

**Opening Statement
Ranking Member Deborah Pryce
Subcommittee on Capital Markets, Insurance, and
Government Sponsored Enterprises**

Hearing on Sovereign Wealth Funds

Wednesday, March 05, 2008

Thank you, Mr. Chairman.

We are here today to discuss another issue tangentially connected to the sub-prime crisis.

In recent years, Sovereign Wealth Funds have grown dramatically in both size and scope, with investment today estimated at \$2-3 trillion, growing to over \$10 trillion in the next five years.

Nowhere has their importance been more evident than in the recent capital infusion of some of our largest banks – all told, nearly \$70 billion in liquidity has been provided by Sovereign Wealth Funds as a result of the subprime crisis. In January alone, over \$20 billion was invested by the governments of Kuwait, Singapore, and South Korea in Merrill Lynch and Citigroup.

While these investments are welcomed in helping to stabilize our markets, they have brought increased scrutiny on the structure and strategies of Sovereign Wealth Funds.

The concern lies primarily in the idea that investment funds controlled by foreign governments could be driven by political or national security strategies rather than purely economic.

The IMF and OECD are taking steps to develop best practices for investing countries, and those receiving investment. In discussions, the U.S. should support robust transparency standards which allow countries to accurately weigh national security concerns, while providing a clearly defined, level playing field for investing Funds.

The three Sovereign Wealth Funds before us today, controlling over \$600 billion in assets, should stand as a model to other Funds: All three provide detailed information on both size of investments and portfolio composition.

I am hopeful that through oversight hearings like this and ongoing bilateral and multilateral conversations we can move towards a consensus which embraces similar openness and transparency for all Sovereign Wealth Funds.

Thoughtful conversation should help us avoid overreaction and protectionism.

In closing, I want to remind my colleagues of the primary goal stated in the CFIUS reform legislation we passed last year: to “ensure national security while promoting foreign investment and the creation and maintenance of jobs.”

National security is paramount, but job creation and foreign investment are inseparable.

Thank you, Mr. Chairman – I look forward to the testimony.

