

WASHINGTON - U.S. Rep. Spencer Bachus (R-AL) is urging President Clinton to block a Chinese oil company's plan to raise money in the U.S. by listing its shares on the New York Stock Exchange.

Bachus has been warning for months that American investors may be unwittingly underwriting military and espionage activities of foreign governments through their investments in foreign entities. Last summer, Bachus introduced legislation to strengthen reporting and disclosure requirements of all foreign governments and government-controlled firms seeking to raise money on U.S. capital markets.

Now, Bachus is writing President Clinton asking him to use his broad executive authority to prevent the state-owned China National Petroleum Corp. (CNPC), or its subsidiary PetroChina Co., from making an initial public offering (IPO) of stocks. "Given CNPC's track record, it seems likely that, in purchasing these securities, American investors will unwittingly be underwriting activities that contravene official U.S. policy and its widely held principles and values," Bachus writes in his letter to the President.

Bachus warns that some of the IPO proceeds could be diverted to the government of Sudan, which is waging a brutal war against Christians and other minorities in the southern region of that country. The U.S. has placed economic sanctions on Sudan for its support of terrorism and for its record of human rights abuses. "Today, a massive stock offering that will fund oil and development activities in Sudan, in violation of U.S. policy, is about to occur unless you take action," Bachus writes in his letter to the President.

CNPC is China's largest oil company and has investments in Sudan. It helped build a 1,000-mile pipeline last year that now allows the Sudanese government to earn several hundred million dollars annually in oil exports to help prosecute the war. Through its subsidiary PetroChina, the company hopes to raise between \$5 billion and \$7 billion in new capital on the New York Stock Exchange. Even after the IPO, the Chinese government will still hold 90 percent of PetroChina's stock.

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A copy of Bachus's letter to President Clinton

The Honorable William J. Clinton
President of the United States

Dear Mr. President:

In the 1980's, Americans protested South Africa's odious apartheid policy. In that instance, pension funds, mutual funds, and other institutional and private investors realized they had the power to effect positive change in the policies and practices of the South African regime through their purchasing and divestment decisions. Today, a massive stock offering that will fund oil and development activities in Sudan, in violation of U.S. policy, is about to occur unless you take action.

PetroChina is China's most significant oil concern and is primarily owned jointly by the People's Republic of China and its largest state-owned energy enterprise, China National Petroleum Company (CNPC). CNPC is currently engaged, or preparing to engage, in oil exploration and development activities in Sudan in violation of official U.S. policy.

In the coming weeks PetroChina hopes to bring a \$5-7 billion Initial Public Offering to market on the New York Stock Exchange, ostensibly to raise funds for its domestic energy development activities. A large percentage of the proceeds raised by this IPO will undoubtedly be secured from America's public and private investment funds. Given CNPC's track record, it seems likely that, in purchasing these securities, American investors will unwittingly be underwriting activities that contravene official U.S. policy and its widely held principles and values.

A brief review of the troubled history of this listing should immediately raise a red flag of concern. CNPC initially sought to list on the NYSE but its proposed IPO met with legitimate criticism on the basis that monies raised in this country would likely be diverted, at least in part, to the Khartoum regime in Sudan. CNPC owns a 40% stake in Sudan's Greater Nile Petroleum

Operating Company. The link between the revenues generated by CNPC and the Khartoum regime's ability to increase the intensity and lethality of its civil war is a matter of record.

Failing in its first attempt, CNPC last month established the subsidiary PetroChina in order for it to move forward with a listing on the NYSE. PetroChina claimed that this IPO's \$5 - 7 billion in proceeds would be directed to oil and gas development in China. Assuming the veracity of this disclosure, these efforts would pose a direct threat to the population, resources and fragile environment of the Tibetan Plateau.

Last year, the United States vigorously opposed a similarly located World Bank project because of its implications for the Tibetan people and their lands. That project raised serious concerns with regard to the relocation of Chinese onto the Tibetan Plateau as well as how Tibetan concerns could properly be integrated into the project. U. S. opposition to this Bank project was broadly supported in Congress because it reflected American intolerance of China's continuing oppression and exploitation of the Tibetan people.

While we fully support the free flow of capital into and out of this country's debt and equity markets, we nevertheless believe that raising capital from the U.S. investor community to help underwrite the ravaging of Tibet's natural resources is no more acceptable than the prospect of aiding the Sudanese government's genocidal civil war. Accordingly, we request that you use your authority to block any IPO brought to the U.S. capital markets by CNPC, and/or PetroChina, until an acceptable use of the proceeds therefrom has been assured.

Sincerely,

/s/ Spencer Bachus

ember of Congress

/s/ Dennis Kucinich

Member of Congress