

## Execs talk Canada-China trade as report finds huge investment potential

By Colin Perkel (CP) – 21 hours ago

TORONTO — Canada has the potential to attract billions of dollars in investment from Chinese companies who are still taking baby steps abroad, according to a report released as business executives from the two countries met Tuesday to discuss bilateral trade.

The report by the Asia Pacific Foundation of Canada concludes that the outward investment of Chinese companies is "still in its infancy" and its scale, while relatively small, is growing.

"Chinese companies perceive Canada as one of the most open economies in the world," the report states.

In recent years, Chinese companies have sought to buy into Canada's resources sector, especially mining and energy, in a bid to lock in future supplies of oil and key metals for its booming economy.

At a downtown Toronto hotel, more than 200 Canadian and another 159 Chinese executives mingled and listened to presentations about Sino-Canadian trade at the third Canada-China business forum.

"We need to get to know one another better," said former international trade minister Pierre Pettigrew, now an adviser with consulting firm Deloitte.

Pettigrew noted that China pays a lot of attention to the United States, less so to Canada, so it's important the Chinese understand how well its financial institutions have withstood the economic crisis.

At the same time, despite making some progress, the Chinese government has to do more to live up to the country's international trade commitments, Pettigrew said.

Jerome Darder, who is in strategy and business development with Montreal-based aircraft and train maker Bombardier Inc. (TSX:BBD.B), said doing business in China has improved since the Asian country joined the World Trade Organization but ever-changing regulatory obstacles remain in place.

"It's becoming easier, that doesn't mean it's easy, but it's easier," he said.

Darder stressed the importance of intergovernmental ties between Canada and China, saying Ottawa has to be engaged to foster a positive trade and business climate.

"We can build all the relationships we want with our partners in China, but if there is nothing strong at the political level that would be a problem," Darder said.

The foundation's report echoed those sentiments.

"The policy environment is as important, if not more so, than the business environment in encouraging investment from China," the report states.

Solomon Cai, the Shanghai-based CEO of Globelink China Logistics Ltd., said he believed the two governments have a good understanding.

Canada's relative resilience to the economic slump has not escaped the attention of Chinese businesses, who normally pay more heed to the much larger markets of Europe and the U.S., Cai said at the business forum.

"This is still a very strong and big market as an individual country," he said.

The report by the Asia Pacific Foundation says the \$1.7-billion deal between China Investment Corp. and Vancouver-based zinc, copper and coal miner Teck Resources (TSX:TCK.B) in July likely marked the beginning of a new Chinese "investment wave" in Canada.

More recently, Athabasca Oil Sands Corp. announced a joint-venture agreement with PetroChina that would see the Chinese company acquire a 60 per cent interest in two oilsands properties in northern Alberta for \$1.9 billion.

However, the Investment Canada Act requires a review any time a Canadian company with assets of more than \$312 million is purchased. The legislation was amended this spring to include a national security test as well.

Prime Minister Stephen Harper recently said Ottawa would not throw up further barriers given the importance of restoring private investment in light of the global recession.

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