



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Tuesday, Feb. 21, 2006

Grassley Questions UAE Ports Deal, Potential Impact on National, Trade Security

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, with jurisdiction over international trade, today questioned the selling of the management of six key U.S. ports to a United Arab Emirates-owned company. Grassley expressed concern to the Treasury secretary that the deal may compromise national security and trade security. The text of Grassley’s letter to the Treasury secretary follows.

February 21, 2006

The Honorable John W. Snow  
Secretary of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Mr. Secretary:

I am deeply concerned about the decision by the Committee on Foreign Investment in the United States (CFIUS), which you chair, to approve a deal selling the management of six key U.S. ports to Dubai Ports World. I understand that Dubai Ports World is wholly owned by the government of the United Arab Emirates (UAE). You may recall that I wrote to President Bush last year about a similar deal involving the attempt of the China National Offshore Oil Corporation, a state-owned company, to purchase a U.S. oil company and asked to be kept abreast of these types of investments. Obviously, my request fell on deaf ears. I am disappointed that I was neither briefed nor informed of this sale prior to its approval. Instead, I read about it in the media. I expect you to address my concerns involving this deal.

The potential impact on U.S. trade security programs such as the Container Security Initiative and the Customs and Trade Partnership Against Terrorism remains unknown. I am unsure if Dubai Ports World will work with U.S. authorities to implement these programs that secure the supply chain of U.S. companies and protect the American people. As chairman of the committee with jurisdiction over these programs, it is vital that I understand the ramifications on these programs.

Ensuring the current and future security of American ports is an integral part of the war on terror. Moreover, although I am not fully aware of the circumstances involving this stealth-like deal, it appears, based on the available news reports, that this decision may be wrong-headed. Perhaps, once I learn more about the genesis of this deal, review the threat assessments prepared in advance of the

decision, and gain an understanding of the reasons why the deal with Dubai Ports World is in the best interest of the United States, I may have a different opinion.

Accordingly, I would appreciate detailed written responses and supporting materials as necessary to answer the following questions by no later than March 3, 2006:

(1) Describe in detail what steps CFIUS took to determine that the approval of this sale was in the best interests of our national security. In responding to this question, please provide all relevant documentation including reports, evaluations, and assessments conducted by any agency within the Executive Branch, as well as any such reports conducted by third party contractors.

(2) Describe in detail the methodology used to determine the impact of the sale on port security and the flow of trade into U.S. ports.

(3) State whether or not the review(s) conducted to support this decision assessed the significance of the UAE's relationship with the Taliban prior to 9/11 and its use by some of the 9/11 hijackers as an operational and financial base.

(4) Describe what controls were put in place to prevent the firm's management from circumventing any security measures.

(5) List each record that exists documenting the role of CFIUS in this matter that could assist the Committee in understanding why this deal was approved.

In addition to responding to these questions, I request an oral briefing on these issues as soon as possible but no later than February 24, 2006.

As you know, U.S. ports are vital to our economic growth and for this reason, it is paramount that they remain secure. Dubai Ports World would handle about 33 million containers worldwide, just over nine percent of the world's total port traffic. The acquired ports represent approximately \$195 billion in import value or about 13 percent of the value of all imports into the United States. Therefore, this purchase must be thoroughly scrutinized.

As Chairman of the Senate Finance Committee, with jurisdiction over international trade, I am determined to obtain full and complete information on this sale. I want to be sure that this sale is in the best interest of the American people.

In closing, I look forward to working with you on these issues and gaining greater clarity of the processes used by CFIUS in this instance.

Sincerely,

Charles E. Grassley  
Chairman