**Crapo Statement at CFIUS Hearing**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following remarks during a full committee hearing entitled: “Examining the Committee on Foreign Investment in the United States (CFIUS).”

The text of Chairman Crapo’s remarks, as prepared, is below.

“This morning, the Committee is meeting to receive testimony on the role of the Committee on Foreign Investment in the United States, or CFIUS, as it’s known in the trade.

“The role of CFIUS is to review certain types of foreign transactions to determine if there is: a threat to impair U.S. national security; a foreign investor present which is controlled by a foreign government, like a state-owned enterprise; and something that can affect homeland security or result in control of any critical infrastructure that might impair national security.

“Yesterday’s rejection of the acquisition of Lattice Semiconductor by a Chinese consortium with a U.S. presence provides a good example of that role.

“According to press reports, the CFIUS review of the deal revealed that Lattice had valuable intellectual property that, if somehow transferred, would impair U.S. national security.

“The purchaser was a Chinese consortium with strong ties to the Chinese government and its space program. Additionally, the importance of the semi-conductor supply chain integrity to homeland security and the use of Lattice’s products by the U.S. government was something that could further impair national security.

“The Lattice case sounds like it should be considered textbook CFIUS and it is reassuring that the President made this decision based on the careful due diligence of the various government entities that comprise CFIUS.

“Nonetheless, there are some congressional and administration concerns over a broad-based set of potential risks arising from China’s steadily increasing use of Foreign Direct Investment (FDI) to acquire companies and their sensitive technology in the United States.

“We need to have a general discussion of whether or not the CFIUS process is functioning appropriately, to the extent that it has sufficient authority to look at the transactions that are affected most by today’s evolving national security considerations.

“I look forward to hearing from the witnesses to what extent this concern is based on China’s 2025 strategy and if there are any specific instances where this strategy has threatened to impair U.S. national security.

“In that regard, I will be looking for the witnesses to identify and articulate the potential national security considerations at issue, and their relevance to any attempt to address them through reform of CFIUS legislative or regulatory authorities.

“If CFIUS is not looking at or is somehow missing transactions worthy of its national security review, I would also be interested in learning how many and what types of cases it is missing beyond the 250 or so CFIUS filings this year, and what human financial resources would be necessary to review such new cases.

“We should discuss whether CFIUS is even the right agency to reform in order to address various complaints associated today with China’s investment strategies.

“The magnitude of any problem with CFIUS is defined by the intersection of U.S. national security with huge inflows of foreign capital supported by a world-renowned U.S. open investment policy.

“The United States – with $7 trillion in total outward FDI and $6.5 trillion in inward FDI – is the world’s number one investor overseas and the world’s number one recipient of foreign investment.

“FDI plays an essential role in increasing U.S. economic growth, creating highly compensated jobs, and spurring innovation and promoting exports.

“Generally, it is in the national interest of the United States to sustain an open investment policy.

“The administrations of Presidents Reagan, Bush, Clinton, Bush again, and Obama have all reaffirmed the open investment policy of the United States.

“Likewise, Congress is a firm believer, on a bipartisan basis, of an open investment policy.

“But, with this unique position that the United States enjoys in the world, comes a responsibility to assure the national security of the United States against investments that may seek to undermine it.

“CFIUS plays a critical role and it is important to have a Senate confirmed individual to set policy and work with Congress.

“The Senate needs to quickly confirm Heath Tarbert as the Assistant Secretary of the Treasury for International Markets and Development.

“Mr. Tarbert, who was voice-voted out of the Banking Committee in May, is the President’s key person to oversee national security policy at CFIUS and also maintain a healthy, robust investment environment for the U.S.”

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