

## Report from the study visit to Prague, Czech Republic

### Foreign Direct Investment Screening Mechanism (FDISM) Discussions

Members of the Government working group on Foreign Direct Investments Screening Mechanism (FDISM), together with representatives from the Institute for Democracy (IDSCS) attended the **Regional Workshop on Developing Effective Investment Screening Mechanisms in the Western Balkans** and the **2023 CELIS Forum on Investment Screening (CFIS 23)** titled 'Investment Screening and Economic Security' organised from 10-13 October 2023 in Prague, Czech Republic.

The Members of the Working group represented various state institutions such as the Secretariat for European Affairs, the Office of the Deputy Prime Minister for Economic Affairs, National Bank of the Republic of North Macedonia, Financial Police Office and Financial Intelligence Office. They have participated in several meetings on the topics of Importance of Protecting Key Assets: Technology, Infrastructure and Data, European and International Cooperation in Investment Screening among many others. They also had valuable insight into the FDISM models of the Czech Republic, USA, Germany, France, and Sweden.

Following the regional workshop, the representatives from the state institutions together with the IDSCS team and the IDSCS external FDISM expert, Viktor Mizo, participated in the CFIS 23.

CFIS is Europe's first and foremost forum to discuss questions on investment screening and economic security. Thought leaders in investment control and economic security from Europe, the US, and beyond discuss current practical challenges and influential ideas to sketch geoeconomic strategies for Europe. Discussions in CFIS 23 are held partly in private (strict Chatham House rules apply) and partly in public. Participants are invited with the view to form a trusted community of economic security experts from business, government, and academia who deal with the subject matter on a high level.

The CELIS Forum on Investment Screening 2023 conference in Prague shed light on the realm of economic security in the European Union (EU).

Discussions at the conference highlighted three key takeaways:

Firstly, the EU needs to engage in extensive dialogues with a diverse range of nations to understand their economic security policies. Countries like Japan and Switzerland have implemented unique approaches, such as Japan's industry-oriented policy and Switzerland's strategy to diversify trade relations. These examples offer valuable lessons as the EU revises its own regulations governing economic security among them also screening of FDIs.

Secondly, the EU faces the challenge of balancing national security with economic freedom, human rights, supply chain security, and climate protection. This requires nuanced policy-making and strategic collaborations between EU institutions and member states.

Lastly, the EU's nature as a union of sovereign nations presents unique challenges. Defining "national" security becomes complex with 27 countries setting their national interests. The absence of a centralized intelligence or defense service, coupled with divergent legal traditions, adds to the complexity. Additionally, the EU's fundamental freedoms and the European Court of Justice's case law introduce limits on reviewing intra-EU investments.

In conclusion, the CFIS 23 discussions emphasized the complexity of the EU's economic security landscape. To effectively navigate these challenges, the EU must engage in global dialogues, learn from other nations' policies, and remain adaptable in its strategies.

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