# Inherency

#### Contention One – Inherency –

#### Arbitrary US investment rules have blocked Chinese ownership of renewable energy companies. This restriction on energy production deters investment and damages US-China relations.

Xinhua 9/30/12 The alarm bell of US protectionism rings loud - China.org.cn http://www.china.org.cn/business/2012-09/30/content\_26681566.htm

A recent decision by U.S. President Barack Obama to block a Chinese-led corporation from owning American wind farms exposes the weakness of the U.S. claim that it is the most open market in the world.¶ Obama on Friday issued a rare presidential order to bar the Ralls Corp., a company owned by Chinese nationals, from purchasing four wind farm projects, fearing that Ralls "might take action that threatens to impair national security."¶ Obama's decision was based on a report by the Committee on Foreign Investment in the United States (CFIUS) that claimed that the purchased wind farm sites are all within or near restricted airspace at an naval training base.¶ Ralls offered another side of the picture, saying that only one of the four sites was in restricted airspace and there were other foreign wind farms in the same area.¶ It is not the first time that Chinese companies have fallen prey to American claims of causing national security risks.¶ A 2005 plan by a Chinese oil giant to bid for the Unocal Corp. was aborted due to an administrative order by the Bush administration that also cited national security risks.¶ Another recent case featured Huawei and ZTE, the Chinese telecom companies that were accused of stealing American trade secrets through backdoors in equipment sold by both companies.¶ However, the Ralls case has been the first for an U.S. president to block since 1990. The decision came at a moment when Obama is striving to consolidate his lead in a closely contested presidential election. Therefore, there was no surprise that he took such a tough stance on China at this moment.¶ Although a Treasury Department statement said the Ralls case is "not a precedent with regard to any other foreign direct investment from China or any other country," the presidential order would inevitably signal a disturbing message to other foreign investors, no less the Chinese ones.

#### Massive increase for wind incentives in the fiscal cliff compromise takes out disad uniqueness but doesn’t solve the case.

David Roberts 1/2/13 staff writer for Grist. “Fiscal fiasco bright spot: 2013 will be a huge year for wind

“ http://grist.org/climate-energy/fiscal-fiasco-bright-spot-2013-will-be-a-huge-year-for-wind/

In August, the Senate Finance Committee passed a tax-extenders bill that would extend some temporary tax credits and phase out others. That bill called for extending the PTC, but also altering it in a crucial way, in response to lobbying from wind companies. Traditionally, PTC money is available to a wind project only once it is up and running, putting electricity on the wires. That’s why so many wind projects raced to finish in 2012, when it looked like the PTC would expire. The Finance Committee bill changed the PTC so that the money would be available to any wind project that breaks ground in the calendar year. That allows projects to be built (and financed) over longer periods of time without worrying about losing the tax incentive. I’ve heard informal estimates that one year of this kind of PTC is worth two or three years of the conventional PTC. And it’s the Finance Committee’s version that ended up in the Senate compromise bill the House grudgingly passed last night. So that’s the PTC in effect for 2013. This means wind developers can lock in PTC money if they break ground in 2013, but it’s highly uncertain whether that money will be available in 2014. That adds up to a huge incentive to start projects this year. So, whatever the long-term fate of energy policy generally or the wind industry specifically, 2013 is shaping up to be a boom year for wind in the U.S.

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# Econ

#### Contention Two – Advantages –

#### **Advantage one is the Economy**

#### **First, Obama’s rejection of Chinese wind development signals protectionism and discourages foreign investment in American energy.**

Nick Juliano and John McArdle, 10/2/12 E&E reporters Obama’s blocking of wind farm adds to U.S.-China tension

Posted: Tuesday, October 2, 2012 <http://www.governorswindenergycoalition.org/?p=3480>

The Treasury Department said last week that blocking the Oregan project was done to protect national security and doesn’t undercut the United States’ broader support for open investment in U.S. markets. But China’s state news agency blasted the Obama administration in the wake of last week’s announcement for reneging on its stated commitment to maintaining free and open markets and fighting protectionism. “During this election year when the U.S. economy is mired in tepid growth and high unemployment rate, both Democrats and Republicans are using China-bashing tactic to woo some blue-collar voters,” a Xinhua News article posted on China’s Ministry of Commerce website says. The article says Chinese officials will take their objections to the World Trade Organization. “Through consultations within the WTO trade dispute settlement mechanism, the Chinese side hopes the U.S. can correct its wrong-doing and properly deal with concerns from China,” Shen Danyang, spokesman for the Ministry of Commerce, said at a recent press briefing, according to the article. Some U.S.-based observers also worry about a chilling effect from the Ralls and related cases. “The decision … will unfortunately be seen as yet another signal — this time from the highest possible level — that the United States does not really want Chinese investment,” Edward Alden, a fellow at the Council on Foreign Relations, wrote in a blog post. “And for an economy still struggling to create jobs, that’s the wrong signal to send.”

#### Now is the critical time to develop cooperation on clean energy with China – cooperation creates necessary incentives to avoid impending trade conflict.

Lewis 12 Dr Joanna L. Lewis is an assistant professor at the Walsh School of Foreign Serivce, Georgetown University. Her focus is on science, technology and international affairs, especially issues related to renewable energy. TUESDAY, FEB 14, 2012 03:00 PM CST U.S., China need a green peace, not a trade war <http://www.salon.com/2012/02/14/u_s_china_need_a_green_peace_not_a_trade_war/singleton/>

President Obama announced in his State of the Union address last month that he would establish a new trade enforcement unit to speed investigations of unfair trading practices by China. Beijing has (not surprisingly) responded with its own investigation into American clean energy support programs. This comes as the U.S. renewable energy industry is increasingly divided over China’s role. For example, the Coalition for Affordable Solar Energy (a U.S. solar industry association) has asked the Coalition for American Solar Manufacturing (another U.S. solar industry association) to drop its petition that launched the solar panel investigation. A CASE report estimates that higher U.S. import duties on Chinese solar panels will eliminate up to 60,000 American jobs and hurt U.S. consumers even more than U.S. producers. We are entering a period in which the incentives for conflict may overpower the incentives for cooperation. China and the United States are the world’s two largest economies, and should be leaders in establishing and enforcing the rules of the global trading system. But as the largest producers and consumers of energy, as well as the largest greenhouse gas emitters, they also have a responsibility to develop domestic, clean and affordable sources of energy for themselves as well as for others. Both nations recognize the vital importance of strengthening innovation systems to inspire economic competitiveness, and both are increasingly becoming the leaders of the clean energy industry. These technologies are global industries with global supply chains, however, and national technology providers increasingly are crossing borders for both innovation and production. Our leaders would be well served to focus on how the two nations can work together to develop crucial energy technologies for the future, rather than on how to create even more obstacles.

#### And, Chinese clean energy investment is critical to job creation in the US.

Linden Ellis etal Jennifer Turner & Devin Kleinfield-Hayes 5/9/12 Linden J Ellis(lindenjellis@gmail.com) is a freelance journalist and former US project director at chinadialogue. Jennifer Turner (jennifer.turner@wilsoncenter.org) is the director of the China Environment Forum at the Woodrow Wilson International Center for Scholars, where Devin Kleinfield-Hayes(devinkhayes@gmail.com) is a research assistant. China’s smart green energy investment http://www.climatespectator.com.au/commentary/china-s-smart-green-energy-investment

Critics argue that Chinese investment in US clean energy leads to theft of American jobs and intellectual property. However, clean-energy investments in particular are good for the US economy, the environment and global energy security, Derek Scissors, an Asian studies research fel­low at Washington-based conservative think-tank The Heritage Foundation has argued. Even if clean-energy components are manufactured in China, installation of these systems can result in the cre­ation of American jobs, Scissors said. The question of equity in job creation surrounding clean-energy projects came to the fore in 2009, when US regulators raised concerns about using stimulus money from the American Recovery and Reinvestment Act to purchase Chinese-made wind tur­bines for a proposed wind farm in Texas. China’s A-Power Energy Generation Systems was the project’s largest investor. Job-creation projec­tions by three high-profile renewable ener­gy farms built with Chinese investment (A-Power, Xinjiang Goldwind Science and Technology and Suntech Power) indicates that about one job is created for every million dollars invested. Multiplied by the total Chinese investment in the sector, this amounts to a modest 6,000 jobs since 2006. But, because US manufacturing is more mechanised than Chinese manufacturing, Chinese factories tend to manufacture and assemble modules, often using American-made components. The industry is complex, and any system will include parts manufactured from all over the world. For example, the polysilicon production for Chinese solar com­pany Suntech is done by US-based MEMC Electronic Materials, according to Bloomberg. Furthermore, studies have shown that most jobs created by clean-energy investment are downstream – meaning they are in the installation and maintenance of solar panels and wind turbines, rather than the increasingly mechanised manufac­turing process. A study commissioned by Duke Energy in 2010 estimated that 73 per cent of jobs created in US-China partnerships in the power sector would occur where the infrastructure was built, even when much of the capital equipment was imported. The Coalition for Affordable Solar Energy, an alliance of US-owned or US-based solar companies, calculates that roughly 52 per cent of jobs in the solar industry are in installation and 17 per cent are created in sales. This means the majority of jobs go wherever the technology is deployed, not where it is manufactured.

#### And, now is critical – High-level Chinese officials see US investment protectionism as the largest threat to bilateral and multilateral trade.

Xiaozhun 12/18/12 C Amb. YI Xiaozhun Chinese Ambassador to the WTO, Statement at the TPRB Annual Overview Meeting Tuesday,December 18,2012 Posted: 17:10 BJT(0910 GMT) permanent mission of China to WTO Statement by H.E. Ambassador YI Xiaozhun of China at the TPRB Annual Overview Meeting 17 December, 2012 <http://wto2.mofcom.gov.cn/aarticle/bilateralvisits/201212/20121208488229.html>

Second, paragraph 15 of this Report stated that trade frictions seem to be increasing, reflected not only through trade remedy and dispute settlement cases, but also through decisions affecting foreign investment. China shared this observation, particularly on the tendency of investment protectionism. In recent years, quite some normal investment projects by Chinese enterprises have been turned down based on ideological reasons. Such investment exclusivism poses serious threat to the recovery of global economy and the integrity of the global value chain. Therefore, we wish to take this opportunity to call upon Members to maintain an open and transparent investment environment for all enterprises.

#### **The impact is war with China - Trade wars escalate – collapsing the global economy, creating widespread protectionism and becoming a shooting war.**

Wang and Li 11 (Jianhua and Yunlu—Xinhua news agency, citing Ni Feng, Vice President of the Institute of American Studies underthe Chinese Academy of Social Sciences, Zhao Jinping, vice director of the Foreign Economic Department of the Development Research Center (DRC) of the State Council "China-US trade war no good for anyone", October 13, 2011. http://english.peopledaily.com.cn/90780/7616581.html

A trade war between the United States and China, each of which is the other's second largest trade partner, will lead to serious consequences, not only hurting both sides but also causing severe turbulence to the world economic system. Analysts predicted that if the trade war erupts, many exporters of both countries will operate far under their designed production capacity and then go bankrupt. Hundreds of foreign trade-related industries may become sluggish, including the land and water freight industry and the settlement industry, and bad debts may increase substantially. The number of unemployed Americans may rise by tens of thousands even millions in a short time, and the country may face a record-breaking double figure unemployment rate. At the same time, tens of thousands of migrant workers in China may be forced to return home, and household consumption may drop sharply. A trade war between the world's top two economies will exert a far-reaching impact on the global economy. The exports of Asia and Australia may drop significantly, and the mining industry may shrink rapidly in South America and Africa. The high-end manufacturing sectors of Japan, the European Union, and North America may suffer huge losses, and many Western multinational corporations may have to cut their operations abroad. Global financial markets may be plunged into prolonged turmoil, and the already severe European and U.S. debt crises may escalate rapidly. Furthermore, all countries may turn to protectionism to protect their domestic industries. Zhao said that given the enormous size of the Chinese and U.S. economies and their tremendous trade volume, a China-U.S. trade war would cause a domino effect, and lead to a sharp drop in global trade. It could cause even more damage to the world economy than the global financial crisis. The United States alone contributes about 23 percent to global economic growth, and its trade volume accounts for about 10 percent of the world's total. China's economy and trade volume both account for more than 9 percent of the world's total. The two economies are each other's second largest trading partner. The U.S. exports to China amounted to 100 billion U.S. dollars last year, up 30 percent from the previous year, making China its second largest export destination. The Chinese exports to the United States reached 280 billion U.S. dollars last year, making the United States its second largest export destination. It should be pointed out that processing trade accounts for more than 50 percent of China's total exports, and almost 60 percent of China's exports are produced by foreign-invested enterprises. "A trade war between the United States and China would be something that shakes the whole world and plunges it into disorder. If it occurs, there will be no safe bystanders in the world at all," said Ni Feng, Vice President of the Institute of American Studies under the Chinese Academy of Social Sciences. Ni believes that, since the economies of the world are so closely bought, the influence brought by the trade war between the United States and China will be like a chain chemical reaction, which will definitely go beyond the borders of the two countries and break the global economic system. In the 1930s, the severe trade protectionism once reduced the global trade volume by two-thirds and led to a great global economic depression. The United States was a main trade protection participator at that time. In 2010, affected by the international financial crisis, the global trade volume decreased by 12 percent, a new record after the Second World War ended. "It has been proven by the history that the trade war between economic giants will be extremely disastrous. I hope that the U.S. politicians will not take the risk for their private interests of political election," said Ni. Ni believes that if a trade war occurs between the United States and China, it will be much fiercer and destructive than the global economic depression starting in 1929 and will even lead to political and military confrontations in some sensitive regions.

#### This protectionism is modeled – reversing course essential to preventing global trade conflict.

Georgiev, 2008 George Stephanov The Reformed Cfius Regulatory Framework: Mediating Between Continued Openness to Foreign Investment and National Security Yale Journal on Regulation › Vol. 25 Nbr. 1, January 2008

The regulatory regime that governs the national security review of foreign acquisitions of U.S. companies has drawn significant attention recently as a result of several high-profile transactions. In 2005, the proposed acquisition of U.S. energy giant Unocal by a subsidiary of the government-controlled China National Offshore Oil Corporation was derailed by intense political pressure and national security allegations that were never proven.1 In 2006, a similar outcry forced Dubai Ports World (DP World), a United Arab Emirates state-controlled entity, to relinquish control over the U.S. operations of the British port management company it had acquired.2 Public criticism accompanied even transactions that were successful, such as the $1.75 billion sale of IBM’s personal computer business to Chinese computer giant Lenovo in 2004.3 Similar episodes of scrutiny mixed with criticism are now being played out almost weekly due to the intensified activities of sovereign wealth funds—investment funds that are closely linked with states.4 The frequent political opposition to foreign acquisitions can be driven not only by genuine national security concerns, but also by protectionist impulses. Consequently, the regulatory regime that is in place strives to pay due attention to the former and to filter out the latter, all within the framework of keeping the United States open to foreign investment. Success in achieving this goal depends on several specific choices made in the design of the mechanism for reviewing transactions. As a starting point, the review process is likely to yield different results depending on whether the primary oversight responsibility lies within the executive branch or is shared with Congress or the courts. Furthermore, the U.S. framework has a significant impact on other jurisdictions’ regulatory posture with regard to foreign investment. If the United States is seen as using national security review to engage in protectionism, this could provoke a protectionist backlash in other parts of the world and hurt U.S. companies. Similarly, other jurisdictions could take advantage of inadequacies in the U.S. regulatory regime and divert foreign investment away from the U.S. economy through more liberal laws.5

#### **Spiraling Energy protectionism results.**

Larson & Marchick 2006 The Bernard and Irene Schwartz Series on American Competitiveness Foreign Investment and National Security Getting the Balance Right Alan P. Larson David M. Marchick CSR NO. 18, JULY 2006 COUNCIL ON FOREIGN RELATIONS

The U.S. approach toward foreign investment can easily affect U.S. companies’ investments abroad. This too should be a matter of interest for all Americans, not just corporations or investors. Foreign investments in U.S. companies make a profound contribution to American exports, jobs, and economic vitality. Foreign investments by U.S. companies drive American exports. Close to one-third of American exports flow to the affiliates of the same companies. American manufacturing firms invest abroad to market their products and services, as well as to conduct R&D. Access to foreign markets through foreign direct investment creates jobs in the United States. What is true in the case of manufactured products is even more so when it comes to services. Foreign investments and acquisitions by U.S. companies are an indispensable factor in exporting services. And, as the share of services in the U.S. economy increases, America’s exports of services—banking, insurance, legal, and many others—have outstripped manufacturing exports in terms of their growth rate. Finally, foreign investments, including acquisitions, are critical for the nation’s access to raw materials, including oil. For years, the majority of America’s oil needs have been met from foreign sources. Given the uniquely sophisticated technology that U.S. energy companies possess, overseas investments and acquisitions by those companies are a vital factor in determining whether oil supplies rise at a rate sufficient to meet growing demand. An unnecessarily restrictive approach to foreign investment in the United States may simply encourage other countries to take actions of their own limiting the opportunities for American investors. Some countries may argue, falling back on the Third World rhetoric of the 1970s, that their security depends on maintaining control of the “commanding heights” of the economy, such as the banking or telecommunications sector. Other countries may argue that their oil reserves are a national security asset that should be owned and controlled only by the government or by nationals of that country. Other countries will watch closely how Congress and the administration address the question of amending Exon-Florio. France, which has for some time practiced investment screening, recently tightened its rules. Russia and China are doing the same. Closer to home, Canada and Mexico, which are significant export and investment markets for American companies, have also debated new restrictions. From these examples, it is easy to see how changes in the Exon-Florio statutory and regulatory scheme have the potential to adversely affect how American companies are treated abroad.

#### And, protectionism spirals out of control and causes nuclear war

Panzner 8 – faculty at the New York Institute of Finance, 25-year veteran of the global stock, bond, and currency markets who has worked in New York and London for HSBC, Soros Funds, ABN Amro, Dresdner Bank, and JPMorgan Chase (Michael, “Financial Armageddon: Protect Your Future from Economic Collapse,” p. 136-138)

Continuing calls for curbs on the flow of finance and trade will inspire the United States and other nations to spew forth protectionist legislation like the notorious Smoot-Hawley bill. Introduced at the start of the Great Depression, it triggered a series of tit-for-tat economic responses, which many commentators believe helped turn a serious economic downturn into a prolonged and devastating global disaster. But if history is any guide, those lessons will have been long forgotten during the next collapse. Eventually, fed by a mood of desperation and growing public anger, restrictions on trade, finance, investment, and immigration will almost certainly intensify. Authorities and ordinary citizens will likely scrutinize the cross-border movement of Americans and outsiders alike, and lawmakers may even call for a general crackdown on nonessential travel. Meanwhile, many nations will make transporting or sending funds to other countries exceedingly difficult. As desperate officials try to limit the fallout from decades of ill-conceived, corrupt, and reckless policies, they will introduce controls on foreign exchange. Foreign individuals and companies seeking to acquire certain American infrastructure assets, or trying to buy property and other assets on the cheap thanks to a rapidly depreciating dollar, will be stymied by limits on investment by noncitizens. Those efforts will cause spasms to ripple across economies and markets, disrupting global payment, settlement, and clearing mechanisms. All of this will, of course, continue to undermine business confidence and consumer spending. In a world of lockouts and lockdowns, any link that transmits systemic financial pressures across markets through arbitrage or portfolio-based risk management, or that allows diseases to be easily spread from one country to the next by tourists and wildlife, or that otherwise facilitates unwelcome exchanges of any kind will be viewed with suspicion and dealt with accordingly. The rise in isolationism and protectionism will bring about ever more heated arguments and dangerous confrontations over shared sources of oil, gas, and other key commodities as well as factors of production that must, out of necessity, be acquired from less-than-friendly nations. Whether involving raw materials used in strategic industries or basic necessities such as food, water, and energy, efforts to secure adequate supplies will take increasing precedence in a world where demand seems constantly out of kilter with supply. Disputes over the misuse, overuse, and pollution of the environment and natural resources will become more commonplace. Around the world, such tensions will give rise to full-scale military encounters, often with minimal provocation. In some instances, economic conditions will serve as a convenient pretext for conflicts that stem from cultural and religious differences. Alternatively, nations may look to divert attention away from domestic problems by channeling frustration and populist sentiment toward other countries and cultures. Enabled by cheap technology and the waning threat of American retribution, terrorist groups will likely boost the frequency and scale of their horrifying attacks, bringing the threat of random violence to a whole new level. Turbulent conditions will encourage aggressive saber rattling and interdictions by rogue nations running amok. Age-old clashes will also take on a new, more heated sense of urgency. China will likely assume an increasingly belligerent posture toward Taiwan, while Iran may embark on overt colonization of its neighbors in the Mideast. Israel, for its part, may look to draw a dwindling list of allies from around the world into a growing number of conflicts. Some observers, like John Mearsheimer, a political scientist at the University of Chicago, have even speculated that an “intense confrontation” between the United States and China is “inevitable” at some point. More than a few disputes will turn out to be almost wholly ideological. Growing cultural and religious differences will be transformed from wars of words to battles soaked in blood. Long-simmering resentments could also degenerate quickly, spurring the basest of human instincts and triggering genocidal acts. Terrorists employing biological or nuclear weapons will vie with conventional forces using jets, cruise missiles, and bunker-busting bombs to cause widespread destruction. Many will interpret stepped-up conflicts between Muslims and Western societies as the beginnings of a new world war.

#### And, Conflict with China will escalate to global nuclear war

Lee **Hunkovic** (Professor of Political Science at the American Military University) **2009** “The Chinese-Taiwanese Conflict: Possible Futures of a Confrontation between China, Taiwan and the United States of America”, [http://www.lamp-method.org/eCommons/ Hunkovic.pdf](http://www.lamp-method.org/eCommons/Hunkovic.pdf))

A war between China, Taiwan and the United States has the potential **to escalate into a nuclear conflict and a third world war**, therefore, many countries other than the primary actors could be affected by such a conflict, including Japan, both Koreas, Russia, Australia, India and Great Britain, if they were drawn into the war, as well as all other countries in the world that participate in the global economy, in which the United States and China are the two most dominant members. If China were able to successfully annex Taiwan, the possibility exists that they could then plan to attack Japan and begin a policy of aggressive expansionism in East and Southeast Asia, as well as the Pacific and even into India, which could in turn create an international standoff and deployment of military forces to contain the threat. In any case, if China and the United States engage in a full-scale conflict, there are few countries in the world that will not be economically and/or militarily affected by it. However, China, Taiwan and United States are the primary actors in this scenario, whose actions will determine its eventual outcome, therefore, other countries will not be considered in this study.

# Global Warming

#### Advantage 2 – is Global Warming

#### First, The restriction on Chinese renewable development singles out China and destroys relations.

Edward Alden 10/2/12 Council on Foreign Relations The Changing Politics of Chinese Trade and Investment <http://blogs.cfr.org/renewing-america/2012/10/02/the-changing-politics-of-chinese-trade-and-investment/>

On the same day last week that President Obama was issuing an order blocking a Chinese company from acquiring several Oregon wind farms, the Financial Times had a fascinating story on the changing politics of the U.S. trade relationship with China. While both the president and his Republican challenger Mitt Romney are trying to one-up each other over the economic threat posed by China, the mayor of Toledo, Ohio – the swing state of all swing states – was busy courting some 150 potential Chinese investors, trying to persuade them to bring jobs into the hard-hit local economy. “I have to say the [presidential] campaign is really hindering us,” the story quoted Toledo mayor Michael Bell. “The Chinese people we invited here are asking ‘Why are you picking on us?’ or ‘Why are we suddenly the big issue?’” The story brilliantly captured America’s current confusion over its economic relationship with China. There is no question that rising imports from China have caused job losses in U.S. manufacturing , and that the benefits of lower-priced consumer goods have been significantly offset by the costs associated with higher unemployment. When President Obama went to Cincinnati last month to announce a new World Trade Organization case against alleged Chinese subsidies to auto and auto parts producers , it seemed like a political winner. The Obama administration has launched more WTO actions against China than in the previous eight years of the Bush administration, and there has also been a growing number of successful trade cases filed by companies that have led to new tariffs on imports of Chinese sinks, solar panels, wind turbines, and other goods. But much as with Japan in the 1980s, China’s growing interest in overseas acquisitions and investments could change the political calculation very fast. Thirty years ago, Toyota and Honda had no defenders in the Congress; today they can count on the unquestioned support of members from nearly a dozen states where the companies have production facilities – not to mention all the affiliated parts suppliers and dealer networks that span the country. While China’s investment in the United States remains very small, it has grown very rapidly over the past two years , and state and local governments are eager to encourage more. All of which makes it especially important that the United States and China work carefully through the implications of the President’s decision to issue the first formal order in twenty-two years blocking a foreign acquisition in the United States on security grounds . The dispute, involving Ralls Corporation, which is owned by two executives of the big Chinese manufacturing conglomerate Sany Group, is a tiny one financially but potentially a huge one symbolically. The wind farms purchased by Ralls are in the vicinity of the U.S. Naval Weapons Systems Training Facility Boardman and its restricted airspace. But they are in a location, as Greentech Media reports , that “is thick with wind farms,” including a large one that just opened last month. The owners of adjacent properties include a German and a Danish firm. As the law firm Baker Botts noted : “The Ralls matter seems to confirm an apparent emerging trend that CFIUS will subject transactions by Chinese investors to heightened scrutiny.” Further, Ralls has sued the administration to try to reverse the President’s ruling forcing it to divest the acquisition. While the courts are unlikely to hear a challenge to presidential authority over an issue pertaining to national security, it is likely to keep the matter in the news for some time. The Obama administration certainly recognizes the dilemma. Even as it has been stepping up scrutiny of Chinese acquisitions on security grounds, and ramping up the number of trade actions against China, administration officials are busy encouraging China to increase its investments in the United States. The government’s challenge – and it’s getting harder – is to figure out whether both can be done simultaneously.

#### Conflicts over the US foreign investment process risk shattering the relationship. The plan sends a strong signal of cooperation towards China.

Xu 11 (Ting, senior project manager-Bertelsmann Foundation, The Next Big Threat to US-China Ties, July 13, <http://thediplomat.com/2011/07/13/the-next-big-threat-to-us-china-ties/>)

The United States and China have long lobbed verbal grenades across the Pacific, each blaming the other for global imbalances due to currency manipulation or fiscal irresponsibility. But a new challenge to Sino-US relations is emerging, one that will brush aside the bones of contention that now occupy policymakers – Chinese investment in the United States. So far, Washington hasn’t unveiled a clear strategy to address this impending source of friction. It needs one. With $3 trillion in foreign currency reserves, China needs to invest its money abroad. Its domestic, export-led economy is no place to absorb all the capital. In addition, inflation is stubbornly high and rising labour costs have begun to push production elsewhere, threatening China’s solid growth rates. Meanwhile, limited investment options have led to an alarming asset bubble. Beijing must tread a fine line in trying to keep its economy growing at a sustainable pace while developing a model for growth that no longer depends on cheap labor and the abundant use of natural resources. That means restructuring the Chinese growth model by moving its manufacturing sector up the value chain. Greater investment in the world’s advanced, industrialized countries would spur this effort, and that’s exactly what the Chinese government is encouraging companies to do. Highest on the list of investment targets is the United States. Beijing’s 2010 Report on China’s Economic and Social Development Plan and its 12th Five-Year Plan offer a glimpse of this strategy. The first document showed Chinese non-financial foreign direct investment (FDI) reached $59 billion in 2010, up 36.3 percent from just a year before. The second document unveiled a policy focus on boosting innovation in strategic emerging industries and upgrading traditional industries. Both will require investment in Western leading-edge, high tech sectors. A report by the Asia Society predicts Chinese investment abroad will soar to $1 trillion by 2020, with much of it going to the United States. In another sign of this trend, a recent survey by the China Council for the Promotion of International Trade (CCPIT) pointed to the United States as the most attractive overseas investment destination for Chinese companies. It can come as no surprise, then, that at the recent US-China Security and Economic Dialogue – the highest-level bilateral forum to discuss Sino-American relations – the value of the renminbi was overshadowed by an issue higher on the Chinese agenda: a push for more US market access, particularly in the high tech sector. As China’s Vice Finance Minister Zhu Guangyaoput it: ‘We hope that the US will provide a healthy legal and institutional setting for investment by Chinese companies. In particular, we hope that the US will not discriminate against state-owned companies.’ Easier said than done. The United States, citing national security concerns, has shown a queasiness toward Chinese investment that has doomed past corporate acquisitions. Oil company CNOOC’s efforts to buy Unocal, and telecoms giant Huawei’s attempt to own 3Com and 3Leaf, collapsed in the face of vociferous US opposition to placing valuable resources and technologies in Chinese hands. This led to more verbal grenades: The US Congress raised red flags about other, similar investment deals, and Beijing criticized discriminatory and opaque investment policies. These disputes will only heat up as the US financial sector recovers and expands its credit base, and more Chinese cash from more technologically adept Chinese companies floods into the United States in search of higher corporate profits and access to technology. US natural resources, human resources, and sales will become the targets of increasing competition from Beijing. The US business community may well demand action from Washington to protect its interests. At the same time, local US authorities, who until now have welcomed investment in a desperate struggle for new sources of capital and jobs, may increasingly confront federal objections to the Chinese moves. All this would put real pressure on bilateral relations. Washington needs to develop a strategic blueprint to avoid a rupture in ties and guide Chinese FDI toward acceptable sectors. Such a policy would clarify any differences between investment from state-owned enterprises with direct government links and that from private companies. It would balance local government needs for investment with federal government regulation and strategic considerations. It would identify opportunities and industries for joint technological development. And it would provide incentives to attract Chinese investment to those sectors in which it is wanted. The right policy would further integrate China into the global economy and provide US jobs without threatening national security—a win-win situation that would also boost Sino-American collaboration.

#### **Increasing bilateral Investment solves relations.**

China Daily European Edition 1/1/13 January 1, 2013 Tuesday Investment in US hits record level for Chinese BYLINE: Chen Weihua Lexis

Former US Trade Representative Carla Hills said that she believes Chinese investment in the US is good for both countries. "China's entrepreneurs benefit from the world's largest consumer market, creative and diverse workforce, management skills, strong global brands, and the attractive business and investment climate found in the US. "The US benefits from an increase in much-needed tax revenues and jobs generated by Chinese investment," she said. "As important as these economic benefits are in advancing prosperity in both countries, the most important benefit flowing from increased economic interactions may well be the increase in mutual understanding that will surely occur. "That helps provide the ballast for overall Sino-US relations," added Hills, who is also chairwoman of the National Committee on US-China Relations.

#### Restricting energy development on the basis that foreign investment is a threat to national security sends the signal that the US energy market is off limit and stifles US-China energy cooperation

Claudia Mahn 10/1/12 Global Insight October 1, 2012 President Obama blocks Chinese wind farm ambitions Lexis

However, in a statement on Friday, the Department of Treasury said the president's order should not be viewed as a precedent for barring investment in the United States by China or any other country. "The president's action demonstrates the administration's commitment to protecting national security, while maintaining the United States' longstanding policy on open investment... The president exercises his authority...with a focus on national security concerns and is committed to ensuring the fair and equitable treatment of all foreign investors," the statement said. In practice though, the presidential order is making an example of Ralls, sending a 'subtle' back-off signal to Chinese investors elsewhere in the US energy sphere that the scope for participation will have limits where the government sees potential impacts on national security, from a military or energy perspective. Especially in the wake of the proposed CNOOC-Nexen deal, the underlying message to Chinese investors is to stay clear of deepening involvement in major US energy developments, such as the GOM or even potential liquefied natural gas export terminals currently under regulatory review (seeUnited States: 22 August 2012:) .

#### Cooperative Clean-energy investment is critical to green-tech diffusion and solving climate change.

Lin 11 [Justin Yifu Lin, Former World Bank Chief Economist and Senior Vice President, "China, the US and clean energy cooperation," Jan 21 2011, <http://blogs.worldbank.org/developmenttalk/china-the-us-and-clean-energy-cooperation~~>]

Second, there are also major long-term global benefits from clean energy cooperation between the U.S. and China. Costs of clean energy investment would fall throughout the world, making such investment more financially sustainable. Clean energy is also a crucial part of providing energy access to better meet basic needs, to enhance growth, and to reduce poverty. Making clean energy more available and more affordable won’t be easy. It entails making new and improved low-carbon technologies more cost-competitive on a global scale, and supporting developing countries as they strive to expand energy availability. Here, the capacities in both China and the U.S. for innovation and increased diffusion of clean energy technology come to the fore. Achieving the needed cooperation will take work – in organizing scientific exchanges and shared research ventures, as well as in re-examining national investment and trade policies. China and U.S. have the means, and I hope the continued will, to take necessary leadership roles in this sphere. The success of China-U.S. clean energy cooperation could mean a win-win for China, the U.S., and the world. Such joint efforts could also conserve the planet’s resources and safeguard future generations from the damaging effects of climate change.

#### Only US-China cooperation and investment solves.

Woetzel 9 [Dr. Jonathan Woetzel, Ph.D. in political science from USC, Director in McKinsey %26 Company’s Greater China Office, August 2009, "China and the US: The potential of a clean-tech partnership," http://www.mckinseyquarterly.com/China\_and\_the\_US\_The\_potential\_of\_a\_clean-tech\_partnership\_2419~~]

China and the United States, the world’s dominant producers of carbon emissions, have adopted aggressive programs to reduce oil imports, create new clean-energy industries and jobs, and generally improve the environment. But the environment that will be most critical to making or breaking the two countries’ efforts to curb the dangers of global warming could well be the market that they jointly create in pursuit of their aims. Unless the two work together to provide the scale, standards, and technology transfer necessary to make a handful of promising but expensive new clean-energy technologies successful, momentum to curb global warming could stall and neither country will maximize its gains in terms of green jobs, new companies, and energy security. The risk is real. Electrified vehicles, carbon capture and storage (CCS), and concentrated solar power, among other emerging “green tech” sectors, will need massive investment, infrastructure, and research to get off the ground. While the Chinese and US governments, along with private investors, are pursuing all of these technologies, they cannot achieve separately what they could jointly.

#### Warming results in extinction

Ahmed 2010 (Nafeez Ahmed, Executive Director of the Institute for Policy Research and Development, professor of International Relations and globalization at Brunel University and the University of Sussex, Spring/Summer 2010, “Globalizing Insecurity: The Convergence of Interdependent Ecological, Energy, and Economic Crises,” Spotlight on Security, Volume 5, Issue 2, online)

Perhaps the most notorious indicator is anthropogenic global warmings warming. The landmark 2007 Fourth Assessment Report of the UN Intergovernmental Panel on Climate Change (IPCC) – which warned that at then-current rates of increase of fossil fuel emissions, the earth’s global average temperature would likely rise by 6°C by the end of the 21st century creating a largely uninhabitable planet – was a wake-up call to the international community.[v] Despite the pretensions of ‘climate sceptics,’ the peer-reviewed scientific literature has continued to produce evidence that the IPCC’s original scenarios were wrong – not because they were too alarmist, but on the contrary, because they were far too conservative. According to a paper in the Proceedings of the National Academy of Sciences, current CO2 emissions are worse than all six scenarios contemplated by the IPCC. This implies that the IPCC’s worst-case six-degree scenario severely underestimates the most probable climate trajectory under current rates of emissions.[vi] It is often presumed that a 2°C rise in global average temperatures under an atmospheric concentration of greenhouse gasses at 400 parts per million (ppm) constitutes a safe upper limit – beyond which further global warming could trigger rapid and abrupt climate changes that, in turn, could tip the whole earth climate system into a process of irreversible, runaway warming.[vii] Unfortunately, we are already well past this limit, with the level of greenhouse gasses as of mid-2005 constituting 445 ppm.[viii] Worse still, cutting-edge scientific data suggests that the safe upper limit is in fact far lower. James Hansen, director of the NASA Goddard Institute for Space Studies, argues that the absolute upper limit for CO2 emissions is 350 ppm: “If the present overshoot of this target CO2 is not brief, there is a possibility of seeding irreversible catastrophic effects.”[ix] A wealth of scientific studies has attempted to explore the role of positive-feedback mechanisms between different climate sub-systems, the operation of which could intensify the warming process. Emissions beyond 350 ppm over decades are likely to lead to the total loss of Arctic sea-ice in the summer triggering magnified absorption of sun radiation, accelerating warming; the melting of Arctic permafrost triggering massive methane injections into the atmosphere, accelerating warming; the loss of half the Amazon rainforest triggering the momentous release of billions of tonnes of stored carbon, accelerating warming; and increased microbial activity in the earth’s soil leading to further huge releases of stored carbon, accelerating warming; to name just a few. Each of these feedback sub-systems alone is sufficient by itself to lead to irreversible, catastrophic effects that could tip the whole earth climate system over the edge.[x] Recent studies now estimate that the continuation of business-as-usual would lead to global warming of three to four degrees Celsius before 2060 with multiple irreversible, catastrophic impacts; and six, even as high as eight, degrees by the end of the century – a situation endangering the survival of all life on earth.[xi]

#### No adaption to worst case – the impact is extinction

Tickell 8 (Oliver, Environmental Researcher, The Guardian, August 11, <http://www.guardian.co.uk/commentisfree/2008/aug/11/climatechange>, JMB, accessed 6-23-11)

We need to get prepared for four degrees of global warming, Bob Watson told the Guardian last week. At first sight this looks like wise counsel from the climate science adviser to Defra. But the idea that we could adapt to a 4C rise is absurd and dangerous. Global warming on this scale would be a catastrophe that would mean, in the immortal words that Chief Seattle probably never spoke, "the end of living and the beginning of survival" for humankind. Or perhaps the beginning of our extinction**.** The collapse of the polar ice caps would become inevitable, bringing long-term sea level rises of 70-80 metres. All **the world's coastal plains would be lost, complete with** ports, cities, transport and **industrial infrastructure, and much of the world's** most productive **farmland.** The world's geography would be transformed much as it was at the end of the last ice age, when sea levels rose by about 120 metres to create the Channel, the North Sea and Cardigan Bay out of dry land. **Weather would become extreme and unpredictable, with more frequent and severe droughts, floods and hurricanes. The Earth's carrying capacity would be hugely reduced. Billions would undoubtedly die.** Watson's call was supported by the government's former chief scientific adviser, Sir David King, who warned that "if we get to a four-degree rise it is quite possible that we would begin to see a runaway increase". This is a remarkable understatement. The climate system is already experiencing significant feedbacks, notably the summer melting of the Arctic sea ice. The more the ice melts, the more sunshine is absorbed by the sea, and the more the Arctic warms. And as the Arctic warms, the release of billions of tonnes of methane – a greenhouse gas 70 times stronger than carbon dioxide over 20 years – captured under melting permafrost is already under way. To see how far this process could go, look 55.5m years to the Palaeocene-Eocene Thermal Maximum, when a global temperature increase of 6C coincided with the release of about 5,000 gigatonnes of carbon into the atmosphere, both as CO2 and as methane from bogs and seabed sediments. Lush subtropical forests grew in polar regions, and sea levels rose to 100m higher than today. It appears that an initial warming pulse triggered other warming processes. Many scientists warn that this historical event may be analogous to the present**: the warming caused by human emissions could propel us towards a similar hothouse Earth**

#### Scientific consensus on anthropogenic warming

Anderegg et al 10 [William, Professor of Biology at Stanford University; James W. Prall, Electrical and Computer Engineering, University of Toronto; Jacob Harold, William and Flora Hewlett Foundation; Stephen H. Schneider, Professor of Biology at Stanford University, Senior Fellow at the Woods Institute for the Environment, "Expert credibility in climate change," 5-9, PNAS, vol 107, no 27, http://www.pnas.org/content/107/27/12107.full.pdf+html]

Preliminary reviews of scientiﬁc literature and surveys of climate scientists indicate striking agreement with the primary conclusions of the Intergovernmental Panel on Climate Change (IPCC): anthropogenic greenhouse gases have been responsible for “most” of the “unequivocal” warming of the Earth’s average global temperature over the second half of the 20th century (1–3). Nonetheless, substantial and growing public doubt remains about the anthropogenic cause and scientiﬁc agreement about the role of anthropogenic greenhouse gases in climate change (4, 5). A vocal minority of researchers and other critics contest the conclusions of the mainstream scientiﬁc assessment, frequently citing large numbers of scientists whom they believe support their claims (6–8). This group, often termed climate change skeptics, contrarians, or deniers, has received large amounts of media attention and wields signiﬁcant inﬂuence in the societal debate about climate change impacts and policy (7, 9–14). An extensive literature examines what constitutes expertise or credibility in technical and policy-relevant scientiﬁc research (15). Though our aim is not to expand upon that literature here, we wish to draw upon several important observations from this literature in examining expert credibility in climate change. First, though the degree of contextual, political, epistemological, and cultural inﬂuences in determining who counts as an expert and who is credible remains debated, many scholars acknowledge the need to identify credible experts and account for expert opinion in technical (e.g., science-based) decision-making (15–19). Furthermore, delineating expertise and the relative credibility of claims is critical, especially in areas where it may be difﬁcult for the majority of decision-makers and the lay public to evaluate the full complexities of a technical issue (12, 15). Ultimately, however, societal decisions regarding response to ACC must necessarily include input from many diverse and nonexpert stakeholders. Because the timeline of decision-making is often more rapid than scientiﬁc consensus, examining the landscape of expert opinion can greatly inform such decision-making (15, 19). Here, we examine a metric of climate-speciﬁc expertise and a metric of overall scientiﬁc prominence as two dimensions of expert credibility in two groups of researchers. We provide a broad assessment of the relative credibility of researchers convinced by the evidence (CE) of ACC and those unconvinced by the evidence (UE) of ACC. Our consideration of UE researchers differs from previous work on climate change skeptics and contrarians in that we primarily focus on researchers that have published extensively in the climate ﬁeld, although we consider all skeptics/contrarians that have signed prominent statements concerning ACC (6–8). Such expert analysis can illuminate public and policy discussions about ACC and the extent of consensus in the expert scientiﬁc community. We compiled a database of 1,372 climate researchers based on authorship of scientiﬁc assessment reports and membership on multisignatory statements about ACC (SI Materials and Methods). We tallied the number of climate-relevant publications authored or coauthored by each researcher (deﬁned here as expertise) and counted the number of citations for each of the researcher’s four highest-cited papers (deﬁned here as prominence) using Google Scholar. We then imposed an a priori criterion that a researcher must have authored a minimum of 20 climate publications to be considered a climate researcher, thus reducing the database to 908 researchers. Varying this minimum publication cutoff did not materially alter results (Materials and Methods). We ranked researchers based on the total number of climate publications authored. Though our compiled researcher list is not comprehensive nor designed to be representative of the entire climate science community, we have drawn researchers from the most high-proﬁle reports and public statements about ACC. Therefore, we have likely compiled the strongest and most credentialed researchers in CE and UE groups. Citation and publication analyses must be treated with caution in inferring scientiﬁc credibility, but we suggest that our methods and our expertise and prominence criteria provide conservative, robust, and relevant indicators of relative credibility of CE and UE groups of climate researchers (Materials and Methods). Results and Discussion The UE group comprises only 2% of the top 50 climate researchers as ranked by expertise (number of climate publications), 3% of researchers of the top 100, and 2.5% of the top 200, excluding researchers present in both groups (Materials and Methods). This result closely agrees with expert surveys, indicating that ≈97% of self-identiﬁed actively publishing climate scientists agree with the tenets of ACC (2). Furthermore, this ﬁnding complements direct polling of the climate researcher community, which yields qualitative and self-reported researcher expertise (2). Our ﬁndings capture the added dimension of the distribution of researcher expertise, quantify agreement among the highest expertise climate researchers, and provide an independent assessment of level of scientiﬁc consensus concerning ACC. In addition to the striking difference in number of expert researchers between CE and UE groups, the distribution of expertise of the UE group is far below that of the CE group (Fig. 1). Mean expertise of the UE group was around half (60 publications) that of the CE group (119 publications; Mann–Whitney U test: W = 57,020; P < 10 −14 ), as was median expertise (UE = 34 publications; CE = 84 publications) Furthermore, researchers with fewer than 20 climate publications comprise ≈80% the UE group, as opposed to less than 10% of the CE group. This indicates that the bulk of UE researchers on the most prominent multisignatory statements about climate change have not published extensively in the peer-reviewed climate literature. We examined a subsample of the 50 most-published (highestexpertise) researchers from each group. Such subsampling facilitates comparison of relative expertise between groups (normalizing differences between absolute numbers). This method reveals large differences in relative expertise between CE and UE groups (Fig. 2). Though the top-published researchers in the CE group have an average of 408 climate publications (median = 344), the top UE researchers average only 89 publications (median = 68; Mann– Whitney U test: W = 2,455; P < 10 −15 ). Thus, this suggests that not all experts are equal, and top CE researchers have much stronger expertise in climate science than those in the top UE group. Finally, our prominence criterion provides an independent and approximate estimate of the relative scientiﬁc signiﬁcance of CE and UE publications. Citation analysis complements publication analysis because it can, in general terms, capture the quality and impact of a researcher’s contribution—a critical component to overall scientiﬁc credibility—as opposed to measuring a researcher’s involvement in a ﬁeld, or expertise (Materials and Methods). The citation analysis conducted here further complements the publication analysis because it does not examine solely climate relevant publications and thus captures highly prominent researchers who may not be directly involved with the climate ﬁeld. We examined the top four most-cited papers for each CE and UE researcher with 20 or more climate publications and found immense disparity in scientiﬁc prominence between CE and UE communities (Mann–Whitney U test: W = 50,710; P < 10 −6 ; Fig. 3). CE researchers’ top papers were cited an average of 172 times, compared with 105 times for UE researchers. Because a single, highly cited paper does not establish a highly credible reputation but might instead reﬂect the controversial nature of that paper (often called the single-paper effect), we also considered the average the citation count of the second through fourth most-highly cited papers of each researcher. Results were robust when only these papers were considered (CE mean: 133; UE mean: 84; Mann–Whitney U test: W = 50,492; P < 10 −6 ). Results were robust when all 1,372 researchers, including those with fewer than 20 climate publications, were considered (CE mean: 126; UE mean: 59; Mann–Whitney U test: W = 3.5 × 10 5 ; P < 10 −15 .( Number of citations is an imperfect but useful benchmark for a group’s scientiﬁc prominence (Materials and Methods), and we show here that even considering all (e.g., climate and nonclimate) publications, the UE researcher group has substantially lower prominence than the CE group. We provide a large-scale quantitative assessment of the relative level of agreement, expertise, and prominence in the climate researcher community. We show that the expertise and prominence, two integral components of overall expert credibility, of climate researchers convinced by the evidence of ACC vastly overshadows that of the climate change skeptics and contrarians. This divide is even starker when considering the top researchers in each group. Despite media tendencies to present both sides in ACC debates (9), which can contribute to continued public misunderstanding regarding ACC (7, 11, 12, 14), not all climate researchers are equal in scientiﬁc credibility and expertise in the climate system. This extensive analysis of the mainstream versus skeptical/contrarian researchers suggests a strong role for considering expert credibility in the relative weight of and attention to these groups of researchers in future discussions in media, policy, and public forums regarding anthropogenic climate change.

# Plan

#### Thus, we present the following plan:

**Plan – The United States federal government should limit the Exon-Florio review of international investment in wind power to include only national security, not economic competition as a factor.**

# Solvency

#### Contention 3 is Solvency -

#### Reversal of the CFIUS decision on wind energy is critical to send a signal that the US is open to investment.

Vigdor, Elwood & Marwell 10/22/12 Billy Vigdor and John Elwood are partners, and Jeremy Marwell is an associate at Vinson & Elkins' Washington, D.C., office. “Blocking Ore. Wind Farms: Overstepping Authority?” http://www.velaw.com/uploadedFiles/VEsite/Resources/BlockingOreWindFarmsOversteppingAuthority.pdf

CFIUS practitioners and the business community should watch this case closely. The plaintiffs will face significant threshold arguments from the government that the actions are nonreviewable and that the case should be dismissed. But if even one of Ralls’ claims survives dismissal, it could have significant economic and legal effects for U.S. national security review of foreign investment. Remarkably, this important development arises in the context of a CFIUS challenge to the acquisition of a nascent alternative energy project. CFIUS is charged with reviewing and investigating foreign acquisitions of critical infrastructure, including major energy assets. Small wind turbines are unlikely to fall into that category, but it is clear that CFIUS believes that foreign ownership of wind turbines could threaten national security, particularly where the assets are located near U.S. military or other sensitive installations. We believe that the case has momentous import to the U.S. business community seeking to attract capital for investment and foreign persons seeking to invest in the United States. We expect there to be opportunities for interested parties to express their views through amicus filings with the court.

#### Further, only explicitly removing economic competition from the scope of investment review solves.

David M. Marchick & Matthew J. Slaughter 2008 The Bernard and Irene Schwartz Series on American Competitiveness Global FDI Policy Correcting a Protectionist Drift CSR NO. 34, JUNE 2008 COUNCIL ON FOREIGN RELATIONS

Principle 1: The investment review law should be narrowly tailored and focused on national security and not on economic factors. One of the fundamental principles of international trade and investment agreements over the past fifty years is that any restrictions should be the least that are needed to achieve the government’s objective. This principle should apply today to the new foreign investment regimes being debated and enacted. Government restrictions on foreign investment should be limited to those problems that the market itself cannot prevent, such as anticompetitive impacts or threats to national security. Governments should refrain, however, from reviewing transactions for their economic, as opposed to national security, impacts because such inquiries could easily devolve into actions to restrict investment for protectionist reasons*. China’s new regulations authorize reviews of foreign investments based on principles of economic security. Canada’s new guidelines for foreign investments by state-owned enterprises include consideration of, among other things, the investor’s plans with respect to exports, manufacturing, and capital expenditures. Again, unless national security, competition, or some other market failure is addressed, these decisions should be left to investors, not governments. Why is this important? It is important because investors make decisions based on the prospect of risk-adjusted returns. If the assessed risk increases, so must the projected returns. Government scrutiny of investments by definition raises risk, and therefore if governments unnecessarily get involved in reviewing investments, investment flows could diminish. To be clear, this is in no way to argue that governments should not protect legitimate interests, including national security. They should. Rather, investment review laws should be as narrowly tailored as possible in order to avoid chilling investment in transactions that do not raise national security or other governmental interests.*

#### And, The broad interpretation of national security fails – creates economic uncertainty, protectionism and hampers US foreign policy goals.

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

The broad and vague interpretation of national security by the CFIUS creates four distinct problems. First, the open-ended interpretation of national security allows the term to be captured by critics of foreign investment. Second, the enormous and seemingly undefined economic sweep of CFIUS regulatory power creates business uncertainty and deters beneficial foreign direct investment. Third, the continual perceived use of the CFIUS as a tool of economic protectionism could lead to retaliation in the form of restriction of American foreign investment by other countries. Fourth, perception that CFIUS investigations are based upon political enmity could deter international cooperation with American foreign policy goals, just when such cooperation is essential to global peace.

#### Finally, Only a narrow wind-energy specific Limit to national security solves, the plan creates clarity and predictability.

David Marchick 2008 Sovereign Wealth Funds And National Security OECD/City of London ConferenceMarch 31, 2008 www.oecd.org/investment/investmentpolicy/40395077.pdf

How Should National Security Review Mechanisms be Structured? ➢ Narrowly tailored ▪ The investment-review law should be narrowly tailored and focused on national security and not on economic factors ➢ Predictable and timely ▪ The investment-review process should provide predictability to transaction parties by ensuring thatreviews will be conducted within a definitive timeframe ➢ Confidential ▪ The investment-review process should ensure confidentiality to the transaction parties ➢ Precisely defined ▪ Where countries use sector-based lists to determine transactions requiring investment reviews, the lists should be drafted as narrowly as possible.

#### Economic decline causes nuclear war - Protectionism will drive countries to assure their future access to energy supplies causes interstate conflicts if leaders find that other nations have what they need to survive.

Burrows and Harris ‘09 (Mathew J. Burrows, counselor in the National Intelligence Council, PhD in European History from Cambridge University, and Jennifer Harris, a member of the NIC’s Long Range Analysis Unit, April 2009 “Revisiting the Future: Geopolitical Effects of the Financial Crisis” http://www.twq.com/09april/docs/09apr\_Burrows.pdf)

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groupsinheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacksand newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world. more liberal laws.5