

Committee on Energy and Commerce
Opening Statement
of
Subcommittee on Digital Commerce and Consumer Protection Ranking Member Jan
Schakowsky

Perspectives on Reform of the CFIUS Review Process

April 26, 2018

American ingenuity attracts investment from around the world. That investment can bring much-needed capital to American companies. But foreign interests can also use investment to threaten our national and economic security.

Congress has instructed the Committee on Foreign Investment in the United States to review mergers and acquisitions by foreign investors for potential national security threats. It has been a decade since the last major CFIUS legislation. We are more than due for evaluating how CFIUS is operating.

In 2016, the stock of foreign direct investment in the U.S. totaled \$7.6 trillion, and foreign investors spent more than \$365 billion acquiring U.S. companies. Given the enormity of that investment, we must consider whether the current safeguards for our nation's security and our nation's workers are sufficient.

State-owned and state-affiliated enterprises in China have sought U.S. intellectual property through mergers and acquisitions as well as joint venture arrangements. Current CFIUS review is inadequate to capture the various ways a foreign interest may try to access sensitive American technologies.

Today, we will be hearing about several bills to reform CFIUS.

H.R. 4311, the bipartisan Foreign Investment Risk Review Modernization Act, would expand the investments covered by CFIUS review to protect critical technologies and infrastructure.

Congressmen Ed Royce and Eliot Engel have introduced H.R. 5040, the Export Control Reform Act to control the outflow of military and dual-use items.

Finally, Congresswoman Rosa DeLauro has introduced H.R. 2932, the Foreign Investment and Economic Security Act, to expand CFIUS review to greenfield transactions, which are new investments as opposed to acquisitions. Her bill would also ask CFIUS to evaluate not only national security risks but also economic, public health, and safety threats.

Our hearing today occurs within a broader debate over trade. President Trump has placed tariffs on steel and aluminum, and the U.S. is currently renegotiating the North American Free Trade Agreement with Canada and Mexico.

Any new NAFTA deal must include strong labor protections for workers in this country as well as for workers in Mexico and Canada. Last week, I was among the 107 House Democrats who sent a letter to U.S. Trade Representative Robert Lighthizer emphasizing our opposition to legislation in the Mexican Senate to weaken labor standards in Mexico. I am encouraged that the legislation has now been tabled.

I believe that Americans benefit from trade relationships that are fair. Americans are increasingly aware that corporations have manipulated U.S. trade policy to the detriment of workers and consumers.

As we examine our trade policy, we must keep fairness to American workers and consumers front and center. Corporations have used trade agreements to fight against countries' labor and environmental laws. We should be fighting for fair trade agreements that protect workers and our environment rather than encouraging a race to the bottom.

National security is an important consideration as we review foreign investment in the United States. But I hope we also spend time today on other risks that unfair trade practices pose to our country. I look forward to hearing from our two panels of witnesses today. Thank you, Chairman Latta, and I yield back.

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