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# AP BLOWS WHISTLE ON ARAB PLAN TO OPERATE MAJOR U.S. PORTS

## SECURITY ALARM PROMPTS CONGRESS TO SCUTTLE DEAL BACKED BY WHITE HOUSE

By Ted Bridis

ASSOCIATED PRESS WRITER

# UAE company poised to oversee six U.S. ports; administration not blocking deal

# Ports Security

By Ted Bridis

ASSOCIATED PRESS WRITER

WASHINGTON (AP)

**A** company in the United Arab Emirates is poised to take over significant operations at six American ports as part of a corporate sale, leaving a country with ties to the Sept. 11 hijackers with influence over a maritime industry considered vulnerable to terrorism.

The Bush administration considers the UAE an important ally in the fight against terrorism since the suicide hijackings and is not objecting to Dubai Ports World's purchase of London-based Peninsular and Oriental Steam Navigation Co.

The \$6.8 billion sale is expected to be approved Monday. The British company is the fourth largest ports company in the world and its sale would affect commercial U.S. port operations in New York, New Jersey, Baltimore, New Orleans, Miami and Philadelphia.

DP World said it won approval from a secre-

tive U.S. government panel that considers security risks of foreign companies buying or investing in American industry.

The U.S. Committee on Foreign Investment in the United States "thoroughly reviewed the potential transaction and concluded they had no objection," the company said in a statement to The Associated Press.

The committee earlier agreed to consider concerns about the deal as expressed by a Miami-based company, Eller & Co., according to Eller's lawyer, Michael Kreitzer. Eller is a business partner with the British shipping giant but was not in the running to buy the ports company.

The committee, which could have recommended that President Bush block the purchase, includes representatives from the departments of Treasury, Defense, Justice, Commerce, State and Homeland Security.

The State Department describes the UAE

as a vital partner in the fight against terrorism. But the UAE, a loose federation of seven emirates on the Saudi peninsula, was an important operational and financial base for the hijackers who carried out the attacks against New York and Washington, the FBI concluded.

Sen. Charles Schumer, a Democrat whose district includes the New York port, urged the administration to consider the sale carefully.

"America's busiest ports are vital to our economy and to the international economy, and that is why they remain top terrorist targets," Schumer said. "Just as we would not outsource military operations or law enforcement duties, we should be very careful before we outsource such sensitive homeland security duties."

Last month, the White House appointed a senior DP World executive, David C. Sanborn of Virginia, to be the new administrator of the Maritime Administration of the Transportation Department. Sanborn worked as DP World's director of operations for Europe and Latin America.

Critics of the proposed purchase said a port operator complicit in smuggling or terrorism could manipulate manifests and other records to frustrate Homeland Security's already limited scrutiny of shipping containers and slip contraband past U.S. Customs inspectors.

"When you have a foreign government involved, you are injecting foreign national interests," Kreitzer said. "A country that may be a friend of ours today may not be on the same side tomorrow. You don't know in advance what the politics of that country will be in the future."

Shipping experts noted that many of the world's largest port companies are not based in the U.S., and they pointed to DP World's strong economic interest in operating ports securely and efficiently.

"Does this pose a national security risk? I

think that's pushing the envelope," said Stephen E. Flynn, who studies maritime security at the New York-based Council on Foreign Relations. "It's not impossible to imagine one could develop an internal conspiracy, but I'd have to assign it a very low probability."

Changing management over the U.S. ports "doesn't offer al-Qaida any opportunities it doesn't have now," said James Lewis, who worked with the U.S. committee at the State and Commerce departments. "It's in Dubai's interest to make sure this runs well. There is strong economic incentive to be sure these worries never materialize."

Flynn and others said even under foreign control, U.S. ports will continue to be run by unionized American employees. "You're not going to have a bunch of UAE citizens working the docks," Flynn said. "They're longshoremen, vested in high-paying jobs. Most of them are Archie Bunker-kind of Americans."

Peninsular and Oriental and DP World set approval by the U.S. security committee as a condition for the sale. In regulatory papers, the companies said either the committee must agree not to formally investigate the purchase or Bush must not move to block the sale for national security purposes.

Since the Sept. 11 attacks, the FBI has said the money for the strikes was transferred to the hijackers primarily through the UAE's banking system, and much of the operational planning for the attacks took place inside the UAE.

Many of the hijackers traveled to the U.S. through the UAE. Also, the hijacker who steered United Airlines flight into the World Trade Center's south tower, Marwan al-Shehhi, was born in the UAE.

After the attacks, U.S. Treasury Department officials complained about a lack of cooperation by the UAE and other Arab countries trying to track Osama bin Laden's bank accounts. ■

# White House defends sale of port operations to Arab owners

## Ports Security

By Ted Bridis

WASHINGTON (AP)

**T**he Bush administration on Thursday rebuffed criticism about potential security risks of a \$6.8 billion sale that gives a company in the United Arab Emirates control over significant operations at six major American ports.

Lawmakers asked the White House to reconsider its earlier approval of the deal.

The sale to state-owned Dubai Ports World was "rigorously reviewed" by a U.S. committee that considers security threats when foreign companies seek to buy or invest in American industry, National Security Council spokesman Frederick Jones said.

The Committee on Foreign Investment in the United States, run by the Treasury Department, reviewed an assessment from U.S. intelligence agencies. The committee's 12 members agreed unanimously the sale did not present any problems, the department said.

"We wanted to look at this one quite closely because it relates to ports," Stewart Baker, an assistant secretary in the Homeland Security Department, told The Associated Press. "It is important to focus on this partner as opposed to just what part of the world they come from. We came to the conclusion

that the transaction should not be halted."

The unusual defense of the secretive committee, which reviews hundreds of such deals each year, came in response to criticism about the purchase of London-based Peninsular and Oriental Steam Navigation Co.

The world's fourth-largest ports company runs commercial operations at shipping terminals in New York, New Jersey, Baltimore, New Orleans, Miami and Philadelphia.

Four senators and three House members asked the administration Thursday to reconsider its approval. The lawmakers contended the UAE is not consistent in its support of U.S. terrorism-fighting efforts.

"The potential threat to our country is not imagined, it is real," Rep. Mark Foley, R-Fla., said in a House speech.

The Homeland Security Department said it was legally impossible under the committee's rules to reconsider its approval without evidence DP World gave false information or withheld vital details from U.S. officials. The 30-day window for the committee to voice objections has ended.

DP World said it had received all regulatory approvals.

"We intend to maintain and, where appro-

appropriate, enhance current security arrangements," the company said in a statement. "It is very much business as usual for the P&O terminals" in the United States.

In Dubai, the UAE's foreign minister described his country as an important U.S. ally but declined to respond directly to the concerns expressed in Washington.

"We have worked very closely with the United States on a number of issues relating to the combat of terrorism, prior to and post Sept. 11," Sheik Abdullah Bin Zayed al-Nahyan told The Associated Press.

U.S. lawmakers said the UAE was an important transfer point for shipments of smuggled nuclear components sent to Iran, North Korea and Libya by a Pakistani scientist, Abdul Qadeer Khan. They also said the UAE was one of only three countries to recognize the now-toppled Taliban as Afghanistan's legitimate government.

The State Department describes the UAE as a vital partner in the fight against terrorism. Dubai's own ports have participated since last year in U.S. efforts to detect illegal shipments of nuclear materials.

Rep. Vito Fossella, R-N.Y., urged congressional hearings on the deal.

"At a time when America is leading the

world in the war on terrorism and spending billions of dollars to secure our homeland, we cannot cede control of strategic assets to foreign nations with spotty records on terrorism," Fossella said.

Critics also have cited the UAE's history as an operational and financial base for the hijackers who carried out the attacks of Sept. 11, 2001.

"Outsourcing the operations of our largest ports to a country with a dubious record on terrorism is a homeland security and commerce accident waiting to happen," said Sen. Charles Schumer, D-N.Y. "The administration needs to take another look at this deal."

Separately, the Port Authority of New York and New Jersey said Thursday it will conduct its own review of the deal and urged the government to defend its decision.

In a letter to the Treasury Department, Port Authority chairman Anthony Coscia said the independent review by his agency was necessary "to protect its interests."

The lawmakers pressing the White House to reconsider included Sens. Schumer, Tom Coburn, R-Okla., Frank Lautenberg, D-N.J., and Chris Dodd, D-Conn., and Reps. Foley, Fossella and Chris Shays, R-Conn. ■

# Bush says ports deal will stand despite security complaints

# Ports Security

By Ted Bridis

WASHINGTON (AP)

**B**rushing aside objections from Republicans and Democrats alike, President Bush endorsed the takeover of shipping operations at six major U.S. seaports by a state-owned business in the United Arab Emirates. He pledged to veto any bill Congress might approve to block the agreement.

The president on Tuesday defended his administration's earlier approval of the sale of London-based Peninsular and Oriental Steam Navigation Co. to Dubai Ports World, despite concerns in Congress it could increase the possibility of terrorism at American ports.

The sale — expected to be finalized in early March — would put Dubai Ports in charge of major shipping operations in New York, New Jersey, Baltimore, New Orleans, Miami and Philadelphia. "If there was any chance that this transaction would jeopardize the security of the United States, it would not go forward," Bush said.

"It sends a terrible signal to friends around the world that it's OK for a company from one country to manage the port, but not a country that plays by the rules and has got a good track record from another part of the world," Bush said.

To assuage concerns, the administration disclosed some assurances it had negotiated with Dubai Ports. It required mandatory participation in U.S. security programs to stop smuggling and detect illegal shipments of nuclear materials; roughly 33 other port companies participate in these voluntarily. The Coast Guard also said Tuesday it was nearly finished inspecting Dubai Ports' facilities in the United States.

A senior Homeland Security official, Stewart Baker, said this was the first-ever sale involving U.S. port operations to a state-owned company. "In that sense this is a new layer of controls," he said. Baker added that U.S. intelligence agencies were consulted "very early on to actually look at vulnerabilities and

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Associated Press writers Ben Feller, Will Lester, Terence Hunt, and Devlin Barrett in Washington, Matthew Verrinder in Newark, N.J., and Tom Stuckey in Annapolis, Md., contributed to this report.

threats."

Bush sought to quiet a political storm that has united Republican governors and Senate Majority Leader Bill Frist of Tennessee with liberal Democrats, including New York's two senators, Hillary Rodham Clinton and Charles Schumer.

Frist said Tuesday, before Bush's comments, that he would introduce legislation to put the sale on hold if the White House did not delay the takeover. He said the deal raised "serious questions regarding the safety and security of our homeland."

House Speaker Dennis Hastert, R-Ill., asked the president for a moratorium on the sale until it could be studied further. "We must not allow the possibility of compromising our national security due to lack of review or oversight by the federal government," Hastert said.

Maryland's Republican Gov. Robert Ehrlich, during a tour of Baltimore's port on Tuesday, called the deal an "overly secretive process at the federal level."

Bush took the rare step of calling reporters to his conference room on Air Force One after returning from a speech in Colorado. He also stopped to talk before television cameras after he returned to the White House.

"I can understand why some in Congress have raised questions about whether or not our country will be less secure as a result of this transaction," the president said. "But they need to know that our government has looked at this issue and looked at it carefully."

A senior executive from Dubai Ports World pledged the company would agree to whatever security precautions the U.S. government demanded to salvage the deal. Chief operating officer Edward "Ted" H. Bilkey promised Dubai Ports "will fully cooperate in putting into place whatever is necessary to protect the terminals."

Bilkey traveled to Washington in an effort to defuse the growing controversy.

Bush said that protesting lawmakers should understand his approval of the deal was final.

"They ought to listen to what I have to say about this," the president said. "They'll look at the facts and understand the consequences

of what they're going to do. But if they pass a law, I'll deal with it with a veto."

Bush, who has never vetoed a bill as president, said on the White House South Lawn, "This is a company that has played by the rules, has been cooperative with the United States, from a country that's an ally on the war on terror, and it would send a terrible signal to friends and allies not to let this transaction go through."

Lawmakers from both parties have noted that some of the Sept. 11 hijackers used the United Arab Emirates as an operational and financial base. In addition, critics contend the UAE was an important transfer point for shipments of smuggled nuclear components sent to Iran, North Korea and Libya by a Pakistani scientist.

They say a port operator complicit in smuggling or terrorism could manipulate manifests and other records to frustrate Homeland Security's already limited scrutiny of shipping containers and slip contraband past U.S. Customs inspectors.

Rep. Peter King, R-N.Y., and Democrat Schumer said Tuesday they will introduce emergency legislation to suspend the ports deal. King, chairman of the Homeland Security Committee, said the government "cannot consider approving this contract until a much more thorough investigation takes place on this security matter."

Sen. Susan Collins, R-Maine, and Rep. Jane Harman, D-Calif., said they would introduce a "joint resolution of disapproval" when they returned to Washington next week. Collins heads the Senate Homeland Security and Governmental Affairs Committee, and Harman is the top Democrat on the House Intelligence Committee.

Bush's veto threat didn't stop local efforts to block the deal. New Jersey's governor, Jon S. Corzine, said Tuesday the state will file lawsuits in federal and state courts opposing the agreement. Corzine, a Democrat, cited a "deep, deep feeling that this is the wrong direction for our nation to take."

A company at the Port of Miami, a subsidiary of Eller & Company Inc., sued last week to block the deal in a Florida state court. It



AP PHOTO/J. PAT CARTER

- A truck pulling an unloaded container from a ship at the Port of Miami is searched by a mobile x-ray machine, Tuesday, Feb. 21, 2006, in Miami. President Bush said Tuesday that a deal allowing an Arab company to take over six major U.S. seaports should go forward and that he would veto any congressional effort to stop it.

said that under the sale, it will become an "involuntary partner" with Dubai's government and it may seek more than \$10 million in damages.

Frist said Congress should have veto authority over such foreign sales, which are reviewed by a secretive U.S. panel that considers security risks of foreign companies buying or investing in American industry. The panel includes representatives from the departments of Treasury, Defense, Justice, Commerce, State and Homeland Security.

Defense Secretary Donald H. Rumsfeld described the United Arab Emirates as a close ally. "It's a country that's been involved in the global war on terror with us," Rumsfeld said. He added that the United States and the UAE "have very close military-to-military relations, as well as political and economic relations."

Separately, Attorney General Alberto Gonzales said port security would not be threatened. "This is not a question about port security," Gonzales said. "This is a question about port operation." ■

# Arab company agreed to disclose internal records to U.S. to win sale

# Ports Security

By Ted Bridis

WASHINGTON (AP)

**T**he Bush administration secretly required a company in the United Arab Emirates to cooperate with future U.S. investigations before approving its takeover of operations at six American ports, according to documents obtained by The Associated Press. It chose not to impose other, routine restrictions.

As part of the \$6.8 billion purchase, state-owned Dubai Ports World agreed to reveal records on demand about "foreign operational direction" of its business at U.S. ports, according to the documents. Those records broadly include details about the design, maintenance or operation of ports and equipment.

The administration did not require Dubai Ports to keep copies of business records on U.S. soil, where they would be subject to orders by American courts. It also did not require the company to designate an American citizen to accommodate U.S. government requests. Outside legal experts said such obligations are routinely attached to U.S. approvals of foreign

sales in other industries.

"They're not lax but they're not draconian," said James Lewis, a former U.S. official who worked on such agreements. If officials had predicted the firestorm of criticism over the deal, Lewis said, "they might have made them sound harder."

The conditions involving the sale of London-based Peninsular and Oriental Steam Navigation Co. were detailed in U.S. documents marked "confidential." Such records are regularly guarded as trade secrets, and it is highly unusual for them to be made public.

The concessions were described previously by the Homeland Security Department as unprecedented among maritime companies. Still, they reflect a close relationship between the United States and the United Arab Emirates.

Rep. Peter King of New York, the Republican chairman of the House Homeland Security Committee and a leading critic of the sale, said the conditions are evidence the Bush administration was concerned about securi-

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Associated Press writers Jeanine Aversa in Washington, Anne Gearan in Riyadh, Saudi Arabia, and John Christoffersen in Danbury, Conn., contributed to this report.

ty.

"There is a very serious question as to why the records are not going to be maintained on American soil subject to American jurisdiction," King said.

The revelations about the negotiated conditions came as the White House acknowledged President Bush was unaware of the pending sale until the deal had been already approved by his administration.

The Republican head of the Senate Armed Services Committee, John Warner of Virginia, announced plans for a hearing in Washington on Thursday. Warner has expressed support for the agreement, describing the UAE as an important ally against terrorism.

Bush on Tuesday brushed aside objections by leaders in the Senate and House. He pledged to veto any bill Congress might approve to block the agreement, but some lawmakers said they still were determined to capsize it.

Dubai Port's top American executive, chief operating officer Edward H. Bilkey, said the company will do whatever the Bush administration asks to enhance shipping security and ensure the sale goes through. Bilkey said Wednesday he will work in Washington to persuade skeptical lawmakers they should endorse the deal; Senate oversight hearings already are scheduled.

"We're disappointed," Bilkey told the AP in an interview. "We're going to do our best to persuade them that they jumped the gun. The UAE is a very solid friend, as President Bush has said."

Under the deal, the government asked Dubai Ports to operate American seaports with existing U.S. managers "to the extent possible." It promised to take "all reasonable steps" to assist the Homeland Security Department, and it pledged to continue participating in security programs to stop smuggling and detect illegal shipments of nuclear materials.

The administration required Dubai Ports to designate an executive to handle requests from the U.S. government, but it did not specify this person's citizenship.

It said Dubai Ports must retain paperwork "in the normal course of business" but did not

specify a time period or require corporate records to be housed in the United States. Outside experts familiar with such agreements said such provisions are routine in other cases.

Foreign telecommunications companies are usually required to store their business records in the United States. But a senior U.S. official said the Bush administration considers shipping manifests less sensitive. The official spoke on condition of anonymity because of the confidential nature of the agreement.

Bush faces a potential rebellion from leaders of his own party, as well as a fight from Democrats, over the sale. It puts Dubai Ports in charge of major terminal operations in New York, New Jersey, Baltimore, New Orleans, Miami and Philadelphia.

Senate and House leaders urged the president to delay the takeover, which is set to be finalized in early March. Senate Majority Leader Bill Frist of Tennessee said the deal raised "serious questions regarding the safety and security of our homeland." House Speaker Dennis Hastert, R-Ill., asked the president for a moratorium on the sale until it could be studied further.

In Saudi Arabia, Secretary of State Condoleezza Rice said the agreement was thoroughly vetted. "We have to maintain a principle that it doesn't matter where in the world one of these purchases is coming from," Rice said Wednesday. She described the United Arab Emirates as "a good partner in the war on terrorism."

Bush personally defended the agreement on Tuesday, but the White House said he did not know about it until recently. The AP first reported the U.S. approval of the sale to Dubai Ports on Feb. 11, and many members of Congress have said they learned about it from the AP.

"I think somebody dropped the ball," said Rep. Vito Fossella, R-N.Y. "Information should have flowed more freely and more quickly up into the White House. I think it has been mishandled in terms of coming forward with adequate information."

At the White House, spokesman Scott McClellan said Bush learned about the deal "over the last several days," as congressional

criticism escalated. McClellan said it did not rise to the presidential level, but went through a government review and was determined not to pose a threat.

McClellan said Bush afterward asked the head of every U.S. department involved in approving the sale whether there were security concerns. "Each and every one expressed that they were comfortable with this transaction going forward," he said.

Commerce Secretary Carlos Guterrez told the AP the administration was being thoughtful and deliberate approving the sale.

"We are not reacting emotionally," Guterrez said in an interview Wednesday. "That's what I believe our partners from around the world would like to see from us is that we be thoughtful. That we be deliberate. That we understand issues before we make a decision." ■

# Dubai company agrees to delay U.S. ports takeover

# Ports Security

By Ted Bridis

WASHINGTON (AP)

**A** United Arab Emirates company offered Thursday to delay its takeover of most operations at six U.S. ports to give the Bush administration more time to convince skeptical lawmakers the deal poses no security risks.

The surprise announcement relieves some pressure from a standoff between President Bush and the Republican-controlled Congress, where some lawmakers have threatened to block the deal because of concerns over the UAE's purported ties to terrorism. Immediate reaction on Capitol Hill was mixed.

Under the offer coordinated with the White House, Dubai Ports World said it will agree not to exercise control or influence the management over U.S. ports pending further talks with the Bush administration, Congress and local port authorities. It did not indicate how long it will wait for these discussions to take place.

The Dubai-based state-owned company said it will move forward with other parts of the deal affecting the rest of the world.

"It is not only unreasonable but also impractical to suggest that the closing of this entire global transaction should be delayed," Dubai Ports said in a statement.

"The reaction in the United States has occurred in no other country in the world," the company's chief operating officer, Ted Bilkey, said in a statement. "We need to understand the concerns of the people in the U.S. who are worried about this transaction and make sure that they are addressed to the benefit of all parties. Security is everybody's business."

The announcement came as bipartisan political furor persisted over the deal — supposed to be completed in early March — because of national security concerns. Republicans and Democrats alike are crafting legislation blocking or delaying the deal

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Associated Press writers Devlin Barrett in Washington, Jeffrey Gold in Trenton, N.J., Michael Rubinkam in Allentown, Pa., and Anne Gearan in Beirut, Lebanon, contributed to this report.



AP PHOTO/JASON DECROW

- » A cruise ship sits docked at the New York City Passenger Ship Terminal, Wednesday, Feb. 22, 2006, as seen from across the Hudson River in Weehawken, N. J. The facility is one of several affected by a controversial proposal to hand over shipping operations at six major U.S. seaports to Dubai Ports World, a company owned by the United Arab Emirates. President Bush is facing stiff opposition from both Republicans and Democrats over the proposed sale. The city-owned and city-based terminal is the fourth busiest cruise terminal in the United States.

with an Arab country tied to some of the hijackers from Sept. 11, 2001. Bush had pledged earlier to veto such a measure.

The company's announcement did not appease some of the deal's harshest Democratic critics.

"If the president were to voluntarily institute the review and delay the contract that

would obviate the need for our legislation, but a simple cooling-off period will not allay our concerns," said Sen. Charles Schumer, D-N.Y.

However, one prominent Republican who had questioned the deal appeared optimistic.

"This is definitely a positive step," said Rep. Peter King of New York, chairman of the House Homeland Security Committee. "We'll

need more details as to the nature of the discussions that will be held and the extent of the investigation into Dubai Ports."

The company said U.S. operations affected by the deal account for roughly 10 percent of its overall value, noting that its purchase of London-based Peninsular & Oriental Steam Navigation Co. covers 30 terminals in 18 countries, ferries and properties. It stressed that the sale overall would not be delayed, and British shareholders will be paid as previously planned.

Earlier Thursday, Democrats pushed for a new 45-day investigation into the deal and accused the administration of failing to thoroughly investigate whether it would threaten national security.

For its part, the administration sought to quell the controversy.

"People don't need to worry about security," Bush told reporters after a morning Cabinet meeting at the White House. "This wouldn't be going forward if we weren't certain that our ports would be secure. The more people learn about the transaction that has been scrutinized and approved by my government, the more they'll be comforted that our ports will be secure."

Meantime, Karl Rove, the president's chief political adviser, said Bush was willing to accept a slight delay in Dubai Ports World's purchase of terminal leases and other operations at the U.S. ports from a British company. "What is important is that members of Congress have the time to get fully briefed on this," Rove said on Fox Radio's "Tony Snow Show."

On Capitol Hill, administration officials who approved the transaction told the Senate Armed Services Committee that their 90-day review did not turn up a single national security concern to justify blocking it and they said no one raised an issue that would have prompted the need for a further, 45-day investigation.

"We're not aware of a single national security concern raised recently that was not part of" a three-month review before the deal was approved, Deputy Treasury Secretary Robert Kimmitt told the lawmakers.

Democratic committee members accused officials of failing to take into account issues raised about the Arab country in the final report of the special commission that investigated the Sept. 11, 2001 terrorist attacks.

Sen. Carl Levin of Michigan, the top Democrat on the committee, derided the administration's "casual approach" in approving a deal involving a country "with an uneven record of battling terrorism."

Levin at one point noted that the Sept. 11 commission found "a persistent counterterrorism problem represented by the United Arab Emirates."

"Just raise your hand if anybody (at the witness table) talked to the 9-11 commission," commanded Levin. There was no response from the administration's representatives.

White House Homeland Security adviser Frances Fragos Townsend said the UAE's cooperation in the fight against terrorism has changed since 2001.

"They have been critical allies in Afghanistan," she told reporters at a news conference on a separate matter. "They have been critical allies in fighting the financial war against terror. They've been critical allies in terms of our military-to-military relationship."

Levin and Sen. Hillary Rodham Clinton, D-N.Y., accused the administration of ignoring a law that requires a longer review — an additional 45 days — if a proposed business deal could affect national security.

Kimmit responded: "We didn't ignore the law. Concerns were raised. They were resolved."

Following the company's announcement, Clinton's spokesman, Philippe Reines, said the senator "welcomes the news that the investigation that she and others have called for will have a chance to proceed. The administration should now use this delay to conduct the investigation that the law requires."

Sen. John Warner, R-Va., and chairman of the Senate Armed Services Committee, said he would ask Attorney General Alberto Gonzales to prepare a memorandum on the administration's interpretation of the law to see if it deviates from Congress' intent.

Elsewhere, New Jersey sued in federal court

to block the UAE company from taking over operations at the Port Newark container terminal until the federal government investigates possible security risks. The owner of the busy shipping center, the Port Authority of New York and New Jersey, said it also has security concerns about the takeover and plans to file a lawsuit Friday to terminate the firm's lease at the port.

Also Thursday, administration officials said that weeks before Dubai Ports World sought

U.S. approval for the deal, the UAE contributed \$100 million to help victims of Hurricane Katrina.

The administration said there was no connection between the request for U.S. approval of the ports deal and the UAE's contribution.

The White House, which so far has gotten a total of \$126 million in international donations, said the UAE's contribution shows the close relationship between the two governments. ■



AP PHOTO/TED S. WARREN

>> Sen. Patty Murray, D-Wash, right, talks to reporters as Sen. Susan Collins, center, R-Maine, chairwoman of the Senate Homeland Security Committee, and Port of Seattle CEO Mic Dinsmore, left, look on Wednesday, Feb. 22, 2006 in Seattle. Murray and Collins joined lawmakers from both parties Wednesday in attacking a Bush administration plan to allow a state-owned business in the United Arab Emirates to take over shipping operations at six U.S. seaports.

# Homeland Security objected at first to ports deal, then went along with others

# Ports Security

By Ted Bridis

WASHINGTON (AP)

**T**he Homeland Security Department objected at first to a United Arab Emirates company's taking over significant operations at six U.S. ports. It was the lone protest among members of the government committee that eventually approved the deal without dissent.

The department's early objections were settled later in the government's review of the \$6.8 billion deal after Dubai-owned DP World agreed to a series of security restrictions.

Senate Majority Leader Bill Frist and other congressional leaders, the company and Bush administration officials were working on a compromise intended to derail plans by Republicans and Democrats for legislation next week that would force a new investigation of security issues relating to the deal. Talks were to continue through the weekend.

"My comfort level is good, but I have 99 other United States senators who need the

opportunity to ask their questions," Frist told the Lexington Herald-Leader before speaking at a Republican dinner Saturday evening in Lexington, Ky.

"We're behind the president 100 percent," he added. "We believe the decision in all likelihood is absolutely the right one."

Under one proposal being discussed, DP World would seek new approval of the deal from the Committee on Foreign Investment in the United States, given the company's surprise decision Thursday to indefinitely postpone its takeover of U.S. port operations. Other proposals included a new, intensive 45-day review of the deal by the government — something the White House had refused to consider as recently as Friday.

Rep. Peter King, chairman of the House Homeland Security Committee, said discussions among congressional leaders centered on that issue. "It's my understanding that they are trying to build support for a deal involv-

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Associated Press Writers Devlin Barrett and Liz Sidoti in Washington contributed to this report.

ing a new 45-day investigation," he said.

Frist, R-Tenn., said that while legislation may not be necessary now, having "30 to 45 days" to step back and evaluate the deal still could be necessary.

"If there's some question about the diagnosis, then maybe we need to get a second opinion," said Frist, a former heart surgeon.

King, R-N.Y., said he would need to see all the details of a compromise before deciding if it met all of his concerns, or met the demands of the legislation he planned to offer.

Despite persistent criticism from Republicans and Democrats, the president has defended his administration's approval of the ports deal and threatened to veto any measures in Congress that would block it. The company's voluntary delay in taking over most operations at the six U.S. ports did little to quell a political furor or appease skeptical members of Congress that the deal does not pose any increased risks to the U.S. from terrorism. Republican House and Senate leaders are to meet Tuesday to discuss how to proceed.

The company declined Saturday to discuss any potential compromise that may be in the works.

A DP World executive said the company would agree to tougher security restrictions to win congressional support only if the same restrictions applied to all U.S. port operators. The company earlier had struck a more conciliatory stance, saying it would do whatever Bush asked to salvage the agreement.

"Security is everybody's business," senior vice president Michael Moore told The Associated Press. "We're going to have a very open mind to legitimate concerns. But anything we can do, any way to improve security, should apply to everybody equally."

The administration approved the ports deal on Jan. 17 after DP World agreed during secret negotiations to cooperate with law enforcement investigations in the future and make other concessions.

Some lawmakers have challenged the adequacy of a classified intelligence assessment crucial to assuring the administration that the deal was proper. The report was assembled

during four weeks in November by analysts working for the director of national intelligence.

The report concluded that U.S. spy agencies were "unable to locate any derogatory information on the company," according to a person familiar with the document. This person spoke only on condition of anonymity because the report was classified.

Sen. Carl Levin, D-Mich., and others have complained that the intelligence report focused only on information the agencies collected about DP World and did not examine reported links between UAE government officials and al-Qaida leader Osama bin Laden before the Sept. 11 attacks.

The uproar over DP World has exposed how the government routinely approves deals involving national security without the input of senior administration officials or Congress.

President Bush, Homeland Security Secretary Michael Chertoff, Defense Secretary Donald H. Rumsfeld and even Treasury Secretary John Snow, who oversees the government committee that approved the deal, all say they did not know about the purchase until after it was finalized. The work was done mostly by assistant secretaries.

Snow now says he may consider changes in the approval process so lawmakers are better alerted after such deals get the go-ahead.

Stewart Baker, a senior Homeland Security official, said he was the sole representative on the Committee on Foreign Investment in the United States who objected to the ports deal. Baker said he later changed his vote after DP World agreed to the security conditions. Other officials confirmed Baker's account.

"We were not prepared to sign off on the deal without the successful negotiation of the assurances," Baker told the AP.

Officials from the White House, CIA, departments of State, Treasury, Justice, and others looked for guidance from Homeland Security because it is responsible for seaports. "We had the most obvious stake in the process," Baker said.

Baker acknowledged that a government audit of security practices at the U.S. ports in the takeover has not been completed as part

of the deal. "We had the authority to do an audit earlier," Baker said.

The audit will help evaluate DP World's security programs to stop smuggling and detect illegal shipments of nuclear materials at its seaport operations in New York, New Jersey, Baltimore, New Orleans, Miami and Philadelphia.

The administration privately disclosed the status of the security audit to senators during meetings about improving reviews of future business deals involving foreign buyers. Officials did not suggest the audit's earlier completion would have affected the deal's approval.

New Jersey's Democratic governor, who is

suing to block the deal, said in his party's weekly radio address on Saturday that the administration failed to properly investigate the UAE's record on terrorism.

"We were told that the president didn't know about the sale until after it was approved. For many Americans, regardless of party, this lack of disciplined review is unacceptable," Jon Corzine said.

A federal judge in New Jersey has ordered the government to file a written response to Corzine's suit by Monday and scheduled a hearing for Wednesday.

Bush's national security adviser, Stephen Hadley, said there was no going back on the deal. ■

# Dubai company details plans to sell U.S. port operations; critics say they're satisfied

## Ports Security

By Ted Bridis

WASHINGTON (AP)

**D**ubai-owned company announced Wednesday it will sell all its U.S. port operations within four to six months to an American buyer, providing new details about its sales plans that were forced by congressional concerns over terrorism security.

Lawmakers who criticized the Bush administration for approving DP World's earlier plans to operate in the United States said they were satisfied. Still, the House voted 377-38 Wednesday to formally express its opposition to DP World running any port terminals in America.

DP World, the world's third-largest ports company, said that until the sale is finalized its U.S. businesses will operate independently. The announcement was the first time it described its plans for the newly acquired U.S. operations as a "sale" to a single, unrelated American buyer and indicated it would retain no stake.

Michael Seymour, the president of DP World's U.S. subsidiary, said there was "already significant interest in the sale from American buyers."

Asked whether a foreign-owned company with its own U.S. subsidiary might qualify, Seymour said: "An American buyer is exactly what we say it is; it's an American buyer and we envisage it will be a wholly owned American organization."

DP World said it would provide information about its business to "interested parties," which it did not identify.

The new disclosures by DP World responded to questions raised since its vague announcement last week that it intended to "transfer fully" to an unspecified American company the U.S. operations it acquired when it bought London-based Peninsular and Oriental Steam Navigation Co. for \$6.8 billion.

"It's important for the company to continue moving forward on what they committed to

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Associated Press writers Liz Sidoti and Lolita C. Baldor contributed to this story.

doing, and we appreciate the step that they took," White House spokesman Scott McClellan said. He praised the decision by Dubai's ruler, Mohammed bin Rashid al Maktoum, to sell the U.S. operations to preserve good relations between the countries.

Under the sale, DP World took over a U.S. subsidiary with significant operations at ports in New Jersey, New York, Baltimore, New Orleans, Miami and Philadelphia — plus lesser dockside activities at 16 other ports in this country.

DP World has said those U.S. operations are worth roughly \$700 million. It agreed to the sale to quell a bipartisan furor in Congress.

"It certainly appears on its face to achieve what we want, and that's to have a U.S. company running these ports," said Rep. Peter King, R-N.Y., chairman of the House Homeland Security Committee. "I think DP World got the message loudly and clearly."

Another vocal critic, Rep. Duncan Hunter, chairman of the House Armed Services Committee, said lawmakers will continue to monitor the corporate negotiations.

"It's not over until it's over," said Hunter, R-Calif. "We're optimistic they'll keep their commitment, but the need to secure domestic critical infrastructure extends beyond the Dubai Ports World deal."

With the 377-38 vote, the House rejected an effort to strip from a bill language that would block DP World from running or managing terminals at U.S. ports. The vote was largely symbolic since the company had already promised to sell its American operations.

In an earlier vote, Republicans blocked a Democratic effort to force votes in the House on expanding government scrutiny of foreign investments. Democrats still planned to seek more money for port security, arguing that Bush administration hadn't done enough.

Almost six in 10 Americans, 58 percent, say

they support the congressional opposition to the Dubai ports deal, according to a Pew Research Center poll released Wednesday.

But people are still not sure whether transferring operations at the ports to an American company will improve security. Less than half, 46 percent, said that was satisfactory, while more than half said it was either not satisfactory or they were not sure.

Until the sale is completed, DP World said its U.S. operations will continue to be managed independently by P&O Ports North America Inc., the wholly owned U.S. subsidiary of the British company it bought. That sale was finalized last week.

The largest maritime firms are not based in the U.S., although nearly all of them own and operate U.S. subsidiaries. DP World's suitors could include Seattle-based SSA Marine and New Jersey-based Maher Terminals Inc. At Miami's port, an early critic of the Dubai ports deal, Eller & Company Inc., said it was considering an offer to buy out operations there and possibly at other ports.

DP World said Wednesday it had hired Deutsche Bank Securities Inc. of New York as its financial adviser for the sale. It also hired a New York law firm, Sullivan & Cromwell LLP, for legal advice and said it will continue to rely on the Alston & Bird LLP law and lobbying firm in Washington for help with U.S. regulatory issues.

Gen. John Abizaid, head of the U.S. Central Command, skirted questions Wednesday about whether the Pentagon has a backup plan if Dubai decides to retaliate by limiting the U.S. military's access to its ports. Navy ships, including aircraft carriers, use Dubai's ports, some of which are considered among the most modern and best-equipped worldwide.

"I don't think it will happen," Abizaid said during a House Armed Services hearing. "There are always ways to work around it ... but it would be very painful." ■