semiconductors, including advanced printed circuit boards and packaging;
 - v. semiconductor manufacturing equipment, both for the front-end and back-end fabrication of integrated circuits and other semiconductors, including etching, deposition, epitaxy, lithography, advanced packaging, testing or metrology tools;
 - vi. core components or software of semiconductor manufacturing equipment;
 - vii. materials used in the fabrication of integrated circuits and other semiconductors, in particular specialty chemicals, rare gases, semiconductor materials, substrates or wafers.
- (b) Artificial intelligence ('AI') technologies, meaning any technology or know-how related to a machine-based system that is designed to operate with varying levels of autonomy and that may exhibit adaptiveness after deployment, and that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments ('AI system'), used for the following applications:
 - i. generative AI systems trained using more than 10²⁵ FLOPS (floating point operations);
 - ii. generative AI systems trained in a significant part on biological/ genomic data, or designed to be used in a biotechnological, space or defence context.

⁽⁷⁾ The concept of 'integrated circuits and other semiconductors' includes but it is not limited to microprocessors, graphic processors, microcontrollers, logic chips, memory chips, radio frequency chips, photonic chips, analog chips, quantum chips, optical semiconductors, power semiconductors, discrettes and sensors / microsystems.

- (c) Quantum technologies, meaning any technology or know-how related to:
 - i. quantum computing;
 - ii. quantum communications;
 - iii. quantum sensing.

2. Scope of transactions for review

Member States should review outbound investments ⁽⁸⁾ by natural or legal persons resident or established in the Union ('EU investors') to carry out an economic activity related to a technology area defined in point 1 in a third country, such as:

- (a) the acquisition of a company or a stake in a company that enables an effective participation in the management or control of the company ('acquisition');
- (b) the absorption by one company of one or more other companies or the combination of two or more companies to form a new company ('merger');
- (c) the transfer of tangible or intangible assets following a contractual arrangement, including intellectual property or specific know-how, necessary for establishing or maintaining an economic activity where these form an identifiable part of an undertaking's business operations, excluding the transfer of individual dual-use products or software subject to Regulation (EU) 2021/821 on dual-use ⁽⁹⁾ which are not part of other wider goods or services ('asset transfer');
- (d) the first-time establishment of a business, including the creation of a subsidiary, a branch or similar ventures ('greenfield investment');
- (e) the establishment of, or the investment in, an undertaking that combines resources to achieve a joint entrepreneurial goal with another person ('joint venture');
- (f) the provision of capital, linked to certain intangible benefits like managerial assistance, access to investment and talent networks, market access and enhanced access to additional financing ('venture capital'), if the EU investor has expertise or has previously invested in firms disposing of or developing any of the three technology areas identified in point 1.

The review should exclude non-controlling investments that are limited to seeking a return on invested capital.

The review should also cover indirect investments made by a EU investor, such as investments made through a third-country entity which is used as an investment vehicle, through an existing subsidiary or in the context of an existing joint venture with a company from or in a third country. This includes the gradual transfer of assets over time, but made during the review period, and investments aimed at breaching or circumventing existing security-related trade and investment controls (as well as targeted individual measures), including Union restrictive measures pursuant to Article 215 of the Treaty on the Functioning of the European Union.

The review should cover new and ongoing transactions as well as transactions completed since 1 January 2021 but may, in cases where Member States identify transactions of particular concern, also cover activities prior to that date.

3. Review tools and exchange with stakeholders

- (a) Member States should establish an adequate system for review that may provide for voluntary or mandatory provision of information on transactions. They should consider adapting existing mechanisms for the purpose of the review activities set out in this Recommendation.
- (b) Member States are encouraged to consult relevant stakeholders, including business, academia and civil society as part of their review activity.

⁽⁸⁾ The term investment does not include activities such as bank lending, clearing, sending payments, underwriting, debt rating services, prime brokerage, global custody, equity research or analysis and other services secondary to a transaction.

⁽⁹⁾ Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast) (OJ L 206, 11.6.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/821/oj>).

4. **Information to be gathered**

- (a) Member States should gather sufficient information to assess the risks potentially arising from different transactions and activities, and from the entities involved.
- (b) The information referred to in point (a) should include the following:
 - i. the parties to the investment transaction, including the place of incorporation of legal persons and (based on the information available to the Member State) the ultimate owner of any parties involved in the transaction and their country of origin;
 - ii. the type and approximate value of the investment, including the share of equity stake purchase (if acquisition) and related voting and decision-making rights;
 - iii. the products, services and technologies concerned by the investment;
 - iv. any contractual arrangements for research and development, intellectual property licensing and key personnel movement as part of the investment;
 - v. the date on which the investment is planned to be completed or has been completed;
 - vi. information about previous and announced transactions entered into by the parties to the investment transaction;
 - vii. information on public funding provided to the investing entity by the EU or a Member State related specifically to the technology areas in question.
- (c) Any data collected should be protected appropriately and, where necessary, classified before being shared with the Commission or with other Member States.

5. **Risk assessment**

For each transaction under review, Member States, with the support of the Commission, should perform the risk assessment as set out in this point to identify either the presence or the absence of risks to economic security.

- (a) The risk assessment should contain a qualitative case-by-case assessment of the transactions and activities, giving priority to those with the largest and most likely potential impact on economic security, including when relevant the participation of the company in EU projects or programmes.
- (b) The risk assessment should identify elements of risks and potential vulnerabilities, in particular regarding technology leakage, such as the main types of threats and threat actors and any geopolitical factors, such as historical patterns of technology acquisition, relevant to assess the likelihood of negative impacts on economic security.
- (c) The risk assessment should take into account, inter alia, the following aspects:
 - i. the context of the transaction;
 - ii. the current maturity level of the technology;
 - iii. the availability of the technology in the country targeted by the investment;
 - iv. the value chain and supply chain of the technology involved;
 - v. the evolution of risks as well as relevant technological developments and use cases;
 - vi. the global interconnectivity of the ecosystem of the critical technology concerned, including research activities;
 - vii. when specifically relevant to the technology areas, the participation of the company in EU projects or programmes.
- (d) Member States should follow a common methodology to be developed with the Commission in the framework of the Expert Group.

6. Reporting to the Commission and other Member States

In the framework of the Expert Group, Member States should regularly exchange on the progress of the review and should provide an update on the progress of their work to the Commission by 15 July 2025. By 30 June 2026, Member States should submit a comprehensive report to the Commission and other Member States on the implementation of this Recommendation, including the outcome of the review and risk assessment.

If risks are identified, Member States should provide the Commission with details on the combinations of risk factors that characterise outbound investments likely to affect economic security.

During this period, Member States and the Commission should continue exchanging information in compliance with Regulation (EU) 2016/679 of the European Parliament and of the Council ⁽¹⁰⁾ and the security rules for protecting EU classified information ⁽¹¹⁾ (when applicable) and assessments in the framework of the Expert Group, including information on the individual transactions being reviewed by the Member States for the purpose of the risk assessment referred to in point 5.

7. Conclusions from the review

Based on the information shared in the report referred to in point 6, Member States and the Commission should discuss the outcome of this exercise to achieve a shared understanding of risks in the Expert Group.

8. Member States' authorities

Member States should designate a Single Contact Point responsible for communications concerning any follow-up actions to this Recommendation. Where appropriate, they should designate one or more national authorities responsible for the recommended review of outbound investment transactions and ensure that those national authorities, where possible, apply existing instruments, including dual-use export controls, to counter any risks they have identified in the review set out in this Recommendation. They should communicate details of the Single Contact points and the designated authorities to the Commission no later than 15 March 2025.

Done at Brussels, 15 January 2025.

For the Commission
Maroš ŠEFČOVIČ
Member of the Commission

⁽¹⁰⁾ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (OJ L 119, 4.5.2016, p. 1, ELI: <http://data.europa.eu/eli/reg/2016/679/oj>).

⁽¹¹⁾ Commission Decision (EU, Euratom) 2015/444 of 13 March 2015 on the security rules for protecting EU classified information (OJ L 72, 17.3.2015, p. 53, ELI: <http://data.europa.eu/eli/dec/2015/444/oj>).