

Opening Remarks by Secretary of the Treasury Janet L. Yellen at the Second Annual CFIUS Conference



September 14, 2023

As Prepared for Delivery

Thank you, Meena, for the introduction, and thanks to Paul for his leadership. I'm very proud of what CFIUS has accomplished over the past year. And it's a testament to the incredible team that Paul has assembled.

I'm glad to have the opportunity to welcome all of you to Treasury for the 2nd Annual CFIUS Conference. It's always a pleasure to get to meet those who are so deeply engaged in our work.

An open investment climate is crucial to the U.S. economy. Foreign investment creates jobs: In 2021, nearly 8 million workers here were employed by majority-owned U.S. affiliates of foreign multinational enterprises. And foreign investment grows the economy: That year, affiliates contributed \$1.2 trillion to U.S. GDP. The impacts of this investment are also geographically widespread: These firms accounted for at least 6% of private sector employment in half of all states in 2021.

But national security is a foremost priority, and we deploy a wide range of tools to safeguard it. We've made strategic investments in our economic security through the Inflation Reduction Act and the CHIPS Act. We've pursued friend-shoring, deepening ties with our partners for critical inputs. We've worked with over thirty countries to impose sanctions and export controls on Russia in the service of a rules-based global order. And, just this past August, President Biden issued an Executive Order restricting certain outbound investments in highly sensitive technologies: semiconductors and microelectronics, quantum information technologies, and artificial intelligence. The Executive Order tasked Treasury with implementing and administering the program. We look forward to the role it will play alongside our other export control and inbound screening tools.

CFIUS is one such crucially important tool. Certain investments by foreign persons in the U.S. present national security risks. By rigorously reviewing these foreign investments, we

safeguard our national security while keeping the U.S. market an open and welcoming environment for investors. This preserves our status as the top recipient of foreign direct investment, which contributes to our economic strength.

CFIUS requires close collaboration with our partners. As Treasury Secretary, I chair CFIUS, and my team at Treasury works tirelessly to facilitate and coordinate the Committee's work. But like so much of Treasury's work, the review process also benefits from departments and agencies from across the government. Each contributes important knowledge and expertise.

Our work is also supported by many outside the U.S. government. We particularly welcome feedback from industry and other stakeholders. We encourage businesses to brief the Committee early and to ask any questions they may have on the CFIUS process. We know that certainty matters to transaction parties, and their early engagement helps us too. My colleagues also meet regularly with a broader group of stakeholders drawn from law, business, science, and technology. Today's conference is another key opportunity for engagement.

With CFIUS, close collaboration is complemented by smart policy. Like other actions to protect our national security interests, CFIUS actions should be carefully scoped and targeted. And CFIUS must also reflect a changing world. As new threats and vulnerabilities emerge, our national security priorities shift in response, and CFIUS needs to evolve in parallel.

Last June, when Deputy Secretary Wally Adeyemo spoke at the inaugural CFIUS Conference, he emphasized the 2018 legislation that strengthened and modernized CFIUS. Since the start of this Administration, we've closely monitored relevant trends and taken action to reflect them. Production disruptions from the pandemic underscored our security interests in building resilience in our critical supply chains. Almost exactly one year ago, President Biden issued an Executive Order to evolve CFIUS to respond to this priority. The Executive Order also mandated increased attention to certain sectors, such as artificial intelligence and cybersecurity. And it sharpened focus on factors CFIUS considers in its review, including adding an emphasis on sensitive data.

We've also renewed our focus on enforcement. While promoting compliance remains the goal, robust enforcement in cases of non-compliance is key. Under the Defense Production Act, the Committee has its own enforcement authority—including subpoena authority—and can impose monetary penalties and seek other remedies for violations. Transparency is crucial to how we go about this work. So, in October 2022, the Treasury Department issued our first-

ever CFIUS Enforcement and Penalty Guidelines, providing transaction parties and the public with information about how the Committee assesses violations.

We also work closely with our partners and allies to coordinate efforts and enhance our collective security. In our interconnected world, risks do not stop at national boundaries. Our policies are more effective when we share information, better equipping all of us to face these emerging risks. So, we've encouraged other countries to adopt and update similar screening mechanisms. Our partners and allies are making substantial progress. In this year alone, we expect six countries will have introduced legislation creating new regimes by year's end.

CFIUS' work is complex and demanding. I am proud of the work we have done to increase transparency, enhance efficiency, and ramp up compliance and enforcement efforts. But we know there is more to do. As risks evolve, CFIUS and other investment security tools must too.

Thank you to those of you attending today and otherwise engaged in work related to CFIUS. You are enabling us to protect our national security and grow our economy through foreign investment. I hope today's conference provides motivation and clarity to support your work going forward.

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