

(English version)

**Question for written answer E-004818/25
to the Commission**

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Subject: Opening on European soil of Chinese companies free of governance and supply chain obligations

In recent years, Chinese direct investment in Europe has grown significantly: more than 3 000 companies active in strategic sectors — including energy, logistics, technology, components and electric vehicles — are controlled or owned by Chinese groups. Many of these companies operate in Member States, benefiting from public incentives and access to the single market, yet fail to uphold European standards on transparency, corporate governance and supply chain traceability.

Some subsidiaries lack a clear separation between industrial and political control and appear to be linked to state-owned or Chinese Government-backed groups. These conditions may distort competition, enable social dumping and pose risks to the EU's economic and technological security.

In the light of the above:

1. Will the Commission introduce binding transparency and governance requirements, similar to those imposed on European companies, for non-EU companies established in the single market?
2. Does it consider it appropriate to make full supply chain traceability mandatory for operators from third countries?
3. What supervisory measures for foreign direct investment does the Commission plan to step up to prevent non-EU government-controlled companies from operating in strategic sectors without reciprocity obligations?

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Answer given by Commissioner McGrath on behalf of the European Commission
(9 February 2026)

Generally, EU rules regulating the conduct of companies, where they apply to companies established in the EU, do not distinguish according to ownership, namely whether their owners are based in the EU or outside of it.

Under Regulation (EU) 2019/452 ⁽¹⁾, screening authorities can consider state control or state influence over the foreign investor as a risk factor of potential threats to security or public order. Under the proposed revised Regulation ⁽²⁾, Member States will have to notify investments where the foreign investor or the foreign investor's subsidiary in the EU is directly or indirectly controlled by the government into the cooperation mechanism.

As emphasised in its recent Joint Communication ⁽³⁾, the Commission will seek to balance its openness to foreign investments, where necessary for the EU's economic security, against the need to avoid deepening dependencies or creating new ones.

The Commission intends to use its tools and initiatives to set out and implement targeted measures such as inbound investment conditioning for entities in countries that purposefully undermine economic security.

On the question of corporate responsibility and accountability, the Corporate Sustainability Due Diligence Directive 2024/1760 ⁽⁴⁾ imposes a duty on large companies to regularly identify and address potential and actual adverse human rights and environmental impacts in their own operations, those of their subsidiaries and in their chains of activities.

This duty applies both to companies established in the EU and those established outside of the EU which have a significant presence on the single market.

⁽¹⁾ Regulation 2019/452 establishing a framework for the screening of foreign direct investments into the Union.

⁽²⁾ Proposal for a regulation on the screening of foreign investments in the Union and repealing Regulation 2019/452 COM/2024/23 final.

⁽³⁾ Joint Communication to the European Parliament and the Council Strengthening EU economic security JOIN(2025) 977 final.

⁽⁴⁾ Directive 2024/1760 on corporate sustainability due diligence, currently in the process of being amended in the context of the Omnibus I simplification package. As a result of the political agreement reached in December 2025 between the European Parliament and EU Member States, the rules applicable to all in-scope companies, including those established outside of the EU, were simplified to eliminate unnecessary complexities and ultimately reduce compliance burden. The directive will enter into application in July 2029.