



July 18, 2007

## House Passes Bill to Reform Foreign Investment In U.S.

On July 11, 2007, the House voted 370-45 to pass a bill reforming the process by which the Government vets foreign direct investments in U.S. companies involved in business having national security implications.

The Foreign Investment and National Security Act of 2007 (H.R. 556) will now go to the President for signature. A prior version of the H.R. 556 was passed by unanimous consent in the Senate on June 29, 2007. A signed bill would represent an end to the general Congressional call for reform of the Committee on Foreign Investment in the United States (CFIUS) and of the CFIUS process which has abounded in the wake of Dubai Ports World acquisition of Peninsular & Oriental Steam Navigation Company. In 2006, Members of Congress along with the House Armed Services Committee and the Senate Banking Committee proposed numerous bills aimed at reforming CFIUS, but none of the proposed legislation successfully passed the 109th Congress.

The present bill, if signed by the President as expected, would require the following changes to CFIUS and its process:

- Allow the President to intervene in any transaction perceived to be a security risk
- Require a mandatory 45-day investigation period for acquisitions of companies by foreign governments;
- Require approval of transactions from higher levels within the various CFIUS agencies;
- Require the creation of a position of Assistant Secretary of the Treasury to monitor CFIUS issues;
- Require each completed CFIUS review to be reported to Congress;
- Require CFIUS to consult the Director of National Intelligence; and
- Require the tracking of withdrawn transactions to prevent any potential risks identified.

We continue to monitor the CFIUS reform process and will keep our colleagues and clients informed of developments in this area.

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**For additional information please feel free to contact any of the Greenberg Traurig export control attorneys located in the Washington, D.C. office:**

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