



Policy Forum

Corrosive Capital and Investment Screening

6 June 2023

Sredets Hall, Sofia Balkan Palace

Opening Remarks of Dr. Ognian Shentov, Chairman

The topic of today's discussion is part of the larger theme of **economic security** in the world after the Russian invasion in Ukraine. Sanctions serve a pivotal role in protecting Europe by constraining the Kremlin's capacity to wage war and continue its aggressive pursuits.

- It is important to recognise, though, that sanctions alone cannot bring the war to an end. Bolstering Europe and its partners' resilience against corrosive capital inflows requires an **additional layer of measures fortifying the EU's economic and investment security**. Presently, there are considerable gaps and discrepancies in enforcement capabilities and the effectiveness of investment screening mechanisms across the EU. Bulgaria, in particular, lacks the necessary legislation and instruments for ensuring a safe friendshoring investment climate.
- **Investment screening**, alongside other tools such as **sanctions enforcement**, control of **dual use goods**, monitoring state aid and **illicit financial flows**, is becoming an integral part of emerging **US and EU economic security policy-making**. Bulgaria should seize this opportunity to align its legislation, adopt international standards and establish effective institutions for sanctions enforcement and investment screening.
- In view of developing a robust investment screening mechanism and of increasing the influx of high-quality private capital for economic growth, Bulgaria needs to **update its investment and national security strategies and laws**. To achieve this, in the next 18 months the government must engage the private sector and civil society in the development of the screening mechanism, ensuring transparency throughout the process.
- Today, we are excited to continue these efforts with our long-standing partners from the Center for International Private Enterprise in Washington D.C.
- My colleagues will present CSD's baseline analysis and proposed integrated policy approach for **enhancing Bulgaria's investment security**. The private sector, our partners from the AmCham and the German-Bulgarian Industrial and Trade Chamber play an important role in this process.
- Let me finish by thanking and giving the floor to the US Ambassador Kenneth Merten. The United States remains an indispensable partner for the EU in safeguarding our common economic and investment security and in building democratic resilience in the face of rising global authoritarian pressure. I hope our joint initiative will also lead to enhancing **US technology transfer and investment** in Bulgaria and the region to reduce the negative effects of sizable historical corrosive capital inflows.