

LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel
E.
Mack
Manzullo
Marchant
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Myrick
Neugebauer
Ney
Northup
Nunes
Nussle
Osborne
Otter

Oxley
Pearce
Pence
Petri
Pickering
Pitts
Platts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood

Shimkus
Shuster
Simmons
Simpson
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancred
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

Waxman
Weiner

Berman
Boehner
Butterfield
Cardin
Cramer
English (PA)
Everett
Harman
Higgins

Wexler
Woolsey

Keller
Kingston
Musgrave
Norwood
Oberstar
Paul
Peterson (PA)
Radanovich
Rahall

Wu
Wynn

Rogers (KY)
Rogers (MI)
Ross
Schiff
Smith (NJ)
Solis
Waters
Wicker

NOT VOTING—26

□ 2030

So the previous question was ordered.

The result of the vote was announced as above recorded.

Stated against:

Ms. SOLIS. Mr. Speaker, during rollcall vote No. 359 on H. Res. 345 concerning the previous question, I was unavoidably detained. Had I been present, I would have voted "nay".

Mr. RAHALL. Mr. Speaker, on rollcall No. 359, had I been present, I would have voted "nay."

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER
PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

RECORD votes on postponed questions will be taken later today.

EXPRESSING THE SENSE OF THE
HOUSE THAT A CHINESE STATE-
OWNED ENERGY COMPANY
COULD TAKE ACTION THAT
WOULD THREATEN THE UNITED
STATES

Mr. NEY. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 344) expressing the sense of the House of Representatives that a Chinese state-owned energy company exercising control of critical United States energy infrastructure and energy production capacity could take action that would threaten to impair the national security of the United States.

The Clerk read as follows:

H. RES. 344

Whereas oil and natural gas resources are strategic assets critical to national security and the Nation's economic prosperity;

Whereas the global demand for oil and natural gas is at the highest levels in history;

Whereas the global excess capacity of oil production, at between 1,500,000 and 2,000,000 barrels per day, is at its lowest level in the past several decades, contributing to world oil prices reaching historic highs of above \$60 per barrel;

Whereas natural gas globally is the fastest growing component of primary energy consumption, projected to increase by nearly 70 percent by 2025;

Whereas the National Security Strategy of the United States approved by President George W. Bush on September 17, 2002, concludes that the People's Republic of China remains strongly committed to national one-party rule by the Communist Party;

Whereas China's daily consumption of crude oil grew by nearly 850,000 barrels in 2004, accounting for more than one-third of the increase in world demand for oil in 2004;

Whereas China's consumption of crude oil is expected to grow by an additional 7.5 percent in 2005, and world oil prices are projected to rise significantly as a result of increasing demand from China for oil;

Whereas notwithstanding the increasing demand from China for oil, domestic Chinese output of oil has remained relatively stagnant;

Whereas on June 23, 2005, the China National Offshore Oil Corporation (CNOOC) announced its intent to acquire Unocal Corporation, in the face of a competing bid for Unocal Corporation from Chevron Corporation;

Whereas the People's Republic of China owns approximately 70 percent of CNOOC;

Whereas a significant portion of the CNOOC acquisition is to be financed and heavily subsidized by banks owned by the People's Republic of China;

Whereas Unocal Corporation is based in the United States, and has approximately 1,750,000,000 barrels of oil equivalent, with its core operating areas in Southeast Asia, Alaska, Canada, and the lower 48 States;

Whereas CNOOC has made various representations about its intention to sell oil developed in the Gulf of Mexico to the United States, but has not made any commitment to sell other natural gas and oil it develops into global energy markets instead of shipping it directly to China;

Whereas a CNOOC acquisition of Unocal Corporation would result in the strategic assets of Unocal Corporation being preferentially allocated to China by the Chinese Government;

Whereas a Chinese Government acquisition of Unocal Corporation would weaken the ability of the United States to influence the oil and gas supplies of the Nation through companies that must adhere to United States laws;

Whereas Unocal Corporation was responsible for the production of energy equivalent to approximately 411,000 barrels of oil per day in 2004, which is approximately one-third of all global excess oil production capacity;

Whereas CNOOC's control of Unocal Corporation's productive capacity would mean control of approximately one-third of all global excess oil production capacity;

Whereas the petroleum sector uses a range of sensitive technologies for exploration (such as seismic analysis and processing, downhole logging sensors, and modeling software), production, and refining (such as processing technologies and equipment), including technologies that have "dual-use" commercial and military applications;

Whereas several of the technologies used in oil and energy production require export licensing for export from the United States to China;

Whereas the CNOOC acquisition of Unocal Corporation could provide access to Unocal Corporation's sensitive dual-use technologies that the United States would otherwise restrict for export to China;

Whereas oil companies owned by the People's Republic of China are active in parts of the world, such as Sudan and Iran, that are subject to United States sanctions laws, and the national security of the United States is threatened by the export of sensitive, export controlled, and dual-use technologies to such countries;

NAYS—191

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardoza
Carnahan
Carson
Case
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez

Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Hastings (FL)
Herseth
Hinchey
Hinojosa
Holden
Holt
Honda
Hoolley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee
(TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Melancon
Menendez
Michaud
Millender
McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)

Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rangel
Reyes
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Salazar
Sanchez, Linda
T.
Sanchez, Loretta
Sanders
Schakowsky
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman
Schultz
Watson
Watt

Whereas barriers to the ability of the United States Government to enforce export controls and sanctions could pose a direct threat to the national security of the United States; and

Whereas section 721 of the Defense Production Act of 1950 (50 App. U.S.C. 2170) authorizes the President to suspend or prohibit any foreign acquisition, merger, or takeover of a United States corporation that threatens the national security of the United States, if the President finds that "there is credible evidence that leads the President to believe that the foreign interest exercising control might take action that threatens to impair the national security" and other provisions of law "do not in the President's judgment provide adequate and appropriate authority for the President to protect the national security": Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that—

(1) the Chinese state-owned China National Offshore Oil Corporation, through control of Unocal Corporation obtained by the proposed acquisition, merger, or takeover of Unocal Corporation, could take action that would threaten to impair the national security of the United States; and

(2) if Unocal Corporation enters into an agreement of acquisition, merger, or takeover of Unocal Corporation by the China National Offshore Oil Corporation, the President should initiate immediately a thorough review of the proposed acquisition, merger, or takeover.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. NEY) and the gentlewoman from Michigan (Ms. KILPATRICK) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. NEY).

Mr. NEY. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I rise today in support of House Resolution 344, introduced by the gentleman from California (Mr. POMBO), and urge its immediate adoption.

Briefly, this resolution asks that the President initiate a thorough review of any potential takeover of Unocal Corporation by the Chinese National Offshore Oil Company as soon as any agreement of such a takeover is announced, on the grounds that such a purchase could threaten the national security of the United States.

Mr. Speaker, at a time of rising prices on global oil supplies, ready access to energy resources is a vital element to our economic security. It is imperative that the United States protect its access to Unocal's energy resources in order to protect our economy and our national security.

Just as importantly, Mr. Speaker, I and many Members are extremely skeptical of assurances that the Chinese oil company executives have sought to offer that they would dedicate any oil production from this region to consumption in the United States.

Mr. Speaker, we know from a number of past experiences that the Chinese do not look at trade the same way we do, that agreements made or treaties signed are more of a starting point for negotiation than documents that must be adhered to. Especially in this pur-

chase, the Chinese company and the Chinese government are not playing fair. This company is 70 percent owned by the Chinese government, is said to be receiving more than a quarter of the funding of its bid for Unocal at zero percent or at highly subsidized interest rates.

Mr. Speaker, American companies who are interested in buying Unocal cannot get funding deals like that. They borrow on the open, non-subsidized credit market, or they would be able to offer a few billion dollars more in an instance like this. I call that an unfair trade practice, and a good enough reason for the deal to be waved off all by itself.

But, Mr. Speaker, there is a much more serious reason to be skeptical of this proposed purchase, and it is for that reason I support this resolution.

In my view, a purchase of Unocal by a company that the Communist government of China controls, a government that is one of our major trading partners but also one of our major trade competitors, threatens the national security of this country by holding out the prospect that every drop of oil, every unit of natural gas produced by that company could end up being shipped to China.

We are all reminded every time we go to the gas pump what has happened to the price of oil recently, and if the Chinese shut off the Unocal tap, the United States supply of oil would be that more scarce and a gallon of gas or heating oil that much more expensive.

You only need 2 numbers to understand how serious this problem potentially could become: the global excess capacity of oil production right now is estimated to be just 1.5 to 2 million barrels of oil a day, the lowest in the past several decades. Compare that to this: last year, China's increase in demand for crude oil is said to have been 850,000 barrels a day, with the demand expected to grow another 7.5 percent this year alone.

Mr. Speaker, the Chinese economy is inhaling oil, and a lot of other commodities, at a staggering rate. How can we imagine that a government-owned oil company will not send its fuel to feed that government's economy, and not our own?

Mr. Speaker, I urge support of this resolution that is so needed.

Mr. Speaker, I reserve the balance of my time.

Ms. KILPATRICK of Michigan. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of the resolution. The House went on record earlier today in a strong, bipartisan way, to support that we would, first of all, make sure that CFIUS, which is the Committee on Investments in the United States chaired by the Secretary of the Treasury Snow, that we go on record making sure that we not spend money at this time for a Chinese company that is Communist-owned by the Communist government to take over our ninth

largest oil company. The Congress has spoken, and we are happy that we did so in a loud, strong voice.

The sense of the Congress resolution before us is one that we also support. General Motors is losing technology to China, and it is costing the company \$12 billion a year. Intellectual property rights are not being protected, and China has been abusing those rights.

We must protect American business, and we must do what is necessary. So, I am proud of the Congress and the gentleman from California (Mr. POMBO) for introducing this resolution that we also further state our strong support for not allowing the sale to go through.

Mr. Speaker, I reserve the balance of my time.

Mr. NEY. Mr. Speaker, I yield 2 minutes to the Chairman of the Committee on Energy and Commerce, the gentleman from Texas (Mr. BARTON).

(Mr. BARTON of Texas asked and was given permission to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of this resolution, and I am proud to be one of the original cosponsors. I would like to point out a couple of problems with the proposed transaction.

Number one, if Unocal was trying to buy the Chinese National Offshore Oil Company, they could not do it, because Chinese law does not allow a foreign company to have a controlling interest in a company in China. That is one problem.

Number two, CNOOC is a front company for the Communist Chinese government. Seventy percent of the equity in the company is owned by the Communist Chinese government. The money that is going to be used to buy Unocal comes from the Communist government in the form of a loan. This loan almost doubles the total amount of debt; in fact, it over-doubles the total amount of debt that the company currently has.

Number three, if we wanted to sell our products in China, under current law, that probably would not be allowed. So I am in strong support of this resolution.

I chair the committee that has jurisdiction over the Committee on Foreign Investment of the United States, CFIUS, and I plan to hold a hearing on this when we get back sometime in the very near future, after the July Fourth recess. There is no reason that we cannot find a buyer for Unocal that meets all of the tests that a company in the United States would have to meet.

So I am in strong support of this resolution, and I hope all Members of the House of Representatives will support it.

Ms. KILPATRICK of Michigan. Mr. Speaker, at this time, I yield 3 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, I thank the gentlewoman for yielding me this time.

I do not have any objection to a review of this contract, and I certainly understand the domestic politics, but I think we need to be fully aware of two things about this: how China is able to purchase UNOCAL, and why they need to.

The how is all about what we have done to ourselves. With \$9 trillion of public debt outstanding, somebody has to buy it, and 44 percent of our Treasury debt, I say to my colleagues, is foreign-owned. The fastest-growing component of that foreign ownership is in China, and it is a darn good thing for us that they are buying it, because if they were not, our interest rates would be much higher than they are today. They are keeping our interest rates low, but it does not come for free.

The fact is, if we say that they cannot use that money legally to purchase assets, to give 16+ billion to American shareholders in return for a corporate asset, what are they likely to do? They are going to say this currency is not as valuable to us as it is to other people in other countries, so we are going to have to dump this, and imagine what that would mean. They are holding a financial guillotine over the neck of our economy, and they will let it drop if we do things like this that are not well-considered.

Now, the why. They desperately need energy to keep their economy sustained, but if we do not let them invest in western firms, what are they going to do? They are going to invest more capital in Iran, in Sudan; they are going to make those governments even stronger than they are today and a much greater threat to us. So think seriously about this.

Now, the reality is that UNOCAL only produces about 1 percent of our oil and gas production, and they intend to market that and continue providing that to the United States. Also bear in mind, though, that American oil companies have a whole lot of drilling rights and oil reserves off the coast of China. We have an investment all over the world, and when we start with these kinds of resolutions, start deciding, well, we are not going to let the market work, we are not going to let free enterprise control this, this is not truly a globally free economy if it is not completely to our liking. We are going to treat China differently.

I cannot stand State-controlled economies. But when we start doing things like this, there are ramifications that we have not thoroughly thought out, and I think we need to be very careful about passing resolutions like this.

Again, I understand the domestic politics, I understand why we do not want State-owned companies controlling American oil companies, but I also understand why China is doing this. Their CEO was educated in the United States. They will keep all of UNOCAL's employees. Chevron plans to save millions by firing most of them. This is one of the better-run Chinese compa-

nies. Ultimately what they are proposing is much more in our interests than the alternatives also available to them. So let us fully consider this before we pass this resolution. I'm voting no.

Mr. NEY. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. HUNTER), the chairman of the Committee on Armed Services.

Mr. HUNTER. Mr. Speaker, I thank the gentleman for yielding me this time.

I support the attempt to block this sale. This sale involves a strategic asset and, more importantly, a strategic lever for Communist China. Our policy for the last many years has been to deter the Chinese government in Beijing from ever coming into the position where they thought they had enough leverage over the U.S. to cross the Straits of Taiwan. This would be a major lever that would accumulate to the Chinese Communist government on top of the Sovereign class missile cruisers that they have acquired, on top of the MiG fighter production that they have acquired, on top of the other acquisitions of major U.S. economic interests.

□ 2045

I hope everyone votes against this, votes to block this important transfer of a strategic asset to, and make no mistake about it, the communist government, not a private entity, but the communist government of China.

Ms. KILPATRICK of Michigan. Mr. Speaker, I yield 1½ minutes to the gentleman from Massachusetts (Mr. CAPUANO), a member of the committee.

Mr. CAPUANO. Mr. Speaker, this is a good resolution, and I support it, and the issue is important. However, I just wanted to stand tonight to point out the fact that we are really just talking about the tail. This is not the dog; it is simply the tail. It is important. I do not want to minimize it. But the truth is we are talking a \$16 billion sale most of which will go to American shareholders.

However, what we are not talking about is the elephant in the room where right now as of today, after 4½ years of this administration, we currently owe China \$277 billion. That is what we owe them right now. That is a 257 percent increase over 4½ years ago. We are going to have a 40-minute debate tonight on this particular issue. In that 40 minutes, on average, over the last 4½ years, America will have borrowed \$3 million from China. By the time we are finished talking, we will owe them another \$3 million. I do not want to pick on China. China is only one of the issues. It is not the only country.

In the last 4½ years, 84 percent of all debt sold, all private debt sold by the United States Government has been sold to foreign governments and foreign corporations of which China is only the second largest.

To me this is an important issue. I support it. I am glad we are taking ac-

tion. But more importantly, we had better wake up. We are sending too many jobs, too much money, too much economic power overseas. China is only one of them. But they are a large one. I just wanted to use this opportunity to make sure that we know this is only the beginning. It is not the end.

Mr. NEY. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Speaker, I rise in strong support of the resolution. This legislation is going to send a much needed strong signal to China. We do not support government-sponsored acquisitions of American corporations that clearly threaten our national security. I am extremely concerned at CNOOC's proposal to buy Unocal, one of our Nation's leading independent natural gas and crude oil exploration companies. The Chinese Government owns over 70 percent of the China National Offshore Oil Corporation.

This is frightening. China is the second largest consumer of energy in the world behind the U.S. China's only desire to purchase this energy company is to meet the demands of their ever-growing population and economy. We cannot let this purchase move forward. What type of precedent would it set? What would the Chinese take next? They have already taken the textile industry jobs, thousands of jobs from other business, whether it is currency manipulation, the intellectual property rights or even government subsidies. China does not play by the rules. Why in the world would we expect them to do so now?

Folks, this is a no-brainer. It is time for America to take a stand and say no. We have suffered too much. We cannot allow the Chinese to lock into one of our most precious resources and leave our Nation vulnerable.

Support the resolution. I commend the gentleman from California (Mr. POMBO). Stop this move now.

Ms. KILPATRICK of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I appreciate the gentlewoman's courtesy in permitting me to speak on this bill. There are a number of things in here that I have no objection to, that I think we should do in terms of preserving our national security.

But what is striking about H. Res. 344 is that it basically misses the point. It is inadequate. It talks about only a little bit of the equation.

The problem that we have now is first, we have a reckless fiscal policy in this country aided and abetted by this Congress. We are as addicted to the Chinese loans, to their credit to us, as we are to Saudi oil. Nothing in this resolution talks about getting our fiscal house in order. What would happen if instead of using their money that we have given them to purchase this oil company, what if they purchased something in another area or if they start

dumping our bonds. What would happen to interest rates and the problems in this country?

It is also interesting that the resolution talks about the Chinese oil supply being stagnant in terms of their domestic production. Our supply in the U.S. is not just stagnant; it is going down. Even if you suck the entire oil supply out of the Arctic wildlife refuge and threaten our offshore areas with drilling, we are still in decline.

This resolution does not talk about energy independence for the United States. In fact, the Republican majority's energy bill, according to the Department of Energy, is going to increase our dependence on foreign imported oil by 75 percent. Interesting. We have gone from a one-third in the 70s, 56 percent imported today, it will be 68 percent in 2025; yet the best that my friends in the majority can do is bash China a little bit and not do anything about our oil addiction, not do anything about diversifying our sources of energy, not do anything about the reckless fiscal policy that puts us at their mercy.

As my colleague from Virginia pointed out, 44 percent of our debt is foreign owned, an increasing percentage from China. Our addiction to things from Wal-Mart means that it is going to be more the case in the future.

What are the Chinese doing? They are diversifying their supply. They are taking some of the money we have given them to invest. They are increasing the energy efficiency of their cars, something that, sadly, the Republican energy bill does not allow in any meaningful way.

I would suggest, ladies and gentlemen, that you can examine the national security implications of dual-use technology. That is fine. But what really has us at risk is that we are addicted to imported oil, wasting energy and a reckless fiscal policy. This resolution is completely beside the point on these critical factors.

Mr. NEY. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. HAYWORTH).

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, I had hoped to come to the well to speak on a bipartisan resolution. Given the preceding remarks from the well, it may be difficult for international observers to detect the bipartisanship. Rather than succumb to the temptation of snappy rejoinders in the field of domestic political debate, rather than use this time as a pretext for a campaign screed that would criticize the opposing party instead of deal with the resolution at hand, rather than rephrase history about troubling campaign donations that emanated from the People's Republic of China, perhaps it is best, Mr. Speaker, to deal with the resolution at hand, and find some common agreement, apart from the grandstanding and campaigning that is so easily enjoined.

Fact number one: just as Dwight Eisenhower warned America about the growing influence of a military industrial complex, the fact is, there is a political business military complex in the martial markets of communist China. What do I mean by that? The communist Chinese do not enjoy free markets. They, instead, have a program of martial markets. American investment is kept in minority status; and every application, from the most innocuous widget to the fried chicken drumstick, eventually brings proceeds to the Chinese Red Army. And now we have the most graphic example, where the Chinese-owned energy company, with government, Communist government investment, seeks to buy an American oil company.

It has been said that information is power. Energy literally is power. Early in the 21st century, though we may look to new technological advantages, the fact is this: a nation that surrenders its energy concerns, its energy technology is a nation inviting vulnerability. And so I would enjoin Members of this House, Mr. Speaker, as tempting as political debate and one-upsmanship might be, not to succumb to the temptation, not to stand as Republicans or Democrats or Independent or Libertarians or vegetarians, but to stand as Americans. Support this resolution because we dare not yield our energy future to the Communist Chinese.

Ms. KILPATRICK of Michigan. Mr. Speaker, I yield 3 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Speaker, I thank the gentlewoman from Michigan (Ms. KILPATRICK) for yielding 3 minutes to me and wish to rise in support of the resolution, but also to compliment the gentlewoman from Michigan for successfully passing an amendment this afternoon that stopped this merger by claim with Unocal from going through. That is in the base bill that we were debating for the entire day.

This resolution is helpful. It gives us a sense of the Congress that the U.S. does not want to lose her strategic energy edge. But this July 4th weekend, it is important for America to think about our independence, indeed, our diminishing independence due to imported petroleum. It is the largest share of our trade deficit with the world; 63 percent of what fuels this economy has to be imported.

Yes, America has lost her independence, and under this President, it is 7 percent worse than it was before he took office now, with the cost of a barrel of oil over \$60 and gas at the pump \$2.50 and rising all over this Nation.

So what are the Chinese trying to do? They are trying to trump our strategic edge over in Afghanistan now, because the Unocal pipeline running through Afghanistan has all that natural gas just ready to flow, but it is right on the border of China. So China has been very smart with the money she has earned off this market. She is buying

pieces of us or what some claim to be "U.S. companies," but in actuality they have their assets spread all over the world. It's no secret we have pumped ourselves dry except for what is left up in Alaska.

And so we ask ourselves what is going on here? What is going on here is America is losing her independence, starting with petroleum. The Chinese need petroleum too. What America needs is energy independence here at home and the sooner we realize that, the fewer resolutions we would need to try to interfere with the free market. But you know what? We do not have any more choice, because we expect we will be 75 percent dependent on petroleum if this Congress does not trump this President of the United States and produce a real energy bill that will put us on the road to true energy independence. We need new biofuels, new energy from fuel cells, from hydrogen, from solar, from renewables, from all kinds of new energy sources that should be tapped and built in this country.

Meanwhile, we sort of have to limp our way across the finish line on this July 4th celebration and admit America is losing her energy edge around the world. We should not be dependent. We should not have to kneel down in front of the Chinese, the Communist Chinese, vegetarians as Mr. Watt referenced, or anyone else. We should become energy independent here at home. This resolution points us in the only direction open to us now. The gentlewoman from Michigan's amendment earlier in the day hit a real home run in blocking the merger. We compliment her for her excellent work.

Mr. NEY. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. KIRK).

Mr. KIRK. Mr. Speaker, both The Wall Street Journal and the New York Times agree, a rare event, that we should not interfere with free markets in this way. America stands for freedom, and that means not just voting for who we want, speaking the way we want, but also the right to buy and sell from whoever we wish.

I remember when Japanese investors moved to buy Rockefeller Center, at inflated prices, and many in this body wanted to stop that deal. We did not. And only a few years later the Japanese sold it back to the United States for pennies on the dollar. Bottom line, we made a killing. And Americans are better off for letting the market work.

If we take this action, China could rightfully cancel American investments in China now totaling \$25 billion. Wal-Mart, Conoco, Motorola, United Air Lines all bought companies in China and should be allowed to do so.

□ 2100

We should recover the conviction of our own convictions, especially in our Republican party, to make sure we let the market work and let efficiency and fair play rule the day.

Ms. KILPATRICK of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana (Mr. JEFFERSON).

(Mr. JEFFERSON asked and was given permission to revise and extend his remarks.)

Mr. JEFFERSON. Mr. Speaker, I will enter into the RECORD a letter that a number of us in this House wrote to the Secretary of the Treasury with respect to this transaction.

I am one who has supported free trade since I have been in the Congress and I support it today. If it were true that this were a market-based transaction, as the preceding speaker has said, I would not be standing here talking about this issue whatsoever. The fact of this is this is not a free market transaction. This is a transaction by a government-owned company, financed by the government of China, financed with subsidies with the government of China and it puts every other competitor for the assets that they are seeking to acquire at a disadvantage.

There are substantial questions here about the motives of the Chinese as well. I have been dealing with oil and gas issues for a very long time as a representative from Louisiana, and ordinarily one thinks of the oil and gas market as one where free commodities move and oil is a very fungible commodity. But what we have here is a Chinese government with an accelerating demand for oil and gas trying to find a way to corner a market here and to put it to their exclusive use. This is unheard of in the oil and gas commodities market.

No one ever thinks that one explores for oil and then uses the oil only in the place where they have their own demand and not make it available to the rest of the world. That is the scary part of what is happening here.

As China seeks more and more assets that they themselves control and they themselves corner, it makes it much more difficult for us to argue that this is a free economy, a market-based economy. That is the real reason I have come to this microphone tonight.

I think it is important to support this resolution, and I think the actions we are taking today by the Congress were appropriate to be taken. I think the warning signs that are going up from this House about the Chinese government's interest in cornering the market on a strategic asset such as petroleum today, is a dire warning indeed and one we should take heed of.

So I urge the Members of the House and all who are within the sound of our voice to take heed of this warning and to support this important resolution.

CONGRESS OF THE UNITED STATES,

Washington, DC, June 24, 2005.

Hon. JOHN W. SNOW,

Secretary of the Treasury, Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY, Energy security is a matter of significant and ever increasing importance for the United States. In particular, we are very concerned about China's ongoing and proposed acquisition of energy assets

around the world, including assets of U.S.-based energy and oil companies.

China is now the second largest consumer of energy in the world, right behind the United States. In order to fulfill the energy consumption requirements of its growing population, China has developed an aggressive strategy to acquire offshore assets to supplement its limited domestic supply of resources. It will become increasingly difficult for U.S.-based companies to compete for scarce energy resources on the world market against China's state-owned and/or controlled energy companies.

To that end, we are very concerned to read reports that the China National Offshore Oil Corporation (CNOOC)—whose majority owner is the Chinese government—is planning to make an offer to acquire one of America's leading independent natural gas and crude oil exploration and production companies. Moreover, it is our understanding that two influential Chinese government agencies have reportedly given tentative approval to this acquisition by CNOOC.

As you are aware, the Committee on Foreign Investment in the United States (CFIUS) was established to monitor the impact of foreign investment in the United States and to coordinate the implementation of U.S. policy on foreign investment. In 1988, CFIUS was given additional authority under Section 721 of the Defense Production Act of 1950 (the Exon-Florio Amendment) to authorize the President to conduct investigations to determine the impact of foreign acquisitions of U.S. companies on national security.

Given what we know about CNOOC to date, we think this potential transaction should be reviewed immediately by CFIUS to investigate the implications of the acquisition of U.S. energy companies and assets by CNOOC and other government controlled Chinese energy companies. As the official chair of CFIUS, we would request that the Treasury Department look into this proposed acquisition to determine whether an official CFIUS investigation should be undertaken should an official offer come from CNOOC. Specifically, the CFIUS should review the following issues, among others:

Whether and to what extent the Chinese government is involved in financing any potential acquisitions by CNOOC;

Whether such investments by CNOOC are market-based and free of subsidies;

Whether there are technology transfer implications of these investments that present national security concerns; and

How CNOOC investments in the U.S. energy sector and acquisitions of U.S.-based energy and oil companies advance China's energy agenda to the detriment of U.S. national security objectives.

Mr. Secretary, we know that you understand well the critical importance of ensuring U.S. energy security and the critical need to secure the future availability of energy resources for American consumers. We ask that you treat this matter with the utmost urgency and report back to us with your findings.

Sincerely,

William J. Jefferson, Al Green, Dana Rohrabacher, Edolphus Towns, Sheila Jackson-Lee, Roger Wicker, Bobby Jindal, Kevin Brady, Michael Rogers of Michigan, Joseph Crowley, Devin Nunes, Ginny Brown-Waite, Richard Baker, George Radanovich, Ellen Tauscher, Gary Miller.

Gregory Meeks, Gene Green, Darrell Issa, Frank Wolf, Barbara Cubin, Charlie Melancon, Ted Strickland, Geoff Davis, Gene Taylor, Ralph Hall, Bill Jenkins, Wally Herger, Charles Boustany, Walter Jones, John Tanner, Bart Gordon.

John Shimkus, Michael Burgess, Paul Gillmor, Lincoln Davis, Ted Poe, J.D. Hayworth, Jim Walsh, Bob Goodlatte, Donald Manzullo, Roy Blunt, John Sullivan, Bernard Sanders, Collin C. Peterson, Roscoe G. Bartlett, John Doolittle, Peter T. King.

John J. Duncan, Jr., Bart Stupak, Dennis Cardoza, Thomas Reynolds, Eric Cantor, Carolyn Kilpatrick, Darlene Hooley, Mary Bono, Mark Foley, Robin Hayes, Tom Tancredo, Ken Calvert, Melissa Hart, Mark Souder, Jo Ann Davis, Michael Rogers of Alabama.

Mr. NEY. Mr. Speaker, I yield 6 minutes to the gentleman from California (Mr. POMBO), the chairman of the Committee on Resources.

Mr. POMBO. Mr. Chairman, I thank the gentleman for yielding me time.

First of all, I want to thank the gentleman from Louisiana (Mr. JEFFERSON) for the work he has put in to this issue and for the tone that he used in this debate. This is an important issue and it never ceases to amaze me to see that Members come to the floor and try to make it a partisan issue and try to complicate what is already a very complicated issue.

This is not about free trade or free markets. If it was it would be a very different debate. If we were talking about Exxon and Chevron or BP competing to buy Unocal, that would be a completely different debate.

What we are talking about is a company that is 70 percent owned by the Communist government of China, competing against a U.S. company to purchase a U.S.-based energy company. That is not free market. And no matter how you twist or turn or try to make this sound good, that is not free market. That is free market competing against the Communist-financed company. That raises concerns just because of that.

But let us look at it a little bit more and look at the assets of the company they are trying to buy. They are trying to buy a major U.S. energy provider. That is a major concern. In the world today, in the world market today we are near an energy crisis. We are almost equal in terms of supply and demand, and that is why the price of oil has gone up dramatically. The U.S. economy is growing. The Chinese economy is growing. The Indian economy is growing. The Brazilian economy is growing. All of these different economies are growing and they are competing for the same source of energy. And that has caused energy prices to go up worldwide.

Now, I tell my colleagues, you have got to wake up here. This is a wake-up call to all of us, to America and to us here, the Chinese have figured out that in order for their economy to grow, they need a safe, dependable supply of energy, primarily oil, coming into their market, in order for their economy to continue to grow. That is how you grow your economy. It is based on energy.

What are we doing to increase our domestic energy supplies? What are we

doing to provide a greater amounts of a safe, dependable supply of energy into this country? We have been trying to pass an energy bill for 5 years. Wake up. It is time for us to get together and figure out what our energy future is. We cannot, in my opinion, we cannot afford to have a major U.S. energy supplier controlled by the Communist Chinese. But what we are asking for in this resolution is for the President, for the administration to convene the Commission on Foreign Investment into the United States and investigate this possible sale, to look at it and determine whether or not this is in the best economic and national security interests of the United States. That is the purpose of the Commission on Foreign Investment. That is what we are asking them to do.

We are asking them to step forward and look at this and report whether or not this is in our best interest. It is my opinion it is not. It is my opinion that it is a huge risk that we run to allow a foreign government to own one of our major U.S. energy producers. That is a huge risk that we are running. At a time like this when we are looking at international shortages on energy, skyrocketing prices, we need to do what we can to increase domestic supplies and to hold on to what we have got. And at the same time I would encourage my colleagues to begin to put enough pressure so that we finally get an energy bill passed.

I heard one of the previous speakers talk about alternatives and solar and wind and fuel cells. I would just suggest read the energy bill. That is in it. But it also has the realistic view that in the short term, we are dependent on fossil fuels which are oil, gas and coal. That is the reality. That is what fuels the U.S. economy today.

We need to do both. Part of it is increasing domestic production of our fossil fuels and making that competitive in this market. The other part of it is looking at the future and how are we going to replace our dependence on current technology. That is the direction we are going. If we allow this sale to go forward, we are taking a huge risk. And I would encourage my colleagues to support this resolution. It is the right policy, the right thing for this country, and the right thing for Congress to do.

Ms. KILPATRICK of Michigan. Mr. Speaker, how much time remains on each side?

The SPEAKER pro tempore (Mr. SIMPSON). The gentlewoman from Michigan (Ms. KILPATRICK) has 6 minutes remaining. The gentleman from Ohio (Mr. NEY) has 3½ minutes remaining.

Ms. KILPATRICK of Michigan. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentlewoman

from Michigan (Ms. KILPATRICK) for yielding me time. I want to thank her, first of all, for focusing the House on this very important issue, and as has been said before, giving us an opportunity to affirmatively stand against an idea whose time has not come.

If there is ever a time to speak about investing in America I think the time is now. On the shadow of celebrating the freedom day, July 4, our day of independence, it is a time now to stand up for investing in America. And I guess in discussing this purchase of Unocal by China, I think we should make the point that China has been and hopefully will continue to be our friend. We engage in cultural exchange and educational exchange. It is a great opportunity to learn from each other to do research with each other.

But in this instance, I think any purchase of Unocal by China at this time would be a disservice and a detriment to our homeland security. For example, one of the reasons why Unocal is such an attractive purchase is because it has deep reserves. And one of the reasons it has deep reserves is because it is one of the few companies that has developed the kind of technology that has allowed it to project into the future and be able to keep and find the amount of reserves that keep it with a sizable amount of reserves in place.

Then, of course, China is dropping cool cash, \$18 billion, which puts at a disadvantage a number of American companies in particular who are interested in purchasing Unocal.

Now, of course, this is a private purchase and shareholders rights have to be taken into consideration, but I think this Congress, although we are a capitalist society, should look at the government money that Communist China is going up to buy not only in America but in South and Central America, in the Caribbean, in Africa, more and more in the Middle East and elsewhere. We need to begin to put together a package that suggests that we will be able to help some of our companies who are trying to invest in American companies and purchasing them.

Well, an unusual idea but one whose time may have come. We cannot compete. We need to be able to support our companies such as General Motors. Why does General Motors owe China \$2 billion. Why do we owe China almost \$300 billion? Because we have not kept our eye on the prize and we have not reminded not only our individuals, but our large corporate sector of investing in America.

I rise to support this amendment. There should be bipartisan support. I thank the distinguished gentlewoman from Michigan (Ms. KILPATRICK) for her very affirmative amendment that keeps the money away from this deal. But I believe the sense of Congress should acknowledge that this is a protracted deal. We need oversight, and it should not go forward unless we pass the litmus test of national security, homeland security, investing in Amer-

ica and allowing American companies to purchase Unocal. Because I remind my friends, the technology that you lose today is the technology that you will regret tomorrow.

This purchase should not go forward. I ask for the support of the amendment.

Mr. NEY. Mr. Chairman, I reserve the balance of my time.

Ms. KILPATRICK of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, thank you for allowing us to have this debate. I believe it has been a good debate and we do support the amendment, many of us on this side of the aisle, although a couple who spoke do not support it.

It is important as we talked about it earlier today that we remembered that 53 percent of America's private debt is held by foreign countries, 53 percent. That means many of our debt and the two owners of those debts are Japan first, and China second. 53 percent of our private debt is owned by foreign countries. I think that is not good for our country, for our grandchildren. We have got to strengthen America, calling those debts when we are able to pay them off, and give America back to Americans.

Should we have work with China? And I said this earlier, yes, we should, and other foreign markets. This is an international, global community that we live in. But we should always put America first, and I think the debate that we have had today, and I thank the gentleman from California (Mr. POMBO) for some of his remarks and for the resolution, the sense of the Congress, again, will reinforce what we have done earlier today.

We have got to make sure that American companies stay strong so that Americans can continue to work, so they can take care of their families, pay taxes, help cities, towns and villages maintain themselves with the revenue that it gets from them.

So trade, yes, and this is free trade. Somebody said free trade. This is not that deal. This is something less than that. As the gentleman from Louisiana (Mr. JEFFERSON) spoke, it is getting the corner of the market because you can pay \$18.5 billion in cash at a time when our country has \$160 billion trade deficit and then you turn some of that money back and want to buy our company. It is not a good deal.

We call on CFIUS, the Committee on Foreign Investment in the United States, Secretary Snowe and his 12-member committee to look closely at what is before them, to do the proper investigation and then not to recommend to the President that we go forward with this sale.

It is not the right time for America. It will weaken our economy. And our national security interests as well as our economic interests, as well as our energy interests are at stake.

□ 2115

So, Mr. Speaker, let us not do this sale. Let us continue to build America and keep America strong.

Mr. Speaker, I yield back the balance of my time.

Mr. NEY. Mr. Speaker, I yield myself the time remaining.

Mr. Speaker, I want to thank the gentlewoman from Michigan for standing up tonight for this resolution, standing up for the American people.

I want to thank the gentleman from California (Chairman POMBO) for this resolution and also the gentleman from Ohio (Chairman OXLEY) for expediting this, also being a cosponsor, but expediting this to the floor.

Mr. Speaker, national security has to include economic security. This is an important resolution. Never in a million years would China let us do this type of deal over there, and do not fool yourselves about that.

This deal is not good for America. It is not good for American workers. As we near our birthday of this country, let us not give a gift to the Chinese Government. Let us give a gift to the American people and support this important resolution.

Mr. PAUL. Mr. Speaker I rise with great reservations over this legislation. Why is the federal government involving itself in the sale of a private American company? Do we really believe we have this kind of authority?

I would remind my colleagues that Unocal is a private company with shareholders and a board of directors. That is the governance of the company—not the U.S. Congress. Do we really believe that we should be the real board of governors of Unocal?

If in the United States a private company does not have the right to be sold on the free market, should we really be criticizing the lack of freedom in China? Many conservatives who have decried the recent Supreme Court decision that severely undermines the principle of private property in the United States are now on the other side, cheering this blatant Congressional attempt to do something that may be even worse than *Kelo vs. New London*.

I voted recently against allowing the EximBank to use U.S. taxpayer money to underwrite Chinese construction of nuclear power plants. I do not support subsidizing the Chinese government's economic activities. But I also do not support the U.S. Congress involving itself in the private economic transactions of U.S. companies.

Some have raised concerns that the purchase of Unocal by a company tied to the Chinese government will create security problems for the United States. I would argue the opposite. International trade and economic activity tends to diminish, not increase tensions between countries. Increased economic relationships between the United States and China make military conflict much less likely, as it becomes in neither country's interest to allow tensions to get out of hand.

Mr. Speaker, we should not criticize a lack of economic freedom in China when Congress, as evidenced in this legislation, attempts to restrict the economic freedom of American citizens.

Mr. STARK. Mr. Speaker, I rise in opposition to H. Res. 344, which blames China for our dependence on foreign oil.

The Republican Majority has already sold the entire farm to foreign central banks and multinational corporations, and now they're trying to tell the American people that they're standing up for them by stopping China from buying a leftover chicken.

Mr. Speaker, where were these patriotic Republicans when the House passed an energy bill and couldn't even muster the votes to raise fuel economy standards on automobiles? Where were they when we passed trade deals and tax laws to make it easier for their corporate friends to ship jobs to China? Why has President Bush refused to stand up for American workers who wither against illegal dumping practices and an undervalued Chinese currency?

The American people need to know: as long as the Republican Majority and their corporate friends get their tax breaks and boondoggle defense contracts, they don't care who pays the bill. China, in turn, is happy to prop up the dollar and finance the debt because it gives them great leverage over the U.S. for years to come. No empty resolution like this or indignant politician can change that.

So why are we talking about China now when they have been stocking oil supplies and U.S. currency for years with no change in course from this administration? It's very simple: cheap Chinese imports and labor enrich the pockets of the people who really matter in the Republican party, but a Chinese company owning Unocal does nothing for the base. This non-binding resolution is a talking point for July 4th barbecues, just the way the Republicans will tell their constituents that they're making them safer by throwing billions more into the quagmire in Iraq.

Mr. Speaker, I have proudly voted for renewable energy, against trade deals that sell out American workers, and against tax breaks for millionaires financed by foreign governments. I support real economic security, and I will not support this sham resolution to give cover to my greedy colleagues and their corporate contributors.

Mr. GARY G. MILLER of California. Mr. Speaker, I rise today in support of H. Res. 344, which expresses the sense of the House of Representatives that a Chinese government acquisition of a critical United States energy company could impair our national security and therefore justifies a comprehensive review.

As a member of the Congressional China Caucus, I would like to commend Chairman POMBO for his hard work to ensure our country and its resources are protected.

The bid by the China National Offshore Oil Corporation (CNOOC), whose majority owner is the Chinese government, to acquire Unocal Corporation is China's first attempt to secure energy resources in the United States and must be thoroughly evaluated.

Unocal is one of America's leading independent natural gas and crude oil exploration and production companies. It is the country's ninth largest oil company, producing 159,000 barrels of oil and more than 1.5 billion cubic feet of natural gas per day.

The Chinese oil company's plan to buy California-based Unocal poses serious questions about national security. In addition, this acquisition could mean less energy for the United States.

In a free market economy, mergers and acquisitions are a common way to enter foreign

markets. However, China does not yet comprehend *laissez faire* economic principles. While our economy promotes competition for the sake of consumers, China's economy is easily influenced by political forces. As a state-owned corporation with ties to Chinese government leaders, I am worried that CNOOC's motivation is aligned to political and nationalistic goals. Specifically, I am troubled that CNOOC may use Unocal's technology to advance China's military.

As is evidenced by passage of the Energy Policy Act in the House and the Senate, I know that all Members of Congress understand the critical need to secure the future availability of energy resources for American consumers. I fear China is attempting to buy Unocal not as an investment, but to use the company's vast reserves, especially its natural gas fields, for its own benefit at the cost of the U.S. economy. For these reasons, Congress must ensure the Chinese company's bid is carefully reviewed by all of the relevant agencies.

I urge my colleagues to support this resolution to demonstrate that we will not let China damage our economy or compromise our national security through hostile acquisitions of oil and natural gas resources.

Mr. OXLEY. Mr. Speaker, I rise in strong support of the resolution authored by the gentleman from California concerning the bid by CNOOC Ltd. to purchase Unocal Corp.

Mr. Speaker, I remain fully committed to free and fair trade. However, I don't believe that this offer constitutes free and fair trade. The offer also could threaten our national security. This resolution would encourage immediate review of a merger agreement, which is authorized by the statute already, rather than waiting for bureaucratic processes to kick in. Acting quickly is important because national security reviews of proposed merger transactions often take months and can last over a year.

Mr. Speaker, a review of any Unocal merger agreement with CNOOC would be done by the Committee on Foreign Investment in the United States, known as CFIUS, which was created pursuant to language inserted into the Defense Production Act (DPA) nearly two decades ago. It is chaired by the Department of the Treasury and includes Commerce, Homeland Security, Defense, State, the U.S. Trade Representative and other parts of the government.

The DPA is solely in the jurisdiction of the Committee on Financial Services because it seeks to identify, stop or mitigate negative effects on the economy from our efforts to protect the Nation's security. As Chairman of the Committee of jurisdiction, I believe it is critically important that the Administration act quickly to review any merger agreement so that shareholders who would need to review potentially competing bids would have all relevant information at their disposal.

Mr. Speaker, the national security implications of a proposed merger between CNOOC and Unocal are unmistakable. China's appetite for energy is enormous. I agree with the gentleman from Ohio, Mr. NEY, that national security includes economic security here. It is important for CFIUS to review the possibility that the Chinese might divert from the United States all of Unocal's energy production to China to feed its energy appetites if a merger with Unocal were to be completed. I think we

can all agree that this would be a blow to the U.S. economy.

Please consider the following facts:

China's consumption of crude oil is expected to double within the next two decades.

World production of oil exceeds capacity by the smallest margin in decades.

China's need for energy is so great that electricity has been rationed to some factories, and the Chinese are reported to be investing in technology to "cook" low-quality coal into gasoline. This is costly, inefficient and has environmental problems.

China is the world's largest economy without a meaningful strategic petroleum reserve.

The U.S.-China Commission's 2004 Report to Congress indicated that China's strategy for securing oil supplies "is still focused on owning the import oil at the production point . . . The Chinese policy is to own the barrel that they import . . . to gain control of the oil at the source. Geopolitically, this could soon bring the United States and Chinese energy interests into conflict." The United States, in contrast, has a free market strategy "based on global market supply and pricing."

The same report indicates that China "plans to expand its strategic reserve to fifty to fifty-five days worth of oil imports by 2005 and sixty-eight to seventy days by 2010."

So, as today's Washington Post points out, it makes perfect sense that a majority-owned Chinese oil company seeks to acquire control of oil and gas production and reserves.

Make no mistake about it, Mr. Speaker, this offer comes from the Chinese government. CNOOC is 70 percent owned by the Chinese government. One quarter of the funding for its cash offer comes at no or minimal interest rates. If that is not a subsidy, Mr. Chairman, I do not know what a subsidy is. News reports indicate that more than \$5 billion of the Unocal offer is available at no interest—more than \$2 billion of the bid—or at 3.5 percent interest. These are not market rates.

I absolutely agree with a spokesman for China's Foreign Ministry, who is quoted in the Post article as saying: "We think that these commercial activities should not be interfered in or disturbed by political elements." By that I mean: without a Chinese government subsidy.

Mr. Speaker, I would like to add that I doubt whether the CNOOC proposal will result in a deal which would trigger CFIUS review. The Chevron offer will go to Unocal shareholders August 10. The Chevron offer now has all of the appropriate regulatory approval. The CNOOC offer comes late in the process and has not received any regulatory approvals to date. It is far from clear, even with the Chinese government subsidies, that the CNOOC bid would be competitive with the Chevron bid . . . but that is a decision for Unocal shareholders to make, not us.

Mr. Speaker, I urge immediate approval of this resolution and immediate review of any accepted CNOOC offer for Unocal.

As well, Mr. Speaker, I urge swift convening of a conference committee on a comprehensive energy bill for the United States, an adoption of the President's comprehensive energy program for the U.S. and swift adoption of the conference report.

Mr. NEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the mo-

tion offered by the gentleman from Ohio (Mr. NEY) that the House suspend the rules and agree to the resolution, H. Res. 344.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. NEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. NEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H. Res. 344.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXPRESSING THE GRAVE DISAPPROVAL OF THE HOUSE REGARDING MAJORITY OPINION OF SUPREME COURT IN KELO V. CITY OF NEW LONDON

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 340) expressing the grave disapproval of the House of Representatives regarding the majority opinion of the Supreme Court in the case of Kelo et al. v. City of New London et al. that nullifies the protections afforded private property owners in the Takings Clause of the Fifth Amendment.

The Clerk read as follows:

H. RES. 340

Whereas the takings clause of the fifth amendment states "nor shall private property be taken for public use, without just compensation";

Whereas upon adoption, the 14th amendment extended the application of the fifth amendment to each and every State and local government;

Whereas the takings clause of the 5th amendment has historically been interpreted and applied by the Supreme Court to be conditioned upon the necessity that Government assumption of private property through eminent domain must be for the public use and requires just compensation;

Whereas the opinion of the majority in Kelo et al. v. City of New London et al. renders the public use provision in the Takings Clause of the fifth amendment without meaning;

Whereas the opinion of the majority in Kelo et al. v. City of New London et al. justifies the forfeiture of a person's private property through eminent domain for the sole benefit of another private person;

Whereas the dissenting opinion upholds the historical interpretation of the takings clause and affirms that "the public use requirement imposes a more basic limitation upon government, circumscribing the very scope of the eminent domain power: Govern-

ment may compel an individual to forfeit her property for the public's use, but not for the benefit of another private person";

Whereas the dissenting opinion in Kelo et al. v. City of New London et al. holds that the "standard this Court has adopted for the Public Use Clause is therefore deeply perverse" and the beneficiaries of this decision are "likely to be those citizens with disproportionate influence and power in the political process, including large corporations and development firms" and "the government now has license to transfer property from those with fewer resources to those with more"; and

Whereas all levels of government have a Constitutional responsibility and a moral obligation to always defend the property rights of individuals and to only execute its power of eminent domain for the good of public use and contingent upon the just compensation to the individual property owner: Now, therefore, be it

Resolved, That—

(1) the House of Representatives—

(A) disagrees with the majority opinion in Kelo et al. v. City of New London et al. and its holdings that effectively negate the public use requirement of the takings clause; and

(B) agrees with the dissenting opinion in Kelo et al. v. City of New London et al. in its upholding of the historical interpretation of the takings clause and its deference to the rights of individuals and their property; and

(2) it is the sense of the House of Representatives that—

(A) State and local governments should only execute the power of eminent domain for those purposes that serve the public good in accordance with the fifth amendment;

(B) State and local governments must always justly compensate those individuals whose property is assumed through eminent domain in accordance with the fifth amendment;

(C) any execution of eminent domain by State and local government that does not comply with subparagraphs (A) and (B) constitutes an abuse of government power and an usurpation of the individual property rights as defined in the fifth amendment;

(D) eminent domain should never be used to advantage one private party over another;

(E) no State nor local government should construe the holdings of Kelo et al. v. City of New London et al. as justification to abuse the power of eminent domain; and

(F) Congress maintains the prerogative and reserves the right to address through legislation any abuses of eminent domain by State and local government in light of the ruling in Kelo et al. v. City of New London et al.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from Michigan (Mr. CONYERS) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H. Res. 340.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.