

Secretary of Commerce Carlos M. Gutierrez
Remarks at the Organization for International
Investment Annual Dinner
Washington, D.C.

Thank you. You and your members make an important contribution to our economy. OFII plays a critical role in advocating for foreign investors who create millions of American jobs. Thank you for your partnership.

I'm here to talk to you tonight about the important role FDI plays in our country, and what we're doing to make America an even more attractive destination.

Perhaps the most important factor that makes our economy attractive is that it is growing. There's really no substitute for growth. We've had:

- 50 months of job growth and 4.7 percent unemployment;
- A 3.9 percent increase in GDP last quarter;
- The budget deficit is 1.2 percent of GDP, well below the average of the last 40 years;
- And we've seen a 12.7 percent rise in real income per capita—an average of over \$3,800 per person—since President Bush took office;
- U.S. exports were a record \$1.4 trillion last year, and we're on track to beat that; and
- So far this year, exports have increased by 11.8 percent, while imports have only grown by 4.4 percent, yielding a \$54.1 billion improvement in the deficit when compared to the same period last year.

This happened because of our workforce and the innovative businesses that employ them. In fact, productivity has been increasing 2.6 percent annually since 2001, surging 4.9 percent last quarter.

Indeed, under President Bush we've created an environment that's made America the most competitive large economy anywhere, according to the World Economic Forum.

The U.S. attracted \$175 billion in FDI last year, double that of a decade ago—more than any other country. Today, the total stock of foreign long-term investment here is \$1.8 trillion.

Foreign companies make an important contribution to our success. They:

- Employ nearly 10 million Americans directly and indirectly—4.4 percent of employment in private industry in the U.S.;
- Account for 14 percent of American R+D expenditures; and
- Are Responsible for 20 percent of our exports.

But we don't take your investments for granted.

We know there are more investment options than ever. Indeed, we've seen our share of worldwide FDI flows decrease from 20 percent a decade ago to 14 percent now.

In part that's a result of a global environment we've helped to create, and today we're all growing together.

Many countries that weren't part of the global economy are now connected—and consequently attractive places to invest.

This represents a fulfillment of American policy objectives, however it also means we need to make smart policy choices to retain our FDI leadership.

Many of these policies are part of the President's pro-growth agenda including:

- Keeping taxes low;
- Creating a regulatory environment that's responsible and reasonable;
- Managing health care and energy expenses;
- Reducing the burden of frivolous lawsuits;
- Encouraging and protecting innovation; and
- Keeping our economy open to trade and investment.

That's why after many years without a national foreign investment attraction and retention effort this administration launched "Invest in America" earlier this year.

Led by the Commerce Department, Invest in America is now the primary U.S. Government mechanism to coordinate inward investment promotion, and develop a domestic environment that supports FDI.

One important activity of Invest in America is building public support for FDI.

Confusion by the public about the role of foreign ownership and investment, as well as occasional public backlash related to particular transactions, demonstrates the need for a public education campaign on the benefits of FDI. We've already begun this process with outreach to every state and territory in the nation.

Let me make it clear: as a matter of policy the American government welcomes and encourages foreign investment. This complements state and local governments who are among the most enthusiastic proponents of investment in their communities.

On a federal basis, we have additional responsibilities that states and regions don't, including national security. Indeed, without security, the prosperity all of us seek is meaningless—we simply can't have one without the other.

Many investors are particularly concerned about the CFIUS (*Committee on Foreign Investments in the United States*) process. These reviews are not used to protect domestic U.S. industry or conduct industrial policy, and CFIUS is not a mandatory investment screening body.

In fact, since 2000, CFIUS reviewed only about five percent of potential foreign investment deals, and of these, risk mitigation assurances were requested for only a handful. We're committed to providing all foreign investors fair, equitable, and nondiscriminatory treatment. And we must do so while also ensuring our national security needs.

Invest in America also addresses issues at the federal level that impede investment decisions. We can engage regulatory agencies in ways companies cannot, and we can cut through red tape to make it easier for you to invest in America.

We know that capital, including human capital, is attracted to an open, welcoming environment.

That's one of our greatest assets—our openness—to trade, investment and people.

Multilaterally, we're expressing our commitment to openness by demonstrating our commitment to the Doha round of world trade talks.

A successful Doha round will spur new trade flows and open markets for companies here, and at the same time pull hundreds of millions of people out of poverty in the developing world.

We're at a critical juncture. Now is the time for our trading partners to join us in making these negotiations a success.

Another way we're keeping our economy open is through free trade agreements. When President Bush came to office we had FTAs in force with three countries—now we have FTAs with 14. Four more are now pending, and we're fully committed to putting these into force.

Although much of the focus of these FTAs with Peru, Colombia, Panama and South Korea has been on lowering trade barriers—and indeed they will be lowered significantly—there also are significant provisions that will also lower investment barriers.

While we're very pleased at the House passing the Peru FTA, our work is not done. It's critical to the competitiveness of all businesses here that we pass all four agreements. When we do, we'll increase trade and investment flows with countries that combined have a GDP of \$1.1 trillion and 126 million consumers.

And these agreements are critical for our national security. I often talk about Colombia, because I believe it is such an amazing turnaround.

To turn away from a Colombian FTA after investing \$5.5 billion on Plan Colombia, which has helped reduce violence and increase prosperity, would be a foreign policy mistake.

Being open to trade and investment goes hand in hand with being open to people.

An issue we hear about frequently from the foreign investment community concerns the visa issuance process and travel facilitation.

We have heard you. We understand your need to get people to where you need them be, and to have the ability to travel here to manage your investments effectively.

A number of State Department initiatives, from new consulates in key countries to expediting background checks through an interagency process, have been taken to address your concerns. We understand these initiatives are actively being pursued.

However, there is still room for improvement.

Tonight, I am pleased to announce the release of a policy paper—*Visas and Foreign Direct Investment: Supporting U.S. Competitiveness by Facilitating International Travel*.

This paper lays out the Commerce Department's suggestions to improve the efficiency, user-friendliness, and timeliness of the entry process. We're committed to working with other parts of the federal government to address your concerns.

Among the many suggestions we've made to facilitate the entry process is the continued promotion by U.S. Embassies of business visa facilitation programs. Successful models, such as the one implemented by U.S. Embassy Beijing and AmCham China could be replicated worldwide.

Your confidence in our economy has been critical to American economic growth. We appreciate your commitment to our future and calling America home for your businesses. We know being the destination of choice requires us to constantly improve our competitiveness and we're taking steps to do just that.

OFII and organizations that promote and represent foreign investors are critical partners for us. I'd like to thank you for your leadership and involvement in a world in which trade and investment are more important than ever.