

# Restrictions on Foreign Interests in the Transportation and Logistics Sector: A Look Ahead

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Authors: [Jonathan R. Todd](#), [J. Philip Nester](#), [Ashley C. Rice](#)

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The transportation and logistics industry is not immune from rising concerns about foreign investment. Since the start of this Administration, the U.S. Department of Transportation has steadily turned focus to perceived threats against both public safety and purely domestic operators by non-U.S. interests in the sector. Early signals of this trendline include the restrictions against states issuing non-domicile CDLs, cracking down on so-called CDL mills, and increased enforcement of the English Language Proficiency requirement under the Federal Motor Carrier Safety Regulations. The new Motus system, recently launched by the Federal Motor Carrier Safety Administration (FMCSA), includes two-factor authentication and identity verification for screening would-be applicants against inappropriate filers.

## Dalilah's Law as a Glimpse Into the Future

A glimpse into the potential future state of restriction on foreign investment can be found in pending federal legislation before the 119<sup>th</sup> Congress. Dalilah's Law (H.R. 5688), formally known as the Non-Domiciled CDL Integrity Act, was approved by the U.S. House Transportation and Infrastructure Committee on March 18, 2026. While it may not become law before adjournment of the Congressional session in December, 2026, this legislation sets out a road map for potential future restrictions on foreign investment and ownership in freight brokers, motor carriers and related transportation entities. In practical terms, the text calls out potential features of U.S. transportation companies that may suffer greater scrutiny and therefore may help guide current organizational development or growth strategies.

## **Background and Legislative Context**

Dalilah's Law reflects the escalating scrutiny of foreign participation in the U.S. transportation and logistics sector. The bill addresses CDL integrity, driver training, and English-proficiency requirements for operators of commercial motor vehicles, and if it were to pass, would bar foreign registrants from obtaining FMCSA Broker Permits. The future of the bill is unknown, as is the precise language of any future law or FMCSA rulemaking, but industry stakeholders can nonetheless use this example as the most tangible guide to date on possible future changes to the industry landscape.

## **Current FMCSA Broker Licensing Framework**

Today, any person who arranges for compensation for the transportation of property by a motor carrier in interstate commerce must obtain a Broker Permit from the FMCSA. The Secretary of Transportation must find the applicant has sufficient experience, is fit, willing and able to comply with applicable law, and satisfies financial security requirements. These standards are codified at 49 U.S.C. §§ 13904 and 13906(b). The FMCSA's implementing regulations are found at 49 C.F.R. Parts 365, 371, and 387m, which govern the application process, operational obligations, and surety bond or trust fund requirements. These existing requirements do not presently address a freight broker's location or place of domicile. If passed, then Dalilah's Law would result in significant changes.

## **Foreign Ownership and Principal Place of Business**

Most impactfully, Section 7 of Dalilah's Law prohibits the Secretary from registering any person as a broker with its principal place of business that is: (1) not located in a "State" (as defined in 49 U.S.C. § 30301); or (2) located in Canada or Mexico and not properly licensed by the appropriate authority in that country. The term "State" means each state of the U.S., the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the U.S. Notably, Dalilah's Law does not define "principal place of business," which raises other interpretive questions for multinational operators. How "principal place of business" is ultimately defined and applied will be central to how Section 7 is interpreted and implemented.

Dalilah's Law is also significant for what it does not seek to accomplish. The draft does not include a blanket restriction on broker registration due to foreign ownership or control, but rather, tests where the broker's principal place of business is located. The omission of any ownership inquiry is deliberate. When Congress intends to impose foreign ownership restrictions, it does so explicitly—as in the airline industry, where 49 U.S.C. § 40102(a)(15) restricts foreign ownership of U.S. air carriers, and in maritime cabotage, where 46 U.S.C. § 50501 imposes similar restrictions on vessels engaged in U.S. coastwise trade.

## Looking Ahead

One key takeaway from the existence of Dalilah's Law is that interest in restricting foreign involvement across the transportation and logistics industry has now expanded from mere regulatory oversight to congressional attention. Additional legislation or FMCSA rulemaking targeting foreign ownership, control or influence may very well follow.

Transportation entities with foreign ownership or multinational structures will benefit from actively monitoring these developments and evaluating their positioning under evolving requirements. Basic elements of U.S. market entry, corporate formation, and the way in which back-office administrative functions are staffed now have strategic significance for the defensibility and longevity of investments. This also means that any would-be investor in the domestic U.S. market may need to more fully commit on safety, compliance and its U.S. presence, which is of course the desired effect.

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JONATHAN R. TODD is co-lead of Benesch's Transportation & Logistics Practice Group and can be reached at 216.363.4658 and [jtodd@beneschlaw.com](mailto:jtodd@beneschlaw.com).

J. PHILIP NESTER is a partner in the group and can be reached at 216.363.6240 and [jpnester@beneschlaw.com](mailto:jpnester@beneschlaw.com).

ASHLEY C. RICE is an associate in the group and can be reached at 216.363.4528 and [arice@beneschlaw.com](mailto:arice@beneschlaw.com).