The Honorable Joseph I. Lieberman
Chairman
Sen. Com. on Homeland Sec. & Govt. Affairs

The Honorable Robert C. Byrd
Chairman
Senate Committee on Appropriations

CC: The Honorable Susan M. Collins
CC: The Honorable Thad Cochran
CC: The Honorable Thomas M. Carper
CC: The Honorable Tom Coburn
CC: The Honorable Barbara A. Mikulski
CC: The Honorable Richard C. Shelby

The Honorable John D. Dingell, Jr.
Chairman
House Committee on Energy and Commerce

The Honorable David Obey
Chairman
House Committee on Appropriations

CC: The Honorable Joe Barton
CC: The Honorable Jerry Lewis
CC: The Honorable Bart T. Stupak
CC: The Honorable Charles J. Melancon
CC: The Honorable John M. Shimkus
CC: The Honorable Alan B. Mollohan
CC: The Honorable Rodney Frelinghuysen

July 30, 2008

On behalf of the 38 undersigned manufacturing, labor, and agricultural organizations, we write to bring to your attention our deep concerns regarding the U.S. Commerce Department's Bureau of Economic Analysis (BEA)[1] recent announcement that it will cease its survey of tracking new foreign direct investment in the United States now contained in its "New Investment Series."[2] Without this data, **the U.S. government and the American public will no longer be able to distinguish between foreign direct investments (FDI) used to acquire existing U.S. assets worldwide from FDI actually used to establish new U.S. businesses.**

In its June 4, 2008 announcement, the BEA wrote:

> "In order to align its programs with available funding, BEA is eliminating the survey of new foreign direct investment in the United States. The last release in this series, which will present data on new investment by foreign direct investors in 2008, will be in June 2009. BEA will continue to collect extensive data on foreign direct investment in the United States, but it will no longer be able to separately identify the portion accounted for by investments in newly acquired or established U.S. affiliates."

For example, the recent sale of Anheuser-Busch to the Belgian company InBev for $52 billion best illustrates the flaw with the proposed new policy. Under the policy in place through the rest of this year, the $52 billion is counted as FDI used to purchase existing U.S. assets rather than as FDI used to start a new business. Under the new 2009 policy, however, the U.S. government would not distinguish the difference.

Of the $2 trillion in foreign direct investment (FDI) into the United States during the past 15 years, only $200 billion (10 percent) has been to create new businesses while more than $1.8 trillion has been used merely to acquire existing U.S. firms, their patents, brands and other worldwide assets. The BEA

[1] The BEA is a part of the U.S. Commerce Department's Economics and Statistics Administration (ESA)
[2] (see http://www.bea.gov/newsreleases/international/fdi/2008/pdf/fdi07.pdf)

also reported that U.S. businesses that were newly acquired or established by foreign direct investors employed 487,600 people in 2007.

While most FDI to create new businesses should be welcomed and encouraged, the acquisition of certain existing assets by state-controlled foreign interests and others may threaten U.S. economic and/or military security.

Special interests, including those that receive large fees from facilitating acquisitions, have launched well-financed campaigns to obscure vital distinctions between the roughly 10 percent of FDI that goes into new businesses and the 90 percent of FDI that brings existing U.S. businesses and their worldwide assets under the control of foreign interests. The distinctions between the various forms of FDI are important and should not be obscured. This particularly is crucial now that many of China's enormous, state-owned and military-related enterprises are looking for strategic technologies and other assets as they "go global," while at the same time, the Chinese government strictly forbids foreign control over a very broad range of those same concerns.

We also note that the BEA did not report FDI data for countries like China, Singapore, the United Arab Emirates, Russia and others with burgeoning state-owned and controlled companies and/or "sovereign wealth" fund coffers in its June press release. Today, the world's sovereign wealth funds are estimated to be $3.3 trillion and growing. Moreover, the funds available to state-owned and controlled enterprises are many times larger. For the U.S. public to be able to weigh the policy consequences of the growing power of these state-controlled enterprises and funds, it is imperative to have full disclosure of any FDI from those countries and their individual state-owned companies and funds.

The BEA should be directed to provide far more detailed and timely FDI data on acquisitions by industry and by beneficial owners. U.S. economic and military security in an increasingly global world requires more and better information, not less.

Consequently, we respectfully urge you, as the chairmen of the respective Congressional committees with jurisdiction and oversight over the activities of and funding for BEA, to support the following actions:

(1) Direct the BEA statutorily to reverse its decision and continue to distinguish between FDI to acquire existing businesses and FDI for new investment in its New Investment Series;

(2) Fund the Series fully;

(3) Direct the BEA to report detailed FDI data for all countries possessing either state-owned or controlled companies or sovereign wealth funds;

(4) Direct the BEA to report detailed FDI data for all individual state-owned or controlled companies and sovereign wealth funds; and,

(5) Conduct oversight inquiries and/or hearings on why the BEA chose not to continue dedicate funding to the Series.

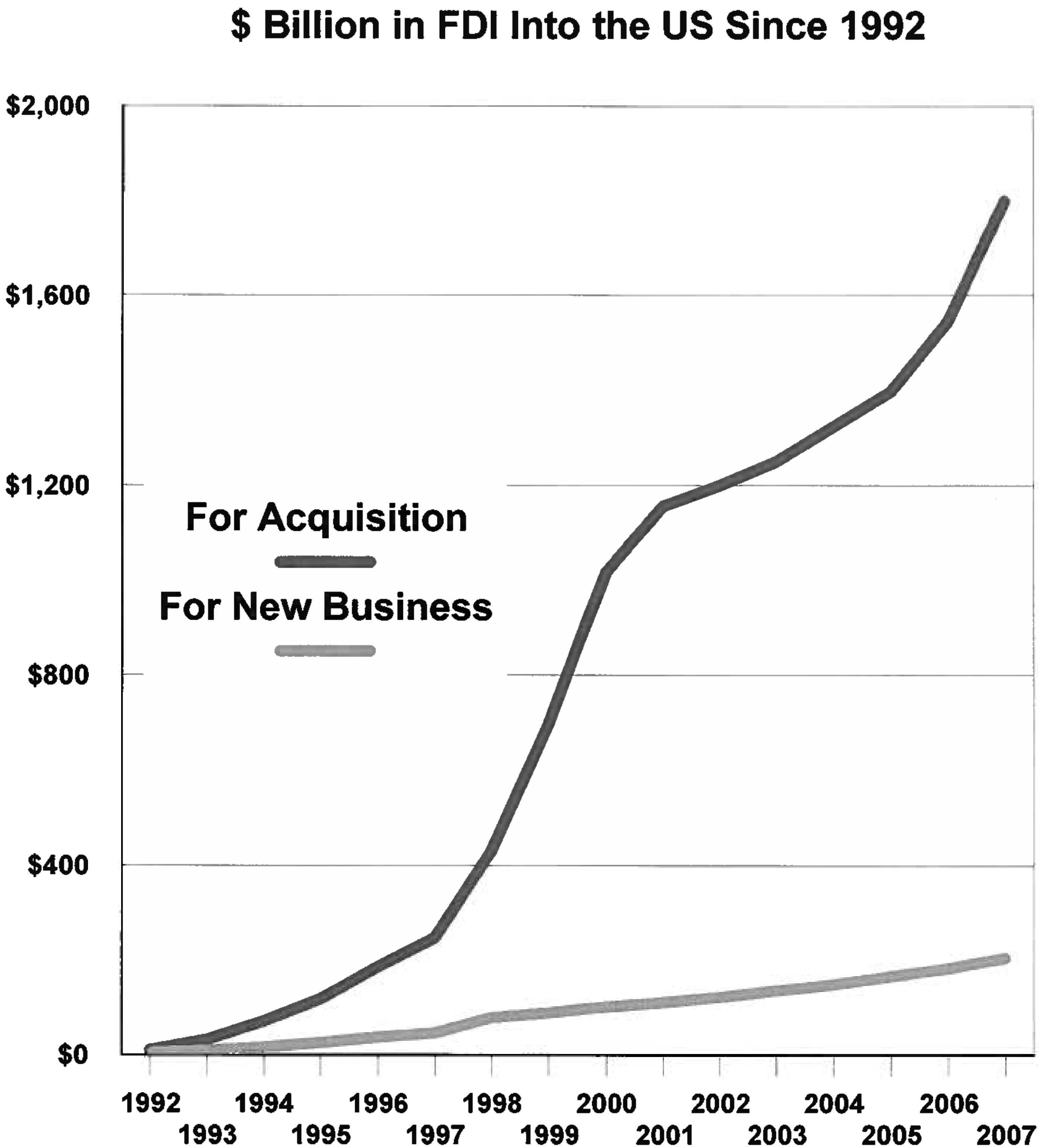
Thank you for your consideration of our views. We look forward to working with you on this important matter.

Sincerely,

AFL-CIO Industrial Union Council
American Foundry Society (AFS)
American Iron and Steel Institute (AISI)
American Manufacturing Trade Action Coalition (AMTAC)
American Mold Builders Association (AMBA)
Coalition for a Prosperous America (CPA)
Communications Workers of America (CWA)
Copper and Brass Fabricators Council, Inc.
Dakota Rural Action
International Association of Machinists and Aerospace Workers (IAMAW)
International Brotherhood of Teamsters (IBT)
Kansas Cattlemen's Association
Kansas Farmers Union
Metals Service Center Institute (MSCI)
North American Die Casting Association
National Council of Textile Organizations (NCTO)
National Family Farm Coalition (NFFC)
National Farmers Union (NFU)
National Textile Association (NTA)
National Tooling & Machining Association (NTMA)
Nebraska Farmers Union
Ohio Farmers Union
Organization for Competitive Markets (OCM)
Pennsylvania Farmers Union
Pennsylvania Manufacturers' Association
Precision Metalforming Association (PMA)
R-CALF USA
Specialty Steel Industry of North America
Steel Manufacturers Association
Tooling & Manufacturing Association
Tooling, Manufacturing & Technologies Association (TMTA)
UNITE HERE
United Automobile, Aerospace & Agricultural Implement Workers of America International Union (UAW)
U.S. Business and Industry Council (USBIC)
U.S. Industrial Fabrics Institute (USIFI)
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial & Service Workers International Union (USW)
Western Organization of Resource Councils (WORC)
Women Involved in Farm Economics (WIFE)

Foreign Direct Investment in the US:

90% for Acquisition of Existing Worldwide Assets

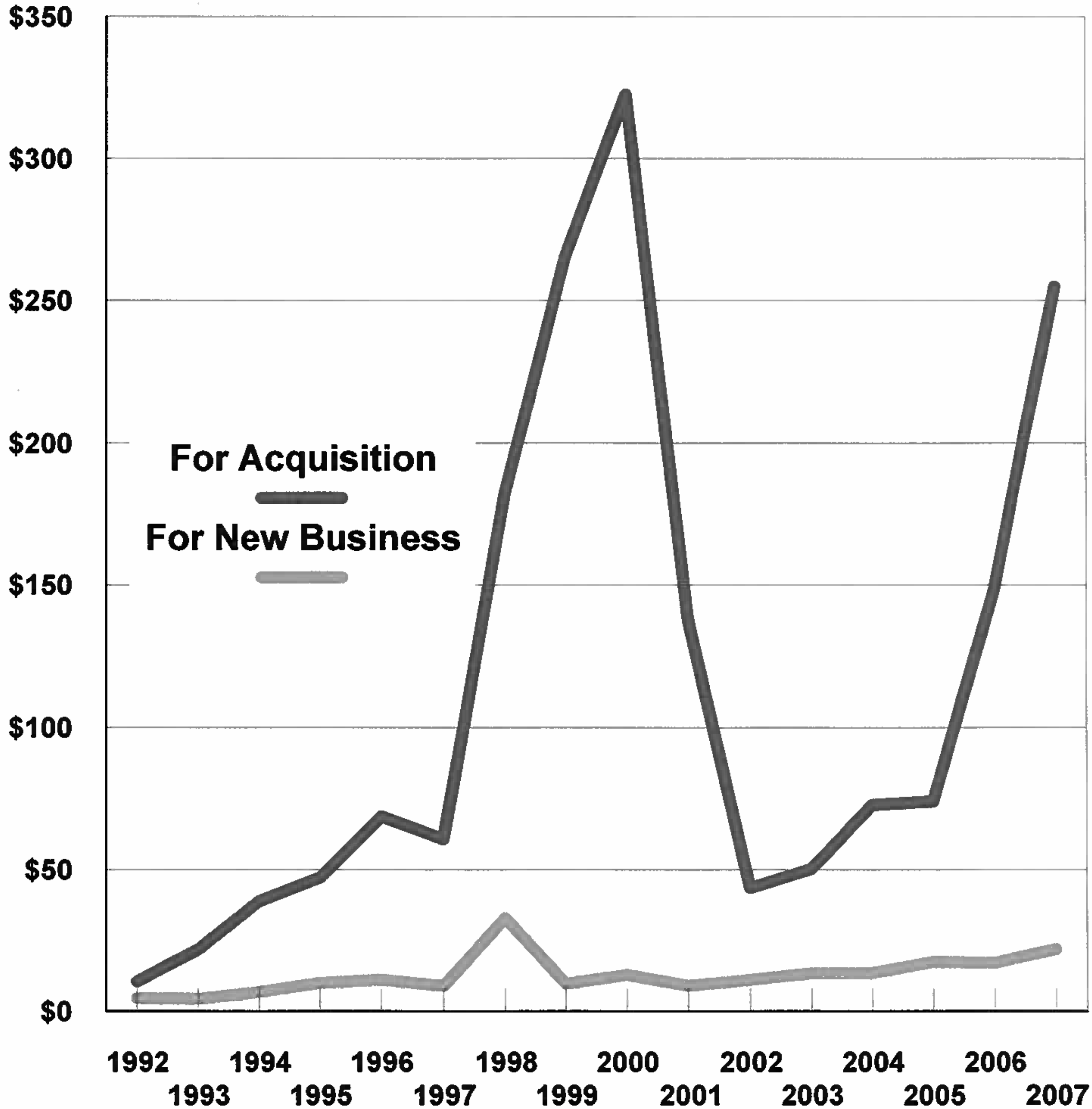


US Dept. of Commerce and MBG Information Services

Foreign Direct Investment in the US:

90% for Acquisition of Existing Worldwide Assets

$ Billion in Annual FDI Into the US

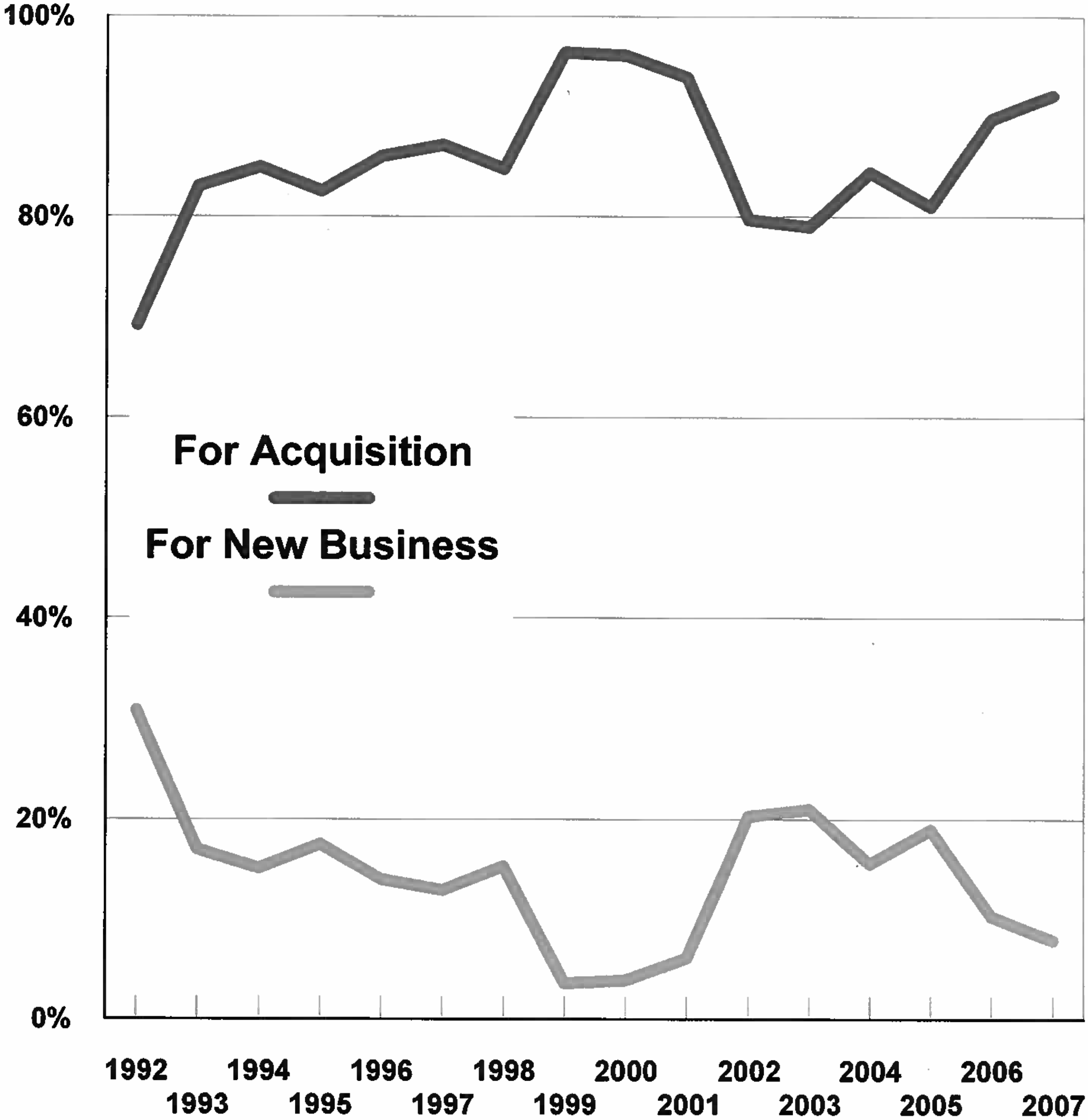


US Dept. of Commerce and MBG Information Services

Foreign Direct Investment in the US:

90% for Acquisition of Existing Worldwide Assets

% of Total Annual FDI Into the US



US Dept. of Commerce and MBG Information Services