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Tighter UK Foreign Investments Rules on the Horizon

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On 17 October 2017, the UK Department for Business, Energy & Industry Strategy published a Green Paper setting out the UK Government's proposals to reform and strengthen its powers to scrutinize investments in critical businesses and infrastructure which could provide opportunities for foreign investors to "undertake espionage, sabotage or exert inappropriate leverage".

The foreword to the Green Paper notes that, on the one hand, the relevant legal framework must provide the Government with sufficient power to safeguard the UK's national security. On the other hand, the framework should not limit market access for any foreign investor. The Government considers that its powers to face national security challenges are currently limited and that they appear less well-established than equivalent review procedures in certain developed countries such as the US, France, Australia and Canada. The purpose of the Green Paper is therefore to consult on a number of proposed reforms (short-term and long-term) to strengthen the Government's powers.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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