

Floor Statement of the Honorable John D. Dingell in support of H.R. 556

Statement of Congressman John D. Dingell, Chairman
Committee on Energy and Commerce

FLOOR STATEMENT

ON H.R. 556 THE "FOREIGN INVESTMENT AND NATIONAL SECURITY ACT OF 2007"
July 11, 2007

I rise in support of H.R. 556, the "Foreign Investment and National Security Act of 2007". As our Nation pursues the laudable dual goals of free and fair flows of capital and trade in the global economy, it must remain ever vigilant of its own security. Understanding this, H.R. 556 amends existing law to strengthen the process by which the Federal Government performs national security-related reviews of foreign investments in the United States.

First and foremost, this bill establishes in statute the membership of the Committee on Foreign Investment in the United States (CFIUS). H.R. 556 broadens the factors that CFIUS must consider during reviews of proposed foreign investments in the United States. This includes the bill's express intent that critical energy infrastructure-related aspects of national security not be ignored in the CFIUS review process. I am particularly pleased with this provision, as well as the establishment in the bill of adding both the Secretary of Energy and the Secretary of Commerce as permanent members of CFIUS. In short, the Committee on Energy and Commerce appreciates the emphasis laid by the bill on issues that fall squarely within our jurisdiction.

Lastly, I note my support for the bill's requirement that the Inspector General of the Department of the Treasury investigate why that Department has not complied with reporting requirements related to potential industrial espionage or coordinated strategies by foreign parties with respect to U.S. critical technology, as is required under current law. This underscores my strong belief that Congressional oversight is a necessary component in assuring that the laws are properly and thoroughly carried out by the Federal Government.

I do have concerns regarding what I believe are several shortcomings in H.R. 556, when compared to the bill originally passed by the House in February of this year. I am troubled that there is no provision to designate vice chairmen of CFIUS " which, in the bill originally passed by the House, would have been comprised of the Secretaries of Commerce and Homeland Security " and instead replaces it with "lead agencies," to which the responsibility for performing national security reviews would now mainly be delegated. This has the lamentable consequence of hindering the thorough participation of the Department of Commerce in the CFIUS review process, something for which my colleagues on the Subcommittee on Commerce, Trade, and Consumer Protection of the Committee on Energy and Commerce advocated during their hearing on CFIUS reform in July 2006.

Additionally, H.R. 556 now contains weaker provisions related to the collection of evidence in national security reviews, the approval of such reviews, as well as reporting requirements to the Congress about them. For example, while H.R. 556 originally directed CFIUS to submit reports to the Congress on all actions related to covered transactions, the bill now only provides for reports to be submitted to the Congress upon request. Also, I am alarmed that H.R. 556 no longer protects the Federal Government from liability for losses incurred by parties during CFIUS reviews. Such an omission may dissuade the Government from prosecuting thorough reviews for fear of being sued for remuneration by parties to CFIUS-covered transactions.

Although I have chided the bill for what I perceive to be its most apparent weaknesses, I have always maintained that the desire for perfect legislation should not impede the progress of good legislation. I believe H.R. 556 is good legislation that

will contribute to the improvement of the CFIUS. I urge my colleagues to support the passage of H.R. 556.

Prepared by the Committee on Energy and Commerce
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