

Abacus Data conducted a nationwide survey on behalf of Teck Resources – Canada’s largest diversified resource development company and a significant Canadian exporter. The focus of the study was Canadians’ views of Canada’s relationship with China, with an emphasis on trade, including their preferences for that relationship going forward. This release highlights the key findings of this study.

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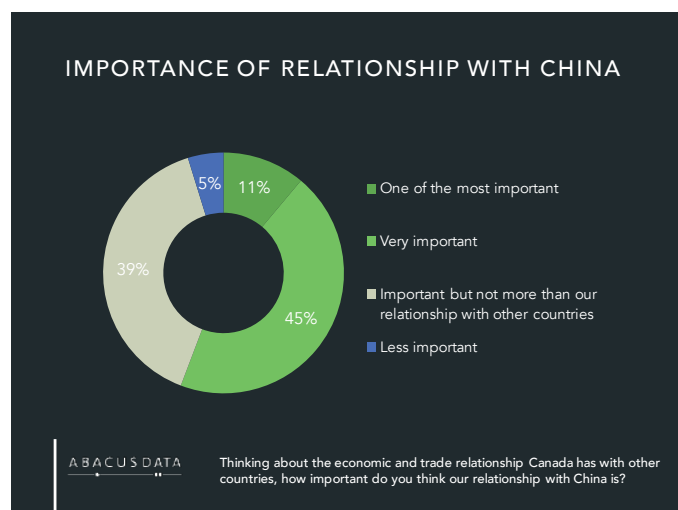
The Canada-China Relationship

BY BRUCE ANDERSON

IMPORTANCE OF THE RELATIONSHIP

Canadians have grown more aware of our economic relationship with China, and today a majority (56%) consider it to be very important to Canada (11%), or one of the most important (45%) relationships. Another 39% say it is important but not more than our relationship with other countries.

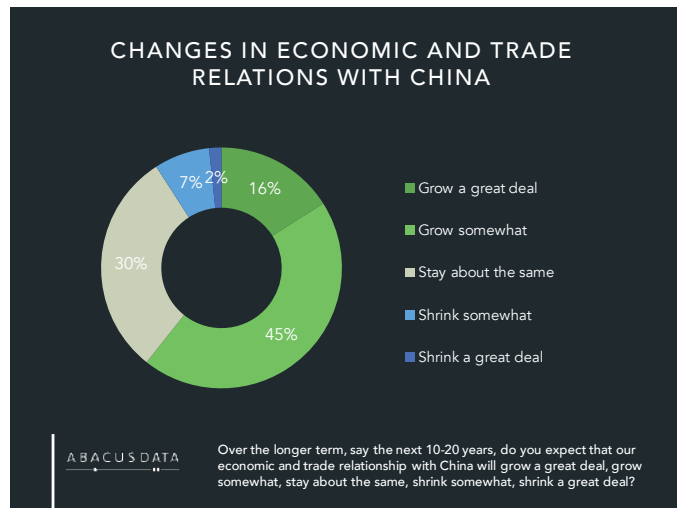
There are few differences based on where in Canada someone lives, interest in the Chinese relationship spans the country. There is an important relationship with age: the younger you are, the more likely you are to see the relationship with China as very important for Canada.



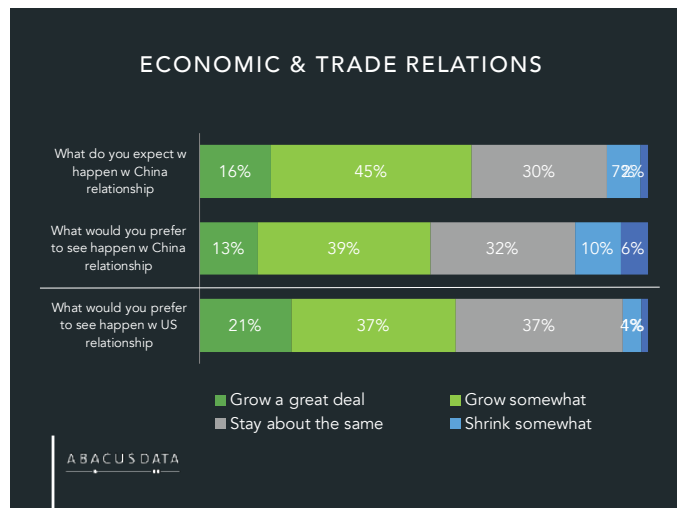
FUTURE OF THE RELATIONSHIP

A solid majority (61%) expect the economic and trade relationship with China will grow larger over the next 10-20 years, while only 9% say it is likely to decline.

Far more people would rather see the economic and trade relationship with Canada grow (52% than would like to see it shrink (16%). One in three (32%) would like it to remain about the same size.



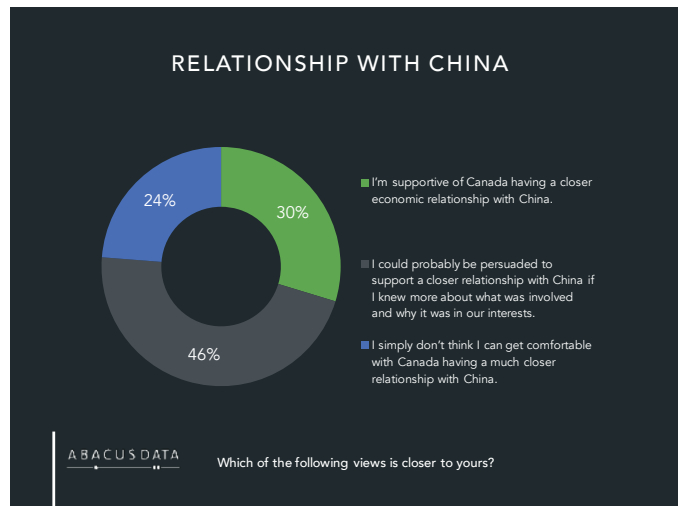
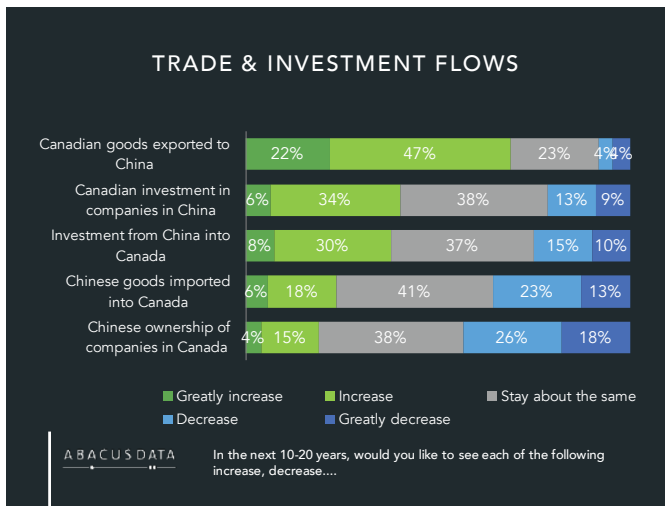
To put this in context, we asked the same question about desire for the future of the relationship with the US. The number hoping to see an expansion of the relationship with the US was only slightly higher (58%).



As is normally the case with public opinion about trade relationships, Canadians are more enthusiastic about increasing exports to China (69% would like to see an increase) than about increasing imports from China (24% would like to see an increase.)

When it comes to investment flows: 38% would like to see increased investment from China into Canada and an almost identical 40% would like to see increased investment in China from Canada. Few are looking to see a decline in investment flows either way.

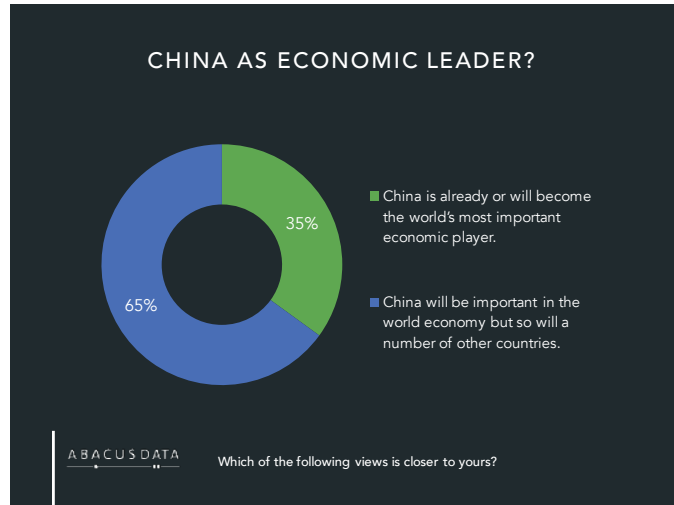
When it comes to Chinese ownership of Canadian companies, opinion is more mixed: while 38% would like to see no change, 19% favour an increase, and 44% would prefer a decline.



Overall, 30% say they are supportive of Canada having a closer relationship with China, while 24% say they don't think they "can get comfortable with Canada having a much closer relationship with China". The rest – the plurality – occupy a middle position "I could probably be persuaded to support a closer relationship with China if I knew more about what was involved and why it was in our interests". (46%)

THE ROLE OF CHINA IN THE WORLD ECONOMY

One in three Canadians (35%) say “China is already or will become the world’s most important economic player”, while a majority feel “China will be important in the world economy but so will a number of other countries. (65%)



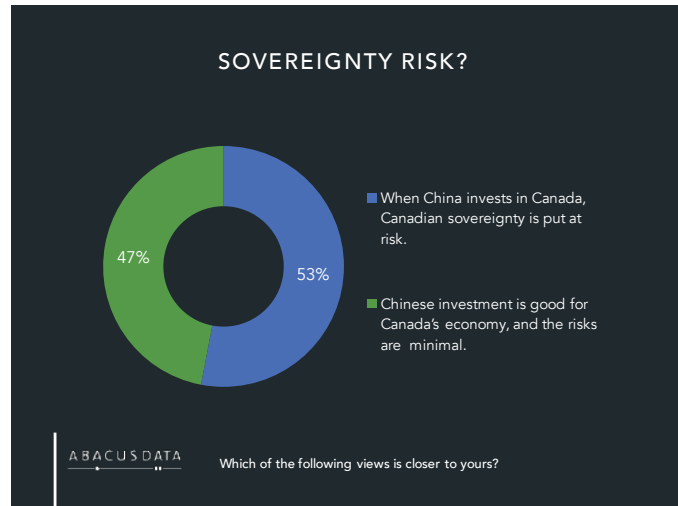
TRUST IN CHINA?

While the Chinese system of government and economy is different from that of Canada, most Canadians do not feel there is a major trust barrier in terms of dealing with China. 21% say China can be a trusted economic partner for Canada, another 51% say it can be trusted as much as any other country. Only 28% say China cannot be trusted as an economic partner.



CANADIAN SOVEREIGNTY RISK?

A fair number of people sense that Chinese investment in Canada can involve some risk to Canadian sovereignty. 53% say that “when China invests in Canada, Canadian sovereignty is put at risk” while 47% say “Chinese investment is good for Canada’s economy and the risks are minimal”.



FREE TRADE WITH CHINA?

Canadians are evenly divided on whether free trade with China would be good or bad for Canada. Younger people and those on the right are more positive than older people and those on the left but the differences are not huge.

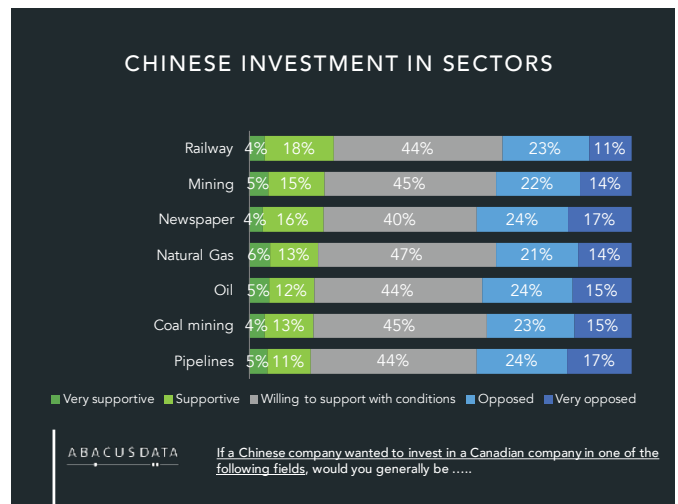
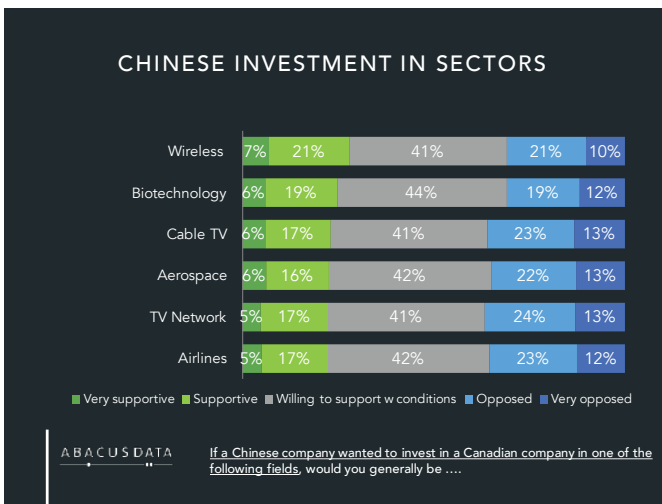


Historically, Canadians have been reticent about embracing the idea of free trade as an article of faith – they tend to want to be reassured that Canada has at least as much opportunity as it has risk. Over time, comfort levels with Canada-US Free Trade and NAFTA strengthened.

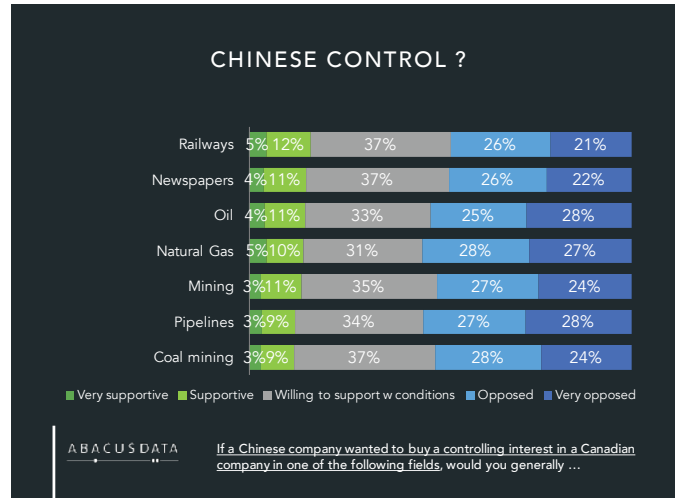
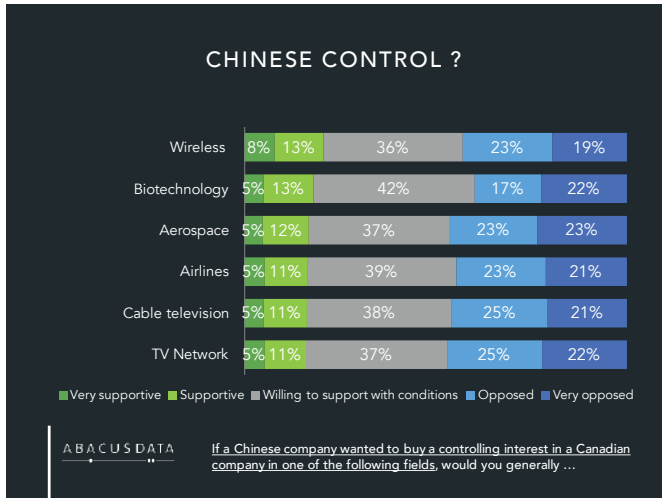
CANADIAN INVESTMENT & CHINESE CONTROLLED ENTERPRISES IN DIFFERENT SECTORS IN CANADA

We explored how Canadians felt about the potential for increased Chinese investment in different sectors of the economy, from airlines to biotechnology. The majority support or are “willing to support with conditions” greater Chinese investments across all sectors tested. Between 31-41% would oppose more Chinese investment in any of the 13 sectors tested.

Resistance to Chinese investment is slightly higher in respect of the oil, pipeline and newspaper sectors, and slightly lower in the wireless, biotechnology, aerospace, cable TV, natural gas, and airlines sectors.



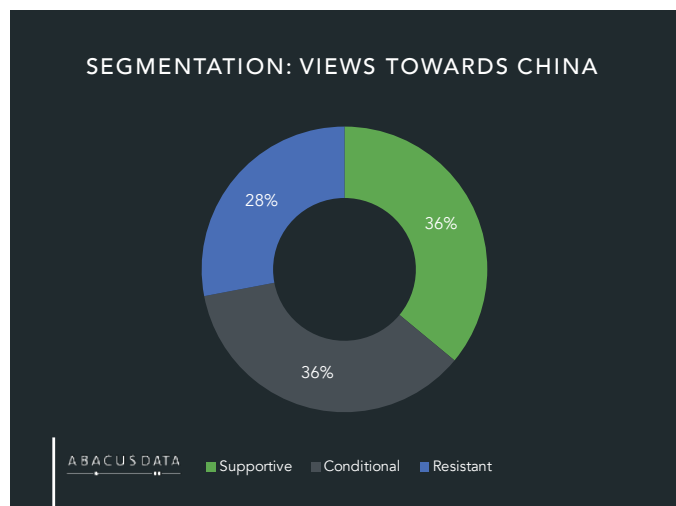
We also probed how people would feel if the investments amounted to “control” of Canadian firms by Chinese owners. The result is that opposition rises, to a range of 37% in the case of railways to 55% in the case of oil, gas, and pipeline companies.



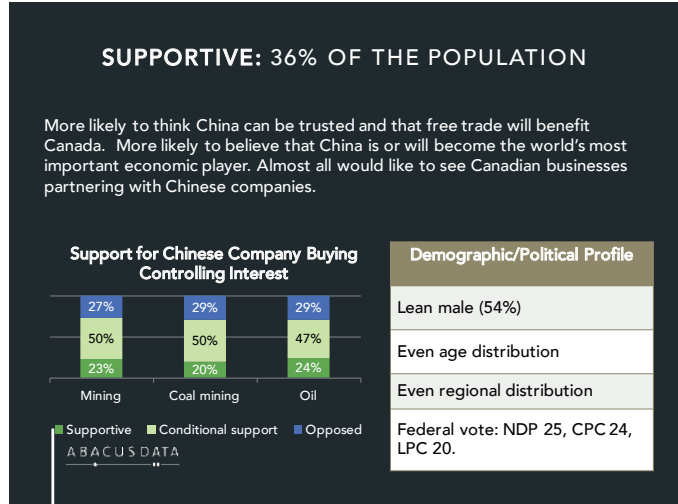
SEGMENTATION

When we step back from individual questions and look at patterns of responses, it is possible to identify three different segments in Canadian public opinion when it comes to our economic relationship with China.

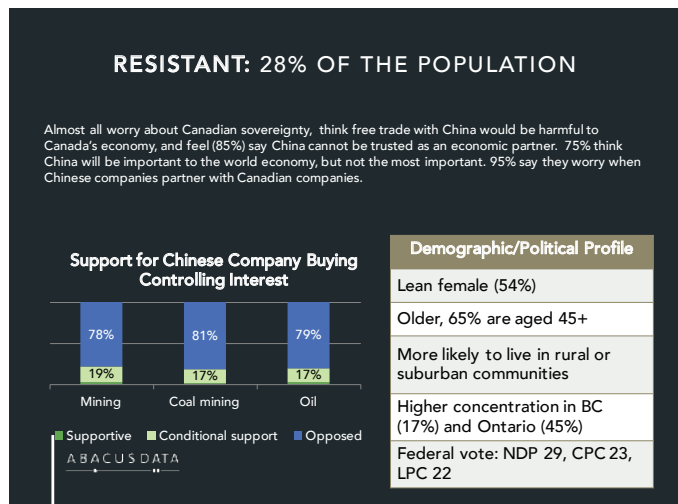
Just over a third (36%) are supportive, just over a quarter (28%) are generally opposed to a closer relationship and the rest could best be described as conditionally supportive.



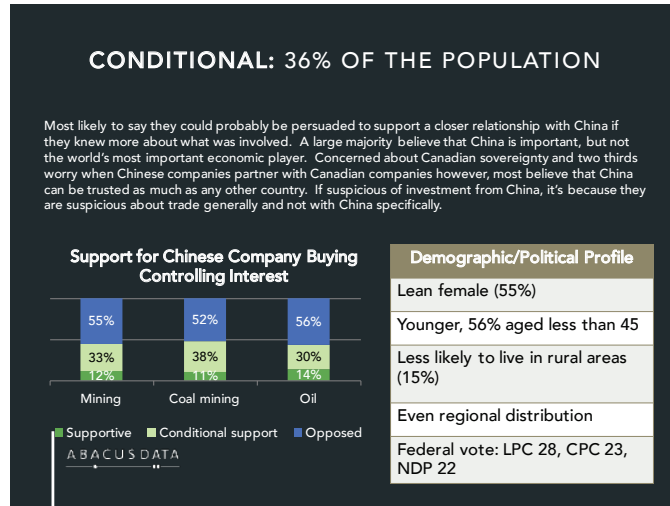
The supportive segment is slightly more male than female, evenly distributed by age, and across region. What makes this group unique is that they are more convinced that the economic might of China will grow, that China can be trusted, and that free trade would serve Canada's interests.



The opposed segment is more likely to be made up of older people, more females than males, and live in BC and Ontario. They tend to worry about Canadian sovereignty, doubt China can be trusted, and are more likely to vote NDP.



The conditionally supportive segment is more likely to be female, younger, and urban dwellers, This group is concerned about sovereignty but the issue for them is more about trade deals generally, rather than trust in China specifically: they would want to be convinced that the merit for Canada was clear, and the upside compelling.



THE UPSHOT?

Canadians recognize that China has become one of the world's most important economic players and want to see Canada have a significant relationship with China when it comes to trade and investment flows.

This is not a view that is skewed by region: people across the country see the benefits of strong economic ties. Perhaps even more noticeable is that young Canadians are more open to strengthening our ties with China, as they will have the ability to influence policies and economic choices over the longer term.

However, as with most choices, Canadians also exhibit a degree of caution and prudence. This is not so much to do with China per se, as the majority believe that China is no less trustworthy than any other potential trading partner. Instead, Canadians are looking for the best of all possible worlds: more exports, but not necessarily more imports; healthy two-way investment flows, but ideally without seeing control of Canadian enterprises shifting to Chinese investors.

In most cases, there is not so much opposition and hesitation – a desire to be cautious and to be convinced of the merits, rather than to take a risk. Still, if one compared these results to the views Canadians would have had about China over the last few decades, there can be little doubt that the country has become more enthusiastic about this relationship and convinced that a strong economic relationship with China is important to Canadians' standard of living in the future.

Moreover when it comes to the idea of a free trade deal with China, the results suggest a degree of openness that might not have been there a decade ago. Canadians will naturally have concerns about being competitive enough with Chinese companies, but also recognize the potential economic upside is significant too.

METHODOLOGY

The survey was conducted online with a total of 1,500 residents of Canada aged 18 years and older, between September 9th and 11th, 2015.

A random sample of panelists was invited to complete the survey from a large representative panel of Canadians, recruited and managed by Research Now, one of the world's leading provider of online research samples.

The Marketing Research and Intelligence Association policy limits statements about margins of sampling error for most online surveys. The margin of error for a comparable probability-based random sample of 2.1% 19 times out of 20.

The data were weighted according to census data to ensure that the sample matched to population according to age, gender, educational attainment, and region. Totals may not add up to 100 due to rounding.

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