

Press Release

July 11, 2006

SCHAKOWSKY SAYS AMERICA'S SAFETY IS AMERICA'S BUSINESS

Opposes outsourcing homeland security functions to foreign corporations or governments

WASHINGTON, DC -- U.S. Representative Jan Schakowsky, ranking member on the Subcommittee on Commerce, Trade, and Consumer Protection, today raised concerns about the way in which the federal government monitors and approves foreign investments in the United States. Representative Schakowsky emphasized that operations vital to the security of the U.S. should remain in the hands of the federal government, not foreign governments or corporations.

Schakowsky's opening statement is below:

Thank you, Chairman Stearns, for holding today's hearing on the Committee on Foreign Investment in the United States (CFIUS) and H.R. 5337, the Reform of National Security Reviews of Foreign Direct Investments Act, which we will be marking up tomorrow in Full Committee. While I hope we can reach a bipartisan agreement on the bill, I know that we both agree that it is time to reform the Exon-Florio process (named after the Senator and Representative who authored that provision), which determines what can be bought in the U.S. by foreign entities. Because this has direct implications for our national and economic security, I believe that it is one of the most important issues that fall under the jurisdiction of our subcommittee.

For years, CFIUS - the inter-agency committee that was formed to protect the U.S.'s economic well-being and national security - has been making decisions about what foreign companies can

buy up in the U.S behind a shroud of secrecy. Under the guise of protecting the confidentiality of the potential investors, CFIUS has decided to keep Congress - including us, the Committee's with jurisdiction over it - in the dark about its decisions whether to investigate, approve, or deny foreign entities, including foreign governments, purchasing within the U.S. I think we need to shift the focus of CFIUS back to the protection of America as it is related to foreign investment.

Under current law, CFIUS is only obliged to report to Congress every four years on the very narrow issue of whether any foreign government has a coordinated strategy to acquire U.S. companies that do research development or production of critical technologies, but has been shirking even that limited responsibility since its first and only report in 1994. Only because the press broke the story that CFIUS and the President approved the purchase of operations at six major U.S. ports by Dubai Ports World - owned by the United Arab Emirates - did the foreign investment approval process and problems with its reporting and transparency come to the front and center of our attention.

Although the Dubai Ports World deal was effectively ended on March 9th when the company said it would transfer its operations of American ports to a "U.S. entity," I believe that it is a telling example of why we need to insist upon a more open and informed process of approving foreign investment in the U.S. My opposition to this deal is not about the idea of an Arab country controlling American port operations. My opposition is that President Bush would outsource the safety of American ports to any foreign country. I believe that America's security is America's business. The security of our ports is an inherent function of the United States government. It's unacceptable that five years after 9/11, only 6% of cargo coming into America's ports is inspected and that we would further put our ports at risk by outsourcing their operations- or that of any other critical infrastructure for that matter.