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Nexen: We shouldn't allow foreign control of any Canadian business



By David Kilgour | David vs. David - Fri, 17 Aug, 2012

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The proposed buy-out of Nexen Inc., Canada's sixth largest oil company, for \$15.1 billion by the government-owned China National Offshore Oil Corporation (CNOOC) obliges the Harper government to decide whether or not to approve the purchase under the undefined "net benefit" and "national security" tests in the Investment Canada Act. Here are some concerns:

The Economist makes important points about the functioning of China's model of state capitalism (21 Jan. 12), including:

The Chinese party-state is the largest shareholder in the country's 150 largest companies and directs thousands of others ... A culture of corruption permeates China's economy today, with Transparency International ranking it far down its list at 75th place on its perceived corruption index for 2011.

The magazine quotes a central bank of China estimate that, between the mid-1990s and 2008, 16,000-18,000 Chinese officials and executives of state-owned companies "made off with a total of \$123 billion" and concludes, "By turning companies into organs of the government, state capitalism simultaneously concentrates power and corrupts it."

The Party, published in 2010 by Richard McGregor, former China bureau chief for the Financial Times, documents the Communist party's continuing grip on the government, courts, media and military. Among the book's conclusions:

Top leaders adhere to Marxism in their public statements, even as they depend on a ruthless private sector to create jobs. The Party preaches equality, while presiding over



The prime minister says Canadians shouldn't jump to conclusions about the Chinese bid for oil and gas company Nexen. ...

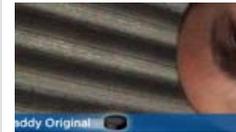
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incomes as unequal as anywhere in Asia ... [It] has eradicated or emasculated political rivals; eliminated the autonomy of the courts and press; restricted religion and civil society; denigrated rival versions of nationhood; centralized political power; established extensive networks of security police; and dispatched dissidents to labor camps.

The takeover of Nexen by CNOOC would constitute its nationalization by the party-state in Beijing. CNOOC is controlled by its parent, China National Offshore Oil, which is wholly owned by the government of China. It is a self-serving error for advocates of the buy-out to term it a commercial transaction. A similar offer was made by CNOOC for Unocal Oil of California in 2005, but was halted in the face of strong opposition in Congress and by American public opinion. China Minmetals began a run the same year at Noranda, then Canada's largest mining enterprise, but abandoned it when Canadians became aware that Minmetals was a branch of the mines department of the Beijing government.

[**David Jones: China is not yet a viable business partner**]

The board chair of CNOOC, Wang Yilin, is also the secretary of CNOOC 's party committee. Charles Burton, the academic and former Canadian diplomat in Beijing, explains:

CNOOC's party committee has a party discipline inspection group whose head, Zhang Jianwei, is also a senior member of the CNOOC board. Mr. Zhang's job is to make sure that all the leaders of Nexen comply with the secret directives of the party leadership in Beijing. Woe betide those who don't follow the party's will for CNOOC ... CNOOC is a function of the Chinese party-state, and it is difficult to believe this will all go the way CNOOC, its Canadian lawyers, PR agencies and 'pro-China' Canadian supporters say it will — at least, not by what we know of how the Chinese Communist Party operates domestically. What the party claims are its practices and what it actually does under the cloak of secrecy are rarely the same. Nasty and deceitful and dishonest things go on, and Beijing sees this as justified by the greater good of 'the sacred mission' of China's comprehensive rise to power under the leadership of the Communist political and business elite.

The conduct of Chinese state-owned enterprises (SOEs) globally is outrageous. When the China National Petroleum Corporation took a stake in Sudan's oil fields in 1996, Beijing backed the al-Bashir regime in Khartoum, allegedly selling it arms and providing diplomatic cover at the UN Security Council. Bashir and his agents were accused of committing systematic atrocities in south Sudan and Darfur. Many Africans accuse Chinese resource companies of underbidding local firms and not hiring local residents. In Zambia, Chinese mining companies banned union activity and in two instances were charged with attempted murder after opening fire on local employees protesting work conditions.

In Canada, the SOE Sinopec flew 150 Chinese workers into Alberta in 2007 to build a storage tank on an oil project. Two were killed and two were injured when the tank roof collapsed. When the Alberta government laid charges against Sinopec for failing to protect its workers, Sinopec's construction company denied that it had a presence in Canada. Major national corporations are effectively above the law in China and routinely ignore safety, environmental, and employment legislation with impunity. They will demonstrate no more respect for the rule of law in Canada than they do in China and will act always as agents of the party-state that controls them.

Beijing would not for a moment allow a foreign company or government to buy control of one of its natural resource companies. Prime Minister Harper should block the proposed takeover and make it clear that any state-owned enterprise, regardless of national origin, will be limited to a minority share-holding in any Canadian business.

(Photo courtesy Canadian Press)

 [Nexen: China is not yet a country Canadian firms should partner with](#)

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Stephan • Delta, British Columbia • 3 days ago

I have yet to see any evidence whatsoever that The Harper Government is either familiar with the concept of evidence-driven policy decisions, or that they have any grasp of what constitutes ethical behaviour, never mind grasp that ethical concerns ought to be an essential component of policy. For Harper, pitchman for Big Oil, whose money bought him the highest office in our land, the primary principle behind any decision must be that the interests of Big Oil come first.



Jim Matho 2 days 11 hours ago

stephan.....concerned is brain damaged,....i have no idea what he posted as i already told him,....i stop even reading them,no point,he collects thumbs down.....he's a dipshitt,waste of skin



Stephan 2 days 12 hours ago

Concerned: You have a personal history with Matho, some kind of spillover from the schoolyard? Globalist bankster marketeers profiteers corporatists ... whatever ... if you don't see it, there is no 'proof' that anyone can offer you; it's a matter of putting 1 & 1 together. As for the way people use language these days, it seems that anything goes. I read in today's Vancouver Sun: "incentivized." Motivated and energized by pennies, I guess.



Concerned British Columbi ... 2 days 18 hours ago

HUH? ... is dipshitt Jim Matho "for real", as he puts it in his past school-girlish cliché? His worthless comments are not worth being commented on by real and true "critical thinkers" rightly critical of his unoriginal, imitative stereotype about so-called "banksters" (of whom he cannot name 34 or even 11). LOL and reLOL.

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Ccsductclean... • Mississauga, Ontario • 3 days ago

Short term gain for a long term pain Do not sell



Zibazef • 3 days ago

A good example of no foreign ownership are the following news items, Vale Falconbridge, lock out and wanting employees to take wage reduction and new pension rules, Vale SA in Saskatchewan an announcement today states that this company has put a hold on an over 3 B dollar potash facility. How much money did this company get from the Federal and Provincial governments, the city of Regina had some kind of recycled water deal with Vale SA . So now what? Homes and apartments are being built to accomodate 1500 to 2000 workers. No No foreign ownership.



David G. 2 days 20 hours ago

How about the \$5 million given to Caterpillar (ElectroMotive Diesel) in London a few years back - and then they turn around, fire all 400 workers and remove the equipment to a scab plant in Indiana.



I donotloveco... 3 days ago

Sell it to the Americans, if they will have some monies left. but do we want to ugly,aggressive American's \$\$\$ after QE3 & QE4. Or try to sell it to the Russian or Arabs....we are running out of venture capitals & technologies. There are successful joint venture stories; why pick on the bad ones to discourage foreign investments which have made Canada better place than Europe & USA. Leaving it to hard-working & educated foreign companies trying to prove themselves in foreign lands; is way better than selling to our N. American CEOs who have taken the system for granted for years. Be positive with change in world economy, and let the government comes up with responsibility accounting & proper security control. Let the money & technology pour in for future financial stability....can we count on the Americans or Europeans like after WW2? Any developed countries is wooing for foreign investments; can we afford to turn them away for "pride & prejudice"?



Steve M 3 days ago

And let's not forget all of the incentives that US Steel was given when it bought out Stelco, and then turned around and closed down the steel mills they were supposed to keep open as part of the agreement.



Environmentalist • Lumsden, Newfoundland and Labrador • 3 days ago

This article certainly gives one food for thought. I never did think it was a good idea - we are selling our natural resources down the tube and we may not even profit from it! Just Canadians being what we are known for - easy marks!



Dale • Kelowna, British Columbia • 3 days ago

Here the world is condemning "Regimes" throughout the world for crimes against humanity, civil rights and so on. We all see how brutal China is and how it cracks down on its citizens, China has a very poor civil rights record (being communist and all) but yet we buy their products, ship our jobs over there, just plain feed the communist machine. China has vetoed resolutions to try and end the Syrian conflict, supplied weapons to some of these regimes and yet we still feed the communist machine. China has a very poor track record on environmental practices, supply the world with "tainted" products, and still we feed the communist machine. You get my point. China does not deserve to have a presence here in Canada. If this deal goes through I will be truly and utterly disgusted with my government.



Dale 2 days 19 hours ago

The difference is that Cuba at least looks after their citizens. They have one of the best health care systems. Based on prevention rather than reaction like us in North America. China is brutal to their citizens. Keeping them in poverty while the "politicians" live large. A little research on your part would be a good thing. Another ill informed Canadian about what actually goes on in this world.



Big Dog 3 days ago

But millions of Canadian go to CUBA another dictatorship what is the difference.



[Ekwensu](#) 3 days ago
@Dale

I share your sentiment, but the government doesn't care if you're disgusted with them, or not. Selling our interests will make them MILLIONAIRES living in cushy mansions and driving \$300,000 cars while our nation is raped by the Chinese.

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[Zoie](#) • 3 days ago

What the people of Canada need to do is buy more stuff from walmart, yes become a walmart wart so you can supply China with more hard currency so the Chinese military machine can buy up more of our natural resources. Who do you think ultimately controls those large Chinese corporations.

My hat is off to the creative and intelligent way the Chinese military has out smarted the Western governments economically. If it was not for weak minded corporate executives and like minded politicians and political bureaucrats mainly in the USA, this would not have happen.

China became the work shop of the world.



[Steve M](#) • [Guelph, Ontario](#) • 3 days ago

The real issue, is that no nation, especially one whose economy is increasingly dependent on resources, should ever allow foreign control of it's resources. It's just plain stupid.



[David G.](#) 2 days 20 hours ago

Steve, it's already too late. The US controls everything that isn't left for sale.



[Rolly](#) 3 days ago

Especially a nation like Canada, where only about half the population works, and 20% of those work fo one of many levels of government.



[Neophyte](#) • 3 days ago

Natural resources a priority to the government? They are already selling our water - so what won't they sell? Actually, these issues are priorities for them - but in service to external forces, and certainly not in the best interest of the Canadian public.



[Big Dog](#) 3 days ago

Sell water that is an out right lie ! Some bottled but not much of that...Some parts of the lower mainland like Abbotsford import water from Washington state and the GVRD sell a bit to Point Roberts but that is about it.



[Sethian](#) 3 days ago

I did not vote for them, next time Provincial and Federal NDP for me they can't be any worse than these other loogons. The only choice is no choice.



[Repugnant](#) • [Calgary, Alberta](#) • 3 days ago

All this means is do you want Canadian corruption or do you want Chinese corruption. All you fat cat corporatists and politicians walk hand in hand. You're all corrupt. You're all criminals. It's so obvious. Your wages have stood the test of time where as the average Canadian's wages have fallen by half. Stick it up where the sun doesn't shine.



[Andrew Williams](#) • [St Catharines, Ontario](#) • 3 days ago

... a little late ?

[Violet](#) • [Ottawa, Ontario](#) 3 days ago



If, Nexen said no foreign owner it means Stephen Harper won't do it.



K_t • 3 days ago

Totally agree about not selling out. But as always Canada really needs to not act like little butt kissing puppy who gets all excited over a little doggy treat. Its about time we be the lion with our lion's kill.



Elaine • 3 days ago

canadian resources should never be sold, furthermore, stop bringing in foreign workers, these jobs are not unwanted, and many canadians are pushed out of work and replaced by greedy corporations. engineering is a perfect example they bring in racist people from 3rd world countries and only hire same ethnic backgrounds when put in hiring positions



Mike W • Ottawa, Ontario • 2 days 17 hours ago

Under the Investment Canada Act, the test to obtain approval for a takeover is "net benefit" to Canada. Under the previous Foreign Investment Review Act, which the Tories abolished in 1985, the test was "significant benefit to Canada". The proposed Nexen takeover does not meet either test, in my opinion. If the deal goes ahead, Canada will get the pollution and the environmental destruction. China will get the oil and the profits.



Jgzeger • Kelowna, British Columbia • 3 days ago

If FIRA was still around, this wouldn't be happening.



Dorotheyvt • Ajax, Ontario • 3 days ago

We DO NOT need anymore foreign ownership in Canada,we need to be our own country!



John H • Calgary, Alberta • 3 days ago

a true test to see if heir harper is a true canadian or a true sellout



Charley • 3 days ago

Canadian values differ from those of the Chinese. Canada should be careful and not "sell out" to foreign interests that do not align with our democratic values.



Richard C. • Ottawa, Ontario • 3 days ago

Canada is already dominated by U.S. multinationals; without which Ontario would look like north New Brunswick (no offense); the point is how to exploit our resources as a small player on the global scene.



Kisimiass • Barrie, Ontario • 3 days ago

uhhh.... what about the 407 toll highway?

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