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Congress of the United States

Committee on Education
and the Workforce

Permanent Select Committee
on Intelligence
Ranking Member
Subcommittee on Intelligence Policy

Co-Chair
Children's Environmental Health Caucus
Member
Congressional Arts Caucus
Internet Caucus
Law Enforcement Caucus
Historic Preservation Caucus

February 22, 2006

The Honorable Michael Chertoff
Secretary
US Department of Homeland Security
Washington, D.C. 20528

Dear Secretary Chertoff:

I was deeply troubled to learn that the Administration has approved the sale of a U.K.-based company that runs six major United States ports to a state-owned business in the United Arab Emirates (U.A.E). It is inappropriate for any foreign government to own or operate any component of our infrastructure that is critical to our nation's security. Further, it is wrong for a company from the U.A.E. or even a British company to control this vital transportation artery. This sale should not have been approved, and I am asking that the Administration reverse its decision.

The sale of Peninsular and Oriental Steam Navigation Company to Dubai Ports World will directly impact the Port Newark-Elizabeth Marine Terminal, which is the 15th busiest port in the world, and all New Jersey residents. Strategic sectors of our economy such as shipping that are vital to our nation's security should not be owned or operated by foreign powers over which the United States government has little or no control.

Recent reports in the *San Jose Mercury News* indicated that this sale was quickly and quietly approved by the Department of Homeland Security and that senior analysts were never consulted. These same analysts have recently expressed concern about the deal. I am upset to learn that this sale was approved by a "secretive multi-agency panel headed by the Treasury Department." Who was on this panel, and why it was necessary to conduct the approval process secretly?

Further, I am perplexed by the fact that the Administration is so out of touch with Americans on this important issue of port security. As you know, not only has the Administration approved the outsourcing of our nation's port security, but the President's Fiscal Year 2007 Budget does not contain any funding for grants to port authorities for security upgrades. Last year the President also provided no money for this important program but the Congress acted to restore $173 million. We need to be doing more to protect our ports and our national security rather than outsourcing their operation.

This weekend you stated, "We make sure there are assurances in place, in general, sufficient to satisfy us that the deal is appropriate from a national security standpoint." You asserted that Dubai Ports World had agreed to certain conditions to ensure national

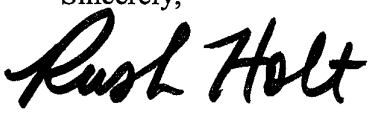
security but that those details would remain secret. That position is deeply concerning. As the representatives of the American people and with the Constitutional responsibility to conduct oversight of matters involving the national security of the United States, Congress must be provided all relevant information on this matter. I expect you to provide this information immediately.

Members of Congress and American citizens are justifiably uncomfortable with a unilateral decision on an international business transaction with serious national security implications the details of which the Administration has declined to make public. If any DHS intelligence component produced an assessment on the implications and/or risks associated with this proposed transaction, I ask that you brief the full House Permanent Select Committee on Intelligence next week regarding any such assessments, to include any dissenting views on the assessment that may have been expressed by DHS intelligence analysts or their managers.

I also ask that you undertake an assessment of all the components of our nation's critical infrastructure and to coordinate with the Department of Defense and the Director of National Intelligence to evaluate what strategic components should be owned and operated by Americans.

There is a clear and rapidly growing bipartisan consensus that the Administration has erred in this decision—that is certainly my view. The operations and security arrangements at American ports must never be in the hands of a foreign power, particularly any country that has been a known transit point for terrorists or has otherwise allowed its territory or financial institutions to be used by terrorists. Accordingly, I ask that the Administration immediately move to prohibit this transaction and to provide the Congress with the full details surrounding this incident.

Sincerely,



RUSH HOLT
Member of Congress

RH/cg