



U.S. Senate Committee on Banking, Housing, and Urban Affairs

U.S. SENATOR RICHARD C. SHELBY, AL, RANKING MEMBER

EMBARGOED UNTIL BEGINNING OF HEARING

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STATEMENT OF SENATOR RICHARD C. SHELBY

*Sovereign Wealth Fund Acquisitions and other Foreign Government Investments in the U.S.:
Assessing the Economic and National Security Implications*
November 14, 2007

“Thank you Mr. Chairman.”

“This afternoon we are meeting to examine the dynamic growth of Sovereign Wealth Funds. I hope this hearing is the first of several so that we have an opportunity to examine fully the range of issues these funds present to our economy and national security.”

“There are two unique features of Sovereign Wealth Funds. First is their size. The various Sovereign Wealth Funds hold in excess of two trillion dollars in combined assets. Recent trends indicate that these funds are going to continue to grow – only increasing these funds’ ability to affect our markets and markets throughout the world.”

“Second, Sovereign Wealth Funds are not private investment vehicles, they are government controlled entities. Government control introduces the possibility that they may be used for purposes other than economic return. For this reason alone, it is very important that we try to get a basic understanding of the various funds and their activities.”

“We need more information on how they are managed, structured, and the types of investments they make. We also need to know more about the objectives behind their

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investment activities — are they seeking higher returns or are they also being used as a foreign-policy tool? Is there a role for global financial institutions such as the IMF, the OECD, and the World Bank in dealing with these funds? Finally, what affects can these funds have on exchange rates, Treasury Securities, and the economic health of this country?”

“Because Sovereign Wealth Funds are only going to increase in asset size and continue to expand their global reach, this Committee has a continuing responsibility to monitor and understand these unique and growing investment vehicles.”

“Thank you Mr. Chairman.”

