While subprime loans are not inherently dangerous, practices within the industry are turning homeownership, an essential component of the American dream, into a nightmare, costing many people their ticket to the middle class and/or preventing them from passing property on to their children.

Subprime mortgage loans are geared towards borrowers with low credit scores. Other characteristics of the loans often include low initial payments based on a fixed introductory or ''teaser'' rate that expires after 2 or 3 years and then adjusts to a variable rate for the remaining term of the loan; no payment or rate caps on how much the payment amount or interest rate may increase on the reset dates; and substantial prepayment penalties.

Terms of this nature present incredible risks to consumers who find it impossible to meet the increased payment requirements. Furthermore, the risk of foreclosure increases when borrowers are not adequately informed of product features and risks. And I would say to this House, we must be very careful not to blame the victim.

Many believe that the government should just allow the market to correct itself. However, remaining idle while the situation continues to get worse is unconscionable. According to the Center for Responsible Lending, approximately one in five subprime loans issued in 2005 and 2006 will go into default, costing 2.2 million homeowners their homes over the next several years.

RealtyTrac, a real estate research firm, estimates that foreclosures have increased by 42 percent from 2005 to 2006, to 1.2 million. This translates into one foreclosure for every 92 households. Most alarming is the fact that new foreclosure events in May 2007 totaled over 176,000, an increase of 19 percent since April and of 90 percent since May of 2006.

Recent reports estimate that 5,700 homeowners in Maryland were facing foreclosure and over 36,000 were late on their mortgages in the first quarter of the year. Most startling is the fact that, in June, Maryland ranked 22nd nationally in foreclosures, up from 40th in 2006.

My congressional district alone had 466 foreclosures in the month of May. This equates to a 570 percent increase since May 2005.

Mr. Speaker, these are astounding figures, but when combined with the impact that foreclosures have upon families and their communities, there is little doubt that immediate action needs to be taken to address this national crisis. We must do everything in our power to protect the future of homeownership.

A foreclosure results not only in the loss of a stable living place and significant investment for a family, but it also lowers the homeowner's credit rating, creating barriers to future home purchases and also hindering the ability to pay rent. It typically takes a victim of foreclosure 10 years to recover and buy another house, which means that more and more potential homeowners will be taken out of the home buyer base.

For lower-income communities attempting to revitalize, the consequence of increased foreclosures is often a substantial setback in neighborhood security and sustainability. Areas of concentrated foreclosures can affect the price that other sellers can get for their houses. As higher foreclosure rates ripple through local markets, each house tossed back into the market adds to the supply of for-sale homes and could bring down home prices. In the last 2 years, foreclosures have cost the city of Baltimore approximately $1.8 billion in reduced property values.

Finally, the predominance of subprime loans in low-income and/or minority neighborhoods means that the bulk of the spillover costs of foreclosures are concentrated among the Nation's most vulnerable households. These neighborhoods already have incidences of crime, and increased foreclosures have been found to contribute to higher levels of violent crime. Because of the inherent dangers posed by foreclosures, we must act now to save families across this Nation and preserve our communities.

Various pieces of legislation have been introduced in the House and Senate to help homeowners refinance their homes, but congressional action alone will not fix the problem. Earlier this year, I sent a letter to Chairman Bernanke of the Federal Reserve asking that action be taken to protect homeowners from predatory lending practices using its authority under the Home Ownership Equity Protection Act. I am pleased that the board and other regulators recently issued guidelines to lenders that encompass many of the ideas expressed in the letter sent in May and in House Resolution 526, which states that the government action should do the following: enforce rules to eliminate unfair and deceptive practices in subprime mortgage lending; encourage lenders to evaluate a borrower's ability to reasonably repay the mortgage over the life of the loan, not just at the introductory rate; establish clear minimum standards for mortgage originators; require that disclosures clearly and effectively communicate necessary information about any mortgage loan to the potential borrower; reduce or eliminate abuses in prepayment penalties; address appraisal and other mortgage fraud; raise public awareness regarding mortgage originators whose loans have high foreclosure rates; and increase opportunities for loan counseling.

Mr. Speaker, in closing, I would like to reiterate that owning a home is an essential component of the American dream. Simply put, homeownership has the power to transform lives. Therefore, I urge all of my colleagues to vote in favor of this resolution and continue working to address this critical issue. Again, I thank Chairman FRANK for his leadership.

Mrs. BIGGERT. Mr. Speaker, I have no further requests for time but would just ask one question of the chairman.

I think this is so important, and you mentioned that the FHA bill will be coming up. I was curious as to when we would be considering a subprime bill?

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentlewoman yield?

Mrs. BIGGERT. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. In the fall. As the gentlewoman knows, this period is appropriations period, except for the voucher bill where we had gotten in line.

But I would hope that we can work in committee on the subprime. I would note, by the way, that 2 years ago, the current ranking member of the full committee was the chairman of the Subcommittee on Financial Institutions, and he was pretty far along in conversations with my two colleagues from North Carolina, Mr. WATT and Mr. MILLER. And frankly, I think if we had not been interfered with from above, we might have gotten a bill a couple of years ago, I think we can pick up where we left off. I am optimistic we can do a bill this fall.

Mrs. BIGGERT. Mr. Speaker, I thank the gentleman, and I thank the gentleman from Maryland (Mr. CUMMINGS) for bringing this resolution forward and outlining the important facts that will enable and make certain that people can keep their homes.

Mr. Speaker, I yield back the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Mrs. MALONEY) that the House suspend the rules and agree to the resolution, H. Res. 526.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. FRANK of Massachusetts. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

FOREIGN INVESTMENT AND NATIONAL SECURITY ACT OF 2007

Mrs. MALONEY of New York. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 556) to ensure national security while promoting foreign investment and the creation and maintenance of jobs, to reform the process by which such investments are examined

for any effect they may have on national security, to establish the Committee on Foreign Investment in the United States, and for other purposes.

The Clerk read the title of the bill.

The text of the Senate amendment is as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Foreign Investment and National Security Act of 2007''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

SEC. 2. UNITED STATES SECURITY IMPROVEMENT AMENDMENTS; CLARIFICATION OF REVIEW AND INVESTIGATION PROCESS.

Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) is amended by striking subsections (a) and (b) and inserting the following:

''(a) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) COMMITTEE; CHAIRPERSON.—The terms 'Committee' and 'chairperson' mean the Committee on Foreign Investment in the United States and the chairperson thereof, respectively.

''(2) CONTROL.—The term 'control' has the meaning given to such term in regulations which the Committee shall prescribe.

''(3) COVERED TRANSACTION.—The term 'covered transaction' means any merger, acquisition, or takeover that is proposed or pending after August 23, 1988, by or with any foreign person which could result in foreign control of any person engaged in interstate commerce in the United States.

''(4) FOREIGN GOVERNMENT-CONTROLLED TRANSACTION.—The term 'foreign government-controlled transaction' means any covered transaction that could result in the control of any person engaged in interstate commerce in the United States by a foreign government or an entity controlled by or acting on behalf of a foreign government.

''(5) CLARIFICATION.—The term 'national security' shall be construed so as to include those issues relating to 'homeland security', including its application to critical infrastructure.

''(6) CRITICAL INFRASTRUCTURE.—The term 'critical infrastructure' means, subject to rules issued under this section, systems and assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems or assets would have a debilitating impact on national security.

''(7) CRITICAL TECHNOLOGIES.—The term 'critical technologies' means critical technology, critical components, or critical technology items essential to national defense, identified pursuant to this section, subject to regulations issued at the direction of the President, in accordance with subsection (h).

''(8) LEAD AGENCY.—The term 'lead agency' means the agency, or agencies, designated as the lead agency or agencies pursuant to subsection (k)(5) for the review of a transaction.

''(b) NATIONAL SECURITY REVIEWS AND INVESTIGATIONS.—

''(1) NATIONAL SECURITY REVIEWS.—

''(A) IN GENERAL.—Upon receiving written notification under subparagraph (C) of any covered transaction, or pursuant to a unilateral notification initiated under subparagraph (D) with respect to any covered transaction, the President, acting through the Committee—

''(i) shall review the covered transaction to determine the effects of the transaction on the national security of the United States; and

''(ii) shall consider the factors specified in subsection (f) for such purpose, as appropriate.

''(B) CONTROL BY FOREIGN GOVERNMENT.—If the Committee determines that the covered transaction is a foreign government-controlled transaction, the Committee shall conduct an investigation of the transaction under paragraph (2).

''(C) WRITTEN NOTICE.—

''(i) IN GENERAL.—Any party or parties to any covered transaction may initiate a review of the transaction under this paragraph by submitting a written notice of the transaction to the Chairperson of the Committee.

''(ii) WITHDRAWAL OF NOTICE.—No covered transaction for which a notice was submitted under clause (i) may be withdrawn from review, unless a written request for such withdrawal is submitted to the Committee by any party to the transaction and approved by the Committee.

''(iii) CONTINUING DISCUSSIONS.—A request for withdrawal under clause (ii) shall not be construed to preclude any party to the covered transaction from continuing informal discussions with the Committee or any member thereof regarding possible resubmission for review pursuant to this paragraph.

''(D) UNILATERAL INITIATION OF REVIEW.—Subject to subparagraph (F), the President or the Committee may initiate a review under subparagraph (A) of—

''(i) any covered transaction;

''(ii) any covered transaction that has previously been reviewed or investigated under this section, if any party to the transaction submitted false or misleading material information to the Committee in connection with the review or investigation or omitted material information, including material documents, from information submitted to the Committee; or

''(iii) any covered transaction that has previously been reviewed or investigated under this section, if—

''(I) any party to the transaction or the entity resulting from consummation of the transaction intentionally materially breaches a mitigation agreement or condition described in subsection (l)(1)(A);

''(II) such breach is certified to the Committee by the lead department or agency monitoring and enforcing such agreement or condition as an intentional material breach; and

''(III) the Committee determines that there are no other remedies or enforcement tools available to address such breach.

''(E) TIMING.—Any review under this paragraph shall be completed before the end of the 30-day period beginning on the date of the acceptance of written notice under subparagraph (C) by the chairperson, or beginning on the date of the initiation of the review in accordance with subparagraph (D), as applicable.

''(F) LIMIT ON DELEGATION OF CERTAIN AUTHORITY.—The authority of the Committee to initiate a review under subparagraph (D) may not be delegated to any person, other than the Deputy Secretary or an appropriate Under Secretary of the department or agency represented on the Committee.

''(2) NATIONAL SECURITY INVESTIGATIONS.—

''(A) IN GENERAL.—In each case described in subparagraph (B), the Committee shall immediately conduct an investigation of the effects of a covered transaction on the national security of the United States, and take any necessary actions in connection with the transaction to protect the national security of the United States.

''(B) APPLICABILITY.—Subparagraph (A) shall apply in each case in which—

''(i) a review of a covered transaction under paragraph (1) results in a determination that—

''(I) the transaction threatens to impair the national security of the United States and that threat has not been mitigated during or prior to the review of a covered transaction under paragraph (1);

''(II) the transaction is a foreign government-controlled transaction; or

''(III) the transaction would result in control of any critical infrastructure of or within the United States by or on behalf of any foreign person, if the Committee determines that the transaction could impair national security, and that such impairment to national security has not been mitigated by assurances provided or renewed with the approval of the Committee, as described in subsection (l), during the review period under paragraph (1); or

''(ii) the lead agency recommends, and the Committee concurs, that an investigation be undertaken.

''(C) TIMING.—Any investigation under subparagraph (A) shall be completed before the end of the 45-day period beginning on the date on which the investigation commenced.

''(D) EXCEPTION.—

''(i) IN GENERAL.—Notwithstanding subparagraph (B)(i), an investigation of a foreign government-controlled transaction described in subclause (II) of subparagraph (B)(i) or a transaction involving critical infrastructure described in subclause (III) of subparagraph (B)(i) shall not be required under this paragraph, if the Secretary of the Treasury and the head of the lead agency jointly determine, on the basis of the review of the transaction under paragraph (1), that the transaction will not impair the national security of the United States.

''(ii) NONDELEGATION.—The authority of the Secretary or the head of an agency referred to in clause (i) may not be delegated to any person, other than the Deputy Secretary of the Treasury or the deputy head (or the equivalent thereof) of the lead agency, respectively.

''(E) GUIDANCE ON CERTAIN TRANSACTIONS WITH NATIONAL SECURITY IMPLICATIONS.—The Chairperson shall, not later than 180 days after the effective date of the Foreign Investment and National Security Act of 2007, publish in the Federal Register guidance on the types of transactions that the Committee has reviewed and that have presented national security considerations, including transactions that may constitute covered transactions that would result in control of critical infrastructure relating to United States national security by a foreign government or an entity controlled by or acting on behalf of a foreign government.

''(3) CERTIFICATIONS TO CONGRESS.—

''(A) CERTIFIED NOTICE AT COMPLETION OF REVIEW.—Upon completion of a review under subsection (b) that concludes action under this section, the chairperson and the head of the lead agency shall transmit a certified notice to the members of Congress specified in subparagraph (C)(iii).

''(B) CERTIFIED REPORT AT COMPLETION OF INVESTIGATION.—As soon as is practicable after completion of an investigation under subsection (b) that concludes action under this section, the chairperson and the head of the lead agency shall transmit to the members of Congress specified in subparagraph (C)(iii) a certified written report (consistent with the requirements of subsection (c)) on the results of the investigation, unless the matter under investigation has been sent to the President for decision.

''(C) CERTIFICATION PROCEDURES.—

''(i) IN GENERAL.—Each certified notice and report required under subparagraphs (A) and (B), respectively, shall be submitted to the members of Congress specified in clause (iii), and shall include—

''(I) a description of the actions taken by the Committee with respect to the transaction; and

''(II) identification of the determinative factors considered under subsection (f).

''(ii) CONTENT OF CERTIFICATION.—Each certified notice and report required under subparagraphs (A) and (B), respectively, shall be signed by the chairperson and the head of the lead agency, and shall state that, in the determination of the Committee, there are no unresolved national security concerns with the transaction that is the subject of the notice or report.

''(iii) MEMBERS OF CONGRESS.—Each certified notice and report required under subparagraphs (A) and (B), respectively, shall be transmitted—

''(I) to the Majority Leader and the Minority Leader of the Senate;

''(II) to the chair and ranking member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of any committee of the Senate having oversight over the lead agency;

''(III) to the Speaker and the Minority Leader of the House of Representatives;

''(IV) to the chair and ranking member of the Committee on Financial Services of the House of Representatives and of any committee of the House of Representatives having oversight over the lead agency; and

''(V) with respect to covered transactions involving critical infrastructure, to the members of the Senate from the State in which the principal place of business of the acquired United States person is located, and the member from the Congressional District in which such principal place of business is located.

''(iv) SIGNATURES; LIMIT ON DELEGATION.—

''(I) IN GENERAL.—Each certified notice and report required under subparagraphs (A) and (B), respectively, shall be signed by the chairperson and the head of the lead agency, which signature requirement may only be delegated in accordance with subclause (II).

''(II) LIMITATION ON DELEGATION OF CERTIFICATIONS.—The chairperson and the head of the lead agency may delegate the signature requirement under subclause (I)—

''(aa) only to an appropriate employee of the Department of the Treasury (in the case of the Secretary of the Treasury) or to an appropriate employee of the lead agency (in the case of the lead agency) who was appointed by the President, by and with the advice and consent of the Senate, with respect to any notice provided under paragraph (1) following the completion of a review under this section; or

''(bb) only to a Deputy Secretary of the Treasury (in the case of the Secretary of the Treasury) or a person serving in the Deputy position or the equivalent thereof at the lead agency (in the case of the lead agency), with respect to any report provided under subparagraph (B) following an investigation under this section.

''(4) ANALYSIS BY DIRECTOR OF NATIONAL INTELLIGENCE.—

''(A) IN GENERAL.—The Director of National Intelligence shall expeditiously carry out a thorough analysis of any threat to the national security of the United States posed by any covered transaction. The Director of National Intelligence shall also seek and incorporate the views of all affected or appropriate intelligence agencies with respect to the transaction.

''(B) TIMING.—The analysis required under subparagraph (A) shall be provided by the Director of National Intelligence to the Committee not later than 20 days after the date on which notice of the transaction is accepted by the Committee under paragraph (1)(C), but such analysis may be supplemented or amended, as the Director considers necessary or appropriate, or upon a request for additional information by the Committee. The Director may begin the analysis at any time prior to acceptance of the notice, in accordance with otherwise applicable law.

''(C) INTERACTION WITH INTELLIGENCE COMMUNITY.—The Director of National Intelligence shall ensure that the intelligence community remains engaged in the collection, analysis, and dissemination to the Committee of any additional relevant information that may become available during the course of any investigation conducted under subsection (b) with respect to a transaction.

''(D) INDEPENDENT ROLE OF DIRECTOR.—The Director of National Intelligence shall be a nonvoting, ex officio member of the Committee, and shall be provided with all notices received by the Committee under paragraph (1)(C) regarding covered transactions, but shall serve no policy role on the Committee, other than to provide analysis under subparagraphs (A) and (C) in connection with a covered transaction.

''(5) SUBMISSION OF ADDITIONAL INFORMATION.—No provision of this subsection shall be construed as prohibiting any party to a covered transaction from submitting additional information concerning the transaction, including any proposed restructuring of the transaction or any modifications to any agreements in connection with the transaction, while any review or investigation of the transaction is ongoing.

''(6) NOTICE OF RESULTS TO PARTIES.—The Committee shall notify the parties to a covered transaction of the results of a review or investigation under this section, promptly upon completion of all action under this section.

''(7) REGULATIONS.—Regulations prescribed under this section shall include standard procedures for—

''(A) submitting any notice of a covered transaction to the Committee;

''(B) submitting a request to withdraw a covered transaction from review;

''(C) resubmitting a notice of a covered transaction that was previously withdrawn from review; and

''(D) providing notice of the results of a review or investigation to the parties to the covered transaction, upon completion of all action under this section.''.

SEC. 3. STATUTORY ESTABLISHMENT OF THE COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES.

Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) is amended by striking subsection (k) and inserting the following:

''(k) COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES.—

''(1) ESTABLISHMENT.—The Committee on Foreign Investment in the United States, established pursuant to Executive Order No. 11858, shall be a multi agency committee to carry out this section and such other assignments as the President may designate.

''(2) MEMBERSHIP.—The Committee shall be comprised of the following members or the designee of any such member:

''(A) The Secretary of the Treasury.

''(B) The Secretary of Homeland Security.

''(C) The Secretary of Commerce.

''(D) The Secretary of Defense.

''(E) The Secretary of State.

''(F) The Attorney General of the United States.

''(G) The Secretary of Energy.

''(H) The Secretary of Labor (nonvoting, ex officio).

''(I) The Director of National Intelligence (nonvoting, ex officio).

''(J) The heads of any other executive department, agency, or office, as the President determines appropriate, generally or on a case-by-case basis.

''(3) CHAIRPERSON.—The Secretary of the Treasury shall serve as the chairperson of the Committee.

''(4) ASSISTANT SECRETARY FOR THE DEPARTMENT OF THE TREASURY.—There shall be established an additional position of Assistant Secretary of the Treasury, who shall be appointed by the President, by and with the advice and consent of the Senate. The Assistant Secretary appointed under this paragraph shall report directly to the Undersecretary of the Treasury for International Affairs. The duties of the Assistant Secretary shall include duties related to the Committee on Foreign Investment in the United States, as delegated by the Secretary of the Treasury under this section.

''(5) DESIGNATION OF LEAD AGENCY.—The Secretary of the Treasury shall designate, as appropriate, a member or members of the Committee to be the lead agency or agencies on behalf of the Committee—

''(A) for each covered transaction, and for negotiating any mitigation agreements or other conditions necessary to protect national security; and

''(B) for all matters related to the monitoring of the completed transaction, to ensure compliance with such agreements or conditions and with this section.

''(6) OTHER MEMBERS.—The chairperson shall consult with the heads of such other Federal departments, agencies, and independent establishments in any review or investigation under subsection (a), as the chairperson determines to be appropriate, on the basis of the facts and circumstances of the covered transaction under review or investigation (or the designee of any such department or agency head).

''(7) MEETINGS.—The Committee shall meet upon the direction of the President or upon the call of the chairperson, without regard to section 552b of title 5, United States Code (if otherwise applicable).''.

SEC. 4. ADDITIONAL FACTORS FOR CONSIDERATION.

Section 721(f) of the Defense Production Act of 1950 (50 U.S.C. App. 2170(f)) is amended—

(1) in the matter preceding paragraph (1), by striking ''among other factors'';

(2) in paragraph (4)—

(A) in subparagraph (A) by striking ''or'' at the end;

(B) by redesignating subparagraph (B) as subparagraph (C);

(C) by inserting after subparagraph (A) the following:

''(B) identified by the Secretary of Defense as posing a potential regional military threat to the interests of the United States; or''; and

(D) by striking ''and'' at the end;

(3) in paragraph (5), by striking the period at the end and inserting a semicolon; and

(4) by adding at the end the following:

''(6) the potential national security-related effects on United States critical infrastructure, including major energy assets;

''(7) the potential national security-related effects on United States critical technologies;

''(8) whether the covered transaction is a foreign government-controlled transaction, as determined under subsection (b)(1)(B);

''(9) as appropriate, and particularly with respect to transactions requiring an investigation under subsection (b)(1)(B), a review of the current assessment of—

''(A) the adherence of the subject country to nonproliferation control regimes, including treaties and multilateral supply guidelines, which shall draw on, but not be limited to, the annual report on 'Adherence to and Compliance with Arms Control, Nonproliferation and Disarmament Agreements and Commitments' required by section 403 of the Arms Control and Disarmament Act;

''(B) the relationship of such country with the United States, specifically on its record on cooperating in counter-terrorism efforts, which shall draw on, but not be limited to, the report of the President to Congress under section 7120 of the Intelligence Reform and Terrorism Prevention Act of 2004; and

''(C) the potential for transshipment or diversion of technologies with military applications, including an analysis of national export control laws and regulations;

''(10) the long-term projection of United States requirements for sources of energy and other critical resources and material; and

''(11) such other factors as the President or the Committee may determine to be appropriate,

generally or in connection with a specific review or investigation.''.

SEC. 5. MITIGATION, TRACKING, AND POSTCONSUMMATION MONITORING AND ENFORCEMENT.

Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) is amended by adding at the end the following:

''(l) MITIGATION, TRACKING, AND POSTCONSUMMATION MONITORING AND ENFORCEMENT.—

''(1) MITIGATION.—

''(A) IN GENERAL.—The Committee or a lead agency may, on behalf of the Committee, negotiate, enter into or impose, and enforce any agreement or condition with any party to the covered transaction in order to mitigate any threat to the national security of the United States that arises as a result of the covered transaction.

''(B) RISK-BASED ANALYSIS REQUIRED.—Any agreement entered into or condition imposed under subparagraph (A) shall be based on a risk-based analysis, conducted by the Committee, of the threat to national security of the covered transaction.

''(2) TRACKING AUTHORITY FOR WITHDRAWN NOTICES.—

''(A) IN GENERAL.—If any written notice of a covered transaction that was submitted to the Committee under this section is withdrawn before any review or investigation by the Committee under subsection (b) is completed, the Committee shall establish, as appropriate—

''(i) interim protections to address specific concerns with such transaction that have been raised in connection with any such review or investigation pending any resubmission of any written notice under this section with respect to such transaction and further action by the President under this section;

''(ii) specific time frames for resubmitting any such written notice; and

''(iii) a process for tracking any actions that may be taken by any party to the transaction, in connection with the transaction, before the notice referred to in clause (ii) is resubmitted.

''(B) DESIGNATION OF AGENCY.—The lead agency, other than any entity of the intelligence community (as defined in the National Security Act of 1947), shall, on behalf of the Committee, ensure that the requirements of subparagraph (A) with respect to any covered transaction that is subject to such subparagraph are met.

''(3) NEGOTIATION, MODIFICATION, MONITORING, AND ENFORCEMENT.—

''(A) DESIGNATION OF LEAD AGENCY.—The lead agency shall negotiate, modify, monitor, and enforce, on behalf of the Committee, any agreement entered into or condition imposed under paragraph (1) with respect to a covered transaction, based on the expertise with and knowledge of the issues related to such transaction on the part of the designated department or agency. Nothing in this paragraph shall prohibit other departments or agencies in assisting the lead agency in carrying out the purposes of this paragraph.

''(B) REPORTING BY DESIGNATED AGENCY.—

''(i) MODIFICATION REPORTS.—The lead agency in connection with any agreement entered into or condition imposed with respect to a covered transaction shall—

''(I) provide periodic reports to the Committee on any material modification to any such agreement or condition imposed with respect to the transaction; and

''(II) ensure that any material modification to any such agreement or condition is reported to the Director of National Intelligence, the Attorney General of the United States, and any other Federal department or agency that may have a material interest in such modification.

''(ii) COMPLIANCE.—The Committee shall develop and agree upon methods for evaluating compliance with any agreement entered into or condition imposed with respect to a covered transaction that will allow the Committee to adequately assure compliance, without—

''(I) unnecessarily diverting Committee resources from assessing any new covered transaction for which a written notice has been filed pursuant to subsection (b)(1)(C), and if necessary, reaching a mitigation agreement with or imposing a condition on a party to such covered transaction or any covered transaction for which a review has been reopened for any reason; or

''(II) placing unnecessary burdens on a party to a covered transaction.''.

SEC. 6. ACTION BY THE PRESIDENT.

Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) is amended by striking subsections (d) and (e) and inserting the following:

''(d) ACTION BY THE PRESIDENT.—

''(1) IN GENERAL.—Subject to paragraph (4), the President may take such action for such time as the President considers appropriate to suspend or prohibit any covered transaction that threatens to impair the national security of the United States.

''(2) ANNOUNCEMENT BY THE PRESIDENT.—The President shall announce the decision on whether or not to take action pursuant to paragraph (1) not later than 15 days after the date on which an investigation described in subsection (b) is completed.

''(3) ENFORCEMENT.—The President may direct the Attorney General of the United States to seek appropriate relief, including divestment relief, in the district courts of the United States, in order to implement and enforce this subsection.

''(4) FINDINGS OF THE PRESIDENT.—The President may exercise the authority conferred by paragraph (1), only if the President finds that—

''(A) there is credible evidence that leads the President to believe that the foreign interest exercising control might take action that threatens to impair the national security; and

''(B) provisions of law, other than this section and the International Emergency Economic Powers Act, do not, in the judgment of the President, provide adequate and appropriate authority for the President to protect the national security in the matter before the President.

''(5) FACTORS TO BE CONSIDERED.—For purposes of determining whether to take action under paragraph (1), the President shall consider, among other factors each of the factors described in subsection (f), as appropriate.

''(e) ACTIONS AND FINDINGS NONREVIEWABLE.—The actions of the President under paragraph (1) of subsection (d) and the findings of the President under paragraph (4) of subsection (d) shall not be subject to judicial review.''.

SEC. 7. INCREASED OVERSIGHT BY CONGRESS.

(a) REPORT ON ACTIONS.—Section 721(g) of the Defense Production Act of 1950 (50 U.S.C. App. 2170(g)) is amended to read as follows:

''(g) ADDITIONAL INFORMATION TO CONGRESS; CONFIDENTIALITY.—

''(1) BRIEFING REQUIREMENT ON REQUEST.—The Committee shall, upon request from any Member of Congress specified in subsection (b)(3)(C)(iii), promptly provide briefings on a covered transaction for which all action has concluded under this section, or on compliance with a mitigation agreement or condition imposed with respect to such transaction, on a classified basis, if deemed necessary by the sensitivity of the information. Briefings under this paragraph may be provided to the congressional staff of such a Member of Congress having appropriate security clearance.

''(2) APPLICATION OF CONFIDENTIALITY PROVISIONS.—

''(A) IN GENERAL.—The disclosure of information under this subsection shall be consistent with the requirements of subsection (c). Members of Congress and staff of either House of Congress or any committee of Congress, shall be subject to the same limitations on disclosure of information as are applicable under subsection (c).

''(B) PROPRIETARY INFORMATION.—Proprietary information which can be associated with a particular party to a covered transaction shall be furnished in accordance with subparagraph (A) only to a committee of Congress, and only when the committee provides assurances of confidentiality, unless such party otherwise consents in writing to such disclosure.''.

(b) ANNUAL REPORT.—Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) is amended by adding at the end the following:

''(m) ANNUAL REPORT TO CONGRESS.—

''(1) IN GENERAL.—The chairperson shall transmit a report to the chairman and ranking member of the committee of jurisdiction in the Senate and the House of Representatives, before July 31 of each year on all of the reviews and investigations of covered transactions completed under subsection (b) during the 12-month period covered by the report.

''(2) CONTENTS OF REPORT RELATING TO COVERED TRANSACTIONS.—The annual report under paragraph (1) shall contain the following information, with respect to each covered transaction, for the reporting period:

''(A) A list of all notices filed and all reviews or investigations completed during the period, with basic information on each party to the transaction, the nature of the business activities or products of all pertinent persons, along with information about any withdrawal from the process, and any decision or action by the President under this section.

''(B) Specific, cumulative, and, as appropriate, trend information on the numbers of filings, investigations, withdrawals, and decisions or actions by the President under this section.

''(C) Cumulative and, as appropriate, trend information on the business sectors involved in the filings which have been made, and the countries from which the investments have originated.

''(D) Information on whether companies that withdrew notices to the Committee in accordance with subsection (b)(1)(C)(ii) have later refiled such notices, or, alternatively, abandoned the transaction.

''(E) The types of security arrangements and conditions the Committee has used to mitigate national security concerns about a transaction, including a discussion of the methods that the Committee and any lead agency are using to determine compliance with such arrangements or conditions.

''(F) A detailed discussion of all perceived adverse effects of covered transactions on the national security or critical infrastructure of the United States that the Committee will take into account in its deliberations during the period before delivery of the next report, to the extent possible.

''(3) CONTENTS OF REPORT RELATING TO CRITICAL TECHNOLOGIES.—

''(A) IN GENERAL.—In order to assist Congress in its oversight responsibilities with respect to this section, the President and such agencies as the President shall designate shall include in the annual report submitted under paragraph (1)—

''(i) an evaluation of whether there is credible evidence of a coordinated strategy by 1 or more countries or companies to acquire United States companies involved in research, development, or production of critical technologies for which the United States is a leading producer; and

''(ii) an evaluation of whether there are industrial espionage activities directed or directly assisted by foreign governments against private United States companies aimed at obtaining commercial secrets related to critical technologies.

''(B) RELEASE OF UNCLASSIFIED STUDY.—All appropriate portions of the annual report under paragraph (1) may be classified. An unclassified version of the report, as appropriate, consistent with safeguarding national security and privacy, shall be made available to the public.''.

(c) STUDY AND REPORT.—

(1) STUDY REQUIRED.—Before the end of the 120-day period beginning on the date of enactment of this Act and annually thereafter, the Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Commerce, shall conduct a study on foreign direct investments in the United States, especially investments in critical infrastructure and industries affecting national security, by—

(A) foreign governments, entities controlled by or acting on behalf of a foreign government, or persons of foreign countries which comply with any boycott of Israel; or

(B) foreign governments, entities controlled by or acting on behalf of a foreign government, or persons of foreign countries which do not ban organizations designated by the Secretary of State as foreign terrorist organizations.

(2) REPORT.—Before the end of the 30-day period beginning upon the date of completion of each study under paragraph (1), and thereafter in each annual report under section 721(m) of the Defense Production Act of 1950 (as added by this section), the Secretary of the Treasury shall submit a report to Congress, for transmittal to all appropriate committees of the Senate and the House of Representatives, containing the findings and conclusions of the Secretary with respect to the study described in paragraph (1), together with an analysis of the effects of such investment on the national security of the United States and on any efforts to address those effects.

(d) INVESTIGATION BY INSPECTOR GENERAL.—

(1) IN GENERAL.—The Inspector General of the Department of the Treasury shall conduct an independent investigation to determine all of the facts and circumstances concerning each failure of the Department of the Treasury to make any report to the Congress that was required under section 721(k) of the Defense Production Act of 1950, as in effect on the day before the date of enactment of this Act.

(2) REPORT TO THE CONGRESS.—Before the end of the 270-day period beginning on the date of enactment of this Act, the Inspector General of the Department of the Treasury shall submit a report on the investigation under paragraph (1) containing the findings and conclusions of the Inspector General, to the chairman and ranking member of each committee of the Senate and the House of Representatives having jurisdiction over any aspect of the report, including, at a minimum, the Committee on Foreign Relations, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on Foreign Affairs, the Committee on Financial Services, and the Committee on Energy and Commerce of the House of Representatives.

SEC. 8. CERTIFICATION OF NOTICES AND ASSURANCES.

Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) is amended by adding at the end the following:

''(n) CERTIFICATION OF NOTICES AND ASSURANCES.—Each notice, and any followup information, submitted under this section and regulations prescribed under this section to the President or the Committee by a party to a covered transaction, and any information submitted by any such party in connection with any action for which a report is required pursuant to paragraph (3)(B) of subsection (l), with respect to the implementation of any mitigation agreement or condition described in paragraph (1)(A) of subsection (l), or any material change in circumstances, shall be accompanied by a written statement by the chief executive officer or the designee of the person required to submit such notice or information certifying that, to the best of the knowledge and belief of that person—

''(1) the notice or information submitted fully complies with the requirements of this section or such regulation, agreement, or condition; and

''(2) the notice or information is accurate and complete in all material respects.''.

SEC. 9. REGULATIONS.

Section 721(h) of the Defense Production Act of 1950 (50 U.S.C. App. 2170(h)) is amended to read as follows:

''(h) REGULATIONS.—

''(1) IN GENERAL.—The President shall direct, subject to notice and comment, the issuance of regulations to carry out this section.

''(2) EFFECTIVE DATE.—Regulations issued under this section shall become effective not later than 180 days after the effective date of the Foreign Investment and National Security Act of 2007.

''(3) CONTENT.—Regulations issued under this subsection shall—

''(A) provide for the imposition of civil penalties for any violation of this section, including any mitigation agreement entered into or conditions imposed pursuant to subsection (l);

''(B) to the extent possible—

''(i) minimize paperwork burdens; and

''(ii) coordinate reporting requirements under this section with reporting requirements under any other provision of Federal law; and

''(C) provide for an appropriate role for the Secretary of Labor with respect to mitigation agreements.''.

SEC. 10. EFFECT ON OTHER LAW.

Section 721(i) of the Defense Production Act of 1950 (50 U.S.C. App. 2170(i)) is amended to read as follows:

''(i) EFFECT ON OTHER LAW.—No provision of this section shall be construed as altering or affecting any other authority, process, regulation, investigation, enforcement measure, or review provided by or established under any other provision of Federal law, including the International Emergency Economic Powers Act, or any other authority of the President or the Congress under the Constitution of the United States.''.

SEC. 11. CLERICAL AMENDMENTS.

(a) TITLE 31.—Section 301(e) of title 31, United States Code, is amended by striking ''8 Assistant'' and inserting ''9 Assistant''.

(b) TITLE 5.—Section 5315 of title 5, United States Code, is amended in the item relating to ''Assistant Secretaries of the Treasury'', by striking ''(8)'' and inserting ''(9)''.

SEC. 12. EFFECTIVE DATE.

The amendments made by this Act shall apply after the end of the 90-day period beginning on the date of enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Mrs. MALONEY) and the gentlewoman from Ohio (Ms. PRYCE) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

GENERAL LEAVE

Mrs. MALONEY of New York. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. MALONEY of New York. Mr. Speaker, I yield as much time as he may consume to the chairman of the committee, Chairman FRANK, from the great State of Massachusetts.

□ 1530

Mr. FRANK of Massachusetts. Mr. Speaker, I thank the gentlewoman for her leadership on this bill.

This legislation began last year when she was the ranking member of the Subcommittee on Domestic and International Monetary Policy, which you, Mr. Speaker, now chair, and in a bipartisan way we've brought forward this bill.

A brief history here. The administration, I think, made an error in granting authority to the company, Dubai Ports World, to take over seaports. They should have anticipated the reaction.

I think it was a mistake to let Dubai buy those ports and I'm glad that that was dropped, but I think there was an overreaction. Foreign direct investment is a very good thing for our country. It is a source of jobs.

I remember when I first came here in the early 1980s one of our major goals on the Democratic side, with a lot of Republican support, was to get more foreign direct investment. We had a bill we called the domestic content bill. It was to require that a certain percentage of each car sold in America be made in America, and the purpose of that was frankly to help get Japanese, at that time, automakers to come here.

People should understand foreign direct investment means we're talking direct investment as opposed to buying our bonds or buying financial instruments. It means putting money in here that creates jobs, and it ought to be something welcomed. In a few cases, there could be a problem, but the general rule should be that we welcome foreign direct investment.

Now, after the Dubai Ports and the reaction to it, concern grew in the rest of the world that we were not fully supportive of foreign direct investment, and there was this view that we had scared it away. I mention that because there are some who have incorrectly reported this bill, the CFIUS bill as we call it, the bill giving statutory reform to the Committee on Foreign Investments in the U.S., as an effort further to restrict foreign direct investment. That is the exact opposite of the truth.

We've worked very closely here, not just with the Secretary of the Treasury, Mr. Paulson, a great supporter of foreign direct investment, but also with the Financial Services Forum headed by the former Secretary of Commerce, Don Evans. He's been a real leader in this effort.

This is an effort by the Congress to make clear that we welcome foreign direct investment as a rule, but we will have procedures in place to prevent those exceptional examples where it might be problematic, where it might cause a security problem.

So I, again, want to stress this is the Congress of the United States reaffirming that foreign direct investment is a good thing for our economy, and it is our belief that the structure we have set up will help move things quickly.

By the way, Mr. Speaker, people won't be required to go through the CFIUS process, but they will be given assurance if they do that they can go forward. Now, that's very important

for people making investments. So this is a wholly supportive operation, and I thank the gentlewoman from New York and the gentlewoman from Ohio who have worked hard on this; the minority whip, the gentleman from Missouri, who is one of those who helped lead the fight for this. This is a genuine bipartisan bill. We passed it last year, and it's something that I know you will find it hard to believe, Mr. Speaker, after we passed the bill, somehow the United States Senate was unable to do that. I know that will cause some surprise to you, but there we are.

This year, it's different. We passed the bill, and the Senate under the leadership of the Senator from Connecticut, Mr. DODD, has passed a very similar bill, not identical, but they're close. I prefer in a few details what we have, but given the nature of the legislative process, we thought the best thing to do in consultation with the Secretary of the Treasury and with both parties was to accept the Senate version.

So this is accepting the Senate version, but we're accepting the Senate version of our version because what the Senate did was to make some fairly small changes in the bill that we adopted last year.

Now, with that, Mr. Speaker, I'm ready to yield. My understanding is that the chairman of the Armed Services Committee, who is concerned about this bill, wanted to raise a technical point. So I would ask the gentlewoman from New York if she would yield to the gentleman from Missouri for the purposes of his and I having a colloquy.

Mrs. MALONEY from New York. Mr. Speaker, I yield to my distinguished colleague, IKE SKELTON, as much time as he may consume.

Mr. SKELTON. Mr. Speaker, I thank the gentlewoman.

I strongly support H.R. 556, and I voted for it when it first came through House, passing by a vote of 423–0. I support the bill because it will protect the critical technologies and the critical infrastructure of this country by ensuring that these invaluable assets remain in friendly and responsible hands. In so doing, it strengthens our national security, and I think the bill makes many needed changes, especially by adding homeland security and critical infrastructure as essential elements to be considered for protection during national security investigations, and also by adding opportunities for congressional oversight in the process. In short, I'm in complete agreement with the intent of this bill.

I've been working with the chairman, however, to try and clarify some elements of the bill that may not make the intent of Congress fully clear. I believe that it is the intent of the Congress in this legislation to extend the current practice of seeking consensus in the Committee on Foreign Investments in the United States. This practice requires that transactions being reviewed and investigated by the committee must satisfy the concerns of all the agencies involved.

I believe that it is also Congress' intent under this legislation that the appropriate committees of the House, including all relevant committees with a jurisdictional interest in the outcomes of specific transactions under review, be kept informed by the executive branch.

And lastly, I believe that it's the intent of Congress in this legislation to require the executive branch to monitor and enforce the mitigation agreements imposed under this legislation to ensure compliance and to regularly review compliance with these mitigation agreements.

Mr. FRANK of Massachusetts. Mr. Speaker, if the gentleman would yield to me, I would say that I share the chairman of the Armed Services Committee's desire that the intent of Congress be clear. I also note the chairman has identified a technical error in the Senate amendment which should be corrected involving required reports of presidential decisions. I will work to accomplish a correction of this error, and I agree with the gentleman's statement of what the legislation intended and in the specific incidents that he cited.

Mr. SKELTON. Well, I certainly thank the chairman. I agree that there is a technical change required in the bill to ensure that Congress' intent be followed. I note that one good opportunity for making this technical and clarifying change to this bill will come during the House-Senate conference on the National Defense Authorization Act for fiscal year 2008. Will the chairman work with me to ensure that this technical and clarifying change can be made to this bill, including having it considered during the conference on the National Defense Authorization Act?

Mr. FRANK of Massachusetts. If the gentleman would yield to me, I'm glad to say, yes, I will work with the gentleman to ensure that this technical and clarifying change is made, and I agree with him the best way to do that is through the conference on the National Defense Authorization Act.

And while this technically falls in the jurisdiction of the Financial Services Committee, I am deviating from the script I was given to say that I think the besetting sin of this place is an excessive concern about turf. The people who put jurisdiction ahead of substance really should think better.

So I am delighted to be able to provide an example of intercommittee cooperation with my very good friend whom I admire, the gentleman from Missouri, and I will look forward to his correcting this error in that conference with the blessing, I believe, of our committee.

Mr. SKELTON. I thank my friend, my colleague from Massachusetts, and I thank the gentlewoman for yielding.

Mrs. MALONEY of New York. Mr. Speaker, I reserve the balance of my time and inquire how much time remains on my side.

The SPEAKER pro tempore. Twelve minutes.

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to thank the gentlewoman from New York for the time and also for her leadership on this issue. I rise today in strong support of H.R. 556, and I want to thank Chairman FRANK for building on our work in the last Congress, bringing this bill up when I was a proud sponsor, original sponsor, with Mrs. MALONEY and Mr. BLUNT and Mr. CROWLEY of similar legislation that we passed in this House last Congress, and I am proud to be an original sponsor of this legislation. This has been a bipartisan effort and model for the way Congress should operate all of time.

Mr. Speaker, as we now know and very few knew 18 months ago, CFIUS is charged with assessing the safety and security ramifications of direct foreign investment in the United States of America. The bill before us reforms CFIUS to strike the right balance between ensuring national security and open investment. 9/11 taught us that the number one priority of this government is to do all they can do to assure our citizens' security in their homeland.

Now, Dubai Ports World has left the front page and most people's minds, but it's not forgotten. Congress heard and responded to the immediate concerns voiced by Americans that we could not sell security at our ports at any price. Today, we pass a bill that returns accountability to a broken process, while ensuring job growth and investment in our economy are not collateral damage.

Importantly, the bill we are considering maintains that of the House bill that we introduced last March: increasing administration accountability for the scrutiny of foreign investment transaction; increasing congressional opportunities for oversight of that process; increasing predictability for businesses negotiating the CFIUS process; formalizing the Department of Homeland Security's role in CFIUS; and creating a formal role for the Director of National Intelligence in analyzing each proposed transaction.

Specifically, Mr. Speaker, the bill before us requires that the Treasury Department and each agency directly involved in scrutinizing a transaction sign a certification that goes directly to the Congress. There's strong emphasis on analysis of every transaction by the Director of National Intelligence, and time is given for all members of the CFIUS committee to digest the analysis before making a decision on a transaction. National security is put first in this process. Nothing stands before it.

It should be noted that the administration has radically overhauled the CFIUS process in the last 18 months

since the fiasco. This legislation is needed so there is no backsliding and no further letting down of our guard.

And finally, Mr. Speaker, let me say we cannot wait any longer to enact this legislation. We must send a clear signal to our trading partners. There were concerns that some of the press reports on the reform process gave other Nations the impression that we were going to enact protectionist legislation instead of a bill that continued to welcome foreign investment, which also means domestic job growth.

Trade does not take place in a vacuum. What we do here in the United States affects the environment available to U.S. companies expanding their global reach and the expansion of jobs here at home. Honda Motor Corporation alone has made a $6.3 billion investment in my home State of Ohio, employing over 8,500 people.

I mention this simply to say that we can't get to a point where foreign direct investment is a dirty phrase. The United States remains the world's largest recipient of direct foreign investment but by a decreasing margin. China, which was just a blip on the screen 20 years ago, is now a major competitor for foreign investment dollars. In June, the Commerce Department reported that foreign direct investment into U.S. businesses rose 77 percent in 2006, compared with a year earlier, but remained less than half their peak level in 2000.

If the United States is going to attract the ideas, the people, the capital and companies that will drive economic growth in the 21st century, we need a CFIUS process that protects national security but also keeps America an attractive and accessible place to do business and invest.

I want to thank the many members, the chairman and ranking member especially, who invested so much time and effort to get this process right.

Mr. Speaker, I reserve the balance of my time.

Mrs. MALONEY of New York. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I hope that my colleagues who voted for this bill unanimously are as delighted as I am to see H.R. 556, the CFIUS reform bill, once again on this floor, this time headed for the President's desk.

Strengthening the system of review of foreign direct investment in this country is, as this body has recognized repeatedly, an important national and strongly bipartisan interest.

When the Dubai Ports World matter became front page news a year and a half ago, most Americans had no idea that the Committee on Foreign Investments in the United States existed or what it did.

The Dubai Ports World debacle made clear that the CFIUS process needed strengthening and oversight, both to ensure that foreign investment here does not jeopardize our national security in a post-9/11 world and to encourage and support safe foreign investment in this country to create jobs and boost our economy. This bill is designed to accomplish both of these important goals.

As my colleagues will remember, one of the first bills passed by the Financial Services Committee in this Congress and brought to the floor was the original version of this legislation. I am delighted to say that the Senate adopted our bill with very few changes, and it is back here for final passage.

□ 1545

This has been a long and consistently bipartisan effort in which several Members played key roles and deserve special recognition.

I would like to especially thank Chairman FRANK and the Democratic leadership, Speaker NANCY PELOSI and Majority Leader STENY HOYER, for their support. They made this bill a priority and quickly moved it forward for passage.

I also thank Minority Whip ROY BLUNT for his work, both in this Congress and in the last, in putting together a coalition to build support for CFIUS reform. Congressman JOE CROWLEY and Congressman LUIS GUTIERREZ played a key role in that coalition, and I thank them.

My former colleague on the Monetary Policy Subcommittee, Congresswoman PRYCE of Ohio, worked with me to hold hearings on this bill in the last Congress. Those hearings built on the seminal report from the GAO on the weaknesses in the CFIUS process.

I also thank Congressman THOMPSON of Mississippi and Congressman KING of the Homeland Security Committee, who encouraged this bill from the start.

I would like to thank those Members' staff, particularly Scott Morris, Joe Pinder, Kevin Casey, Peter Freeman, Kyle Nehvins; my subcommittee staff director, Eleni Constantine and Ed Mills for their tireless work on this bill over the past 2 years.

I would also like to thank the Senate for moving forward promptly on this key issue and for adopting our bill and our bill number.

In particular, I thank Chairman DODD and Senator SHELBY for their bipartisan work in moving this forward and their staffs for the careful dedication they gave to every detail of this legislation.

Finally, I would like to the thank Secretary Paulson, Deputy Secretary Kimmitt, Undersecretary Steel and Assistant Secretary Lowery. It is they and their successors who will ensure that the CFIUS process works under Congress's oversight. I have appreciated the dialogue we have had over the past 2 years on how the reforms we propose will be implemented, and in some cases, they already have been.

This bill is necessary now more than ever. As the Wall Street journal reported this week, a growing number of countries are imposing new restrictions on foreign investment that go well beyond the strict focus on national security concerns embodied in this legislation.

The story indicates that the new hostility to foreign acquirers reflects a perception that the United States is erecting new barriers to foreign capital. Today's legislation establishes in unequivocal terms that this perception is false.

By strengthening and clarifying the national security review process and maintaining a strict focus on national security, the CFIUS reforms embodied in H.R. 556 clearly endorse the open investment policy of the United States while enhancing our national security protections. In the name of national security, the President can intervene in any transaction, and, similarly, CFIUS can condition approval of a deal on being able to reopen a review. But this bill provides clarity and certainty for investors by requiring a finding by CFIUS that all other remedies have been exhausted before CFIUS can reopen a review.

I would note that the certain and transparent CFIUS procedures in this bill stand in stark contrast to actions by some foreign governments where expropriations of assets have occurred arbitrarily without justification and without recompense for U.S. investors. By passing this bill, we continue our long-standing efforts to ensure that U.S. investors are treated with the same certainty and fairness in foreign markets as we give foreign investors in this bill.

This bill makes several necessary reforms. First, it creates CFIUS by statute, so that its operations, membership and procedures have a sound basis in law, and we are reviewable by Congress.

Second, it requires a full 45-day investigation of foreign government investment, in addition to the 30-day review, which can only be waived by the Secretary or the Deputy Secretary of Treasury. While many foreign governments' transactions are harmless, they also pose certain inherent risks. Governments have more assets and resources than private sector participants and may have nonmarket motives.

Third, it requires review and sign-off on every transaction, by a high-level official. When the Ports World deal became public, no senior official could be found who knew about the approval before it happened. The House bill required all approvals to be made by the Secretary or Deputy Secretary. The Senate bill allows a Deputy Secretary to make a decision, but it also mandates the creation of a special assistant secretary at Treasury whose portfolio would be CFIUS matters. By restricting the additional decision-making ability to one out of the many assistant secretaries at the Treasury, this preserves the accountability and high-level review that motivated the original delegation provision.

Fourth, the bill requires reporting to Congress after the conclusion of reviews. While we do not want to politicize the process of security review, we also want to assure proper oversight.

Fifth, it creates and places and puts in place the importance of review by the National Intelligence Director.

Six, it requires tracking of transactions that are withdrawn from the process. Since deals are often withdrawn because they hit a snag in the initial course of review, it is necessary to make sure that appropriate steps are taken to prevent whatever potential risk was spotted.

For example, this was the case with a Smartmatic transaction that I brought to the attention of Treasury last summer as a matter requiring CFIUS review. As you may recall, press reports indicated that Smartmatic, which had just bought the second largest voting machine company in the United States, Sequoia Voting Systems, had ties to the Venezuelan government.

I thought those allegations needed to be investigated by the body with the power to really get into the tangled ownership of the company, which is CFIUS. Under the broad and flexible definition of national security that the bill puts in place, certainly the ownership of voting machines is a potential national security issue.

A CFIUS review began of the deal. But before it was completed, Smartmatic withdrew and agreed to sell Sequoia. Certainly, this is an agreement that I would want CFIUS to track and make sure actually was followed.

I think we have struck the right balance in this bill in protecting the national security interests of our country, first and foremost, but also providing a certain and clear procedure to encourage safe foreign investment that will create jobs and boost the economy.

I urge my colleagues to once again give this bill their unequivocal support and send it to the President with a bipartisan vote.

Mr. Speaker, I reserve the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 4 minutes to my colleague and good friend from the State of California, the ranking member on the Armed Services Committee, Mr. HUNTER.

Mr. HUNTER. I want to thank my colleague for yielding me some time and for the good work that she has done on this bill, as well as my good friend from New York.

Unfortunately, I oppose this bill for this reason: We passed out what I think was a pretty good bill out of the House. That bill had in it several critical national security elements. One of those elements was that any member of this committee, of the CFIUS committee, including, for example, the Secretary of Defense, or a leader in another agency, could, by a single vote, trigger an investigation if they thought there was a national security problem.

Remember, this bill grew out of the Dubai Ports problem. When we were faced with this takeover of our port operations in a number of key ports by a foreign-owned company, we realized that that company could access information about vulnerable aspects of those particular ports that could, at some point, be utilized in a terrorist activity.

So we understood, and that was a good illustration of how critical this CFIUS process is, especially with this array of foreign investments taking place in this country. So we understood that we needed to reform CFIUS. In those days, during the Dubai Ports problem, before that, you had an arrangement that was largely put together by Presidential directive, and the President, by his directive, gave any member of the CFIUS committee, including SecDef, the ability to raise their hand and basically say, I want an investigation.

Now, we ensured that, as we put this thing together in statute, that we maintained that right. I am turning to the House-passed provision that we passed, that I supported. It talked about an investigation being triggered by a roll call vote, and I am quoting, a roll call vote pursuant to paragraph 3(a) in connection with a review under paragraph 1 of any covered transaction results in at least one vote by a committee member against approving the transaction, meaning that the Secretary of Defense could get up and say, I think there is a problem here, and he could trigger that transaction.

Unfortunately, the product that came back from the Senate didn't have that provision. It had this provision; it said that an investigation would be triggered if ''the lead agency recommends and the committee concurs that an investigation be undertaken.'' They have clearly watered down the ability of one person, for example, the Secretary of Defense, to say, to trigger an investigation upon his demand.

I think that's a fatal flaw, because that takes us back to a weaker position than what we have had under the current practice, which involves an investigation being undertaken if a single member of the committee objects under the present Presidential directive. We are actually going back to a lower standard for triggering an investigation than we had before the Dubai ports problem.

So I think, unfortunately, we have taken a product from the Senate which is fatally flawed in that respect. I would strongly support this provision coming back, this exact same law, coming back with that fix. But I don't know any way we can fix it, or even with a colloquy or in any other way, assign a new congressional intent that will clearly reflect that the words that have been changed aren't, in fact, controlling at this point, but that there is a congressional intent that controls.

Unfortunately, I have to object to the passage of this bill, and I will not support the passage of this bill.

Mrs. MALONEY of New York. Mr. Speaker, I appreciate the gentleman's hard work on this bill and his statements, but I would like to clarify that CFIUS is a consensus body, so each member does and will continue to have an effective veto. This bill does not affect that ability in any way. Chairman FRANK of the committee made that very clear in his statements in committee and on the floor today.

Mr. Speaker, I include in the RECORD a list of important organizations in our country, including the Chamber of Commerce, that have issued letters and statements in support of this legislation.

JULY 10, 2007.

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES: On behalf of the Financial Services Forum, a trade association comprised of the CEOs of 20 of the largest and most diversified financial institutions, I write in strong support of H.R. 556, the ''Foreign Investment and National Security Act of 2007.'' This bipartisan legislation would ensure that proposed foreign investments in the U.S. meet national security objectives while preserving an open, fair and non-discriminatory investment environment.

Passage of this bill indicates to international investors and trade partners that the U.S. remains open for foreign investment and signals to other countries that they should follow suit by keeping their doors open to U.S. foreign direct investment.

The Forum believes that the legislation strikes the appropriate balance between keeping Americans safe and growing the economy. The included reforms make clear that every Administration will devote time and resources to foreign investment deals that require higher levels of scrutiny, while allowing acquisitions that do not present national security concerns to move forward swiftly.

Foreign direct investment supports employment for over 5 million Americans, who typically earn compensation well above the national average. Investment from abroad supports 19% of all U.S. exports. In 2005, a number of foreign-owned companies reinvested $59 billion in profits back into the U.S. economy. At a time when the competitiveness of the United States is so important, H.R. 556 will help maintain America's global advantage and grow the U.S. economy.

The Forum applauds the bipartisan leaders who worked swiftly and productively to move this bill. H.R. 556 will restore Congressional confidence in the CFIUS process and the Forum urges Members to support this critically important bipartisan bill.

Sincerely,

ROBERT S. NICHOLS,
President and COO,
The Financial Services Forum.

U.S. CHAMBER OF COMMERCE,
CONGRESSIONAL AND PUBLIC AFFAIRS,
Washington, DC, July 9, 2007.

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES: The U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, strongly supports H.R. 556, the ''National Security Foreign Investment Reform and Strengthened Transparency Act of 2007,'' which is expected to be considered by the House under suspension of the rules tomorrow. This bipartisan bill would make certain that the process for vetting proposed foreign investments in the

U.S. meets national security objectives while preserving an open, fair, and non-discriminatory investment environment. Passage of this bill sends the right signals to international investors: that the U.S. is open for foreign investment and that the nation's trade competitors should follow suit and keep their doors open to U.S. foreign direct investment.

The Chamber believes that H.R. 556 strikes the appropriate balance between keeping Americans safe and protecting the economy. The proposed reforms to the Committee on Foreign Investment in the United States (CFIUS) make clear that the administration has the flexibility to devote time and resources on foreign investment deals that require the most attention to national security concerns, while allowing acquisitions that do not present any national security concerns to move forward without impediment.

Foreign direct investment supports employment for 5.1 million Americans, who typically earn compensation well above the national average. Investment from abroad supports 19% of all U.S. exports. In 2005, a number of foreign-owned companies reinvested $59 billion in profits back into the U.S. economy. Clearly, this bill will help maintain America's competitive edge and continue to contribute positively to the U.S. economic growth.

The Chamber applauds the bipartisan effort that resulted in the completion of this bill. H.R. 556 will restore congressional confidence in the CFIUS process. The Chamber urges the House to support this critical bipartisan bill with a strong affirmative vote. The Chamber will consider using votes on, or in relation to, this issue in our annual How They Voted scorecard.

Sincerely,

R. BRUCE JOSTEN.

Mr. Speaker, I reserve the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, we have no other requests for time. Let me close by addressing the concerns of my colleague that were just raised. The reforms in many areas of this bill far outweigh the compromise of the committee machinations that were made over in the Senate.

Believe me, it is no small point, and it is one not lost on me. Our product, I believe, is far superior. The Senate's, as the gentleman points out, is weaker than ours.

But I believe that the colloquy between Chairman FRANK and Chairman SKELTON will help us resolve that. Chairman FRANK says it is the intent of this Congress that there is a consensus on the CFIUS, and he agreed to work with Chairman SKELTON and the Defense Authorization Act to correct this.

But taken as a whole, this bill is far superior than current law. It must be enacted, and the sooner the better. Let me reiterate, the rest of the world is watching us here today.

We are passing a balanced bill that does not forget the importance of FDI to our economy, but it protects our ports and our homeland to the extent that this Congress is able to do it.

I believe that we must act quickly. We have been stymied for a year now. We can't afford to send the wrong message. It means that American jobs will be lost, and we will be no safer for prolonging this process. This bill protects our economy, but also the ultimate protection is to our homeland. I urge passage of this bipartisan bill.

Mr. LANTOS. Mr. Speaker, I fully support H.R. 556, the Foreign Investment and National Security Act of 2007.

Greater oversight is needed regarding foreign investment in the United States, and I want to commend Chairman FRANK and Mrs. MALONEY for the work they have done in bringing about this legislation. The Committee on Foreign Affairs has significant jurisdictional interest in this legislation, and I was very pleased at the manner in which our committees have worked on H.R. 556 as it moved through the legislative process.

Mr. Speaker, I want to call attention to two critical issues. First, the treatment that the United States provides to foreign investors is often not reciprocated to United States companies who wish to invest in foreign markets, which threatens bilateral investment relations. The procedures laid out in this bill for the interagency Committee on Foreign Investments in the United States, or CFIUS, allow for a responsible and fair assessment of foreign direct investment into the United States. These procedures, however, stand in stark contrast to actions taken by some foreign governments, where expropriations of assets, often in the energy sector, have occurred arbitrarily, without justification, and without full and fair compensation for United States investors.

Mr. Speaker, we must continue to seek to ensure that U.S. investors are treated fairly in foreign markets, especially when a transaction being evaluated by CFIUS is for a company whose primary place of business is in a country that does not allow foreign direct investment from the United States in the same business sector as that of the covered transaction. In this way, we can seek to ensure that foreign governments honor their commitments in international agreements and provide for a fair and friendly investment climate for United States companies. I am pleased that the gentlelady from New York agrees with me on this score and that the House reports accompanying H.R. 556 address this important issue.

Second, the impact of foreign investments on national security must be considered when reviewing foreign investments into the United States. I am pleased that the Financial Services Committee recognizes the seriousness of how transactions reviewed by CFIUS can impact our national security. The Committee report on H.R. 556 makes clear that Congress expects the acquisitions of U.S. companies, including energy assets, by foreign governments or companies controlled by foreign governments, will be reviewed closely for their national security impact. I fully endorse this view and believe that the United States must remain vigilant in protecting our national security interests.

Mr. Speaker, I urge my colleagues to support this legislation.

Mr. DINGELL. Mr. Speaker, 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.

Mr. THOMPSON of Mississippi. Mr. Speaker, I stand here today as Chairman of the

Committee on Homeland Security in support of H.R. 556, the Foreign Investment and National Security Act of 2007. This bill provides necessary reform by formalizing and streamlining the structure and duties of the Committee on Foreign Investment in the United States, CFIUS. This reform combines an understanding of the need for ensuring that foreign investment in the U.S. is in the security interests of the American public with an appreciation for global commerce in the 21st century. Indeed, this bill addresses many of the concerns raised about CFIUS over the past year, especially with regard to its current lack of transparency and oversight. This bill rectifies these concerns by formally establishing CFIUS and its membership, while also streamlining how and when CFIUS review will be conducted. This bill sends an important message to the country and the world: The United States will continue to encourage the international flow of commerce in a manner that demands the security of our country.

Mr. Speaker, the bill formalizes the CFIUS membership and requires the following to serve: (1) Secretaries of Treasury, Homeland Security, Commerce, Defense, State, and Energy; (2) Attorney General; Director of National Intelligence (ex officio); and Secretary of Labor (ex officio); and (3) The heads of any other executive department, agency, or office, as the President determines appropriate, generally on a case-by-case basis.

Under this bill, CFIUS will conduct a review of any transaction by or with any foreign person which could result in the foreign control of any person engaged in interstate commerce in the U.S. to determine the effects of the transaction on the national security of the U.S. CFIUS will determine whether to conduct an investigation of the effects of the transaction on the national security of the U.S. if the initial review of the transaction results in the determination that: The transaction threatens to impair the national security of the U.S. and that the threat has not been mitigated during or prior to the review of the transaction; the transaction is a foreign government-controlled transaction; the transaction would result in control of any critical infrastructure of or within the U.S. by or on behalf of any foreign person, if CFIUS determines that the transaction could impair national security, and that such impairment to national security has not been mitigated by assurances provided to CFIUS; or The lead agency recommends, and CFIUS concurs, that an investigation be undertaken.

Mr. Speaker, I believe that our colleagues in the Senate made remarkable contributions to this bill. For example, I think that its determination to eliminate the option for CFIUS to conduct a second 45-day review at the end of the investigation stage was a wise one. As a result of this change, CFIUS will be required to be efficient and will demonstrate our country's recognition of the importance of not hampering foreign investment that avoids hindering our national security. The Congressional Research Service's independent report, for instance, found that, for all the merger and acquisition activity in 2005, 13 percent of it was from foreign firms acquiring U.S. firms. This is up from 9 percent nearly 10 years before. This statistic shows that foreign investment in the U.S. is vital to our economy.

I must mention, however, my concern with one of the changes to the bill, as passed by my colleagues in the Senate, which eliminates an important role of the Secretary of Homeland Security. Both bills establish the Secretary of the Treasury as the Chairperson of CFIUS. Whereas the original House-passed bill required that the Secretaries of Homeland Security and Commerce be Vice Chairpersons of CFIUS, the current bill eliminates the Vice Chairpersons and, instead, calls for the Secretary of the Treasury to designate, as appropriate, a member or members of CFIUS to be the ''lead agency or agencies'' on behalf of CFIUS for each covered transaction, and for negotiating any mitigation agreements or other conditions necessary to protect national security. In addition, the lead agency or agencies will work on all matters related to the monitoring of the completed transaction. The ''lead agency'' role is particularly important because if the Secretary of the Treasury and the head of the lead agency jointly determine that a transaction will not impair the national security of the U.S. in certain cases, then an investigation will not be required.

The Department of Homeland Security has played a vital role with regard to CFIUS cases in the past and has an unparalleled institutional understanding of such cases. In its involvement with such cases, it represents the need to protect our homeland from attack and to ensure that our critical infrastructure is protected and available to the American public during, and in the aftermath of, an attack. In 2006, the Department was involved in each of the 113 CFIUS filings and, in 15 instances, the Department requested mitigation agreements. Thus far in 2007, the Department has been involved in each of the 80 filings and has requested five mitigation agreements. Furthermore, a large number of these filings regard the ownership of critical infrastructure, which is a major initiative of the Department. The Department's past involvement with CFIUS and its mission to protect our country only underscores its need to be second to none when CFIUS reviews cases. That the Department no longer has a clearly articulated leadership role in this process negates its understanding of such matters and undercuts a developing expertise of this new Department. Once this bill is enacted into law, I hope that the Secretary of the Treasury will appoint the Department of Homeland Security as one of the lead agencies in all CFIUS cases, unless there is an explicit reason to do otherwise. The need to protect our homeland is too vital—and the Department's role therein too intrinsic—for it to be left without a leadership position in all CFIUS filings.

This bill, nevertheless, brings the necessary reform to the CFIUS process. Incidents such as Dubai Ports World and China National Offshore Oil Corporation's attempted bid for control of an oil company, Unocal, raised an increased awareness regarding transactions that should receive CFIUS review. Importantly, though, this bill does not represent an isolationist reaction to these incidents but, instead, balances the need for continued foreign investment in the U.S. with the need to review that investment's impact on national security and our critical infrastructure.

Only through this legislation will CFIUS have a formal budget, membership, and a clear mission—protecting American security while maintaining a free and growing economy.

In closing, let me thank my colleagues on the Financial Services Committee for their leadership on this legislation, especially my Democratic colleagues Chairman FRANK as well as Representative CAROLYN MALONEY and Representative JOSEPH CROWLEY of New York. I would also like to thank my colleagues in the Senate.

I encourage my colleagues to pass this legislation with strong bipartisan support.

Mr. RUSH. Mr. Speaker, I rise today in order to express the support of the Committee on Energy and Commerce, and in particular the Subcommittee for Commerce, Trade, and Consumer Protection, for H.R. 556, the ''Foreign Investment and National Security Act of 2007.'' This bill makes much-needed reforms to the process by which the Committee on Foreign Investment in the United States, hereafter: CFIUS, performs national security-related reviews of potential foreign investments in our country.

Since the DB World scandal, the Committee on Energy and Commerce has been actively involved in efforts to reform CFIUS. Along with the Committee on Financial Services and the Committee on (then) International Relations, our Committee received referral of H.R. 5337, the ''National Security Foreign Investment Reform and Strengthened Transparency Act of 2006,'' in May 2006. Following a hearing by the Subcommittee on Commerce, Trade, and Consumer Protection on H.R. 5337 in July 2006, the Committee on Energy and Commerce ordered the bill reported. While H.R. 5337 was approved by the House, the Senate did not take it up before the conclusion of the 109th Congress.

In January of this year, the Committee on Energy and Commerce again received referral of a CFIUS reform bill, this time H.R. 556, the ''National Security Foreign Investment Reform and Transparency Act of 2007.'' In the interest of expediting House passage of this bill, our Committee agreed to waive its right to mark up H.R. 556, provided that the final bill include provisions for the establishment of a vice chairmanship of CFIUS, additional CFIUS reporting requirements to the Congress, and that the Inspector General of the Treasury Department investigate that Department's failure to report on potential industrial espionage or coordinated strategies by foreign countries with respect to U.S. critical technology. This understanding—intended for the express purpose of strengthening Congressional oversight of the CFIUS review process—is reflected in an exchange of letters between the Committee on Financial Services and Committee on Energy and Commerce, which itself is part of the record of the bill's initial House debate.

Given our jurisdictional stake and strong interest in CFIUS reform, the Committee on Energy and Commerce is pleased that the House will vote today on H.R. 556. This bill is the culmination of over a year's effort to improve the process by which our government reviews potential foreign investment in the United States for national security risks. While my Committee does offer its support of H.R. 556, we would note that our support is tempered by concerns with deficiencies in the Senate amendments to the bill. My good friend and colleague, Chairman DINGELL, discusses these concerns in greater detail in a statement which has been inserted into the RECORD. Given this, the Subcommittee on Commerce, Trade, and Consumer Protection fully intends to monitor the implementation of this new law. We feel, nevertheless, that the bill makes a meaningful contribution to the reform of the CFIUS review

process and would urge our colleagues to vote for its passage.

Mr. MANZULLO. Mr. Speaker, I am particularly pleased that we are this point in the legislative process to send to the President's desk a bipartisan, bicameral reform of the Committee on Foreign Investment in the United States, CFIUS, process. I first became interested in CFIUS reform when a Chinese state-owned enterprise was in competition with a private Italian and a Canadian firm to purchase a very sensitive machine tool division of Ingersoll Milling. The Chinese eventually decided not to attempt to buy the very sensitive machine tool division of Ingersoll but were able to purchase the non-sensitive production line division, which saved hundreds of jobs. It came up again when IBM decided to sell its personal computer division to Lenovo, partially owned by the Chinese government. It emerged again when the China National Offshore Oil Company, CNOOC, another Chinese state-owned enterprise, was ready to outbid a private firm to acquire Unocal.

Let me make clear that I am a strong supporter of foreign direct investment into the United States. U.S. subsidiaries of foreign companies employ 5.1 million Americans, of which 31 percent are in the manufacturing sector; have a payroll of $325 billion; and account for 19 percent of all U.S. exported goods. Foreign direct investment in the U.S. is important because in many cases it provides capital to purchase companies in the U.S. where there is no domestic financing or interest, thus saving thousands of U.S. jobs. Many foreign companies retained numerous firms and jobs in the northern Illinois district I am proud to represent including Ingersoll Machine Milling (Italy) and Ingersoll Cutting Tools (Israel) in Rockford; Nissan Forklift (Japan) in Marengo; Eisenmann Corporation (Germany) in Crystal Lake; and Cadbury-Schweppes (United Kingdom), which owns the Adams confectionary plant in Loves Park. In fact, Illinois is fifth in the United States in terms of the number of employees supported by U.S. subsidiaries of foreign companies per State.

The House is now prepared to send a comprehensive CFIUS reform bill to the President because of the legitimate concern over a year ago of Dubai Ports (DP) World's proposed acquisition of the London-based Peninsular and Oriental Steam Navigation Company (P&O) management operations of 27 terminals at 6 major U.S. ports east of the Mississippi River. Many Americans were legitimately concerned about the national security implications of this deal. However, it was often overlooked that DP World is a state-owned enterprise, owned by the royal family of Dubai. What does it mean for our national interest when foreign governments acquire private sector companies in America?

In the P&O case, the New York Times reported on February 24, 2006 that this sale came down to a ''battle between two foreign, state-backed companies''—DP World and PSA, which is part of the investment arm of the Singapore government. ''The acquisition price (for P&O) reflects the advantage that a number of the fastest growing companies enjoy—their government's deep pockets.'' Here is the key, Mr. Speaker—''DP World paid about 20 percent more (for P&O) than analysts thought the company was worth. Publicly traded companies that were potential bidders were scared off long before DP World's final offer.''

You would think this would be a factor in the CFIUS decisionmaking process, particularly after Congress in 1992 required a 45-day review process for acquisitions by state-owned enterprises in reaction to the proposed sale of LTV's missile division to Thomson-CSF, the American subsidiary of a French firm that was then 58 percent owned by the French Government. Yet, CFIUS initially declined to subject the DP World's proposed acquisition of P&O through the additional 45-day review process until pressured by Congress.

I am pleased that H.R. 556 incorporates my main suggestion to mandate all proposed acquisitions of U.S. assets by a foreign state-owned enterprise undergo the more rigorous additional 45-day review process. The free market cannot work if foreign governments subsidize the purchase of U.S. assets. H.R. 556 will make absolutely crystal clear that in every case where there is a proposed acquisition by a foreign state-owned enterprise, it will undergo heightened scrutiny to ensure that there is no hidden agenda by a foreign government that could undermine our national security. We owe it to our constituents to make sure that foreign governments do not undermine our open free market system as a tool to advance their national interests. I congratulate the Chairmen and Ranking Members in both Houses of Congress for working together to produce a bill that will merit the President's signature. I urge my colleagues to support H.R. 556.

Mr. SHAYS. Mr. Speaker, as a cosponsor of H.R. 556, I am pleased we are considering the Senate amendment to this legislation, which passed the House earlier this Congress by an overwhelming bipartisan vote. This legislation will require congressional notification for cases sent to second-stage reviews and automatically subjects all transactions involving foreign state-owned companies to a second-stage 45-day investigation.

Last year, the attempt by Dubai Ports World, a port operations company owned by the government of the United Arab Emirates, to purchase operating terminals at 6 U.S. ports was a clear indicator the CFIUS process was in dire need of reform.

Whenever a foreign investment affects our homeland security, it deserves greater scrutiny. It seems to me this legislation strikes the proper balance between strengthening our economy and protecting the American people.

Mr. Speaker, I urge my colleagues to support this legislation and move this bill to the President for his signature.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today in strong support, and as a proud co-sponsor of H.R. 556, the bipartisan National Security FIRST Act of 2007. This bill will ensure that never again will the Congress and people of the United States be taken by surprise at the discovery that an administration may have endangered the nation's security by authorizing the acquisition of critical American infrastructure by an entity owned or controlled by foreign government with interests inimical to the United States.

Mr. Speaker, recall how outraged Americans were in January 2006 when we learned of the Bush administration's secret approval of the Dubai Ports World deal. That is when it was disclosed that the secretive Committee on Foreign Investment in the United States (CFIUS) had approved a port deal sought by Dubai Ports World—with only minimal review—despite the deal's national security implications. Dubai Ports World is a company owned by the government of the United Arab Emirates (UAE).

The Dubai port deal would have resulted in the company managing terminal operations at six major U.S. ports, including the Port of Houston in my own congressional district. But that is not all. As the facts began to dribble out, we learned that the CFIUS had not initiated a 45-day national security investigation—despite the fact that UAE had links to 9/11 and notwithstanding the fact the Department of Homeland Security had raised security concerns. It was only in response to the overwhelming disapproval, criticism, and anger of the American people and the Congress that Dubai Ports World announced in early March 2006 that it was divesting itself of these U.S. port operations, effectively killing the deal.

Mr. Speaker, although this was a happy outcome it did not obscure the material fact that the CFIUS process was fundamentally flawed. This is because despite the national security implications, the Bush administration lawfully had approved the Dubai Ports World deal with only minimal review—and with no notification to the Congress.

It is also clear from the record that the Bush administration only gave the Dubai port deal a cursory look before approving it. The secretive CFIUS approved the plan with little review, in only 30 days, and without the 45-day national security investigation that should have been conducted. Further, the CFIUS approval was made by mid-level officials. The senior-level decisionmakers in the administration—including the Secretary of the Treasury, the Secretary of Homeland Security, and the President of the United States—were not involved in the decisionmaking process and learned of it only from media reports. In addition, no Member of Congress was informed of the secretive approval by CFIUS of the port deal—with Members also learning about the deal in press reports.

Mr. Speaker, as a senior member of the Committee on Homeland Security, I participated in hearings that uncovered the weaknesses in the CFIUS regulatory framework and cosponsored bipartisan legislation in the 109th Congress that would have corrected these deficiencies. That bill, H.R. 5337, passed the House 424–0 but the Republican congressional leadership in the last Congress could not get together with the Senate to produce and present to the President a bill he would sign.

We rectify that failure today. H.R. 556 strengthens national security by reforming the interagency Committee on Foreign Investment in the United States (CFIUS) process by which the Federal Government reviews foreign investments in the United States for their national security implications.

The bill requires CFIUS to conduct a 30-day review of any national security-related business transaction. After a 30-day review is conducted, CFIUS would be required to conduct a full-scale, 45-day investigation of the effects the business transaction would have on national security if the committee review determines that the transaction threatens to impair national security and these threats have not been mitigated during the 30-day review. The statutory 45-day review is also triggered if the committee review determines that the transaction involves a foreign government-controlled entity and the CFIUS chairman and

vice chairman are unable to certify it poses no threat to the national security. Finally, the 45-day review is required if the Director of National Intelligence (DNI) identifies intelligence concerns with the transaction that he concludes could threaten national security, and these threats have not been mitigated during the 30-day review. The bill also contains numerous other provisions to strengthen the CFIUS review process.

Mr. Speaker, I support H.R. 556 for four important reasons. First, it subjects transactions involving foreign governments to a stricter level of scrutiny. Second, the bill provides for senior-level accountability for CFIUS decisions. Third, the bill improves CFIUS accountability to Congress. Finally, H.R. 556 strengthens the CFIUS review process by establishing a formal role for intelligence assessments for every transaction. I will briefly discuss each of these important procedural improvements.

Mr. Speaker, as I indicated earlier, the Dubai Ports World deal was approved by mid-level officials and without a 45-day national security investigation of the transaction, even though Dubai Ports World was owned by a foreign government. H.R. 556 strengthens current law by requiring in cases involving a company that is controlled by a foreign government, a non-delegable certification by either (1) the chairman of CFIUS (the Secretary of the Treasury) or the vice-chairman of CFIUS (the Secretary of Homeland Security) that the transaction poses no national security threat. In the absence of this non-delegable certification, a second-stage 45-day national security investigation of the transaction must take place.

Next, H.R. 556 ensures senior level accountability for CFIUS decisions by requiring the chairman and vice chairman of CFIUS to approve all transactions where CFIUS consideration is completed within the 30-day review period (limiting delegation of approval authority to the Under Secretary level); and requires that the President approve all transactions that have also been subjected to the second-stage 45-day national security investigation.

H.R. 556 improves CFIUS accountability to Congress. As was noted above, Members of Congress were not notified of the CFIUS approval of the Dubai Ports World deal. This bill rectifies this failure by requiring CFIUS to report to the congressional committees of jurisdiction within 5 days after the final action on a CFIUS investigation, and permits the committees to request one detailed classified briefing on the transaction. The bill also requires CFIUS to file semi-annual reports to Congress that contain information on transactions handled by the committee during the previous 6 months.

Last, H.R. 556 strengthens the CFIUS review process by establishing a formal role for intelligence assessments for every transaction. The bill requires that every transaction be subjected to an assessment by the Director of National Intelligence (DNI) and contains provisions to ensure that the DNI has adequate time to conduct the required assessment.

All in all, Mr. Speaker, H.R. 556 represents an important contribution to our effort to secure the homeland. Last November, the American people voted for change, they voted for competence, they voted for a new direction for our country. I am proud to say that with H.R. 556, the new majority has once again delivered on its promise to chart a new direction to make America safer and more secure.

I urge all Members to join me in supporting H.R. 556.

Ms. PRYCE of Ohio. Mr. Speaker, I yield back the balance of my time.

Mrs. MALONEY of New York. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Mrs. MALONEY) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 556.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mrs. MALONEY of New York. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

□ 1600

COURT SECURITY IMPROVEMENT ACT OF 2007

Mr. CONYERS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 660) to amend title 18, United States Code, to protect judges, prosecutors, witnesses, victims, and their family members, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 660

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Court Security Improvement Act of 2007''.

TITLE I—JUDICIAL SECURITY IMPROVEMENTS AND FUNDING

SEC. 101. JUDICIAL BRANCH SECURITY REQUIREMENTS.

(a) ENSURING CONSULTATION WITH THE JUDICIARY.—Section 566 of title 28, United States Code, is amended by adding at the end the following:

''(i) The Director of the United States Marshals Service shall consult with the Judicial Conference of the United States on a continuing basis regarding the security requirements for the judicial branch of the United States Government, to ensure that the views of the Judicial Conference regarding the security requirements for the judicial branch of the Federal Government are taken into account when determining staffing levels, setting priorities for programs regarding judicial security, and allocating judicial security resources. In this paragraph, the term 'judicial security' includes the security of buildings housing the judiciary, the personal security of judicial officers, the assessment of threats made to judicial officers, and the protection of all other judicial personnel. The United States Marshals Service retains final authority regarding security requirements for the judicial branch of the Federal Government.''.

(b) CONFORMING AMENDMENT.—Section 331 of title 28, United States Code, is amended by adding at the end the following:

''The Judicial Conference shall consult with the Director of United States Marshals Service on a continuing basis regarding the security requirements for the judicial branch of the United States Government, to ensure that the views of the Judicial Conference regarding the security requirements for the judicial branch of the Federal Government are taken into account when determining staffing levels, setting priorities for programs regarding judicial security, and allocating judicial security resources. In this paragraph, the term 'judicial security' includes the security of buildings housing the judiciary, the personal security of judicial officers, the assessment of threats made to judicial officers, and the protection of all other judicial personnel. The United States Marshals Service retains final authority regarding security requirements for the judicial branch of the Federal Government.''.

SEC. 102. FINANCIAL DISCLOSURE REPORTS.

Section 105(b)(3) of the Ethics in Government Act of 1978 (5 U.S.C. App) is amended by striking subparagraph (E).

SEC. 103. PROTECTION OF UNITED STATES TAX COURT.

(a) IN GENERAL.—Section 566(a) of title 28, United States Code, is amended by striking ''and the Court of International Trade'' and inserting '', the Court of International Trade, and any other court, as provided by law''.

(b) INTERNAL REVENUE CODE.—Section 7456(c) of the Internal Revenue Code of 1986 (relating to incidental powers of the Tax Court) is amended in the matter following paragraph (3), by striking the period at the end, and inserting ''and may otherwise provide for the security of the Tax Court, including the personal protection of Tax Court judges, court officers, witnesses, and other threatened person in the interests of justice, where criminal intimidation impedes on the functioning of the judicial process or any other official proceeding.''.

SEC. 104. PROTECTION OF UNITED STATES TAX COURT.

(a) IN GENERAL.—Section 566(a) of title 28, United States Code, is amended by striking ''and the Court of International Trade'' and inserting '', the Court of International Trade, and the United States Tax Court, as provided by law''.

(b) INTERNAL REVENUE CODE.—Section 7456(c) of the Internal Revenue Code of 1986 (relating to incidental powers of the Tax Court) is amended in the matter following paragraph (3), by striking the period at the end, and inserting ''and may otherwise provide, when requested by the chief judge of the Tax Court, for the security of the Tax Court, including the personal protection of Tax Court judges, court officers, witnesses, and other threatened persons in the interests of justice, where criminal intimidation impedes on the functioning of the judicial process or any other official proceeding.''.

(c) REIMBURSEMENT.—The United States Tax Court shall reimburse the United States Marshals Service for protection provided under the amendments made by this section.

TITLE II—CRIMINAL LAW ENHANCEMENTS TO PROTECT JUDGES, FAMILY MEMBERS, AND WITNESSES

SEC. 201. PROTECTIONS AGAINST MALICIOUS RECORDING OF FICTITIOUS LIENS AGAINST FEDERAL JUDGES AND FEDERAL LAW ENFORCEMENT OFFICERS.

(a) OFFENSE.—Chapter 73 of title 18, United States Code, is amended by adding at the end the following:

''§ 1521. Retaliating against a Federal judge or Federal law enforcement officer by false claim or slander of title

''Whoever files, attempts to file, or conspires to file, in any public record or in any private record which is generally available