Negative: Chinese Military Corporations

By “Coach Vance” Trefethen

CMC = Chinese Military Company. They're corporations in China that are owned or operated by the Chinese military (the US Treasury Dept. has an official list of these companies) or provide substantial assistance to their military. Plan will ban private equity investment in these companies (= buying shares of their stock; it may also include buying their bonds/debt). This "may" (not sure) be a bill introduced by Sen. Marco Rubio S.570. Apparently Sen. Rubio doesn't know that his proposed bill is dealing with things already illegal under existing law based on Executive Orders originally issued by Trump and then later expanded by Biden. For sure, none of this has anything to do with import or export trade.

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Negative: Chinese Military Companies

TOPICALITY

1. Not within the bounds of import and export trade

Link: Investment isn't import nor export

Investment buys shares of a company. It doesn't import or export anything.

Link: No evidence the companies are importing or exporting

The companies themselves must be proven to be importing or exporting something to fit "within the bounds" of this resolution. AFF must prove every single company on the Treasury Dept. list must be proven to be importing or exporting to prove their case is topical.

Violation:

The resolution was written with the addendum "within the bounds of import and/or export trade" to specifically rule out cases like this one.

Impact: Negative ballot if resolution not upheld

If the resolution isn't being affirmed, then no matter who wins, you should vote Negative.

2. Tiny reform - not significant

Listed Chinese companies have insignificant US investment

Geoffrey Seavey 2020 (Asset Class Specialist with Mercer, an international consulting firm) (article is undated but references events on 12 Nov 2020) "Ban to US investments in firms linked to Chinese military" (accessed 8 Apr 2023) https://www.mercer.com/our-thinking/wealth/ban-to-us-investments-in-firms-linked-to-chinese-military.html

On November 12, 2020, the Trump Administration signed an executive order banning US investors from acquiring shares in 31 Chinese companies that are affiliated with, or provide material support to the Chinese military. Under that executive order, US Persons (whether via segregated accounts, commingled accounts, mutual funds, or individual investment) will not be able to purchase any shares in the targeted Chinese companies after January 10, 2021. Any existing holdings in those 31 Chinese companies must be divested no later than November 11, 2021.
Initial Assessment
Our initial assessment is that, while many of these are large companies, the impact on investible publicly traded companies is fairly minimal. As of the end of September 2020, the 31 companies comprise approximately 1% of the MSCI Emerging Markets Index. China Mobile, at 0.6% of the index is the most significant, with no other stock exceeding 0.1%.

INHERENCY

1. Already illegal

US investors are already banned from investing in Chinese military affiliated companies

Executive Order, Pres. Biden 3 June 2021. "Executive Order on Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China" (accessed 8 Apr 2023) https://www.whitehouse.gov/briefing-room/presidential-actions/2021/06/03/executive-order-on-addressing-the-threat-from-securities-investments-that-finance-certain-companies-of-the-peoples-republic-of-china/

Section 1. (a) The following activities by a United States person are prohibited: the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person listed in the Annex to this order or of any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, and, as the Secretary of the Treasury deems appropriate, the Secretary of Defense:
          (i)   to operate or have operated in the defense and related materiel sector or the surveillance technology sector of the economy of the PRC; or
          (ii) to own or control, or to be owned or controlled by, directly or indirectly, a person who operates or has operated in any sector described in subsection (a)(i) of this section, or a person who is listed in the Annex to this order or who has otherwise been determined to be subject to the prohibitions in subsection (a) of this section.
     (b)  The prohibitions in subsection (a) of this section shall take effect:
          (i)   beginning at 12:01 a.m. eastern daylight time on August 2, 2021, with respect to any person listed in the Annex to this order;
or
          (ii)  beginning at 12:01 a.m. eastern daylight time on the date that is 60 days after the date of the determination in subsection (a) of this section with respect to any person not listed in the Annex to this order.

2. List is expanding

The 2021 Biden executive order expanded the list of CMC's banned from US investment, and will add more as they are discovered in the future

[Kim Caine](https://www.nortonrosefulbright.com/en/people/1010842) and [Katie McDougall](https://www.nortonrosefulbright.com/en/people/122539) 2021 (both are partners with Norton Rose Fulbright global law firm) 17 June 2021 US expands sanctions targeting investments in securities of Chinese military companies (accessed 8 Apr 2023) https://www.nortonrosefulbright.com/en/knowledge/publications/2d19bb99/us-expands-sanctions-targeting-investments-in-securities-of-chinese-military-companies

Similar to the prior order, the restriction on purchasing and selling publicly traded securities covers derivatives and securities designed to provide investment exposure to such securities. The new FAQs explain that this includes warrants, American depositary receipts (ADRs), global depositary receipts (GDRs), exchange-traded funds (ETFs), index funds, and mutual funds.[5](https://www.nortonrosefulbright.com/en/knowledge/publications/2d19bb99/us-expands-sanctions-targeting-investments-in-securities-of-chinese-military-companies#5) The restrictions will apply irrespective of the CMIC securities' share of the underlying index fund, ETF, or derivative thereof. EO 13959, as amended, creates a new Chinese Military-Industrial Complex (CMIC) regime and identifies 59 companies, some of which were not included in the prior "Communist Chinese Military Company" (CCMC) list. It also excludes a handful of companies that were previously on the CCMC list. A significant change is that the prohibitions of amended EO 13959 apply only to entities whose names exactly match the names of identities entities. Previously, OFAC's FAQs had identified as within the scope of EO 13959 transactions in the securities of entities whose names exactly or closely matched the names of identified CCMCs. The FAQs did not, however, provide any criteria to determine whether or not a given entity's name may "closely match" the name of an identified CCMC, so there was a great degree of uncertainty regarding how OFAC construed "closely match." The current FAQs ameliorate some of that ambiguity by stating, "Only entities whose names exactly match the names of the entities on the NS-CMIC List are subject to the prohibitions in EO 13959, as amended."  Consistent with prior guidance, the FAQs also make clear that OFAC's "50 percent rule" (under which entities owned 50 percent or more by one or more blocked persons are also considered to be blocked persons) does not apply to entities listed solely pursuant to EO 13959, as amended. OFAC has now revoked its previous NS-CCMC list and replaced it with a new "Non-SDN Chinese Military-Industrial Complex Companies List" (NS-CMIC List).  Notably, the NS-CMIC list encompasses companies operating in the defense sector, subsidiaries and affiliates of companies on the CCMC list, and two companies operating in the surveillance technology sector. The Biden Administration has indicated that it expects to add more parties to the NS-CMIC List in the future.

HARMS / SIGNIFICANCE RESPONSES

1. No geopolitical threat from China

US decline relative to China is inevitable. Turn: Refusing to accept it provokes instability

Minghao Zhao 2019 ( Senior Fellow at the Institute of International Studies, Fudan University) 26 Aug 2019 “Is a New Cold War Inevitable? Chinese Perspectives on US–China Strategic Competition “CHINESE JOURNAL OF INTERNATIONAL POLITICS (accessed 8 Apr 2023) https://academic.oup.com/cjip/article/12/3/371/5544745

For instance, Tsinghua University Professor Yan Xuetong points out that US–China strategic competition is inevitable due to the structural contradictions between the hegemon and the rising power. That China has been narrowing the gap between its comprehensive national strength and that of the United States might be the root cause of the growing competition between the two nations. He ascribes the instability of China–US relations to the two powers’ policy of ‘pretending to be friends’. Wang Jisi also mentions ‘structural contradictions’, but his elaboration features nuanced differences. He argues that although a large number of Chinese analysts believe that American power has declined, the Americans themselves cannot accept such a view. Therefore, as the United States is unwilling to acknowledge its weakness vis-à-vis China, a kind of strategic competition between the two sides is inevitable.

US/China rivalry isn’t a zero-sum game: China can gain influence without the U.S. being harmed

Minghao Zhao 2019 ( Senior Fellow at the Institute of International Studies, Fudan University) 26 Aug 2019 “Is a New Cold War Inevitable? Chinese Perspectives on US–China Strategic Competition “CHINESE JOURNAL OF INTERNATIONAL POLITICS (accessed 8 Apr 2023) https://academic.oup.com/cjip/article/12/3/371/5544745

The United States cannot contain China in the region; nor can China exclude the United States from the Asia-Pacific. China needs to respect US interests and traditional influence in the Asia-Pacific and carefully manage the security implications of its expanding economic footprints. In the meantime, there is no need for the United States to see China’s rising influence in the region through a Cold-War lens and deem it a zero-sum game.

China isn’t interested in replacing US hegemony

World Economic Forum 2019 (international organization for public-private cooperation; non-profit foundation headquartered in Switzerland) Is a U.S. – China power transition inevitable? 15 Jan 2019 (accessed 89 Apr 2023) https://www.weforum.org/agenda/2019/01/is-a-us-china-power-transition-inevitable/

Perhaps most critically, though, China has evinced little desire to replace the United States in its present capacity. While increasingly global in scope, Beijing's foreign policy remains parochial in objectives, aimed more at sustaining its growth and cementing its centrality within the Asia-Pacific than at furnishing global public goods. The economist Charles Kindleberger [observed (TXT)](http://bev.berkeley.edu/fp/readings/WorldinDepression.txt) in 1973 that the Great Depression persisted “because the international economic system was rendered unstable by British inability and United States unwillingness to assume responsibility for stabilizing it.” We may witness a variant of this dynamic nine decades on, with neither the lone superpower nor its putative replacement able or willing to invest in the current order's modernization. Should that dynamic indeed prevail, China might continue to chip away at America's margin of pre-eminence without actually ascending to the commanding heights of geopolitics.

2. No military threat from China

Neither China nor Russia are a threat to the US, just moving the world back into healthy balance of power

Vijay Prashad 2018 (Indian historian, editor and journalist. He is a writing fellow and chief correspondent at [Globetrotter](https://independentmediainstitute.org/globetrotter/), a project of the Independent Media Institute) A paranoid America is greatly exaggerating Russian power 22 Feb 2018 <https://www.salon.com/2018/02/22/a-paranoid-america-is-greatly-exaggerating-russian-power_partner/> (accessed 5 June 2021)

Neither China nor Russia is making a push to become the global powerhouse. They are merely seeking to rebalance a world order that has — since the end of the Cold War — tilted unhealthily towards the United States. So is Russia a threat? Is China a threat? The question really is, to whom? They are threats to any assertion of US dominance over the planet. But they are no threat to the United States as such. They are committed to a multi-polar planet: a sensible solution in our very unstable and dangerous times.

China poses little danger to the U.S.

Doug Bandow 2022 (JD from Stanford Univ.; senior fellow at the Cato Institute, specializing in foreign policy and civil liberties. He worked as special assistant to President Ronald Reagan) 15 Nov 2022 " The Real China Threat: Treating Beijing as an Enemy Risks Turning It into One" (accessed 8 Apr 2023) https://www.cato.org/commentary/real-china-threat-treating-beijing-enemy-risks-turning-it-one

Both Democrats and Republicans increasingly agree that the People’s Republic of China [is a “threat”](https://www.bloomberg.com/news/articles/2022-11-03/-sloppy-talk-on-china-threat-by-us-is-decried-by-some-skeptical-experts) to the U.S.. Yet despite the torrent of hostile words now passing between the American and Chinese governments, the PRC poses little direct danger to the U.S.. China most certainly is not the Soviet Union 2.0. That doesn’t mean Washington should ignore the challenges posed by Beijing. However, American officials should not exaggerate the task facing them. First, the PRC, though possessing enormous potential, remains relatively poor and [faces manifold difficulties](https://www.19fortyfive.com/2022/10/china-may-never-become-a-superpower/). Banks are filled with bad debt and under increasing pressure as China’s property bubble bursts. The economy remains heavily dirigiste, while Xi Jinping is increasing regulation by the state and Chinese Communist Party. The population, rapidly aging and suffering a surplus of males but dearth of workers, is beginning to shrink.

China "threat" exaggerated

Doug Bandow 2022 (JD from Stanford Univ.; senior fellow at the Cato Institute, specializing in foreign policy and civil liberties. He worked as special assistant to President Ronald Reagan) 15 Nov 2022 " The Real China Threat: Treating Beijing as an Enemy Risks Turning It into One" (accessed 8 Apr 2023) https://www.cato.org/commentary/real-china-threat-treating-beijing-enemy-risks-turning-it-one

Second, Beijing poses no direct military threat to the U.S., other than China’s small nuclear force. Washington enjoys near absolute power in the Western Hemisphere. In contrast, in its neighborhood China shares a land border with 14 countries and close ocean contact with another six nations. It has been at war with several—Russia, Japan, South Korea, Vietnam, and India—in recent decades. The PRC has only one military base outside its own territory, in Djibouti, compared to several hundred American military facilities around the world, including in East Asia. That region is an important interest for the U.S., of course, but not nearly as important as it is to the PRC, located in it. The issue for America is a matter of influence rather than survival. Any war would be fought almost wholly on Chinese or nearby territory. And Washington has several military allies upon which it might rely in the event of hostilities.

SOLVENCY

DISADVANTAGES

1. Exaggerated fear of China

Link & Impact #1: Exaggerated fear of China escalates tensions and increases the risk of war

Doug Bandow 2022 (JD from Stanford Univ.; senior fellow at the Cato Institute, specializing in foreign policy and civil liberties. He worked as special assistant to President Ronald Reagan) 15 Nov 2022 " The Real China Threat: Treating Beijing as an Enemy Risks Turning It into One" (accessed 8 Apr 2023) https://www.cato.org/commentary/real-china-threat-treating-beijing-enemy-risks-turning-it-one

Finally, confrontation and conflict [would be catastrophic](https://responsiblestatecraft.org/2022/10/24/what-would-a-us-war-with-china-look-like/), representing grievous failure. Although military action would be justified if the U.S. was endangered, [lurid fears of a Chinese attack](https://jamieglazov.com/2022/07/18/glazov-gang-leaked-audio-exposes-chinas-war-plan-to-invade-u-s/) are beyond a bad B movie script. If war comes, it will be in Asia, with Washington attempting to impose its will on the PRC along its own border. Which guarantees fierce and extended Chinese resistance. Most of America’s grievances with Beijing, though real and serious, simply do not warrant war. Protecting allied states is perhaps the only situation which could trigger conflict, and even it should be a last resort. They should do much more to protect themselves and only Taiwan appears to be seriously at risk. Americans increasingly look at China as a threat rather than an opportunity. The bilateral relationship has grown more contentious as a result.

Impact 2: Distracts us from dealing successfully with bigger threats - leads to greater economic loss and human suffering

Prof. Bruce Jentleson 2021 (prof. at Duke Univ. and Fellow at Chicago Council on Global Affairs) 30 July 2021 "Be Wary of China Threat Inflation" (accessed 8 Apr 2023) https://foreignpolicy.com/2021/07/30/china-threat-inflation-united-states-soviet-union-cold-war/

Third, putting the China threat at the core of U.S. strategy crowds out and complicates two issues that pose even greater threats: [pandemic prevention and climate change](https://www.tandfonline.com/doi/abs/10.1080/0163660X.2020.1813977). While the Great Game is traditionally posed in country versus country terms—a rising power challenging a dominant one—COVID-19 and climate change show American security is more threatened by transnational forces than nation-states. Even if one were to go with the China hawk threat assessment, how could it really be considered a higher priority than something that has inflicted a [death toll](https://www.worldometers.info/coronavirus/) in the United States greater than that of [all U.S. 20th-century wars](https://www.statista.com/statistics/1009819/total-us-military-fatalities-in-american-wars-1775-present/) combined (and still mounting), wrought economic devastation second only to the Great Depression, and disrupted Americans’ daily lives more than anything in our history? While much of that had to do with Trumpian dysfunctional domestic policies, the delta variant surge reminds us how much pandemic prevention is an international issue. Given that the next pandemic is when not if, working on reforming and strengthening the World Health Organization would be much more strategic than pushing the Wuhan lab leak investigation.