

1 JANUARY 2024 – 31 DECEMBER 2024

**Second summary information
on the application of Act
No. 497/2022 Coll. on the
screening of foreign
investments and on
amendments and supplements
to certain acts**

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1. BASIC INFORMATION

The legislative package regulating the screening of foreign investments entered into force on 1 March 2023. It is based on Act No. 497/2022 Coll. on the screening of foreign investments and on amendments to certain acts, which introduces a comprehensive mechanism for the screening of foreign investments for the protection of security and public order of the Slovak Republic and the EU.

Summary information on the application of this legislative package during the first (calendar) year of its implementation, i.e. the year 2023, can be found in the First Summary Information on the application of Act No. 497/2022 Coll.

In the First Report, the Ministry of Economy of the Slovak Republic focused on sharing basic information on the application of the foreign investment screening mechanism, which, in addition to the assessment of foreign investments itself, also includes control, i.e. the exercise of monitoring powers, and follow-up proceedings on administrative offence (other administrative offence of a natural person). The First Report also includes information on cooperation between EU Member States and the European Commission in the screening of foreign investments for the purposes of protection of security and public order.

The Ministry of Economy of the Slovak Republic proceeded similarly with the preparation of the Second Report on the application of Act No. 497/2022 Coll., i.e. summary information for the calendar year 2024.

2. TERMINOLOGY

- Foreign investment – an investment planned or completed by a foreign investor, regardless the application of Slovak law, which enables the foreign investor to directly or indirectly acquire¹ the Target or a part of it, hold effective participation² in the Target, increase effective participation³ in the Target, exercise control⁴ over the Target, or acquire ownership rights or other rights⁵ to substantial assets⁶ of the Target, provided it is considered a critical foreign investment.
- Critical foreign investment – a foreign investment which, due to the importance of the Target or its activities from the point of view of essential state functions, poses an increased risk of negative impact on the security or public order of the Slovak Republic. Critical foreign investments are further defined by the Regulation of the Government of the Slovak Republic No. 61/2023 Coll., laying down the critical foreign investments.
- Target – an entity based in the Slovak Republic that exists or is to be established in connection with a foreign investment, regardless of its legal form, legal personality, method of financing, and focus of activity, including profit-oriented activities.
- Foreign investor – any person who has made a foreign investment or plans to make such an investment and is not a national of the Slovak Republic or another EU Member State or does not have a place of business or registered office in the Slovak Republic or another EU Member State. Under certain conditions set out in § 4(2) through (4) of Act No. 497/2022 Coll., a foreign investor is also a person who is a national of the Slovak Republic or of another EU Member State or who has a place of business or registered office in the Slovak Republic or in another EU Member State, and a legal arrangement of property with a foreign element.

¹) § 476 through 488 of the Commercial code.

²) § 2(4) of Act No. 497/2022 Coll.

³) § 2(5) of Act No. 497/2022 Coll.

⁴) § 7(4) of Act No. 187/2021 Coll.

⁵) According to § 2(1), letter e) of Act No. 497/2022 Coll., 'other rights' refers to the right to use and the right to dispose of.

⁶) § 2(7) of Act No. 497/2022 Coll.

- Screening mechanism – system of screening foreign investments from third countries to protect security and public order.
- Risk of negative impact – a situation where it can be reasonably assumed that a foreign investment may threaten or disrupt the security or public order of the Slovak Republic, or the security or public order of the EU.
- Negative impact – a situation where a foreign investment threatens or disrupts the security or public order of the Slovak Republic or the security or public order of the EU.
- Screening – a statutory process that assesses the risk of negative impact of a foreign investment⁷ and/or the negative impact of a foreign investment on security and public order⁸.

⁷) Procedure under § 15 of Act No. 497/2022 Coll.

⁸) Procedure under § 16 and subsequent sections of Act No. 497/2022 Coll.

3. LEGISLATION REGULATING THE SCREENING OF FOREIGN INVESTMENTS

- Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investment into the Union, as amended;
- Act No. 497/2022 Coll. on the screening of foreign investments and on amendments and supplements to certain acts, as amended;
- Regulation of the Government of the Slovak Republic No. 61/2023 Coll., laying down the critical foreign investments;
- Decree of the Ministry of Economy of the Slovak Republic No. 64/2023 Coll. laying down the application for screening of foreign investment, the form for screening of a foreign investment, the request for modification of a decision on conditional authorisation of a foreign investment, the report on the execution of a foreign investment and the monitoring report.

4. EU COOPERATION

The basic framework for the screening of foreign direct investments in the EU for the protection of security and public order has not changed. In 2024, it was defined by Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investment into the Union.

The Regulation focuses in particular on the cooperation between EU Member States and the European Commission in the screening of foreign direct investment from third countries. The essence of this cooperation lies mainly in the exchange of information on planned and completed foreign direct investments from third countries in order to increase the vigilance of the individual EU Member States and the European Commission and, where appropriate, to coordinate in mitigating the identified threat. Despite its title, the Regulation does not introduce a single screening mechanism for foreign direct investment at EU level, nor does it introduce an obligation for the EU Member States to adopt national screening mechanisms.

The focus on foreign direct investments, as well as the absence of an obligation for the EU Member States to establish national screening mechanisms, have been identified as shortcomings of the current EU legal framework, which should however be remedied by the new Regulation (now in the legislative process).

European regulation aims to ensure that the EU is resilient to threats to security and public order associated with foreign direct investments from third countries, while at the same time remaining one of the most open economies in the world.

The established cooperation between EU Member States and the European Commission in the area of screening of foreign investments is already crucial in protecting security and public order, however, given geopolitical developments and trends in foreign investments we can expect it becomes even more important in the upcoming years,.

The effective screening of foreign investment has gradually become a key EU agenda in 2023, with significant implications for the security and economic priorities of the EU Member States.

In 2024, 24 of the 27 EU Member States already had foreign investment screening mechanisms in place. Meanwhile, the remaining 3 EU Member States - Cyprus, Greece and Croatia - are

preparing their national mechanisms. Compared to 2023, Bulgaria has joined the group of EU Member States with screening mechanisms.

Basic statistics on EU cooperation

The total number of foreign direct investments notified to the EU cooperation mechanism in 2024 reached 475. In 2023, there was 484 cases, representing a year-over-year decrease of 1,86 %.

In 2024, the Ministry of Economy of the Slovak Republic analysed within the EU cooperation a total of 466 cases of notified foreign investments, which were screened by other EU Member States. Approximately 80% of these notifications came from four EU Member States, i.e. France, Italy, Austria, and Spain.

The Slovak Republic contributed to the cooperation mechanism by notifying 9 foreign direct investments.

More data on the EU cooperation mechanism for 2024 can be found in the annual report on the implementation of the Regulation on foreign direct investments, which the European Commission prepares in accordance with Article 5(3) of the Regulation on regular basis for the preceding calendar year, and publishes it on its website⁹.

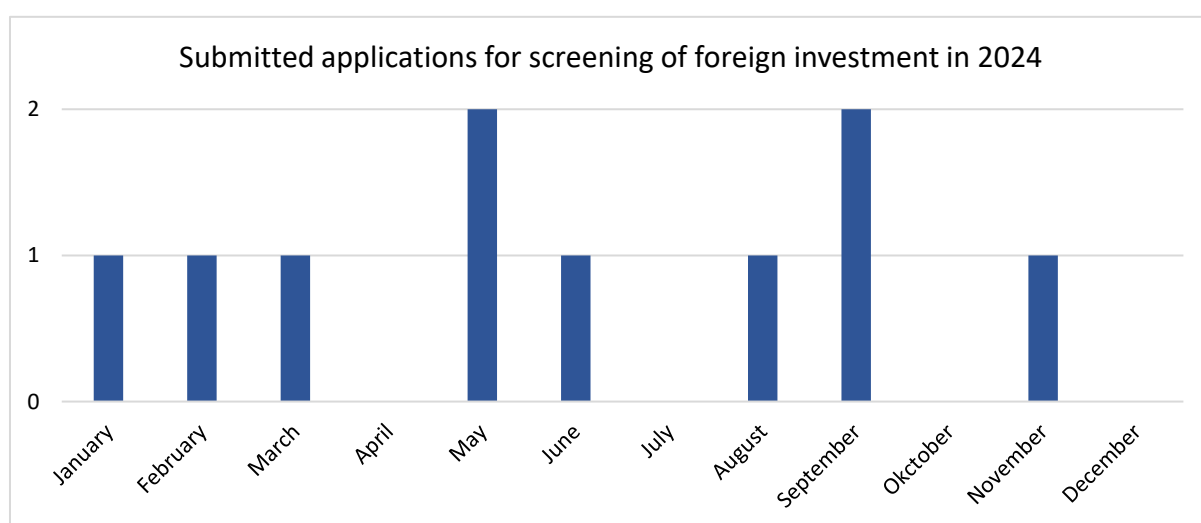
One conclusion worth highlighting, however, is that the vast majority of foreign direct investments have been authorised without any conditions. A minority of the notified investments were authorised with conditions (9 %) and only a minimum were prohibited (1 %). The above indicates that the EU Member States use their foreign investment screening mechanisms respecting their purpose, i.e. the protection of security and public order, and do not misuse them to pursue other objectives, e.g. political ones.

⁹) The website where the European Commission publishes the annual report on the implementation of the Regulation on foreign direct investments: https://policy.trade.ec.europa.eu/enforcement-and-protection/investment-screening_en

5. BASIC STATISTICS ON THE APPLICATION OF THE FOREIGN INVESTMENTS SCREENING ACT

The Ministry of Economy of the Slovak Republic is obliged under § 67 (1) of Act No. 497/2022 Coll. to prepare a summary information on the application of the Act for the preceding calendar year and to publish it on its website by the end of June at the latest. The summary report for the period 1 January 2024 to 31 December 2024 contains the statutory information and also includes statistics beyond the statutory framework. Our goal is to make available as much data as possible (which may be published) in order to increase transparency in the application of the Act. As the years of its implementation will pass and the perimeter of practical experience will broaden, the range of published data will also increase.

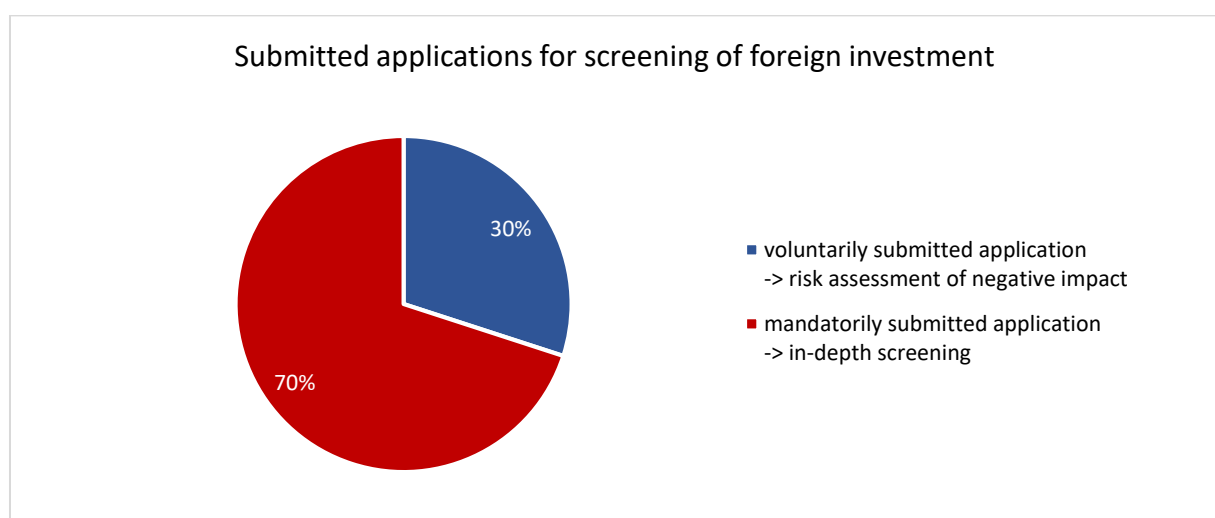
In the second year of application of Act No. 497/2022 Coll., i.e. the period from 1 January 2024 to 31 December 2024, the Ministry of Economy of the Slovak Republic received a total of 10 applications for screening of foreign investment. Amongst these 10 applications, 7 concerned a critical foreign investment¹⁰, i.e. 7 foreign investors were obliged to submit application for screening of a foreign investment pursuant to § 11(1) of Act No. 497/2022 Coll., and 3 applications were submitted voluntarily, i.e. 3 foreign investors were not obliged to submit the application for screening of their planned foreign investment, yet they exercised their right to do so. The Ministry of Economy of the Slovak Republic did not initiate any ex officio foreign investment screening procedure in 2024.



¹⁰⁾ § 3 of Act No. 497/2022 Coll.

In accordance with the above, the Ministry of Economy of the Slovak Republic

- assessed the risk of negative impact of 3 foreign investments on the security and public order of the Slovak Republic and the EU pursuant to § 9(a) and § 15 of Act No. 497/2022 Coll. The aim of the procedure pursuant to § 15 of Act No. 497/2022 Coll. is to assess the potential of the foreign investment to threaten or disrupt the security and public order of the Slovak Republic and other EU Member States. As such, it focuses exclusively on assessing whether there is a reasonable presumption that the foreign investment may threaten or disrupt the security or public order of the Slovak Republic or another EU Member State. In the event of an affirmative finding, the foreign investment is subject to an in-depth screening pursuant to § 9(b) and § 16 et seq. of Act No. 497/2022 Coll.
- in depth screened negative impact of 7 critical foreign investments on the security and public order of the Slovak Republic and the EU pursuant to 9(b) and § 16 et seq. of Act No. 497/2022 Coll. This in-depth screening determined whether the previously identified or generally assumed risk of negative impact (in the case of a critical foreign investment) actually exists. It focused on whether the foreign investment truly threatens or disrupts the security or public order of the Slovak Republic or another EU Member State (even if only the likelihood thereof) by identifying and defining the risk, vulnerability, and negative consequences, including their severity. If the negative impact is confirmed, it is assessed to what extent it can be mitigated or whether there is no other means of protection than the prohibition of the foreign investment.

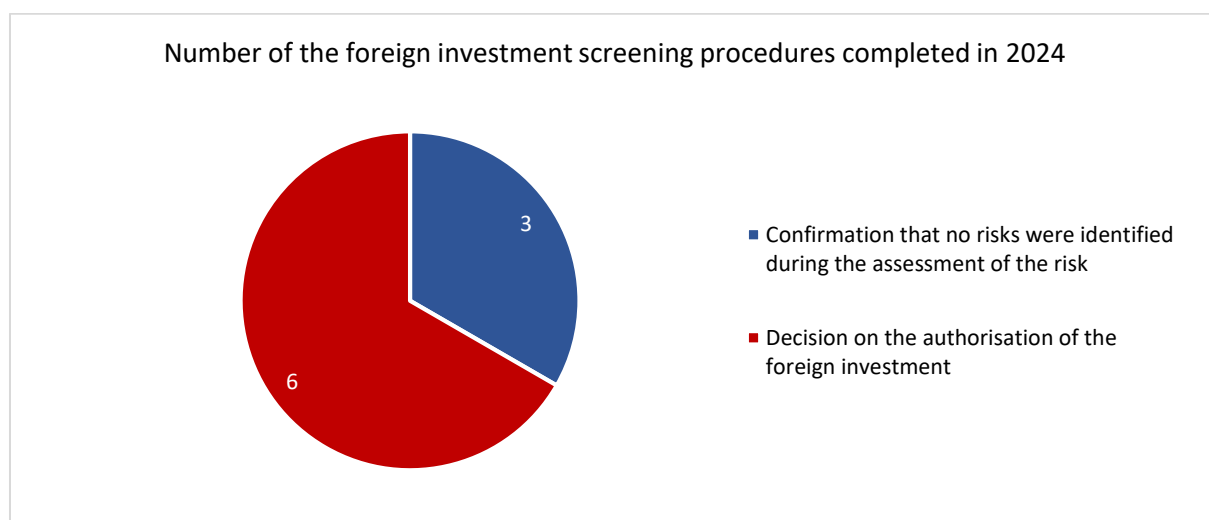


In total, out of the 10 cases in which the Ministry of Economy of the Slovak Republic conducted foreign investment screening procedures, 9 were closed in 2024. The remaining 1 case was closed during 2025.

In 3 foreign investment screening procedures, in which the risk of negative impact on the security and public order of the Slovak Republic and the EU was assessed and which were completed in 2024, the Ministry of Economy of the Slovak Republic issued 3 confirmations pursuant to § 15(6) of Act No. 497/2022 Coll. In these cases, the consultations did not identify any risk of negative impact that would justify the commencement of an in-depth screening of the foreign investment. The Ministry of Economy of the Slovak Republic subsequently sent a confirmation of this finding to the foreign investor and the Target.

Additionally, in 6 foreign investment screening procedures, where an in-depth screening of the foreign investment was carried out and completed in 2024, the Ministry of Economy of the Slovak Republic issued 6 decisions on the authorisation of the foreign investment. Regarding the remaining 1 foreign investment screening procedure, where the in-depth screening began however was not completed in 2024, the Ministry of Economy of the Slovak Republic issued a decision on the authorisation of the foreign investment later in 2025.

The Ministry of Economy of the Slovak Republic did not issue any decision on the conditional authorisation of the foreign investment or decision on the prohibition of the foreign investment in 2024.



For the sake of completeness, it is important to note that none of the foreign investment screening procedures were concluded by applying the legal fiction pursuant to § 15(7) of Act

No. 497/2022 Coll., which presumes that the consultations did not identify the risk of a negative impact of the foreign investment, nor by the legal fiction pursuant to § 21(2) and (3) of Act No. 497/2022 Coll., which presumes that a decision on the authorisation of the foreign investment has been issued. Despite the fact that the Act recognizes the institute of legal fiction as one of the ways of concluding foreign investment screening procedure, its practical application is not desired as it may naturally raise doubts about whether the risk assessment of the negative impact, or the subsequent in-depth screening of the foreign investment was thorough.

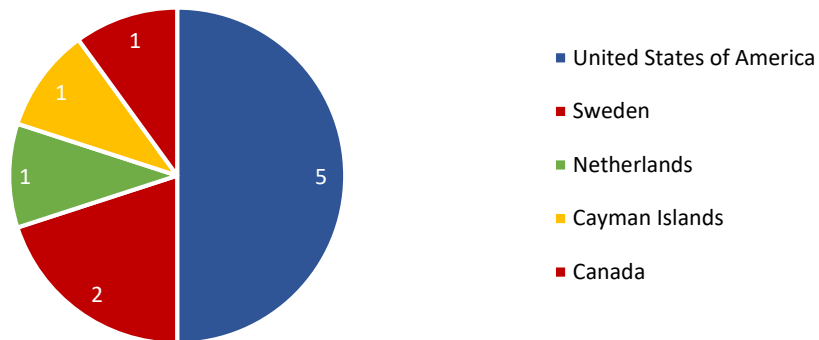
The Ministry of Economy of the Slovak Republic also did not suspend any foreign investment screening procedure without a decision on the merits, i.e. no foreign investment screening procedure has been suspended pursuant to § 23 of Act No. 497/2022 Coll.

The average length of the risk assessment of the negative impact of the foreign investment was 60,67 days, and the average length of the in-depth screening procedure was 83,71 days. In both cases, the length of the process is influenced, among other things, by the foreign investor and the Target, who are obliged to respond to eventual inquiry of the Ministry of Economy of the Slovak Republic (request for information, explanations and/or supporting documents). During the preparation and delivery of responses to the Ministry, procedural time limits do not run, and therefore the lack of promptness of the foreign investor and/or the Target may lead to an unexpected prolongation of the foreign investment procedure¹¹.

Most foreign investors originated from the United States of America and Sweden. The geographical origin of foreign investments directed to Slovak target companies is illustrated in the following chart:

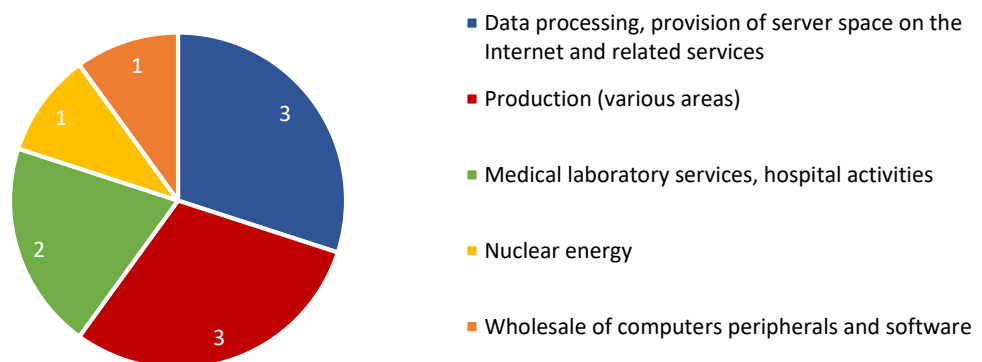
¹¹⁾ Pursuant § 62 (4) of Act No. 497/2022 Coll., during the period of supplementing the requested information, documents or explanations from the foreign investor or the Target, the time limits under the Act do not run, i.e. neither does the time limit decisive for the application of the fiction pursuant to § 15 (7) and § 21 (1) and (2) of Act No. 497/2022 Coll.

Geographical origin of the foreign investors



The sectors most commonly targeted by foreign investors were cloud services (data processing, provision of server space on the internet and related services), the healthcare sector (medical laboratory services, hospital activities) and production (various areas).

Targeted sectors



The total value of transactions involving foreign investments assessed under Act No. 497/2022 Coll. in 2024 amounted to almost €26,3 billion. This amount represents the total value of transactions directed to groups of Target entities, meaning that it is not exclusively the sum of the assessed foreign investments corresponding to the consideration for acquiring a Slovak Target or a share in a Slovak Target.

Control

The legislation in force also grants the Ministry of Economy of the Slovak Republic competences and duties in the field of control. The Ministry of Economy of the Slovak Republic

carries out administrative control pursuant to § 32 of Act No. 497/2022 Coll. and on-site control pursuant to § 33 of Act No. 497/2022 Coll.

The Ministry of Economy of the Slovak Republic conducted 10 administrative controls in 2024. 9 of them were initiated by a submission of the report on the completion of the foreign investment, and 1 was carried after a submission of a monitoring report. Within 3 administrative controls, no violation was identified. On the contrary, 7 administrative controls identified violations of the foreign investor's obligations under § 29 (1) and § 30 (1) of Act No. 497/2022 Coll.

Administrative offenses and other administrative offences

Regarding its monitoring powers, the Ministry of Economy of the Slovak Republic is also responsible for conducting administrative offence procedures pursuant to § 39 et seq. of Act No. 497/2022 Coll., as well as other administrative offence procedures pursuant to § 48 et seq. of Act No. 497/2022 Coll.

Following the conclusions of the administrative controls carried out in 2024, the Ministry of Economy of the Slovak Republic initiated 2 administrative offence proceedings in the same year, but these were not completed until 2025. Therefore, the Ministry of Economy of the Slovak Republic did not issue any administrative offence decision in 2024.

Qualified motions

In the implementation of the agenda of screening foreign investments from third countries, the institution of the so-called qualified motion is of irreplaceable importance.

The procedure for submitting a qualified motion is laid down in § 63 of Act No. 497/2022 Coll., allowing any third party to make a motion. Such motions are taken into account when assessing the risk of a negative impact of the foreign investment, assessing the commencement of ex officio screening procedure, conducting the screening itself, performing controls, renewing the screening procedure, and changing the decision on the conditional authorisation of the foreign investment.

The purpose of this mechanism is to utilize the vigilance of third parties to support the application of the legislation on the screening of foreign investments and thereby protect

security and public order as effectively as possible. Despite the above, as in 2023 also in 2024 no substantiated qualified motions were submitted to the Ministry of Economy of the Slovak Republic.

6. OUTLOOK FOR THE YEAR 2025

- The Ministry of Economy of the Slovak Republic expects that in 2025 the number of applications for screening of foreign investment will be approximately the same as in previous years. This estimate may be influenced, on the one hand, by the assumption of an economic slowdown in the Slovak Republic and the EU. On the other hand, the number of the applications for the screening of foreign investment may be positively influenced by growing awareness of the foreign investment screening agenda in the Slovak Republic, as well as the introduction of additional foreign investment screening mechanisms by other EU Member States, which may lead to an increased number of notified cases within the European cooperation.
- Following the EU's Economic Security Strategy, the regular legislative process concerning the proposal for a “Regulation of the European Parliament and of the Council on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452 of the European Parliament and of the Council” was initiated in early 2024. The legislative proposal will replace the current Regulation of the European Parliament and of the Council (EU) 2019/452 of 19 March 2019 establishing a framework for the screening of foreign direct investment into the Union, as amended. The ultimate goal is to strengthen the efficiency and effectiveness of cooperation between the EU Member States and the European Commission in the area of screening of foreign investments on grounds of protection of security and public order and, in this context, to ensure a higher degree of harmonisation of screening rules and procedures across the Union. A trilogue between the European Commission, the European Parliament and the Council of the EU on the final draft of the new European Regulation started in June 2025. The adoption of the new Regulation is expected in the second half of 2025.
- Following the expected adoption of the new EU Regulation on the screening of foreign investments, the Ministry of Economy of the Slovak Republic will start preparing an amendment to Act No. 497/2022 Coll. and implementing regulations. The specific changes to the legislation that will be necessary to implement will only become apparent after the adoption of the new Regulation. The planned amendment will also

create room for supplementing and improving the national legislation on the basis of experience gained from practice.

7. USEFUL LINKS

Website of the Ministry of Economy of the Slovak Republic

- <https://www.mhsr.sk/podnikatelske-prostredie/preverovanie-zahranicnych-investicii>

Act No. 497/2022 Coll. on the screening of foreign investments and on amendments to certain acts as amended

- <https://www.mhsr.sk/uploads/files/BpxQxdnI.pdf?csrt=1253223355432027192>

Regulation of the Government of the Slovak Republic No. 61/2023 Coll., establishing critical foreign investments

- <https://www.mhsr.sk/uploads/files/FGMaN8KG.pdf?csrt=1253223355432027192>

Decree of the Ministry of Economy of the Slovak Republic No. 64/2023 Coll., laying down the application for screening of foreign investment, the form for screening of a foreign investment, request for modification of a decision on conditional authorisation of a foreign investment, the report on the execution of a foreign investment and the monitoring report

- <https://www.mhsr.sk/uploads/files/lziPdm1E.pdf?csrt=1253223355432027192>

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