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U.S. Political Firestorm Surrounding DP World Acquisition Dents the Level Playing Field of Global Trade ©

Article finds that U.S. political opportunism, xenophobia, and calls for protectionism are at the root of the DB Ports furor.

Princeton, NJ – March 13, 2006 – During the past week, the media have reported about how DP World, a UAE operator and manager of international port facilities, had been forced by the U.S. Congress to surrender its legal right to capitalize on U.S. port concession contracts it recently acquired when it purchased P&O Steam Navigation, a former British competitor.

However, these reports do not discuss how the fanning of public fears and exaggeration of national security risks posed by this transaction largely constituted political theatre choreographed by opportunists from both political parties seeking free media attention and name recognition in a congressional election year. And, as the media has found out, they also seem to make for good headlines.

“There are genuine concerns about the details surrounding the port concession and stevedoring contracts DP World acquired incident to its purchase of P&O”, notes ITSSD President Slavi Pachovski. “This includes their potential impact on port and maritime security. However, most of the ‘noise’ emanating from Washington during the past two weeks has been political rather than substantive in nature. No ownership transfer of port terminals or other assets will occur; nor will U.S. Coast Guard or U.S. Customs Border and Protection enforcement of port security be compromised. In fact, an in-depth investigation of the transaction by the interagency Committee on Foreign Investment in the United States (CFIUS) is already underway, as is a reexamination of the underlying CFIUS process itself, which some, in Congress, consider flawed.”

Furthermore, according to ITSSD CEO Lawrence Kogan, “the media furor plays right into America’s growing economic insecurity and the sense of discomfort experienced by individual Americans with the increasing pace of globalization. Well-organized and established developing country companies in certain labor-intensive industries are rapidly expanding their international and U.S. market shares at the expense of U.S. companies. And some, like DP World, which are government subsidized, may arguably enjoy a comparative trade advantage over their U.S. competitors. This contributes to U.S. xenophobia and misplaced congressional calls for trade protectionism not dissimilar to that currently being witnessed throughout Europe.”



Copies of the article can be found at: www.itssd.org under 'Publications'.

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