# 1NC

### “Hassle” 1NC

#### Interpretation –

#### Reduce means to make smaller

Merriam-Webster – 12, http://www.merriam-webster.com/dictionary/reduce

a : to draw together or cause to converge : consolidate <reduce all the questions to one>

b (1) : to diminish in size, amount, extent, or number <reduce taxes> <reduce the likelihood of war> (2) : to decrease the volume and concentrate the flavor of by boiling <add the wine and reduce the sauce for two minutes>

c : to narrow down : restrict <the Indians were reduced to small reservations>

d : to make shorter : abridge

#### Restrictions are legal limitations on an activity

Gerald N. Hill and Kathleen T. Hill – 2005, the Free Dictionary, http://legal-dictionary.thefreedictionary.com/Restrictions

restriction n. any limitation on activity, by statute, regulation or contract provision. In multi-unit real estate developments, condominium and cooperative housing projects, managed by homeowners' associations or similar organizations are usually required by state law to impose restrictions on use. Thus, the restrictions are part of the "covenants, conditions and restrictions," intended to enhance the use of common facilities and property, recorded and incorporated into the title of each owner.

#### Violation – The aff makes energy production EASIER but it doesn’t make some form of production legal that was previously prohibited - Having to go in front of a review board is not a restriction on production, it’s just a hassle.

#### Vote Neg

#### Predictable Limits – Official regulations and statutes provide a predictable and stable list of restrictions on energy production – including affs that reduce hassles instead of legal restrictions explodes the topic. Makes it impossible to predict affs because no one knows just how much “red tape” will qualify as a “restriction” – it’s too subjective.

#### Ground – There is a huge distinction between making something more efficient and legalizing a previously prohibited activity – qualitative improvements like the aff make all our links non unique and produce such small affs that no DA would link.

### Production 1NC

#### Interpretation -

#### “on” indicates the object affected by the action

American Heritage Dictionary – 2000, http://www.thefreedictionary.com/ON

on (n, ôn)

prep.

1.

a. Used to indicate position above and supported by or in contact with: The vase is on the table. We rested on our hands and knees.

b. Used to indicate contact with or extent over (a surface) regardless of position: a picture on the wall; a rash on my back.

c. Used to indicate location at or along: the pasture on the south side of the river; a house on the highway.

d. Used to indicate proximity: a town on the border.

e. Used to indicate attachment to or suspension from: beads on a string.

f. Used to indicate figurative or abstract position: on the young side, but experienced; on her third beer; stopped on chapter two.

2.

a. Used to indicate actual motion toward, against, or onto: jumped on the table; the march on Washington.

b. Used to indicate figurative or abstract motion toward, against, or onto: going on six o'clock; came on the answer by accident.

3.

a. Used to indicate occurrence at a given time: on July third; every hour on the hour.

b. Used to indicate the particular occasion or circumstance: On entering the room, she saw him.

4.

a. Used to indicate the object affected by actual, perceptible action: The spotlight fell on the actress. He knocked on the door.

b. Used to indicate the object affected by a figurative action: Have pity on them.

c. Used to indicate the object of an action directed, tending, or moving against it: an attack on the fortress.

d. Used to indicate the object of perception or thought: gazed on the vista; meditated on his actions.

5. Used to indicate the agent or agency of a specified action: cut his foot on the broken glass; talked on the telephone.

6.

a. Used to indicate a medicine or other corrective taken or undertaken routinely: went on a strict diet.

b. Used to indicate a substance that is the cause of an addiction, a habit, or an altered state of consciousness: high on dope.

7.

a. Used to indicate a source or basis: "We will reach our judgments not on intentions or on promises but on deeds and on results" (Margaret Thatcher).

b. Used to indicate a source of power or energy: The car runs on methane.

8.

a. Used to indicate the state or process of: on leave; on fire; on the way.

b. Used to indicate the purpose of: travel on business.

c. Used to indicate a means of conveyance: ride on a train.

d. Used to indicate availability by means of: beer on tap; a physician on call.

9. Used to indicate belonging to: a nurse on the hospital staff.

10. Used to indicate addition or repetition: heaped error on error.

11.

a. Concerning; about: a book on astronomy.

b. Concerning and to the disadvantage of: We have some evidence on him.

12. Informal In one's possession; with: I haven't a cent on me.

13. At the expense of; compliments of: drinks on the house.

#### And production is the physical process of getting the fuel out of the ground

EIA – no date (accessed 8/28/12), Glossary: production, <http://www.eia.gov/tools/glossary/index.cfm>

Production, oil and gas: The lifting of oil and gas to the surface and gathering, treating, field processing (as in the case of processing gas to extract liquid hydrocarbons), and field storage. The production function shall normally be regarded as terminating at the outlet valve on the lease or field production storage tank**.** If unusual physical or operational circumstances exist, it may be more appropriate to regard the production function as terminating at the first point at which oil, gas, or gas liquids are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal.

#### B. Violation – the aff removes a restriction on mergers and acquisitions of companies – NOT production of energy

Leon B. Greenfield and Perry Lange - Partner, Wilmer Cutler Pickering Hale and Dorr LLP / Associate, Wilmer Cutler Pickering Hale and Dorr LLP – Winter 2006/2006, The Threshold Vol. VI, No. 1, The CFIUS Process: A Primer, <http://www.wilmerhale.com/files/Publication/98f0d23b-0510-47ef-a1a1-24f9dcb3752d/Presentation/PublicationAttachment/dc942fa3-988d-4959-b945-2b769eb99b7d/Greenfield_Lange_CFIUS_Process.pdf>

In 1988, in response to concerns about possi-ble effects of foreign direct investment on na-tional security, Congress enacted the Exon-Florio amendment to the Defense Production Act.1 Exon-Florio authorizes the President to investigate the impact on U.S. national secu-rity of "mergers, acquisitions, and takeovers" by foreign persons that result in foreign con-trol over a U.S. company or certain U.S. as-sets. If the President finds: (1) "credible evi-dence" that a transaction would impair na-tional security; and (2) that no other provision of law grants him authority to take steps to ameliorate this impact, he may take action to block the transaction. The President's findings are not subject to judicial review.¶ Exon-Florio applies not just to proposed merg-ers and acquisitions; the President is also em-powered to seek judicially-ordered divestiture of completed acquisitions. Further, unless a party to the transaction avails itself of the vol-untary CFIUS notification and review process, discussed below, there is no limitations period on the President's authority to investigate a past transaction–though the review must relate to facts or circumstances existing at the time of the transaction. (Under the implementing regulations for Exon-Florio, however, only the CFIUS chair may initiate review of a com-pleted transaction after three years from the date the acquisition is completed.)

#### Vote Neg

#### Predictable Limits – Removing a restriction on energy-related activities like mergers of energy companies lets in any aff that can plausibly explain a downstream relationship to production – explodes the topic

#### Ground – Narrow definition of “production” is key to guarantee neg links to “production bad” DAs like prices – they could concede no Chinese companies take the deal and win a relations impact like their Iran advantage

### 1NC PTX

#### Immigration reform likely --- Senate will quickly move first

Milani, 2/8 (Kate, 2/8/2013, Dow Jones News Service, “WSJ BLOG: White House Expects Broad Immigration Bill,” Factiva))

The White House point woman on immigration, Cecilia Muñoz, predicted a comprehensive overhaul would pass this year, and said she expects the Senate to move quickly on legislation now in the works.The director of the White House's Domestic Policy Council, speaking to David Wessel on WSJ.com's weekly Seib & Wessel video show, said this year is different than past, unsuccessful attempts because a broad swath of constituencies back reform and there is already consensus between the White House and Congress over major policy points. The president would like the Senate move forward with an immigration bill in the next four weeks to six weeks, she said. "The country understands that the system is broken and it needs to be fixed... And frankly the Latino community sent a pretty strong message in the election that I think Republicans are responding to," Ms. Muñoz said. President Barack Obama has released his own set of principles for legislation, and applauded a bipartisan Senate proposal. Both call for for new border-security measures, a tougher employer-verification system and a path to citizenship for the 11 million people now in the country illegally. But the White House rejected a Senate proposal to require that border security measures be in place before people can qualify for citizenship. There are some more minor differences between the White House and Senate, too. For instance, Mr. Obama's principles for immigration would allow gay and lesbian Americans to sponsor their same-sex partners for visas, which many Republicans oppose and the Senate framework doesn't include.

-- Labor Union: Illegal Immigrants Deserve Citizenship

-- Rubio: Only One Savior, and It's Not Me

-- Obama Advisers Meet With Leaders of Business Groups

-- Obama Urges 'Strategic' Thinking on Immigration

-- Obama Courts CEOs, Labor Leaders on Immigration

Since the 2012 election, many Republicans have shown new interest in immigration legislation, though some stop short of endorsing citizenship for all illegal immigrants here now. On Tuesday, House Majority Leader Eric Cantor (R., Va.) came out for the principles behind the Dream Act, which would give a path to citizenship to people brought to the U.S. illegally as children. A short time ago, the White House would have welcomed such high-level GOP support for the Dream Act, but with a broader bill in sight, Ms. Muñoz said it would not be enough today. "We need a comprehensive bill. The Dream Act by itself doesn't fix what's broken in our immigration system," she said. In any case, Ms. Muñoz said the biggest obstacle to overhauling immigration law is not policy-related. "By and large there's a consensus on what the big pieces are of immigration reform," said Ms. Muñoz. "The biggest obstacle is political will and just making sure we get over the finish line."

#### Congress is fully focused on immigration reform – momentum is building for quick passage and it is key to boosting high skilled immigration

Higgins, 2/6 (John K., 2/6/2013, “Immigration Reform Could Open the Door for IT Talent,” <http://www.ecommercetimes.com/story/77241.html>))

A divided Congress may actually unite when it comes to certain immigration reform efforts, and that includes one aspect of importance to the IT industry: paving the way for more highly skilled tech workers to come to the U.S. Proposed legislation could impact the way H-1B visas and green cards are handed out, but the issue may be tied to comprehensive immigration reforms. Compare Email Marketing Systems The E-Commerce Times comparison engine helps you easily compare email marketing software based on price, customer support, email templates, delivery methods, and more. [Compare Now] The new Congress is now tackling a flurry of general proposals for comprehensive immigration reform, but only one specific, narrowly focused piece of legislation has already been introduced in the Senate: a plan to vastly increase the number of non-citizens who can pursue jobs and education in the U.S. technology sector. The bill, titled the "Immigration Innovation Act of 2013," quickly drew support from the IT community. "High-skilled immigration is a critical component in the broad effort to reform the U.S. immigration system, and this legislation effectively establishes a must-do list to enable U.S. companies to attract and retain the best innovators from around the world," said Ken Wasch, president of the Software and Information Industry Association (SIIA). "Our companies strongly support efforts to improve the U.S. research ecosystem, including efforts to permit foreign Ph. D. and Masters graduates from U.S. universities in science, technology, engineering, and mathematics (STEM) to remain in the United States," said Grant Seiffert, president of the Telecommunications Industry Association (TIA), in a letter to the Senate sponsors of the bill. "In addition, we support your efforts to increase the allotment of H-1B visas and to improve STEM education efforts in the United States." Visa Reform and High-Tech Funding The bill, also referred to as "I-Squared," focuses on three areas related to high tech talent: the expansion of "employment based non-immigrant" permits, known as H-1B visas; increased access to temporary residence "green cards" for high-skilled workers, and the utilization of fees from the issuance of visas and green cards to promote American worker retraining and education in STEM-related activities. A closer look at the bill's sections: H-1B Visas: The H-1B program allows U.S. employers to temporarily employ foreign workers in specialty occupations for an initial period of three years, extendable to six years. The Immigration Innovation Act would increase the limit for such visas from 65,000 to 115,000. If the pace of applications exceeds the cap within certain specified periods, the allotment will automatically be increased with an eventual hard cap of 300,000. The bill would facilitate the mobility of skilled foreign workers by removing current impediments and costs related to changing employers. It would also authorize employment for dependent spouses of H-1B visa holders. Green cards: The bill would increase the number of available employment-based green cards by reaching back to include green card allotments that went unused in prior years and exempting certain categories of applicants, such as STEM advanced degree holders, from counting against the annual cap. The act provides green card eligibility to "persons with extraordinary ability," and "outstanding professors and researchers," as well as to dependents of employment-based immigrant visa recipients. Current country of origin allocation limits would be eliminated. STEM funding: The fees payable to the U.S. government for H-1B and green cards would be increased. Fees vary for the H-1B documents, but the bill sets the basic fee at $2,500 per employee for firms with more than 25 workers. Green card fees would be raised to $1,000 per employee. According to an Intel analysis, the bill raises the current fee structure by 40 percent. Portions of the federal fee revenue would be channeled to a grant program to promote STEM education and worker retraining to be administered by state governments. The revenue could amount to $300 million per year, according to Sen. Amy Klobuchar (D-Minn), a co-sponsor of the bill. President Obama touched on the high tech employment issue in his second inauguration speech. "Right now, there are brilliant students from all over the world sitting in classrooms at our top universities. They're earning degrees in the fields of the future, like engineering and computer science. But once they finish school, once they earn that diploma, there's a good chance they'll have to leave our country. Think about that," he said. "If you're a foreign student who wants to pursue a career in science or technology, or a foreign entrepreneur who wants to start a business with the backing of American investors, we should help you do that here." Costs and Benefits for Tech Sector Support for the bill by the IT community underscores the need for skilled talent, as well as the readiness of firms to absorb the cost of visa/green card fees and associated legal charges. The fees could be considered a cost of doing business, or they could be viewed as an investment. "We view it as both. The fees are not insignificant and so they give reassurance to some that H-1Bs will not be used to provide a 'cheap labor' alternative to U.S. workers," David LeDuc, senior director of public policy at SIIA, told the E-Commerce Times The fees and processing costs are already so high that it usually costs companies significantly more to hire H-1Bs than U.S. workers." The fees and charges for obtaining skilled workers must also be balanced against the cost for businesses of operating without essential talent. "When considering H-1B fees, we think it's most important to remember that the current annual limit on the number of H-1B visas, along with the per-country restrictions, mean that companies simply can't hire the workers they need or that hiring is delayed. This imposes significant costs and inefficiencies on business operations, and it's part of why the whole system needs reform," Danielle Coffey, general counsel and vice-president of public policy at TIA, told the E-Commerce Times. Congressional Hurdles and Outlook How the bill fares in Congress may depend on how an overall comprehensive package of immigration reforms is handled. "The Immigration Innovation Act could stand on its own, but in the current political situation it is unlikely that immigration issues will be handled piecemeal," Bob Sakaniwa, associate director of advocacy at the American Immigration Lawyers Association, told the E-Commerce Times. "The better prospect is that it will be included within a comprehensive package and its fate will be tied to what Congress does on the overall immigration reform effort." The history of congressional immigration debates also indicates that the IT issue should be part of a comprehensive reform effort, LeDuc added. "As much as we might like, or it might seem practical to enact various reform initiatives independently, that's not a political reality at this time."The momentum now exists for comprehensive immigration reform, and issues related to highly skilled workers have already made their way into bipartisan legislative language."We know that the attention of Congress will now be fully focused on achieving comprehensive reform and a complete bill in the next few months," Coffey said. "We're hoping that they succeed, and that's where our focus is."

#### The plan has Obama cross his electoral coalition

Kotkin, 12/7 --- presidential fellow in urban futures at Chapman University (12/7/2012, Joel, “Obama’s Energy Dilemma: Back Energy-Fueled Growth or Please Green Lobby?” <http://www.thedailybeast.com/articles/2012/12/07/obama-s-energy-dilemma-back-energy-fueled-growth-or-please-green-lobby.html>)

For Obama, getting behind the energy boom presents both enormous opportunities as well a serious political dilemma. In terms of cutting emissions, the rising use of natural gas has been a huge boon, allowing the U.S. to make greater cuts than any other major country has over the past four years. Yet the green lobby, once sympathetic to this relatively clean fuel, has turned decisively against any new gas development. As a major component of Obama’s wide-ranging coalition of grievance holders, environmentalists expect to exercise greater influence in the second Obama term. Hollywood, now virtually an adjunct to the “progressive” coalition, will soon weigh in with Promised Land, a predictably anti-fracking movie starring Matt Damon. Living up to Hollywood’s tradition of serving as what Lenin called “useful idiots,” the movie is financed in large part by investors from the United Arab Emirates, whose profits would be threatened by the growth of American energy production. The ideological stakes for the green movement are tremendous. Greatly expanded American fossil-fuel production violates the “peak oil” mantra that has underpinned environmental thinking for decades and undermines some of the core rationale for subsidizing expensive renewables such as solar and wind. Geography also may play a major role here. Outside of Colorado, the industrial Midwest, and western Pennsylvania, where the shale boom is widely seen as boosting local economies, the vast majority of energy-producing states tilt strongly to the GOP. In contrast, Obama’s strongest support comes from green-oriented coastal residents whose familiarity with energy production starts and ends with turning on a light or switching on an iPad. Obama’s financial base—in contrast to that enjoyed by the Republicans—relies little on the energy industry. The president’s corporate support comes largely from the entertainment, media, and software industries. Many of Obama’s strongest business backers, particularly in Silicon Valley, have become entangled financially with “renewable energy” schemes, many of which can only survive with massive subsidies in the form of tax credits, loans, and surcharges on energy consumers.

#### Obama’s capital and sway with dems key to effective reform

DMN, 1/2 (Dallas Morning News, “Editorial: Actions must match Obama’s immigration pledge,” 1/2/2013, <http://www.dallasnews.com/opinion/editorials/20130102-editorial-actions-must-match-obamas-immigration-pledge.ece>)

President Barack Obama said all the right things Sunday about immigration reform. The president told NBC’s Meet the Press that he is serious about getting Congress to overhaul the laws governing immigrants. He even declared that he will introduce an immigration bill this year. This newspaper welcomes that announcement. Texans particularly understand the unique challenges that an outdated immigration system presents. Even though the flow of illegal immigrants into the U.S. has subsided in the last few years, the many holes in the system leave families, schools, businesses and law enforcement struggling. And those are just some of the constituents challenged by flawed immigration laws. The president’s words to NBC’s David Gregory are only that — words. What will really matter is whether he puts his muscle into the task this year. We suggest that Obama start by looking at the example of former President George W. Bush. Back in 2006 and 2007, the Republican and his administration constantly worked Capitol Hill to pass a comprehensive plan. They failed, largely because Senate Republicans balked. But the opposition didn’t stop the Bush White House from fully engaging Congress, including recalcitrant Republicans. Obama may have a similar problem with his own party. The dirty little secret in the 2006 and 2007 immigration battles was that some Democrats were content to let Senate Republicans kill the effort. Labor-friendly Democrats didn’t want a bill, either. And they may not want one this year. That reluctance is a major reason the president needs to invest in this fight. He must figure out how to bring enough Democrats along, while also reaching out to Republicans. In short, the nation doesn’t need a repeat of the process through which the 2010 health care legislation was passed. Very few Republicans bought into the president’s plan, leaving the Affordable Care Act open to partisan sniping throughout last year’s election. If the nation is going to create a saner immigration system, both parties need to support substantial parts of an answer. The new system must include a guest worker program for future immigrants and a way for illegal immigrants already living here to legalize their status over time. Some House Republicans will object to one or both of those reforms, so Speaker John Boehner must be persuasive about the need for a wholesale change. But the leadership that matters most will come from the White House. The president has staked out the right position. Now he needs to present a bill and fight this year for a comprehensive solution. Nothing but action will count.

#### Immigration reform expands skilled labor --- spurs relations and economic growth in China and India

LAT, 12 (11/9/2012, Carol J. Williams, “Other countries eagerly await U.S. immigration reform,” <http://latimesblogs.latimes.com/world_now/2012/11/us-immigration-reform-eagerly-awaited-by-source-countries.html>)

"Comprehensive immigration reform will see expansion of skilled labor visas," predicted B. Lindsay Lowell, director of policy studies for the Institute for the Study of International Migration at Georgetown University. A former research chief for the congressionally appointed Commission on Immigration Reform, Lowell said he expects to see at least a fivefold increase in the number of highly skilled labor visas that would provide "a significant shot in the arm for India and China." There is widespread consensus among economists and academics that skilled migration fosters new trade and business relationships between countries and enhances links to the global economy, Lowell said. "Countries like India and China weigh the opportunities of business abroad from their expats with the possibility of brain drain, and I think they still see the immigration opportunity as a bigger plus than not," he said.

#### Relations averts South Asian nuclear war

Schaffer, Spring 2002 (Teresita – Director of the South Asia Program at the Center for Strategic and International Security, Washington Quarterly, p. Lexis)

Washington's increased interest in India since the late 1990s reflects India's economic expansion and position as Asia's newest rising power. New Delhi, for its part, is adjusting to the end of the Cold War. As a result, both giant democracies see that they can benefit by closer cooperation. For Washington, the advantages include a wider network of friends in Asia at a time when the region is changing rapidly, as well as a stronger position from which to help calm possible future nuclear tensions in the region. Enhanced trade and investment benefit both countries and are a prerequisite for improved U.S. relations with India. For India, the country's ambition to assume a stronger leadership role in the world and to maintain an economy that lifts its people out of poverty depends critically on good relations with the United States.

### Review CP 1NC

#### Text:

#### The Committee on Foreign Investment in the United States should clear all crude oil and natural gas production transactions within its initial 30-day initial review period.

#### The CP competes and solves the aff – The CP continues to submit crude oil and natural gas production to Exon-Florio reviews, but rules favorably every time – prevents any further protectionism

Leon B. Greenfield and Perry Lange - Partner, Wilmer Cutler Pickering Hale and Dorr LLP / Associate, Wilmer Cutler Pickering Hale and Dorr LLP – Winter 2006/2006, The Threshold Vol. VI, No. 1, The CFIUS Process: A Primer, <http://www.wilmerhale.com/files/Publication/98f0d23b-0510-47ef-a1a1-24f9dcb3752d/Presentation/PublicationAttachment/dc942fa3-988d-4959-b945-2b769eb99b7d/Greenfield_Lange_CFIUS_Process.pdf>

The Initial 30-Day Review¶ The 30-day initial review period begins to run once the CFIUS staff gives notice that they are satisfied that the filing contains all of the re-quired information. Although only one party to the transaction need file notice to trigger a review, because information about all parties is required, the Committee may delay the be-ginning of the review period until the required information about other parties is received. Indeed, CFIUS staff interprets the regulations to require a joint filing when the transaction is not hostile.¶ During this initial period, the Committee dis-seminates to its members information about the transaction for review, analysis, and com-ment. The parties may be invited, or may themselves request, to meet with CFIUS staff during the 30-day initial review (or during any extended 45-day review period) to discuss the transaction. The Committee staff or a member agency may contact the parties for further in-formation or to discuss steps that would miti-gate any national security concerns that the transaction raises.¶ In some cases, CFIUS may condition clear-ance at the end of the 30-day period on such mitigation steps. In 2000, for example, CFIUS required Nippon Telephone and Telegraph Company to agree to bar the Japanese gov-ernment from any involvement with the firm as a condition for clearing its acquisition of Verio, Inc., an Internet service provider.12 In 2001, CFIUS cleared a Dutch firm's acquisi-tion of a U.S. company after the Dutch firm agreed to divest itself of the U.S. company's optics and semiconductor businesses, which produced technology used to manufacture components for U.S. spy satellites.13¶ The Close of the 30-Day Initial Review Period: Clearance, Investigation, or Withdrawal¶ At the end of the 30-day initial review period, CFIUS is required either to clear the transac-tion based on its initial review, or if it cannot do so, begin an additional 45-day investigation which culminates in a formal Presidential de-¶ cision to clear, suspend, or prohibit the deal.14 This extension of the Exon-Florio review is somewhat analogous to a second request under the Hart-Scott-Rodino Act. An extended in-vestigation can require submission of a sub-stantial amount of additional information and large numbers of documents.¶ In practice, however, CFIUS may informally request that the parties withdraw notice before the end of the 30-day initial review period if the Committee needs more time or information to fully review the transaction, or the parties have not agreed to mitigating conditions re-quested by agencies. If the parties re-file no-tice for the same transaction, the 30-day re-view begins anew from the date of the new filing. Similarly, if the parties make a material change to their filing at anytime during the process, the clock will begin again from the day the parties file the change with CFIUS.¶ The 45-Day Post-Review Investigation and Presidential Decision¶ If CFIUS proceeds with a full investigation of the acquisition, it must conclude its additional review within 45 days. At the conclusion of the investigation, it will submit a recommen-dation to the President. Normally, the Com-mittee makes a unanimous recommendation, but if the members are divided they will for-ward their differing views to the President. The President has 15 days from the date of re-ferral to clear, prohibit, or suspend the transac-tion.¶ According to a report by the Congressional Research Service, out of more than 1,500 fil-¶ ings with CFIUS made since passage of Exon-Florio, CFIUS has launched 45-day reviews in only 25 cases. (As noted above, however, it is not uncommon for parties to avoid an ex-tended review by modifying their transaction.) Of the 25 cases, in 13 the parties withdrew the notice before the conclusion of the investiga-tion,15 in some instances terminating the trans-action and in others re-filing after modifying the deal or providing more information to the Committee.16 In the 12 other cases,17 CFIUS submitted the matter to the President, which apparently led to modification of the transac-tion in several instances. In only one case has the President denied clearance: a 1990 acqui-sition of a U.S. aerospace manufacturer by a Chinese firm. The President grounded his de-cision in concerns that the acquisition might allow the Chinese company to circumvent cer-tain technology export control regimes.18 As noted above, however, in some cases parties have abandoned transactions after it became clear from informal discussions that they would be unable to obtain clearance.¶ Approval of a Transaction¶ If the parties obtain CFIUS approval**–whether** during the 30-day initial review **or by Presi-dential decision–**the acquisition will enjoy a "safe harbor" from subsequent Exon-Florio challenges. The only exception is if a party submitted false or misleading material infor-mation or omitted material information in its communications with CFIUS.

#### Avoids the politics DA – Individual decisions aren’t politicized

Thomas E. Crocker and Joe D. Whitley – Partners, Alston & Bird – Spring 2008, Congress Enacts CFIUS Reform Legislation, Administrative and Regulatory Law News, <http://www.alston.com/Files/Publication/d390d3c2-0f39-478c-97eb-1d0e6ba9e927/Presentation/PublicationAttachment/86025b49-e9fd-4a09-ad0c-5a9a66c9331a/Article%20Congress%20Enacts.pdf>

On Julv 26,2007, President Bush signed into law the Foreign Investment and National Security Act of 2007 (the “Act”). The Act was the culmination of a long-awaited effort by Congress to reform the procedures for national security reviews of foreign direct investment in the United States conducted by the interagency Committee on Foreign Investment in the United States (“CFIUS”). As enacted, the legislation is essentially based on a bill previously approved by the House of Representatives. It does not contain provisions in an earlier Senate version that U.S. industry found objectionable. Most importantly, it maintains the confidentiality of the CFIUS review process and involves Congress in that process only in an oversight role**,** with after-the-fact reports. It thus minimizes the potential for politicization of the CFIUS review process.

### CCS 1NC – Natural Gas

#### Natural gas prices are rising now – causes utilities to shift to coal

Litvak 2012 (November 9, Anya, “Pennsylvania coal industry faces changing future” <http://www.bizjournals.com/pittsburgh/print-edition/2012/11/09/coal-industry-faces-changing-future.html?page=all>)

When having a discussion on the future of coal, it would be unlikely to hear natural gas go unmentioned. Natural gas is a cleaner burning fuel whose recently made available reserves have brought down prices to historic lows. “It is economics driving this move from coal to gas, at least right now,” said Paul Sotkiewicz, chief economist for PJM, the nation’s largest grid operator that controls the flow of electricity in 13 states, including Pennsylvania. In the first six months of this year, under 42 percent of electricity in PJM came from coal, while nearly 20 percent came from gas — a record high and a record low, respectively. Five years ago, coal was at 57 percent and gas below 6 percent. Over the past two years, new gas units coming into the grid have doubled, while nearly 18 gigawatts of coal generation will be deactivated. “Gas prices will be between $4-$5 per British thermal unit in the near term range and coal prices are only going to continue marching forward,” Sotkiewicz said. “We’re looking at a huge reconfiguration of the fleet.” In spite of all that, he warned, in paraphrasing Mark Twain, “the death of coal has been greatly exaggerated.” This year, Ohio-based FirstEnergy Corp. (NYSE: FE), the largest utility in Pennsylvania and owner of West Penn Power, said it was considering co-burning natural gas with coal at five of its power plants, including three in the state. More than 60 percent of FirstEnergy’s fuel comes from coal plants. Its first gas co-firing test target would be Hatfield’s Ferry, a three-boiler coal plant in Masontown with a capacity of 1,710 megawatts. Spokesman Mark Durbin said it’s unlikely FirstEnergy would go through with co-firing if natural gas prices go beyond $3 per MBtu (million British thermal units). That would make gas uncompetitive with the price of coal, he said. For the first part of 2012, the average price of a million Btus of coal at electric utilities was $2.44, according to the Energy Information Administration. The average price of natural gas was $2.50 per MBtu. Usually, the gap is much greater. In 2009, Consol Energy Inc. (NYSE: CNX), a 148-year-old coal company, entered the shale business, partly as a hedge against its traditional fuel. “We made a $3.5 billion bet that gas was going to be the fuel of the future,” said Randy Albert, COO of Consol’s gas division. Alpha Natural Resources (NYSE: ANR) did the same a year later, partnering with Rice Energy to explore the Marcellus Shale in Washington and Greene counties. Right now, low natural gas prices are actually hurting both sides of their business. They handicap the profits the companies can make on the gas side and make coal less competitive for utilities, thereby decreasing demand. However, when the price of one fuel goes up, the other follows. “People in the gas market are sitting there rooting for exports to Asia so they can get the price of coal up, so that can drive the prices of gas up,” said John Hynes, a partner with West Virginia-based Excidian LLC. In late September, natural gas finally broke the $3 mark for the first time this year and has since been on the rise. Already, Consol is seeing the upside of that trend, said Robert Pusateri, executive vice president of energy sales and transportation services. “Favorable natural gas price trends have enabled us to conclude several large thermal coal agreements for 2013,” Pusateri told investors during an earnings call last month. “In a recent conversation that I had with a fuel buyer, he commented that with the recent uptick of natural gas pricing, that this was making him rethink his coal purchase strategy for 2013 so that he didn’t get himself caught short as gas prices continually trend up.” With natural gas prices on the rebound, coal may regain its traditional rank as a stable, low-cost fuel. “Cheap energy’s not a right, it’s a privilege,” Albert said. “And at the end of the day, American people won’t stand for that privilege to be taken away.”

#### Increased supply lowers prices

EIA 2012 (April 10, “What are the major factors affecting natural gas prices?” <http://www.eia.gov/tools/faqs/faq.cfm?id=43&t=8>)

Natural gas prices are mainly a function of market supply and demand. Because there are limited short term alternatives to natural gas as a heating fuel and as a fuel for electricity generators during peak demand periods, changes in supply or demand over a short period may result in large price changes. Prices themselves often act to balance supply and demand. Factors on the supply side that affect prices include natural gas production, net imports, and underground storage levels. Increases in supply tend to pull prices down, while decreases in supply tend to push prices up. Increases in prices tend to encourage production and imports and sales from storage inventories, and declining prices tend to have the opposite effects.

#### EPA regulations mean low natural gas prices stop the shift to CCS

McCarthy and Copeland 2011 - Specialist in Environmental Policy AND Specialist in Resources and Environmental Policy (August 8, James E. and Claudia, “EPA’s Regulation of Coal-Fired Power: Is a “Train Wreck” Coming? ” <http://www.lawandenvironment.com/uploads/file/CRS-EPA.pdf>)

What these scenarios tell us is that utilities will look at the impending regulations and decide what to do largely based on their assumptions regarding the cost of the alternatives—natural gas (where it’s available) being the most often discussed, but others include conservation, wind, and other renewable resources. If they expect the price of gas to remain low or the cost of other alternatives to be competitive, their primary method of compliance likely will be to retire old coal plants and switch to gas or the alternatives. If they expect the price of gas or other alternatives to be high, they’ll invest the money in retrofitting the coal plants to reduce their emissions. As the NERC report stated: Unit retirement is assumed when the generic required cost of compliance with the proposed environmental regulation exceeds the cost of replacement power.... For the purpose of this assessment, replacement power costs were based on new natural gas generation capacity. If the unit’s retrofit costs are less than the cost of replacement power, then the unit is marked to be upgraded and retrofitted to meet the requirements of the potential environmental regulation., i.e., it is not considered “economically vulnerable” for retirement. 99 As utilities attempt to forecast the price of natural gas, their conclusions will be based in large part on assumptions as to whether gas will be available in sufficient quantities to meet the increased demands of electric power generation. Natural gas faces its own controversies, as domestic production increasingly relies on “unconventional” sources such as shale, from which gas is obtained by hydraulic fracturing. (For additional information on this practice, see CRS Report R41760, Hydraulic Fracturing and Safe Drinking Water Act Issues, by Mary Tiemann and Adam Vann.) Nevertheless, a 2009 NERC report stated: Concerns regarding the availability and deliverability of natural gas have diminished during 2009 as North American production has begun to trend upward due to a shift toward unconventional gas production from shale, tight sands, and coal-bed methane reservoirs. In its latest biennial assessment, the Potential Gas Committee increased U.S. natural gas resources by nearly 45 percent to 1,836 TCF [trillion cubic feet], largely because of increases in unconventional gas across many geographic areas. Pipeline capacity has similarly increased, by 15 BCFD [billion cubic feet per day] in 2007 and 44 BCFD in 2008, with an increase of 35 BCFD expected in 2009. Storage capacity has also increased substantially. 100 In short, the “train wreck” facing the coal-fired electric generating industry, to the extent that it exists, is being caused by cheap, abundant natural gas as much as by EPA regulations. As John Rowe, Chairman and CEO of Exelon Corporation, recently stated: “These regulations will not kill coal.... In fact, modeling done on the impacts of these rules shows that up to 50% of retirements are due to the current economics of the plant due to natural gas and coal prices.

#### The coal industry is key to maintain commercial freight railroads

AAR 2012 – Association of American Railroads (June, “Railroads and Coal ” <https://www.aar.org/keyissues/Documents/Background-Papers/Railroads-and-Coal.pdf>)

Coal is the most important single commodity carried by U.S. freight railroads. In 2011, it accounted for 43.3 percent of tonnage, 23.5 percent of carloads, and 24.7 percent of gross revenue for U.S. Class I railroads. Coal is also an important commodity for many non-Class I railroads. Coal accounts for approximately one in five railroad jobs. In 2011, Class I railroads originated 7.06 million carloads of coal, down 0.1 percent from 2010’s 7.07 million tons but down 8.5 percent from the peak of 7.71 million tons in 2008. Put another way, Class I railroads originated nearly 658,000 fewer carloads of coal in 2011 than they did in 2008. If you assume, for simplicity, 110 carloads per coal train, that’s nearly 6,000 fewer trainloads of coal in 2011 than in 2008. Class I railroads originated 816.0 million tons of coal in 2011, up 0.2 percent from 2010’s 814.5 million tons but down 7.1 percent from 2008’s peak of 878.6 million tons. The decline in rail coal tonnage in 2011 from 2008 was 62.6 million tons. Railroads have typically derived more revenue from coal than from any other commodity (though the broad “intermodal” category accounted for more revenue than coal from 2003 to 2007). Gross Class I rail revenue from coal was $16.1 billion in 2011. As noted above, in recent periods coal’s share of U.S. electricity generation has fallen sharply due to a surge in generation from inexpensive natural gas and, to a lesser extent, more electricity generation from renewable sources like wind and solar. The recent mild winter also cut into coal-based generation. Recent rail coal traffic has suffered accordingly. Year-over-year U.S. rail coal traffic was down sharply each month in 2009, often by double digits, because of the recession and much lower coal exports in 2009 than in 2008 (exports are discussed further below). In the first five months of 2012, year-over-year U.S. rail carloads of coal were again down sharply. Average weekly U.S. coal carloads of 107,379 in April 2012 were the lowest of any month since July 1993; average weekly coal carloads in May 2012 of 108,501 weren’t much better (see the chart on the top right of the next page). In percentage terms, coal carloads were down by double-digit amounts in four of the first five months of 2012 (see chart on the top left of the next page). How rail coal traffic behaves in the months and years ahead will depend on the same factors that have affected coal recently, including the competitiveness of fuels other than coal for electricity generation, weather, the level of coal exports, environmental laws and regulations, and more.

#### Strong commercial freight railroads are key to readiness

Robert S. Korpanty is a licensed professional engineer employed by the Military Traffic Management Command Transportation Engineering Agency in Newport News, Virginia, December 1999, "Preserving Strategic Rail Mobility," [www.almc.army.mil/alog/issues/NovDec99/MS455.htm](http://www.almc.army.mil/alog/issues/NovDec99/MS455.htm)

Tell any mechanized maneuver commander he has to fight a battle without his Abrams tanks or Bradley fighting vehicles, and you probably will see a puzzled look on his face that could be interpreted as, "What planet are you from?" or, "What language are you speaking?" Since it is doubtful that a major conflict will occur just outside the gates of Fort Stewart, Georgia, or Fort Hood, Texas, a key element of a successful engagement will be getting combat power wherever it is needed on time. Without a reliable commercial rail infrastructure, it is doubtful the tanks and Bradleys will make it to their place of business. To make sure they do, the Military Traffic Management Command developed the Railroads for National Defense (RND) Program in 1976. In 1991, the RND Program was assigned to the Military Traffic Management Command Transportation Engineering Agency (MTMCTEA), which now executes the program on behalf of the U.S. Transportation Command. This program ensures that the commercial rail infrastructure in the United States meets Department of Defense (DOD) requirements for deploying a force. The RND Program works to preserve our strategic rail mobility. RND's Functions The poor condition of the rail industry in the mid- 1970's led to development of the RND Program. At that time, the rail industry was characterized by poor track maintenance that caused several derailments and the bankruptcy of six major eastern carriers and foretold a questionable future. DOD experienced on-post derailments that delayed deployment exercises. At this point, DOD realized how important the rail infrastructure was and became concerned about the state of the commercial rail industry. DOD also realized that it did not know which installations required rail service or which commercial rail lines between installations and ports were important to national defense.

#### Training is key to readiness which is key to global deterrence – decline causes lashout and war

Spencer, Senior Research Fellow at Heritage, 2000

(The Facts About Military Readiness, www.heritage.org/research/reports/2000/09/bg1394-the-facts-about-military-readiness

Military readiness is vital because declines in America's military readiness signal to the rest of the world that the United States is not prepared to defend its interests. Therefore, potentially hostile nations will be more likely to lash out against American allies and interests, inevitably leading to U.S. involvement in combat. A high state of military readiness is more likely to deter potentially hostile nations from acting aggressively in regions of vital national interest, thereby preserving peace. Readiness Defined. Readiness measures the ability of a military unit, such as an Army division or a carrier battle group, to accomplish its assigned mission. Logistics, available spare parts, training, equipment, and morale all contribute to readiness. The military recognizes four grades of readiness.7 At the highest level, a unit is prepared to move into position and accomplish its mission. At the lowest level, a unit requires further manpower, training, equipment, and/or logistics to accomplish its mission. There is evidence of a widespread lack of readiness within the U.S. armed forces. Recently leaked Army documents report that 12 of the 20 schools training soldiers in skills such as field artillery, infantry, and aviation have received the lowest readiness rating. They also disclose that over half of the Army's combat and support training centers are rated at the lowest readiness grade.8 As recently as last November, two of the Army's 10 active divisions were rated at the lowest readiness level, and none were rated at the highest.9 Every division required additional manpower, equipment, or training before it would be prepared for combat, due largely to the units' commitments to operations in the Balkans.10 And 23 percent of the Army's Chinook cargo helicopters, 19 percent of its Blackhawk helicopters, and 16 percent of its Apaches are not "mission-capable."11 In other words, they are not ready. The Facts about Military Readiness The reduction in forces of the U.S. armed forces began in the early 1990s. After the end of the Cold War, the Bush Administration began to reduce the size of the military so that it would be consistent with post-Cold War threats.12 Under the Clinton Administration, however, that reduction in forces escalated too rapidly at the same time that U.S. forces were deployed too often with too little funding. The result was decreased readiness as personnel, equipment, training, and location suffered. Since the Persian Gulf War in 1991, the U.S. military has been deployed on over 50 peacekeeping and peace-enforcement operations.13 Yet the resources available to fund these missions have steadily decreased: The number of total active personnel has decreased nearly 30 percent, and funding for the armed services has decreased 16 percent. The strain on the armed forces shows clearly now as the reduced forces deploy for too long with insufficient and antiquated equipment. The result is indisputable: Readiness is in decline. Because the security of the United States is at stake, it is imperative to present the facts about military readiness: FACT #1. The size of the U.S. military has been cut drastically in the past decade. Between 1992 and 2000, the Clinton Administration cut national defense by more than half a million personnel and $50 billion in inflation-adjusted dollars.14 (See Table 1.) The Army alone has lost four active divisions and two Reserve divisions. Because of such cuts, the Army has lost more than 205,000 soldiers, or 30 percent of its staff, although its missions have increased significantly throughout the 1990s. In 1992, the U.S. Air Force consisted of 57 tactical squadrons and 270 bombers. Today the Air Force has 52 squadrons and 178 bombers. The total number of active personnel has decreased by nearly 30 percent. In the Navy, the total number of ships has decreased significantly as well. In 1992, there were around 393 ships in the fleet, while today there are only 316, a decrease of 20 percent. The number of Navy personnel has fallen by over 30 percent. In 1992, the Marine Corps consisted of three divisions. The Corps still has three divisions, but since 1992, it has lost 22,000 active duty personnel, or 11 percent of its total. The Clinton Administration also cut the Marine Corps to 39,000 reserve personnel from 42,300 in 1992. Effect on Readiness. In spite of these drastic force reductions, missions and operations tempo have increased, resulting in decreased military readiness. Because every mission affects far greater numbers of servicemen than those directly involved, most operations other than warfare, such as peacekeeping, have a significant negative impact on readiness. For each serviceman who participates in a military operation, two others are involved in the mission: one who is preparing to take the participant's place, and another who is recovering from having participated and retraining. Therefore, if 10,000 troops are on peace operations in the Balkans, 30,000 troops are actually being taken away from preparing for combat. Ten thousand are actively participating, while 10,000 are recovering, and 10,000 are preparing to go. Coupled with declining personnel, increased tempo has a devastating effect on readiness. Morale problems stemming from prolonged deployments, equipment that wears out too quickly, and decreased combat training levels heighten when troops are committed to non-combat operations. Further exacerbating the military's declining readiness is the tendency to take troops with special skills from non-deployed units. Thus, a mission may affect non-deployed units as well because they will not be able to train properly. The soldiers integral to the non-deployed mission are not present, and there is no one to take their place. A mission's spillover effects are clearly illustrated by a July 2000 report by the U.S. General Accounting Office (GAO) on the U.S. commitments in the Balkans: In January 2000 ... four active divisions and one Guard division were affected by these operations [in the Balkans]. Among the active divisions, the 1st Cavalry Division was recovering from a 1-year deployment in Bosnia, the 10th Mountain Division was deployed there, and elements of the Guard's 49th Armored Division were preparing to deploy there. At the same time, the European-based 1st Infantry Division was deployed to Kosovo, and the 1st Armored Division was preparing to deploy there. Although none of these divisions deployed in its entirety, deployment of key components--especially headquarters--makes these divisions unavailable for deployment elsewhere in case of a major war.15 Simultaneously, the military's budget has continuously decreased over the past eight years; and, thus, the services are being forced to choose between funding quality of life improvements, procurement, training, and other essential spending. Consequently, none is adequately funded. For example, the Army is short by thousands of night vision goggles, binoculars, global positioning systems and hundreds of generator sets, battery chargers, and chemical agent monitors. (See Table 2.) According to the Office of the Army Deputy Chief of Staff for Logistics, these shortages are due to "recent increases in requirements," "slowed procurement funding," and "use of operations and maintenance funds for higher priorities."16 Furthermore, when smaller forces deploy for more missions, the result is increased wear-and-tear on equipment and longer deployments for servicemen. Coupled with too little money, the result is a military weakened by aging equipment, low morale, and poor training. FACT #2. Military deployments have increased dramatically throughout the 1990s. The pace of deployments has increased 16-fold since the end of the Cold War.17 According to Representative Curt Weldon (R-PA), the Clinton Administration has deployed U.S. forces 34 times in less than eight years. During the entire 40-year period of the Cold War, the military was committed to comparable deployments just 10 times.18 Between 1960 and 1991, the Army conducted 10 operations outside of normal training and alliance commitments, but between 1992 and 1998, the Army conducted 26 such operations. Similarly, the Marines conducted 15 contingency operations between 1982 and 1989, and 62 since 1989.19 During the 1990s, U.S. forces of 20,000 or more troops were engaged in non-warfighting missions in Somalia (1993), Haiti (1994), Bosnia (1996), and Iraq and Kuwait (1998).20 In 1998, before U.S. interventions in Kosovo and East Timor, General Henry Shelton, the Chairman of the Joint Chiefs of Staff, warned, "In the past four years we've conducted some four dozen major operations. And today, in support of our national strategy, we have more than 50,000 troops deployed in 12 major operations--and, I might add, many smaller ones--in dozens of countries around the world." Today the Army has 144,716 soldiers in 126 countries.21 Throughout the 1990s, U.S. taxpayers spent an average of $3 billion per year on peace operations.22 In 1990, the U.S. Department of Defense (DOD) spent around $200 million on peace operations. Today that amount has ballooned to $3.6 billion.23 The 78-day Kosovo campaign in 1999 cost around $5 billion, not including the ongoing peace mission.24 Operations Southern and North Watch in Iraq cost $1.1 billion per year; the Haiti operation cost a total of $2.4 billion; and to date, the Balkans have cost over $15 billion.25 (See Table 3.) Effect on Readiness. This dramatic increase in the use of America's armed forces has had a detrimental effect on overall combat readiness. According to General Shelton, "our experience in the Balkans underscores the reality that multiple, persistent commitments place a significant strain on our people and can erode warfighting readiness."26 Both people and equipment wear out faster under frequent use. For example, units deployed in Somalia took 10 months to restore their equipment to predeployment readiness levels.27 According to a Congressional Budget Office (CBO) survey of Army leaders who participated in peace missions, almost two-thirds said that their units' training readiness had declined.28 Training is a key component of readiness, and frequent missions cause the armed forces to reduce training schedules. For example, Operation Allied Force caused 22 joint exercises to be cancelled in 1999. Joint training exercises were reduced from 277 in fiscal year (FY) 1996 to 189 in FY 2000.

### Economy 1NC

#### Your author concludes CFIUS isn’t political and doesn’t block investment- get a link about your Aff

Hanemann, Research Director @ Rhodium Group, 2012,

10-5, Thilo, Research Director at the Rhodium Group, an economic research firm based in New York, and Daniel Rosen is China Practice Leader at Rhodium and a visiting fellow at the Peterson Institute for International Economics. “Guest Post: Ralls vs. CFIUS: What Are the Implications for Chinese Investment?” http://blogs.cfr.org/renewing-america/2012/10/05/ralls-vs-cfius-what-are-the-implications-for-chinese-investment/

Last week President Obama issued an Executive Order requiring Chinese-controlled Ralls Corporation to abandon a wind farm project near a military base in Oregon and divest all related assets. This is only the second time a U.S. President has formally blocked a foreign acquisition, and the first since 1990. Ralls presents an interesting case, but there are a lot of misperceptions about the motivations for the decision to block the deal, and about the implications.¶ First, this was not a political move by the President to position himself as tough on China, as suggested by some. The timeline of the review through the Committee on Foreign Investment in the United States (CFIUS) and the Presidential decision is set by law and the fact that the President was forced to make a decision resulted from Ralls’ refusal to walk away from the investment after the negative CFIUS decision, as firms commonly would. Having made news, the deal could well enter the campaign now, given Ralls’ decision to try suing the President and CFIUS, but no one in Washington set out to make this a political game.¶ Second, and most importantly, the decision does not signal a more restrictive U.S. policy towards Chinese investment. Rather it demonstrates continuity with regard to espionage concerns related to geographic proximity of assets to defense installations. Several previous Chinese investments have been stalled for the exact same reason (see Northwest Nonferrous-Firstgold, TCIC-Emcore, Far East Golden Resources -Nevada Gold). Chinese firms have not had trouble acquiring and equipping U.S. wind farms more distant from such sensitive areas – see Goldwind’s Shady Oaks Project in Illinois or Sany’s other wind farm in Texas, for example. Neither is this a case of retaliation by the U.S. government to punish Sany for its protectionist stance toward the attempted takeover of Xugong by Carlyle in 2006. The United States continues to be open to Chinese investment while screening for a narrow set of national security concerns.¶ Third, the decision confirms that Chinese investors face special scrutiny with regard to espionage concerns. Given the wording of the Executive Order and the condition to remove all existing equipment and installations, espionage concerns related to Chinese-made equipment close to high-tech defense installations is the most likely reason for the negative CFIUS decision. The combination of past espionage by some Chinese firms and poor corporate governance transparency in China will incline the security community to pay especially close attention to Chinese firms no matter if they are state-owned or private. Wind installations in the same area equipped with turbines from Denmark are not raising the same concerns.¶ Fourth, the case makes clear that closing deals with a certain risk profile (in this case proximity to an advanced weapons testing station involving unmanned drones and electronic warfare aircraft) without first filing with CFIUS is a mistake. Similar to other failed investments (such as Huawei-3Leaf), CFIUS reportedly found out about the deal from media and then asked Ralls to file with the inter-agency body. While Ralls had interaction with the Department of Defense (similar to Huawei with the Department of Commerce in the 3Leaf case), it was wrong to assume that regulatory approval outside of CFIUS from one of the various government bodies with a seat at the CFIUS table is enough in such cases. The lesson learned from Huawei-3Leaf should have been that not filing will raise suspicions and limit the time for discussing mitigation options with CFIUS.¶ Fifth, the lawsuit by Ralls against the President and CFIUS will not overturn the decision, but it might help clarify some important questions about the mandate and jurisdiction of CFIUS. In its amended court filing, Ralls complains that CFIUS and the President exceeded their legal mandate, for example by imposing certain divestment conditions on the company. The court may help clarify these competencies. In addition, the Ralls case points out an important inconsistency in Washington’s ability to address espionage concerns related to foreign ownership: had Sany not acquired Oregon developers but rather built wind farms as greenfield projects on leased land, CFIUS would have had no legal mandate to investigate. Instead, any espionage concerns would have had to be dealt with through domestic counter-espionage laws, with vastly higher evidence standards, a contestable appeals process, and a longer lead time – all of which are absent under CFIUS.¶ The Ralls case offers an opportunity to discuss these important questions and refine the understanding of the CFIUS mandate and process. However, the case will not substantially change the current U.S. policy stance towards Chinese investment. The United States will stick to its traditional openness to foreign investment, but at the same time diligently screen investments for security threats, including commercial and political espionage.

#### CFIUS isn’t key- root cause is the Chinese firms

Rosen, China Business Review, 2012,

July-September, Daniel H., “The Rise in Chinese Overseas Investment and What It Means for American Businesses,” https://www.chinabusinessreview.com/public/1207/rosen.html

The most significant hurdles for Chinese firms looking to expand their footprint in the United States are not US policy or politics, but a lack of capability and experience with overseas investment in sophisticated markets. In the past, most Chinese firms were focused on establishing themselves in the competitive domestic market or serving overseas markets through exports. This inward orientation has left firms ill-prepared for the challenge of going abroad. And the challenges are only exacerbated for the new generation of overseas investors—mostly firms in the manufacturing and service sectors—who are near the beginning of the learning curve, well behind early frontrunners like China's large oil firms that have been operating in overseas markets for more than a decade.

#### No internal link- most Chinese FDI goes to dollar purchasing and they can’t abandon security bonds

Scissors, Senior Research fellow @ Heritage, PhD., 2011

7-13, Derek, “Chinese Outward Investment: More Opportunity Than Danger,” http://www.heritage.org/research/reports/2011/07/chinese-outward-investment-more-opportunity-than-danger

The Heritage figure for publicly confirmed large Chinese non-bond investments since 2005 is over $30 billion. On this tally, it is not clear that Chinese investment in the U.S. has been growing since it began in earnest in 2007, featuring a $5 billion purchase by CIC of a stake in Morgan Stanley. Moreover, the first half of 2011 was weak. Starting in 2010, though, investment diversified out of finance and out of the state of New York. It thus became healthier, less dependent on financial acquisitions by CIC.¶ As a proportion of America’s more than $15 trillion GDP, $30 billion is trivial. There are multiple reasons for the low share of GDP, but the simplest one is that Chinese money flows overwhelmingly to American government bonds. In other major economies, $20 billion in Chinese holdings of such bonds makes headlines. For the U.S., the total is closer to $2 trillion.[9]¶ The Department of the Treasury puts Chinese securities holdings in the U.S. at $1.61 trillion in mid-2010, led by $1.11 trillion in Treasury debt and $360 billion in agency debt from Fannie Mae and Freddie Mac. Even this figure was too low, as the Treasury treats offshore sources, such as the Cayman Islands, as independently investing more than $1 trillion rather than serving as conduits for Chinese and other national funds.[10]¶ Over the four most recent years for which there are reasonable-quality data, at least 60 percent of the PRC’s foreign exchange reserves has gone into long-term American securities. The number is very likely higher that that, due to indirect Chinese investment. A sharp decline in the proportion devoted to U.S. securities in the economic expansion period of late 2006 and early 2007 was balanced by a sharp increase in late 2009 and early 2010.¶ Because American bonds currently offer low yields, and since there are exchange losses from a weak dollar, there is constant speculation that the PRC will abandon its position. As noted, there is no place for the money to go. The amounts involved are so large that no other economy could or would absorb them. Until Beijing changes its own rules, most of its money will remain in dollar assets, chiefly U.S. government bonds.

#### No conflict from economic decline – recession proves

Barnett, 09 – Senior Managing Director of Enterra Solutions LLC, Contributing Editor and Online Columnist for Esquire (Thomas P.M, “The New Rules: Security Remains Stable Amid Financial Crisis,” Aprodex, Asset Protection Index, 8/25/09 <http://www.aprodex.com/the-new-rules--security-remains-stable-amid-financial-crisis-398-bl.aspx>)

When the global financial crisis struck roughly a year ago, the blogosphere was ablaze with all sorts of scary predictions of, and commentary regarding, ensuing conflict and wars -- a rerun of the Great Depression leading to world war, as it were. Now, as global economic news brightens and recovery -- surprisingly led by China and emerging markets -- is the talk of the day, it's interesting to look back over the past year and realize how globalization's first truly worldwide recession has had virtually no impact whatsoever on the international security landscape. None of the more than three-dozen ongoing conflicts listed by GlobalSecurity.org can be clearly attributed to the global recession. Indeed, the last new entry (civil conflict between Hamas and Fatah in the Palestine) predates the economic crisis by a year, and three quarters of the chronic struggles began in the last century. Ditto for the 15 low-intensity conflicts listed by Wikipedia (where the latest entry is the Mexican "drug war" begun in 2006). Certainly, the Russia-Georgia conflict last August was specifically timed, but by most accounts the opening ceremony of the Beijing Olympics was the most important external trigger (followed by the U.S. presidential campaign) for that sudden spike in an almost two-decade long struggle between Georgia and its two breakaway regions. Looking over the various databases, then, we see a most familiar picture: the usual mix of civil conflicts, insurgencies, and liberation-themed terrorist movements. Besides the recent Russia-Georgia dust-up, the only two potential state-on-state wars (North v. South Korea, Israel v. Iran) are both tied to one side acquiring a nuclear weapon capacity -- a process wholly unrelated to global economic trends. And with the United States effectively tied down by its two ongoing major interventions (Iraq and Afghanistan-bleeding-into-Pakistan), our involvement elsewhere around the planet has been quite modest, both leading up to and following the onset of the economic crisis: e.g., the usual counter-drug efforts in Latin America, the usual military exercises with allies across Asia, mixing it up with pirates off Somalia's coast). Everywhere else we find serious instability we pretty much let it burn, occasionally pressing the Chinese -- unsuccessfully -- to do something. Our new Africa Command, for example, hasn't led us to anything beyond advising and training local forces. So, to sum up: No significant uptick in mass violence or unrest (remember the smattering of urban riots last year in places like Greece, Moldova and Latvia?); The usual frequency maintained in civil conflicts (in all the usual places); Not a single state-on-state war directly caused (and no great-power-on-great-power crises even triggered); No great improvement or disruption in great-power cooperation regarding the emergence of new nuclear powers (despite all that diplomacy); A modest scaling back of international policing efforts by the system's acknowledged Leviathan power (inevitable given the strain); and No serious efforts by any rising great power to challenge that Leviathan or supplant its role. (The worst things we can cite are Moscow's occasional deployments of strategic assets to the Western hemisphere and its weak efforts to outbid the United States on basing rights in Kyrgyzstan; but the best include China and India stepping up their aid and investments in Afghanistan and Iraq.) Sure, we've finally seen global defense spending surpass the previous world record set in the late 1980s, but even that's likely to wane given the stress on public budgets created by all this unprecedented "stimulus" spending. If anything, the friendly cooperation on such stimulus packaging was the most notable great-power dynamic caused by the crisis. Can we say that the world has suffered a distinct shift to political radicalism as a result of the economic crisis? Indeed, no. The world's major economies remain governed by center-left or center-right political factions that remain decidedly friendly to both markets and trade. In the short run, there were attempts across the board to insulate economies from immediate damage (in effect, as much protectionism as allowed under current trade rules), but there was no great slide into "trade wars." Instead, the World Trade Organization is functioning as it was designed to function, and regional efforts toward free-trade agreements have not slowed. Can we say Islamic radicalism was inflamed by the economic crisis? If it was, that shift was clearly overwhelmed by the Islamic world's growing disenchantment with the brutality displayed by violent extremist groups such as al-Qaida. And looking forward, austere economic times are just as likely to breed connecting evangelicalism as disconnecting fundamentalism. At the end of the day, the economic crisis did not prove to be sufficiently frightening to provoke major economies into establishing global regulatory schemes, even as it has sparked a spirited -- and much needed, as I argued last week -- discussion of the continuing viability of the U.S. dollar as the world's primary reserve currency. Naturally, plenty of experts and pundits have attached great significance to this debate, seeing in it the beginning of "economic warfare" and the like between "fading" America and "rising" China. And yet, in a world of globally integrated production chains and interconnected financial markets, such "diverging interests" hardly constitute signposts for wars up ahead. Frankly, I don't welcome a world in which America's fiscal profligacy goes undisciplined, so bring it on -- please! Add it all up and it's fair to say that this global financial crisis has proven the great resilience of America's post-World War II international liberal trade order. Do I expect to read any analyses along those lines in the blogosphere any time soon? Absolutely not. I expect the fantastic fear-mongering to proceed apace. That's what the Internet is for.

### Chinese Gas 1NC

#### Chinese natural gas wont dent their pollution

* No pipeline
* Too much coal – that was on the da

Bullis, author @ Technology Review, 2012,

Kevin, quoting Julio Friedmann, chief energy technologist at the Lawrence Livermore National Laboratory. “China Has Plenty of Shale Gas, But It Will Be Hard to Mine,” http://www.technologyreview.com/news/508146/china-has-plenty-of-shale-gas-but-it-will-be-hard-to-mine/

But even if such techniques prove successful, it is unlikely that producing and using shale gas will have a major impact on greenhouse gas emissions in China, as least in the next several years, Friedmann says. China lacks a pipeline infrastructure to carry natural gas from western China, where most shale gas is, to thef population centers in the east to be burned in power plants instead of coal. Instead it’s likely to be used first for chemical production. Friedmann estimates that even so, emissions from coal consumption are likely to be reduced by 100 to 150 million tons a year, since coal is now used to produce some chemicals in China. But China is estimated to produce over 9,000 million tons of greenhouse gases a year, and that number is expected to grow substantially.

#### No internal link- China can’t access its gas

Daiss, Energy Tribune, 2012,

11-12, Tim, “China’s Second Shale Gas Auction Fails to Dazzle Amid Profitability Concerns,” http://www.energytribune.com/64983/chinas-second-shale-gas-auction-fails-to-dazzle-amid-profitability-concerns

Unlike the first auction last year, which was much smaller but heralded as a success and a paradigm shift in China’s energy future, China’s second shale gas auction garnered mixed reviews. Problems abound. For starters, shale gas development is expensive. Though 83 companies placed bids at the second tender, even more dropped out, expressing concern about high extraction costs of the hard to reach gas.¶ “The profitability of the projects is uncertain, and the lack of technical expertise poses another challenge,” said a spokesman for China’s Ministry of Land and Resources.¶ China, which to date has never produced shale gas commercially, also faces other shale gas development problems, including lack of a business model for the fledgling industry as well as the problem of water resource management. Fracking is water intensive and China is already facing severe water shortages.¶ Tough geological conditions pose another serious problem. China’s reserves are often buried two times deeper than American shale gas, and concentrated in mountainous or arid regions that present far more complex geological challenges, said Bao Shujing, a senior engineer with the petroleum research center at Sinopec.¶ Other hurdles persist. Chris Faulkner, Breitling Oil and Gas CEO, told Energy Tribune that lack of pipeline infrastructure in China must be addressed in order to deliver the extracted shale gas to market.¶ “So say we can drill 1000 wells by 2015 to meet the 6.5 billion cubic meters (Bcm) worth of natural gas production Beijing wants to produce from China. How do they plan to deliver this gas to the market and sell it? There is no way possible to achieve that,” said Faulkner, who just returned from China on November 8 where he took part in the Unconventional Gas Asia Summit in Beijing.¶ Faulkner said that another huge issue is government-controlled prices, which depress investment.¶ “Natural gas prices, which are controlled by the state, are kept at low levels that discourage investment in exploration because oil projects are much more lucrative at current prices. This will be a major roadblock to shale gas considering a single well cost could reach $30 million in the early days,” Faulkner said.

#### Chinese investment now- solves expertise and postdates all your ev

Hinckley, leader @ Kilpatrick Townsend, 2012,

12-12, Elias Hinckley leads the clean energy practice at Kilpatrick Townsend. He has more than a dozen years of experience of financial and legal support for energy and resource project development, with a special focus on efficiently realizing the economic value of policy and regulatory platforms, and has helped dozens of companies realize more than $1 billion in policy-based support for a range of projects. “The Road to Chinese Shale Gas Goes Through the U.S.,” http://www.energytrendsinsider.com/2012/12/12/the-road-to-chinese-shale-gas-goes-through-the-u-s/

Investment by Chinese companies into the U.S. shale market is already underway. The two largest oil companies in China have made significant investments. CNOOC has partnered with Chesapeake Energy on production ventures and Sinopec joined with Devon Energy in a similar agreement. Both deals were minority interests in actual gas production, and were generally viewed as investments to try to learn the fracking process by being part of the exploration and production team. How successful these early ventures will be for exporting fracking know-how and technology remains to be seen. Regardless of how these early investments play out, the interest by other companies – energy companies, manufacturing companies, technology companies and others – to be part of the Chinese shale revolution is ready and significant.

#### Energy mergers in China are key and the status quo solves them

Yang, National Geographic News, 2012,

8-8, Catherine T., “China Drills Into Shale Gas, Targeting Huge Reserves Amid Challenges,” http://news.nationalgeographic.com/news/energy/2012/08/120808-china-shale-gas/

The smaller independent North American gas companies likely welcome Chinese investment, because their own finances have been pummeled by the low natural gas prices their own operations have wrought. But it will be deals with the big international oil companies on China's own turf that likely will bring shale gas expertise to the world's largest energy consumer, experts say. In March, Shell\* signed the first shale gas production-sharing agreement ever in China, with state-owned China National Petroleum Corporation (CNPC), also known as PetroChina. ExxonMobil, BP, Chevron, and the French company Total also have embarked on shale gas partnerships in China.

#### Plan doesn’t speed up development- root is government indecision

Mandel, your author, 2012, 7-17, (Jenny, Reporter for EnergyWire, a daily publication covering the unconventional oil and gas sectors, Previous positions with EandE 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)

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.

### Iran 1NC

#### Squo solves- China is on board

Downs, your author, 7-2-12,

Erica S., Fellow Foreign Policy, John L. Thornton China Center, Brookings Institution, “China’s Oil Cutbacks May Be Only Temporary,” <http://www.brookings.edu/research/opinions/2012/07/02-iran-oil-downs?rssid=LatestFromBrookings&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+BrookingsRSS%2Ftopfeeds%2FLatestFromBrookings+%28Latest+From+Brookings%29&utm_content=Google+Reader>

Economically, China’s cutbacks are having an impact on the Iranian economy, as are reductions made by other countries. Iran’s crude oil exports have fallen from 2.5 million barrels per day (bpd) in 2011 to 1.5 million bpd, which implies revenue losses of $8 billion per quarter, according to the International Energy Agency. Moreover, unilateral sanctions by the United States, the European Union, Japan and other countries in 2010 have constrained China’s national oil companies in Iran. Since these sanctions were imposed, Washington repeatedly warned Beijing that it opposed Chinese companies taking over oil and natural gas projects abandoned by European and Japanese companies. China’s companies have not taken over any of these projects. What will China's cutback mean for Iran's economy? Can China find alternative oil imports on a long-term basis? China can find alternative oil imports. Earlier this year, for example, Sinopec was not buying from Iran due to its contract dispute with National Iranian Oil company. So China it bought more oil from Russia and Vietnam. Going forward, China should be able to continue to find oil supplies to replace future reductions in its imports from Iran. Saudi Arabia has increased its output; Libya is back on-line; and oil production is growing in Iraq and the United States. The decline in U.S. imports of light crudes from Africa due to increased domestic production, in theory, frees these crudes for sale to China. The U.S. waiver of sanctions on China is good for only 180 days. China must cut back even further on its Iran oil imports to continue to get the U.S. waiver in six months. Is Beijing likely to comply? Why or why not? It will probably be more challenging for China to secure another exemption in six months. The reduction in China’s imports of Iranian crude during the first five months of this year were due largely if not entirely to the contract dispute between Sinopec and National Iranian Oil Company. The contract dispute, which began in late 2011, was resolved in March 2012. As a result, China’s oil imports from Iran began to rise in April, and by May, China’s oil imports from Iran were back to 2011 levels of more than 500,000 bpd. Sinopec has said it plans to buy 16 to 20 percent less from Iran in 2012. But most of those reductions have already occurred. If China continues to buy at 2011 levels this year, then China is unlikely to satisfy the U.S. criteria of “significant reduction in Iranian crude oil purchases” for another 180-day sanctions exemption. China is the largest importer of Iranian crude oil. China accounted for 22 percent of Iran’s oil exports in the first half of 2011, averaging 543,000 bpd. How much Iranian oil can China cut back realistically without hurting its own economic growth? China has reduced its Iranian oil imports by 25 percent from January to May 2012 without any adverse effects to its economy. There are other sources of supply, which could replace future reductions in China’s oil purchases from Iran. Sinopec may be reluctant to change the mix of crudes in its refineries, but it would not be that difficult for Sinopec to do so.

#### China not key- Indian purchases are inevitable and offset sanctions

Cole, Professor @ University of Michigan, 5-8-12,

Juan, American scholar, public intellectual, and historian of the modern Middle East and South Asia. He is Richard P. Mitchell Collegiate Professor of History at the University of Michigan. “Why India blew Hillary Clinton off about Iran,” <http://www.juancole.com/2012/05/why-india-blew-hillary-clinton-off-about-iran.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+juancole%2Fymbn+%28Informed+Comment%29&utm_content=Google+Reader>

Also yesterday, a major Iranian trade delegation was in India, seeking to boost Iranian imports from India to $6 billion a year. Some Indian firms are afraid, but many see a rare opportunity here to expand their exports to Iran, filling the vacuum created by the increasing US and European Union trade boycott with that country. Those that are oriented in their trade to domestic markets or the rest of Asia might be especially bold in this regard. Indian state-owned insurers are also stepping up to help insure the Iran-India oil shipping in the face of reluctance on the part of Western insurers. So as to avoid having to use the international banking system, which the US Departments of State and the Treasury are bullying into declining to handle Iranian oil sales, Iran will accept rupees for much of its oil exports, and then recycle them back into India to purchase imports. The two are talking about trade in “agro and allied products, pharmaceuticals, engineering, shipping, banking, petroleum products polymer, textile, as well as e-commerce.” Biased Western news outlets keep trumpeting that Iranian exports have fallen, presumably to shore up support for the unlikely idea that the US can unilaterally wish extra millions of oil onto world markets. Few bother to mention that they have fallen in the first two quarters of 2012 primarily because of an Iranian dispute with China over payment terms, delaying Chinese imports. But that dispute has been resolved. China’s oil imports are expected to rise 5% this year, and China will be back to importing a lot of Iranian petroleum soon. The Chinese are also about to deliver a new supertanker to Iran, the first of 12, which will increase Iran’s delivery fleet. And, Iran will accept Renminbi in payment for oil imported by China. Alok Bansal has an excellent overview of Iran’s importance to India, and explains why Clinton’s pressure on PM Singh will almost certainly largely fail. 1. Iran is India’s gateway to Afghanistan, Central Asia, the Caspian Basin and the Caucausus since it is otherwise geographically blocked from these areas by Pakistan and China, its longstanding rivals. Some of these regions are resource rich, some are potential markets for Indian goods, and some are geostrategically important to India, a rising Asian power. (modified from this site) 2. India’s Shiite Muslims and even Sunni Muslims reject the US boycott of Iran, and the ruling Congress Party has Muslims as one of its constituencies 3. India is growing rapidly economically and has very little in the way of hydrocarbons itself, and so is very thirsty for Iranian oil and gas.

#### Sanctions fail- previous oil profits

Cole, Professor @ University of Michigan, 2012

10-5, Juan, Richard P. Mitchell Collegiate Professor of History at the University of Michigan. “On How Despite the Currency Crisis Iran’s State Revenues are not Collapsing,” http://www.juancole.com/2012/10/on-how-despite-the-currency-crisis-irans-state-revenues-are-not-collapsing.html?utm\_source=feedburner&utm\_medium=feed&utm\_campaign=Feed%3A+juancole%2Fymbn+%28Informed+Comment%29&utm\_content=Google+Reader

However, things are not as bad as all that for the Iranian government, as opposed to the people. As Djavad Salehi-Esfahani explains, Iran is cushioned from the worst effects of a declining rial by the government’s ability to use its oil income to subsidize essential imports. The situation is therefore not comparable to other instances of hyperinflation where all imports had to be imported by consumers at the new, higher prices (vis-a-vis the local currency).¶ The Iranian government is coming off several years of magnificent oil profits. In 2004, the government earned $37 billion from its petroleum, and no one thought it was in crisis then. It could arguably go back to that level and get along just fine. But in 2005-2006 the income rose to an average of $46 billion a year. Then the oil price boom began. In 2007 and 2008, they brought in a little over $80 bn a year, each year! That is almost a doubling of their normal income earlier in the decade. In 2009-2010 the price fell a bit and Iran brought in about $70 bn. a year those two years. But 2011 saw another big run-up in oil prices, and Iran received an astounding $95 bn. last year.¶ The Europeans started refusing to buy Iranian petroleum as of July 1, and world supply and demand is such that in the short term, Iran may just export less oil this year. But 60% of its market is in Asia, and they are buying. The US estimates that Iran will have an oil income of $70 billion in 2012. That is par for the course in recent non-boom years, and even if it were less, it would still be above 2006 levels. 2006 levels probably wouldn’t be a hardship for the government (just as they weren’t in 2006).¶ So far from collapsing, the Iranian state oil income has been incredibly high in recent years and continues to be high compared to a decade ago. See this chart:¶ Moreover, the likelihood that Iran can be driven into penury over the next couple of years by a Western oil boycott strikes me as low. The US Department of Energy expects world production to rise from 89 million barrels a day in 2012 to 90 million barrels a day in 2013. But if Asian demand returns (and if more Indians and Chinese buy cars, as they have in fact been doing), then world demand could easily exceed production. Even now, demand is historically high, producing Brent crude prices that have been over $100 a barrel for a long time. A year or two from now, the world may soon end up wanting the half a million or million barrels a day it is now telling Iran to keep in the ground. Saudi production cannot be increased, and it is unclear that near-term Iraqi increases are likely on any kind of scale. Many oil producers face constant threats of disruption from labor actions and other causes. Betting on no interruptions of production anywhere, significant production increases and continued low demand– all them necessary if the oil blockade on Iran is to be effective in the medium term — would in my view be foolish.¶ Some of Iran’s reduced exports come from having to find new ways of shipping the oil (it had been exporting roughly 2.5 million barrels a day out of a 3.8 million barrel a day production, and the government claims, at least, to be exporting 2 mn. b/d in September, way up from the July dip when Europe cut Iran off).¶ Iran is now sending petroleum to China and South Korea in Iranian-owned tankers and covering the insurance on the shipments itself. But Iran had a limited tanker fleet and so the shipments are sometimes late. Iran is solving this problem by simply buying 12 supertankers from China (the first has just arrived). Supertankers are $50-$100 million and so well within Iran’s ability to purchase and run. South Korea has just started back up its oil imports from Iran, of 200,000 barrels a day, after the insurance problem was solved. The US wants South Korea and others to cut back on Iran imports; but since Europe is snarfing up petroleum from other sources now that it is boycotting Iran, South Korea and others may find it difficult to fulfill their needs without buying from Iran.¶ Because the US Department of the Treasury has kicked Iran off most international bank exchanges, Iran may have to accept payments in Chinese currency or even in a relatively soft currency like the India rupee (which, however, is hardening). That arrangement would lock Iran into buying Chinese and Indian goods where at all possible, in preference to European ones (or finding exporters willing to take rinminbi). So Europe’s step in ceasing imports of Iranian oil may cost the EU member nations dearly in lost exports to Iran (nor can a lot of European countries afford to lose the Iranian market).¶ The long and the short of it is that the Iranian state’s external revenues are still perfectly healthy, despite the rial currency crisis and all the damage it is doing to the Iranian middle and business classes. Because of the state’s currency reserves, moreover, it can mitigate the impact of the currency crisis on key imports.¶ It is a sad, desperate scene for consumers, but the ayatollahs are still rolling in dough.

#### Best evidence proves no Iran prolif- their authors only hype a potential threat- default to consensus

Butt, professor @ James Martin Center for Nonproliferation Studies, 2013,

1-22, Yousaf, a nuclear physicist, is professor and scientist-in-residence at the James Martin Center for Nonproliferation Studies at the Monterey Institute of International Studies. “Building Blocks,” <http://www.foreignpolicy.com/articles/2013/01/22/building_blocks?page=full>

The bizarre aspect of the call for increasing pressure is that the best intelligence concludes that no nuclear weapons work is going on in Iran right now. James Clapper, the director of national intelligence, has confirmed that he has "a high level of confidence" that no such work is going on now. Defense Secretary Leon Panetta has also weighed in: "Are they [Iranians] trying to develop a nuclear weapon? No." And Mohamed ElBaradei, the Nobel Peace Prize laureate who spent more than a decade as the director of the IAEA, said that he had not "seen a shred of evidence" that Iran was pursuing the bomb, adding, "I don't believe Iran is a clear and present danger. All I see is the hype about the threat posed by Iran."

# 2NC

## Trade

#### Squo solves Chinese FDI- CFIUS isn’t an impediment

Rosen, China Business Review, 2012,

July-September, Daniel H., “The Rise in Chinese Overseas Investment and What It Means for American Businesses,” https://www.chinabusinessreview.com/public/1207/rosen.html

Despite the downturn caused by the financial crisis, the Obama administration has stood firmly against calls to use national security reviews for foreign investment as a protectionist tool, and officials have repeatedly emphasized that the United States welcomes investment from China. The Committee on Foreign Investment in the United States (CFIUS), which screens investments for national security risks, has cleared the vast majority of Chinese proposals, among them acquisitions in sensitive sectors, such as power generation, shale gas development, and aviation. At the same time, policymakers in Washington are struggling with legitimate questions related to Chinese investment, such as how to treat investment in telecom networks and other critical infrastructure, and the potential impact of investment by China's state-owned enterprises on competition and markets given the distorted nature of their cost structures back home.¶ Over the past two years, the Obama administration has also stepped up the federal government's efforts to attract foreign investors to the United States. In 2011, the US government beefed up its federal investment promotion effort with a new initiative called "Select USA" to aid foreign investors. Many states have also started to ramp up their efforts to target Chinese investors specifically, opening offices and hosting road shows in China. This increased on-the-ground assistance will help Chinese investors overcome some of the difficulties they have experienced making the move to the United States.

### US Politics Not Key 2NC

#### CFIUS won’t block vast majority of Chinese FDI- they’ll whine, but still invest

Tyson, professor @ UC Berkeley, 2012,

8-2, Laura Tyson, a former chair of the US President's Council of Economic Advisers, is a professor at the Haas School of Business at the University of California, Berkeley. “The Benefits of Chinese FDI,” http://www.project-syndicate.org/commentary/the-benefits-of-chinese-fdi-by-laura-tyson

Currently, the US receives only about 2-3% of FDI flows from China. But China’s direct investments in the US have increased rapidly, from less than $1 billion annually in 2003-2008 to more than $5 billion per year in 2010-2011. At least 38 US states now host FDI projects from China, and competition for Chinese investment has intensified as states’ budgets have contracted.¶ Of course, alongside the potential economic benefits of attracting a much larger share of Chinese FDI, legitimate competitive and national-security concerns do need to be addressed. First, like all mergers and acquisitions involving both domestic and foreign investors, investments in or acquisitions of US companies by Chinese companies, whether state-owned or private, must be evaluated by the US Justice Department for their impact on market competition. Investments with significant anti-competitive effects must be modified or blocked.¶ Second, the Committee on Foreign Investment in the United States (CFIUS) must screen investments in or acquisitions of US companies by foreign companies, including Chinese companies, for national-security risks. Such screening is a common and justifiable practice around the world. In recent years, CFIUS has defined national security broadly to encompass not only defense activities and dual-use technologies, but also critical infrastructure, including telecommunications, energy, and transport – areas of particular interest to Chinese companies.¶ Many Chinese investors view the CFIUS screening process as protectionist and targeted at them, but there is no evidence of this. The United Kingdom, Canada, France, and Israel accounted for more than half of all CFIUS cases reviewed in 2008-2010, while China accounted for only about 5%. Only a small fraction of Chinese FDI in the US is subject to CFIUS review, and most of these projects, like most reviewed by CFIUS, are approved, sometimes with mitigation measures. CFIUS does not review greenfield investments, which account for about 50% of Chinese FDI in the US.

#### Alt causes- Chinese regulators and poor investment strategies

Rosen, China Business Review, 2012,

July-September, Daniel H., “The Rise in Chinese Overseas Investment and What It Means for American Businesses,” https://www.chinabusinessreview.com/public/1207/rosen.html

The track record of Chinese investments in North America and Europe illustrates these weaknesses. Many firms have rushed into opportunistic takeover attempts without careful planning or a clear strategy. One particular problem is that Chinese firms have to actively manage political risks on two fronts, but often lack the capacity to do so. In addition to navigating through national security screenings and politicization in host countries, Chinese corporations also have to deal with domestic politics in China. Despite gradual liberalization of China's capital controls in past years, firms still need to go through a burdensome and time-consuming approval process for overseas investments. This often involves numerous regulators and bureaucrats with different preferences and attitudes, delaying deals and diminishing the Chinese firm's chances in competitive bids. Sometimes Chinese regulators and industrial policy planners also strong-arm firms into abandoning deals, as when China's Sichuan Tengzhong Heavy Industrial Machinery Co. was forced to relinquish an attempted takeover of US auto brand Hummer in 2010. The purchase of Hummer was not seen as in line with important industrial policy goals, such as consolidation of the fragmented auto sector and the promotion of higher fuel efficiency cars.

#### Lack of domestic regulations leaves firms vulnerable in the US- prevents investments

Rosen, China Business Review, 2012,

July-September, Daniel H., “The Rise in Chinese Overseas Investment and What It Means for American Businesses,” https://www.chinabusinessreview.com/public/1207/rosen.html

Other home-grown factors add to the difficulties. The bias of the domestic financial system towards state-owned firms and investments in tangible assets is even more pronounced when it comes to overseas financing, especially smaller firms from China's private sector that struggle to raise financing for overseas projects. More importantly, the weak domestic regulatory environment leaves China's firms unprepared to do business in highly regulated markets. This can simply be a drag for operating in the United States, but in some cases it also makes Chinese investors more vulnerable to outside attacks by competitors or interest groups. Domestic reforms addressing these weaknesses, such as strengthening corporate governance rules, are urgently needed to accelerate the learning curve of Chinese businesses.

### Energy Not Key 2NC

#### No internal to FDI – Chinese money goes to FDI – that’s Scissors – their money will remain there, takes out solvency

#### Most Chinese FDI doesn’t go to energy

Xu et al 2012 (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)

Fourth, composition of China’s outward FDI has gradually diversified. Because of the increasing ¶ number of motivations for Chinese companies’ global expansion, the country’s foreign investment ¶ began covering most sectors of the national economy. Out of China’s total FDI flow, 90% went ¶ into leasing and commercial services, mining, finance, wholesale and retail, manufacturing, ¶ transportation, warehousing, and postal services. Financial sectors experienced the most rapid ¶ growth in FDI (See Figure 4)

#### Majority of FDI will stay in government bonds-

Scissors, Senior Research fellow @ Heritage, PhD., 2011

7-13, Derek, “Chinese Outward Investment: More Opportunity Than Danger,” http://www.heritage.org/research/reports/2011/07/chinese-outward-investment-more-opportunity-than-danger

China has a great deal of money to spend, but without major changes, its outward investment will continue to be confined largely to U.S. government bonds. The PRC’s smaller investment outside of bonds is dominated by state firms and targeted toward natural resources. The geographic pattern changes over time and may soon shift from the current emphasis on South America.¶ The U.S. draws the lion’s share of Chinese investment but comparatively little outside of bonds. The transparency of U.S. policy toward Chinese non-bond investment should be improved. In turn, Chinese firms must be able to operate properly in the American market, where disclosure requirements are high and competition laws can and should be strictly enforced.

### Trade Defense

#### Alt Causes

#### a. The EU tariff triggers solar protectionism

Hook, ’12 (Leslie, “China hits at EU solar panel dumping probe,” September 6, 2012 <http://www.ft.com/intl/cms/s/0/26f2f140-f7fc-11e1-bec8-00144feabdc0.html#axzz28Qnqmgjb>)

Beijing has lashed out at the EU’s decision to launch a trade investigation into Chinese solar panels, calling the anti-dumping probe “regrettable” and warning of the negative impact it could have on commercial ties. The EU formally announced its investigation in a statement on Thursday, noting that the anti-dumping complaint was its biggest ever in terms of the import value affected. China’s solar exports to the EU reached €21bn last year, making the EU by far China’s largest solar panel customer. The Brussels move follows a similar step in Washington, which levied anti-dumping tariffs and countervailing duties on Chinese solar-panel makers earlier this year. Solarworld, the lossmaking German company that spearheaded the trade complaint in the US, was also the initiator of the EU trade complaint, which alleges that Chinese manufacturers are selling panels for less than the cost of production. Chinese panel maker Yingli said on Thursday that the EU’s trade complaint was “groundless” and that protectionism would hurt the entire industry. Miao Liansheng, the company’s chairman, said it would “co-operate closely” with EU authorities to prove that Chinese solar companies were not dumping panels in Europe. China’s ministry of commerce hinted at the possibility of retaliatory trade measures in its response to the EU announcement. In August, Chinese polysilicon manufacturers and winemakers separately filed trade complaints in Beijing against their EU counterparts. “Today’s global solar industry is totally interconnected, and the China-EU solar sectors have a co-operation that is especially mutually dependent and mutually beneficial,” the statement said. “Restricting China’s solar panel products will not only be damaging to industries in both China and the EU, but will also destroy the healthy development of the solar and renewable energy sectors around the world.”

#### b. Cars

The Straits Times (Singapore) – 9/19/12, US, China file WTO cases against each other, lexis

The United States has filed a broad trade case against China at the World Trade Organisation (WTO), alleging unfair subsidies for exports of cars and car parts. Just hours after news of the case spread, Beijing answered with its own WTO complaint, alleging unfairness in the way the US calculated the penalty tariffs in anti-subsidy cases. But the Chinese action appears to be coincidental as Beijing seldom responds quickly to trade actions. Indeed, the Chinese commerce ministry made no mention of the US action. In its WTO filing, the US accused China of providing at least US$1 billion (S$1.2 billion) worth of subsidies from 2009 to last year for worldwide exports of cars and car parts. Washington asked the WTO to launch "consultations", the first step of the WTO process for resolving trade disputes. While US$1 billion may sound like a large number, Chinese exports of cars and car parts totalled US$56 billion during this period, according to Chinese Customs data. So even if China were forced by the WTO to reverse the subsidies, the effect on Chinese exporters' total costs might not be significant. The WTO cases were just the latest submitted by the world's two largest economies against each other. Washington now has 10 cases against Beijing before the WTO, most of them lodged in the past two years and part of an effort by the Obama administration to use trade rules to beat down China's huge trade surplus with the US. In the first seven months of this year, China sold US$174 billion more in goods to the US than it bought from the country - on pace to slightly surpass last year's full-year bilateral trade gap of US$295 billion. In February, the Obama administration stepped up its campaign, establishing a special cross-agency unit, the Interagency Trade Enforcement Centre, that was targeted mainly at Chinese exports to the US. However, Monday's WTO move also came as US President Barack Obama sought to rebuff accusations by Republican presidential rival Mitt Romney that he was soft on China, an issue that could resonate in key Nov 6 election states like Ohio which has a strong car industry presence. Speaking to supporters in Ohio, Mr Obama linked China's trade policies with the economic travails of voters in the mid-West. By giving its exporters US$1 billion in illegal subsidies from 2009 to last year, the administration said, China is hurting US manufacturers and encouraging companies to move their production to China. "These are subsidies that directly harm working men and women on the assembly lines in Ohio and Michigan and across the mid-West," Mr Obama said. "It's not right; it's against the rules, and we will not let it stand."

## Natural Gas DA

### Overview

#### China will sign on but US demonstration is key – solves case

Logan et al. 2007 – Senior associate @ World Resources Institute Logan, Joanna Lewis (Senior international fellow at the Pew Center on Global Climate Change), and Michael B. Cummings (JD candidate @ Georgetown University and former Business/Solutions Fellow @ Pew Center on Global Climate Change), “For China, the shift to climate-friendly energy depends on international collaboration,” Boston Review, January/February 2007, pg. <http://bostonreview.net/BR32.1/loganlewiscummings.php>

Scientists in China have declared the urgency of the climate-change problem, and the highest levels of government now acknowledge that it is a serious issue. Zhang Guobao, the vice-chairman of the National Development and Reform Commission (which oversees economic and energy policy), recently remarked, “Because we’re a coal-dominant country, we have to take responsibility for lowering greenhouse emissions.” However, these sentiments have yet to be reflected in either domestic climate policy or international-level commitments. China has taken a wait-and-see approach in the international climate change negotiations, unwilling to discuss making a commitment to reduce emissions until the developed world demonstrates its own commitment to do so. But while China waits and sees, it is also constructing hundreds of pulverized-coal-fired power plants that are likely to lock in a trajectory of high greenhouse-gas emissions for 50 years or more. Coal will likely remain the fuel of choice for many decades in China, despite the severe economic, social, and environmental dislocations it creates, making future efforts to stabilize atmospheric concentrations of carbon dioxide significantly more difficult. In the absence of an explicit national-level climate-change mitigation strategy, China’s energy strategy—driven by its economic-development goals—by default becomes its climate policy. The 2003 comprehensive National Energy Strategy Policy calls for maintaining growth in energy use at half the rate of GDP growth—essentially a doubling of energy use between 2000 and 2020 while GDP quadruples. Yet even to maintain this relatively impressive intensity of GDP and energy growth through 2020, the Chinese energy sector is poised to continue its breathtaking expansion. Although the National Energy Strategy Policy calls for reducing the overall contribution of coal to the energy mix (down to less than 60 percent), overall coal capacity is slated to increase rapidly. Also planned are dramatic expansions of nuclear power, small- and large-scale hydropower, and increased renewable energy utilization (including large growth targets for wind-power and solar-energy technologies). Nuclear capacity is to expand more than four times by 2020, large-scale hydro is to more than double (requiring the building of a dam the size of the Three Gorges Project every two years), and non-hydro renewables are to grow by more than 100 times. However, targets and predictions related to Chinese economic and energy growth are notoriously uncertain, and the feasibility of these projections have been questioned, including the implications of expanding the use of nuclear power and large dams. Also uncertain is China’s ability to reduce its reliance on coal, particularly since China’s increases in coal capacity in the last two years were the largest ever. In the event that nuclear or renewable energy goals are not met, coal may end up filling the void—leading to an even greater increase in China’s greenhouse-gas emissions than currently projected.

#### Railroads are key to the economy – affect every other industry

AAR 2012 – Association of American Railroads (June, “The Economic Impact of America’s Freight Railroads ” <https://www.aar.org/keyissues/Documents/Background-Papers/The-Economic-Impact-of-Freight.pdf>)

By linking businesses to each other here and abroad, freight railroads have played a crucial role in America’s economic development for 180 years. Today, freight railroads serve nearly every industrial, wholesale, retail, and resource-based sector of our economy. They remain critical to our economy today:  The more than 175,000 freight railroad employees are among America’s most highly compensated workers. In 2010, the average freight railroad employee earned wages of $73,000 and fringe benefits of $30,120, for total average compensation of $103,120. By contrast, the average wage per full-time employee in the United States in 2010 was $53,000 (just 73 percent of the comparable rail figure) and average total compensation was $66,000 (just 64 percent of the rail figure).  According to a U.S. Department of Commerce model of the U.S. economy, in addition to their own employees freight railroads sustain more than 1 million additional jobs at firms that provide goods and services to railroads or that are recipients of spending by the employees of railroads and their suppliers. The model indicates that every job in day-today freight rail operations sustains another 4.5 jobs elsewhere in the economy.  Millions of other Americans work in industries that are more competitive in the global economy thanks to the affordability and productivity of America’s freight railroads.  Rail industry employees are covered by the Railroad Retirement System, which is funded by railroads and their employees. In fiscal year 2010,approximately 580,000 beneficiaries received some $10.8 billion in benefits from the Railroad Retirement System.  Railroads account forapproximately one third of all U.S. exports.

### Link 2NC

#### CFIUS checks expansion of natural gas production by limiting necessary inflows of capital

Ellis, Associate at Vinson and Elkins, 07

(US energy and foreign direct investment: Is the foreign capital flow for oil and gas at risk?, www.ogfj.com/articles/print/volume-4/issue-6/capital-perspectives/us-energy-and-foreign-direct-investment-is-the-foreign-capital-flow-for-oil-and-gas-at-risk.html

For the US to be able to produce more oil and gas in the Gulf and Alaska, more inflows of capital will be required, and in a global environment, some of that capital typically would come from foreign investment. However, in light of the new push for stricter scrutiny of foreign investment in “critical infrastructure” such as oil and gas, energy companies selling interests, including non-operating interests, in their business should be prepared to clear a new regulatory hurdle before closing any transaction with a foreign investor. Parties to a foreign investment in an oil and/or gas interest should be diligent in considering whether a CFIUS filing would be required. Even under the current legislation, there are some who would say that all energy transactions must be submitted for review by CFIUS, because they deal with critical infrastructure. While the legislative reforms pending in Congress may eventually make that approach the most prudent one, for now it is reasonable for parties to ask themselves if there is a potential national security concern raised by their deal. Certainly, any transfer of sensitive technology would make a filing advisable. For example, certain exploration technology, including seismic, could be considered too sensitive to pass into foreign hands. National security issues may also arise if the foreign acquirer operates in countries that are subject to US sanctions, such as Iran or Cuba. Additionally, the US government is showing an increased concern that countries like China and the United Arab Emirates present a possible diversion risk for export-controlled technology, so investors located in these countries should take care to ensure that all security issues are addressed. Beyond these kinds of traditional concerns, parties should ask themselves if the asset being transferred, if compromised, would, in the words of the Patriot Act, “have a debilitating impact on security, national economic security, national public health, or safety.” For example, certain pipeline systems have been identified by the Department of Homeland Security as key critical assets. An uncertain future The irony of US government efforts to protect the nation’s energy security by keeping out foreign investors in domestic oil and gas springs from the fact that oil and gas represent fungible commodity products. Keeping investors from China, Russia, and elsewhere out of US E&P or US refineries only means that the capital flowing from these giants will be directed elsewhere in the world where natural resources are abundant. Congressional efforts to tighten down sanctions against foreign companies investing in Iran’s energy sector would seem to be at odds with any effort to discourage foreign companies investing in the United States.

### NG Prices Rising

#### Increasing demand driving up natural gas prices

Weber, Associate Professor of Mechanical Engineering at The University of Texas at Austin, 12

(May, THE LOOMING NATURAL GAS TRANSITION IN THE UNITED STATES, [www.c2es.org/docUploads/natural-gas-transition-us.pdf](http://www.c2es.org/docUploads/natural-gas-transition-us.pdf))

While natural gas is enjoying a period of relatively stable and low prices at the time of this writing in 2012, there are several prospects that might put upward pressure on the long-term prices. These key drivers are: 1) increasing demand, and 2) re-coupling with global markets. As discussed above, there are several key forcing functions for higher demand. Namely, because natural gas is relatively cleaner, less carbon-intensive, and less water-intensive than coal, it might continue its trend of taking away market share from coal in the power sector to meet increasingly stringent environmental standards. While this trend is primarily driven by environmental constraints, its effect will be amplified as long as natural gas prices remain low. While fuel-switching in the power sector will likely have the biggest overall impact on new natural gas demand, the same environmental and economic drivers might also induce fuel-switching in the transportation sector (from diesel to natural gas), and residential and commercial sectors (from fuel oil to natural gas for boilers, and from electric heating to natural gas heating). If cumulative demand increases significantly from these different factors, but supply does not grow in a commensurate fashion, then prices will move upwards.The other factor is the potential for re-coupling U.S. and global gas markets. While they are mostly empty today, many LNG import terminals are seeking to reverse their orientation, with an expectation that they will be ready for export beginning in 2014. Once they are able to export gas to EU and Japanese markets, then domestic gas producers will have additional markets for their product. If those external markets maintain their much higher prevailing prices (similar to what is illustrated in Figure 5), re-coupling will push prices upwards.

#### Distribution bottlenecks are increasing prices

Skutnik, Professor of Nuclear Engineering at Tennessee, 1/25

(13, Where's the Real Bottleneck for Natural Gas? Distribution, theenergycollective.com/skutnik/177041/wheres-real-bottleneck-natural-gas-distribution)

As a scientist and an unabashed nerd, I love data. Particularly, I love it when ready access to data reveals things that are surprising in the face of conventional wisdom. An interesting case comes up with this year's colder winter in New England. (Thankfully, I'm located in damp, icy East Tennessee, where even the threat of ice and snow manages to bring civilization to a grinding halt.) In particular, Meredith Angwin noted an interesting press release by ISO-NE (the grid operator for the northeastern United States), ostensibly pointing to record-low wholesale electricity prices, but containing something more interesting buried beneath - a slow but quite noticeable creep of wholesale natural gas prices upward to the range of $6/MMBtu (1 MMBTu = 1 million British Thermal Units). At first glance, this seemed a bit surprising to me, given that while spot prices for natural gas have nudged a bit upward, they're still hovering well under the $4/MMBTu mark; in other words, they don't seem to be going anywhere fast. What really began to catch my eye however was the cyclic behavior of gas prices in the chart from ISO-NE, something which doesn't show up in spot prices from Henry Hub (which generally sets the market spot price for natural gas in the U.S.) Looking to verify the trend, I dug a little further around EIA's website. While unfortunately their data on "citygate" prices are a few months behind, the regular periodicity in the citygate price was likewise not there - instead, taken as an average across the U.S., spot, wholesale, and electricity costs derived from natural gas tend to have a strong correlation. Yet here we see above in the data from ISO-NE that prices clearly are deviating substantially from spot prices - what gives? It turns out in fact that the culprit is in distribution. A look around EIA's website brought me to this interesting report, which notes that supply bottlenecks in U.S. northeast for natural gas are expected to produce significant variances in energy prices from the rest of the U.S., and in particular from Henry Hub prices. In essence, despite a relatively abundant supply of natural gas at the wellhead due to the proliferation of wells seeking to exploit unconventional resources, one thing the laws of physics haven't changed for is the capacity of distribution infrastructure - in other words, pipeline capacity. Natural gas doesn't really care where its end destination is - be it for electricity or home heating. Which means a cold winter can easily drive up demand and stress pipeline capacities - precisely what is occurring, according to the EIA report: utilization rates at the Algonquin compressor station have averaged around 86% for the months of November through December 2012. Basic economics can predict what happens next. Because natural gas is generally shipped across pipelines as a compressed gas, due to frictional losses across the pipeline, it must be repressurized at terminals across the pipeline network. The higher demand for gas goes, the closer to maximum capacity these terminals reach. And, as EIA data helpfully shows, the closer utilization reaches to 100%, the larger prices begin to "spread" from spot prices at Henry Hub. In other words, while the commodity price of gas may indeed be cheap, the wholesale cost to utilities can be an entirely regional phenomenon. This is especially true in the blustery cold of New England winter, where demand is especially cyclic. I compiled together citygate prices for natural gas across the Northeast and compared them to U.S. average citygate prices, and the effect is quite clear - states in the Northeast pay on average an appreciable premium on wholesale prices over the U.S. average wholesale, precisely due to these types of bottlenecks, particularly during times of peak demand (i.e., cold winters). Obviously, pipeline capacity has been steadily increasing in response to demand for gas, however the real issue will inevitably be cyclical "spikes" due to competing uses of gas as a heating source.

#### Natural gas prices rising – increased demand

Adams, Chief Contributor for Atomic Energy Insights and small nuclear plant operator/designer, 12 (8/31, Where is the huge increase in US natural gas supply?, atomicinsights.com/2012/08/where-is-the-huge-increase-in-natural-gas-supply.html

Low prices natural gas prices in the US are largely an artifact of an economic recession that coincided with a couple of relatively mild winters that combined to reduce demand. Those low prices will not last because there are many factors building up to increase demand at the same time that increases in supply are dropping; most drillers and their backers are not happy about sustained low prices. Please understand that the total above ground inventory of natural gas is roughly equal to ONE month of demand.

### AT: No CCS

#### CCS is viable – regulations and tech are in place

Peridas 2012 – scientist at NRDC, M.Eng. and Ph.D. degrees in mechanical engineering from the University of Oxford and his M.Sc. in Environmental Science & Policy from Imperial College, London (March 27, George, “EPA's New Power Plant Rule - How Does It Affect Coal-Fired Power Generation?” <http://switchboard.nrdc.org/blogs/gperidas/epas_new_power_plant_rule_-_ho.html>)

If someone is hell-bent on building a new coal plant despite the economic and financing challenges, the new source standard will allow that if the plant captures and sequesters a portion of its CO2 emissions. This is not just an option on paper – it’s an option that developers have in practice, if future economics justify it. Capture and sequestration is a technological reality today at the scale needed for new coal plants. In addition to numerous non-power projects that are capturing and/or sequestering CO2 successfully around the world (for a list see databases and maps by the Global CCS Institute and ZERO), coal plants with capture and sequestration are under construction or nearing financial close in the US. These include the Kemper County IGCC plant in Mississippi by Mississippi Power (a subsidiary of Southern Company) and the Texas Clean Energy Project by Summit power Group. The former, although it has been entangled in litigation in relation to the PUC proceedings that authorized cost pass-through, clearly shows that such a plant is technically feasible today. The latter, having obtained all its permits, is planning to begin construction soon when the financing arrangements are in place. From a regulatory standpoint, all the pieces are in place to permit a capture and sequestration project today. Siting the capture and transportation infrastructure is fundamentally the same as standard power plant and pipeline siting. For the sequestration part, EPA promulgated a new injection well class (Class VI) under the Underground Injection Control Program in December, 2010, specifically tailored for the geologic sequestration of CO2. The Class VI rule is final, and obtaining permits is now a clearly defined process.

#### CCS is technically feasible – well understood mechanisms

MIT 2007 (March 14, study chaired by Dr. James Katzer, “The Future of Coal” <http://web.mit.edu/coal/The_Future_of_Coal.pdf>)

For the main reservoir classes, CO2 storage mechanisms are reasonably well defined and understood (Figure 4.1). To begin, CO2 sequestration targets will have physical barriers to CO2 migration out of the crust to the surface. These barriers will commonly take the form of impermeable layers (e.g., shales, evaporites) overlying the reservoir target, although they may also be dynamic in the form of regional hydrodynamic low. This storage mechanism allows for very high CO2 pore volumes, in excess of 80%, and act immediately to limit CO2 l ow. At the pore scale, capillary forces will immobilize a substantial fraction of a CO2 bubble, commonly measured to be between 5 and 25% of the pore volume. h at CO2 will be trapped as a residual phase in the pores, and acts over longer time scales as a CO2 plume which is attenuated by l ow. Once in the pore, over a period of tens to hundreds of years, the CO2 will dissolve into other pore l uids, including hydrocarbon species (oil and gas) or brines, where the CO2 is fixed indefinitely, unless other processes intervene. Over longer time scales (hundreds to thousands of years) the dissolved CO2 may react with minerals in the rock volume to precipitate the CO2 as new carbonate minerals. Finally, in the case of organic mineral frameworks such as coals, the CO2 will physically adsorb onto the rock surface, sometimes displacing other gases (e.g., methane, nitrogen). Although substantial work remains to characterize and quantify these mechanisms, they are understood well enough today to trust estimates of the percentage of CO2 stored over some period of time—the result of decades of studies in analogous hydrocarbon systems, natural gas storage operations, and CO2 -EOR. Specii cally, it is very likely that the fraction of stored CO2 will be greater than 99% over 100 years, and likely that the fraction of stored CO2 will exceed 99% for 1000 years 6 . Moreover, some mechanisms appear to be self-reinforcing. 11,12 Additional work will reduce the uncertainties associated with long-term ei cacy and numerical estimates of storage volume capacity, but no knowledge gaps today appear to cast doubt on the fundamental likelihood of the feasibility of CCS.

### **AT: CCS Too Expensive**

#### CCS will get cheaper with time – global spillover results from US deployment

THIS CARD IS ALSO UNDER “2NC CCS Uniqueness – EPA”

Darin 2012 (October 7, Paul, “Coal Industry Criticizes Tough EPA Regulations” <http://www.theepochtimes.com/n2/united-states/coal-industry-criticizes-tough-epa-regulations-299225.html>)

The other problem is no one has been able to make CCS work commercially yet. According to EPA, "New coal-, coal refuse-, oil- and petroleum coke-fired boilers and IGCC units should also be able to meet this standard by employing carbon capture and storage technology. "While a coal unit with CCS may be more expensive to construct than NGCC generation, for reasons explained below, we expect the difference to decrease over time as CCS becomes more mature and less expensive." Rather disingenuously, EPA goes on to say that despite the rule, "We recognize that some owners/operators may nevertheless seek to construct new coal-fired capacity. This may be beneficial from the standpoint of promoting energy diversity, and today's proposal does not interfere with construction of new coal-fired capacity. "At present, while CCS would add considerably to the costs of a new coal-fired power plant, there are sources of funding available to support the deployment of CCS, including a limited number of government demonstration programs. "We expect that the costs of CCS will decline in the future as CCS matures and is utilized more widely." The problem is that the most promising technology - integrated gasification and combined cycle with carbon capture and storage (IGCC-CCS) - is nowhere in commercial use at present. Various demonstration projects have run into trouble or been scrapped. Necessity is the mother of invention, however. "The proposed rule will assist the deployment of CCS technology for new coal-fired power plants and reinforce incentives for the use of efficient natural gas-fired generation," EPA

### 2NC CCS Uniqueness – ADM

#### CCS increasing now – agriculture

NYT 2011 (September 12, “Ethanol Carbon Sequestration Plant Holds Lessons for Coal” <http://www.nytimes.com/cwire/2011/09/12/12climatewire-ethanol-carbon-sequestration-plant-holds-les-18588.html?pagewanted=all>)

A leading agriculture company is about to put the United States on the map with the world's biggest carbon sequestration projects. In coming months, Archer Daniels Midland will ramp up construction on an initiative to grab carbon dioxide emitted from an ethanol facility and inject the gas underground. The Department of Energy announced the project's groundbreaking at the company's facility in Decatur, Ill., in late August. When combined with a separate, related sequestration project starting this fall on the same corn processing plant, the initiative will pump more industrially captured carbon dioxide underneath the earth for permanent storage in deep saline rock reservoirs than ever has been attempted in the United States. While the project is focused on ethanol, the company says it is optimistic that its efforts will pave the way to try similar emission controls for fossil fuels like coal. "This is critical" for the U.S. carbon capture and sequestration industry, said Scott McDonald, ADM's project manager for the Illinois Industrial Carbon Capture and Sequestration project, in an interview last week with ClimateWire. "We are developing the model that others will follow."

### 2NC Flaring Impact

#### Low prices cause flaring

Weber, Associate Professor of Mechanical Engineering at The University of Texas at Austin, 12

(May, THE LOOMING NATURAL GAS TRANSITION IN THE UNITED STATES, [www.c2es.org/docUploads/natural-gas-transition-us.pdf](http://www.c2es.org/docUploads/natural-gas-transition-us.pdf))

These attractive market opportunities are offset in some respects by the negative environmental impacts that are occurring from production in the Bakken and Eagle Ford shale plays in North Dakota and Texas. At those locations, significant volumes of gases are flared because the gas is too inexpensive to justify rapid construction of the pricey distribution systems that would be necessary to move the fuel to markets. Consequently, for many operators it ends up being cheaper in many cases to flare the gas rather than to harness and distribute it.

#### Flaring depletes the ozone layer - extinction

Osai, Professor of Social Sciences at The Rivers State College of Arts and Science, 02

(SHELL AS AGAMA LIZARD, www.waado.org/Environment/OilCompanies/Shell-Communities/ShellsFalsePR.html)

Talking of the impact of gas flaring on the environment, in 1984/85, I was part of a team of professors and graduate students from the Faculty of Social Sciences of the University of Port Harcourt that undertook a field trip to what is now called the Orashi Region. I guided the team to the gas flare site at Obagi, Obrikom, Ebocha, Ukwugba and Izombe. From one site to another, we took sample of cassava and other crops; we observed the plantains, palm trees and the general vegetation within a certain radius of the gas flared racks and we noted that though the cassava stems and leaves looked unaffected, their tubers were rotten. We also observed a pathetic degeneration from the lush vegetation with giant trees that used to be a rustic meadow; giant racks, spewing roaring flames into the sky had taken the place of the giant trees. These findings were published in Newswatch. It is, therefore, an insult on the collective intellect of the peoples of the Niger Delta for Shell to aver that "gas flaring is not detrimental to the immediate environment." Matter-of-factly, the statement is an insult on the collective intellect of humanity, which is facing imminent extinction as a result of the depletion of the ozone layer - a phenomenon that gas flaring contributes immensely to. Incidentally, I did my administrative internship in 1977 at the Cleveland Division of Air Pollution Control, Cleveland, Ohio, USA and I think I learned quite a bit about pollution and its negative impact on the environment - immediate or otherwise.

### 2NC Exports Impact

#### Low prices key to gas exports

Slutz, President and Managing Director of Global Energy Strategies LLC, 12

(9/4, The Shale Gas Revolution Implications for U.S. and Canadian Energy Policy and Asian Energy Security, www.nbr.org/downloads/pdfs/ETA/Slutz\_interview\_09042012.pdf

It is important to appreciate that before natural gas exports can occur, industry must spend several billion dollars for each export terminal to build the liquefaction facility. To make this decision, companies must believe that U.S. natural gas prices will remain low enough and Asia prices high enough to make money on exports to Asia for the entire term of a 20-year contract. While the differentials between Asia and North America currently support trade, the cost of liquefaction and shipping will account for a significant amount of that differential. Asia’s LNG contracts are based on oil prices. At oil prices below $80 per barrel, importing LNG from North America is less attractive to Asian buyers. As oil prices rise, the economics of importing gas from North America become more attractive. The United States does have a very large resource base, which will support production of more natural gas than will be consumed domestically. The market, not government, will be the best mechanism to determine the extent of exports. Most projections, including from the EIA, anticipate some level of North American gas exports in the next four to eight years. The level of exports will be determined by the cost of gas and the cost of converting it to LNG, as well as the cost of transporting the gas to market. The United States has huge gas resources, but the cost of production varies between different areas. While there is plenty of gas for domestic use and exports, as we move into areas that cost more to develop, there is less incentive to export gas. The other important issue to remember is that significant gas resources exist around the world. Gas exports from the United States directly compete with other supplies and the least costly supplies will be the ones that go to market. Economics will ultimately determine how much gas is exported.

**US gas exports collapse the Russian economy**

Mead, Professor of Foreign Affairs at Bard, 12

(North American Shale Gas Gives Russia Serious Headache, blogs.the-american-interest.com/wrm/2012/04/25/north-american-shale-gas-gives-russia-serious-headache/)

North America’s shale gas boom is chipping away at the market for gas producers like Russia. What’s more, if the United States becomes a gas exporter, Russia’s customers (especially in Europe) could decide to cancel expensive contracts with Gazprom in favor of cheaper American natural gas. “If the US starts exporting LNG to Europe and Asia, it gives [customers there] an argument to renegotiate their prices with Gazprom and Qatar, and they will do it,” says Jean Abiteboul, head of Cheniere supply & marketing. Gazprom supplied 27 percent of Europe’s natural gas in 2011. While American gas is trading below $2 per MMBTU (million British thermal units), Gazprom’s prices are tied to crude oil markets, and its long-term contracts charge customers roughly $13 per MMBTU, says the FT. European customers would love to reduce their dependence on Gazprom and start to import American gas. Already Gazprom has had to make concessions to its three biggest customers, and others are increasingly dissatisfied with their contracts. Worse, from Russia’s point of view: evidence that western and central Europe contain substantial shale gas reserves of their own. Fracking is unpopular in thickly populated, eco-friendly Europe, but so are high gas prices. All this ought to give Russia serious heartburn. Eroding Gazprom’s dominance of the European energy market would be a major check on Russian economic growth and political influence.

#### Extinction

Filger, columnist and founder of GlobalEconomicCrisis.com, 09

(Russian Economy Faces Disastrous Free Fall Contraction, www.huffingtonpost.com/sheldon-filger/russian-economy-faces-dis\_b\_201147.html)

In Russia, historically, economic health and political stability are intertwined to a degree that is rarely encountered in other major industrialized economies. It was the economic stagnation of the former Soviet Union that led to its political downfall. Similarly, Medvedev and Putin, both intimately acquainted with their nation's history, are unquestionably alarmed at the prospect that Russia's economic crisis will endanger the nation's political stability, achieved at great cost after years of chaos following the demise of the Soviet Union. Already, strikes and protests are occurring among rank and file workers facing unemployment or non-payment of their salaries. Recent polling demonstrates that the once supreme popularity ratings of Putin and Medvedev are eroding rapidly. Beyond the political elites are the financial oligarchs, who have been forced to deleverage, even unloading their yachts and executive jets in a desperate attempt to raise cash. Should the Russian economy deteriorate to the point where economic collapse is not out of the question, the impact will go far beyond the obvious accelerant such an outcome would be for the Global Economic Crisis. There is a geopolitical dimension that is even more relevant then the economic context. Despite its economic vulnerabilities and perceived decline from superpower status, Russia remains one of only two nations on earth with a nuclear arsenal of sufficient scope and capability to destroy the world as we know it. For that reason, it is not only President Medvedev and Prime Minister Putin who will be lying awake at nights over the prospect that a national economic crisis can transform itself into a virulent and destabilizing social and political upheaval. It just may be possible that U.S. President Barack Obama's national security team has already briefed him about the consequences of a major economic meltdown in Russia for the peace of the world. After all, the most recent national intelligence estimates put out by the U.S. intelligence community have already concluded that the Global Economic Crisis represents the greatest national security threat to the United States, due to its facilitating political instability in the world. During the years Boris Yeltsin ruled Russia, security forces responsible for guarding the nation's nuclear arsenal went without pay for months at a time, leading to fears that desperate personnel would illicitly sell nuclear weapons to terrorist organizations. If the current economic crisis in Russia were to deteriorate much further, how secure would the Russian nuclear arsenal remain? It may be that the financial impact of the Global Economic Crisis is its least dangerous consequence.

# 1NR

## Politics

#### Squo solves cyberattacks

RICHARD LARDNER – NYT – 10/21/12, Draft order would give companies cyberthreat info, http://seattletimes.com/html/nationworld/2019484431\_cybersecurity21.html

A new White House executive order would direct U.S. spy agencies to share the latest intelligence about cyberthreats with companies operating electric grids, water plants, railroads and other vital industries to help protect them from electronic attacks, according to a copy obtained by The Associated Press. The seven-page draft order, which is being finalized, takes shape as the Obama administration expresses growing concern Iran could be the first country to use cyberterrorism against the United States. The military is ready to retaliate if the U.S. is hit by cyberweapons, Defense Secretary Leon Panetta said. But the U.S. also is poorly prepared to prevent such an attack, which could damage or knock out critical services. The White House declined to say when the president would sign the order. The draft order would put the Department of Homeland Security in charge of organizing an information-sharing network that rapidly distributes sanitized summaries of top-secret intelligence reports about known cyberthreats that identify a specific target. With these warnings, known as tear lines, the owners and operators of essential U.S. businesses would be better able to block potential attackers from gaining access to their computer systems. An organized, broad-based approach for sharing cyberthreat information gathered by the government is widely viewed as essential for any plan to protect U.S. computer networks from foreign nations, terrorist groups and hackers. Existing efforts to exchange information are narrowly focused on specific industries, such as the finance sector, and have had varying degrees of success. Yet the order has generated stiff opposition from Republicans on Capitol Hill who view it as a unilateral move that bypasses the legislative authority held by Congress. Administration officials said the order became necessary after Congress failed this summer to pass cybersecurity legislation, leaving critical infrastructure companies vulnerable to a serious and growing threat. Conflicting bills passed separately by the House and Senate included information-sharing provisions. But efforts to get a final measure through both chambers collapsed over the GOP's concerns the Senate bill would expand the federal government's regulatory power and increase costs for businesses. The White House has acknowledged that an order from the president, while legally binding, is not enough. Legislation is needed to make other changes to improve the country's digital defenses. An executive order, for example, cannot offer a company protection from liabilities that might result from a cyberattack on its systems. The addition of the information-sharing provisions is the most significant change to an earlier draft of the order completed in late August. The new draft, which is not dated, retains a section that requires Homeland Security to identify the vital systems that, if hit by cyberattack, could "reasonably result in a debilitating impact" on national and economic security. Other sections establish a program to encourage companies to adopt voluntary security standards and direct federal agencies to determine whether existing cybersecurity regulations are adequate. The draft order directs the department to work with the Pentagon, the National Security Agency, the director of national intelligence and the Justice Department to quickly establish the information-sharing mechanism. Selected employees at critical infrastructure companies would receive security clearances allowing them to receive the information, according to the document. Federal agencies would be required to assess whether the order raises any privacy or civil-liberties risks.

## Topicality

#### The aff removes restrictions on mergers

James K. Jackson - Specialist in International Trade and Finance @ CRS – 9/26/12, The Committee on Foreign Investment in the United States (CFIUS), <http://www.fas.org/sgp/crs/natsec/RL33388.pdf>

The law requires CFIUS to review all “covered” foreign investment transactions to determine whether a transaction threatens to impair the national security, or the foreign entity is controlled by a foreign government, or it would result in control of any “critical infrastructure that could impair the national security.” A covered foreign investment transaction is defined as any merger, acquisition, or takeover which results in “foreign control of any person engaged in interstate commerce in the United States.” According to Treasury Department regulations, investment transactions that are not considered to be covered transactions under the Exon-Florio provision and, therefore, not subject to a CFIUS review are those that are undertaken “solely for the purpose of investment, ” or an investment in which the foreign investor has “no intention of determining or directing the basic business decisions of the issuer.” In addition, investments that are solely for investment purposes are defined as those: (1) in which the transaction does not involve owning more than 10% of the voting securities of the firm; or (2) those investments that are undertaken directly by a bank, trust company, insurance company, investment company, pension fund, employee benefit plan, mutual fund, finance company, or brokerage company “in the ordinary course of business for its own account.”32 Other transactions that are not covered include: (1) stock splits or pro rata stock dividend that does not involve a change in control; (2) an acquisition of any part of an entity or of assets that do not constitute a U.S. business; (3) an acquisition of securities by a person acting as a securities underwriter, in the ordinary course of business and in the process of underwriting; and an acquisition pursuant to a condition in a contract of insurance relating to fidelity, surety, or casualty obligations if the contract was made by an insurer in the ordinary course of business. In addition, the Treasury regulations also stipulate that the extension of a loan or a similar financing arrangement by a foreign person to a U.S. business will not be considered a covered transaction and will not be investigated, unless the loan conveys a right to the profits of the U.S. business or involves a transfer of management decisions.

### A2: We Meet – Plan Flaw

#### If the plan only excludes production from Exon-Florio review, they can’t solve any of the advantages – CFIUS would still review all transactions at their later stages

HARRY L. CLARK & JONATHAN W. WARE - partner with Dewey & LeBoeuf LLP /

associate with Freshfields Bruckhaus Deringer US LLP – Nov 2010 (last cite), LIMITS ON INTERNATIONAL BUSINESS IN THE PETROLEUM SECTOR: CFIUS INVESTMENT SCREENING, ECONOMIC SANCTIONS, ANTI-BRIBERY RULES, AND OTHER MEASURES, TEXAS JOURNAL OF OIL, GAS, AND ENERGY LAW, Vol. 6 No. 1, http://tjogel.org/wp-content/uploads/2012/05/ware\_final1.pdf

Transactions in the energy sector have been subject to CFIUS review at various stages of the value chain, including extraction, transportation, conversion to power, and supply to the U.S. government.39 Over time CFIUS appears to be paying closer attention to deals involving these types of assets, creating some uncertainty for potential mergers and acquisitions in this sector.