

Let's Fight the Enemy, Not Our Friends

February 27, 2006

"But I also want to repeat something again, and that is, this is a company that has played by the rules, that has been cooperative with the United States, a country that's an ally in the War on Terror, and it would send a terrible signal to friends and allies not to let this transaction go through." - President Bush, February 21, 2006

The **Islamic Free Market Institute Foundation (IFMIF)**, an advocacy group dedicated to promoting greater freedom and interfaith dialogue, is greatly troubled by the irresponsible comments and statements by some in Congress, on talk radio and others in the media surrounding the proposed acquisition of the London-based P&O Steam Navigation Company by Dubai's DP World. In our 9/11-world, no issue is more important than our national security. However, it has become distressingly clear that the opposition to the proposed acquisition appears based less on a real concern for our nation's port security and rather on fear, hatred and mistrust of Arabs and Muslims. While IFMIF welcomes a thorough review of this transaction, we urge Congress and the media to do so responsibly, focusing on the facts, and not on emotional and xenophobic rhetoric.

"[T]he military-to-military relationship with the United Arab Emirates is superb. ... They've got airfields that they allow us to use, and their airspace, their logistics support. They've got a world-class air-to-air training facility that they let us use and cooperate with them in the training of our pilots. In everything that we have asked and work with them on, they have proven to be very, very solid partners." - General Peter Pace, Chairman Of The Joint Chiefs Of Staff, February 21, 2006

"If there was any chance that this transaction would jeopardize the security of the United States, it would not go forward. The company has been cooperative with the United States government. The company will not manage port security. The security of our ports will continue to be managed by the Coast Guard and Customs. The company is from a country that has been cooperative in the war on terror, been an ally in the war on terror. The company operates ports in different countries around the world, ports from which cargo has been sent to the United States on a regular basis." - President George W. Bush, February 21, 2006

Some Background:

The Administration, As Required By Law, Has Reviewed The Transaction To Make Certain That It Does Not In Any Way Jeopardize National Security. Under the process conducted by the Committee on Foreign Investment in the United States (CFIUS), officials carefully reviewed the national security issues raised by the transaction and its effect on our national security. Twelve Federal agencies and the government's counterterrorism experts closely and carefully reviewed the transaction to make certain it posed no threat to national security.

DP World Has Provided Strong Security Assurances To The United States. DP World has signed a letter of assurances making commitments to meet and maintain security standards for the port terminals that they will own and operate in the United States. There are a

number of safeguards that are in place in the agreement, and the American people should feel confident that the transaction will in no way harm the security of the Nation's ports.

DP World's Bid For The London-Based Peninsular And Oriental (P&O) Steam Navigation Company Was Announced Last Fall. DP World, a UAE-based commercial entity, is purchasing the U.S. subsidiary of the London-based P&O Steam Navigation Company. The announcement of DP World's bid for P&O was made in November 2005, and the news was widely reported in the press and international financial trade publications. The formal CFIUS process was set into motion in December, and the Federal government conducted a thorough review to ensure that port security would in no way be compromised by the deal.

The Administration Has Taken A Principled Position Based On The Security Of Our Nation And Careful Review Of The Transaction. The President has made clear that he stands firmly behind the decision to allow the DP World transaction to move forward. Preventing this transaction by a reputable company to go forward after careful review would send a terrible signal to friends and allies that investments in the United States from certain parts of the world are not welcome.

The Port Security Of the United States Is The Administration's First And Foremost Concern

The Department of Homeland Security (DHS) Is Always In Charge Of The Nation's Port Security, Not The Private Company That Operates Facilities Within The Ports. Nothing will change with this transaction. DHS, along with the U.S. Coast Guard, U.S. Customs and Border Protection, and other Federal agencies, sets the standards for port security and ensures that all port facility owners and operators comply with these standards.

The Transaction Is Not About Port Security Or Even Port Ownership, But Only About Operations In Port. DP World will not manage port security, nor will it own any ports. DP World would take on the functions now performed by the British firm P&O – basically the off- and on-loading of cargo. Employees will still have to be U.S. citizens or legal permanent residents. No private company currently manages any U.S. port. Rather, private companies such as P&O and DP World simply manage and operate individual terminals within ports.

The CFIUS Process

The CFIUS Process Was Rigorously Followed, And CFIUS Agencies Carefully Reviewed The Transaction. Ensuring the protection of our national security is the top priority of all members of CFIUS. In reviewing a foreign transaction, CFIUS brings together 12 Federal agencies with diverse expertise to consider transactions from a variety of perspectives and identify and analyze all national security issues.

- The Department of the Treasury, which chairs CFIUS, receives notices of transactions, serves as the contact point for the private sector, establishes a calendar for review of each transaction, and coordinates the interagency process.
- During the initial 30-day review, each CFIUS member agency conducts its own internal analysis of the national security implications of the transaction under review. CFIUS also consults with the intelligence community. In this

case, the Departments of Transportation and Energy were also brought in to widen the scope and add to the expertise of the CFIUS agencies involved in the review process.

- All CFIUS decisions are made by consensus of the entire committee. The review process allows any agency that sees a potential credible threat to the national security to raise those concerns.
- In the course of the review of this transaction, DHS reached an agreement with DP World to mitigate security concerns.

DP World Has Played By The Rules, Has Cooperated With The United States, And Is From A Country That Is A Close Ally In the War on Terror. The United Arab Emirates (UAE) has been a solid partner in the War on Terror. The UAE has been extremely cooperative on counter-terrorism and counter-proliferation and has provided considerable support to U.S. forces in the Gulf and to the governments and people of Iraq and Afghanistan.

- The UAE Is A Partner In Shutting Down Terror Finance Networks. The UAE has worked with us to stop terrorist financing and money laundering, including by freezing accounts, enacting aggressive anti-money-laundering and counter-terrorist financing laws and regulations, and exchanging information on people and entities suspected of being involved in those actions.
- The UAE Is An Established Partner In Protecting America's Ports. Dubai was the first Middle Eastern entity to join the Container Security Initiative (CSI) – a multinational program to protect global trade from terrorism. Dubai was also the first Middle Eastern entity to join the Department of Energy's Mega ports Initiative, a program aimed at stopping illicit shipments of nuclear and other radioactive material.

Port Security Begins Abroad. U.S. Customs and Border Protection (CBP) created the CSI to enable CBP to inspect 100% of high-risk containers at foreign seaports before they are loaded onboard vessels destined for the United States. Dubai was the first Middle Eastern entity to join CSI. Cooperation with Dubai has been outstanding and a model for other operations.

- DP World currently manages 19 container terminals and has operations in 14 countries. The United States government has a strong working relationship with DP World.