

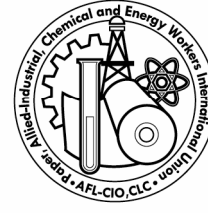
United Steelworkers



Building Power

USW

Merged April 14, 2005



Leo W. Gerard
International President

February 28, 2006

The Honorable George W. Bush
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

An overwhelming number of Members of Congress – House and Senate, Democrats and Republicans, liberals and conservatives – have raised their voices in opposition to the proposed sale of critical U.S. ports to Dubai Ports Worldwide, an United Arab Emirates state-owned company. Their voices reflect that concerns raised by millions of Americans that their safety and security have been auctioned off to support free trade ideology and foreign policy interests.

National and homeland security interests must never be forced to take a back seat. Our nation's critical infrastructure must be protected.

This most recent failure is the result of the Committee on Foreign Investment in the United States (CFIUS) placing a priority of foreign investment over security. Last year we saw the proposed purchase of IBM's lap top division by Lenovo have to be revised after political leaders and the public pointed out the security risks. CFIUS was poised to approve the sale of Unocal to the Chinese state-controlled firm CNOOC but was stopped by Congressional action.

But, CFIUS is only a Committee of Administration appointees. At the end of the day, it is the President who defines the direction and scope of the CFIUS review.

Unfortunately, these are not the only cases where U.S. security interests were ignored by CFIUS. Magnequench, the maker of neodymium-iron-boron (NdFeB) – magnets used in the guidance system of "smart bombs" was approved for sale by CFIUS to a Chinese company which operated under the control of the State Council, one of the major organs of the Chinese government. These smart bombs, as you

United Steel, Paper and Forestry, Rubber, Manufacturing,
Energy, Allied Industrial and Service Workers International Union

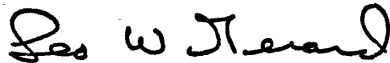
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know, are one of the principal tools in our nation's arsenal that have been used in Iraq, Bosnia and Afghanistan. Their effectiveness, and their vital place in our arsenal, are unquestioned. This sale transferred the technology and the production equipment to this Chinese company. Despite original promises approved by CFIUS as part of the transaction that the production equipment and jobs were not to be moved out of the U.S., those transfers did, in fact, happen. The underlying transaction should never have been approved in light of the critical security interests that were at stake. But, the eventual transfer of jobs, production equipment and technology show that any promises made to CFIUS are empty promises and that CFIUS either does not have the will, intent or the capacity to enforce any conditions imposed on the sales they approve.

I urge you to call for a comprehensive review of the CFIUS process and the standard of review that your Administration is using to determine when our security interests are at risk. As part of this review, I believe that the Magnequench transaction, the Dubai Ports Worldwide transaction and all other transactions approved in your Administration, as well as the Clinton Administration, should be examined. In the interim, a moratorium on CFIUS approvals should be imposed so that our security interests can be assured.

Respectfully,



Leo W. Gerard
International President

LWG/pak

c: Hon. Bill Frist
Hon. Harry Reid
Hon. Dennis Hastert
Hon. Nancy Pelosi