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The 2025 CFIUS Annual Report: Increased Scrutiny, Shifting Geographies, and the Limits of Declarations from the 2025 Annual Report

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The Committee on Foreign Investment in the United States (*"**CFIUS**"* or the *"**Committee**"*) recently released its annual report to Congress, covering CFIUS' activity during the 2025 calendar year (the *"**Annual Report**"*). This Annual Report highlights key aspects of CFIUS' activity and process, including commentary and statistical data related to CFIUS' review of transactions from declarations, joint voluntary notices (*"**JVNs**"*), and on a non-notified basis, as compared to prior years. Notably, the 2025 Annual Report is the first to reflect the full impact of President Trump's America First Investment Policy (*"**AFIP**"*) on CFIUS operations and was also heavily influenced by multiple government shutdowns that tolled CFIUS deadlines for over 120 days during the reported year.

Key Highlights

- **Total filings of Distinct Transactions decreased modestly.** CFIUS reviewed a total of 347 transactions in 2025 (an increase of approximately 6.8% compared to 2024). When counting only Distinct Transactions (which consolidates transactions that were refiled multiple times),[1] CFIUS reviewed 274 transactions in 2025, a decrease of only about 1.1% compared to 2024 indicating a stabilization of CFIUS filing volume after several years of decline.
- **Declarations surged.** The number of declarations filed with CFIUS jumped approximately 20.7% in 2025 (from 116 in 2024 to 140 in 2025), representing 40.4% of all filings, the highest share since 2020. However, the percentage of declarations resulting in a concluded action (*i.e.*, clearance) dropped notably to 65.7% in 2025 from 78.5% in 2024, driven largely by a significant increase in the number of declarations from which CFIUS requested a full JVN (which more than doubled from 17 in 2024 to 36 in 2025).

[1] "Distinct Transactions" represents the total number of individual transactions reviewed by CFIUS, calculated by summing the number of declarations and Distinct JVNs. As used here, "Distinct JVNs" represent (i) the total number of JVNs filed (207 for the 2025 calendar year), (ii) *less* the 36 instances in which parties were requested by CFIUS to file a JVN after submitting a declaration, (iii) *less* the 37 instances in which parties withdrew a JVN in 2025 and refiled in the same calendar year. In 11 instances for declaration filings, CFIUS did not make a determination at the end of the 30-day review process, and it is not clear whether the parties filed a JVN in those instances; for purposes of calculating the Distinct JVNs, we have assumed that the parties did not file a subsequent JVN. Where applicable, figures have been calculated the same way as in prior years.

- **Withdrawals and abandonments increased materially.** CFIUS approved the withdrawal of 61 notices in 2025, a 24.5% increase from 49 in 2024. In 10 instances, parties withdrew and abandoned their transactions after CFIUS either informed the parties that it was unable to identify adequate mitigation measures or proposed mitigation measures the parties chose not to accept, or for commercial reasons.
- **Mitigation held steady.** CFIUS adopted mitigation measures and conditions with respect to 25 notices in 2025 (approximately 12% of total notices), holding steady compared to the same percentage of total notices subject to general mitigation in 2024. Notably, however, the number of transactions abandoned because parties could not agree on acceptable mitigation terms increased to seven in 2025 (up from four in 2024), representing a 75% year-over-year increase.
- **Asian filings increased.** Filings from investors in China, India, South Korea, Singapore, and Japan all increased year-over-year, with those five countries collectively accounting for a larger share of filings in 2025. Meanwhile, filings from Gulf state investors remained flat or decreased.
- **Non-notified transaction data reflects positively on party decision-making.** CFIUS investigated approximately 90 potential non-notified transactions, of which only nine (approximately 10%) resulted in a requested filing, suggesting a high pass rate for parties' initial decisions not to file.
- **Government shutdowns significantly disrupted operations.** Multiple lapses in appropriations during 2025 forced the Committee to toll deadlines for more than 120 days in total, creating uncertainty for the investor community and delaying the Committee's ability to accept new transactions.

Message from Assistant Secretary Pinkerton

A notable feature of the 2025 Annual Report is the introductory message from Chris Pilkerton, Assistant Secretary of the Treasury for Investment Security. The message strikes a distinctly forward-looking and service-oriented tone, emphasizing CFIUS' dual mandate of protecting national security while "enhancing the customer service experience for transaction parties to facilitate secure investment for a strong America." Pilkerton highlights several new CFIUS capabilities that were launched or formalized in 2025, including:

- **Known Investor Pilot Program:** Treasury launched this program to implement AFIP's directive for an expedited "fast-track" process, collecting detailed information from foreign investors in advance of filing so that CFIUS can maximize administrative efficiencies.
- **MOU with the Department of Agriculture:** Treasury and the Department of Agriculture ("USDA") signed a Memorandum of Understanding on July 8, 2025, formalizing USDA's role as a CFIUS *ad hoc* member for agriculture-related transactions and committing to improved information sharing on relevant foreign investments in agricultural land.
- **Office of Research and Analysis**: A new in-house technical branch comprised of scientists, engineers, and data subject matter experts dedicated to investigating and reviewing foreign investments was established within Treasury's Office of Investment Security ("OIS").
- **International Engagement:** OIS worked with the U.S. Trade Representative to secure investment security commitments in reciprocal trade and investment agreements with certain countries "for the first time."

The tone and substance of the Pilkerton message reinforces the Trump Administration's outward-facing positioning of CFIUS as a facilitative (rather than obstructive) mechanism for allied investment, while simultaneously signaling that CFIUS' technical sophistication and detection capabilities continue to grow.

2025 Annual Report Analysis

Increased Scrutiny Despite Pro-Investment Rhetoric

One of the most striking takeaways from the 2025 data is the apparent tension between the Administration's stated policy objective of facilitating foreign investment and the on-the-ground reality of increased scrutiny for cases that were actually filed. Despite the AFIP's pro-investment rhetoric, which suggested this Administration would ease the path for allied foreign investment, the 2025 data reveal materially more withdrawals and abandonments than in 2024. CFIUS approved 61 notice withdrawals in 2025, a 24.5% increase over 2024 (49 withdrawals), and the percentage of withdrawn JVNs that were ultimately abandoned (*i.e.*, not refiled) rose to 16.4% of withdrawals from 14.3% in 2024. In total, 10 transactions were abandoned in 2025 compared to 7 in 2024, a 42.9% increase with seven of those 10 abandonments resulting from CFIUS either being unable to identify acceptable mitigation or proposing terms the parties could not accept (the other three being for commercial reasons).

This increase in scrutiny may be explained by several factors. First, the prolonged government shutdown, which tolled CFIUS deadlines for over 120 days, with the first lapse running from October 1 through November 12, 2025, may have independently driven withdrawals as the result of internal backlog within the CFIUS review process (with a view to refile and restart the statutory clock). Second, a self-selection dynamic may also be at play: with AFIP widely perceived as signaling a more permissive environment for allied investors, certain "easy" voluntary filings that would have been submitted under the prior administration may not have been filed in 2025, either because parties felt confident proceeding without a filing or because they were less fearful of CFIUS' non-notified transaction team; it is also possible that parties chose not to file to avoid getting caught up in the extended government shutdowns. This dynamic is potentially reflected in the drop in filings from Gulf state investors (who collectively had four fewer total filings in 2025 than in 2024). The net result is a filings docket that may be skewed toward more complex or contested transactions, which naturally produce higher rates of withdrawals and mitigation. Nevertheless, the data suggests that parties should not equate pro-investment policy statements with reduced deal-level scrutiny or faster turnaround.

Asian Filing Rates Increased More Than Any Other Region

Another significant development in the 2025 data is the notable increase in filings from Asian investors. Comparing 2025 to 2024, total filings (declarations plus JVNs) increased from China (including Hong Kong) (+10), India (+6), South Korea (+9), Singapore (+4), and Japan (+1). Each of these five countries saw a year-over-year increase. By contrast, among major Western European filers, only Germany (+6) and Italy (+3) posted increases, while filings from Gulf countries either stayed flat or declined (UAE had four fewer total filings in 2025 than in 2024).

This concentration of filing growth in Asian markets, especially the sharp increase from South Korea and the sustained elevated pace from China, is notable for several reasons. First, it suggests that despite the heightened regulatory environment for Chinese investments, Chinese investors continue to pursue U.S. transactions at a meaningful pace (indeed, China had the highest raw number of JVN filings in 2025 at 33). Second, the increases from traditionally allied Asian countries (South Korea, Singapore, Japan) may reflect a combination of increased M&A activity and growing awareness of mandatory filing obligations. Third, the decreases from Gulf states and certain Western allies may signal a degree of filing fatigue or increased tolerance of non-notified risk, particularly where the AFIP signals a more permissive stance toward allied capital.

Non-Notified Transactions Reflect Improved Party Risk Identification

The 2025 Annual Report reveals that CFIUS identified thousands of potential non-notified transactions and investigated approximately 90 of them to determine which warranted formal inquiry. Of those 90, Treasury opened official inquiries into 62 transactions and ultimately requested a filing for only nine. That only 10% of investigated non-notified transactions resulted in a subsequent 90% pass rate suggests that transaction parties are increasingly able to correctly identify when a transaction does not implicate national security concerns warranting a voluntary filing.

This is a meaningful data point. After several years of post-FIRRMA experience, parties and their advisors appear to have developed a more refined ability to assess CFIUS risk and make well-calibrated decisions about whether to file. The 90% pass rate indicates that parties are not systematically under-filing; rather, the transactions that go unnotified overwhelmingly turn out to be ones that CFIUS itself agrees, upon investigation, did not require review.

Moreover, even in those 10% of cases that ultimately resulted in a filing, there is no reason to believe that all resulted in mitigation or other adverse outcomes. Accordingly, the effective clearance rate for parties that initially declined to file may be higher than 90%. While the decision not to file always involves risk, this data provides substantial validation that sophisticated parties are generally making accurate risk assessments regarding their filing obligations.

It is also worth noting that CFIUS reported two instances in which parties who received non-notified outreach voluntarily filed a declaration or notice before receiving a formal request, underscoring a cooperative dynamic that further reflects the maturity of parties' engagement with the CFIUS process.

Declarations: A Cautionary Note on Requests for JVN

Perhaps the most striking procedural development in the 2025 data is the more-than-doubling of instances in which CFIUS requested a full JVN at the conclusion of the 30-day declaration review period, rising from 17 in 2024 to 36 in 2025 (a 111.8% increase). This represents 25.7% of all declarations submitted in 2025, a material increase from the 14.7% rate in 2024 and well above the prior six-year average of 21.2%.

It is worth noting that the government shutdowns may have contributed to this spike. With CFIUS deadlines tolled for over 120 days, the Committee may have been less able to fully resolve declarations within the compressed timelines available upon resumption of operations, leading to a higher rate of JVN requests as a practical consequence of the backlog rather than (or in addition to) a shift in substantive posture. If that is the case, the elevated JVN-request rate may partially normalize in future years absent similar disruptions.

Nevertheless, this trend has direct practical implications for filing strategy. For clients considering a declaration (particularly those that have not recently obtained a clearance via the declaration process within the last 18 months), the elevated rate of JVN requests suggests that the declaration pathway is increasingly likely to result in the additional time and expense of a full JVN filing. While a declaration still offers speed advantages when CFIUS concludes action within 30 days, parties should carefully assess whether a transaction is genuinely a strong candidate for the streamlined process or whether an initial JVN would be more efficient. Unless a client has recently demonstrated a track record of clearance via declaration, the data increasingly favors the more comprehensive notice pathway.

AFIP Implementation and Government Shutdowns

Beyond the statistical developments, the 2025 Annual Report confirms that the Committee's operations were meaningfully disrupted by multiple lapses in appropriations. Three separate government shutdowns during the reporting period caused CFIUS to toll all statutory case deadlines pursuant to Section 721(b)(8) for more than 120 days in aggregate. This created significant uncertainty for transaction parties dependent on a predictable review timeline and delayed the Committee's ability to accept new filings, compounding the challenges of an already complex regulatory environment.

At the same time, CFIUS advanced several of AFIP's structural mandates during 2025, including the Known Investor Pilot Program, the MOU with USDA, and the establishment of the Office of Research and Analysis. These initiatives reflect the Administration's longer-term strategy to improve CFIUS' detection capabilities and processing efficiency, though their practical effect on case timelines and outcomes will likely be better measured in the 2026 Annual Report.

Conclusion

The 2025 CFIUS Annual Report paints a picture of CFIUS navigating between competing mandates: facilitating allied investment while maintaining (and in certain respects intensifying) scrutiny of individual transactions. Despite policy rhetoric suggesting a lighter touch, the data shows increased withdrawals and abandonments, a notable surge in Asian filings, and a pronounced increase in the rate at which declarations are converted to full JVN proceedings. Importantly, the unprecedented disruption caused by multiple government shutdowns, which tolled CFIUS deadlines for over 120 days, likely contributed to several of these trends, meaning that the 2025 data may not be fully representative of the Committee’s posture under AFIP.

Transaction parties should take several practical lessons from this report. First, pro-investment policy does not equal reduced deal-level scrutiny or faster turnaround, parties should not mistake AFIP's directional signals for a guarantee of easier clearance. Second, the declaration pathway has become less reliable as a streamlined alternative, particularly for parties without a recent clearance history. Third, transaction parties are demonstrably improving their ability to assess CFIUS risk: the 90%+ pass rate on non-notified inquiries confirms that sophisticated parties are making increasingly accurate determinations regarding their filing obligations.

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