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Secretary Paulson Statement on Foreign Investment and National Security Act

Washington, DC—Treasury Secretary Henry M. Paulson, Jr. issued the following statement on the enactment of the Foreign Investment and National Security Act and the need for congressional approval of four pending free trade agreements:

I commend Congress, especially the Senate Banking and the House Financial Services Committee, for their successful efforts to reach bipartisan agreement. These efforts resulted in a law that will accomplish our mutual goals of ensuring that the Committee on Foreign Investment in the U.S., CFIUS, can continue to address national security imperatives while also reaffirming that America welcomes foreign investment.

The CFIUS process applies only when a transaction may be related to national security, and that is a very small percentage of foreign investment. The vast majority are mergers, acquisitions and investments, and don't receive a CFIUS review. Last year, and historically, only 10 percent of foreign direct investments were reviewed by CFIUS, and the vast majority of those received a review which was resolved without controversy. Importantly, the new law maintains CFIUS' narrow focus on transactions that raise national security concerns.

President Bush, through his open economies statement on May 10, 2007, and the Congress, through their actions on this bill, have reaffirmed that the U.S. continues to welcome foreign investment.

Foreign investment in America creates jobs and revitalizes communities. Foreign owned companies directly provide jobs to over 5 million U.S. workers, or almost 5 percent of our domestic workforce, and they support almost the same number of jobs indirectly.

Today, the United States sends a clear signal to the rest of the world that we continue to have an open economy. We are committed to encouraging other countries to deepen their commitment to open investment policies.

An open economy includes vigorous promotion of open investment, free markets and trade. And so, open investment is an important, but not the entire, statement of our principles. It is equally important to enact laws that encourage trade. Four Free Trade Agreements - three in Latin America and a fourth with South Korea – are awaiting Congressional action.

Approval of the Peru, Colombia and Panama FTAs are critical. We need to support democratic countries in our neighborhood. These countries are working to develop greater opportunities for their citizens. Economic opportunity that arises out of free trade will help build a thriving middle class in these countries, reducing poverty and creating new markets for U.S. goods.

The Korean FTA will create new opportunities for U.S. exporters and investors with our seventh largest trading partner.

We have worked with Congressional leaders to address their concerns about labor and environment provisions. In May, the FTAs were revised to include these agreed-upon changes, and that was to clear the way for Congressional approval.

Instead, congressional action is being delayed because some are now insisting that Peru, Colombia and Panama change their domestic laws before Congress will consider these agreements. That requirement is unprecedented and unfair and raises doubts about the ability of the United States to deliver on our international commitments.

We need Congress to ratify these FTAs, and I hope we will see Congress act on all of them in September.

The U.S. has long been a world leader in working to expand trade and break down barriers to trade, and to promote investments that benefit our citizens and the citizens of other nations. These policies are vital to ensuring a strong domestic and global economy.