

ASIA PACIFIC

POINTS OF VIEW

OPINION PANEL

PRESENTED

BY:

Asia Pacific
Foundation
of Canada

Fondation
Asie Pacifique
du Canada



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CATHAY PACIFIC

Assessing Canada-Asia Energy Relations



Introduction

In the last 18 months, federal and provincial governments have enacted new policies and signed new agreements that have changed the parameters of the Canada-Asia energy relationship. Some of these include:

- The federal government's approval of the CNOOC/Nexen and Petronas/Progress acquisitions
- Clarification of guidelines for foreign direct investment into Canada by state-owned enterprises
- Canada-China FIPA and Canada-China Economic Complementarities Study
- Nuclear trade agreement with India
- Changes to the Canadian Environmental Assessment Act

Many of these developments have sparked fierce debates in Canada. Against this background, the Asia Pacific Foundation of Canada asked its opinion panel of Asia practitioners to assess the current state of Canada's energy relations with Asia.

Research Methodology

Points of View Asia Pacific is an opinion panel of the Asia Pacific Foundation of Canada. It comprises 1083 individuals who are engaged in Asia through their professional, research, or personal interests. More than 80% of panelists have business or professional interests in Asia, and 70% have worked in Asia. As members, these individuals have consented to receive invitations to participate in ongoing APF Canada surveys on issues related to Canada-Asia relations.

Data collection occurred between March 8 and March 21, 2013. A total of 243 completed the survey questionnaire in whole or in part – a 22% response rate. Invitations were sent to opinion panel members through a “closed link” using Vision Critical.

The final sample was not weighted in any fashion, given that there are no available aggregate statistics against which to compare our sample parameters.

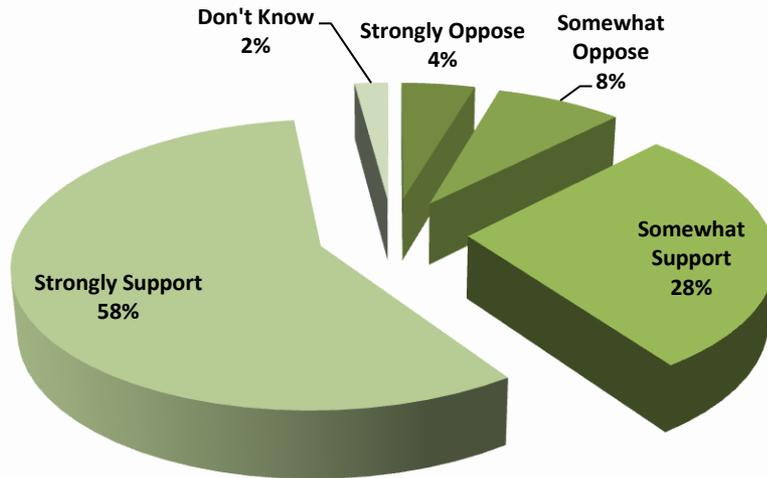
Statistical margins of error are not applicable to online surveys, but this poll of 243 Points of View Asia Pacific opinion panelists has a credibility interval of plus or minus 6.3 percentage points.



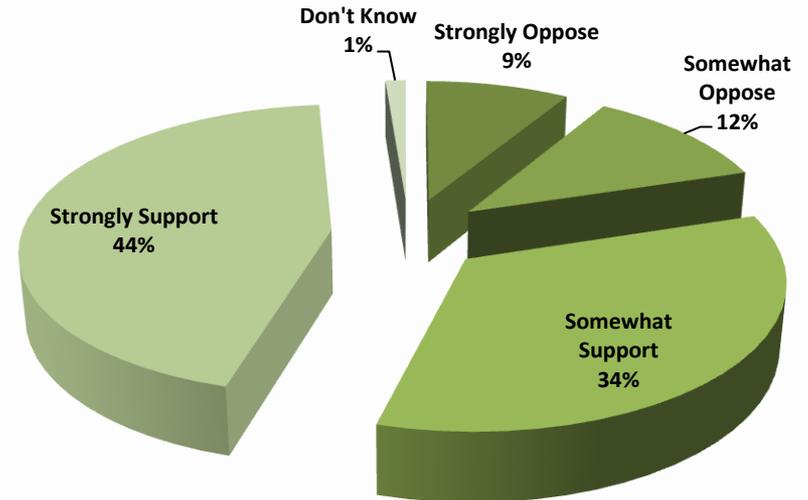
Support for exporting energy to Asia?

- ❖ Asia practitioners in Canada support the export of Canadian oil and gas to Asia.
- ❖ The export of natural gas receives a greater level of support than the export of oil (86% vs. 78%).

Transportation of natural gas to BC coast for export to Asia



Transportation of oil to BC coast for export to Asia





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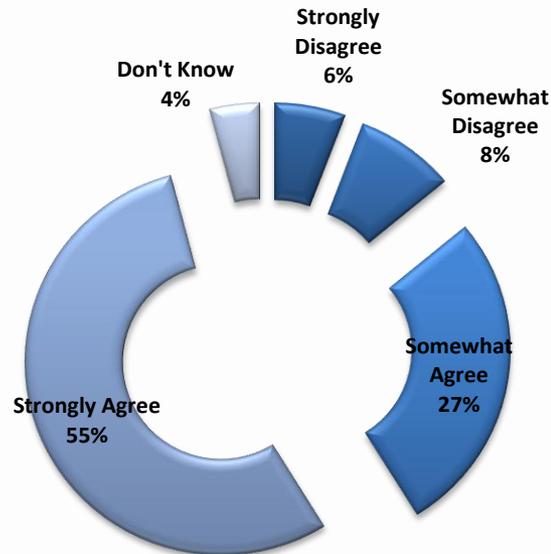
Support for exporting energy to Asia extends beyond oil and gas

- ❖ Asia practitioners strongly support government actions to promote in Asia Canada's nuclear, clean tech and renewable energy assets.
- ❖ A solid majority (68%) believe that the federal government should prioritize clean tech and renewable energy over oil and gas, when promoting Canada's natural resources in Asia.
- ❖ 61% agree that the Government of Canada should take steps to help Canadian companies export uranium and equipment to Asia for the purpose of helping Asian countries develop nuclear energy.

3

Canada needs to act NOW to sell energy to Asia

Canada needs to act now to sell energy resources to Asia

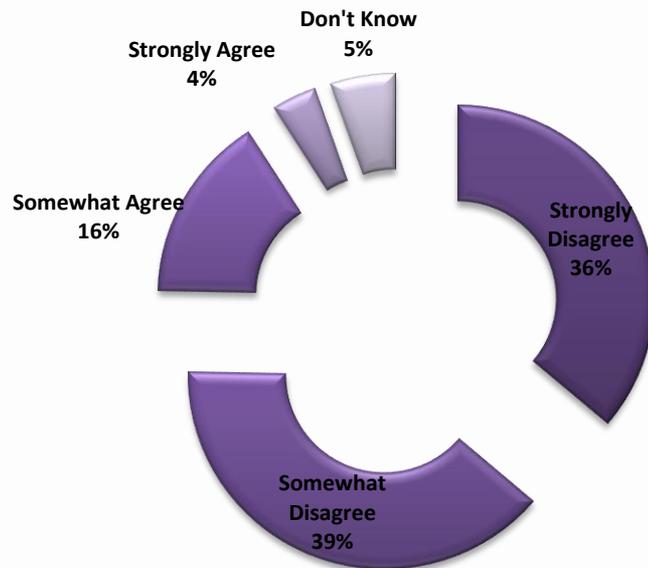


❖ Asia practitioners in Canada overwhelmingly agree (82%) that Canada needs to act now to take advantage of Asian countries' need for energy resources. A majority (55%) strongly agree with this statement.

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Selling Canadian energy to Asia will not jeopardize Canada's relationship with the United States

Advancing the sale of Canadian energy to Asia too quickly will jeopardize our relationship with the U.S.



❖ A large majority of respondents (75%) do not believe that selling Canadian energy to Asia too quickly will jeopardize Canada's relationship with the United States.



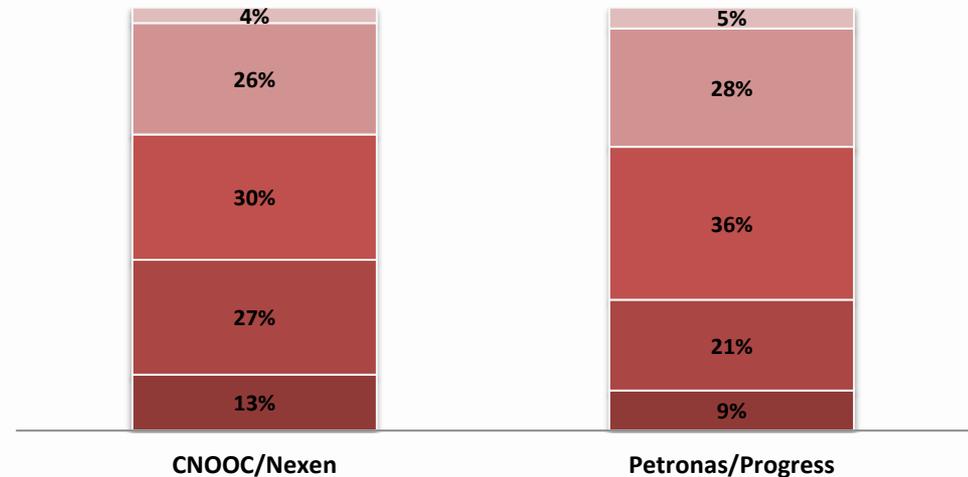
5 Stronger support for the Petronas/Progress acquisition than for CNOOC/Nexen

❖ In December 2012, the Government of Canada approved two significant purchases of Canadian energy companies by Asian state-owned enterprises: Nexen Inc. by the Chinese National Offshore Oil Company (CNOOC) and Progress Energy Resources Corp. by Petronas, Malaysia's national energy company.

❖ The majority of Asia practitioners felt that both acquisitions were in Canada's interest. However, respondents expressed greater support (64%) for the acquisition by Petronas than for the CNOOC deal (56%).

Do you agree or disagree that the federal government's decisions to allow the CNOOC/Nexen and Petronas/Progress deals were in Canada's interest?

■ Strongly Disagree ■ Somewhat Disagree ■ Somewhat Agree
■ Strongly Agree ■ Don't Know





Strong support for limiting oil sands acquisitions by foreign state-owned enterprises

❖ In December 2012, new Government of Canada guidelines stated that the acquisition of a controlling stake in an oil sands company by a foreign state-owned enterprise (SOEs) would be approved only under “exceptional circumstances.”

❖ The vast majority of Asia practitioners (74%) agreed with this decision.

❖ 70% of respondents said that they had no problem with a privately-owned Asian company (rather than a state-owned one) acquiring a majority stake in a Canadian oil sands company.

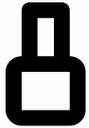
❖ Investment by SOEs in the oil sands appears to be a particularly sensitive issue for respondents. While 74% support restrictions on foreign SOE purchases of oil sands assets, only 56% of respondents support federal legislation preventing Asian SOEs from acquiring majority stakes in Canadian energy companies in general.



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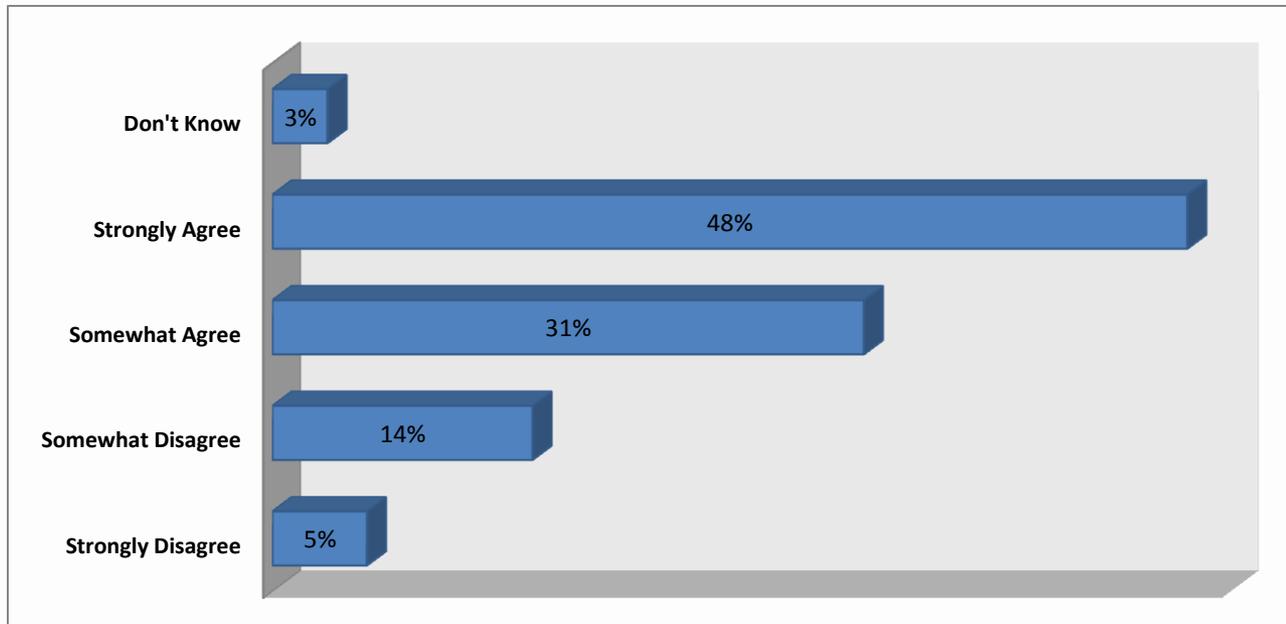
Transporting oil and gas to Asia: environmental risks do not outweigh economic benefits

- ❖ For most Asia practitioners (57%), potential environmental risks associated with transporting oil and gas to Asia do not outweigh potential economic benefits, such as jobs and economic development.
- ❖ Asia practitioners are less convinced of arguments that the contribution corporate taxes from oil and gas companies make to public services outweighs environmental risks. A slim majority (51%) agree with this position.



The Government of BC should be financially compensated for the environmental risks that accompany the building and operation of oil and gas pipelines across its territory

❖ The vast majority of Asia practitioners (79%) feel that the Government of British Columbia should be financially compensated for these environmental risks.

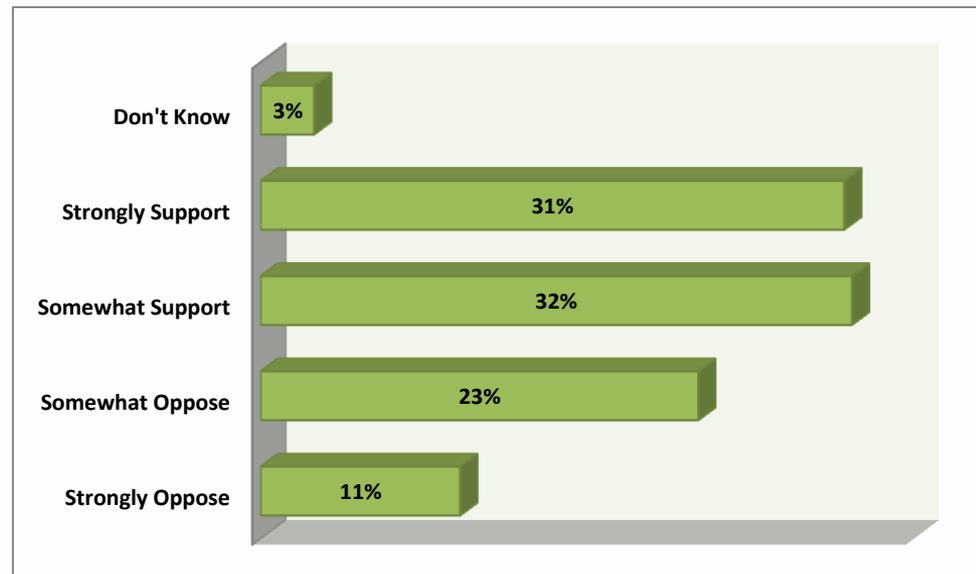




Support for requiring approval of affected First Nations communities

❖ A majority of Asia practitioners (63%) believes that the federal government should not allow the development of energy resources for export to Asia without first obtaining the approval of affected First Nations communities.

Q: Do you agree or disagree with the federal government not allowing the development of energy resources for export to Asia without the approval of affected First Nations communities.





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Canada should help Asian countries reduce greenhouse emissions

❖ Asia practitioners believe that Canada has a responsibility to help Asian countries reduce their greenhouse gas emissions; fully 74% hold this view, with 41% of respondents stating that they “strongly agree” with this position.

Canada has a responsibility to help Asian countries reduce their greenhouse gas emissions

