



21 December 2017

Senators

Dear Senators Cornyn and Feinstein,

I write to express my strong support for your bipartisan legislation, the Foreign Investment Risk Review Modernization Act of 2017 (FIRRMA). China continues its aggressive campaign to use both licit and illicit means to acquire and absorb advanced U.S. technology and know-how to fuel its rapid military modernization, and we must be clear-eyed about the implications for our long-term national security.

In particular, China's investment activities are contributing to a marked shift in the strategic balance between our countries and eroding the overall U.S. military advantage over potential adversaries that has underpinned our own national security and economic prosperity since the end of World War II.

Generally, foreign investment provides substantial economic benefits to the United States, and we should welcome it, consistent with the safeguarding of national security. However, the national security landscape itself has shifted significantly in recent years, and the existing authorities and process of the Committee on Foreign Investment in the United States (CFIUS) must be modernized accordingly.

CFIUS plays a critical role, as does the export control system, but neither have proven able to adequately address the range of national security risks inherent in Chinese investment in the U.S. Due partly to China's "military-civil fusion" policies that deliberately blend its defense and civilian industrial bases, our export control system does not effectively prevent dual-use technologies from being diverted to military uses in China. Export controls have demonstrated inherent limitations and are simply unable to keep pace with emerging technologies and today's rapid technological change.

China has identified gaps in the CFIUS process and export control system and is exploiting them to acquire industrial capabilities in dual-use U.S. technologies, aiding its own military modernization and weakening our U.S. defense industrial base. FIRRMA takes a measured and targeted approach to close these gaps, with reforms that are laser-focused on national security concerns. The bill's provisions also reflect the need to preserve as much certainty and predictability for investors as possible.

In the interests of national security, I urge the enactment of this critical legislation as soon as possible. Thank you for your leadership on this important matter.

Sincerely,

Mike Hagee

Michael Hagee
General, USMC(Ret)
33rd CMC