

**Committee on Energy and Commerce**

**Opening Statement  
of  
Ranking Member Frank Pallone, Jr.**

***Perspectives on Reform of the CFIUS Review Process***

**April 26, 2018**

Today we are here to review the CFIUS process. CFIUS, the Committee on Foreign Investment in the United States, serves as an important check on our generally open investment climate. Simply put, CFIUS reviews certain transactions to ensure that they would not result in adverse national security consequences for the United States.

Investment in American companies, whether foreign or domestic, is a major component of the U.S. economy. It can spur innovation and create good jobs for American workers.

However, some foreign investment is more beneficial to the U. S. economy than others. For example, research has shown that the benefits of investment by acquisitions are ambiguous. In addition, investments that are made based on incentives given at the state or local level can foster a “race to the bottom” among jurisdictions.

And regardless of the potential benefits, foreign investment must never cause harm. Therefore, we need to ensure that such investment is not creating risks to our national security.

Over the last several years, there have been calls to update the CFIUS process, particularly as the global market and our national defense posture evolves. Most recently, a bipartisan bill the Foreign Investment Risk Review and Modernization Act, was introduced by Representatives Pittenger and Heck, which we will discuss at today’s hearing. I look forward to exploring this legislation with our witnesses and hope this bill works its way through the process on a bipartisan basis.

It is imperative that CFIUS is always ready to respond to security threats from any power seeking to have a strategic edge over our nation. CFIUS must be reviewing the right transactions and making sure that our critical infrastructure and intellectual property are being protected. The number of investments that need to go through the CFIUS process is on the rise so a review of the process now makes sense.

While we do not want to drive investment dollars to other countries, we need to protect our technological edge and military readiness. And unfortunately, there are other governments seeking to take away that edge. Recently, Chinese President Xi Jinping reiterated his vision of China’s future as a technology power. In a speech this past weekend, he acknowledged his goal of having Chinese companies collaborate with the Chinese military in that pursuit, what some have called civil-military fusion.

I understand those who are concerned about access to capital. U.S. firms and universities do need capital to grow ideas. I agree, and strongly support efforts to increase funding for research and development. For our nation to maintain its technological and strategic edge, we in Congress must work to ensure federal dollars are committed to emerging research and improving our infrastructure

Mr. Chairman, it is no wonder why the United States is the number one destination for foreign investment. Companies come here because of our workforce, infrastructure, and consumer base. They recognize that it is a great place to do business. I look forward to hearing from our witnesses about how to best strike the balance of strengthening our national security review and maintaining our title as the investment capital of the world.