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### Inherency

#### The United States currently submits all foreign investment deals related to oil and gas production to the Committee on Foreign Investment in the United States, known as CFIUS. These restrictions chill foreign investment and send a signal of US protectionism.

Wilson Center 2012 (Chinese Investment in North American Energy, http://www.wilsoncenter.org/event/chinese-investment-north-american-energy)

While Chinese foreign energy investment is on the rise, the more notable story is China’s shift from a net importer of capital to a nation of massive capital outflows, said Adam Lysenko of the Rhodium Group. Energy investment—initially stalled in the wake of the aborted acquisition of Union Oil Company of California (UNOCAL) by China National Offshore Oil Corporation (CNOOC) in 2005—has increased exponentially with $18.3 billion in bids in 2011 alone. Learning lessons about American protectionism, Chinese firms have changed their strategies since the failed UNOCAL deal and now have made multiple smaller investments that will not attract unwanted political attention. In addition to raw materials, Chinese companies are looking to gain expertise in exploiting these resources for use at home. As for alternative energy, Chinese companies are starting to invest in North American production to get around tariffs. Currently, the Committee on Foreign Investment in the United States (CFIUS) process appears adequate, but the political environment is hurting investment unnecessarily. Lysenko added that many Chinese firms are starting new corporations in the emerging alternative energy industry to avoid CFIUS scrutiny. In order to keep Chinese investments growing, the United States has to find a way to separate national security from politics. While Chinese investment has increased exponentially in the last four years, its total impact should not be exaggerated, said Bo Kong from Johns Hopkins School of Advanced International Studies. CNOOC’s difficulty in acquiring UNOCAL jaded many Chinese investors from investing in the United States, which significantly slowed the flow of investment in the North American energy industry. Chinese companies’ hesitancy to repeat the failure of the UNOCAL deal and American companies’ concerns about both political interference and intellectual property (IP) theft have tempered Chinese investment in North America. However, smaller and more diverse investments on the part of Chinese companies and more safeguards to protect U.S. IP should help accelerate investment in the future. All three Chinese state-owned oil companies are also listed on the New York Stock Exchange, which indicates a willingness to be more transparent. Getting more Chinese companies involved in research and development will lead to a greater respect for international IP laws. Historically, Japan and South Korea were not good stewards of intellectual property, but as both nations started to develop their own technology, they began to respect IP laws. Many feel that increased investment by Chinese firms in research and development will lead to a similar evolution. While China is a resource-hungry and growing country, the real benefit to North American investment is not the energy extracted but rather the techniques and knowledge gleaned from U.S. and Canadian companies, which will allow China’s companies to better extract resources at home.

#### Recent deals don’t matter – case by case basis.

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U.S. President Barack Obama’s administration this week approved a significant business deal involving a Chinese company: the acquisition of Nexen Inc., a global energy company, by the China National Offshore Oil Corp. In the last several months, the administration has approved Chinese purchases of a U.S. biotechnology company and a U.S. battery manufacturer. For those interested in free trade, prosperity and peace, this is good news. Unfortunately, these approvals come against a backdrop of difficulties. With increasing frequency, Chinese investments have run into U.S. national-security concerns from the Committee on Foreign Investment in the United States, or CFIUS, which has scuttled several acquisitions, including one late last year. We’re in the midst of a CFIUS outbreak. Without continuing and visible approvals of Chinese investments, this may damage the health of U.S.-China relations, which are critical to a more stable and prosperous 21st century. The committee reviews commercial transactions when foreign investors -- from Canada, China, Israel, Russia, the U.K., Venezuela or anywhere else -- obtain control of U.S. companies. The U.S. has a policy of welcoming foreign investors, and research shows that an open investment climate fuels economic growth. But the foreign-investment committee is in tension with this open policy. Generally Painless Made up of multiple U.S. government agencies, with the Treasury Department acting as chairman, CFIUS helps ensure that foreign investments don’t threaten national security. Historically, the committee hasn’t found security concerns in more than a small percentage of foreign investments. And the resolution for such cases has generally been painless: CFIUS has requested commitments from foreign buyers -- insisting, for example, that a foreign buyer establish a security plan -- in roughly five to 10 cases each year. The committee has sought to scuttle a deal no more than a couple times a year, on average. Periodically, however, circumstances have caused it to threaten the open investment climate or international trading relationships. I served on the committee from 2006 to 2010 and played a role in a lesser outbreak. But the current outbreak affecting Chinese investments is particularly virulent and harder to contain. The first outbreak occurred in the late 1980s. Japanese investments in the U.S., and Japanese business success more broadly, fueled envy and fear (Mitsubishi’s 1989 purchase of the iconic Rockefeller Center was met with end-of-empire musings by U.S. elites). This gave rise to the first laws with teeth, enabling the committee to review foreign investments and recommend to the President that he block a transaction or force a divestment if necessary to protect national security. Fortunately, the crackdown in that era was self-containing. The mere fact that CFIUS would review investments with an eye toward national security eased concerns about Japanese investment. And the economic slowdown in Japan, coupled with the resurgence of the U.S. in the mid-1990s, ended the perceived threat. The second outbreak began with the 9/11 terrorist attacks and the understandable fears that resulted. In 2006, the committee approved an acquisition of a U.S. port management company by DP World Ltd., owned by the government of Dubai in the United Arab Emirates. Though the UAE is a close U.S. ally and the company is regarded as among the world’s best port- management companies, Congress went berserk. Public sentiment was inflamed by the idea that an Arab company might manage U.S. ports. Foreign Commitments Reacting to congressional pressure, the committee started to seek many commitments from foreign acquirers -- to develop a security plan, screen key personnel, provide data to the committee and the like -- as conditions for approving acquisitions. Although CFIUS had requested these security commitments before, we (it was here that I played an active role) requested these agreements with much greater frequency. It threatened to recommend that the president block the transaction if these commitments weren’t forthcoming. Playing to a hawkish Congress and public, CFIUS showed just how tough it could be. Yet foreign investments in U.S. companies had virtually nothing to do with the terrorist threat. As with the outbreak over the Japanese, this episode was largely a result of perceptions rather than reality. Fortunately, the newly demonstrated CFIUS toughness helped to ease concerns. So, too, did broader successes against terrorists and the creation of homeland-security institutions. There was little damage to U.S. investment policy. All the while, however, the third outbreak was beginning. The Chinese economy was in hyperdrive. Espionage by China against the U.S., and U.S. espionage against China, was rapidly accelerating. By the end of the first decade of the 21st century, alarm over U.S. inability to secure cyberspace, particularly against China, reached fever pitch. That is where we are today. CFIUS treats Chinese investments with profound skepticism. And whereas previous outbreaks were the result of perceived (generally misperceived) threats, the current outbreak is troubling in part because more than perception is at work. The U.S. isn’t wrong to see a threat. But the committee is far too weak a tool to address concerns about Chinese spying. Its authority is limited to transactions that result in foreign control of U.S. companies and doesn’t extend to sales of equipment or services, leases, the development of new businesses or myriad other ways to engage in espionage. The committee too often builds a Maginot Line that results in high costs for U.S.-Chinese relations but little gain for U.S. security. Deals Denied For example, in 2009 it prevented a Chinese company from buying a Nevada gold mine, on grounds that the site was too close to a U.S. defense facility. Since then, several other deals in various parts of the U.S. have foundered on such “proximity” concerns. Yet it is possible for anyone to come within the same proximity to a U.S. defense facility in ways that the committee can’t review, including leasing a building, visiting a property, and driving trucks on nearby public roads. Instead, CFIUS should use a balancing test. It needs to ask: “Is the security gain from preventing this acquisition marginal and easily circumvented, or is the gain significant enough to outweigh potential harm to U.S.-Chinese relations?” The absence of any sort of balancing test has fostered the current outbreak. In the long run, the U.S.-Chinese espionage tension will have to be defused by cooperation and trust. The continued development of mutually beneficial institutions, such as the World Trade Organization, and increasingly close government-to- government relations can reduce each side’s reliance on spying. The current outbreak risks real damage by making it harder for cooperation and trust to grow.

### Investment

#### Chinese FDI to the US declined sharply in 2012 but could rebound if the US takes steps to liberalize its national security FDI policy towards China.

Hanemann 12-28 (Theo, research director at the Rhodium Group and leads the firm’s cross-border investment work, Chinese FDI in the US in 2012, http://rhgroup.net/notes/chinese-direct-investmnet-in-the-u-s-in-2012-a-record-year-amid-a-gloomy-fdi-environment)

AGAINST THE GLOBAL TREND The recent growth of Chinese investment is even more remarkable in light of an otherwise bleak FDI picture in the United States. Before the global financial crisis, the United States was the world’s premier destination for foreign direct investment with annual inflows of $200-300 billion. When the crisis hit in 2009 FDI dropped by more than half. In 2010 and 2011 inflows have somewhat stabilized but declined again sharply in 2012 in light of the fragile situation in Europe (which the major source of FDI for the US) and uncertainties for the US growth outlook. Preliminary data from the Bureau of Economic Analysis shows that FDI dropped by more than 30% in the first three quarters of 2012, which indicates that the full year figure will come in at levels not seen since the crisis year 2009 (Figure 2). These trends suggest that China could follow other Asian economies in becoming an important source of FDI for the United States. China today accounts for less than 1% of total U.S. inward FDI stock, but it has become one of the few bright spots in an otherwise gloomy FDI environment. Compared to five years ago, FDI flows from European economies and Canada were down by more than 50% in the first three quarters of 2012. FDI from Asia was holding up better, and China is among the few countries that invested more in the United States than five years ago – an increase of more than 300% according to official statistics from the Bureau of Economic Analysis (Figure 3). These estimates are likely too low as the BEA Balance of Payments figures do not account for flows through offshore financial centers. Figures from Rhodium Group’s China Investment Monitor, which account for such flows, suggest that the increase was even more significant, by nearly 1,300% over five years. Growing investment from China increasingly brings benefits for local economies, for example in the form of employment. Today Chinese firms already employ 29,000 people in the United States, up from less than 10,000 just five years ago. THE RIGHT POLICY RESPONSE Developments in 2012 also underscored the political hurdles in the process of China becoming a major source of FDI for the US. Compared to other emerging FDI exporters in the past like Japan or Korea, China is not a military ally of the United States but sees itself balancing U.S. hegemony. This puts Chinese investors in the spotlight for a range of existing national security concerns related to foreign ownership, among them ownership of critical infrastructure, political and industrial espionage and ownership and proliferation of defense-relevant technologies. In addition to national security risks there are specific concerns about the economic impacts of Chinese investment due to the role of the government in China’s economy and existing asymmetries in market access between China and the United States. Unfortunately the past year was a step back for the political debate on these issues. 2012 saw little progress on substance but instead a lot of political games and populist rhetoric, for example a report by two members of the U.S. House Intelligence Committee that attacks Chinese telecommunications firms and dismisses mitigation options, or efforts by lawmakers and lobbyists to undermine a series of Chinese technology acquisitions, including Wanxiang’s purchase of A123 Systems and BGI Shenzhen’s bid for Complete Genomics. The negative headlines from such politicization are damaging the perception of the U.S. as an investment destination in China, despite U.S. openness and the hard work that is done by governors, mayors and other local officials to promote inward investment. Political games are also a distraction from advancing the debate on important questions such as the risks from Chinese investment in infrastructure or competitive neutrality of state-owned enterprises. If the United States wants to maximize benefits from China’s beginning outward FDI boom, policymakers need to stop beating the drums and instead focus on solutions that allow the US to maintain an open investment environment while addressing real concerns. Otherwise Chinese investors will carry their cash elsewhere, for the example Europe, where Chinese FDI has topped $10 billion for the second year in a row, almost double of what the United States received over the past two years (Figure 4). Europe’s greater attraction can mostly be explained by commercial opportunities including privatization programs and troubled industrial assets, but different national security sensitivities and the perception that Europe is more welcoming to Chinese investment than the United States did play a role too. It is too early to declare Europe the winner in the race for Chinese investment, but it is time for Washington to move past politics, emphasize openness and tackle structural reforms to ensure the United States remains a top destination for FDI from China and elsewhere.

#### Energy restrictions destroy investor confidence, which crushes the dollar and triggers economic recession- the vague CFIUS interpretation of national security chills ALL foreign investment.

Carroll-Emory International Law Review-09 (James, COMMENT: BACK TO THE FUTURE: REDEFINING THE FOREIGN INVESTMENT AND NATIONAL SECURITY ACT'S CONCEPTION OF NATIONAL SECURITY, 23 Emory Int'l L. Rev. 167)

B. National Security and Investor Uncertainty The uncertain interpretation of national security in Exon-Florio, combined with the broad sweep of terms like "energy assets" and "critical infrastructure" make the outcome of the CFIUS process nearly impossible to predict. 150 Continuing to construe the term national security broadly could have a chilling effect on all foreign investment within the United States, as it would send a [\*188] signal that the age of openness to foreign direct investment is coming to a close. 151 Broadly defining national security creates costly uncertainty for foreign investors, as even the most sophisticated legal counsel cannot predict which investments will avoid a politicized CFIUS review. 152 According to Alan Greenspan, regulatory uncertainty deters business investment. 153 Defenders of the current process may point out that presidential vetoes are rare, as there have been none issued since 1990, and some controversial transactions, such as the Alcatel Lucent merger, have recently been approved. 154 Although presidential vetoes of transactions remain relatively scarce, the broad sweep of potential investigations can deter foreign direct investment without the president ever formally vetoing a transaction, as was done in the past to CNOOC and Dubai Ports. 155 Even if the foreign enterprises do not touch upon defense technology, fear of an irrational regulatory regime may discourage deals on the margins. 156 As CFIUS reviews of foreign investment in critical infrastructure continue to be based upon mere political expediency, foreign countries may become wary of investing in the dollar if they see that Congress is willing to limit the amount of investment choices available to them. 157 While a wholesale dumping of American assets is unlikely, continual investigations of relatively innocuous foreign transactions like Unocal and Dubai Ports could lead foreigners to reconsider some of their investments. 158 [\*189] Losing foreign investment in the United States could push the dollar down against other currencies, such as the rising euro. 159 A decline in the dollar fueled by investor pullout could cause interest rates to soar, possibly even worsening the current recession. 160 In an era when the dollar is falling in relation to other currencies, and the trade deficit is continuing to widen, the United States cannot afford to discourage foreign investment. 161 Ironically, although foreign investment is one of the major factors maintaining economic growth, public backlash against such investment only deepens. 162 The housing crisis has exacerbated populist concern over the economy, 163 but while the housing crunch is ongoing, foreign investment is more vital than ever to provide liquidity to American markets. 164

#### Economic decline increases the propensity for conventional and nuclear conflict

Harris and Burrows 09

PhD European History @ Cambridge, counselor in the National Intelligence Council (NIC) & member of the NIC’s Long Range Analysis Unit - Mathew, and Jennifer “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf>

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample Revisiting the Future opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups\_inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks\_and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises. 36 Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

#### And conflict is highly likely – several studies prove

Royal 2010

Jedediah, Director of Cooperative Threat Reduction at the U.S. Department of Defense, “Economic Integration, Economic Signaling and the Problem of Economic Crises,” in Economics of War and Peace: Economic, Legal and Political Perspectives, ed. Goldsmith and Brauer, pg. 213-215

Less intuitive is how periods of economic decline may increase the likelihood of extern conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defense behavior of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski and Thompson’s (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crisis could usher in a redistribution of relative power (see also Gilpin, 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Fearon, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner, 1999). Seperately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level, Copeland’s (1996, 2000) theory of trade expectations suggests that ‘future expectation of trade’ is a significant variable in understanding economic conditions and security behavious of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations, However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crisis could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states. Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write, The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favor. Moreover, the presence of a recession tends to amplify the extent to which international and external conflict self-reinforce each other. (Blomberg & Hess, 2002. P. 89) Economic decline has been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. ‘Diversionary theory’ suggests that, when facing unpopularity arising from economic decline, sitting governments have increase incentives to fabricate external military conflicts to create a ‘rally around the flag’ effect. Wang (1996), DeRouen (1995), and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. In summary, recent economic scholarship positively correlated economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels. This implied connection between integration, crisis and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

#### Economic collapse coming now – pro-growth policy like the aff is key.

Ferrara 3/8/2013

Peter, Peter Ferrara is a Heartland senior fellow for entitlement and budget policy, a senior fellow at the Social Security Institute, and the general counsel of the American Civil Rights Union, The Coming Sequester Lies http://blog.heartland.org/2013/03/the-coming-sequester-lies/

The obscured truth that our very dumbed down country right now can’t get is that economic growth is the ultimate determinant of revenues, and deficits. Follow pro-growth policies, and you get booming revenues and disappearing deficits. But that is so yesterday for America, which thinks now with rapidly declining Europe that pro-growth policies are “unfair.” (What is fair about plummeting middle class incomes, soaring poverty, and persistent high unemployment?) This in the formerly richest, most prosperous nation in the history of the world. Good job, Progressives, you have your fundamental transformation of America (into Argentina). The Coming Crash of 2013 I have long been on record as predicting renewed, double dip recession for 2013, just as happened during the depression. The full story on that can be found in my short book published in 2011 by Encounter Books, Obama and the Crash of 2013, and my long 2011 book published by HarperCollins, America’s Ticking Bankruptcy Bomb. That is because all of Obama’s policies are so anti-growth — increasing tax rates, especially on capital investment that is the foundation for jobs and rising wages, increasing regulation, easy money with a weak dollar, and increased government spending, deficits and debt. But here is the first coming sequester lie. When the economy turns down this year, Obama and his socialist Democrats will all blame it on the sequester spending cuts. Cut just the increase in government spending by just 1%, and that is supposed to be the roots of another recession. The great debate will be what caused the downturn, the spending “cuts” or the tax increases, (plus regulation, plus the cheap dollar, plus the exploding escalation of debt). That is if our party-controlled, new socialist media (stop calling them the mainstream media, nothing remotely mainstream about them) even allows the debate on the air.

#### And the plan is a quick injection of capital critical to economic recovery

Xu et al 12 (Ting, China and Economy consultant for Bertelsmann Stiftung, with Thieß Petersen and Tianlong Wang, Cash in Hand: Chinese Foreign Direct Investment in the U.S. and Germany, June,

http://www.bfna.org/sites/default/files/publications/Cash%20in%20Hand%20Second%20Edition%20final.pdf)

Although Chinese FDI has drawn increasing attention in the U.S. and Germany, China still holds less than 0.2 percent of the FDI stocks in both Germany and the U.S. This fact does not match up to the status of the three countries’ leading roles in the global economy. As China continues its economic development and its per-capita income grows, it will enter a new stage of foreign direct investment where its FDI in the U.S. and the EU will continue to experience strong growth. There will be profound implications to the trend, particularly given the current stage of global financial recovery. While the banking sector institutions continue to deleverage as a result of the financial crisis, unleashing investment potential from China can potentially play a much bigger role in bringing those countries that are facing a credit crunch back to growth.

### China Gas

#### China is limiting itself to “hands off” oil and gas deals – these small partnerships don’t secure technical expertise to develop Chinese shale – this puts them decades behind gas targets

Mandel 7-17 (Jenny, Reporter for EnergyWire, a daily publication covering the unconventional oil and gas sectors, Previous positions with E&E include editing Land Letter and writing news and feature stories for Greenwire, ClimateWire, and other news outlets, “Will U.S. shale technology make the leap across the Pacific?,” EnergyWire: Tuesday, July 17, 2012, http://www.eenews.net/public/energywire/2012/07/17/1)

Modes of tech transfer Despite the challenges, the allure of a massive new domestic energy source has the Chinese government and private and state-owned companies moving cautiously toward development. Today, virtually all of the key intellectual property behind shale gas extraction lies with North American companies, and one of the first steps the Chinese have taken is to pour money into U.S. and Canadian ventures where those technologies are in use. In 2010 and 2011, China National Offshore Oil Corp. (CNOOC) paid $2.3 billion for partial stakes in plays by Chesapeake Energy Corp. in Texas, Wyoming and Colorado. Earlier this year, Sinopec bought into Oklahoma City-based Devon Energy Corp.'s holdings across Louisiana, Mississippi, Colorado, Ohio and Michigan in a $2.5 billion deal. Chinese companies have also aggressively pursued investment deals in Canadian shale projects. But Johns Hopkins' Kong said attempts by Chinese companies to negotiate North American on-the-job training have been blocked. The deal with Chesapeake, for example, limited the interaction of CNOOC personnel with sensitive technologies by restricting the company's right to send workers into gas fields, Kong said. "The Chinese companies have agreed deliberately not to send their oil workers to American gas fields and not to participate in boardroom decisions," Kong said. "The Chinese companies have agreed to this long-term, slow, gradual approach to gaining know-how in the North American energy sector." The caution stems mostly from a political firestorm that broke out when, in 2005, CNOOC tried to buy Unocal Corp. in an $18.5 billion deal that was eventually withdrawn in the face of opposition from Congress. Since then, there has been a general awareness among Chinese players of the need to move slowly and avoid raising red flags (E&ENews PM, Aug. 2, 2005). So what do Chinese investors gain from these North American investments, then, if not direct access to fracking technologies? "By investing in the U.S. ... they benefit from the spill-over effect," Kong said. They have some personnel involved with the projects, even if they're not learning the nitty-gritty of how to develop a fracking plan, and may be able to pick up some very high-level management expertise that is relevant at home. Home or away? Jane Nakano, a fellow with the Center for Strategic and International Studies' Energy and National Security program, stressed that investing in U.S. projects is not China's most effective means of technology transfer, especially given companies' failure to crack the personnel firewall. "If it's just a matter of getting profits from what comes out of each well or each project, then the amount of money they're pouring into North America does not make economic sense," she said. Rather, Nakano said Chinese gas interests would be best served by opening the domestic market to foreigners. "The most straightforward way would be for them to involve Western or non-Chinese technology holders more proactively" at home, she said. There has been limited involvement by major non-Chinese companies. In 2007, Houston-based Newfield Exploration Co. did a resource study with PetroChina. Royal Dutch Shell PLC has worked with PetroChina under a broader partnership agreement. And Exxon Mobil Corp. has had limited dealings with Sinopec. The first round of bidding on government shale gas leases, which occurred last summer, was open only to state-owned companies, and the final bids awarded parcels to just two large firms. There is speculation that the second round, which could come as early as this month, will expand participation to privately owned companies or even foreign bidders. There are other configurations that could also serve to carry the needed intellectual property into Chinese gas fields. In addition to joint ventures in North America or China with the supermajors, firms could hire foreign service companies to carry out work in China, observing their approach. Chinese companies or government interests could buy up some of the cash-strapped U.S. gas companies that are struggling to stay afloat until U.S. prices rise again and bring their expertise back to the Far East. They could buy U.S. shale resources -- even small ones like those held by individual property owners -- outright, then dictate the terms of development so as to ensure full access to the technologies used. Outside of industry, government-to-government interactions tout cooperation on shale gas, among other forms of energy that could help both U.S. and Chinese carbon emissions reduction efforts. And Chinese scientists work to develop home-grown strategies for shale gas production modeled on what has worked elsewhere. The University of Alberta's Jiang said Chinese shale interests, including both government and industry players, are undecided on how to move forward and how much to focus on domestic development versus lower-cost production overseas. "I don't think they have reached a conclusion one way or the other," he said. As a result, the country pursues "a two legs walking approach -- on the one side they want to explore domestic possibilities, on the other they want to explore possibilities with lower ... prices" elsewhere. That likely means a timeline of a decade, at a minimum, before Chinese shale gas resources are well-understood and a clear path to their development emerges, and potentially as long as two decades, observers say. In the meantime, the Chinese will continue to pursue contracts for natural gas imports to satisfy the strong and growing demand.

#### US gas companies currently negotiate passive deals for China because of CFIUS restrictions.

Knowledge @ Wharton 12 (China's Underground Race for Shale Gas, aug 21, http://knowledge.wharton.upenn.edu/arabic/article.cfm?articleid=2851)

Meanwhile, in the U.S., shale gas leaders, such as Devon Energy and Chesapeake Energy, have been reluctant to impart their technology know-how to the firms' Chinese investors, Sinopec and the China National Offshore Oil Corporation (CNOOC), respectively, notes Bo Kong, assistant research professor at the Johns Hopkins University School for Advanced International Studies (SAIS) in Washington, D.C. The Chinese and U.S. companies designed deals giving the Chinese passive, minority stakes to avoid disapproval by the Committee on Foreign Investment in the U.S. (CFIUS), which axed CNOOC's 2005 bid for Unocal. Also, the Sinopec-Devon and CNOOC-Chesapeake deals were struck at a time when the U.S. shale gas industry was at its peak. Today, with gas prices declining and companies such as Chesapeake struggling financially, Chinese companies may be able to negotiate better terms, says CATF's Sung.

#### Only the US has the expertise necessary for China to develop its shale resources- increased Chinese access to US drilling techniques and regulatory methods is critical.

Forbes, manager- Shale Gas Initiative at the World Resources Institute, 12 (Sarah, also the Senior Associate for the Climate and Energy Program at the World Resources Institute, HEARING BEFORE THE U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION: “CHINA’S GLOBAL QUEST FOR RESOURCES AND IMPLICATIONS FOR THE UNITED STATES; CHINA’S PROSPECTS FOR SHALE GAS AND IMPLICATIONS FOR THE U.S.,” January 26, http://pdf.wri.org/testimony/forbes\_testimony\_china\_shale\_gas\_2012-01-26.pdf)

Are there risks as well as opportunities for U.S. companies? From a global perspective, the oil and gas industry is integrated; companies work together on projects all over the world, owning shares in projects and hiring service providers as required for operations. Because of the variation in geology, most of what is needed to develop any oil or gas play is local “know-how,” not technology that is subject to patents. These unique features of the globalized industry result in less dependency on intellectual property protection and the risks of sharing technologies abroad as compared with other industries. For example, while the basic drilling and fracturing technologies needed for shale gas development are relatively uniform, the extraction methodologies depend most heavily on the site-specific geological features of the shale play being developed. Horizontal drilling first occurred in the United States in 1929 and fracing has been performed since 1949 39 . Geological factors that are unique to each well site (e.g., natural gas content, natural fractures of the rock, fracturing ability of the source rock) impact the staging of the fractures, the pressure of the hydraulic fracturing, and the fracturing fluid mixture. It is the experience gained from working many drill sites, in different basins and plays, which is the driving force behind U.S. shale gas development. Chinese companies currently possess the ability to drill wells horizontally and have some experience with fracing 40 , but operators and service providers in the United States currently have a clear global advantage based on the substantial experience with drilling and fracing shales to produce gas and the know-how to use these techniques effectively to maximize output 41 . This being said, the oil industry in China is a very domestic business (especially onshore) and has historically provided international companies with very limited access to onshore resources. Any international involvement typically comes from the creation of partnerships between Chinese companies and foreign companies, which is already happening with shale plays in China, as demonstrated by the PetroChina-Shell and CNOOC-BP JVs. A key question is whether the future shale gas industry in China will be modeled after the offshore oil industry (which includes more JVs) or the onshore oil and gas industry. Future cooperation between governments and businesses should not be limited to financial investments or knowledge sharing on operational practices. Although the United States currently stands as the only country with domestic experience in large-scale shale gas development, the experiences have not been all positive. U.S. regulatory structures, information flow, and enforcement capacities have generally not kept pace with the speed of development in shale formations. Stakeholders affected by U.S. shale gas development have not reached agreement on the risks associated with fracing, although experts agree that practices and regulations should be improved in order for the United States to develop its shale gas resources in an environmentally and socially responsible manner 42 . The growing understanding within state governments of both the level of environmental risks and how to manage them are valuable experiences for Chinese regulators and industrial entities to be aware of and take into account while pursuing and designing Chinese domestic development.

#### Chinese shale development key to displace their coal use—renewables cant be scaled up fast enough.

Hanger 12 (John, Special Counsel at the law firm Eckert Seamans, and former Secretary of the Pennsylvania Department of Environmental Protection and Commissioner of the Pennsylvania Public Utility Commission, “China Gets Cracking on Fracking: The Best Environmental News Of The Year?,” Aug 14, http://johnhanger.blogspot.com/2012/08/china-gets-cracking-on-fracking-good.html)

China sits on natural gas reserves that are estimated to be 50% higher than the massive gas reserves in the USA. http://news.nationalgeographic.com/news/energy/2012/08/120808-china-shale-gas/. Despite this gargantuan gas resource, coal provides China 80% of its electricity, compared to 34% in the USA, as of May 2012. Why the difference? The shale gas boom that is now more than 10 years long in the USA is just getting started in China and so the Chinese remain heavily reliant on coal to make electricity and for their total energy. Around the world, the basic energy choice is coal or gas. China is just the biggest example of this fundamental fact. China's reliance on coal means that its economic growth brings skyrocketing carbon emissions and other air pollution. Indeed, Chinese air quality is infamous around the world, and smog has been so thick that Beijing airport has been unable to land planes for short periods. As of 2011, China was responsible for 29% of the world's carbon emissions, while the US produced 16%, even though the US economy is still considerably bigger than China's. Moreover, US carbon emissions are declining to 1992 levels, but China's emissions skyrocket. Though China is building substantial new wind, solar, and nuclear generation, those investments are not enough to cut Chinese coal consumption, given economic growth that is still 7% in what some describe as an economic slowdown. Shale gas, however, could be big enough to actually displace significant amounts of coal in China. More gas in China means less mercury, soot. lead, smog, and carbon emissions. China's energy plans call for shale gas to provide 6% of its total energy as soon as 2020. If it achieves that goal, China will avoid more than 500 million tons of carbon pollution per year or about 1.5% of today's total carbon emissions.

#### Coal consumption is responsible for 80% of China’s CO2 emissions and 20% of total global emissions- natural gas is the key bridge fuel.

Saltvedt 10 (Thina Margrethe is Nordea Markets' senior macro oil analyst and global commodities strategist, she holds a PhD in Economics and MSc in International Business from the Univ. of Manchester's Institute of Science and Technology, “A Chinese shale gas Klondyke?,” 2 Nov, http://newsroom.nordeamarkets.com/en/files/2012/07/101102-Shale-gas-China.pdf)

A shift from coal to natural gas will reduce China’s greenhouse gas emissions One consequence of China’s rapid increase in energy consumption in the last decade is hefty growth in the country’s carbon emissions. In 2009 China was together with the US one of the biggest CO2 emitters in the world. China will need to take a tougher stance to cut carbon emissions significantly over the next decade. Today coal accounts for approximately 70% of China’s total energy consumption while oil accounts for around 19% . On average coal emits around 69% more CO2 than natural gas and oil around 30% (BP). China is by far the world’s biggest coal consumer (46.9% of global consumption) and producer (45.6% of total world production) (BP). Last year the country’s coal consumption increased by 9.6% from the year before. Coal accounts for as much as 81% of China’s total CO2 emissions and 19.6% of the world’s total CO2 emissions. A prime target for the Chinese government is to reduce the country’s accelerating growth in CO2 emissions which have increased by more than 120% since the turn of the millennium. Hu Jintao, the president of the People’s Republic of China, has set no specific target for the reduction of CO2, but China has pledged to reduce emissions of carbon intensity per unit of gross domestic product of 4045% from 2020 to the 2005 level. Although China become the world leader of investments in renewable energy in 2009, China’s energy planners have paid much attention to the use of domestic and imported natural gas recently, in order to achieve a sustainable balance between strong economic growth and environmental protection (Shi et al, 2010). According to Pew Charitable Trust China’s spending in renewables increased by 50% last year and surpassed the US. China dedicated approximately USD 34.6 bn to wind power, solar energy and other sources of clean energy up from USD 2.5 bn five years ago (Green Energy News, 2010, Tankersley, J. and Lee, D., 2010). The transition to sustainable renewable energy will require considerable time, effort, subsidies and investments in order to become economical enough to supply a significant portion of the world’s energy consumption. With its cleaner burning nature and potential vast resources, natural gas is well positioned to become a bridging fuel to a lowcarbon energy future in the short to medium term.

#### That means extinction---outweighs nuclear war

Deibel 7 [Terry L., Professor of IR @ National War College, “Foreign Affairs Strategy: Logic for American Statecraft”, Conclusion: American Foreign Affairs Strategy Today]

Finally, there is one major existential threat to American security (as well as prosperity) of a nonviolent nature, which, though far in the future, demands urgent action. It is the threat of global warming to the stability of the climate upon which all earthly life depends. Scientists worldwide have been observing the gathering of this threat for three decades now, and what was once a mere possibility has passed through probability to near certainty. Indeed not one of more than 900 articles on climate change published in refereed scientific journals from 1993 to 2003 doubted that anthropogenic warming is occurring. “In legitimate scientific circles,” writes Elizabeth Kolbert, “it is virtually impossible to find evidence of disagreement over the fundamentals of global warming.” Evidence from a vast international scientific monitoring effort accumulates almost weekly, as this sample of newspaper reports shows: an international panel predicts “brutal droughts, floods and violent storms across the planet over the next century”; climate change could “literally alter ocean currents, wipe away huge portions of Alpine Snowcaps and aid the spread of cholera and malaria”; “glaciers in the Antarctic and in Greenland are melting much faster than expected, and…worldwide, plants are blooming several days earlier than a decade ago”; “rising sea temperatures have been accompanied by a significant global increase in the most destructive hurricanes”; “NASA scientists have concluded from direct temperature measurements that 2005 was the hottest year on record, with 1998 a close second”; “Earth’s warming climate is estimated to contribute to more than 150,000 deaths and 5 million illnesses each year” as disease spreads; “widespread bleaching from Texas to Trinidad…killed broad swaths of corals” due to a 2-degree rise in sea temperatures. “The world is slowly disintegrating,” concluded Inuit hunter Noah Metuq, who lives 30 miles from the Arctic Circle. “They call it climate change…but we just call it breaking up.” From the founding of the first cities some 6,000 years ago until the beginning of the industrial revolution, carbon dioxide levels in the atmosphere remained relatively constant at about 280 parts per million (ppm). At present they are accelerating toward 400 ppm, and by 2050 they will reach 500 ppm, about double pre-industrial levels. Unfortunately, atmospheric CO2 lasts about a century, so there is no way immediately to reduce levels, only to slow their increase, we are thus in for significant global warming; the only debate is how much and how serious the effects will be. As the newspaper stories quoted above show, we are already experiencing the effects of 1-2 degree warming in more violent storms, spread of disease, mass die offs of plants and animals, species extinction, and threatened inundation of low-lying countries like the Pacific nation of Kiribati and the Netherlands at a warming of 5 degrees or less the Greenland and West Antarctic ice sheets could disintegrate, leading to a sea level of rise of 20 feet that would cover North Carolina’s outer banks, swamp the southern third of Florida, and inundate Manhattan up to the middle of Greenwich Village. Another catastrophic effect would be the collapse of the Atlantic thermohaline circulation that keeps the winter weather in Europe far warmer than its latitude would otherwise allow. Economist William Cline once estimated the damage to the United States alone from moderate levels of warming at 1-6 percent of GDP annually; severe warming could cost 13-26 percent of GDP. But the most frightening scenario is runaway greenhouse warming, based on positive feedback from the buildup of water vapor in the atmosphere that is both caused by and causes hotter surface temperatures. Past ice age transitions, associated with only 5-10 degree changes in average global temperatures, took place in just decades, even though no one was then pouring ever-increasing amounts of carbon into the atmosphere. Faced with this specter, the best one can conclude is that “humankind’s continuing enhancement of the natural greenhouse effect is akin to playing Russian roulette with the earth’s climate and humanity’s life support system. At worst, says physics professor Marty Hoffert of New York University, “we’re just going to burn everything up; we’re going to heat the atmosphere to the temperature it was in the Cretaceous when there were crocodiles at the poles, and then everything will collapse.” During the Cold War, astronomer Carl Sagan popularized a theory of nuclear winter to describe how a thermonuclear war between the Untied States and the Soviet Union would not only destroy both countries but possibly end life on this planet. Global warming is the post-Cold War era’s equivalent of nuclear winter at least as serious and considerably better supported scientifically. Over the long run it puts dangers form terrorism and traditional military challenges to shame. It is a threat not only to the security and prosperity to the United States, but potentially to the continued existence of life on this planet.

#### And, we are reaching a massive tipping point.

Sparks 2012

Donald L., S. Hallock du Pont Chair in the Department of Plant and Soil Sciences and director of the Delaware Environmental Institute, 6-13-2012, Tipping Point, http://www.huffingtonpost.com/donald-l-sparks/rio20\_b\_1593195.html?utm\_hp\_ref=world&ir=World

A group of 22 scientists sounded an alarming call to action last week. Their paper in the June 7 issue of Nature, a highly regarded, peer-reviewed journal, carries the benign-sounding title, "Approaching a State Shift in Earth's Biosphere." But their conclusions are nothing short of a disaster warning. This group of biologists, ecologists, geologists, paleontologists and complex-system theoreticians from the United States, Canada, South America, and Europe have spent a year and half reviewing evidence that Earth may be approaching a state shift, a "tipping point" at which the global ecosystem may shift abruptly and irreversibly from one state to another. If this happens, the world as we know it may not be recoverable, and these scientists conclude that this outcome is looking more and more likely. An article by Paul Basken in last week's Chronicle of Higher Education explains the scientists' findings in layman's terms. According to Basken, the report centers on a measure of how much of the Earth's surface has been altered by people, "from forests and prairies to uses such as cornfields and parking lots." Human beings now number more than 7 billion, and we have transformed 43 percent of the land we live on from its natural state to something else. That figure is expected to top 50 percent by 2025, when the world's population reaches 8 billion. At that point, environmental damage such as species extinctions, climate change, and chemical contamination may have accumulated to such an extent as to be catastrophic.

#### Consensus of evidence proves that warming real and anthropogenic

Romm 2010

Joe, PhD in Oceanography from the Scripps Institute, Runs ClimateProgress, Disputing the Consensus on Global Warming, <http://thinkprogress.org/climate/2010/06/16/206247/scientific-consensus-on-global-warming-climate-science/>

How sad that the WSJ and CNBC have so little conception of what science really is, especially since scientific advances drive so much of the economy. If that’s what Jenkins thinks science is, one would assume he is equally skeptical of flossing, antibiotics and even boarding an airplane. (Note to WSJ: One reason science works is that a lot of scientists devote their whole lives to overturning whatever is the current hypothesis — if it can be overturned. That’s how you become famous and remembered by history, like Copernicus, Galileo, Newton, Darwin and Einstein.) In fact, science doesn’t work by consensus of opinion. Science is in many respects the exact opposite of decision by consensus. General opinion at one point might have been that the sun goes around the Earth, or that time was an absolute quantity, but scientific theory supported by observations overturned that flawed worldview. One of the most serious results of the overuse of the term “consensus” in the public discussion of global warming is that it creates a simple strategy for doubters to confuse the public, the press and politicians: Simply come up with as long a list as you can of scientists who dispute the theory. After all, such disagreement is prima facie proof that no consensus of opinion exists. So we end up with the absurd but pointless spectacle of the leading denier in the U.S. Senate, James Inhofe, R-Okla., who recently put out [a list](http://epw.senate.gov/public/index.cfm?FuseAction=Minority.Blogs&ContentRecord_id=f80a6386-802a-23ad-40c8-3c63dc2d02cb) of more than 400 names of supposedly “prominent scientists” who supposedly “recently voiced significant objections to major aspects of the so-called ‘consensus’ on man-made global warming.” As it turned out, the list is both padded and laughable, containing the opinions of TV weathermen, economists, a bunch of non-prominent scientists who aren’t climate experts, and, perhaps surprisingly, even a number of people who actually believe in the consensus. But in any case, nothing could be more irrelevant to climate science than the opinion of people on the list such as Weather Channel founder John Coleman or famed inventor Ray Kurzweil (who actually does “think global warming is real”). Or, for that matter, my opinion — even though I researched a Ph.D. thesis at the Scripps Institution of Oceanography on physical oceanography in the Greenland Sea. What matters is scientific findings — data, not opinions. The IPCC relies on the peer-reviewed scientific literature for its conclusions, which must meet the rigorous requirements of the scientific method and which are inevitably scrutinized by others seeking to disprove that work. That is why I cite and link to as much research as is possible, hundreds of studies in the case of this article. Opinions are irrelevant. A good example of how scientific evidence drives our understanding concerns how we know that humans are the dominant cause of global warming. This is, of course, the deniers’ favorite topic. Since it is increasingly obvious that the climate is changing and the planet is warming, the remaining deniers have coalesced to defend their Alamo — that human emissions aren’t the cause of recent climate change and therefore that reducing those emissions is pointless. Last year, longtime Nation columnist [Alexander Cockburn wrote](http://www.counterpunch.org/cockburn04282007.html), “There is still zero empirical evidence that anthropogenic production of CO2 is making any measurable contribution to the world’s present warming trend. The greenhouse fearmongers rely entirely on unverified, crudely oversimplified computer models to finger mankind’s sinful contribution.” In fact, the evidence is amazingly strong. Moreover, if the relatively complex climate models are oversimplified in any respect, it is by omitting amplifying feedbacks and other factors that suggest human-caused climate change will be worse than is widely realized. The [IPCC concluded](http://ipcc-wg1.ucar.edu/wg1/Report/AR4WG1_Print_Ch09.pdf) last year: “Greenhouse gas forcing has very likely (>90 percent) caused most of the observed global warming over the last 50 years. This conclusion takes into account … the possibility that the response to solar forcing could be underestimated by climate models.” Scientists have come to understand that “forcings” (natural and human-made) explain most of the changes in our climate and temperature both in recent decades and over the past millions of years. The primary human-made forcings are the heat-trapping greenhouse gases we generate, particularly carbon dioxide from burning coal, oil and natural gas. The natural forcings include fluctuations in the intensity of sunlight (which can increase or decrease warming), and major volcanoes that inject huge volumes of gases and aerosol particles into the stratosphere (which tend to block sunlight and cause cooling)…. Over and over again, scientists have demonstrated that observed changes in the climate in recent decades can only be explained by taking into account the observed combination of human and natural forcings. Natural forcings alone just don’t explain what is happening to this planet. For instance, in April 2005, one of the nation’s top climate scientists, NASA’s James Hansen, led a team of scientists that made “precise measurements of increasing ocean heat content over the past 10 years,” which revealed that the Earth is absorbing far more heat than it is emitting to space, confirming what earlier computer models had shown about warming. [Hansen called](http://www.columbia.edu/~jeh1/imbalance_release.pdf) this energy imbalance the “smoking gun” of climate change, and said, “There can no longer be genuine doubt that human-made gases are the dominant cause of observed warming.” Another 2005 study, led by the Scripps Institution of Oceanography, compared actual ocean temperature data from the surface down to hundreds of meters (in the Atlantic, Pacific and Indian oceans) with climate models and [concluded](http://www.sciencemag.org/cgi/content/abstract/1112418): A warming signal has penetrated into the world’s oceans over the past 40 years. The signal is complex, with a vertical structure that varies widely by ocean; it cannot be explained by natural internal climate variability or solar and volcanic forcing, but is well simulated by two anthropogenically [human-caused] forced climate models. We conclude that it is of human origin, a conclusion robust to observational sampling and model differences. Such studies are also done for many other observations: land-based temperature rise, atmospheric temperature rise, sea level rise, arctic ice melt, inland glacier melt, Greeland and Antarctic ice sheet melt, expansion of the tropics (desertification) and changes in precipitation. Studies compare every testable prediction from climate change theory and models (and suggested by paleoclimate research) to actual observations. How many studies? Well, the IPCC’s definitive treatment of the subject, “Understanding and Attributing Climate Change,” has 11 full pages of references, some 500 peer-reviewed studies. This is not a consensus of opinion. It is what scientific research and actual observations reveal. And the science behind human attribution has gotten much stronger in the past 2 years (see a recent literature review by the Met Office [here](http://www.metoffice.gov.uk/corporate/pressoffice/2010/pr20100305.html)). That brings us to another problem with the word “consensus.” It can mean “unanimity” or “the judgment arrived at by most of those concerned.” Many, if not most, people hear the second meaning: “consensus” as majority opinion. The scientific consensus most people are familiar with is the IPCC’s “Summary for Policymakers” reports. But those aren’t a majority opinion. Government representatives participate in a line-by-line review and revision of these summaries. So China, Saudi Arabia and that hotbed of denialism — the Bush administration — get to veto anything they don’t like. The deniers call this “politicized science,” suggesting the process turns the IPCC summaries into some sort of unscientific exaggeration. In fact, the reverse is true. The net result is unanimous agreement on a conservative or watered-down document. You could argue that rather than majority rules, this is “minority rules.” Last April, in an article titled “Conservative Climate,” [Scientific American](http://www.sciam.com/article.cfm?chanID=sa006&articleID=5B9E73AD-E7F2-99DF-3F71280BCE41ED77&colID=5) noted that objections by Saudi Arabia and China led the IPCC to remove a sentence stating that the impact of human greenhouse gas emissions on the Earth’s recent warming is five times greater than that of the sun. In fact, lead author Piers Forster of the University of Leeds in England said, “The difference is really a factor of 10.” Then I discuss the evidence we had even back in 2008 that the IPCC was underestimating key climate impacts, a point I [update here](http://climateprogress.org/2010/02/18/ipcc-lowballs-impacts-pachauri-disband/). The bottom line is that recent observations and research make clear the planet almost certainly faces a greater and more imminent threat than is laid out in the IPCC reports. That’s why climate scientists are so desperate. That’s why they keep begging for immediate action. And that’s why the “consensus on global warming” is a phrase that should be forever retired from the climate debate. The leading scientific organizations in this country and around the world, including all the major national academies of science, aren’t buying into some sort of consensus of opinion. They have analyzed the science and observations and expressed their understanding of climate science and the likely impacts we face on our current emissions path — an understanding that has grown increasingly dire in recent years (see “[An illustrated guide to the latest climate science](http://climateprogress.org/2010/02/17/an-illustrated-guide-to-the-latest-climate-science/)” and “[An introduction to global warming impacts: Hell and High Water](http://climateprogress.org/2009/03/22/an-introduction-to-global-warming-impacts-hell-and-high-water/)“). Of course, the status quo media doesn’t get this at all (see [Boykoff on “Exaggerating Denialism: Media Representations of Outlier Views on Climate Change”](http://climateprogress.org/2010/02/25/max-boykoff-media-balance-deniers-contrarian-climate-change/); Freudenburg: “Reporters need to learn that, if they wish to discuss ‘both sides’ of the climate issue, the scientifically legitimate “other side” is that, if anything, global climate disruption is likely to be significantly worse than has been suggested in scientific consensus estimates to date”).

#### And, Chinese shale production quickly reduces global emissions levels.

Yang 12 (Catherine T. Yang, economic policy correspondent for BusinessWeek and former national director of the Asian American Journalists Assn., China Drills Into Shale Gas, Targeting Huge Reserves Amid Challenges, http://news.nationalgeographic.com/news/energy/2012/08/120808-china-shale-gas/#)

Because natural gas generates electricity with half the carbon dioxide emissions of coal, China's primary power source, the hope is that shale development, if it is done in an environmentally sound manner, will help pave the way to a cleaner energy future for the world's number one greenhouse gas producer. "Clean, rapid shale gas development in China would reduce global emissions," says Julio Friedmann, chief energy technologist at the U.S. Department of Energy's Lawrence Livermore National Laboratory in California, which has been working with the Chinese on environmentally sound fracking practices. But challenges lie ahead in China's effort to replicate the U.S. shale gas revolution. Early indications are that China's shale geology is different. And above ground, China lacks the extensive pipeline network that has enabled the United States to so quickly bring its new natural gas bounty to market. A daunting issue is whether water-intensive energy development can flourish in China given the strains the nation already faces on water and irrigation-dependent agriculture. Even though there are more questions at this point than answers, China is determined to move ahead. "China now realizes it has incredible opportunity to find another major fuel source other than coal," says Albert Lin, chief executive of EmberClear, an Alberta, Canada-based energy project developer that is a partner of China's largest power producer, China Huaneng Group. Large Reserves, Uncertain Promise Shale gas now makes up 25 percent of the U.S. natural gas supply, less than a decade after Devon Energy and other independent U.S. companies paired high-volume hydraulic fracturing with horizontal drilling to force natural gas from fissures in the soft black rock layer a mile or more underground. Development started near Dallas-Fort Worth, but it has since spread across the country, from Wyoming to Pennsylvania. The process has stirred intense debate over local land, water, and air pollution issues, including the accidental leakage of the potent greenhouse gas methane. (Related: "Natural Gas Stirs Hope and Fear in Pennsylvania" and "Air Pollution From Fracked Wells Will Be Regulated") But the flood of new natural gas onto the U.S. energy market has been a key factor in displacing coal. Coal's share of U.S. electricity production has dropped from almost 50 percent to 34 percent in just three years. Largely as a result of that trend, the United States is on track for its energy-related carbon dioxide emissions in 2012 to be 11 percent lower than in 2005, the U.S. Energy Information Administration (EIA) projects. In China, where coal now generates 80 percent of electricity, there is great potential to curb greenhouse gas emissions by substituting natural gas. A preliminary EIA assessment of world shale reserves last year indicated that China has the world's largest "technically recoverable" resources—with an estimated 1,275 trillion cubic feet (36 trillion cubic meters). That's 20 percent of world resources, and far more than the 862 trillion cubic feet (24 trillion cubic meters) in estimated U.S. shale gas stores.

#### Chinese coal uniquely key- overwhelms all other countries emissions COMBINED.

Bradsher 06 (Keith, is the Hong Kong bureau chief of The New York Times, 1997 Pulitzer Prize nominee, won the Asia Society’s Osborn Elliott Award and the Overseas Press Club’s Malcolm Forbes Award in 2010, for coverage of clean energy in China, “Pollution From Chinese Coal Casts a Global Shadow”, June 11, http://www.nytimes.com/2006/06/11/business/worldbusiness/11chinacoal.html?\_r=0&pagewanted=print)

One of China's lesser-known exports is a dangerous brew of soot, toxic chemicals and climate-changing gases from the smokestacks of coal-burning power plants. In early April, a dense cloud of pollutants over Northern China sailed to nearby Seoul, sweeping along dust and desert sand before wafting across the Pacific. An American satellite spotted the cloud as it crossed the West Coast. Researchers in California, Oregon and Washington noticed specks of sulfur compounds, carbon and other byproducts of coal combustion coating the silvery surfaces of their mountaintop detectors. These microscopic particles can work their way deep into the lungs, contributing to respiratory damage, heart disease and cancer. Filters near Lake Tahoe in the mountains of eastern California "are the darkest that we've seen" outside smoggy urban areas, said Steven S. Cliff, an atmospheric scientist at the University of California at Davis. Unless China finds a way to clean up its coal plants and the thousands of factories that burn coal, pollution will soar both at home and abroad. The increase in global-warming gases from China's coal use will probably exceed that for all industrialized countries combined over the next 25 years, surpassing by five times the reduction in such emissions that the Kyoto Protocol seeks.

### New Advantage

#### Advantage 3 is the Chinese Model

#### China is starting the process of reforming national security reviews and looking to CFIUS as a model

Hornby 3/8

UPDATE 3-China's Commerce minister seeks clearer U.S. investment guide, Lucy Hornby-Correspondent specializing in China at Reuters, Mar 8, 2013, http://www.reuters.com/article/2013/03/09/china-parliament-trade-idUSL4N0C02Y520130309

China's Commerce minister called for clearer guidelines from the United States on its security review procedures for foreign investment, while saying that China does not target specific countries for overseas investment. China is studying the procedures of the Committee on Foreign Investment in the United States, or CFIUS, as it sets in motion its own security review, Chen Deming told reporters on Friday at a briefing at China's annual parliament session. China, the world's fifth-largest source of outbound investment, regularly complains that the U.S. blocks access to plum investment prospects on national security grounds. China's largest-ever foreign takeover, the $15.1 billion purchase of Canadian oil firm Nexen Inc by state-owned oil company CNOOC Ltd. in February cleared a CFIUS review, its last regulatory hurdle. The U.S. attached the condition that CNOOC could not operate Nexen's many wells in the U.S. Gulf of Mexico, although the Canadian unit could, the Wall Street Journal reported. "I hope CFIUS can be more open and transparent, because companies never know whether their bid meets the requirements or not," Chen said, adding that "unfair" conditions had been attached to the Nexen approval. "We need clearer guidelines on what conditions might violate U.S. security, to reduce risk for companies that want to invest. We hope to reduce disappointment and the cost of failed bids." A U.S. Treasury Department spokeswoman in Washington defended the CFIUS system, which she called "transparent" and "true to the United States' open investment commitment." "The statute, executive order, regulations and guidance setting forth the CFIUS process are fully and publicly disclosed and available on the Treasury Department's website," she said. U.S. companies, for their part, complain China heavily restricts foreign investment in about 100 different sectors. "In the May 2012 strategic and economic dialogue, China committed to open further to foreign investment and to focus its security reviews solely on national security concerns. We will continue to engage China on implementation of its commitments," the Treasury Department spokeswoman said. BARRIERS TO INVESTMENT U.S. Treasury officials have sought to include information on CFIUS in regular meetings with Chinese officials, in the hopes that China will adopt some CFIUS features for its new national security review, particularly setting deadlines to respond to investment review requests. International trading house Glencore has been waiting for months for a ruling from MofCom, which regulates anti-trust issues, for its planned takeover of zinc miner Xstrata. China has blocked almost all attempts by foreigners to buy steel mills as well as a number of other high-profile deals, for instance an attempt by Coca-Cola Enterprises to purchase private juice maker Huiyuan. Chinese officials regularly bring up CNOOC's failed $18.5 billion attempt to buy U.S. oil firm Unocal in 2005, which the U.S. side blocked over national security concerns. Since then, Chinese investment in the United States has soared, Chen said. "Roughly one dollar of every three dollars we want to invest in the U.S. gets approved, so the approval rate is not very high, but conditions are improving," he said.

#### Current restrictions spark retaliation from China- only changing CFIUS solves market liberalization in China which is critical to growth

Sothmann-Indiana International and Comparative Law Review-9

“Let He Who is without Sin Cast the First Stone: Foreign Direct Investment and National Security Regulation in China,” 19 Ind. Int'l & Comp. L. Rev. 203

VI. Recommendations The analysis of foreign investment and national security under China's new antitrust law leads to several recommendations for partieson all sides of the issue. These recommendations include suggestions for the Chinese government as it begins to implement the national security provision, ideas for companies looking to invest in China that may be worried about the new law, and warnings to CFIUS and the United States government as it implements its own national security provisions for foreign investment. A. China It is extremely important for the NPC to quickly develop and expand the administrative regulations associated with Article 31 of the new antitrust law. Administrative duties need to be delegated to the State organization that will supervise the implementation of this law. That organization must draft specific guidelines that will give foreign investors an idea as to types of industries that will be affected by the law. At the very least, the term "national security" needs to be defined so foreign investors can assess whether their proposed merger or acquisition will be subject to the new law. The government must avoid the temptation to define the law too broadly to include industries outside traditional security- related sectors. Defining the law broadly will allow the government some flexibility in its application, but will also create more uncertainty among foreign investors. The definition must be sufficiently clear and describe the industries that will most certainly be affected, as well as the industries that will not be affected. This will help assuage the fears of foreign investors that their transaction might be arbitrarily blocked by corrupt government officials. Regardless of the protectionist policies of other nations, including the United States, the Chinese economy will best be served by establishing a clear definition of "national security" under Article 31. Second, China needs to keep its market open to foreign investors in order to sustain the growth of its economy. 182 The Chinese market is still relatively young and does not have the amount of domestic capital needed for continued [\*229] long-term growth. 183 The capital infusion it receives from foreign investors is what is driving most of the growth that would otherwise be outside the reach of domestic investors. 184 Foreign investment also brings new technology and management experience to the immature market. 185 Without the technology and managerial know-how, many Chinese industries would fall behind their global competitors in terms of productivity and quality of the products they offer. 186 This is especially apparent in highly technical sectors, such as banking and financials. 187 Therefore, in order to preserve the astounding growth the Chinese economy has achieved in recent years, the government needs to understand the main factors that are driving most of that growth: foreign investors. Furthermore, the NPC needs to limit the amount of corruption within the ranks of the state organization overseeing the application of Article 31. It is well known that corruption is a major roadblock to progress within the Chinese government. 188 Many state officials have proven in the past to be susceptible to favoritism and bribery. 189 If this corruption is not controlled, it will have a significant impact on the ability of foreign investors to enter the Chinese economy. Corrupt officials could be persuaded to use the law to arbitrarily block foreign competition in the domestic economy at the behest of domestic enterprises. This would be detrimental to both foreign investors and the Chinese economy. China has greatly benefited from an influx of foreign investment in recent years, 190 and any artificial obstructions to this investment would only serve to hamper the continued growth of the economy. 191 It is in the best interest of the PRC to keep corruption at a minimum in any circumstance, but a complex global market requires special attention to this matter. B. Foreign Investors Foreign investors looking to expand into China should consider whether their business has a substantial influence on industries that are typically affected by national security laws. As described previously, 192 these industries tend to [\*230] be related to national defense, energy, hazardous chemicals, and telecommunications. As long as the NPC chooses to apply its competition law in accordance with international standards, and keeps corruption to a minimum, these sectors should be fairly identifiable. It is important to monitor the developments in state regulatory agencies to see how the law is being applied. Furthermore, since a large part of the Chinese antitrust law has been adopted from other major anti-monopoly doctrines around the world, 193 foreign investors should first consider whether their merger or acquisition would raise national security questions under those systems of anti-monopoly law. 194 If the takeover were to raise a red flag in the United States or the European Union for antitrust violations, then it is also likely that the Chinese government will subject the transaction to a national security review. C. United States Finally, the United States government needs to tread carefully as it applies its new powers under FINSA. In an increasingly globalized economy, there are going to be many situations where foreign companies will be looking to acquire domestic U.S. companies that may never have been under foreign ownership. This is especially apparent given the weakening of the dollar compared to many foreign currencies. 195 A weak dollar puts many U.S. companies "on sale" in the eyes of foreign competitors. 196 This is a reality of the emerging global economy. Therefore, it is imperative that CFIUS and Congress exercise its power to block foreign acquisitions only when it has a truly detrimental effect on national security. Anything short of this will be perceived by the international community as an arbitrary interference with global trade. These interferences should be carefully considered due to the potential for economic retaliation by other nations. For example, it is not clear how China will choose to respond to the CNOOC- Unocal event, but it is most likely going to hamper the ability of any U.S. company seeking to acquire a Chinese energy firm in the future. Why should the Chinese government allow a U.S. company to do what the U.S. government did not allow the Chinese to do? It is also possible that this impediment to foreign acquisition will play itself out in other, non-energy related sectors of the Chinese economy. The broadening of these national security exceptions is not limited to China either. There are already some indications that CFIUS is applying FINSA to a much broader range of industries than ever before: "CFIUS is treating acquisitions of infrastructure, such as oil refineries and toll roads, which would [\*231] not have even been notified for screening in the past, as having national security importance." 197 If the application continues to broaden into other non- security related industries, there will almost certainly be a backlash from other nations, including China. Therefore, it is extremely important that Congress, CFIUS, and the U.S. government apply FINSA carefully. An increase in governmental interference with the global economy in the name of "national security" will ultimately make it more difficult for domestic companies to acquire foreign assets and enter new markets. It is possible for Article 31 of the new Chinese antitrust law to be integrated into the global economy quickly and seamlessly. For this to occur, the Chinese government will need to define and implement the law in accordance with international standards. Furthermore, foreign investors need to determine whether their proposed merger or acquisition could have an adverse affect on China's national security in light of recent examples from around the world. Finally, in order to ensure that Article 31 is not arbitrarily applied to U.S. companies, the U.S. government needs to carefully apply its own foreign investment regulations so as to keep retaliation by the Chinese government to a minimum.

#### Decline causes lashout- nationalists target the US and Taiwan

Friedberg professor of IR at Princeton 2011

(July/August, Aaron L., professor of politics and international affairs at the Woodrow Wilson School at Princeton University, Hegemony with Chinese Characteristics, The National Interest, lexis)

Such fears of aggression are heightened by an awareness that anxiety over a lack of legitimacy at home can cause nondemocratic governments to try to deflect popular frustration and discontent toward external enemies. Some Western observers worry, for example, that if China’s economy falters its rulers will try to blame foreigners and even manufacture crises with Taiwan, Japan or the United States in order to rally their people and redirect the population’s anger. Whatever Beijing’s intent, such confrontations could easily spiral out of control. Democratic leaders are hardly immune to the temptation of foreign adventures. However, because the stakes for them are so much lower (being voted out of office rather than being overthrown and imprisoned, or worse), they are less likely to take extreme risks to retain their hold on power.

#### The CCP would lash out for power, and they would use bioweapons

Renxin 05 Renxin, Journalist, 8-3-2K5 (San, “CCP Gambles Insanely to Avoid Death,” Epoch Times, www.theepochtimes.com/news/5-8-3/30931.html)

Since the Party’s life is “above all else,” it would not be surprising if the CCP resorts to the use of biological, chemical, and nuclear weapons in its attempt to postpone its life. The CCP, that disregards human life, would not hesitate to kill two hundred million Americans, coupled with seven or eight hundred million Chinese, to achieve its ends. The “speech,” free of all disguises, lets the public see the CCP for what it really is: with evil filling its every cell, the CCP intends to fight all of mankind in its desperate attempt to cling to life. And that is the theme of the “speech.” The theme is murderous and utterly evil. We did witness in China beggars who demanded money from people by threatening to stab themselves with knives or prick their throats on long nails. But we have never, until now, seen a rogue who blackmails the world to die with it by wielding biological, chemical, and nuclear weapons. Anyhow, the bloody confession affirmed the CCP’s bloodiness: a monstrous murderer, who has killed 80 million Chinese people, now plans to hold one billion people hostage and gamble with their lives. As the CCP is known to be a clique with a closed system, it is extraordinary for it to reveal its top secret on its own. One might ask: what is the CCP’s purpose to make public its gambling plan on its deathbed? The answer is: the “speech” would have the effect of killing three birds with one stone. Its intentions are the following: Expressing the CCP’s resolve that it “not be buried by either heaven or earth” (direct quote from the “speech”). But then, isn’t the CCP opposed to the universe if it claims not to be buried by heaven and earth? Feeling the urgent need to harden its image as a soft egg in the face of the Nine Commentaries. Preparing publicity for its final battle with mankind by threatening war and trumpeting violence. So, strictly speaking, what the CCP has leaked out is more of an attempt to clutch at straws to save its life rather than to launch a trial balloon. Of course, the way the “speech” was presented had been carefully prepared. It did not have a usual opening or ending, and the audience, time, place, and background related to the “speech” were all kept unidentified. One may speculate or imagine as one may, but never verify. The aim was obviously to create a mysterious setting. In short, the “speech” came out as something one finds difficult to tell whether it is false or true.

#### Outweighs and causes extinction

Ochs 2

Past president of the Aberdeen Proving Ground Superfund Citizens Coalition, Member of the Depleted Uranium Task force of the Military Toxics Project, and M of the Chemical Weapons Working Group [Richard Ochs, , June 9, 2002, “Biological Weapons Must Be Abolished Immediately,” <http://www.freefromterror.net/other_articles/abolish.html>]

Of all the weapons of mass destruction, the genetically engineered biological weapons, many without a known cure or vaccine, are an extreme danger to the continued survival of life on earth. Any perceived military value or deterrence pales in comparison to the great risk these weapons pose just sitting in vials in laboratories. While a “nuclear winter,” resulting from a massive exchange of nuclear weapons, could also kill off most of life on earth and severely compromise the health of future generations, they are easier to control. Biological weapons, on the other hand, can get out of control very easily, as the recent anthrax attacks has demonstrated. There is no way to guarantee the security of these doomsday weapons because very tiny amounts can be stolen or accidentally released and then grow or be grown to horrendous proportions. The Black Death of the Middle Ages would be small in comparison to the potential damage bioweapons could cause. Abolition of chemical weapons is less of a priority because, while they can also kill millions of people outright, their persistence in the environment would be less than nuclear or biological agents or more localized. Hence, chemical weapons would have a lesser effect on future generations of innocent people and the natural environment. Like the Holocaust, once a localized chemical extermination is over, it is over. With nuclear and biological weapons, the killing will probably never end. Radioactive elements last tens of thousands of years and will keep causing cancers virtually forever. Potentially worse than that, bio-engineered agents by the hundreds with no known cure could wreck even greater calamity on the human race than could persistent radiation. AIDS and ebola viruses are just a small example of recently emerging plagues with no known cure or vaccine. Can we imagine hundreds of such plagues? HUMAN EXTINCTION IS NOW POSSIBLE. Ironically, the Bush administration has just changed the U.S. nuclear doctrine to allow nuclear retaliation against threats upon allies by conventional weapons. The past doctrine allowed such use only as a last resort when our nation’s survival was at stake. Will the new policy also allow easier use of US bioweapons? How slippery is this slope?

#### Chinese restrictions on investment send a signal to developing countries that market restrictions are good for growth- Undermines free trade and democracy in Angola and Burma

Forsythe 10 (Michael, China reporter for Bloomberg News, Chairman Mao Never Left Board As Communists Dominate China Inc., Oct 12, 2010, http://www.bloomberg.com/news/2010-10-12/chairman-mao-never-left-board-as-communists-assert-control-over-china-inc-.html)

New Aphorism The phenomenon of centrally planned capitalism has inspired a new four-character Chinese aphorism: “The state advances and private companies retreat.” The popularity of the term -- often cited on blogs -- prompted the Communist Party to issue a statement in November 2009 saying that the phrase did not reflect official policy. On visits to several Beijing-based state-owned companies on June 30 and July 1, including to the headquarters of Cnooc, Vice Premier Zhang Dejiang made clear who was in control. “This year, the centrally administered enterprises have earnestly carried out the decisions and plans of the Communist Party and State Council,” he said. Less than three weeks later, the State Council published a directive reminding managers of state-run enterprises that Beijing needed to be consulted on major issues such as mergers and acquisitions and overseas investments. Better Managed Stephen Roach, chairman of Morgan Stanley Asia, says that the state-controlled behemoths that trade shares on the New York, Shanghai and Hong Kong stock exchanges are often well-managed. That distinguishes them from the inefficient, over-staffed SOEs of the past, he says. “Today’s SOEs are very different from their predecessors,” Roach says. “The management of these companies are much more accountable to a broad cross-section of international investors.” Roach adds that China’s leaders showed a steadier hand than their Western counterparts in keeping their economy growing, thanks to a 4 trillion yuan stimulus program announced in 2008. The country’s GDP grew 9.1 percent last year even as the global economy contracted 0.6 percent, according to the International Monetary Fund. China’s GDP will expand 10.5 percent this year, the IMF said in July. In contrast, it estimates that the U.S. economy will grow 3.3 percent, with the euro zone expanding by just 1 percent. “When they set policy, China’s leaders excel in execution and implementation of that policy,” Roach says. Capitalist Hybrids China’s success in keeping its economy on the move may inspire nations from Angola to Myanmar to shun free markets and democracy, as the Washington Consensus gives way to a Beijing Consensus based on state-led capitalism and authoritarian government, says Stefan Halper, a senior research fellow at Magdalene College, Cambridge University. “The most powerful asset in China’s global presentation is its market authoritarian model,” Halper says. “It is seizing the imagination of the developing world.” China’s capitalist hybrids such as China State Construction Engineering Corp. build ports in Sri Lanka, railroads in Tanzania and cricket stadiums in Jamaica and Antigua. Nina Wu, co-manager of the New York-listed Dreyfus Greater China Fund, which invests in stocks in China, Hong Kong and Taiwan, says China’s policies are making state-owned companies more attractive.

#### Scenario one is Angola

#### African trade is low now- changing FDI policy creates inter-African trade framework that solves cooperation, the economy, and maintains peace through job creation.

Da Gama, Department of Law, University of Western Cape, 5

FDI IN ANGOLA “CONSTRAINTS ENCOUNTERED BY INVESTORS IN THE ANGOLAN TERRITORY” ADVANTAGES AND IMPLICATIONS OF FDI TO ANGOLA, ANABELA NHANDAMO PEREIRA DA GAMA, May 2005, https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&ved=0CFkQFjAE&url=http://etd.uwc.ac.za/usrfiles/modules/etd/docs/etd\_init\_4115\_1174562136.pdf&ei=Ovk9UbmlIfHw0QGc7IDIDw&usg=AFQjCNHgn2a7Xh1MeDhSGzA\_Oxb5L3A3HQ&sig2=D7DAD-5C69Wh-xXOKTxBsA&bvm=bv.43287494,d.dmQ

The integration of Africa in trade relations within its region could promote, and encourage more trade and investment in the region and develop a closer relationship amongst African nations. In the SADC region, as well as in SACU, the biggest export comes from South Africa, even though there is a tendency for trading primarily in commodities.120 According to a presentation done by Feris121 early in 2005122, African countries do not trade with each other, that is why South Africa dominates intra-trade within Africa. There is a need to source African imports on the continent, and to promote African exports within the region. Intra-trade brings many benefits, which African countries especially the ones in the Sub-Saharan region, should embrace. Such benefits are job creation, economic development, incentives for private cross-border investment and foreign investment as well as a faster growth in income. There are a few impediments to intra-trade in Africa that could be seen as constraints to foreign direct investment. Factors like lack of diversity in terms of what to export, high tariff barriers in the region which make it costly to export to neighbour countries, overvalued currencies, high rates of inflation, lack of internal macro-economic balance, the inability to meet international quality, to apply health standards, lack of industrial services such as warehousing, lack of public services, deficient telephones, ineffective ports, complicated custom facilities, unreliable power supply, high transport and shipping costs and the insecure legal frameworks can play a very important role in the delay and discouragement of intra-trade and investment in Africa.123 Other barriers to trade facilitation emphasised by Feris, which the author would consider as investment barriers for the regional integration on facilitation of trade within Africa are: Factors like the lack of proper infrastructures, lack of human capacity and the difficulties in getting information on trade. It is trite knowledge that trade facilitation simplifies and harmonises all international trade procedures and prioritises full development integration. Despite all the adverse factors, one cannot underestimate the benefits Africa would derive from trade liberalisation in Africa. Clearly, trade liberalisation would result in more cooperation, and obvious improvements of infrastructures, a combined market, reductions of tariffs and so fourth. Africans indeed trade very little with each other. A good example is the fact that the Government of Angola contracted Odebrecht, a Brazilian construction124 company to build roads, when it could have procured the same services from the most developed neighbour countries (e.g. South Africa). Since they are in the same region, the costs should be less, but because of the investment constraints encountered (e.g. high tariff and high cost of transportation) investors in the region are discouraged from challenging the status quo.

#### Mass unemployment sparks civil conflicts that threaten human survival

Africa News 2003

Nigeria; Beekeeping: Key to Economic Growth in Africa, Africa News, June 18, 2003 Wednesday, lexis

It is doubtful if any other thing threatens the soul of humanity as hunger and poverty. In effect, the grinding poverty and biting hunger especially in Africa, South East Asia and some parts of Latin America pose a big threat to the survival and well being of humanity. The September 11 terrorist attack in the United States is instructive. Similarly, the unending armed conflicts in many parts of Africa have their roots in poverty, hunger and unemployment. A hungry man they say is an angry man. The African Development Bank ADB report underscores this dictum. It says, "Where poverty is widespread and the chances for more secured livelihood are not evident, conditions tend to be ripe for civil conflicts and their horrendous consequences". For instance, the situation in Nigeria today reflects the scenario painted by the ADB report as unemployed youths and the poor people often let loose their energy on bloody ethnic clashes causing loss of lives and untold hardship.

#### And, great power draw in ensures nuclear escalation

Deutsch 2002

Jeffrey, Founder of Rabid Tiger Project (Political Risk Consulting and Research Firm focusing on Russia and Eastern Europe), “SETTING THE STAGE FOR WORLD WAR III,” Rabid Tiger Newsletter, Nov 18, http://www.rabidtigers.com/rtn/newsletterv2n9.html

The Rabid Tiger Project believes that a nuclear war is most likely to start in Africa. Civil wars in the Congo (the country formerly known as Zaire), Rwanda, Somalia and Sierra Leone, and domestic instability in Zimbabwe, Sudan and other countries, as well as occasional brushfire and other wars (thanks in part to "national" borders that cut across tribal ones) turn into a really nasty stew. We've got all too many rabid tigers and potential rabid tigers, who are willing to push the button rather than risk being seen as wishy-washy in the face of a mortal threat and overthrown. Geopolitically speaking, Africa is open range. Very few countries in Africa are beholden to any particular power. South Africa is a major exception in this respect - not to mention in that she also probably already has the Bomb. Thus, outside powers can more easily find client states there than, say, in Europe where the political lines have long since been drawn, or Asia where many of the countries (China, India, Japan) are powers unto themselves and don't need any "help," thank you. Thus, an African war can attract outside involvement very quickly. Of course, a proxy war alone may not induce the Great Powers to fight each other. But an African nuclear strike can ignite a much broader conflagration, if the other powers are interested in a fight. Certainly, such a strike would in the first place have been facilitated by outside help - financial, scientific, engineering, etc. Africa is an ocean of troubled waters, and some people love to go fishing.

#### And, those nuclear states likely to be drawn in- resource potential

Africa News 9

Zimbabwe; Nuclear Weapons - Whither Africa?, Africa News-Akaki Sami, participated at the May 2009 UN Preparatory Committee Meeting of the 2010 Review Conference on the Nuclear Non-Proliferation Treaty. This article is reproduced from the African Executive., August 15, 2009,lexis

Sadly, a nuclear-free world will remain an illusion as long as the declared nuclear weapons states that are China, France, Russia, the UK and the USA (especially the last two) continue to expand or upgrade their nuclear arsenals while lecturing Iran and North Korea not to develop any. But given that Libya and South Africa are the only two counties to have unilaterally given up their nuclear weapons, the African Union and its individual member states are the only ones with demonstrable moral authority to lecture China, France, Russia, the UK, USA, India, Pakistan, Israel, Iran and North Korea to give up their nuclear weapons as well. The African Campaign for a Nuclear-free World now calls on the African union to occupy the moral high ground, which it rightfully deserves, and lead the rest of the world in efforts to create a nuclear-free world. The AU should persuade (diplomatically speaking) China, France, Russia, the UK, USA, India, Pakistan and Israel that trillions of dollars which they are wasting annually on nuclear weapons should be spent on tackling climate change and poverty, which are likely to lead to World War Three. That war will be fought in and over Africa, thanks to its abundant natural resources. And, given his immense experience on the global scene, Ambassador Boniface Guwa Chidyausiku should persuade the African Union to urgently take the lead in the political campaign for a nuclear-free world, if not for the sake of mankind, certainly for Africa's self-preservation.

#### Angolan Growth is key- economic leadership prevents current civil wars from escalating

Wall 11

The Rise and Rise of Angola, Think Africa Press, Dominic Wall- has worked and volunteered for NGOs in the UK and the Netherlands, with a focus on the Horn of Africa, and an interest in West Africa, the former Portugese colonies and regional geopolitics, May 26, 2011, http://thinkafricapress.com/angola/rise-and-rise-angola

The outcome of all this economic activity is a spillover effect into foreign policy, with a sizeable – and growing – impact on African geopolitics. The country’s president for over 30 years, Jose Eduardo Dos Santos, has long been a strong supporter of Robert Mugabe. In 2007, it was reported that up to 2,500 so-called "black ninjas", elite paramilitary troops, were sent to Zimbabwe to assist in crushing domestic revolt. This accompanied the despatch of Angolan armed forces to Zimbabwe four years earlier, while at the turn of the century both countries sent troops to participate in the Second Congo War with Angolan forces considered decisive in the conflict’s outcome. The relations go back to both states' independence in the 1970s when Dos Santos and Mugabe took over from colonial and minority rule respectively. In the recent crisis in Ivory Coast, Angola remained former president Laurent Gbagbo’s strongest ally, reportedly providing political support, funds and manpower in the form of militias. The country even sent representatives to Gbagbo’s swearing-in. Luanda’s position was undoubtedly prominent, splitting a unified stance within the African Union and holding back a strong regional response. During the start of the year, Angola’s backing of the status quo was deemed to have been a significant factor in South Africa’s dithering in applying pressure – one local analyst claimed that "the Angolan tail was apparently the South African dog". While the crisis ended with Gbagbo’s exit and Dos Santos calling for the former president to step-down, that Angola was an important player sends the signal that the country is at the very least entering the dynamics of inter-regional power play on the continent.

#### Scenario two is Burma:

#### Burmese modeling China is critical to development and their economy

Australian Financial Review 12

Burma needs quick wins over poverty, Vikram Nehru, Australian Financial Review, June 4, 2012 Monday , Lexis

Burma's recent exchange rate reform was just the first salvo in what many expect to be a steady effort to overhaul the economy and build incentives and institutions for sustained and inclusive growth. The danger is not that Burma will do too little, but that it may be asked to do too much. And the government may be only too willing to oblige, especially if it believes that doing so will accelerate the removal of remaining sanctions or eliminate external arrears, or both. A rush to reform may cause instability that reform opponents could seize upon to wind back the clock. The unification of Burma's Â­official and market exchange rates is a fundamental change. But a large proportion of the population remains desperately poor and without a social safety net to help them survive further policy-induced economic shocks. What must follow, therefore, are reforms that lead to quick wins in income generation and poverty reduction. There are three immediate constraints to growth: inadequate finances for government and infrastructure; excessive licensing and controls that suffocate private initiative and breed corruption, and tariff and non-tariff barriers that inhibit trade in manufacturing and agricultural products. Two further initiatives - natural resource management and international co-operation - are also needed. The first priority is to develop a financially viable government. This will allow the state to increase Â­certainty by financing local government and military organisations properly and transparently through the budget. That way, the government can help curb arbitrary attempts by these actors to extract revenues from the population. Financial viability will also help provide resources to build much-needed infrastructure. The second priority is to allow for increased economic activity by private entrepreneurs that is free from state or military patronage - and to give banks increased freedom to lend to such players, especially those in the agricultural sector. Third, the government should eliminate the broad variety of import and export restrictions and further promote foreign direct investment. Doing so will eliminate the supply bottlenecks that are throttling economic activity and jumpstart non-oil and gas export production.

#### That prevents North Korea from selling Burma nuclear weapons

Burton Associate Professor of Political Science at Brock University 10

China needs to act like a leader, The Toronto Star---Charles Burton Associate Professor of Political Science at Brock University, June 17, 2010 Thursday, Lexis

There are now indications that North Korea is providing Burma the ability to build a nuclear device. This is a real cause for concern, but China could readily play a more assertive role in Burma and facilitate the assumption of power by http://www.nytimes.com/info/daw-aung-san-suu-kyi/ Aung San Suu KyiEND. A stable, democratic Burma on China's border would be a much sounder neighbour and strategic trading partner than the irrational and unpredictable military regime crumbling there now. In North Korea, only China has the capacity to assist in a stable political transition by engaging progressive military elements over whom Beijing has influence. Again, the trade and investment possibilities for China in reconstructing the devastated North, once the irrational Kim family regime is replaced, would be enormous. China's prominent role in the G20 can undoubtedly be a good thing, but the expectation must be that it exhibit values of statesmanship and global leadership and act on them in short order - in its own interest and in the interests of a peaceful, prosperous and just world. Encouraging this process should be a priority for all the G20 nations.

#### Burmese nuclearization causes extinction – none of their defense applies.

Younker 2010

Nick, Senior Editor of the Institute for Defense and Government Advancement, The Next Nuclear Threat – Burma?, 4-19-2010, http://www.idga.org/force-protection/articles/the-next-nuclear-threat-burma/#.UVR6ERwqa8A

While the doves in Washington are celebrating President Barack Obama’s recent nuclear negotiations success with Russia and the hawks are constantly pushing for stronger action against Iran and North Korea a new threat is quietly emerging out of a most unexpected place. The Union of Myanmar (commonly referred to as Burma) is reportedly looking to acquire nuclear weapons technology from North Korea. This nation is far off the radar scope for most and many likely wouldn’t be able to place it on a world map. However, this small Southeast Asian nation may pose the most startling threat yet in a scary new nuclear arms race that involves a continually more unpredictable cast of characters. Although the nuclear arms race of the Cold War was terrifying for many and the Cuban missile crisis was a brink point that could have very easily ended in global annihilation, this twenty first century arms race has dimensions that make it a much more dangerous reality. The Soviet Union, United States, and China all had differences at various points and made threats and saber rattled when the timing served their respective purposes. However, it is clear looking back now that none wanted to send the world into a major nuclear conflict leading to global destruction. All three of these nations have actively tried to avoid that very scenario. For these original nuclear powers, the “bomb” was always a more of a deterrent than an offensive weapon. It was a defense mechanism against a possible incoming nuclear attack. It is strange to think of such a powerful weapon as defensive, but it gave these nations a secure feeling that they would never face a nuclear attack because they had the ability to retaliate with nuclear force. Mutually Assured Destruction was the moniker given to this philosophy. Additionally, all these nations acted very predictably and cooler heads always prevailed. In the 2000’s things changed dramatically. India and Pakistan (historically bitter enemies) were added to the list of nuclear powers. Intelligence claims that North Korea has at least a few bombs in its arsenal and is working on the ability to deliver them much longer distances that could possibly reach American soil. And Iran is relentlessly pursing nuclear capabilities. All these countries are known to have internal instabilities that could make them a flash point for volatile behavior. However, even Pakistan and North Korea for all its strong rhetoric have shown restraint and control in regards to the use of nuclear weapons. This means mainly that they haven’t been close in an attempt to use one as far as Intel has reported. Now in 2010 enters Burma. A nation that is so secretive and paranoid that it makes North Korea look inviting. It is governed by a ruthless military junta that rules with an iron-fist and absolute authority. The vast majority of the country lives in abject poverty even though the nation is rich in natural resources. These resources include natural gas and gemstones that the junta sells to further its causes and fund its projects. That now reportedly includes attempting to purchase nuclear weapons technology. Burma’s reclusive leaders are so paranoid that they moved the nation’s capital in 2005 from Rangoon to Pyinmana, a remote mountain village. Analysts believe that this move was motivated out of fear of pending U.S. invasion. And that the nation’s leaders felt that the mountain village would provide better protection and concealment than the port city of Rangoon. This type of unpredictability and impulsive decision making is a change of course on the world’s nuclear stage. It is difficult to foresee how this nation’s leaders would use a nuclear weapon. Would they preemptively attack if they felt threatened, in the same way they moved the nation’s capital without warning? Would they sell a weapon or technology to terrorist organizations without the slightest hesitation? These unknowns make Burma the most concerning issue yet in the nuclear realm. The UN National Security Council will undoubtedly have increasingly harder decisions to make with less certain outcomes. And this is why the new nuclear arms race is such a frightening prospect.

## 2AC

### case

#### AND CFIUS protectionism risk war with China – interdependency will falter

Dorn, CATO China specialist, 07 (James, “The Rise of China Engagement or Protectionism? US Policy towards China,” GLOBAL DIALOGUE Volume 9 ● Number 1–2 ● Winter/Spring 2007, http://www.worlddialogue.org/content.php?id=395)

Treasury Secretary Paulson is correct to urge institutional change in China rather than narrowly focus on the renminbi/dollar rate. China has promised to open further its financial sector and should be held to that commitment. The US Treasury has not yet labelled China a “currency manipulator”, but there is increasing pressure to do so. Paulson should resist that pressure and continue to point out to China the benefits of letting the renminbi eventually float and of removing capital controls. He should also stress the importance of widespread private ownership of capital assets and the free flow of information if China is to become a world-class financial centre. If Washington wants access to China’s capital markets, Beijing must be assured that Chinese investors have access to US markets, including the right to acquire energy assets. The secretive Committee on Foreign Investment in the United States, headed by the secretary of the Treasury, should be diligent but not interfere with foreign acquisitions that pose no legitimate security risk. China should be treated as a normal rising power rather than an adversary, unless its actions prove otherwise. Secretary Paulson recognises that “closer economic ties between nations help promote international peace and prosperity by creating common interests and raising the costs of conflict”. He therefore cautions both the United States and China to avoid being “captured by harmful political rhetoric or those who engage in demagoguery”. Instead, we should realise that constructive Sino-American relations require “a long-term strategic economic engagement on our common issues of interest”.7 Strategic economic dialogue together with prudent use of the WTO dispute-resolution mechanism to address US–China trade issues is superior to attempts by an activist Congress to win votes regardless of long-term consequences. As then–US Federal Reserve chairman Alan Greenspan warned, “[if] the pernicious drift toward fiscal instability in the United States and elsewhere is not arrested and is compounded by a protectionist reversal of globalization, the adjustment process could be quite painful for the world economy.”8 The Case for Economic Liberalism From a liberal perspective, economic development means an increase in “the range of effective alternatives open to people”, as the late economist Lord Bauer was fond of reminding his contemporaries who advocated state-led development.9 Restricting trade and capital flows reduces personal freedom, politicises economic life, and reduces wealth creation. Although Hong Kong has few natural resources, its institutions and adherence to the rules of a liberal market order have provided a framework for peace and prosperity. China will be less of a threat if it follows Hong Kong’s development model and continues to integrate itself into the global marketplace. US economic security, as well as China’s, depends on promoting economic liberalism, rather than on fostering protectionism. Any missteps that weaken the liberal global economic order and fuel economic nationalism will undermine a constructive US–China policy of engagement. We must not repeat the mistakes of the 1930s, when the Smoot–Hawley tariff and monetary-policy errors in effect ended the liberal international order. Free trade and financial integration are essential for prosperity and peace. As Cordell Hull, US secretary of state from 1933 to 1944, wrote, “Unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition with war.”10 Beijing can help resolve global imbalances by moving towards a more flexible exchange-rate regime and liberalising capital outflows so that there will be less pressure on the People’s Bank of China to accumulate foreign reserves. Delaying adjustment means faster accumulation of reserves, greater risk of capital losses by holding dollar assets, and a stronger incentive to diversify. Delay also means an increasing threat of inflation as China’s central bank creates new renminbi to buy dollars. It is thus in China’s interest, as well as that of the United States, to move forward on the issue of capital freedom. Viewing China as a threat equivalent to or greater than that posed by the Soviet Union is misleading and dangerous. It is misleading because, unlike the former Soviet state, China is not autarkic, is no longer a command economy, allows capitalists to join the Communist Party, recognises the importance of the private sector, and is not committed to dominating the world or to “burying” the United States. China is dependent on the global economy—especially the rich nations of the West, but also Taiwan, Hong Kong, and other Asian countries—to sustain economic growth. That interdependency is an important deterrent to conflict. As Robert Zoellick, then–US deputy secretary of state, noted in his remarks to the National Committee on US–China Relations in September 2005, “China does not believe that its future depends on overturning the fundamental order of the international system. In fact, quite the reverse: Chinese leaders have decided that their success depends on being networked with the modern world.” Likewise, viewing China as an inevitable threat is dangerous because it could lead to serious policy errors, such as protectionist measures based on bogus security arguments or on a zero-sum/mercantilist mentality. That mentality is evident today on Capitol Hill. Representative Barney Frank, chairman of the powerful House Financial Services Committee, when asked “how best to deal with China’s undervalued currency”, responded: “We threaten economic retaliation … I’d tell the Chinese we’re going to put some restrictions on what they can sell here. If they couldn’t sell in America, they would fall apart.”11

### FLAW

### 2AC-Restrictions on Production

#### ---we meet-foreign investment restrictions are a type of restriction on production

Hirsch-former senior energy program adviser for Science Applications International Corporation-11

Commentary: Restrictions on world oil production <http://www.energybulletin.net/stories/2011-03-28/commentary-restrictions-world-oil-production>

Restrictions on world oil production can be divided into four categories: 1. Geology 2. Legitimate National Interests 3. Mismanagement 4. Political Upheaval Consider each in reverse order: Political upheaval is currently rampant across the Middle East, resulting in a major spike in world oil prices. No one knows how far the impacts will go or how long it will take to reach some kind of stability and what that stability will mean to oil production in the Middle Eastern countries that produce oil. We are thus relegated to best guesses, which span weeks, months, or years before there are clear resolutions. One pre-Middle East chaos country limited by political upheaval is Iraq, which is believed to have the oil reserves to produce at a much higher level, but Iraqi government chaos has severely limited oil production expansion. In another long-standing case, Nigeria has been plagued by internal political strife, which has negatively impacted its oil production. Mismanagement of oil production within a country can be due to a variety of factors, all of which mean lower oil production than would otherwise be the case. Venezuela is the poster child of national mismanagement. The country has huge resources of heavy oil that could be produced at much higher rates. Underproduction is due to the government syphoning off so much cash flow that oil production operations are starved for needed funds. In addition, Venezuela has made it extremely difficult, if not impossible for foreign oil companies to operate in the country. Another example of mismanagement is Mexico, where government confiscation of oil revenues, substandard technology, and restrictions on foreign investment has led to significant Mexican oil production decline.

#### ---WE MEET- The plan specifies that it only removes restrictions on production and not anything extra. There is no other way to read it and the plan should be the ultimate arbiter of this question.

#### ---We meet – FDI restrictions explicitly ban production- Ralls proves

Voss 12 (CJ Attorney at Stoel Rives LLP) September 24, 2012 "Energy Law Alert: CFIUS Intervenes in Chinese-Owned Wind Project" http://www.stoel.com/showalert.aspx?Show=9813)

On July 25, 2012, CFIUS issued an Order Establishing Interim Mitigation Measures requiring Ralls to cease further construction and operation of the Oregon Projects, remove all stockpiled or stored items from the Oregon Project sites, and cease access to the sites except to the extent required to remove stored or stockpiled property. In an amended order, dated August 2, 2012, CFIUS modified its prior order, adding further restrictions on Ralls's activities, including a prohibition on the sale or transfer of the Oregon Projects to any third party for the purpose of installing any Sany products and restrictions on the sale or transfer of the equity or assets of the Oregon Projects.

#### ---FDI restrictions via Mitigation agreements are access restrictions.

Zaring, Law Prof at Penn, 09 (David, Assistant Professor, Wharton School, University of Pennsylvania; Visiting Assistant Professor, University of Pennsylvania Law School, CFIUS AS A CONGRESSIONAL NOTIFICATION SERVICE, Nov, 83 S. Cal. L. Rev. 81)

To be sure, determining a "law of CFIUS" is not easy. The Committee's legal mandate is replete with discretion. CFIUS is specifically charged with the task of reviewing proposed foreign acquisitions to determine whether they will impair "national security," 8 and the Committee has said the term "is to be interpreted broadly and without limitation to particular industries," its scope lying wholly "within the President's discretion." 9 Prospective foreign acquirers first submit their deals to the Committee for an evaluation over a thirty-day period, and if CFIUS is concerned enough to investigate further, a subsequent forty-five-day window exists. 10 After this evaluation period, the Committee must send a recommendation to the president, who can then either block the transaction or permit it to go forward. 11 CFIUS may recommend blockage to the president or refuse to approve the deal unless the acquiring company agrees to a variety of conditions, such as preventing foreigners from accessing the operations of the target asset, guaranteeing law enforcement access to the firm's resources, and so on. 12 These conditions take the form of "mitigation agreements," so called because the acquirer agrees to take the steps to [\*85] "mitigate any threat to ... national security." 13

#### ---Counter-interpretation—restrictions include limiting conditions

Plummer 29 J., Court Justice, MAX ZLOZOWER, Respondent, v. SAM LINDENBAUM et al., Appellants Civ. No. 3724COURT OF APPEAL OF CALIFORNIA, THIRD APPELLATE DISTRICT100 Cal. App. 766; 281 P. 102; 1929 Cal. App. LEXIS 404September 26, 1929, Decided, lexis

The word "restriction," when used in connection with the grant of interest in real property, is construed as being the legal equivalent of "condition." Either term may be used to denote a limitation upon the full and unqualified enjoyment of the right or estate granted. The words "terms" and "conditions" are often used synonymously when relating to legal rights. "Conditions and restrictions" are that which limits or modifies the existence or character of something; a restriction or qualification. It is a restriction or limitation modifying or destroying the original act with which it is connected, or defeating, terminating or enlarging an estate granted; something which defeats or qualifies an estate; a modus or quality annexed by him that hath an estate, or interest or right to the same, whereby an estate may be either defeated, enlarged, or created upon an uncertain event; a quality annexed to land whereby an estate may be defeated; a qualification or restriction annexed to a deed or device, by virtue of which an estate is made to vest, to be enlarged or defeated upon the happening or not happening of a particular event, or the performance or nonperformance of a particular act.

#### ---These limiting conditions are de-facto prohibitions because they set the bar too high on production

Marchick 07 (David, partner at Covington & Burling, where he advises

companies on the CFIUS process, “Swinging the Pendulum too Far: An Analysis of the CFIUS Process Post-Dubai Ports World,” Jan, http://www.nfap.net/researchactivities/studies/NFAPPolicyBriefCFIUS0107.pdf)

As Figure 4 (see Appendix) shows, jobs associated with foreign investment grew rapidly between 1985 and 2000 but have since dropped by 10 percent. While data are not yet available for 2005 and 2006, non-official data suggests that 2006 was a record year for overall merger and acquisition activity and there was strong growth of foreign acquisitions of U.S. companies in the United States, although foreign investment levels remain well below levels in 2000. Despite the apparent increase in foreign investment in 2006, one has to ask whether the overall level of foreign investment in the United States would not have been even greater in the absence of the uncertainty created by the Dubai Ports controversy. Indeed, as Figure 3 shows, merger and acquisition activity globally and between U.S. companies has grown much faster than the growth rate of foreign acquisitions of U.S. companies. Anecdotal evidence among investment bankers and CFIUS attorneys suggests that a number of significant foreign acquisitions did not go forward in 2006 due to concerns about CFIUS. These transactions did not go forward either because the foreign investor did not want to go through the CFIUS process or because of concerns that conditions imposed by CFIUS would have put them at a competitive disadvantage vis-à-vis their American competitors.

#### ---Their interpretation over limits-There are very few actual “prohibitions on production”. Incentives have been gutted by the states counterplan-err on the side of affirmative innovation and not DOD SMRs. They exclude regulatory obstacles that de-facto block production which is the heart of the literature.

#### ---Reasonability---The affirmative removes a significant obstacle to production on both OIL AND GAS. You should evaluate topicality like a disad and make them win a real ground and limits impact argument about the aff.

#### ---Not extra topical—our new plan cannot be read as removing restrictions on other facets of mergers and acquisitions, it explicitly only removes production restrictions

### Politics

#### Won’t Pass – LGBT provision

Lillis 3/19/13 (Mike, staffwriter for the The Hill, “GOP balks at LGBT protections in immigration reform” <http://thehill.com/homenews/house/289019-gop-balks-at-lgbt-protections-in-immigration-reform>)

Republicans are refusing to cede ground in their opposition to benefits for lesbian, gay, bisexual and transgender (LGBT) immigrants as part of efforts to get comprehensive reforms passed this year, said Rep. Luis Gutierrez (D-Ill.). Behind President Obama, Democrats and human rights advocates have lobbied for LGBT couples to have the same rights as other couples under the nation's immigration laws, for the sake of keeping families united. But Gutierrez, while he's pushing for those benefits to be included in the package, conceded Tuesday that he hasn't convinced anyone across the aisle to get on board. "I can tell you that there is broad support [generally], … but I can't say that I have reached any bipartisan [agreement]," Gutierrez, Capitol Hill's most vocal advocate for immigration reform, said at a breakfast in Washington sponsored by the Christian Science Monitor. Gutierrez noted that no final legislation has emerged from the bipartisan negotiations on the issue, and suggested that there's still time for Democrats to work the LGBT language into the package. "It's an issue we're still grappling with," he said. "I don't think we should simply discard it." But asked directly if any Republicans have been open to the idea, Gutierrez gave a dejected, "No." Because federal law does not recognize LGBT couples as legitimate families, same-sex couples of dual nationality are not offered the same protections granted to heterosexual couples during deportation proceedings. Democrats in both chambers are pushing to address that issue. A bill introduced last month by Rep. Jerrold Nadler (D-N.Y.) would empower LGBT American citizens to sponsor visas granting legal residency for their partners, a right they don't currently have. “Our Constitution guarantees that no class of people will be singled out for differential treatment – and LGBT Americans must not be excluded from that guarantee," Nadler said at the time. "Moreover, any serious legislative proposal for comprehensive immigration reform absolutely must include gay and lesbian couples and their families."

#### China FDI popular – economic considerations and China lobby

Schatz 10-5-12 (Joseph, POLITICO Pro’s tax editor. Before joining POLITICO, Schatz spent nearly a decade at Congressional Quarterly, covering politics and economics on Capitol Hill. Most recently, he was CQ's senior economic writer for four years, covering everything from the Wall Street bailout and the debt ceiling crisis to trade and the U.S.-China relationship, for which he received the National Press Club’s Sandy Hume award in 2010, “China politics aren't black and white,” Politico.com October 5, 2012, lexis)

Mitt Romney's hard-hitting ads claim President Barack Obama needs to "stand up" to China. Paul Ryan has fanned out across the industrial Midwest, saying that Beijing is treating Obama "like a doormat." The president, of course, is in on the act as well -- an Obama television spot accuses Romney of supporting "sweatshop conditions" through an old Bain Capital investment in China. Yet amid all the campaign tough talk about China, three of Romney's most prominent GOP surrogates were down in Texas last week, begging Chinese investors to set up shop in their states. "We're all here talking to them about why they should come to each of our states, and why for sure they should come to our country," Florida Gov. Rick Scott told FOX News as he, Rick Perry of Texas, Scott Walker of Wisconsin gathered at Cowboys Stadium in Arlington, Texas to meet with a traveling contingent from China touring the United States for nine days, looking for places to park their cash. It just goes to show: Black-and-white campaign slogans don't easily translate into economic policy, including the exquisitely complex U.S.-China economic relationship. For one thing, most economic experts doubt that Romney would really wrangle with the United States's biggest creditor, given the risks of a trade war. Indeed, the former Massachusetts governor's tone in the first presidential debate Oct. 3 already seemed a bit softer, as he promised to "crack down on China, if and when they cheat." But the dynamics are even more complicated when it comes to rapidly rising Chinese investment in the United States, particularly at the state and local level, where government officials of both parties are eagerly courting Chinese investments in waterfront rehabilitation plans, energy deals, greenfield projects and auto manufacturing. There are plenty of hiccups and failed deals, like Obama's high-profile decision to block the acquisition of four Oregon wind farms by Chinese-affiliated Ralls Corp., last week, on national security grounds. With China, you never quite know whether a firm is truly "private," or an arm of the state. But Chinese investment is way up in recent years, and Congress, which helped sink the Chinese purchase of Unocal Corp. in 2005, has been largely quiet on a broad range of Chinese acquisitions. That's in part because the U.S. economy badly needs the investment -- attracting foreign investment is going to be a major theme in any tax reform debate next year -- and in part because Chinese firms have gotten smarter about lobbying, and have won friends in Washington. Kevin G. Nealer, a partner at the Scowcroft Group, says that the scale of China's investments have changed the equation. Nealer was a Senate l8

5eadership staffer in the 1980s, when Japan's sudden emergency as a car and technology powerhouse provoked rage on Capitol Hill -- and when that fury started abating. "I saw the inflection point in trade neuralgia come when Japanese firms started making major investments here, building factories and hiring American workers at Toyota and Honda plants by the thousands," Nealer says. Business groups and analysts say that's already beginning to happen, though the level of investment is still small compared to countries like Germany. While China is the U.S. government's biggest creditor, with $1.15 trillion in Treasury securities, it still has relatively little money invested in elsewhere in the U.S. economy. In a report last week, Thilo Hanemann and Adam Lysenko of the Rhodium Group, an investment firm that closely tracks Chinese investment, said that before 2008, Chinese firms were responsible for very few jobs in the United States. "One of the most important questions is how Chinese investment affects U.S. employment," the authors note. While the figure is still small, it now stands at about 27,000, they said, as China has rapidly ramped up its investments "from an annual average of around 30 deals worth less than $500 million before 2009 to almost 100 deals worth about $5 billion in 2010 and 2011." Investment in the first half of 2012 alone totaled $3.6 billion, led by big Chinese acquisitions in the U.S. energy and banking sectors, like the Industrial & Commercial Bank of China Ltd.'s purchase of an 80 percent stake in the Bank of East Asia's U.S. subsidiary, a move that required approval by the Federal Reserve. For state and local governments, it's all about jobs. U.S. governors from both parties regularly go to China to solicit investment. And Michael Bell, the Democratic mayor of Toledo, Ohio -- exactly the region where Romney and Ryan are directing some of their harshest China attacks -- has drawn attention for attracting $200 million in Chinese property development investment. It's one of the chief reasons that China weathered the failed 2005 attempt by state-owned China National Offshore Oil Company Ltd. (CNOOC) to purchase Unocal. "To a degree, all politics are local," said one D.C. lawyer who has worked with Chinese investors. "If you're able to do it the right way, in a way that benefits someone's local district, that helps tamp down some of the concerns." U.S. lawmakers revamped the Committee on Foreign Investment in the United States (CFIUS), the Treasury-based group that last week recommended that Obama block the Ralls sale. And they still raise criticisms about many proposed deals in the sensitive telecom and Internet sectors, where a Chinese firm with government ties could pose a security threat. In July, Chinese telecommunication companies Huawei and ZTE were grilled by members of the House Intelligence Committee about the companies' relationship with the Chinese government. But some Chinese firms have become savvier. They've hired lobbyists at Hill and Knowlton, Patton Boggs and other D.C. shops to press their cases in the corridors of power in Washington. Still, notes Scowcroft's Nealer, some Chinese investors, coming from a culture of government control, can't believe that the U.S. investment process is largely free and open. The U.S. Chamber of Commerce circulated a report in July touting Chinese investment success stories in the United States. The Obama administration has also made efforts to link Chinese firms with American companies.

#### Obama has no political capital

Parnes and Sink 3/20/13 (\*Amie, the Hills White House Correspondent, \*Justin, staffwriter for the hill, “Obama honeymoon may be over” <http://thehill.com/homenews/administration/289179-obama-honeymoon-may-be-over>)

The second-term honeymoon for President Obama is beginning to look like it is over. Obama, who was riding high after his reelection win in November, has seen his poll numbers take a precipitous fall in recent weeks. A CNN poll released Tuesday showed Obama’s favorability rating underwater, with 47 percent approving and 50 percent disapproving of Obama’s handling of his job. Much of the president’s agenda is stuck, with climate change regulations delayed, immigration reform mired in committee negotiations and prospects for a grand bargain budget deal in limbo at best. On Tuesday, in a decision that underscored Obama’s depleting political capital, the White House watched as Senate Majority Leader Harry Reid (D-Nev.) announced only a watered-down version of Obama’s gun control proposals would be considered on the Senate floor. Republicans, sensing the sea change, are licking their chops. They point to the lack of movement on Obama’s signature issues, noting the contrast to the ambitious plans outlined in the early weeks of his second term. “The president set very high goals for himself during his State of the Union, but the reality is very little of his agenda is actually moving,” Republican strategist Ron Bonjean said. “He allowed himself to get caught up in the legislative quicksand, [and] the cement is beginning to harden. “ History isn’t on Obama’s side. The last four presidents who won a second term all saw their poll numbers slide by mid-March with the exception of Bill Clinton, whose numbers improved in the four months following his reelection. Clinton may have only been delaying the inevitable. His numbers dropped 5 points in April 1994. Even Ronald Reagan, buoyed by a dominant performance over Walter Mondale in the 1984 election, saw a double-digit erosion by this point in his second term. Obama has yet to complete the first 100 days of his second term. But without a signature achievement since his reelection, he faces a crossroads that could define the remainder of his presidency. White House aides maintain that the 24-hour news cycle makes comparisons to previous presidents difficult. “I think the nature of our politics now is different than Ronald Reagan’s honeymoon,” one senior administration official said. “The ebb and flow of politics doesn’t follow that model anymore.” But observers say a drop in popularity is typical for second-termers. “There may be some typical second-term honeymoon fade happening,” said Martin Sweet, an assistant visiting professor of political science at Northwestern University. “Honeymoon periods for incumbents are a bit more ephemeral.” But like most other presidents, Sweet added, “Obama’s fate is tied to the economy.” “Continuing economic progress would ultimately strengthen the president but if we are hit with a double-dip recession, then Obama’s numbers will crater,” he said. The White House disputes any notion that Obama has lost any political capital in recent weeks. “The president set out an ambitious agenda and he’s doing big things that are not easy, from immigration to gun control,” the senior administration official said. “Those are policies you can’t rack up easily, and no one here is naive about that.” The White House is aware that the clock is ticking to push its hefty agenda, but the official added, “The clock is not ticking because of president’s political capital. The clock is ticking because there’s a timetable in achieving all of this. [Lawmakers] are not going to sign on because the president’s popular.” And administration officials believe they still have the leverage. “There’s a decent amount of momentum behind all of this,” the official said. “It looks like immigration is closer [to passage] than ever before.” Republican strategist Ken Lundberg argued that current budget fights “have cut short the president’s second-term honeymoon.” He said this could also hurt the president’s party, warning “the lower the president’s approval rating, the bigger the consequence for vulnerable Democrats.” “Voters want solutions, and if they see the president headed down the wrong path, lockstep lawmakers will be punished in 2014,” he said.

### BIT 2ac

#### ---Condition Counterplans are illegitimate and a voting issue-there are an infinite number of possible conditions that are unpredictable. Condition counterplans undermine the affirmatives ability to generate offense by mooting the 1AC.

#### ---Conditionality is illegitimate and a voting issue. Time constraints and the no risk nature of conditionality undermine 2AC strategy. Independently, conditionality undermines the value of debate by causing superficial exploration of competing policy options.

#### ---CP links to politics

Budnick et al 11 (Andrew, Princeton Task Force on Chinese Investment in the US, “Economic Patriotism: How to Deal with Chinese Investment,” Dec,

http://www.princeton.edu/~smeunier/Princeton\_Task\_Force\_Report\_Final\_2011)

Costs: The costs of negotiations, which began anew in 2008, are minor compared to the potential benefits of increased bilateral investment. Still, if an agreement were reached, it might become political fodder for American politicians wary of China in general. Such a backlash might sour the treaty’s bid for Senate ratification.

#### ---Permute- do the plan and offer to China to conclude negotiations on a bilateral investment treaty. In the process of negotiations, the United States should ask for reciprocal concessions on investment in oil and gas production. The United States should implement the outcome of these negotiations. At the conclusion of an agreement the United States should open up negotiations with other interested countries to conclude similar agreements.

Rosen and Hanemann-Rhodium Group-11 (An American Open Door? Maximizing the Benefits of Chinese Foreign Direct Investment, http://www.ogilvypr.com/files/anamericanopendoor\_china\_fdi\_study.pdf)

However, we recommend realism in our expectations. Reform in China is not going to happen overnight, but it is important to understand that it has, in fact, happened over the decades. Similarly, China has opened much of its own economy to foreign investors, but there remains much to be done. We generally take the stance that the United States should not base its own investment review system on questions of reciprocity, but Chinese policy makers must be aware that such considerations play an important role in the domestic debate in the United States about openness to foreign investment, and that an acceleration of reforms would strengthen the position of those in the United States advocating investment openness.

#### ---Permute- do the counterplan- it results in the plan’s reduction in investment restrictions, so it doesn’t sever

#### ---China says no

#### A. Pressure on reciprocity triggers investment flight

Rosen and Hanemann-Rhodium Group-11

<http://www.ogilvypr.com/files/anamericanopendoor_china_fdi_study.pdf>

An American Open Door? Maximizing the Benefits of Chinese Foreign Direct Investment

7. Do not play the reciprocity game. The term “reciprocity” has been used too frequently in the context of Chinese investment— namely, if China is discriminatory against U.S. investment, the United States should reciprocate in kind. We recommend greater caution. China does maintain significant inward investment restrictions, but Beijing has been a leader in direct investment openness for decades, and the notion of withholding U.S. investment access for more access in China is both foolish and against American interests. Yes, U.S. negotiators must press China to open wider to U.S. investors. But it is emphatically in America’s interests to separate that effort from whether to permit cash to flow from China into the United States

. The United States should welcome capital from China, regardless of what Beijing’s state planners have to say about foreign investment in China. For 30 years, China has grown stronger by opening its door wider to FDI, irrespective of overseas openness. The United States should do the same, or risk Chinese firms setting up plants in Ontario instead of Michigan, or Juarez instead of El Paso.

#### B. “national treatment” provisions

Kong 10 (Qingjiang, Professor of Law of Zhejiang Gongshang University-China, US-CHINA BILATERAL INVESTMENT TREATY NEGOTIATIONS KONG, EAI Background Brief No. 507, Feb 25, http://www.eai.nus.edu.sg/BB507.pdf)

The thrust of the US position is a high standard BIT. A BIT based on the US model will be able to address most, if not all, of the US concerns. US companies also fear that any deviation from the “high standard” BITs that US negotiators have insisted on negotiating with other countries earlier on would complicate future negotiations with desired BIT candidates such as Russia, Brazil and India. That is why the US side has insisted on the US model BIT. The US has made clear its position: “The United States will negotiate on the basis of the US model BIT, which reflects high standards of investor protection.” 8 The US model BIT gives national treatment of foreign investors at the “pre-establishment” phase. The US will press for the "national treatment" provisions requiring China to accord US firms right of entry into any sector including those reserved for Chinese firms. The United States has relatively few restrictions on foreign investment so a successful pact would level the playing field for US investors in China. Indeed the US model BIT might offer substantial benefits to US businesses, but it is not so for China. Such terms would prohibit the Chinese government from discriminating between Chinese and US investors in reviewing and authorizing investments, granting business licenses, and other governmental actions necessary to “establish” a covered investment. China has not included a “pre-establishment” phase in previous investment agreements. 9 Moreover, implementing such an obligation would require the overhaul of much of China’s foreign investment regime. China might not be willing to do that. 10 The national treatment issue has been the most difficult area of the talks since the outset.

#### C. Currency and enforcement issues-turns relations

Kong 10 (Qingjiang, Professor of Law of Zhejiang Gongshang University-China, US-CHINA BILATERAL INVESTMENT TREATY NEGOTIATIONS KONG, EAI Background Brief No. 507, Feb 25, http://www.eai.nus.edu.sg/BB507.pdf)

Enforcement of the BIT will be another concern of the US side. The US is not confident of the Chinese administrative and judicial practice, particularly the discretion conferred to officials responsible. It does not feel confident of how effectively the BIT can be enforced. It is interested in having a set of enforcement procedures to effectively monitor China’s compliance with the national treatment obligations. For example, some on the US side suggest that it is necessary to draft the BIT with specific presumptions, evidentiary burdens, or standards to allow inferences of discrimination when the public record is murky. The US is particularly pressing for full investor-state arbitration provisions. Under investor-state arbitration provisions in the BIT, the investor can claim directly against the host state for breaching substantive protections (such as expropriations, or transparent ‘fair and equitable treatment’) for investments that have been made. Investment disputes are accordingly resolved through a much more ‘judicialised’ procedure. China’s BIT negotiation practice is to allow all issues arising from FDI activities to be arbitrated. 12 The backdrop is that China is now a major FDI exporter, whose investors are already beginning to bring claims abroad. It should also be noted that in this regard, the national security issue is likely to become even more acute in light of some very recent developments in investment treaty arbitration practice. 13 Traditionally, the BIT needs to address the issue of free transfer of investments and profits deriving from the host country’s foreign exchange control. Given China’s gigantic reserves, this issue is no longer prominent. However, some on the US side seem interested in imposing a discipline on China concerning the exchange rate. Understandably, China, which has been opposing currency rate pressure, will be unhappy with or at least reluctant with the US request. The ramifications of incorporating FOREX provisions into the BIT are another concern. The US-China S&ED mandated the third Investment Forum. 14 The BIT negotiation will certainly be the main theme of the forum. However, in view of the clash of the two parties’ positions, the BIT negotiations might turn out to be a long-lasting diplomatic baffle between the US and China unless either party’s stance is to be compromised.15

#### D. No one will believe the negotiator has the power to persuade Congress to implement the CP.

National Journal 5/18/02 Stokes

\* Go on the offensive. "The farm bill is designed to meet our World Trade Organization obligations, and while we're committed to the Doha objectives, it's not unhealthy for other countries to understand we stand up for our national interests," said Allen Johnson, the chief U.S. agricultural negotiator. Facing the prospect of being outspent, Europe and Japan may finally decide that they have little choice but to agree to major cuts in their farm support. But this shot-across-their-bow strategy reverses two decades of U.S. international leadership in the effort to lower trade-distorting farm subsidies, and it could expose Washington to charges of hypocrisy. "Building up our subsidies doesn't enhance our leverage, it undermines our credibility," argued Craig Thorn, a partner in DTB Associates, an international trade-consulting firm and a former U.S. farm negotiator in Geneva. In international talks where U.S. officials always have the difficult task of convincing foreigners that Congress will ultimately bless American concessions, U.S. negotiators' credibility is a precious commodity.

#### ----Turn-Politicization

#### BIT locks in congressional meddling-domestic political considerations would move the goal post for Chinese compliance

Harvard International Law Journal 10 (The Harvard International Law Journal is the oldest and most-cited student-edited journal of international and comparative law, What Would a U.S.-China Bilateral Investment Treaty Mean?, March, http://www.harvardilj.org/2010/03/what-would-a-u-s-china-bilateral-investment-treaty-mean/)

A BIT typically permits aggrieved foreign investors to seek compensation for unfair or inequitable regulatory treatment in arbitration instead of host country domestic courts. Such an agreement with China would mark the first time that the United States has signed a BIT with a substantial foreign investor and opened the possibility of litigating American regulatory decisions before international arbitrators. With large scale regulatory reform on the horizon, particularly in the financial sector which has substantial Chinese investment, this possibility raises complex sovereignty questions. In addition, arbitration of American regulatory disputes raises the tricky question of compliance with an adverse decision. The United States has typically treated BIT’s as self-executing treaties, but Congress would have to approve the payment of adverse judgments. Domestic political considerations would make such authorization unpalatable, and any failure to pay could jeopardize the overall BIT framework. As of now, the parties have reached no agreement, and the U.S. Senate would have to ratify any BIT before it took effect. But, as several commentators have noted, the issues surrounding a U.S.-China BIT merit careful scrutiny.

#### ---Delay

#### A. BIT negotiations would be time-consuming

Kong 10 (Qingjiang, Professor of Law of Zhejiang Gongshang University-China, US-CHINA BILATERAL INVESTMENT TREATY NEGOTIATIONS KONG, EAI Background Brief No. 507, Feb 25, http://www.eai.nus.edu.sg/BB507.pdf)

The US model BIT is characterized by the national treatment of foreign investors and foreign investments at the “pre-establishment” phase where each party to the BIT has to accept the FDI from the other party unless in certain pre-specified sectors for national security reason. Accordingly, lucrative sectors reserved for state-owned enterprises or state-controlled enterprises in the name of national security shall be opened for foreign participation. China’s position has softened considerably in contrast to the assertive stance of the United States that sets the quality of the agreement above the timeline for concluding the negotiation. The current Chinese investment regime is characterized by an industrial policy orientation and case-by-case approval for prospective FDI, which serve primarily to block unwanted FDI influx. Thus, implementing the pre-establishment national treatment obligation would require the overhaul of much of China’s foreign investment regime. In view of the varying interests of the two nations, the huge investment potential and the clash of the two parties’ positions, the BIT negotiation is destined to be the most difficult one in history, and might turn out to be a long-lasting diplomatic baffle between the US and China unless either party’s stance is to be compromised.

#### B. Delays crush investment

Marchick 07 (David, partner at Covington & Burling, where he advises

companies on the CFIUS process, “Swinging the Pendulum too Far: An Analysis of the CFIUS Process Post-Dubai Ports World,” Jan, http://www.nfap.net/researchactivities/studies/NFAPPolicyBriefCFIUS0107.pdf)

Timing matters most. With the exception of price, the most important factor for foreign investors or for U.S. companies selling a business is the time — and associated risk — to close a transaction. In many respects, transactions are akin to selling a house. If a seller has the choice of selling to one buyer who can close in 30 days and another who will take 60 days, a rational seller will always chose the buyer who can close first, unless the other buyer will pay a significant premium. The longer a transaction takes to close, the greater the risk and the greater the uncertainty. More uncertainty makes investors less likely to invest. The statutory timeframes within Exon-Florio mirror the timeframes for antitrust reviews, putting foreign and domestic buyers on a level playing field. CFIUS has extraordinary flexibility to extend reviews for tough cases — maintaining the initial 30-day review timeframe is crucial.

### Russia

#### Russian decline now –Capital

Khamraeva 9/17/12

V., Telegraph/Russia Behind the Headlines, Experts foresee new wave of financial crisis in Russia, http://www.telegraph.co.uk/sponsored/russianow/business/9547777/russia-financial-crisis-second-wave.html

Economic experts warn, however, that a new crisis is just around the corner, and the economy could start faltering as early as this autumn. According to Yevgeny Nadorshin, chief economist at JFSC Sistema, parts of the Russian economy are worsening. “Our investment is basically stagnating and manufacturing growth has slowed down to less than 2pc annually. Growth is now mostly driven by public and private consumption, in particular by households that are borrowing – but this is not a solid base for long-term growth,” he said. “The financial sector faces the threat of the economic situation taking a sharp downturn, which will have a significant effect on banks’ capital,” warned Oleg Vyugin, chairman of the board of MDM Bank. “But this is still a fairly abstract picture, because the worse the global situation gets, the more monetary incentives financial regulators such as the Fed and the ECB use,” he said.

#### Russian FDI policy explicitly models CFIUS

Gill et al 2009

Franklin E., retired Research Professor of Law, University of New Mexico School of Law and Chief Corporate Financial Counsel, Sun Company, Inc. The International Lawyer Vol 43 No 2 Summer 2009, Russia and Ukraine, http://www.americanbar.org/content/dam/aba/multimedia/international\_law/docs/committees/russia\_eurasia/russiaeurasiayir.authcheckdam.pdf

One of Vladimir Putin’s last acts in his capacity as Russia’s president was to sign into law, on April 29, 2008, a new federal statute requiring foreign investors wishing to acquire a substantial stake in “strategically significant” enterprises in Russia to seek advance government approval for any such acquisition.13 The law has been criticized as likely to have a chilling effect on already-wary foreign investors and further amplify the Russian Government’s power to control economic activity for political ends.14 Defenders of the law point out that many, if not most, countries have adopted some measures to restrict foreign investors’ acquisition rights in certain strategically vital spheres of economic activity.15 The United States, for instance, has maintained, since 1988, its own governmental review procedure for foreign investments affecting national security interests, under the so-called “Exon-Florio” provisions,16 and has recently en-acted amendments to the procedure designed to expand the scope of this review.17 Indeed, the official Explanatory Note to Russia’s Foreign Investment in Strategic Enterprises Law (FISEL) expressly refers to the “analogous” nature of the U.S. legislation.18 In assessing the features and likely impact of the new Russian law, it might therefore be instructive, particularly for U.S.-based observers, to compare its provisions and their implementation to those of Exon-Florio. Both Russia’s FISEL and the United States’ Exon-Florio provisions permit their respective governments to reject foreign investment transactions deemed to threaten national security interests.19 There are quite a few significant differences, however, in how the two laws are structured.

#### FDI is key to Russian oil and gas modernization – capital intensive.

Heinrich and Pleines 2012

Dr. Andreas Heinrich and Dr. Heiko Pleines are working at the Research Centre for East European Studies at the University of Bremen, The Political Challenges of an Oil Boom: the Resource Curse and Political Stability in Russia RUSSIAN ANALYTICAL DIGEST No. 113, 15 May 2012 http://www.css.ethz.ch/publications/pdfs/RAD-113.pdf

With no relevant legislation in place, all post-Soviet states saw production sharing agreements (PSAs) as the preferred means of regulating FDI in oil and gas production, because these case-specific agreements are immune to administrative and legislative changes in the host country. Although host governments and investors may have complementary interests, as both profit from rising oil or gas production, there are limits to reciprocity. On the one hand, big multi-national companies can have an information advantage, as they often have a better understanding of the nature of deposits, the technical challenges and the amount of profits to be expected. On the other hand, oil and gas projects are characterized by large capital investments. Thus, the host government might use the (sunk) assets as ‘hostages’ to extract increased resource rents and/or limit foreign ownership through forced divestment and expropriation of assets. The Russian state has been markedly indecisive concerning foreign direct investment in the oil and gas industry, swinging between a desperate need for investment in order to modernise one of the most important sectors of the Russian economy and a fear of surrendering control over this important sector to foreign interests. Which aspect dominated was influenced by general political and economic trends. Until 1992, when enthusiasm for market reforms was growing, the legal foundations for joint ventures were laid. When public sentiment against capitalism and a sell-out to foreign investors was rising, restrictions on foreign investment were tightened. When the financial crisis of 1998 made foreigners the only possible source of cash, a more attractive PSA law was enacted rather smoothly. Increased earnings, resulting from the rise in world market prices for oil, then again cooled the interest in foreign direct investment in the industry. In a turn to resource nationalism the role of state companies in the industry was increased.

#### Natural Gas production is already sky high.

Seattle Times 9-27 (Awash with natural gas, industry eyes exporting fuel, http://seattletimes.com/html/businesstechnology/2019281613\_naturalgasexportsxml.html)

The natural-gas industry is drowning in its own success. Drilling companies are extracting so much natural gas from U.S. shale formations like Pennsylvania’s Marcellus Shale that they want to export the fuel, provoking opposition from some who say American gas should stay at home. At the Shale Gas Insight conference in Philadelphia last week, Jack Williams, president of XTO Energy, used the podium to promote the idea of exporting liquefied natural gas (LNG) ships. “Just as we do with exports of grain, cars, and other American products, by exporting LNG, we can create economic value that would not have existed otherwise,” Williams told the audience. XTO has a lot to gain from exports. It is a subsidiary of Exxon Mobil, the nation’s largest producer of natural gas, whose price has plummeted because the shale-gas revolution is producing more gas than U.S. markets can absorb. Exxon Mobil in August submitted an application to the Federal Energy Regulatory Commission to export LNG from a terminal it co-owns in Sabine Pass, Texas. It’s one of seven facilities nationwide seeking federal approval to export.

#### Production high and rising

Kasey 9/14

Pam, The State Journal, US natural gas production on track to top 2011 record in 2012, http://www.statejournal.com/story/19544273/us-natural-gas-production-on-track-to-top-2011-record-in-2012

Despite low prices, U.S. natural gas producers are on track in 2012 to top their record 2011 production. Gas produced in the first six months of 2012 came to 11.9 trillion cubic feet, or tcf, compared with 11.2 tcf in the first six months of 2011, according to the U.S. Energy Information Administration. Total production in 2011 of 23 tcf exceeded 2010 production by 7.8 percent and topped the previous record, set in 1973, of 21.7 tcf. Volume has been higher in every month of 2012 compared with 2011. The monthly average for January through June 2012 was 1.98 tcf, compared with the 2011 average of 1.92 tcf — putting the industry on track to produce 23.8 tcf this year.

---No Link-Investment Tradeoff

Pane 05 (Marc, studied ILaw at Fordham, worked for the Office of the Principal Defender for the Special Court for Sierra Leone, CNOOC’s Bid for UNOCAL: Now is the Time to Improve theExon-Florio Amendment, http://www.scribd.com/doc/61823408/CNOOC-s-Bid-for-UNOCAL-Now-is-the-Time-to-Improve-the-Exon-Florio-Amendment)

Observers fear that China might yet take any of several courses of action. One would be a form of direct retaliation. China might, for example, have a state-owned airline company place an order with Airbus instead of Boeing, or grant an oil concession to BP or Shell, in some future transaction. 146 The other, perhaps both more likely and potentially damaging, would be for China to change strategies for future energy expansion. 147 Having been thwarted from acquiring a U.S. energy company, China might decide to slate its needs for oil and gas by increasing investment in other more amenable countries such as Iran, Myanmar, and the Sudan. 148 Not only would this be at the expense of U.S. shareholders, it might have more far reaching consequences, as China is rumored to sometimes trade armaments for oil and gas rights in such countries. 149 In a broader context, continued refusal to engage China in a price-based system for securing energy resources might eventually force China to adopt non-price-based systems for doing so(including military intervention), with potentially severe national (and global) security repercussions. 150 The appearance of protectionism by the United States plays into the hands of Chinese hardliners, further isolating China and giving it fewer incentives to improve its human-rights record or make concessions regarding the status of Taiwan, and supports the positions of opponents to China’s market liberalization programs.

#### Won’t cut back – use it or lose it.

Tverberg 3/23/12 (Gail, an actuary interested in finite world issues - oil depletion, natural gas depletion, water shortages, and climate change. The financial system is also likely to be affected. “Why US natural gas prices are so low – Are changes needed?” <http://ourfiniteworld.com/2012/03/23/why-us-natural-gas-prices-are-so-low-are-changes-needed/>)

3. Supply doesn’t drop quickly. Natural gas supply (Figure 5, above) does not drop very quickly when prices drop too low because long lead times and large investment is needed to bring supply on-line. Natural gas producers have debt to service and are often faced with “use it or lose it” leases, so [and] are hesitant to stop, for fear of not being able to make use of their investment. A decline in price may be hedged, so the producer does not feel the effect as quickly as otherwise, and take appropriate action. Profitability of individual wells is based on estimates of long-term future production and future costs–things which are not at all certain. Some small producers may not even be aware of how unprofitable current prices really are. There is also the issue of large oil and gas companies having difficulty “replacing their oil reserves,” and needing natural gas reserves to substitute for oil reserves. These large oil companies are willing to buy natural gas companies, even if the cost would seem to be far too high, given recent prices. These willing buyers allow production to keep expanding, creating a greater over-supply situation before a shake-out occurs.

### CULT

#### ---No Link and Turn --- Extinction is the death of death --- We don’t have to take a stance on death’s nature to know that if everyone is vaporized then there won’t be anyone left to make knowledge or value claims.

#### ---We reclaim survival by contextualizing it in terms of specific types of existence that will survive; namely one organized around trade and mutual interdependence.

McKee 2012

Yates, Of Survival, Impasses of the Post-Global: Theory in the Era of Climate Change, Vol. 2, http://quod.lib.umich.edu/o/ohp/10803281.0001.001/1:5?rgn=div1;view=fulltext

Left-wing thinkers such as Wolfgang Sachs have over the past two decades made an important point of critically exposing the depoliticizing implications of what he calls “survival as the new raison d’être of planetary management”—i.e. the positing of the bare biophysical existence of humanity qua species as an unquestioned basis on which to make decisions concerning economic development and environmental regulation on the part of global elites. [9] While such critiques have proven indispensable in establishing ecology as a site of antagonism rather than taken-for-granted consensus, survival can be productively re-mobilized as both a figure of reading and an ethico-political imperative aligned with the concerns of critical climate change put forth in the current volume. Rather than a mere semantic frill to be sanctimoniously invoked or critically demystified, the survival would need to be recognized in its aporetic structure, which is to say, its suggestion of a fundamental dependence or indebtedness on the part of life for its own endurance in time on a set of sustained and sustaining conditions that are irreducible to the being-present of the life in question. [10] Judith Butler has recently brought the quasi-transcendental aporia of survival—“the very structure of existence” as Derrida calls it—into dialogue with an analysis of what she calls the “uneven allocation of precarity” in an expanded global frame of biopolitics. For Butler, the “survivability” of lives depends not only on the reliable allocation of material life-support networks, but also, and perhaps more primordially, the conditions of the “representability of life itself: what allows a life to become visible in its precariousness and its need for shelter, and what is it that keeps us from seeing or understanding certain lives in this way? This problem concerns the media, at the most general level, since a life can be accorded a value only on the condition that it is perceivable as a life” (Frames of War 51). In other words, crucial among the conditions of non-life on which life depends for its continuation—the “sustained and sustaining conditions of life”—are those mediatic practices and aesthetic frames through which lives are able to appear as livable, grievable, and thus worthy of protection. As Butler puts it, “in this way, media and survival are linked” (Frames of War 181).

#### ---CIFIUS reviews are organized around the fear of death --- Extend Caroll --- We currently assess trade investment deals based on their capacity to help China gain the resources necessary to kill Americans. The affirmative is a direct refusal of that logic by opening our energy investment policy to the unpredictable whim of international trade.

#### ---Permutation, do the plan and reject a fear of death, we can perm a lens to evaluate the world, even if its not explicit their advocacy is discussing death bad.

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### CP

#### Pressure means China will say no and makes protectionism worse.

Hanemann 11 (Thilo, Research Director for the Rhodium Group, Chinese FDI in the United States and Europe: Implications and Opportunities for Transatlantic Cooperation, June, http://www.columbia.edu/cu/alliance/documents/EDF/Monday/Rosen\_reading.pdf)

Assessing political leverage: Finally policymakers need to think about how they can leverage China’s new found investment interests in the most productive and beneficial way. The central question is whether or not OECD countries should play the reciprocity game and threaten to deny Chinese investors access to those sectors in which foreign firms face restrictions in China. Such a strategy sounds compelling at first but it would be ill-conceived as it would choke off badly needed investment while probably having very little effect on investment restrictions in China. The threat of imposing investment controls would also seriously undermine the OECD leadership in its promotion of global investment openness, and could further increase protectionist sentiment in an already fragile global economy. While threatening to close our borders to Chinese FDI is not a good idea, there are plenty of areas in which China’s new investment interests can be leveraged by U.S. and EU policymakers to reach common goals, for example China’s adherence to international investment norms and rules, improvements in China’s legal and regulatory system, or better corporate governance and greater transparency of Chinese firms.