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**Statement of Chairwoman Sheila Jackson Lee**  
**Committee on Homeland Security**

**Subcommittee on Transportation Security and Infrastructure Protection**

**Hearing on "The Impact of Foreign Ownership and Foreign Investment on the Security of  
Our Nation's Critical Infrastructure"**

Wednesday, May 16, 2007  
2:30 p.m.  
1539 Longworth HOB

I would like to take this opportunity to thank you all for joining us this afternoon so that we can continue our exploration of foreign ownership and investment and how it intersects with national security.

As we all know, early this year this Subcommittee took a thorough look into how the federal government monitors and evaluates foreign ownership of our critical infrastructure. Today, the Subcommittee is taking a different approach to this issue.

We are exploring the vulnerabilities of critical infrastructure owned by US companies that have a significant number of foreign investments and how it may compromise homeland security preparedness.

I think we all understand that when a foreign entity establishes a lasting financial interest in a country, it is able to exert influence on that country. According to 2005 CEA data, foreign investors own over \$9 trillion of stock in U.S. assets. These assets are composed of four basic types, and the largest portion is foreign direct investment (FDI, \$2.8 trillion). This type of investment goes directly into companies and infrastructure. The other three types of foreign investment are corporate stocks, private bonds, and U.S. Treasury bonds and bills. Each of these types comprises about \$2 trillion of the total investment stock. It is also important to note that these investments have accumulated over decades, even centuries.

Like most Americans, I wholeheartedly support capitalism and free trade, yet as events have shown, we need to pursue a vigorous oversight agenda, especially in the area of foreign investment in critical infrastructure. Dubai Ports taught us that we need to not just focus in one area of infrastructure, but

we need to focus on all areas. As the Chairwoman of this Subcommittee which bears the term “infrastructure protection” in its title – I intend to do just that—evaluate how infrastructure is being protected to ensure it’s here and available when America needs it most.

As we all know, terrorists do not signal or call ahead before they attack. We saw this in Madrid and London, amongst other horrible incidents. Terrorists are creative, especially in the ways in which they will attack us. It is not inconceivable that a terrorist might try to attack us-not with brute force-but simply by pressing a computer button or by crippling a key asset.

Another example of foreign investment deals with energy. In addition to more traditional forms of energy such as oil and nuclear energy, European wind companies have been keen on investing in the U.S. market recently. In fact, several of the largest turbine producers are now selling to U.S. developers for projects and opening offices and manufacturing plants in the U.S. Now I know many will say that it’s just wind turbines, what is the big deal? Well being from Houston, I can tell you that energy is an important issue and the security of energy sources, whether it be oil refineries, pipelines, chemical facilities, or nuclear plants, is of the utmost importance. We must make sure that these companies take the necessary critical steps to protect new infrastructure as it becomes more prevalent.

Today, we will address these basic questions.

- What are U.S. companies doing to control access to sensitive information that if compromised could possibly cripple our economy?
- What steps are taken to protect information when a U.S. corporation operates outside the U.S. For example Halliburton recently setup operations in Dubai-this Committee is eager to learn how their sensitive information is being protected?

I, along with other members of this Subcommittee, am seriously committed to protecting critical infrastructure and understanding how the private sector is protecting our vital assets.

Again, today we want to explore what steps the private sector has taken to protect its infrastructure. I look forward to the witnesses’ testimony and learning about how these different entities protect themselves from threats and what role Congress can play to fortify and protect the United States’ assets.