

Opening Statement
Chairman Michael G. Oxley
Financial Services Committee

**Subcommittee on Domestic and International Monetary Policy, Trade, and
Technology**

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Foreign Investment, Jobs and National Security: The CFIUS Process

Thank you, Chairman Pryce, and thank you for your enthusiasm to address the Dubai Ports World issue, as well as examining it in the larger context of the CFIUS process and port security in general.

While many people had an initial, strong reaction to the Dubai Ports World acquisition and the company's increased role in port management, we must view this in context. So, if this additional, 45-day review gives us the opportunity to reexamine the issue and look at the progress that has been made in this area, that is all for the good.

Certainly, we all welcome the added scrutiny, which will give everyone involved a chance to review the security issues and the status of the cargo shipping system. For instance, I have seen the press reports detailing the Coast Guard's reported concerns about the screening of cargo ship personnel and the security of the cargo holds protection system. While they may or may not be directly related to the port management company, certainly we would be wise to give these specific issues further thought and evaluation. My own prediction is that this process eventually will reveal the merits of the President's position and will show a system that is both efficient and seamless.

The world's cargo shipping system is global and interdependent. We trust our allies and our trading partners because we all share a mutual interest in a secure system. Great strides have been made in increasing the security and efficiency of the system, which were begun long before the age of terrorism. Much has changed since I was on the docks of New York investigating organized crime as a young special agent of the FBI.

After all, nearly one-third of U.S. ports are managed by foreign-based companies. The role of the management company is to track where the cargo comes from and where it goes. The U.S. Coast Guard is in charge of port security. U.S. Customs Service is responsible for checking those cargos. U.S. longshoremen handle the cargo and operate the cranes. To assume some connection between the port management company and the content of the cargo misses a great deal about how the system operates.

As far as the CFIUS process is concerned, we should all be reminded that it is not---nor should it be---political in nature. That is a slippery slope, and it would be a mistake to take that step. In our discussions with Treasury officials who administer CFIUS, they have expressed their willingness to communicate more effectively and more often with this Committee and with Capitol Hill. We have discussed informal, quarterly briefings, and we at the Financial Services Committee would welcome that.

Now is a good time to think about the tremendous value of foreign investment for the U.S. economy and the message we want to convey to the world. According to the Organization For International Investment, U.S. subsidiaries of foreign-based companies employ 5.3 million Americans and support an annual payroll of \$318 billion, with an average worker salary of more than \$60,000 a year. Also according to the OFII, U.S. subsidiaries of foreign-based companies invest heavily in the manufacturing sector. In my own state of Ohio, 208,600 workers are employed by foreign-based companies. We should be welcoming and encouraging foreign direct investment, not shutting it out.

I recommend to the members Thomas Friedman's column on this issue, who wrote, "The world is drifting dangerously toward a widespread religious and sectarian cleavage---the likes of which we have not seen for a long, long time. The only country with the power to stem this toxic trend is America."

Let's not be ruled by our worst fears. Let's not close off America as the terrorists would hope we would. While protecting ourselves against any security threat, let's remember our American values of free trade and fairness and capitalism and the inherent worth of our relationships with other nations. Those are the American ideals we need to export to the rest of the world.

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