

Opening Statement
Rep Carolyn Maloney
CFIUS hearing/ H.R. 556
February 7, 2007

Thank you, Mr. Chairman.
I welcome the witnesses.

I am delighted
that we are holding this hearing
to move forward on H.R. 556,
a bipartisan CFIUS reform bill.

This bill, which I introduced with Representatives Pryce, Crowley and Blunt,
has strong bipartisan support,
including the Chairman and Ranking Member
of this Committee, as well as
Chairman Thompson and
Ranking Member King,
of the Homeland Security Committee.

HR 556, the National Security
Foreign Investment Reform
and Strengthened Transparency Act of 2007 (“National Security FIRST Act”)
is widely recognized
by industry and the national security community
as a balanced approach
which protects national security – first –
while continuing
to encourage safe and important
direct foreign investment.

The Committee on Foreign Investment
in the United States,
or CFIUS, an interagency group
headed by Treasury,
was thrown into the spotlight
by the Dubai Ports World debacle
almost a year ago.

Suddenly Congress found out that
management of six of our ports
had been sold to the government of Dubai
without any senior political officer

knowing anything about it.

Clearly,
the process by which foreign acquisitions
in this country were reviewed
lacked transparency and accountability.
Our national security was
not getting proper attention.

At the same time,
I – and the other sponsors of this bill --
believe strongly in the benefits
of safe foreign investment –
jobs in the United States
and greater opportunities
for American businesses abroad.

The process for vetting
foreign investment
must not become
so unwieldy,
or so uncertain,
that valuable foreign investment
is needlessly discouraged,
hampering economic growth.

Many observers –
both domestic and foreign –
think our bill
has struck this balance
successfully.

This legislation
proposes several
important changes
to the current regulations
governing foreign investment
to improve national security :

First, it will ensure
foreign government controlled entities
will get special scrutiny.

As we saw with DPW,

government controlled entities
may have agendas
other than profit
and may have access to funds
far beyond those available
to private companies
to accomplish them.

Second, it will ensure that
the top-level political appointees
in each participating department
review and sign off on transactions
so that there is a better opportunity
for the exercise of judgment
and more accountability.

There are also
several aspects of the bill
that provide greater certainty
to the process, to improve
the climate for safe foreign investment.

First, we have preserved
the 30-day timeline
which industry regard as critical,
for most deals.

Second, the bill provides
very restrictive rules
for any reopening
of the CFIUS process.

Finally, the bill requires greater reporting to Congress, but only of all **completed**
actions by CFIUS.

The bill does not require reporting
during the process, since that
injects unnecessary political risk
and would severely chill
safe foreign investment.

In sum,
this bill is a sensible,

balanced approach
to making sure
foreign acquisitions
do not jeopardize
our national security
while providing greater certainty and predictability to encourage
safe foreign investment.

I urge my colleagues to support HR 556

and I look forward to the testimony.

•