

Foreign Direct Investment within the Port and Terminal Industry

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Abstract

Recent media attention in February and March of 2006 surrounded the possible acquisition of several marine terminals in the United States by the Dubai Ports World. The American public sentiment, as expressed in the various media, was strongly against this investment. Dubai Ports World is controlled by the royal family of the United Arab Emirates, and the proposed acquisition was seen by many Americans as a potential threat to national security.

Foreign Direct Investment (FDI) is a mode of international business which has increased in significance over the past two decades. In many cases FDI, as well as international licensing, franchising and strategic alliances have replaced the traditional modes of trade through direct and indirect exporting. It is anticipated that FDI will continue to play a major role in international trade, as an efficient mode of conducting international business.

The trends of FDI in the United States will be discussed, along with the policies and administrative agencies currently in place to protect our national security relative to FDI. Particular focus will be given to the question of FDI involving U.S. ports and the potential security risks associated therein. Specific discussion will involve the sentiment of the American public relative to the recent reaction of a possible acquisition of our port operations by an Arab investment group.

The question of whether the U.S. needs additional security protection for the possible acquisition of U.S. ports by foreign investors will be addressed as a matter of Marine Policy. Is the national sentiment expressed by the American public relative to port acquisition justified from the standpoint of national security? Or, is the current American sentiment a direct result of the post 911 fear that Americans have toward Arabs or Moslems? Accordingly, does the United States need to add additional security measures through public policy or marine policy to restrict or more carefully monitor foreign direct investment involving U.S. ports?