

BC – trade agreements with China

- Following Prime Minister Harper's trip to China in 2012, a S16 S16
S16 China has only one free trade deal with a western country –
New Zealand – but is close to finalizing a pact with Australia.
- In August 2012, Canada and China completed a joint study to evaluate potential bilateral economic “complementarities” (common interests) in a selected range of sectors, which was viewed as a first step in exploring trade negotiations.
- China is British Columbia's second-largest trading partner, with 18.1% of commodity exports shipped there.
- British Columbia's top exports of goods to China were coal (\$1,386 million), wood pulp (\$1,268 million), lumber (\$1,066 million), copper (\$487 million) and wood in the rough (\$283 million).
- British Columbia has been a vocal supporter within Canada of more open trade with China, including negotiations related to the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA). The Canadian government has yet to ratify the FIPA; ratification requires a federal Cabinet decision.
- The Province is also interested in advancing opportunities in the education sector.
- British Columbia was pleased with the expansion of the Canada-China Air Transport Agreement and supports increased capacity in bilateral air transport agreements and greater flexibility on international routing.
- With Canada a member of the World Trade Organization and signatory to its agreements (e.g., the General Agreement on Tariffs and Trade (GATT) and the Government Procurement Agreement), British Columbia is obliged to comply with these agreements. China acceded to the World Trade Organization in 2001.

Source: Trade Initiatives Branch, Ministry of International Trade



International Profile:

BEIJING



Quick Facts

Total Area:	16,801 km ²
Population:	20,693,000 (2013 est.)
Administrative divisions:	16 administrative sub-divisions
Mayor:	WANG Anshun
Party Secretary:	GUO Jinlong
Language(s):	Mandarin; Beijing Dialect
GDP (2012):	US\$ 290 billion



Political & Economic Update

- ▶ Dual party-government system (party determines policy; government implements policy). Party Secretary/Chief is the highest-ranking official, followed by the Governor as the second-highest ranking official.
- ▶ The Mayor occupies the same level in the order of precedence as provincial governors because Beijing is a centrally administered municipality.
- ▶ Beijing's Party Secretary is a member of the 25-member Politburo of the Communist Party of China (powerful decision-making body in China).
- ▶ Beijing is among the most developed cities in China, and is home to 44 of the 73 Fortune 500 companies in China.
- ▶ Beijing's priorities include: promoting the Communist Party of China's best traditions, standing with the people in order to jointly overcome difficulties, and addressing air pollution.

BC - Beijing Relations

- ▶ BC maintains several education-related agreements with Beijing and its institutions, including a sub-national level memorandum of understanding on educational cooperation, and agreements on student mobility between the University of British Columbia and Beijing University.
- ▶ Several BC companies, including Aslchem International, Ritchie Brothers, Westport Innovations, Advanced Cultural Technologies, VendTek, Wex Pharmaceuticals, Vancouver Port Authority, and Drucker have offices in Beijing.
- ▶ BC opened a Trade and Investment Representative office in Beijing in 2009.



Beijing

Geography

Beijing is situated on the edge of the North China Plain in the northeastern part of the country bordering Tianjin municipality and Hebei province. It is capital of the People's Republic of the China and the second largest city in the country by urban population. This metropolis is directly governed as one of the four administrative municipalities under the central government with 14 urban and suburban districts and two rural counties. As China's political, economic, and cultural centre, Beijing is a major transportation hub with railroad and air links to parts of China and major international cities.



Politics

- Party Secretary: Guo Jinlong since 2012
- Mayor: Wang Anshang since 2013

Demographic and Social Indicators¹

- Current population: 20.69 million (2012)
- Area: 1,200 sq km
- Largest districts²: Chaoyang (3.5 million); Haidian (3.2 million); Fengtai (2.1 million)
- Life expectancy: 80.18 years
- Ethnic composition: Han (95.9%), other (4.1%)
- Languages spoken: Mandarin Chinese (official language)
- Health: 5.44 doctors, 5.68 registered nurses, and 7.39 hospital beds for every 1,000 persons
- Human Development Index (HDI)³: 0.891, ranking 2/31 of all provinces. (National HDI for China is 0.699. For reference, HDI for Canada is 0.911).

Economic Indicators

Indicator	Value	Provincial Rank
Gross Regional Product (GRP)	1.62 trillion RMB (~257 billion CAD)	13/31
GRP per capita	81,658 RMB (~12,934 CAD)	3/31
GRP growth rate	8.1%	31/31

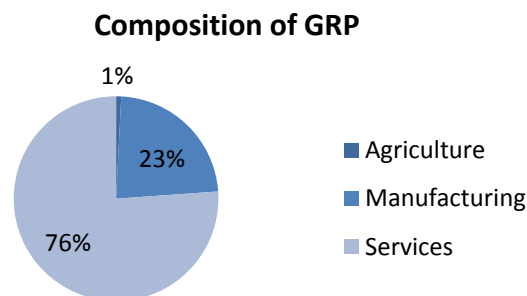
¹ All figures taken from 2012 Statistical Yearbook, published by China's National Bureau of Statistics, unless indicated.

² Largest cities and ethnic composition taken from 2010 national census

³ Provincial HDI taken from 2009/2010 China Human Development Report; National HDI taken from 2013 UNDP Human Development Report

Economic Profile

- The agricultural land within the jurisdiction of the Beijing Municipal Government produces limited wheat, corn, millet, potatoes, rice, peanuts, soybeans, sesame, cotton, tobacco, pears and grapes.
- Beijing's industrial production is dominated by heavy industries and large enterprises.
- Major industries include telecommunications equipment, transportation equipment, chemicals, machinery, and metallurgy.
- Beijing is also active in the development of hi-tech industries such as electronics, information technology, biological engineering, and pharmaceuticals.
- Financial services, whole-sale trade and retail trade, and information technology services were the three biggest sectors of the service industry in 2011, composing 13.6%, 13.2%, and 9.2% of the GRP respectively.



Links to Canada

- **Canadian representation:** Responsibility for Canadian interests in Beijing is managed by the Canadian Embassy in Beijing.
- **Sister provinces/cities:** Ottawa – Beijing (1999), Various districts in Beijing are twinned with the following cities in Canada: Brampton – District of Fangshan, (2012), Kamloops – Changping (2005), Port Moody – Pinggu (2007), Burnaby – Dongcheng (date unknown)
- **Governance:** CIDA's bilateral initiative from 2007- 2012 totaled approximately CAD\$7.9 million for China Council's international cooperation on environment and development phase IV. A recently completed Canada Fund project provides media utilization skills training for migrant workers. Two Policy Options Projects are currently operational related to legal reform for occupational health and safety and a service platform for migrant workers.
- **Education:** There are six Canadian Studies Centers in Beijing, located at 1) Beijing University (1990), 2) Beijing Foreign Studies University (2006), 3) Institute of World History at the Chinese Academy of Social Sciences (1993), 4) Institute of Ethnology and Anthropology at the Chinese Academy of Social Sciences (1998), 5) Tsinghua University (2002), and 6) Communication University of China (1989). There are over 400 educational linkages between Canadian universities and Peking University, Tsinghua, and Beijing Capital Normal University, and many others have exchange partnerships with dozens of Canadian universities. In 2012, the Embassy received 1470 requests for student permits from Beijing residents - more than any other province or municipality.
- **Recent Canadian visits:** Beijing receives a steady stream of senior visitors from the Canadian government and private sector, including Prime Minister Stephen Harper in Dec 2009 and Feb 2012, and an average of over a dozen Federal Cabinet Ministers and several Provincial Premiers every year. Minister of Foreign Affairs John Baird visited Beijing in July 2013 and October 2013, and Governor General David Johnston visited in October 2013.

Trade and Investment Relations with Canada

Total Trade with Canada ⁴	Exports	Imports
N/A	N/A	1.9 billion USD

- During Prime Minister Harper's visit to China in February 2012, more than 20 commercial business deals valued at CAD\$3 billion were signed in Beijing at the 5th Canada-China Business Forum.
- Canadian companies such as Shell Canada, Bombardier, Clearford, Yukon Zinc Corp, Bell Canada, and Genesis Inc. from a wide-ranging set of sectors of energy, mining/resources, R&D/technology, environment and transportation participated in a signing ceremony to boost two-way trade and investment between China and Canada.

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Approved: BEJING-HOM/Saint-Jacques

⁴ All figures taken from 2011 Beijing Statistical Yearbook Last Update: November 2013 - DFATD

Canada-China Commercial Relations

Background

China is Canada's second largest single nation two-way trading partner. Two-way merchandise trade amounted to \$70.1 billion in 2012, accounting for 7.7% of Canada's total trade. This represented a 7.8% increase over 2011 and a 46.4% increase over 2007. China is the second largest source of merchandise imports to Canada after the United States, with imports valued at \$50.7 billion in 2012, an increase of 5.2% over 2011 and a 32.3% increase over 2007. Top imports from China are electrical machinery and equipment (phones, televisions, etc.), machinery, furniture and bedding, toys and sports equipment, and articles of iron or steel.

At the same time, Canada's merchandise exports to China grew to \$19.4 billion, representing a 15.2% increase over 2011 and a 103.4% increase over 2007. China's importance to Canada as an export destination has risen steadily over time and accounts for 4.3% of total Canadian exports for 2012, making China Canada's second largest merchandise export market destination after the United States. Top Canadian merchandise exports to China in 2012 were mineral ores, wood pulp, oil seeds, mineral fuels and oils, and wood products. Similarly, two-way trade in services grew from \$3.2 billion in 2010 to \$3.7 billion in 2011 (most recent services data available).

Canada's two-way foreign direct investment (FDI) relationship with China is also deepening. Statistics Canada data show that the stock of Chinese FDI in Canada stood at \$12.0 billion, an increase of almost 185% since 2007. Chinese investment in Canada is likely to be much larger than official figures indicate, however, because large Chinese companies often go through their foreign subsidiaries when making their investments, and such transactions are not captured in Statistics Canada figures. Professional services firm KPMG estimates that in 2012 Canada surpassed Australia as the top destination for Chinese foreign investment. The rise in Chinese investment is due in large part to major investments in Canada's energy and mining sectors, such as the \$15.1 billion acquisition of Canadian Nexen Inc. by Chinese state-owned China National Offshore Oil Corporation (CNOOC). This latter deal represents China's largest-ever foreign acquisition, highlighting China's need to find global partners offering a secure supply of resources as its internal demands increase.

The stock of Canadian investment in China (CDIA) stood at \$4.2 billion at the end of 2012, an increase of 54% over 2007. Canadian investment in China is challenged by restrictions on investment in areas of Canadian strength, such as mining. Sectoral investment restrictions are

compounded by a lack of transparency and predictability in China's regulatory environment (particularly at the local government level), inconsistency between central and provincial government regulations, delays in applications and approval processes, and poor intellectual property protection. These are among the issues Canada is seeking to address in part through the foreign investment promotion and protection agreement (FIPA) with China.

As with any significant trading relationship, Canada and China experience a number of trade irritants. Under the Cooperative Arrangement on Inspection and Quarantine Access Issues signed during the Prime Minister's 2012 visit to China, both countries agreed to cooperate on a number of key market access issues. These include new access for Canadian fresh cherries and live cattle, as well as expanded access for Chinese pet food, poultry and apples, and Canadian beef. Access for canola is also of concern to Canada. Under an MOU signed during the Prime Minister's visit, Canada and China are conducting joint research to permanently address Chinese regulations that currently restrict Canadian exports of canola seed to certain regions of China. For its part, China is also concerned with Canada's trade remedies regime, particularly the fact that some anti-dumping investigations have been conducted on a non-market economy basis.

Recent Developments

Increased high-level visits in both directions since 2009 have elevated the bilateral relationship. Most notable have been visits to China by Prime Minister Harper in December 2009 and February 2012, and a visit to Canada by then-President Hu Jintao in June 2010. Deliverables from the Prime Minister's more recent visit are summarized in the Canada-China Joint List of Outcomes, which was developed bilaterally and released to the public. Key outcomes included:

- Conclusion of negotiations on the Canada-China FIPA. The FIPA was subsequently signed by Minister Fast and his counterpart on the margins of the APEC Leaders' Meeting in Vladivostok in September 2012, and will enter into force once both countries have notified that they have completed their ratification process.
- Agreement in principle on a legally binding protocol to supplement the Nuclear Cooperation Agreement to facilitate the export of Canadian uranium to China. The protocol was subsequently signed in July 2012.
- Signature of a cooperative arrangement on inspection and quarantine access issues, the advancement of a wide range of memorandums of understanding and announcement of a new wave of bilateral science and technology cooperation projects.

- Agreement to complete a study on Canada-China economic complementarities by May 2012 and proceed to exploratory discussions on deepening trade and economic relations subsequent to its release. In August 2012, Ministers Fast and Chen released the completed complementarities study through a joint press release. Canada would like to see greater balance in the relationship before moving forward on any significant new initiatives.

Canada also recently supported China's successful bid for Official Observer membership in the Arctic Council, and in July 2013 both countries completed negotiations on an Agreement on the Sharing of Forfeited Assets and the Return of Property.

Since April 2013, Ministers Wong, Fast, Baird, Ritz, MacKay and Oliver have all paid one or more visits to China. Governor General Johnston's October 2013 state visit, his first to China since becoming Governor General, marked the pinnacle of a "Canadian Fall" which saw a series of high-level federal and provincial visitors to China.

Canada is committed to strengthening mutually beneficial commercial relations with China. In addition to visits by high-level elected officials, both governments continue to promote trade through regular dialogues. Created in 2005, the Canada-China Strategic Working Group (SWG) is chaired by the Canadian Deputy Ministers of Foreign Affairs, International Trade, and Natural Resources, and their Chinese counterparts. The SWG last met in Ottawa in September 2011. More recently, the Canada-China Joint Economic and Trade Commission (JETC) met in Xiamen, China, in September 2012. The JETC was established in 1973 as a bilateral consultation mechanism allowing senior officials to review and seek opportunities to advance two-way trade. It is hosted annually by Canada's Deputy Minister of International Trade and a Chinese Vice Minister of Commerce. Four working groups exist under the JETC, covering cooperation in areas of clean technology, infrastructure, trade remedies and economic partnership. The next JETC meeting is slightly overdue but Canada is hopeful it will take place in Canada in early 2014.

Source: Foreign Affairs and Trade Development Canada (DFATD)

Drafted: GPC/McDonell

Consulted: GPC/Charron, TNI, TPA

Approved: GPC/Hartman

Canada-China Bilateral Relations

Canada and the People's Republic of China have had diplomatic relations since 1970, the sale of Canadian wheat to China during the 1960s having laid the foundation for official ties. Today, Canada maintains an embassy in Beijing, consulates-general in Shanghai, Guangzhou, Hong Kong and Chongqing, as well as six trade offices (Chengdu, Nanjing, Qingdao, Shenyang, Shenzhen and Wuhan).

Trade and Investment

From 2000 to 2011, China doubled its share of the global economy from about 7% to 14%. The Chinese economy is larger than the other three BRICs combined and accounted for 29% of global growth during the last five years, driving strong domestic demand for resources, manufactured goods and services. China is now a key link in global value chains across many sectors.

Consequently, China has become Canada's second-largest trading partner, second-largest source of merchandise imports and destination for merchandise exports (having replaced the UK). In 2012, two-way merchandise trade amounted to \$70 billion, accounting for 7.6% of Canada's total trade, and representing a 7.7% increase over 2011. Imports were valued at \$50.7 billion, an increase of 5.2% over 2011, while exports grew to \$19.3 billion, a 15% increase over 2011. Canada's mining and metals exports to China alone exceed our entire exports to Germany, while wood and wood pulp exports to China exceed overall exports to France.

Canada's two-way foreign direct investment (FDI) relationship with China is also deepening, having increased nearly seven-fold between 2005 and 2010. In 2011, the stock of Canadian investment in China stood at a record high of \$4.5 billion, while the stock of Chinese foreign direct investment to Canada stood at \$10.9 billion. The rise in Chinese investment is due in large part to major investments in Canada's energy and mining sectors. In 2012, the Government of Canada approved the sale of Nexen to the China National Offshore Oil Corporation -- China's largest ever overseas acquisition.

There are over 400 Canadian firms active in China, including large multinationals (Bombardier, Manulife, Power Corp.) and small- and medium-sized enterprises. Canadian companies operate in life sciences, automobiles, aerospace, transportation, financial services, information and communication technologies, clean technology, and other sectors. Like most foreign operations

in China, Canadian investments are primarily focused in Beijing, the Yangtze River Delta (Shanghai), and the Pearl River Delta (Guangzhou and Shenzhen).

People-to-People Ties

China is Canada's largest source of foreign students, with some 84,000 Chinese studying in Canada in 2013, comprising over a quarter of our international student population. Chinese students account for almost half of the total growth in international students over the past five years, and contribute almost \$1.9 billion to the Canadian economy (a figure that makes education our third-largest export to China). In addition, over 16,500 students attend the nearly 60 elementary/secondary schools in China licensed to teach a Canadian curriculum. Canada and China have set an objective of 100,000 students studying in each other's country by 2017. Approximately 3,400 Canadian students currently study in China.

China is now Canada's fourth-largest source of foreign visitors. Following a 21% increase in 2010, Chinese visitors to Canada increased by 25% in 2011 to 249,000. Increases on this scale are expected to continue. The average Chinese visitor to Canada spends \$1,640, which translated into a \$397 million injection into the Canadian economy in 2011. By 2020, China is projected to be the world's largest source of outbound tourists, with 100 million international travellers annually.

Some 1.3 million Canadians claim Chinese descent. China was the top source country for immigrants to Canada between 2001 and 2010, and continues to be a top-three source for new permanent residents.

Recent Visits and Key Outcomes

Since 2006, there have been over 50 visits to China by Canadian ministers. President Hu Jintao conducted a state visit to Canada in June 2010. The Prime Minister's second visit to China in February 2012 resulted in a Foreign Investment Promotion and Protection Agreement (FIPA), a commitment to greatly expand trade and investment ties, and an agreement to facilitate exports of Canadian uranium to China. Leaders also signalled their intent to deepen cooperation on energy, agricultural market access, science and technology and combating trans-national crime. Finally, it was also announced that China will send two pandas to Canada for ten years – an important symbol of progress in the bilateral relationship.

Foreign Minister Baird visited China in July 2013, when he met China's new Foreign Minister, Wang Yi, as well as State Councillor Yang Jiechi. During his visit, Minister Baird announced the

conclusion of negotiations on an Agreement Regarding the Sharing of Forfeited Assets and the Return of Property. The previous July, Minister Baird signed the supplementary protocol to the Canada-China Nuclear Cooperation Agreement. In August 2012, Canada and China announced the joint release of the Canada-China Economic Complementarities Study. Prime Minister Harper and President Hu witnessed the signing of the FIPA when they met at the APEC Summit in September 2012.

His Excellency Governor General David Johnston made an official state visit to China October 17-24, 2013. Minister Baird and Natural Resources Minister Oliver also participated, as well as conducted individual visit programs. His Excellency's visit, his first to China as Governor General, built upon the expanding cultural, educational, commercial and people-to-people ties between Canada and China. The visit was accompanied by a tour of China by the National Arts Centre Orchestra.

The 18th Congress of the Communist Party of China (CPC) saw Xi Jinping assume the position of General Secretary. At the National People's Congress in March 2013, he became China's President. Li Keqiang, now the CPC's number two and whom the Prime Minister met in February 2012, became Premier. China's new leadership is expected to carry forward the policies of Hu Jintao and Wen Jiabao with respect to the Canada-China bilateral strategic partnership.

Governance and Human Rights

China's human rights situation remains a problem. Among Canada's chief concerns are restrictions on freedom of opinion and expression, freedom of assembly and association, and freedom of religion or belief. Human rights defenders, lawyers, bloggers, reporters, dissidents and their family members are being harassed, detained, tortured, placed under residential surveillance, and "disappeared" for variable periods of time. Tibet is a particularly pressing issue of concern. Longstanding unresolved grievances over restrictive Chinese government policies and practices have contributed to an escalating number of self-immolations in Tibetan-inhabited areas.

Canada's efforts on human rights in China includes direct engagement with senior Chinese leaders; public statements; representations and demarches on specific issues and case of concern; and outreach to civil society in mainland China, Hong Kong and Canada. We also share information and closely coordinate activities with like-minded countries.

Canada and China hold regular dialogue and exchanges in the field of governance, including legal, judicial and law enforcement cooperation. Both governments have agreed to launch negotiations on an agreement on the sharing of the proceeds of crime. Canada hosted the fourth round of Law Enforcement and Judicial Cooperation Consultations in May 2012, while law enforcement officials from both countries continue to meet every year, with the ninth meeting of the Canada-China Working Group on Law Enforcement Cooperation having taken place in Nova Scotia in June 2012. Canada also works in concert with Chinese civil society and government organizations to strengthen the rule of law in China, advance labour rights and occupational health and safety for migrant workers, support legal-aid capacity building, and promote the rights of marginalized groups in China, such as ethnic minorities.

Health

Canada and China have had a long-standing cooperative relationship in the field of health since the days of Canadian medical missionaries over 100 years ago. Dr. Norman Bethune, a Canadian doctor, is well known and respected by the Chinese for his medical services during China's struggle against Japan in the 1930s. The reiteration of health as one of the four pillars for strategic cooperation in the December 2009 Canada-China Joint Statement provided further impetus for collaborative work in this area.

Canada and China have in place an MOU on cooperation in the field of health, which has since been reinforced by action plans signed by health ministers of the two countries. A Canada-China Joint Committee on Health was established in 2007, and has been meeting annually since 2008 to establish annual collaborative work plans and to monitor progress. The numerous collaborative projects and activities conducted over the years under the action plans include cooperation during the 2009 H1N1 pandemic; regular communication on infectious diseases; a project on health policy evaluation; seminars/workshops on emerging infectious disease and chronic disease prevention and control; joint health research funding, projects and scholarships; and professional exchanges and visits related to health and hospital systems, health professional training, food fortification, food inspection and safety, and consumer product safety.

Environment and Energy

Canada and China's interests in the energy sector are complementary, not only in relation to primary sources of energy, but also with respect to energy efficiency and renewable energy technology, including solar, wind, geothermal, hydro-electric and biomass-related technology. With growing oil and natural gas output, Canada is considering creating export capacity for

these commodities to Asian markets. As a large consumer of primary energy and an emerging leader in technology for traditional and clean energy, China represents a promising partner for long-term collaboration. Formal Canada-China energy relations have taken a number of forms, including the Canada-China Joint Working Group on Energy Cooperation, which last met in Ottawa in July 2012. This group was established by a 2001 Memorandum of Understanding (MOU) between Natural Resources Canada and China's National Energy Administration, which operates under the National Development and Reform Commission, a super-ministry of the Chinese government.

Canada and China have a long-standing history of cooperation on environmental matters, including ongoing programs of technological cooperation and knowledge exchange on issues such as climate change and clean energy, science and technology, chemicals, as well as air and water quality. Cooperation occurs through various bilateral and multilateral cooperative mechanisms, such as the Canada-China Joint Committee on Environmental Cooperation, the Canada-China Climate Change Working Group, and the China Council for International Cooperation on Environment and Development, a high-level mechanism funded by CIDA since 1992, whose annual meetings involve inter alia the Chinese Premier and the President of CIDA. Environment Canada became Canada's focal agency for the China Council in 2012, with Minister Kent attending the annual meeting. Through these mechanisms, Canada has been working with China to encourage the development and use of environmentally-friendly technologies and the transfer of best Canadian practices in environmental management.

Provincial Representation in China

Several Canadian provinces maintain representation in China. Ontario has international marketing centres in Beijing, Shanghai and Chongqing. Quebec has representation in Beijing, Hong Kong (immigration) and Shanghai. British Columbia has trade and investment representatives in Beijing, Shanghai and Guangzhou (services are provided by a consultancy). Alberta has representatives in Beijing, Hong Kong and Shanghai. Finally, Saskatchewan, Alberta and British Columbia have opened a joint trade and investment office in Shanghai under the New West Partnership.

Source: Foreign Affairs and Trade Development Canada (DFATD)

Drafted: GPC/McDonell

Approved: GPC/Burton



International Profile:

CHENGDU



Quick Facts

Total Area:	12,132 km ²
Population:	15 million (2012)
Administrative divisions:	9 districts, 4 county-level cities, 6 counties
Mayor:	GE Honglin
Party Secretary:	HUANG Xinchu
Language(s):	Sichuanese Mandarin
GDP (2012):	US \$130.7 billion



Political & Economic Update

- ▶ Chengdu is the capital of Sichuan province, and holds sub-provincial administrative status (governed by a province but is administered independently in regard to economy and law).
- ▶ Chengdu is one of Western China's most important economic, transportation, and communication centers.
- ▶ Chengdu is the primary financial center of southwest China, housing offices of international banks including Citibank, Standard Chartered Bank, HSBC, ABN AMRO, JPMorgan, Bank of Tokyo-Mitsubishi UFJ, and Nanyang Commercial Bank.

BC - Chengdu Relations

- ▶ BC's Trade and Investment staff have visited Chengdu frequently, hosting seminars and presentations on PNP, investment, mining, forestry, wine, and leading a BC delegation to Chengdu in 2011.
- ▶ In June 2012, Sichuan Airlines launched a Chengdu — Vancouver flight (via Shenyang).
- ▶ In 2013, Chengdu Shi Shi Secondary School was approved as a BC Offshore School.





International Profile:

CHINA



Quick Facts

Total Area:	9,640,820 km ²
Population:	1.3 billion (2013 est.)
Capital	Beijing
Type of Government:	Communist state
Head of State:	President XI Jinping (since March 2013)
Head of Government:	Premier LI Keqiang (since March 2013)
Administrative Divisions:	23 provinces, 5 autonomous regions, 4 municipalities, 2 special administrative regions (SARs)
GDP (2012)	US \$12.61 trillion
National Currency:	1 CAD = 5.83 RMB
Language(s):	Mandarin Chinese, with regional dialects such as Shanghaiese and Cantonese
Religions:	Atheist (Official Religion), Daoist (Taoist), Buddhist, Christian 3-4%, Muslim 1-2%
National Day:	Chinese National Day - October 1

Governing Context

S16

- ▶ The Party is led by the 7 members of the Standing Committee of the Politburo (with XI Jinping as the head of the Party).
- ▶ The Government is lead by XI Jinping (President) and LI Keqiang (Premier).



China's Key Priorities

- ▶ Maintaining economic growth, improving people's livelihoods, safeguarding social justice, and tackling corruption.

British Columbia — China Relations

China is a significant source of investment, immigrants, tourists and students for British Columbia.

Twinning

- ▶ Since 1995, BC has had an active sister province relationship with China's Guangdong Province. Guangdong Province is one of BC's 2 sister provinces.
- ▶ 19 BC municipalities have 32 friendship, sister city, or other MOUs with communities in China.

Community

- ▶ According to the 2011 census, 464,805 British Columbians (11% of BC's population) identify themselves as being of Chinese ethnic origin. Over 64,000 report Chinese citizenship, and more than 343,000 (8% of BC's population) speak a Chinese language dialect as their mother tongue. In 2006, Chinese were the largest visible minority in BC, accounting for 40.4% of the visible minority population.
- ▶ China was the top source country for immigrants settling in British Columbia in 2012, with 8,304 immigrants.

Education

- ▶ The BC Ministry of Education has certified 33 schools in China to deliver the BC education program and issue BC Certificates of Graduation (Dogwood Diploma).
- ▶ In 2011/12 there were 22,700 international students from China studying in BC.
- ▶ Approximately 32% of the international students from China studying in Canada were studying in BC.

Earthquake Relief

- ▶ In 2008, the Government of BC contributed \$5 million towards Earthquake reconstruction following the devastating Wenchuan earthquake in Sichuan Province. BC's Forestry Innovation Investment (FII) is managing three major institutional demonstration projects with funding under the Canada-BC Wenchuan Earthquake Reconstruction Project.

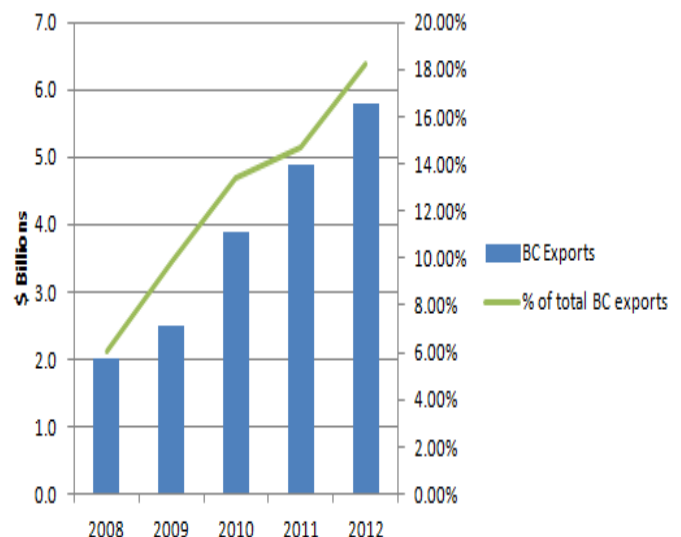
Diplomatic Relations

- ▶ Consul General of the People's Republic of China in Vancouver: LIU Fei (Rank of Ambassador).
- ▶ Ambassador of the People's Republic of China to Canada: His Excellency ZHANG Junsai.

Trade Relations

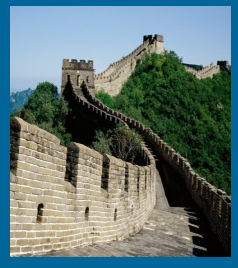
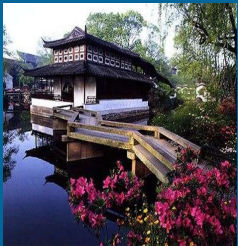
- ▶ China is BC's 2nd largest export destination at \$5.8 billion in 2012, up 18.4% from 2011.
- ▶ BC leads Canadian provinces in trade with China (\$5.8 billion of Canada's \$19.4 billion in exports to China in 2012).
- ▶ British Columbia exports accounted for 30% of all Canadian exports to China in 2012.
- ▶ China was BC's fourth largest international market in terms of direct customs entries in 2011; visitor volume from China has increased steadily (53,000 in 2001 to 130,000 in 2011).
- ▶ British Columbia's top goods exports to China are mainly commodities:
 - Bituminous coal (\$1.4 billion)
 - Chemical woodpulp (\$1.3 billion)
 - Lumber (\$1.1 billion)

BC Exports to China



Mandarin Phrases

Mandarin is spoken across most of northern and south-western China



Greetings

ENGLISH	MANDARIN PRO-NUNCIATION
Hello	KNEE how
Good morning	Tsao SHUNG how
Good afternoon	Tsha WOO how
Good evening	Juan SHUNG how
Welcome	Who-uang ying guang lean
Good-bye	Zai jee-ann

Pleasantries

ENGLISH	MANDARIN PRO-NUNCIATION
Hello, how are you?	KNEE how mah?
I am fine, how are you?	Whoa HUN how, KNEE ne?
Pleased to meet you	Hun gow shing ren chi knee
Thank you	Shay shay
No thank you	BOO yao shay shay
No need to thank! (response if someone says "Thank you")	BOO ke she
Good luck	Choo Knee How YOON

Introductions

ENGLISH	MANDARIN PRO-NUNCIATION
My name is _____	Whoa JAO _____
What is your name?	Knee JAO shen ma

Other

ENGLISH	MANDARIN PRO-NUNCIATION
Sorry	Duay boo she
Excuse me (to interject in a conversation – "may I ask?")	Shing when
Excuse me (to ask someone to move. Also used for "sorry")	Duay boo she

Cantonese Phrases

Cantonese is spoken in the southern provinces of Guangdong and Guangxi, as well as in Hong Kong and Macau. Due to the historic migration of Cantonese speakers from Guangdong and Hong Kong, Cantonese is the dominant form of Chinese spoken in many major cities in the US, Canada, and Australia.



Greetings

ENGLISH	CANTONESE PRONUNCIATION
Hello	Nay HOE
Good morning	CHO Sun
Good afternoon	NnnGon
Good evening	MAhN On
Welcome	FOON Ying
Good-bye	Joy Gean

Pleasantries

ENGLISH	CANTONESE PRONUNCIATION
How are you?	Nay Hoe MAH
I am fine, how are you?	Awe GAY Hoe Nay Na?
Pleased to meet you	Hoe Hawsum Gean Doh Nay
Thank you	Daw Ger
You're welcome	Mmm Say
No thank you	Mmm You, Daw Ger
No need to thank! (response if someone says "Thank you")	Mmm Say Daw Ger
Good luck	Chook Nay Hoewan

Introductions

ENGLISH	CANTONESE PRONUNCIATION
My name is _____	Awe Gewcho _____
What is your name?	Nay Gew MUT Yay Mang?

Other

ENGLISH	CANTONESE PRO- NUNCIATION
Sorry	Dwi Mmm Gee
Excuse me (to interject in a conversation – "may I ask?")	Chin Man
Excuse me (to ask someone to move. Also used for "sorry")	MmmGOY



Quick Facts

Total Area:	9,640,820 km ² (B.C.: 944,735 km ²)
Population:	1.3 billion (2013 estimate)
Capital:	Beijing (22 million)
Type of Government:	Single-party State (Communist Party of China)
Administrative Divisions:	23 provinces, 5 autonomous regions, 4 municipalities
Head of State:	President XI Jinping (since March 2013)
Head of Government:	Premier LI Keqiang (since March 2013)
2012 GDP (nominal):	\$ 12.61 trillion (Canada: \$ 1.5 trillion)
National Currency:	Chinese Renminbi: 1 CAD\$ = 6.6 RMB (January 2011)
World Time Zone:	GMT +5 to +8
Language:	Mandarin Chinese, with regional dialects such as Shanghainese and Cantonese
Religion (s):	Atheist (official), Buddhist, Daoist (Taoist), Christian
National Day:	Chinese National Day - October 1
Ethnic Diversity:	Han Chinese 91.5%, other nationalities 8.5%

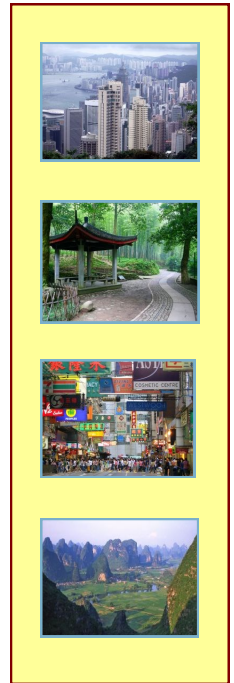
S13, S16

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COMMUNICATION

S13, S16



TRAVEL INFORMATION

DOCUMENTS

- Ensure your visa and/or passport is up-to-date. Many countries insist they be valid for at least six months, even if you have a return ticket.
- Four working days are needed for regular visa application processing. A surcharge will apply for rush services.
- Make photocopies of the following documents to take with you and leave at home with a family member or colleague:
 - ▶ Passport, visa, travel documents, birth/citizenship certificate, credit cards and traveller cheques, and medication prescriptions.

VACCINATIONS

- Ensure that you have been immunized with the current and necessary vaccinations. Check with your family doctor or a travel health clinic. Lists of Clinics are available on the Public Health Agency of Canada website: <http://www.phac-aspc.gc.ca/tmp-pmv/index-eng.php>.

EMBASSY AND CONSULATE CONTACT

After hours emergency contact information (for Canadian citizens only). Call collect: (613) 996-8885 / (613) 944-1310 (TTY) - The Emergency Operations Centre of the Department of Foreign Affairs, Trade and International Development operates 24 hours a day, seven days a week. An experienced officer is always available to respond to emergency calls from anywhere in the world.

Embassy of Canada in Beijing:
19 Dongzhimenwai Dajie
Chao Yang District
Beijing 100600 PRC
Telephone: (86-10) 5139-4000
Fax: (86-10) 5139-4449
Email: beijing-immigration@international.gc.ca

TIPS

- Electricity: 220 Volts AC, 50Hz (Hong Kong is 200V; Taiwan is 110V). Most outlets fit two-pronged parallel or three-pronged triangular plugs.
- Telephone Country Code: 86
- Most public toilets do not supply toilet paper, so it is advisable to carry some tissue paper with you at all times.
- Water from the tap is generally not drinkable, so stick to boiled or bottled water.

Contact IGRS:

548 Michigan Street, Victoria, B.C. V8W 9E2
Office of Protocol: 250 387-1616
Email: protocol@gov.bc.ca

Pages 20 through 25 redacted for the following reasons:

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China Political and Economic Overview

Nearly thirty-five years after the introduction of Deng Xiaoping's "Reform and Opening Up" policy, China's rapid economic development has had a profound impact on the country's economic and social landscape. Over the last three decades, the Chinese economy grew at an average annual rate of 10 percent, and real per capita income grew seven-fold as millions were lifted out of poverty. China's economy will overtake that of the United States in size by the end of this decade, and its influence reaches every continent as never before.

But China faces many challenges. For all its recent growth, China remains far behind advanced economies in per capita GDP. President Xi Jinping's "inbox" includes addressing rising inequality and massive environmental damage, while rebalancing the Chinese economy toward domestic consumption and reforming the nation's social welfare system. S16

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In short, China's reform and opening to the world delivered rapid economic growth, but also created many of the imbalances with which its leaders now struggle, all while subjecting the country to external influences Beijing cannot easily regulate S16

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A. Recent Developments

Politics: Enter the Xi Administration

Having taken on leadership of the Communist Party and the military in November 2012, Xi Jinping became China's President in March 2013. S16

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The Third Plenary Session of the Communist Party of China's Central Committee, or "Third Plenum", took place November 9-12, 2013. The Third Plenum typically heralds important policy changes, particularly economic reforms. The initial communiqué from the 2013 forum announced a desire to move towards quality rather than quantity of growth, and asserted that getting the relationship between government and the market right is at the heart of reform. Fiscal and tax reform, urbanization, rural land rights and environmental protection were identified as areas for change. More surprisingly, improving access for foreign investment, judicial reform, establishing a State Security Committee to deal with domestic unrest, cultural reform and reform of the military were also referenced. On the most controversial issues, it is not clear that final decisions were reached. As with previous significant Third Plenums, it will take some time before details emerge and the real significance of the meeting becomes clear.

Economy: Recent Developments

From 2000 to 2011, China doubled its share of the global economy from about 7 to 14 percent. The Chinese economy accounted for 29 percent of global growth during the last five years, and will likely become the world's largest by the end of the decade. A massive consumer of commodities, China has driven up global commodity prices, allowing resource-rich countries like Canada to benefit from these regardless of whether they export commodities to China.

China's GDP growth slowed throughout 2012, falling to 7.5% (y/y) in the second quarter of 2013, in line with expectations. Weakness in China's major export markets drove industrial production down, while private consumption continues to be constrained by slowing real income growth.

Slowing growth is also related to government restrictions on the purchase of investment properties, which led to a large drop in home purchases and a fall in construction activity. While GDP continues to be very weak by historical standards, near-term risks appear to have receded. In May and June, the authorities made progress in reining in a major surge in credit. This reduces the risk of a severe tightening in future quarters that could produce a hard landing.

Growth is expected to remain below 8% (vs. 14% in the mid-2000s), a level with which the Chinese government will be comfortable as long as the labour market remains healthy. The government has both the fiscal and monetary space to support the economy, though a reprise of its 2008-09 \$4 trillion stimulus is unlikely. Rather, the government is more concerned with ensuring that its support is consistent with the country's long-term development needs and that resources are invested efficiently. In addition to traditional fiscal and monetary easing, recent government measures include support for green development and encouraging private capital to invest in public services.

The economic policy priority of China's new leadership is to switch the country's growth model from one driven by investment and exports to one driven by domestic consumption. China weathered the global financial crisis well, mainly because its financial system was isolated from financial systems elsewhere. However, in its present form, this system hampers efforts to promote household consumption, making it inconsistent with the rebalancing of China's growth model. "China bears" point to several factors that may precipitate further weakening, including a potential real estate market collapse, over-investment and excess capacity, rising labour costs/shortages and an aging population. While China is transitioning from a long-term phase of high growth to more moderate growth, we do not believe China is headed for such a "hard landing." China retains much surplus agricultural labour, and its stock of fixed capital is not large relative to its economy or population. Differences in the Chinese property market (modest borrowing and a genuine shortage of decent housing) make a US-style collapse unlikely.

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B. China's Political System

The ultimate source of political power in China is the Communist Party of China (CPC). Xi Jinping's most powerful position is not as President of China, but rather as General Secretary of the Central Committee of the CPC. The CPC's 84 million members represent 6.4% of China's population of 1.34 billion. Any Chinese citizen over the age of 18 who is willing to accept and abide by the Party's constitution and policies can apply for Party membership. Only a small percentage of applications (under 15%) are accepted. The Party is heavily male, with female members making up less than a quarter of the total.

Nonetheless, the CPC is not a monolith; its members hold a wide variety of views and interests, and visions of the future. Some prioritize pro-business economic reforms, while others emphasize populist measures to address socio-economic disparities. The membership is also

diverse in terms of education and socio-economic background. Every Party member, irrespective of position, must be organized into a branch, cell, or other specific unit of the Party to participate in the regular activities of the Party organization. Party units exist in all official and semi-official organizations and institutions, including state-owned enterprises and universities. These Party bodies can wield great power within an institution, even though in some cases, as in foreign-owned companies, they may have little formal authority. With the Party controlling all avenues for public sector advancement, it is thought that many young people join the Party for career reasons.

Party Organization

Politburo Standing Committee: At the top of the Party hierarchy stands the seven-member Politburo Standing Committee (PSC). These seven form a collective leadership in which each has a rank (from one to seven) and is responsible for a specific portfolio. Party General Secretary Xi is ranked first and has responsibility for convening PSC and Politburo meetings. He also controls some of the most consequential portfolios, including military and foreign affairs. Like all his colleagues, however, the General Secretary must win consensus from the rest of the group for major decisions.

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S16 the top-ranked members of the PSC serve concurrently as the heads of other parts of the political system, including the state administration. Xi, for example, serves as head of the military, in his capacity as head of Chairman of the Central Military Commission, and as the head of State, in his capacity as State President. The second-ranked PSC member, Li Keqiang, serves as Premier of the State Council. The third-ranked PSC member, Zhang Dejiang, serves as Chairman of the National People's Congress (NPC, see below), while the fourth-ranked member, Yu Zhengsheng, heads the Chinese People's Political Consultative Conference (CPPCC, see below) and oversees the Party's relations with non-Communist groups. Portfolios for other PSC members include the propaganda system; management of the Party bureaucracy and Hong Kong and Macau; finance and economics; and Party discipline.

Politburo: All PSC members belong to the next rung of power, the 25-member Politburo, which also includes the heads of major departments of the Party bureaucracy, the two highest-ranking officers in the Chinese military, Vice Premiers, a State Councillor, and Party leaders from important cities and provinces. Leaders that reach the Politburo typically have top administrative and political experience in at least one major province and/or work in Committees of the Party such as the powerful Organization (Personnel), Discipline, Publicity (formerly Propaganda) and United Front departments. The current Politburo has only one female member.

Because of its relatively unwieldy size and the geographic diversity of its members, the full Politburo is not involved in day-to-day decision-making. The views of the entire Political Bureau carry weight, however, as its members represent different interest groups and skill sets within the Party. But the Standing Committee is where final consensus is negotiated.

Central Committee: According to the Party's constitution, the PSC and Politburo derive their power from the Central Committee, whose full and alternate members together "elect" the Politburo, PSC, and Party General Secretary, and "decide" on the composition of the Party's Central Military Commission. In practice, incumbent top officials provide a list of nominees to the Central Committee, which ratifies the leadership's nominees. Members of the Central Committee typically "represent" in some way specific interests: rural/agriculture and urban; China Youth League and so-called "princelings" (children of former senior officials); south China and the north; the rich coast and the hinterland; Han and other ethnic groups, etc.

The current nearly 400-member Central Committee (including alternates) is made up of leaders from the provinces (41.5%), central ministries (22.6%), the military (17.5%), central Party organizations (5.9%), and state-owned enterprises, educational institutions, "mass organizations" such as the Communist Youth League, and other constituencies (12.4%).

Party Congress: The Central Committee, in turn, is elected by the approximately 2,000 delegates to National Party Congresses, which are held every five years. Congress delegates also approve the Party General Secretary's report to the Congress, which serves as a statement of the Party's positions and an outline of the Party's agenda for the coming five years.

Party Bureaucracy: The Party operates an expansive bureaucracy that reaches into many aspects of government and society, and extends deep down into local governments. One powerful part of that bureaucracy is the Organization Department, which is responsible for training officials and assigning them to positions across the party and state, the legislatures, state-owned corporations, universities, and other public institutions. Another is the Propaganda (or "Publicity") Department, responsible for the Party's messaging and for control of the media. The Central Commission of Politics and Law ensures Party control over the internal security apparatus. The United Front Work Department is responsible for relations with the people of Taiwan, Hong Kong, and Macau, non-Communist groups, and ethnic minorities and Chinese living outside mainland China. The Party's International Department handles relations with foreign political parties. It is a particularly influential player in China's relationships with fellow socialist countries, including North Korea.

Provincial leaders are powerful players in the Chinese political system. Six of them, all Party Secretaries, sit on the Party's Politburo, making them among the two dozen most powerful officials in the country. Provincial leaders also hold two-fifths of the seats on the Party's broadest leadership group, the Central Committee, and share at least the same bureaucratic rank as central government ministers.

State Administration

State Council: The locus of power in the State apparatus is the State Council, China's cabinet, headed by Premier Li Keqiang. Because the State apparatus manages the economy on a day-to-day basis, the Premier is effectively China's most senior economic official. Below the Premier are four State Council Vice Premiers, who serve concurrently on the Politburo (the senior Vice President, Zhang Gaoli is number seven on the PSC), and five State Councillors. Each Vice Premier and State Councillor has a specific portfolio. China's most senior diplomat is a State Councillor, Yang Jiechi, who oversees the Ministry of Foreign Affairs and serves as office director for the Party's Foreign Affairs Leading Small Group. He is senior to the Foreign Minister.

The full State Council is currently composed of the Premier, Vice Premiers, State Councillors, the State Council Secretary General, plus the heads of government ministries and commissions, the governor of China's central bank, and China's auditor general. S16

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Ministries are headed by Ministers

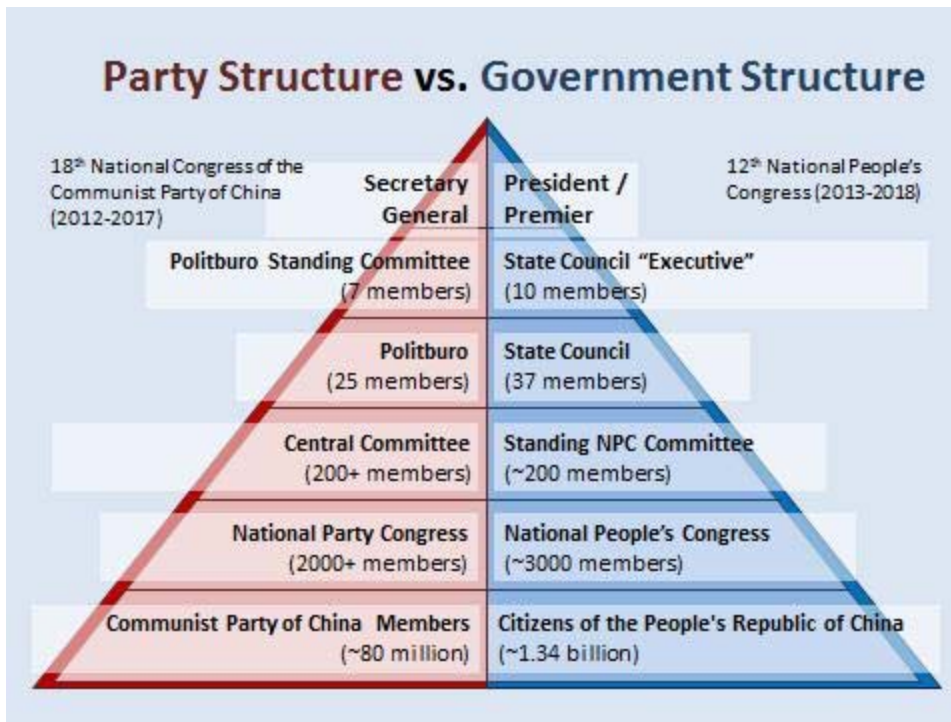
and commissions by Chairmen. Each ministry or commission has an embedded Communist Party committee that makes major decisions for the institution and oversees ideology and personnel matters. In most cases, the Minister or Chairman serves concurrently as the head of his institution's Communist Party committee. Notably, though, ministers in China are much farther from the apex of political power than their Canadian counterparts.

National People's Congress: The National People's Congress (NPC) is China's unicameral national legislature, tasked with overseeing the Presidency, the State Council, the State Central Military Commission, the Supreme People's Court, and China's national-level public prosecutor's office, the Supreme People's Procuratorate. In practice, however, the NPC's powers are severely limited, and the entire entity operates under the leadership of the Communist Party. The public theatre of the NPC's work is centred around its ten-day-long annual full session, held every March and attended by all of the NPC's nearly 3,000 deputies. At the annual full sessions, NPC deputies almost always vote to approve the reports, laws, and candidates put before them, usually by overwhelming margins. NPC delegates do occasionally push back, however. At the March 2012 session of the NPC, for example, a record 20% of deputies withheld their support from the Ministry of Finance's budget report, reportedly in protest over the Ministry's longstanding refusal to accept any NPC suggestions for revisions to the budget. The NPC also makes revisions to the Premier's annual report on the work of the government, the State's most important policy document.

NPC deputies are not directly elected. The Communist Party draws up lists of nominees, based in part on potential nominees' perceived loyalty to the Party. Thirty-five electoral units, most of them provincial-level People's Congresses, then vote upon the Party's nominees. The process is modestly competitive in that the Party nominates 20-50 percent more candidates than available positions and those with the most votes are elected to serve as NPC deputies. NPC election rules stipulate quotas for the representation of ethnic minority groups, the military,

women, and other groups, including the Party itself. The President, Premier, and other top leaders are all NPC deputies.

Chinese People's Political Consultative Conference: Finally, the Chinese People's Political Consultative Conference (CPPCC) is a 2,000-member advisory body consisting of delegates from a range of bodies and organizations. In practice, the CPPCC system gives select prominent citizens, many of them non-Communists, an approved platform to make suggestions about aspects of public policy, but does not oblige the Communist Party to act upon those suggestions. The institution can thus ignite and influence policy debates, but is essentially powerless. The Chinese government refers to CPPCC members as "political advisors."



Source: Foreign Affairs and Trade Development Canada (DFATD)

Drafted: GPC/McDonell, Bao

Approved: GPC/Burton



International Profile:

CHONGQING



Quick Facts

Total Area:	82,403 km ²
Population:	29.2 million (2011)
Administrative divisions:	19 districts, 15 counties, 4 autonomous counties
Mayor:	HUANG Qifan
Party Secretary:	SUN Zhengcai
Language(s):	Southwestern Mandarin / Sichuanese Mandarin
GDP (2012)	US \$187 billion



BC - Chongqing Relations

- ▶ BC companies have limited but increasing presence in Chongqing.
- ▶ Education links:
 - BC Ministry of Education and Chongqing Education Commission signed an MOU in 2008.
 - In August 2013, UBC and the Chongqing government signed a landmark academic cooperation agreement, opening doors to increased academic and research collaborations with universities and research institutes. The first batch of partner universities are Chongqing University, Southwest University, Southwest University of Political Science and Law and Sichuan International Studies University (SISU).
 - Maple Leaf International High School was set up in Chongqing in 2009 as a BC Offshore School (approx. 3,200 current students).
- ▶ Trade opportunities with Chongqing are managed by BC's Trade and Investment Office in Guangzhou.

Political & Economic Update

- ▶ Chongqing was designated a provincial level city in 1997. Administratively, it is one of China's 4 direct-controlled municipalities (the other three are Beijing, Shanghai and Tianjin), and the only such municipality in western China. This gives Chongqing's mayor the same standing as a provincial governor.

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- ▶ Chongqing has abundant natural resources (large deposits of coal, natural gas), is home to the Three Gorges Dam, and falls under China's Go West Strategy.
- ▶ Chongqing has over 3,000 years of history and culture, and is the economic center of the upper Yangtze.





FACTSHEET

November 2013

Ministry of Finance
British Columbia, Canada

ECONOMIC CONNECTIONS—B.C. AND CHINA

Trade between British Columbia and Asian markets continues to grow. The government has doubled B.C.'s international trade presence, adding a new representative office in Hong Kong to its network of trade and investment operations located throughout China and Asia.

China is now the world's second largest economy and has been projected to overtake the United States as the world's top economic power by 2020.

B.C. maintains Trade and Investment Representative Offices in Shanghai, Guangzhou, Beijing, and Hong Kong.

On Oct. 28, B.C. announced the appointment of a new investment and trade commissioner to promote and advance British Columbia's trade and economic interests and strengthen the Province's government-to-government relationships in Asia.

B.C. exports a higher percentage of its goods to Asia than any other Canadian province.

- In 2012, B.C. exports of goods to Asian trading partners totalled \$14 billion.
- Between 2001 and 2012, the share of B.C. exports going to Asia has increased from 20 per cent to 43.4 per cent.
- The share of B.C. exports going to China alone has increased from 2.3 per cent in 2001 to over 18 per cent in 2012.
- Since 2001, the total value of B.C. exports to Asia has risen by 1,046 per cent.
- The Province's exports to China have increased to \$5.75 billion in 2012 from \$727 million in 2001—an increase of 691 per cent.
- Year to date, British Columbia has exported \$7.3 billion in goods to China and Hong Kong, up 16.3 per cent compared to the same period in 2012.
- Year to date, British Columbia's exports to India, Japan, Korea and China (including Hong Kong) were \$8.4 billion, up 4.4 per cent compared to the same period in 2012.

Natural Gas:

- The global demand for energy is increasing rapidly and B.C. has a vast supply of natural gas - the world's cleanest burning fossil fuel - to be part of the solution.
- The economic growth in Asia is expected to account for half of the global gross domestic product within decades.
- Over the next 20-30 years, their demand for new natural gas supply will increase dramatically.

- LNG demand is projected to increase two-and-a-half times between 2010 and 2030 and is being led by Japan, followed by South Korea, China and India.
- In China, LNG demand could increase seven-fold from 9.4 million tonnes per annum in 2010 to 65.9 million tonnes per annum in 2030.
- British Columbia's natural gas resource base is estimated at over 1,400 trillion cubic feet (tcf). B.C. has enough natural gas supply to support production and LNG exports for over 80 years.
- As of October 2013, there are over 10 LNG export proposals in B.C. If five large LNG plants are built, the cumulative gross domestic product benefit to British Columbia is expected to add up to \$1 trillion by 2046.

Forestry:

- Forest companies intend to invest \$646 million in capital improvements in 2013– a 107 per cent increase from 2009.
- Last year, B.C.'s timber harvest was up 8.3 per cent from 2009 and B.C. forest product exports were \$10.2 billion – a 33.6 per cent increase since 2009.
- In 2012, the volume of B.C.'s lumber exports worldwide was up 5.9 per cent than in 2011, and the value of those exports was up 9.7 per cent.
- Softwood lumber exports to China grew 1,500 per cent to almost \$1.1 billion between 2003 and 2011, and held steady in 2012.
- Since 2009, over 25 mills have re-opened.
- Wood pellet production continues to grow – last year, B.C.'s production of wood pellets increased to about 1.95 million tonnes, almost double the volume produced in 2010.

Guangdong

Geography

Guangdong Province is situated in the southernmost part of China's mainland and immediately adjacent to Hong Kong Special Administrative Region (SAR) and Macau SAR to the south. It faces the South China Sea with a continental coastline of 3,368 km, and has numerous islands. Following China's opening up in 1978, Guangdong developed a market-oriented culture earlier than any other province in the country, and emerged as the nation's leading province with the highest records for economic indicators such as GDP, FDI, and foreign exports. Guangdong is home to three Special Economic Zones (Shantou, Shenzhen and Zhuhai), and to the Pearl River Delta economic zone, which serves as one of China's top two economic engines. The provincial capital is Guangzhou, and the local dialect is Cantonese. Many Chinese Canadians trace their ancestry to Guangdong.



Politics

- Party Secretary: Hu Chunhua since 2012
- Governor: Zhu Xiaodan since 2011

Demographic and Social Indicators¹

- Population: 105 million
- Area: 177,900 sq km
- Largest cities²: Guangzhou (12.7 million), Shenzhen (10.4 million), Dongguan (8.2 million)
- Life expectancy: 76.49 years
- Ethnic composition: Han (99.02%), other (1.98%)
- Languages spoken: Mandarin Chinese, Cantonese
- Health: 2.15 doctors, 2.11 registered nurses, and 3.76 hospital beds for every 1,000 persons
- Human Development Index (HDI)³: 0.844, ranking 4/31 of all provinces (National HDI for China is 0.699. For reference, HDI for Canada is 0.911).

Economic Indicators

Indicator	Value	Provincial Rank
Gross Regional Product (GRP)	5,321 billion RMB (842 billion CAD)	1/31
GRP per capita	50,807 RMB (8,047 CAD)	7/31
GRP growth rate	10%	28/31

¹ All figures taken from 2012 Statistical Yearbook, published by China's National Bureau of Statistics, unless indicated.

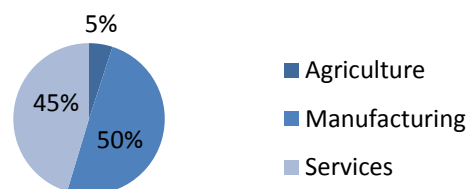
² City populations and ethnic composition taken from the 2010 National Census

³ Provincial HDI taken from 2009/2010 China Human Development Report; National HDI taken from 2013 UNDP Human Development Report

Economic Profile

- The Pearl River Delta area is the province's main producer of rice, fruits, and sugar cane, and the Leizhou Peninsula is the main producer of subtropical crops.
- Guangdong is a major producer of sugar cane, peanut, fruits, tea, poultry, and seafood.
- Guangdong, known as China's California, has the largest concentration of manufacturing in the world, accounting for 30% of China's total exports.
- In recent years, the provincial and central governments have taken measures to replace Guangdong's low value-added and inefficient industries with more knowledge-intensive ones. The target is to have the high-tech manufacturing sector account for 20% of the total provincial GDP by 2015.
- Guangdong has China's largest consumer market, accounting for 12% of the country's total sale of consumer goods. The government is targeting the development of financial services, tourism, and cultural industries.
- The Guangdong government hopes to have the service industry account for more than 50% of the total provincial GDP by 2015.

Composition of GRP



Links to Canada

- **Canadian representation:** Responsibility for Canadian interests in Guangdong is managed by the Consulate General of Canada in Guangzhou. There is a Canadian Trade Office in Shenzhen, and a Canadian Visa Application Centre in Guangzhou. The Consulate General in Guangzhou pays regular visits to consular clients in Guangdong.
- **Sister provinces/cities:** British Columbia - Guangdong (1995); Guangzhou – Vancouver (1985); Saint John - Shantou (1997); Surrey - Zhuhai (1987); Burnaby - Zhongshan (2011); New Westminster - Yunfu (2009); North Vancouver - Huizhou (2009); Prince George - Jiangmen (2010); Saint John – Shenzhen (2005).
- **Governance:** Guangdong is one of seven provinces that participated in a CAD \$4 million CIDA project from 2009-2012 on the prevention of labour trafficking. The Consulate General of Canada in Guangzhou sponsored an NGO capacity building workshop in 2013 with Sun Yat-sen University's Institute for Civil Society. The Consulate General has strong linkages with non-government organizations in Guangdong, especially related to labour.
- **Education:** There are two Canadian Studies Centres in Guangdong, which are at Guangdong University of Foreign Studies in Guangzhou and the Harbin Institute of Technology Shenzhen Graduate School. Many scholars from Guangdong have visited Canada under the Special Award for Canadian Studies program and the Canada-China Scholar Exchange Program. A significant proportion of Chinese students studying in Canada are from Guangdong; in 2012, over 1000 student visa applications were processed from Guangzhou residents alone.
- **Health:** Canada and Guangdong have strong health cooperation links. In January 2012, the Consulate and Health Canada hosted a Canada-Guangdong Health Roundtable.
- **The most recent visits to Guangdong include:** Minister of State of Foreign Affairs Ablonczy (January 2013), Minister of Transportation Lebel (December 2012), Prime Minister Harper (February 2012); International Trade Minister Fast (October 2011); Former Governor General Michaëlle Jean (2010). Ministers of Transportation, APGCI, Labour, Agriculture, Foreign Affairs, Seniors and NRCAN have all visited Guangdong since 2010. There are regular senior-level delegations to Canada, including Vice Governors visits. Ambassador Saint-Jacques met Party Secretary Hu in May 2013. Governor General David Johnston visited in October 2013.
- **Immigration:** From 1858 to 1996, the majority of mainland Chinese immigrants to Canada came from the southern coastal province of Guangdong, settling in Canada's largest cities such as Vancouver, Toronto and Montreal. In recent decades, many immigrants from Guangdong have chosen to settle in Canada because of family and friends already in Canada.

Trade and Investment Relations with Canada

Total Trade with Canada ⁴	Exports	Imports
8.1 billion USD	5.6 billion USD	2.4 billion USD

⁴ All figures taken from 2011 Guangdong Statistical Yearbook

- There are a number of Canadian projects in sectors including environmental technology, financial services, oil and gas and transportation.
- Opportunities in the transportation field in particular match Canadian capabilities, as the Chinese national and Guangdong provincial government both encourage growth in inter- and intra- city rail.
- Major Canadian players active in the region include BMO, BNS, Manulife, Bombardier Transportation, Magna, CAE, CSA and Husky and there is a wide array of smaller players in Canada that have been very successful in doing business in the region.
- There are great opportunities for Canadian agri-food and fisheries products in Guangdong, as the region's growing middle class tends to favour green and organic food.
- The Trade Commissioner Service has a presence in both Guangdong metropolises. The Consulate General of Canada in Guangzhou identifies agriculture and agri-food, cleantech, education, ICT, infrastructure and transportation as priorities, while the Canadian Trade Office in Shenzhen focuses mainly on cleantech, education, and financial services.

Source: Foreign Affairs and Trade Development Canada (DFATD)

Consulted: GANZU-GR/Chandavarkar/Huot; BEJING-GR/Yampolsky; BEJING-GR/Bentley

Contributed: BEJING-IM/Dumas; BEJING-DA/Chandani; BEJING-PI/Lai; BEJING-PI/Luo

Approved: GANZU HOM/Epp

Last Update: November 2013



International Profile:

Jiangsu & Rudong



Quick Facts

Total Area:	102,600 km ²
Population:	79 million (2011)
Administrative divisions:	13 prefectures, 106 counties, 1488 townships
Governor:	LI Xueyong
Party Secretary:	LUO Zhijun
Languages:	Jianghuai Mandarin, Wu
GDP (2012)	US \$881 billion

Rudong

- ▶ County in Nantong, Jiangsu province, dubbed the “Pearl of Southern East Sea”. Made up of 15 towns and a provincial economic development zone.
- ▶ In March 2007, China's National Development and Reform Commission (NDRC) officially approved the Jiangsu LNG Receiving Terminal project. The project is located on a reclaimed island currently being built offshore of Rudong in Jiangsu province.
- ▶ The first LNG cargo to the Rudong LNG Receiving Terminal was received in May 2011.

Jiangsu Political & Economic Update

- ▶ Dual party-government system (party determines policy; government implements policy). Party Secretary/Chief is the highest-ranking official, followed by the Governor as the second-highest ranking official.
- ▶ The focus of Jiangsu's Government Work Report included: the people's livelihood, involving employment, education, medical insurance, housing, respect for the elderly and help to the disabled, women and children, cultural and sports life of the public, transportation and environmental management etc.
- ▶ Jiangsu province saw its gross domestic product grow 9.6% year on year to RMB 4.19 trillion in the first nine months of this year. The growth rate was 1.9% points higher than the national average of 7.7% in the period.



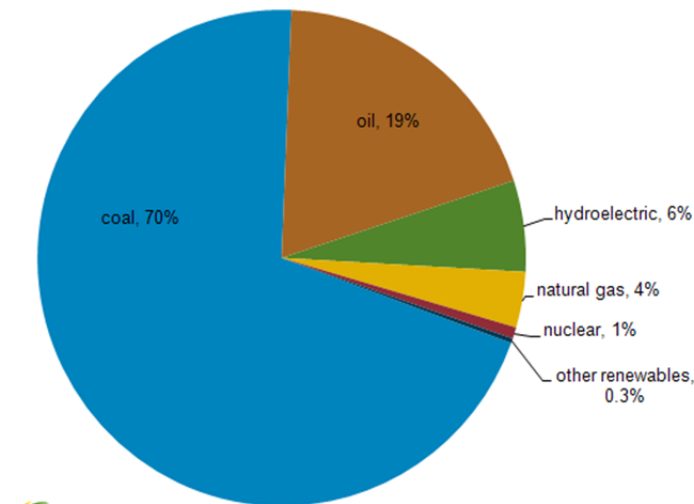
Natural Gas Country Profiles - China

Market Overview

- According to *Oil and Gas Journal*, China held 107 Trillion cubic feet (Tcf) of proven natural gas reserves as of January 2012.
- U.S. Energy Information Administration (EIA) estimates that China's natural gas production was 3.6 Tcf of natural gas in 2011, up around 9 percent from 2010.
- According to EIA estimates, the country consumed 4.6 Tcf of natural gas in 2011. Although natural gas use is rapidly increasing in China, the fuel comprised less than 5 percent of the country's primary energy consumption in 2009.
- China became a net natural gas importer in 2007. The country imported over 1000 Billion cubic feet per year (Bcf/y) of LNG and pipeline gas to fill its supply and demand gap.
- The Chinese government anticipates boosting the share of natural gas as part of total energy consumption to 10 percent by 2020 to alleviate high pollution from the country's heavy coal use and diversify the fuel mix in all end-use sectors. EIA projects gas demand to over 11 Tcf/y by 2035. To meet the demand, China is expected to import natural gas via LNG and potential pipelines from neighboring countries. China will also expand domestic reserves and establish a wider natural gas network and storage capacity.

Figure 1: Total energy consumption in China by type, 2009

Total energy consumption in China by type, 2009



 Source: U.S. Energy Information Administration, *International Statistics*

Sector Organization

National oil companies

The natural gas sector is dominated by the three principal state-owned oil and gas companies: China National Petroleum Corporation (CNPC), China Petrochemical Corporation (Sinopec), and China National Offshore Oil Corporation (CNOOC):

- CNPC is the country's largest natural gas company in both the upstream and downstream sectors. CNPC data shows that the company accounts for roughly 73 percent of China's total natural gas output.
- Sinopec operates the Puguang natural gas field in Sichuan Province, one of China's most promising upstream assets.
- CNOOC led the development of China's first three LNG import terminals at Shenzhen, Fujian, and Shanghai and manages much of the country's offshore production. CNOOC typically uses PSC agreements with foreign companies wanting to co-develop upstream offshore projects and has the right to acquire up to a 51 percent working interest in all offshore discoveries once the international oil company (IOC) recovers its development costs.

Pricing

China's natural gas prices, similar to retail oil prices, are regulated and generally well below international market rates. China has typically favored manufacturing and fertilizer gas users by regulating the price these sectors pay. The gas market has become more complex as import sources are more expensive than domestic gas production and gas demand intensifies in certain areas. In order to bolster investment in the sector, particularly by foreign participants, create more transparency in the pricing system and responsiveness to market fluctuations, and make domestic gas competitive with other fuels and imported gas, the National Development and Reform Commission (NDRC) proposes linking gas prices indirectly to international oil prices, effectively raising prices for end-users.

In mid-2010, the NDRC raised the onshore wellhead prices by 25 percent, and some Chinese cities raised end-user prices in the industrial and power sectors. China launched a pilot gas price reform in the southern provinces of Guangdong and Guangxi at the end of 2011, and essentially links the natural gas price to imported fuel oil and Liquefied Petroleum Gas (LPG) instead of to the cost of gas production and assigns a price reference point for each province. The linked gas price is then discounted to some degree to encourage gas consumption. If the policy is successful, the NDRC plans to roll out the reform to the rest of the country. China opened its first natural gas spot trading market at the Shanghai Petroleum Exchange in July 2012 as part of its gas price liberalization.

Natural Gas Exploration and Production

China's primary natural gas-producing regions are Sichuan Province in the southwest (Sichuan Basin); the Xinjiang and Qinghai Provinces in the northwest (Tarim, Junggar, and Qaidam Basins); and Shanxi Province in the north (Ordos Basin). China has dived into several offshore natural gas fields located in the Bohai Basin (Yellow Sea) and the Panyu complex of the Pearl River Mouth Basin (South China Sea)

and is exploring more technically challenging areas, such as deepwater and unconventional resources, with foreign companies.

Southwest

The Sichuan Basin is the key gas producing area in the Southwest and holds about 9.8 Tcf of reserves. The largest recent discoveries in the southwestern region are Sinopec's find at the Yuanba and Puguang fields in Sichuan Province. Sinopec started commercial production at Puguang in early 2010 and anticipates the field peaking at 425 Bcf/y. The national oil company (NOC) anticipates Yuanba to produce 120 Bcf/y by 2015.

Sichuan Province also holds the high sulfur content fields at the Chuandongbei basin. In 2007, CNPC awarded a 30-year production sharing contract (PSC) to Chevron to bring this technically challenging field online by 2013, with a production rate of 219 Bcf/y.

Northwest

Xinjiang historically is one of China's largest gas producing provinces, with output of 827 Bcf in 2011. According to IHS Global Insight, major fields Kela-2 and Dina-2 in the Tarim Basin have proven gas reserves of 15 Tcf, though much of the basin is still underexplored. However, the basin's complex geological features and the distance from China's main consumption centers make development costs relatively high. PetroChina's two cross-country West-East Gas Pipelines, connecting Xinjiang Uygur Autonomous Region to Shanghai, Beijing and Guangdong, have greatly expanded the upstream potential of the Tarim Basin to supply markets in eastern China. Tarim was the second largest gas-producing area in China in 2011, with 602 Bcf/y or 16 percent of China's total production, and PetroChina is eager to increase production in order to feed the first West-to-East pipeline. The NOC is currently developing the Kela-2 and Dina-2 fields which together are producing over 500 Bcf/y. Other new discoveries in the Northwest that have high potential of gas supply are the Junggar Basin in Xinjiang Province and the Qaidam Basin in Qinghai Province.

Northeast

The Changqing oil and gas province in the Ordos basin is the largest producing gas region in China and houses the Sulige gas field containing more than 35 Tcf of reserves. Development of this region is geologically and technically challenging as some of the reserves are tight gas, though production has risen steadily this decade to 912 Bcf/y in 2011 or 25 percent of China's gas output. CNPC anticipates producing 1,130 Bcf/y in the region by 2015. Total and Shell Oil hold production sharing contracts (PSCs) with CNPC for tight gas projects in the Sulige and Changbei fields and adding to China's technical capacity to perform advanced drilling techniques. The Songliao basin holds the Daqing oil and gas field which produced 110 Bcf in 2011. Also, China began the process of reinjecting carbon dioxide to enhance recovery rates for fields in this area.

Offshore

Offshore zones have also received increasing attention for upstream natural gas developments in China, and CNOOC is the primary stakeholder of exploration rights. The NOC produced about 200 Bcf/y in 2011 in the shallow waters of the South China Sea (SCS). The West SCS accounts for about 57 percent of

CNOOC's domestic gas production, although the NOC sees greater potential for development in the East SCS. The West SCS is home to the Yacheng 13-1 field, China's largest offshore natural gas field and a primary source of energy for Hong Kong's power stations. The Yacheng 13-1 field produces about 124 Bcf/y of natural gas but has been in decline since 2007. Other fields have entered operations since 2005 and offset declines from Yacheng.

CNOOC's long term development plans include exploration of deepwater fields in the Pearl River Mouth and Qiongdongnan Basins. The NOC partnered with Husky Energy Inc. and began development of China's first deepwater gas project for the Liwan 3-1 field, slated for commercial production in 2013. As development continues, other deepwater fields such as Panyu 34-1 will feed into the main processing platform at Liwan. Other IOCs, namely Chevron Corporation, BG Group plc, and Eni S.p.A. signed PSCs for deepwater hydrocarbon blocks in the SCS.

Unconventional gas resources

The unconventional gas industry in China is in nascent stages of development due to technical challenges, regulatory hurdles, transportation constraints, and competition with other fuels and conventional natural gas. However, China's potential wealth of unconventional gas resources such as coal bed methane (CBM) and shale gas has spurred the government to seek foreign investors with technical expertise to exploit these reserves.

China is estimated to have 10.2 Tcf so far of proven CBM reserves in 2011, though estimates for recoverable reserves are much higher at over 350 Tcf. Most of China's CBM volumes are from the basins in the North and Northeast, the Sichuan basin in the Southwest, and the Junggar and Tarim basins in the West. FACTS Global Energy estimates that total CBM production in 2010 was 315 Bcf/y, including 18 percent from surface wells and 82 percent from coal mine extractions, and expects production to rise to 1,570 Bcf/y by 2030, accounting for 12 percent of total natural gas production. As part of the 12th Five-Year Plan, China has a target of producing 1,060 Bcf/y by 2015. Another goal is to increase the utilization rates from less than 40 percent to over 60 percent by 2015, reducing the significant production waste. China's first commercial CBM pipeline became operational in late 2009, linking the Qinshui Basin with the West-East pipeline. Two additional long-distance pipelines have become operational, and several more are under construction.

Most of China's proven shale gas resources reside in the Sichuan and Tarim basins in the southern and western regions and in the Northern and Northeast basins. EIA estimates that China's technically recoverable shale gas resources are 1,275 Tcf. Although there is no commercial production of shale gas as of 2011, the Ministry of Land Resources set out goals to produce 230 Bcf/y of shale gas by 2015 and at least 2,100 Bcf/y by 2020. China's NOCs are in discussion with several IOCs for partnering on potential shale gas projects in order to gain necessary technical skills for developing such geologically challenging resources. CNPC and Shell signed the first PSC for a block of shale gas in the Sichuan Basin in March 2012. China held its first shale gas licensing round in 2011 for four blocks in the Sichuan Basin and awarded the tenders to two Chinese companies, including Sinopec. The State Council released shale gas from the jurisdiction of the NOCs, allowing an opening of a larger second bidding round in mid-2012.

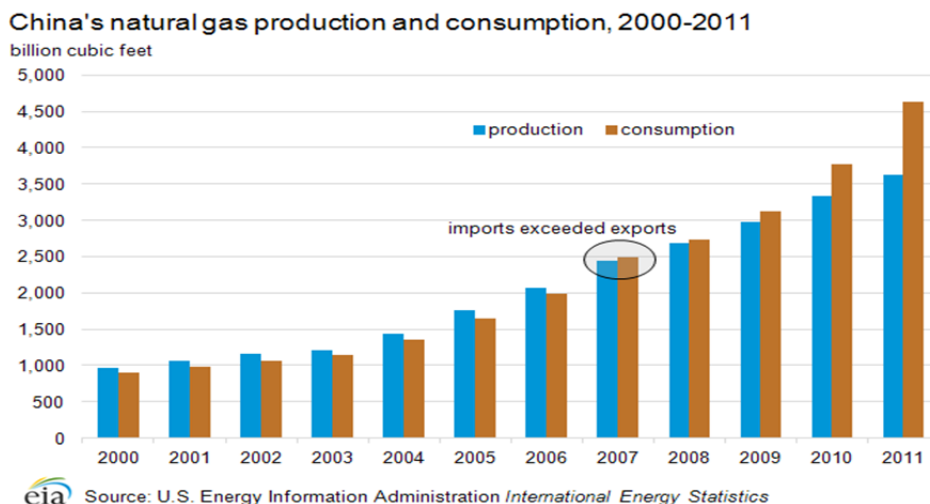
Tendering is available to not only NOCs but also private and local companies, and foreign investors may participate indirectly if they hold a PSC contract with a participating Chinese firm.

Natural Gas Consumption

According to OGJ, China held 107 trillion cubic feet (Tcf) of proven natural gas reserves as of January 2012, 27 Tcf higher than reserves estimated in 2009 and the second largest in the Asia-Pacific region. China's natural gas production and demand have risen substantially in the past decade. In 2011, China produced 3.6 Tcf of natural gas, up around 9 percent from 2010, while the country consumed 4.6 Tcf. China's gas production more than tripled over the last decade. China became a net natural gas importer for the first time in almost two decades in 2007, and imports have increased dramatically in the past few years alongside China's thirst for natural gas and rapidly developing infrastructure. Gas imports have become a significant part of the gas portfolio, jumping from a 12-percent share of the consumption in 2010 to 22 percent in 2011.

The Chinese government anticipates boosting the share of natural gas as part of total energy consumption to 10 percent by 2020 to alleviate high pollution from the country's heavy coal use and diversify the fuel mix in all end-use sectors. Consumption in 2011 surged from 2009 levels by nearly 50 percent, and the country imported over 1,000 Bcf/y of liquefied natural gas (LNG) and pipeline gas to fill the gap. Although a majority share of the gas consumption is dominated by industrial users (34 percent in 2011 according to FACTS Global Energy), the recent growth of gas consumption in the past few years stems from the power, utilities, and residential sectors. EIA projects gas demand to more than triple to over 11 Tcf/y by 2035, growing about 5 percent per year. To meet this demand, China is expected to continue importing natural gas via LNG and a number of potential import pipelines from neighboring countries. It will also have to tap into its expanding domestic reserves and establish a wider natural gas network and storage capacity.

Figure 2: China's natural gas production and consumption, 2000 - 2011



Natural Gas Imports

Pipelines

China had nearly 27,000 miles of main natural gas pipelines at the end of 2011. China's natural gas pipeline network is fragmented, though NOCs are rapidly investing in the expansion of the transmission system to connect more supplies to demand centers along the coast and in the southern regions as well as integrating local gas distribution networks. The government plans to construct another 24,000 miles of new pipelines by 2015. While the major NOCs operate the trunk pipelines, local transmission networks are operated by various local distribution companies throughout China. This has prevented the emergence of a national gas transmission grid.

Figure 3: Pipelines in China



Source: PetroChina

CNPC is the primary operator of the main gas pipelines, holding over three-quarters of the market share. CNPC moved into the downstream gas sector recently through investments in gas retail projects as well as investments in several pipeline projects to facilitate gas transportation for its growing gas supply. CNPC developed 3 parallel pipelines, Shan-Jing pipelines, linking the major Ordos basin in the North with Beijing and surrounding areas. The third Shan-Jing pipeline began operations in 2011. Sinopec is also a major player in the downstream transmission sector, operating pipelines in the Sichuan province. In 2010, the NOC commissioned the 1,000 mile, 425 Bcf/y pipeline running across 8 provinces from its recently operating Puguang field to Shanghai.

China lacks gas storage capacity, causing it to consume almost all of the gas it supplies. The government intends to increase storage capacity from nearly 70 Bcf to 1,100 Bcf in 2015.

West-East Gas Pipeline

PetroChina Company Limited (PetroChina)'s first West-East Gas Pipeline, commissioned in 2004, is China's single-largest natural gas pipeline at 2,500 miles in length. The pipeline links major natural gas supply bases in western China (Tarim, Qaidam, and Ordos Basins) with markets in the eastern part of the country. The Chinese government promoted the construction of the West-East Gas Pipeline to supply natural gas consumption to the eastern and southern regions of the country. The West-East pipeline has an annual capacity of 430 Bcf/y, capable of expansion to 600 Bcf/y, and contains numerous regional spurs along the main route, which has improved the interconnectivity of China's natural gas transport network.

CNPC completed construction of the second West-to-East trunk pipeline with a capacity of 1.1 Tcf/y and spanning over 5,200 miles, including the trunkline and 8 main branch lines in 2011. This pipeline connects at the Sino-Kazakh border with the Central Asian Gas Pipeline from Turkmenistan and transports gas across the country to key demand centers. The western section of the line, running parallel to the first West-to-East Pipeline to Zhongwei in north-central China, became operational at the end of 2009. The eastern section of the line runs from Zhongwei to serve markets in the southern Guangdong Province and Hong Kong.

In order to accommodate greater gas flows from Central Asia, CNPC will construct the third West-East Pipeline by 2015 to run partially parallel to the second West-East line and end in the southeastern provinces of Fujian and Guangdong. CNPC anticipates that the 1.1 Tcf/y pipeline will offtake gas from Turkmenistan's production and domestic output from the Junggar fields, though supply arrangements are still undefined. CNPC made a final investment decision in March 2012, and the pipeline will be partially funded with private capital. There are proposals for a fourth and fifth West-East pipelines in pre-feasibility stages.

Central Asian Gas Pipeline (CAGP) and International Pipelines

China's first import natural gas pipeline is the Central Asian Gas Pipeline (CAGP), which spans 1,130 miles, has a capacity of 1.4 Tcf/y, and brings natural gas to China from Turkmenistan, Uzbekistan, and Kazakhstan.

In December 2009, CNPC was awarded a PSC to develop natural gas resources at Turkmenistan's large South Yolotan gas fields, and signed a deal with Turkmengaz, the state-owned gas company, to import natural gas supplies. The pipeline began operations in December 2009, and links to the second West-East pipeline at the Chinese border. China imported 1.4 Bcf/d (511 Bcf/y) from CAGP in 2011 and expects to increase imports as the pipelines on both sides of the border increase capacity. Turkmenistan and China signed a gas supply agreement in 2012 to extend an initial agreement from 1.1 Tcf/y to 1.9 Tcf/y. CNPC has invested in upstream stakes in Turkmenistan to facilitate the gas supply development. The NOC operates the Bagtyyarylyk PSC that currently feeds the CAGP. CNPC and Turkmengaz are developing the sizeable South Yolotan field which is anticipated to supply gas to China by 2013.

In April 2011, CNPC signed an agreement with Uzbekistan to deliver over 1 Bcf/d (360 Bcf/y) through a transmission line that would connect with the CAGP. Kazakhstan and China also signed a joint venture

agreement in 2010 to construct a pipeline starting in western Kazakhstan and link to the CAGP. The pipeline will add another 360 Bcf/y from Kazakhstan to the CAGP and commissioning could begin in 2015.

There are several proposed pipelines that could contribute to Chinese natural gas imports in the future.

CNPC signed a deal with Myanmar in March 2009 to finance the construction of a 1,123-mile, 420 Bcf/y pipeline from two of Myanmar's offshore blocks to China's Yunnan and Guangxi provinces in the southwestern region. Construction began on the project which is due to commence by mid-2013.

In March, 2013, CNPC and Russia's Gazprom just signed a memorandum, which envisaged an agreement on a 38 billion cubic metre per year from East Siberia via the "Power of Siberia" pipeline (the eastern route) in 2013, with the project commencing in 2018. Upon further agreements, the supply volume can reach 60 billion cubic meters per year.

Figure 4: Potential "Power of Siberia Pipeline"



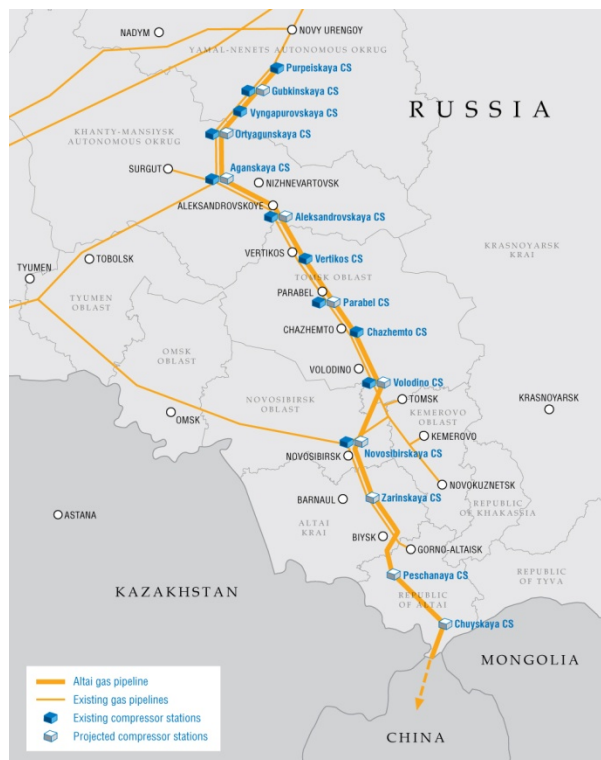
The features of the proposed "Power of Siberia" pipeline including:

- Length: About 4,000 kilometers (Yakutia – Khabarovsk – Vladivostok – some 3,200 kilometers, Irkutsk Region – Yakutia – nearly 800 kilometers)
- Diameter: 1,420 millimeters
- Working pressure: 9,8 MPa (100 Ata)
- Annual throughput: 61 billion cubic meters
- Cost: Approximately \$20 billion

China is currently negotiating importing natural gas from Western Siberia in Russia to China via the "Altai" Pipeline (the western route). The contract period is expected to be 30 years and the supply volume is expected to be 30 billion cubic meters a year.

The new Altai pipeline system is planned for construction within the existing transmission corridor from Western Siberia to Novosibirsk with follow-up extension to the Russian-Chinese border.

Figure 5: Potential "Altai Pipeline"



Source: Gazprom

The features of the "Altai pipeline" including:

- Length - About 2600-Kilometers
- Diameter – 1,420 millimeters
- Annual throughput - 30 billion cubic meters a year
- Cost- Approximately \$10 billion

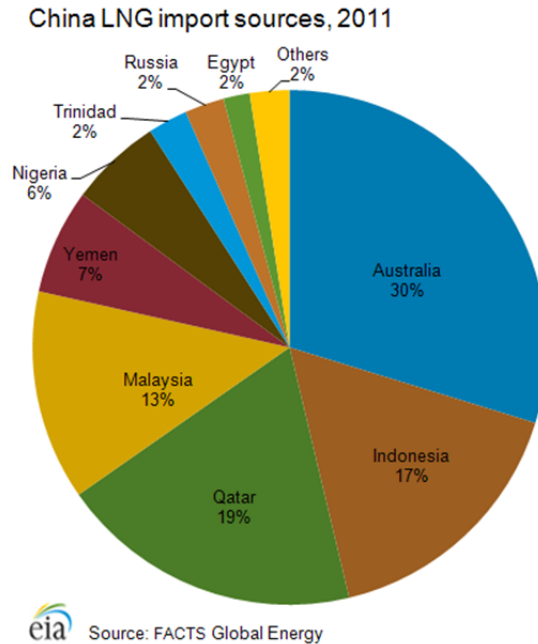
Liquefied Natural Gas Imports

Roughly half of China's natural gas imports are in the form of LNG. Re-gasification capacity was almost 1,000 Bcf/y (2.7 Bcf/d) in mid-2012. Another 2 Bcf/d is being built by 2015. China's LNG imports are expected to rise as more terminal capacity comes online, though higher market-based LNG prices based versus lower prices from domestic gas sources as well as pipeline gas from Turkmenistan could cause more competition for LNG.

China imported its first LNG shipment in the summer 2006, and the country has quickly ramped up volumes since then, importing about 1,200 MMcf/d in 2010 and rising about 30 percent to 1,600 MMcf/d or 586 Bcf/y in 2011. LNG now enters the country through five terminals, with another four under construction and more receiving government approvals. CNOOC is the key

LNG player in China and operates three existing plants, while CNPC operates the two most recent terminals.

Figure 6: China LNG import sources, 2011



Chinese NOCs must secure supply prior to gaining government approval to build a re-gasification terminal, and these firms are faced with competition from other regional buyers, mainly in Korea and Japan. Therefore, CNOOC, PetroChina, and Sinopec have signed several long terms supply contracts totaling about 3.8 Bcf/d. These contracts are primarily with Asian firms sourcing LNG from Indonesia, Malaysia, and Australia. QatarGas is also supplying LNG to China through long-term contracts and spot cargoes.

Several re-gasification terminals are in various phases of planning and construction. CNOOC is keenly interested in growing its LNG market as it has a competitive advantage thus far in the sector compared to the other NOCs. In addition, CNOOC is constructing 3 plants - Zhuhai, Zhejiang, and Hainan - and intends to expand the company's three existing terminals. PetroChina/CNPC recently entered the LNG market and commissioned its first two re-gasification terminals, Dalian and Jiangsu, in 2011 and is building the Tangshan terminal. Sinopec anticipates entering China's LNG market by 2014 with its Qingdao terminal.

Table 1: Key LNG terminals in China

Key LNG terminals — current and proposed				
Terminal Name	Status/Online Date	Developer	Initial / Expansion Capacity (MMcf/d)	Possible Supplier
Dapeng/ Guangdong	Operational; Expansion / 2012	CNOOC; BP	880 / 300	Australia NWS
Fujian	Operational; Expansion / 2012	CNOOC	340 / 340	Indonesia - Tangguh
Shanghai	Operational; Expansion / 2012	CNOOC; Shanghai Shenergy	650 / 395	Malaysia - Petronas
Dalian	Operational; Expansion / 2015	CNPC	395 / 395	QatarGas IV; Australia; Iran
Rudong/Jiangsu	Operational; Expansion / 2014	CNPC;RGM Int'l; CITIC	460 / 395	QatarGas IV
Shenzhen	Permit from NDRC; Awaiting siting permits / 2014	CNPC; CLP	260 / 200	Australia Gorgon LNG (ExxonMobil)
Zhejiang/Ningbo	Construction / 2012; Expansion	CNOOC	395 / 395	QatarGas III
Zhuhai	Construction / 2013; Expansion	CNOOC; Yudian Group	460 / 460	TBD
Qingdao/Shandong	Construction / 2014; Expansion	Sinopec; Huaneng Group	395 / 395	PNG LNG (ExxonMobil) and APLNG
Hainan	Construction / 2015; Expansion / 2018	CNOOC; Hainan Development	260 / 130	TBD
Caofeidian/ Tangshan	Construction / 2014; Expansion	CNPC; Beijing municipal government	460 / 390	Australia and Qatar
Beihai/Guangxi	Preliminary approval / 2015	Sinopec	395	PNG LNG (ExxonMobil) and APLNG
Jiangsu/Yancheng Floating terminal	Planning; Feasibility study complete / 2013	CNOOC; Yancheng Municipal	340	TBD
Shenzhen/Diefu	NDRC approval / 2015	CNOOC; Shenzhen Energy	526	TBD
Jieyang	NDRC approval / 2014	CNOOC	260	TBD

Sources: Global Insight, FACTS Global Energy, and Reuters as of September, 2012

Source:

- Energy Information Administration Country Analysis Briefs-China
- Gazprom Projects: <http://www.gazprom.com/about/production/projects/pipelines/ykv/>
- Pacific Environment: <http://pacificenvironment.org/article.php?id=2711>
- News from the Siberian Times as of July 25, 2012: <http://siberiantimes.com/business/others/news/cold-siberia-can-keep-europe-warm-in-winter/>

Shanghai

Geography

Shanghai sits on the Yangtze River Delta on China's east coast, sandwiched between the two prosperous provinces of Jiangsu and Zhejiang. As one of the four autonomous municipalities in China, Shanghai consists of 18 districts and one county. It is China's most economically dynamic and culturally thriving metropolis, and a perpetual rival to China's political capital, Beijing. Shanghai hosted the World Expo in 2010 and is arguably China's most modern and sophisticated city.



Politics

- Party Secretary: Han Zheng since 2012.
- Mayor: Yan Xiong since February 2013.

Demographics and Social Indicators¹

- Population: 23.47 million
- Area: 6,340.5 sq km
- Life expectancy: 80.25 years
- Ethnic composition: Han 98.8%
- Languages spoken: Mandarin Chinese (official language); Shanghainese (local dialect)
- Health: 3.78 doctors, 4.14 registered nurses, and 7.54 hospital beds for every 1,000 persons
- Human Development Index (HDI)²: 0.908, ranking 1/31 of all provinces (National HDI for China is 0.699. For reference, HDI for Canada is 0.911.)

Economic Indicators

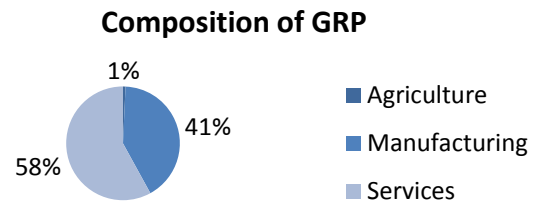
Indicator	Value	Provincial Rank
Gross Regional Product (GRP)	1.9 trillion RMB (~304 billion CAD)	11/31
GRP per capita	82,560 RMB (~13,077 CAD)	2/31
GRP growth rate	8.2%	30/31

¹ All figures taken from 2012 Statistical Yearbook, published by China's National Bureau of Statistics, unless indicated

² Provincial HDI taken from 2009/2010 China Human Development Report; National HDI taken from 2013 UNDP Human Development Report

Economic Profile

- Automobiles, electronic and communication equipment, petrochemicals, steel products, equipment assemblies and biomedicine form the six pillar-industries of Shanghai.
- The three largest service industries are financial services, retail, and real estate
- Shanghai is aiming to transform the service industry into its leading industry.
- The architectural industry in Shanghai is highly developed.
- Shanghai boasts China's largest steelmaker, Baosteel Group, and Jiangnan Shipyard, one of China's oldest shipbuilders.
- The Shanghai-based Shanghai Automotive Industrial Corporation (SAIC Motors) is one of the three largest automotive corporations in China, and has strategic partnerships with Volkswagen and General Motors.
- Shanghai promotes modern agriculture in its suburbs for the production of organic food and the development of export-oriented agriculture.



Links to Canada

- Canadian representation:** Responsibility for Canadian interests in Shanghai is managed by the Canadian Consulate General in Shanghai. Quebec, Ontario, Saskatchewan, BC and Alberta all have offices in Shanghai. The Consulate General pays visits to consular clients in Shanghai.
- Sister provinces/cities:** Montréal – Shanghai (1985), Quebec – Shanghai (2011).
- Governance:** Several projects in Shanghai were funded under CIDA's former Civil Society Program from 1999 to 2009.
- Education:** Along with Australia and the US, Canada is one of the three major partners for degree and non-degree higher education cooperation with Shanghai. By the end of 2010, there were 39 Canada-China cooperative degree programs. This may involve foreign curriculum and teaching materials, and foreign investment. There are Canadian Studies Centres at Shanghai Jiaotong University (2003); Fudan University (2009) and Shanghai International Studies University. There are Canadian Studies Programs at East China University of Political Science and Law and at China Executive Leadership Academy Pudong. Residents of Shanghai formed the second largest group of students applying for Canadian visas in 2012, with over 1000 applicants.
- Recent Canadian visits:** Prime Minister Harper visited in December 2009 and Shanghai Expo in 2010 attracted an extraordinary number of Canadian visitors: Governor General Michaëlle Jean and the Ministers of International Trade, Health, Finance, Natural Resources, Transport, Canadian Heritage, Industry, Small Business and Tourism and Environment. 2011 saw visits by the Ministers of International Trade, Foreign Affairs and Natural Resources, the Speaker of the Senate, and the Premiers of BC and Quebec. 2012 featured visits by the Canada-China Legislative Association (CCLA), the Deputy Minister of International Trade, the Council of the Federation, the Quebec Vice-Premier, the Minister of Foreign Affairs, and the Minister of Labour. 2013 has seen visits by the Ontario Premier, the CCLA, Minister of State for Seniors Wong, Governor General David Johnston visited (October) and Minister of Foreign Affairs John Baird (October).

Trade and Investment Relations with Canada

Total Trade with Canada ³	Exports	Imports
4.87 billion USD	2.78 billion USD	2.09 billion USD

- A large number of Canadian companies are located in Shanghai and the surrounding Yangtze River Delta Region. Some of the most prominent include: Manulife, Magna, Bombardier, IMAX, B+H Architecture as well as Canada's five largest banks.
- Quebec and Ontario both have offices located within the Consulate General of Canada in Shanghai, promoting trade and investment relations between China and their respective province.

Updated: SHNGI-GR/Gao

Consulted: SHNGI-TD/Pelletier BEJING-GR/Clark-Grignon, BEJING-GR/Bentley, BEJING-GR/Yampolsky

³ All figures taken from 2011 Shanghai Statistical Yearbook

Sichuan**Geography**

Sichuan is one of the most populous provinces in China, long known for its spicy food. It is a landlocked province bordered by Hubei and Hunan in the east, Guizhou and Yunnan in the south, Tibet (Xizang) in the west and Qinghai, Gansu and Shanxi in the north. The Yangtze River and its tributaries flow through the mountains of western Sichuan. Sichuan has historically been known as the “Province of Abundance” and is one of the major agricultural producers of China. The capital of Sichuan province is Chengdu, situated roughly in the middle of the province. Along with Chongqing, Chengdu is one of the two pillars of economic and political activity in western China. Sichuan is adjacent to Tibet and is one of five provinces which are the traditional homes of Tibetan communities.

**Politics**

- Party Secretary: Wang Dongming since 2012, member of the 18th CPC central committee
- Governor: Wei Hong since 2013

Demographics and Social Indicators¹

- Population²: 86.73 million
- Area: 485,000 sq. km
- Largest cities: Chengdu (14 million), Nanchong (6.3 million), Mianyang (4.6 million)
- Life expectancy: 74.75 years
- Ethnic composition³: Han (93.9%), Yi (2.6%), Tibetan (1.5%) and Qiang (0.4%)
- Languages spoken: Mandarin Chinese, local dialect (Sichuanese)
- Health: There are 1.69 doctors, 1.33 registered nurses, and 3.69 hospital beds for every 1000 persons.
- Human Development Index (HDI)⁴: 0.763, ranking 24/31 of all provinces (National HDI for China is 0.699. For reference, HDI for Canada is 0.911).

Economic Indicators

Indicator	Value	Provincial Rank
Gross Regional Product (GRP)	2,102.7 billion RMB (333 billion CAD)	8/31
GRP per capita	26,133 RMB (4,139 CAD)	25/31
GRP growth rate	15%	3/31

¹ All figures taken from 2012 Statistical Yearbook, published by China's National Bureau of Statistics, unless indicated.

² Taken from the annual 2012 sample survey, Sichuan National Economic and Social Development Statistical Bulletin

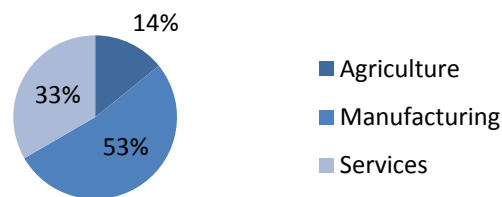
³ Ethnic composition taken from 2010 National Census, in addition to the Tabulation on the Nationalities of the 2000 population census. The 2010 census results found that the share of minorities increased since the 2000 census by 1.12%. This is not reflected here.

⁴ Provincial HDI taken from 2009/2010 China Human Development Report; National HDI taken from 2013 UNDP Human Development Report

Economic Profile

- Sichuan is a major agricultural and livestock producer, with rice, wheat, citrus fruits, Chinese herbs and pork accounting for a significant share of China's total output.
- Sichuan has a diversified manufacturing base, with heavy industries including coal, energy, iron and steel and light manufacturing including material processing, food manufacturing and chemical production.
- Sichuan's aerospace and military industrial sectors are also significant.
- Sichuan has experienced fast growth in logistics, e-commerce, finance, and outsourcing.
- Chengdu is known as a leading software centre in China, as well as an important regional centre for financial services, and research & development.
- Tourism is an important economic sector, with Jiuzhaigou National Park and the surrounding Tibetan areas among Sichuan's most popular tourist attractions.

Composition of GRP



Links to Canada

- **Canadian representation:** Responsibility for Canadian interests in Sichuan is managed by the Consulate General of Canada in Chongqing. The Consulate General regularly pays visits to consular clients in Sichuan.
- **Sister provinces/cities:** Edmonton - Chengdu (Friendship agreement, July 2006); Kingston - Mianyang (November 1989); Winnipeg - Chengdu (February 1988)
- **Governance:** Sichuan was one of seven provinces participating in a CAD 4 million CIDA project from 2009-2012 on the prevention of labour trafficking. Recently completed Canada Fund projects supported rural migrants in Xichang and rural doctors in remote agricultural and pastoral areas, as well as community participation in addressing the impact of hydropower development on ethnic minorities.
- **Education:** In Chengdu, there are Canadian Studies Centres at Sichuan University and the Southwest University of Science and Technology. Sichuan University, Electronic Science and Technology University and Southwest Jiaotong University all have significant research partnerships with Canada. Canadian Surgical Technologies & Advanced Robotics (CSTAR) and the University of Western Ontario have forged a strong partnership with the West China School of Medicine at Sichuan University. Ongoing initiatives include a Life Sciences Industry Roundtable and Dual PhD Program. Canadian universities are eagerly exploring this market for student recruitment. In 2012, 244 student visa applications from Chengdu were processed.
- **Recent Canadian visits:** Minister of Agriculture Ritz (February 2012); Governor General Jean (July 2010); Regular Canadian Embassy outreach. In 2013, the Embassy helped facilitate the transfer of two pandas from Chengdu and Chongqing to the Toronto Zoo. Governor General David Johnston visited in October 2013 as well as Minister of Foreign Affairs John Baird.

Trade and Investment Relations with Canada

- Major exports to Canada included minerals, machinery products, metal products and chemicals.
- Sichuan-based Tongwei imported 20,000 tons of canola meal in 2011 for use in aquaculture feed trials.
- Chengdu-based Xilin imported 50,000 cubic metres of SPF wood from Vancouver-based LJ Resources. The first shipment was received in 2010.
- In June 2012 Sichuan Airlines started direct flights from Chengdu to Vancouver using Airbus 330-200 aircraft.
- In 2011, Canadian investments in Sichuan reached CAD \$91.06 million.
- Notable Canadian companies in the region include Manulife, Bugtracker, MicroDSP, and Zeidler Partnership Architects.
- Canada is becoming an attractive investment destination for Sichuan companies interested in mineral resources and advanced manufacturing. In recent years, Sichuan Tianqi Lithium has established mining operations in Quebec, and Sichuan Ruifeng has invested CAD \$63 million in heavy oil exploration in Alberta.

Source: Foreign Affairs and Trade Development Canada (DFATD)

Consulted: CHONQ-TD; BEJING-GR/Yampolsky; BEJING-GR/Bentley; CHONQ-HOM/Rheault

Contributed: BEJING-IM/Dumas; BEJING-DA/Chandani; BEJING-PI/Lai; BEJING-PI/Luo;

Approved: CHONQ-HOM/Rhéault

Last Update: November 2013



International Profile:

Sichuan



Quick Facts

Total Area:	485,000 km ²
Population:	80,418,200 (2010)
Administrative divisions:	18 prefecture-level cities, 3 autonomous prefectures
Governor	WEI Hong
Party Secretary:	WANG Dongming
Language(s):	Sichuanese Mandarin
GDP (2012):	US\$ 387 billion

Political & Economic Update

- ▶ Dual party-government system (party determines policy; government implements policy). Party Secretary/Chief is the highest-ranking official, followed by the Governor as the second-highest ranking official.

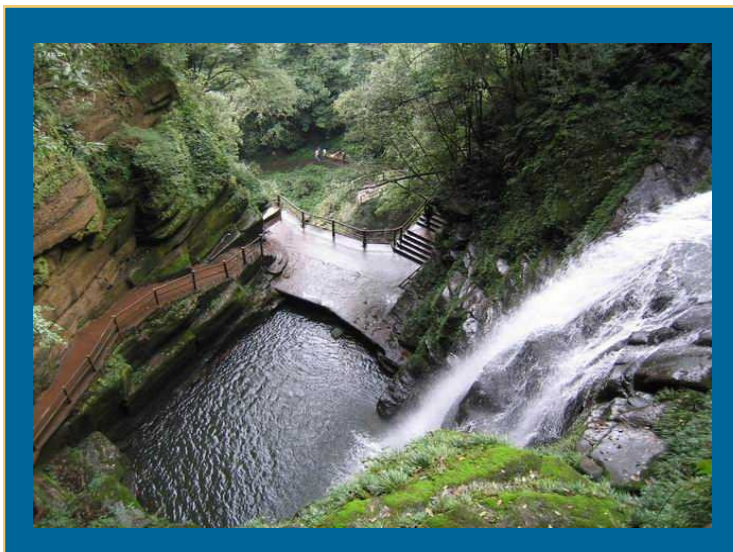
S16

- ▶ The Sichuan Provincial Bureau of Statistics announced in October that the province's GDP value for the first three quarters totaled CNY 1.91 trillion, up 10% year-on-year.

- ▶ Canada's Minister of Foreign Affairs, Minister Baird, met with Sichuan's Governor, WEI Hong, in October 2013.

BC – Sichuan Relations

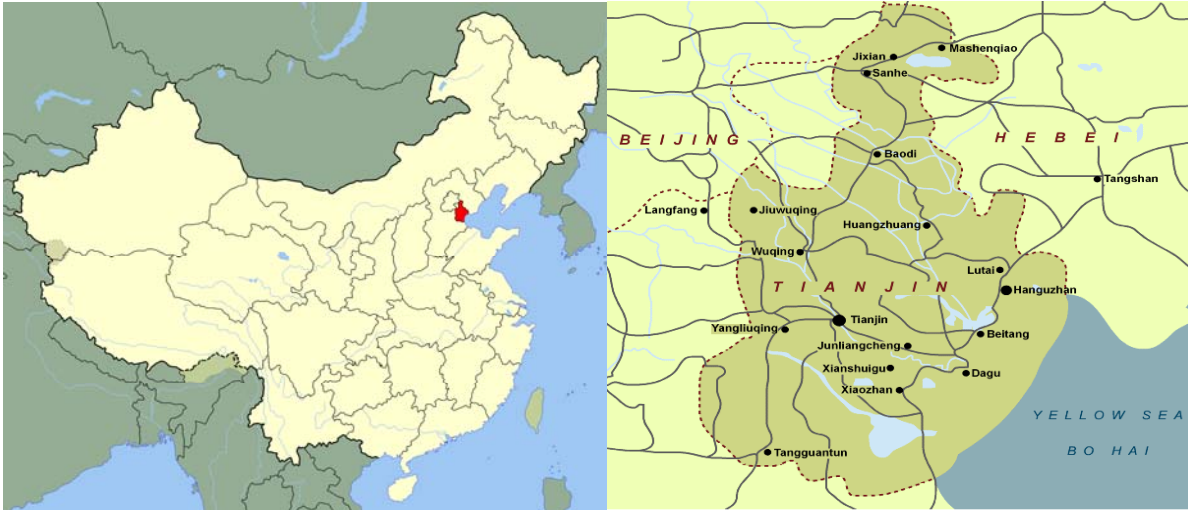
- ▶ BC Trade and Investment Office in Guangzhou has made frequent business visits to Chengdu, Sichuan.
- ▶ In 2008 the Government of Canada and the Government of BC provided \$8 million in financial support for reconstruction projects after the Sichuan earthquake. The completed projects were Mianyang School for Disabled, Beichuan Elderly Care Centre, Huayan Elementary School and Xiang'E primary school. All of the buildings use wood-frame construction and wood building products from BC.
- ▶ Visits to Sichuan include: Minister Pat Bell, former Minister of Jobs, Tourism and Innovation (2011), and MLA Richard Lee (2013).
- ▶ In June 2012, Sichuan Airlines launched a Chengdu — Vancouver flight (via Shenyang).



Tianjin

Geography

Tianjin is directly governed as one of China's four administrative municipalities (alongside Beijing, Shanghai and Chongqing) under the central government. Located in the north-eastern part of the North China Plain, Tianjin adjoins Beijing in the north and borders the Bohai Sea in the east. With a coastline of approximately 133 kilometers, Tianjin has the largest port in North China, providing service to 300 ports in more than 170 countries and regions. Located only 110 kilometres from Beijing, Tianjin serves as Beijing's vital gateway to the Bohai Sea.



Politics

- Party Secretary: Sun Chunlan since 2013, the only female provincial-level party chief, and the second in PRC history. Politburo member
- Mayor: Huang Xingguo since 2008

Demographic and Social Indicators¹

- Population: 13.5 million
- Area: 11,760 sq. km
- Largest districts²: Nankai (1 million), Binhai New Area (2.4 million)
- Life expectancy: 78.8
- Ethnic composition: Han (99%)
- Languages spoken: Mandarin Chinese; Tianjin dialect
- Health: 2.98 doctors, 2.58 registered nurses, and 4.94 hospital beds for every 1,000 persons
- Human Development Index (HDI)³: 0.875, ranking 3/31 of all provinces (National HDI for China is 0.699. For reference, HDI for Canada is 0.911)

Economic Indicators

Indicator	Value	Provincial Rank
Gross Regional Product (GRP)	1.13 trillion RMB (~179 billion CAD)	20/31
GRP per capita	85,213 RMB (~13,497 CAD)	1/31
GRP growth rate	16.4%	1/31

¹ All figures taken from 2012 Statistical Yearbook, published by China's National Bureau of Statistics, unless indicated

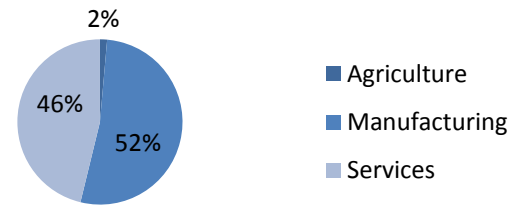
² Taken from the 2010 national census

³ Provincial HDI taken from 2009/2010 China Human Development Report; National HDI taken from 2013 UNDP Human Development Report

Economic Profile

- The Binhai New Area, a major development zone within the city of Tianjin, has been designated by the central government as China's third growth pole.
- Tianjin has a well-established industrial base; its industrial output is dominated by high technology, particularly the electronic information technology sector.
- Bordering the Bohai Bay, Tianjin is endowed with one of the most important and largest offshore oil reserves in China. It serves as a national base for the development of the oil industry.
- Tianjin International Airport is a major cargo freight center in China.
- The agricultural land within the jurisdiction of the Tianjin municipal government produces limited wheat, vegetables and fruits.
- Tianjin is trying to become northern China's financial hub, with an ambitious plan to build the world's largest financial center in Yujiapu, which is to look like Manhattan.

Composition of GRP



Links to Canada

- **Canadian representation:** Responsibility for Canadian interests in Tianjin is managed by the Canadian Embassy in Beijing. The Embassy regularly visits Tianjin to visit consular clients.
- **Sister provinces/cities:** Tianjin and Mississauga established friendly relations in 1997. Port Moody – Tianjin (2005); Burnaby – Dongli District of Tianjin (friendship city, date NA).
- **Governance:** The Canada Fund for Local Initiatives funded a project with the Tianjin Deep Blue Working Group to empower the city's LGBT community from 2012-2013.
- **Education:** A Canadian Studies Centre was established at Nankai University in Tianjin in 1989; a number of students and professors from Nankai University, Tianjin Normal University and Tianjin Foreign Studies University have participated in the Canada China Scholarship Exchange Program. In 2009, a Maple Leaf school was opened in Tianjin. Tianjin is one of the top five sources of foreign students applying to Canadian universities, with over 700 Tianjin residents applying for student permits in 2012. École nationale d'aérotechnique (ENA) ENA has partnered with Tianjin TEDA Polytechnic (local vocational school) to provide aviation technical training program to Chinese students. Some of the student receive training in Canada as part of their program.
- **Recent Canadian visits:** Tianjin receives a steady stream of senior visitors from the Canadian government and private sector, including International Trade Minister Fast (2013) and Ambassador Saint-Jacques (2013); Manitoba Premier Greg Selinger (2012); Council of the Federation delegation (2012); Speaker of the Senate Kinsella (2011); Industry Minister Clement (2010); Canada-China Legislative Association (2010); Parliamentary Secretary of the Pacific Gateway and delegation (2008). There is also regular Embassy outreach to the city, especially for the World Economic Summit that takes place every September.

Trade and Investment Relations with Canada

- An agreement was signed between Bohai Bank (based in Tianjin) and Manulife-Sinochem in 2010 to cooperate in the Chinese marketplace. The agreement allows Manulife-Sinochem further access to strategic market share in northeastern China (Beijing and Tianjin).
- Northern Iron Corp. of Vancouver announced in 2012 that China-based Tianjin Materials & Equipment Group Corporation placed an order for 60,000 metric tonnes of hot briquetted iron, scheduled for delivery in 2016.
- Toronto-based Canada Lithium Corp. announced in 2012 it signed a five-year lithium carbonate offtake agreement with Tewoo-ERDC (Tianjin Products and Energy Resources Development Co., Ltd.), a Chinese commodities trader, for a minimum annual commitment of 12,000 tonnes of battery-grade lithium carbonate.
- Calgary-based SemBioSys Genetics Inc. announced in 2012 a newly formed company based in Tianjin, Tasly-SemBioSys Bio-Pharmaceutical, Technology Co., Ltd. The new joint venture company will commercialize healthy living, nutritional, and pharmaceutical products utilizing Tasly and SemBioSys' plant-based technology and expertise.
- Migao Corp., a Toronto-based company that produces and sells specialty potash-based fertilizers for the Chinese agricultural market, has a fertilizer facility in Tianjin.
- FTG Aerospace Tianjin is a WOFE invested by Firan Technology Group Corporation (FTG) in China/Tianjin in May 2012 to produce illuminated cockpit panels, keyboards and sub-assemblies for OEMs of aerospace and defense equipment. FTG has met some challenges in finding qualified local suppliers on mechanical processing and machine tool supplies and our Trade Commissioners are currently helping them looking for suitable alternative candidates.

- Magna Steyr AVIC-Helicopter is headquartered in Tianjin. Post recommended that AVIC- Helicopter, headquartered in Tianjin, meet with Canadian company Magna Steyr (a Magna company) in April this year. Magna Steyr specializes in R&D for helicopter composite doors, a product in high demand in China. The April meeting was very productive and we consider this to be an opportunity with potential.
- Bombardier is evaluating the possibility of setting up a Maintain Repair and Overhaul (MRO) facility in Tianjin. Mayor Huang visited Bombardier in Montréal mid-June, and Zhang Jianwei also met Tianjin representatives at the Paris Airshow in 2013.
- Mitel Telecom Corp is a Wesley Clover company, and is a market leader in providing business communication solutions for organizations. Mitel's standards-based, IP-enabled solutions include industry-leading business phone systems and presence-based applications Mitel entered the China market in the early 1980s and partnered with Tianjin Zhonghua (set up a JV due to policy constraints). Mitel's JV administration and sales office is in Tianjin where they also have a 24/7 customer service support centre. Mitel has over 20 new partnerships in China enabling it to service all regions on the territory.

Drafted: BEJING-GR/Yampolsky

Consulted: BEJING-GR/Bentley; BEJING-EC/Kruger, BEJING-TD/Goulet/Buss

Contributed: BEJING-IM/Dumas; BEJING-DA/Chandani; BEJING-PI/Lai; BEJING-PI/Luo

Approved: BEJING-HOM/Saint-Jacques

Last Update: July 2013

Xinjiang Uyghur Autonomous Region

Geography

The Xinjiang Uyghur Autonomous Region is situated in north-western China, a vast territory covering one-sixth of China's total land area, with 5,600 km of international border. It neighbours Kazakhstan, Kyrgyzstan and Russia to the north, Mongolia, Gansu and Qinghai to the east, Tibet Autonomous Region to the south and Tajikistan, Afghanistan, Pakistan and India to the west. Xinjiang was established as an Autonomous Region in 1955, with Urumqi as the capital. The Uyghur (pronounced *wee-gher*) population is a large Turkic ethnic minority group primarily residing in this province.



Politics

- Party Secretary: Zhang Chunxiang since April, 2010. Zhang was elected to the 18th Politburo in 2012.
- Chairman: Nur Bekri since 2007 (Deputy Party Secretary of the Xinjiang Regional Committee of the Communist Party of China since January 2005)

Demographic and Social Indicators¹

- Population: 22.1 million
- Area: 1.66 million sq. km (one sixth of China's land area, the largest province in China)
- Largest cities²: Urumqi (capital city, 3.2 million); Kashgar prefecture (4.09 million)
- Life expectancy: 72.3 years
- Ethnic composition³: Uyghurs (45.5%) Han (40.1%), Kazak (7.02%), Hui (4.54%), Kyrgyz (0.88%), Mongols, Dongxiangs, Daur (0.83%), Pamiris (0.21%), Xibe (0.2%), Manchu (0.11%), Tujia, Uzbek, Russian, Miao, Tibetan, Zhuang, Tatar, Salar (<0.1%)
- Religious profile: Islam is the dominant religion among Uyghurs and Hui; many Tajiks are Ismaili Muslims. There are also a small number of Christians (including Catholics, Protestants and Orthodox Christians) and Buddhists.
- Languages spoken: Uygur, Mandarin; most of the ethnic groups have their own spoken and written languages
- Health: 2.25 doctors, 2.21 registered nurses and 5.9 hospital beds for every 1,000 persons
- Human Development Index (HDI)⁴: 0.774, ranking 21/31 of all provinces (National HDI for China is 0.699. For reference, HDI for Canada is 0.911)

¹ All figures taken from 2012 Statistical Yearbook, published by China's National Bureau of Statistics, unless indicated.

² Population taken from 2011 Economic and Social Development Statistical Bulletins of Urumqi and Kashgar

³ Ethnic composition taken from the 2012 Statistical Yearbook, the Tabulation on Nationalities of 2000 Population Census of China, the 2010 National Census, and Xinjiang's 2011 statistical yearbook, which found the proportion of Han Chinese to all other ethnic minority groups to be approximately 40-60.

⁴ Provincial HDI taken from 2009/2010 China Human Development Report; National HDI taken from 2013 UNDP Human Development Report

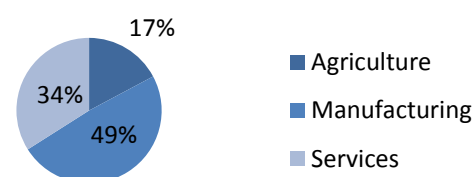
Economic Indicators

Indicator	Value	Provincial Rank
Gross Regional Product (GRP)	661 billion RMB (104.7 billion CAD)	25/31
GRP per capita	30,087 RMB (4,765 CAD)	19/31
GRP growth rate	12%	23/31

Economic Profile

- Oil and petrochemicals, food and beverage, textiles, metallurgy, building materials, and electric power are the pillar industries of Xinjiang.
- Xinjiang is China's largest growing base of cotton, lavender and hops.
- It has the largest reserves of oil, natural gas and coal in the country. Its coal reserves account for 40% of the country's total.
- Xinjiang is one of China's major producers of petroleum and natural gas, which is linked by the pipeline running from Luannan in Xinjiang to Shanghai.
- Xinjiang is also a major agricultural base, famous for sugar beets, apples, pears, white grapes, and melons.
- In 2011, major exports included shoes, tomato paste, cotton fabrics and casings. Major exports markets included Kazakhstan, Kyrgyzstan, and Tajikistan.
- There are more than 130 kinds of mineral deposits found in Xinjiang. The region's reserves of beryllium and mica are the highest in China. The country's largest copper mine is also located in Xinjiang.

Composition of GRP



Links to Canada

- **Canadian representation:** Responsibility for Canadian interests in Xinjiang is managed by the Canadian Embassy in Beijing. The Embassy regularly visits Xinjiang to visit consular clients.
- **Sister provinces/cities:** East Gwillimbury, Ontario - Shihezi, Xinjiang (1998)
- **Governance:** From 2006-2010, approximately 6 small projects (totaling CAD \$186,500) were funded through the Canada Fund for Local Initiatives, supporting children's psychological healthcare, teacher training and parents' education, employment skills training for herders and farmers, and HIV/AIDS prevention. In 2012/2013, the Canada Fund supported a capacity building project for agencies working with street children in Xinjiang.
- **CIDA's past initiatives** in Xinjiang totaling over CAD \$12.5 million include a Women's Income Generation Project (1996-2003), the Tarim Natural Resources Sustainable Utilization Project (1997-2000) and a 2009 Policy Options project on Ecological & Environmental Protection Policy for Xinjiang Farmlands.
- **Education:** A recipient of the Canada China Scholarship Exchange Program from Xinjiang University attended York University in Toronto for 12 months from 2008-09. In 2012, the Embassy received nearly 300 requests for student permits from students in Xinjiang.
- **Recent Canadian visits:** Former Canadian Ambassador David Mulroney visited Xinjiang in 2009 and 2012; The Alberta Agricultural China Office visited Xinjiang in July 2011; regular outreach to Xinjiang is undertaken by the Embassy.
- **Diaspora in Canada:** Significant Uyghur migration to Canada first began in the 1990s, and currently there are Uyghur communities living in Toronto, Edmonton, Montreal, Vancouver and Calgary.

Trade and Investment Relations with Canada

Total Trade with Canada⁵	Exports	Imports
16.8 million USD	13.5 million USD	3.2 million USD

- Toronto-based GobiMin Inc. is engaged in exploring and developing mineral deposits in the region.
- There have been about 20 Canadian mining companies doing diamond drilling in the region through their joint venture partners.
- Canadian companies such as Barrick, Eldorado and Teck Cominco are actively looking for project opportunities.
- Sino-Canada Gary Dairy was founded in 2001. In five years, the total investment input was RMB 2 billion, becoming one of the three prominent dairy brands in Xinjiang.
- In 2007, Montreal-based Tiger Ethanol was selected by the Hami District to build and operate Xinjiang's first ethanol plant.
- Canada Wood has a joint venture subsidiary with a regional partner, Xinjiang Jichen Wood Structure Construction Co. Ltd, and in 2012 held a seminar for more than 100 developers and government officials. Canada Wood also held a two week long training program for Jichen's project managers, workers and designers.

Source: Foreign Affairs and Trade Development Canada (DFATD)

Drafted: BEJING-GR/Yampolsky

Consulted: BEJING-GR/Bentley; BEJING-EC/Kruger, BEJING-TD/Goulet/Buss

Contributed: BEJING-IM/Dumas; BEJING-DA/Chandani; BEJING-PI/Lai; BEJING-PI/Luo

Approved: BEJING-HOM/Saint-Jacques

Last Update: June 2013

⁵ All figures taken from 2011 Xinjiang Statistical Yearbook and are quoted in USD millions.

Hong Kong

Official Title Hong Kong Special Administration Region



General Information:

Capital	Hong Kong		
Total Area	1,092 km ²	Population (million)	7.178
Currency	1 CAN\$ =	7.76 Hong Kong \$ (HKD)(2012)	
National Holiday	Establishment Day, 1 July 1997		
Language(s)	Cantonese, English, increasing use of Mandarin		

Political Information:

Type of State

Type of Government

Special Administrative Region of the People's Republic of China (PRC)

Head of State

President XI Jinping

Head of Government

Chief Executive Chun-ying LEUNG (C.Y. LEUNG)

Ministers

Chief Secretary for Admin.: Carrie LAM

Fin. Secretary: John TSANG

Secretary for Com. And Econ. Dev.: Greg SO

Main Political Parties

Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), Democratic Party, Liberal Party, Civic Party, League of Social Democrats, Association for Democracy and People's

Livelihood (ADPL), Hong Kong Federation of Trade Unions (HKFTU)

Elections Last: Sept. 2012 (Legislative Council); March 2012 (Chief Executive); Nov. 2011 (District Council). Next: 2016 (Legislative Council); 2017 (Chief Executive)

Economic Information: (2012)

IMF/Statistics Canada

	Hong Kong	Canada
GDP: (billion)	\$263.15	\$1,820.68
GDP per capita:	\$36,660.90	\$52,277.80
GDP Growth rate: (%)	1.501	1.709
Inflation: (%)	4.073	1.516
Unemployment: (%)	3.296	7.292

Trade and investment: (2012)

Statistics Canada

Canadian Exports:	\$2,471,572,493
Canadian Imports:	\$279,632,701
Foreign Direct Investment in Canada	n/a (million)
Canadian Direct Investment to Hong Kong	\$7,130 (million)

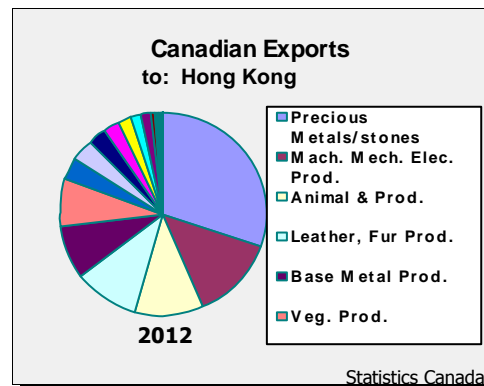
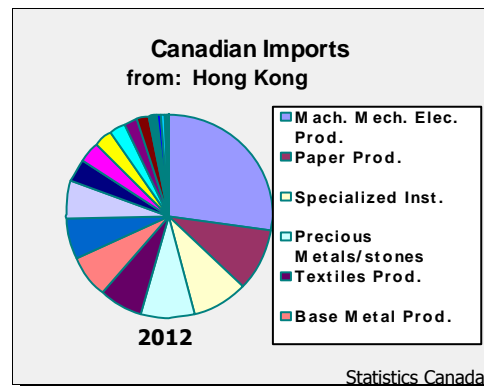
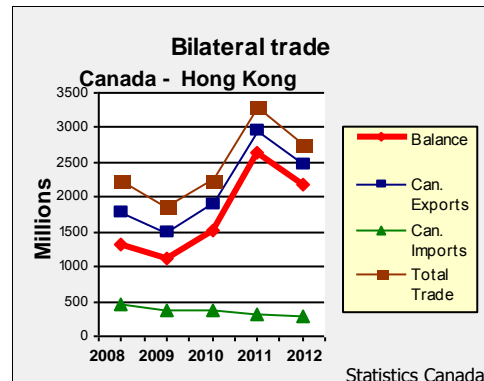
Representation:

Foreign Representation in Canada

Director Gloria LO

Canadian Representation Abroad

Consul General J. Ian BURCHETT



Sources:
Statistics/Industry Canada
<http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home>
IMF
<http://www.imf.org/external/data.htm>

October 2013

international.gc.ca

HTML version:

http://www.canadainternational.gc.ca/hong_kong/bilateral_relations_bilaterales/fs_hongkong_fd.aspx?lang=eng

NORTHEAST ASIA ENERGY BRIEF

Demand and Opportunity

Currently, 99% of Canada's oil exports and 100% of natural gas exports are sent to the United States, primarily through pipelines, with limited marine transport capability. The International Energy Agency forecasts that energy use in the United States will stagnate or decline and that global growth in energy demand will be focused on North Asia.

Japan and South Korea are highly import-dependent for their energy needs. Both countries lack access to international pipeline networks, and rely completely on marine transport of oil and liquefied natural gas (LNG). Each country views energy security as a strategic national priority and this has prompted increased market interest in Canada, not only for product, but as an investment destination, a source for energy services and as a partner in technological cooperation.

Industrial growth in Asia, combined with Japan's current nuclear shutdown, is increasing demand for fossil fuels, and causing a rise in regional prices. In natural gas, for example, there are huge gaps between the oil-linked contract gas prices in Asia and hub-based spot pricing in North America.

Foreign Direct Investment

Northeast Asian countries are looking to mitigate future price and supply uncertainty by reducing their dependence on producers in the Middle East, Central Asia and Russia and investing further afield in stable and investor-friendly countries such as Canada, Australia, and the US. Japan is closely behind China in investing in securing foreign supplies. Korea's previous government policy of acquiring overseas resource assets is being reviewed by the Government of President Park because of the perceived low level of profitability of previous investments.

Japanese and Korean investors have been active in oil, natural gas and coal projects. Japan, in particular, has also invested heavily in uranium and coal projects. This rapidly expanding footprint in the Canadian energy sector will bring the needed financing and expertise to build an export infrastructure which would allow Canada to move away from its dependence on the U.S. energy market.

These investors have proven to be important sources of financing for capital-intensive extraction projects during a period of tight global financial markets. Many of these investments are linked to long term supply contracts, ensuring stability for the Canadian joint venture partners. Japan and South Korea together account for nearly half the world's LNG imports and joint procurement would benefit both countries as gas demand peaks in summer in Japan, but in winter in South Korea.

Attractiveness and Concerns

Significant project delays and cost over-runs in Australia have made Canada more attractive as an energy investment destination, while contracts with U.S. suppliers are subject to a highly

politicized export approval process. Canadian ports are significantly closer to Asian markets, and our cooler climate means lower upfront energy costs for the liquefaction of natural gas.

Key concerns for North Asian investors in Canada are delays and uncertainty in licensing and regulatory matters, lack of clarity on the respective roles of the federal, local governments and First Nations, and potential qualified labour shortages and foreign visa requirements. The Prime Minister's statements on making export energy exports to Asia a priority and our ongoing proactive engagement have reassured Asian investors.

JAPAN

At the bilateral meeting between Prime Minister Harper and Prime Minister Abe in Ottawa on September 24, 2013, the two leaders agreed to pursue greater cooperation in the energy sector. On October 11, 2013, Japanese Minister Motegi of the Ministry of Economy, Trade and Industry (METI) and NRCan Minister Oliver signed a "Joint Statement on Oil & Gas Cooperation". A key component of the Joint Statement is an agreement to hold annual discussions on investments and cooperation. METI is pursuing similar cooperation agreements with the Provinces of British Columbia and Alberta, which are expected to be signed before the end of 2013.

Energy Policy, Security and Diversification

Energy security is an issue of great political relevance for Japan. Japan is the world's largest natural gas importer and traditional suppliers have been Malaysia, Qatar, Australia and Indonesia. However, the shale gas revolution taking place in North America has spurred Japan's interest in participating in gas infrastructure projects in the United States, Canada and Mexico. While these projects may not necessarily export gas to the Japanese market, they would contribute to Japan's energy security by increasing the number of global suppliers and lowering the world price for gas.

The government has a stated policy of resource diplomacy conducted through actions such as negotiating bilateral agreements with resource-rich countries, commissioning development studies, offering financial subsidies to resource investors and supporting those investors diplomatically. It supports resource exploration and development efforts abroad through its parastatal agencies and through the many large Japanese companies whose financial strength and project development expertise help achieve the Government's policy objectives (see list below).

In the wake of the Fukushima accident and with an aim to further diversifying energy sources, Japan has eased rules on the construction of coal-fired power plants and established one of the world's most financially-attractive Feed-In-Tariff (FIT) system to promote the development of renewables. The FIT system has led to new opportunities for Canadian providers of alternate and renewable energy technologies, including Canadian Solar of Guelph, Ontario.

Energy is an important component of Prime Minister Abe's growth strategy with a bill for the reform of the power sector to be tabled again this Fall after it failed going through the Diet earlier this year.

Nuclear Energy

Prime Minister Abe is openly pro-nuclear and has repeatedly reiterated his intention to restart currently-idle nuclear reactors as soon as practicable provided that safety is ensured. A safety assessment process for restarting some of the existing nuclear reactors was launched early July by the Nuclear Regulation Authority (NRA) with the final decision resting with government in consultation with local authorities. The review process is expected to take up to six months.

Prior to the Fukushima accident and nuclear shutdown, Canada was a major supplier of uranium to Japan. Japanese companies are also major investors in uranium projects in Canada, with potential investments of \$1 billion should these developments be approved. Canada's Non Resident Ownership Policy (NROP) has been an ongoing concern to the Japanese in the matter, as it limits foreign ownership of uranium mines.

NOTABLE JAPANESE INVESTMENT ACTIVITIES IN CANADA:

Key entities and examples of involvement in Canada include:

- **JOGMEC (Japan Oil, Gas and Metals National Corporation)** manages Japan's raw material stockpiles and provides equity financing as well as R&D and market support to Japanese companies. On R&D, JOGMEC has partnered for many years with NRCan on methane hydrate research at Malik, NWT. The research work undertaken there is being used by JOGMEC to test energy extraction from significant methane hydrate beds lying offshore of Japan.
- **JBIC (Japan Bank for International Cooperation)**, a government affiliated provider of loans which promotes the overseas development and securement of resources, has recently announced up to \$10 billion in loan guarantees/financing for Japanese companies to acquire resource assets.
- **JAPEX (Japan Petroleum Exploration Co.)** and **INPEX (International Petroleum Exploration Corp.)** operate as conventional resource exploration and production companies. JAPEX was the first foreign investor in the oil sands in the 1970s, and has recently taken a 10% stake in the Petronas/Prognosis Energy B.C. North Montney shale gas project and LNG plant project. INPEX, along with **JGC (Japan Gasoline Co.)** has acquired a 40% stake in Nexen's Horn River, Cordova and Liard shale gas basins in British Columbia. INPEX has also funded the environmental assessment studies and other costs associated with the proposed Northern Gateway Pipeline of Enbridge.
- **Traditional Japanese trading houses such as Mitsubishi and Mitsui** are now changing strategy to take equity positions in energy projects not only to secure oil and gas for trading purposes, but also to secure their positions in the overall value chain – for example pipeline operations or participation in carbon capture and storage projects.
- Further down the value chain, trading house **Marubeni** recently acquired a number of LNG transport vessels in order to capitalize on the emerging shale gas export market.
- Another new trend is **Japanese domestic utilities such as Tokyo Gas** investing directly in overseas energy projects to order to gain a procurement advantage over trading houses.

Recent Investments Timeline

- 2010 Mitsubishi announces a 50/50 joint venture with Penn West Exploration to develop shale gas assets in the Cordova Embayment area
- 2011 INPEX and JGC (Japan Gasoline Co.) acquire 40% stake in Nexen's Horn River, Cordova and Liard shale gas basins in British Columbia.
- 2012 Mitsubishi acquires a 20% stake in the Kitimat LNG Terminal project (led by Shell Canada)
- 2012 British Columbia-JOGMEC agreement to share information on shale gas development. (According to the Government of B.C., the most promising area of development for carbon capture and storage is in North East British Columbia where shale gas is being developed).
- 2013 JAPEX investment in the Petronas/Progress Energy B.C. North Montney shale gas project and LNG plant project
- 2013 The Japanese government through JOGMEC/JBIC announces up to \$10 billion in loan guarantees/financing for Japanese companies to acquire resource assets abroad.
- 2013 In preparation for the world-wide trade in LNG, Japanese utilities such as TEPCO, are converting their facilities to accommodate North American shale gas.

KOREA

Energy Demand, Security and Policy

The energy intensity of the Korean economy is above the OECD average. Korean energy demand is forecast to continue growing over the next 5 years driven largely by growth in Korea's industrial sector, with demand increases projected for all sources of energy.

Energy security is a key driver of South Korean energy policy. South Korea is the world's tenth largest energy consumer and is highly dependent on energy imports for its energy-intensive industrial economy. With approximately 97% of energy needs met through imports, Korea is entirely reliant on tanker shipments of crude oil and liquefied natural gas, and is the second largest importer of natural gas (after Japan) as well as the fifth largest importer of crude oil, the third largest importer of coal, and has the sixth-highest nuclear generation capacity in the world. Despite its lack of domestic reserves, South Korean refinery capacity ranks sixth in the world, making the country a significant exporter of refined petroleum products.

Energy security concerns have prompted Korea to aggressively pursue exploration and production opportunities in foreign countries. Under previous President MB Lee's administration the Korean Government pursued a "Resources Diplomacy" strategy which aimed at securing energy and natural resources by engaging supplier countries and purchasing extraction rights with the aim of increasing energy self-sufficiency. Due to concerns related to the profitability of existing projects and reports of insider trading related to a diamond mine in Cameroon, the current President Park's administration has not yet officially specified its strategic directions towards overseas energy and resources investment.

Clean Technology and Diversification

Korea's national energy and climate change policy have been integrated within a "National Strategy for Green Growth", which aims to mitigate greenhouse gas emissions, enhance energy security and create new engines of growth through investments in clean technology across

numerous sectors. Under its 5 year plan for green growth announced in 2009, South Korea has pledged to spend 2% of its GDP to promote green growth through 2013.

Korea is increasingly a country of interest to Canada given its strong innovation focus in clean energy technologies as well as a potential export market for liquefied natural gas (LNG). Korea has been identified as a priority market in Canada's Global Commerce Strategy as well as in DFAIT's 2012-2013 Integrative Trade Global Cleantech Strategy.

Energy Investments in Canada

Korea has noted its interests in Canadian oil and gas exports, and is looking for cooperation on nuclear research and other clean energy technology. Korea has also raised the prospect of Korean refineries' ability to process Canadian oil sands bitumen, which could enable South Korea to re-export refined product to Asian markets.

Korean companies have made significant investments in Canadian oil and gas development and renewable energy in Canada (see below). This includes the respective acquisitions of oil sands and natural gas assets in Alberta and BC by the state-run Korean National Oil Company (KNOC) and the Korean Gas Corporation (KOGAS), in which the government is a majority shareholder. Notably, KOGAS maintains an effective monopoly over the purchasing, import, and wholesale distribution of natural gas in Korea and is the largest single LNG importer in the world. Korean companies such as Samsung and the Korea Electric Power Corporation have also made significant investments in wind, solar and battery technology in Ontario and Nova Scotia. KNOC has also established KNOC Global Technology & Research Center in Calgary.

Canada as an Energy Partner

Canada is regarded as an important partner country with resource-poor Korea. According to KEXIN, Korea's export finance agency, Canada is the leading destination of Korean investment in the extractive sector. According to reports, the bilateral meeting between Prime Minister Harper and former President Lee on the margins of the G-20 Summit in Los Cabos was dominated by two subjects: the Canada-Korea Free Trade Agreement and energy.

On a government-to-government basis, NRCan Minister Oliver met with then Minister of Knowledge Economy, Sukwoo Hong on the margins of the LNG Producer-Consumer Conference in Tokyo in September, 2012. Seok Cho, the South Korean Vice Minister for Trade and Economy (Ministry of Knowledge Economy) met with Minister Oliver at the International Energy Forum (IEF) Ministerial in Kuwait, and with NRCan at the APEC Energy Ministerial in St. Petersburg. On all occasions, Korea expressed its interest in Canadian oil and gas exports. Vice Minister Cho also visited British Columbia in August 2012 to sign a Memorandum of Understanding (MoU) on energy cooperation, which resulted in the organization of the Canada-Korea Natural Gas Forum in Vancouver in December 2012.

In 2012, Korea's Ministry of Knowledge Economy (now the Ministry of Trade, Industry and Energy - MOTIE) initiated a series of annual Canada/ Korea Energy Forums, co-hosted with Canadian provinces. The most recent Energy Forum was held in Regina, in June 2013. Energy is also a frequent theme in the annual Canada-Korea Forum, a high-level dialogue on current issues of importance to both countries.

2013 World Energy Congress in Daegu

Daegu, Korea hosted the World Energy Congress in October 2013. The Embassy of Canada in Seoul, supported by NRCan, organized a range of activities to showcase Canada as an energy

partner, including a Canada-Korea Energy Dialogue, a Canada Energy Pavilion and a V.I.P. networking luncheon. A record number of delegates attended WEC 2013, with 7,500 people from 120 countries, including 272 ministers. Attendees represented every facet of the energy industry as well as international organizations, financial institutions and civil society groups.

RECENT ENERGY INVESTMENTS IN CANADA BY KOREAN COMPANIES

Korea National Oil Company (KNOC) acquired Harvest Energy for \$4.1 billion in 2009, including its oil and gas production fields across western Canada, oil sands property in Alberta, and refinery in Newfoundland. As of December 31, 2011, approximately 29% of KNOC's petroleum and natural gas production is derived from its Harvest properties. Similarly, approximately 39% of KNOC's consolidated petroleum and natural gas reserves and resources are also found in its Harvest properties.

Korea Gas Corporation (KOGAS) has invested \$1.1 billion in B.C.'s natural gas fields with Encana, and is actively seeking further investment in Canada's gas industry. KOGAS has a stake in Shell's planned LNG facility near Kitimat (LNG Canada) that is to be developed in partnership with Mitsubishi Corporation and Petro China. Shell will take a 40% stake in the project while its Korean, Japanese and Chinese partners would take 20% each. KOGAS has also inked a joint venture deal with MGM Energy Corp. for an exploration play in the Northwest Territories.

Korea Investment Corporation has invested \$150 million to acquire minor stakes in two oil sands development companies. Korea's sovereign wealth fund paid C\$100 million to acquire shares in the privately owned Osum Oil Sands Corporation in 2011 and C\$50 million for a minor stake in Laracina Energy Ltd, another small, privately held oil sands development company.

Samsung leads a consortium that is to invest \$5 billion in green energy in Ontario. According to the terms of the green energy investment agreement, Samsung C&T Corporation and the Korea Electric Power Corporation (KEPCO) will establish and operate a series of wind and solar power clusters over the next 20 years.

STX Energy of Korea has also acquired the Maxhamish gas field in north-eastern BC from EnCana and **Golden Oil Corp.** has acquired Kootenay Energy with its oil sands play in BC.

Source: Foreign Affairs and Trade Development Canada (DFATD)



International Profile: Japan



Quick Facts

Total Area:	377,835 km ²
Population:	127 million
Capital:	Tokyo
Type of Government:	Constitutional monarchy, parliamentary government
Administrative Divisions:	47 prefectures
Head of State:	Emperor AKIHITO (since 7 January 1989)
Head of Government:	Prime Minister Shinzo ABE (since December 2012)
GDP (2012):	US \$5.9 trillion
National Currency:	1 CAD = 93.89 Yen
Language (s):	Japanese
Religions:	Shinto and Buddhist 91%, other 9%
National Holiday:	Birthday of Emperor AKIHITO, 23 December (1933) , National Foundation Day – February 11

Governing Context

- ▶ National Diet of Japan has two houses: House of Representatives (480 members) and House of Councillors (242 members). The House of Representatives is the lower house and is more powerful.
- ▶ House of Representatives is dominated by the Liberal Democratic Party (294 seats) and its coalition partner New Komei Party (31 seats).
- ▶ Japan's general election held in December 2012 resulted in the election victory of Japan's main conservative party, the Liberal Democratic Party (LDP).
- ▶ Japan has had 8 Prime Ministers in the last 8 years.
- ▶ Japan's economy is expected to recover slowly in 2013 (real GDP growth rate may average around 1%, with some economists seeing the 'Abenomics' stimulus packages pushing growth as high as 2%).

Japan's Key Priorities

- ▶ Prime Minister Abe's speeches to the Diet (Japan's legislature) have focused on revitalizing the economy and creating a 'strong Japan'.
- ▶ In January 2013, Japan announced it would increase defence spending for the first time in over 10 years.



British Columbia — Japan Relations

Community

- ▶ According to the 2011 census, 45,895 British Columbians identify themselves as being of Japanese descent.
- ▶ Japan was the 9th source country for immigrants settling in British Columbia in 2012, with 625 immigrants.

Twinning

- ▶ 37 communities in BC have sister city and friendship agreements with Japanese communities.

Visits

- ▶ BC Premiers have led missions to Japan 3 times (2006, 2010, and 2012).
- ▶ A highlight in the BC-Japan relationship was a visit to BC by Their Majesties Emperor Akihito and Empress Michiko of Japan in 2009.

Earthquake Reconstruction

- ▶ Canada-Tohoku Reconstruction Project — jointly funded through \$2 million from the Government of Canada, \$2 million from the Government of BC, \$460,000 from Canadian forest companies, and \$150,000 from the Government of Alberta.
- ▶ On January 18, 2013, the first building funded under the project, built with BC wood products, was opened (the Donguri Anne Public Library). The second project, the Yuriage Public Market in Natori, was completed in May 2013.

Education

- ▶ In 2011/12 there were 11,500 students from Japan studying in BC. Approximately 54% of the international students from Japan studying in Canada were studying in BC.

Investment

- ▶ There are approximately 230 Japan-affiliated companies with offices in BC, including general trading, lumber, pulp and paper, construction, mining and tourism sectors.

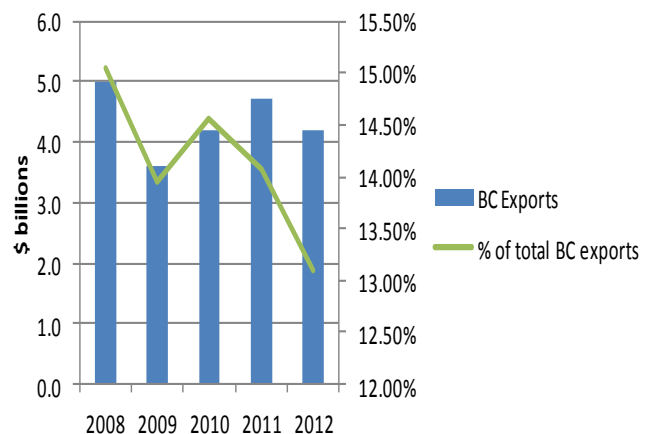
Diplomatic Relations

- ▶ Consul General of Japan in Vancouver: Seiji OKADA.
- ▶ Ambassador of Japan to Canada: His Excellency Norihiro OKUDA.

Trade Relations

- ▶ Japan is British Columbia's 3rd largest export destination at \$4.2 billion in 2012.
- ▶ BC leads Canadian provinces in trade with Japan (\$4.2 billion of Canada's \$10.4 billion in exports to Japan in 2012). BC's exports to Japan are 2 times higher than the next leading province.
- ▶ Japan was BC's fifth largest international market in terms of direct customs entries in 2011 (86,000 visitors in 2011).
- ▶ British Columbia's top goods exports to Japan are mainly commodities:
 - Bituminous coal (\$1.6 billion)
 - Copper ores (\$952 million)
 - Lumber (\$677 million)

BC Exports to Japan





Quick Facts

Total Area:	377,835 km2 (B.C.: 944,735 km2)
Population:	127 million (2013 estimate)
Capital:	Tokyo (13 million)
Type of Government:	Constitutional monarchy with parliamentary government
Administrative Divisions:	47 prefectures
Head of State:	Emperor AKIHITO (since Jan. 1989)
Head of Government:	Prime Minister Shinzo ABE (since Dec. 2012)
2012 GDP (nominal):	\$5.9 trillion (Canada: \$ 1.5 trillion)
National Currency:	Japanese Yen: 1 CAD\$ = 93.9 JPY (Nov. 2013)
World Time Zone:	GMT +9
Language:	Japanese
Religion (s):	Shinto and Buddhist 91%, other 9%
National Day:	National Foundation Day – February 11
Ethnic Diversity:	Japanese - 99%

S13, S16

S13, S16





TRAVEL INFORMATION

DOCUMENTS

- Ensure your visa and/or passport is up-to-date. Many countries insist they be valid for at least six months, even if you have a return ticket.
- Canadian citizens visiting Japan do not require a visa for a stay up to 90 days. There are specific requirements for business visa, which can be found at: www.voyage.gc.ca/countries_pays/report_rapport-eng.asp?id=140000.
- Make photocopies of the following documents to take with you and leave at home with a family member or colleague:
 - ▶ Passport, visa, travel documents, birth/citizenship certificate, credit cards and traveller cheques, and medication prescriptions.

VACCINATIONS

- Ensure that you have been immunized with the current and necessary vaccinations. Check with you family doctor or a travel health clinic. Lists of Clinics are available on the Public Health Agency of Canada website: <http://www.phac-aspc.gc.ca/tmp-pmv/index-eng.php>.

TIPS

- Electricity: 100 Volts AC, 60Hz in the west (Osaka), 50Hz in the east and Tokyo. Flat two-pin plugs.
- Telephone Country Code: 81
- Paper towel and air blower are not popular in Japan and it is not unusual for public rest-rooms not to be equipped with toilet paper. Normally Japanese carry tissue with them to use at the rest-room.
- Tap water is safe to drink.

EMBASSY AND CONSULATE CONTACT

After hours emergency contact information (for Canadian citizens only). Call collect: (613) 996-8885 / (613) 944-1310 (TTY) - The Emergency Operations Centre of the Department of Foreign Affairs, Trade and International Development operates 24 hours a day, seven days a week. An experienced officer is always available to respond to emergency calls from anywhere in the world.

Embassy of Canada in Tokyo

7-3-38 Akasaka, Minato-ku
Tokyo 107-8503, Japan
Telephone: (011-81-3) 5412-6200
Fax: (011-81-3) 5412-6247
Email: TOKYO.ADMIN@international.gc.ca

Contact IGRS:

548 Michigan Street, Victoria, B.C. V8W 9E2
Office of Protocol: 250 387-1616
Email: protocol@gov.bc.ca

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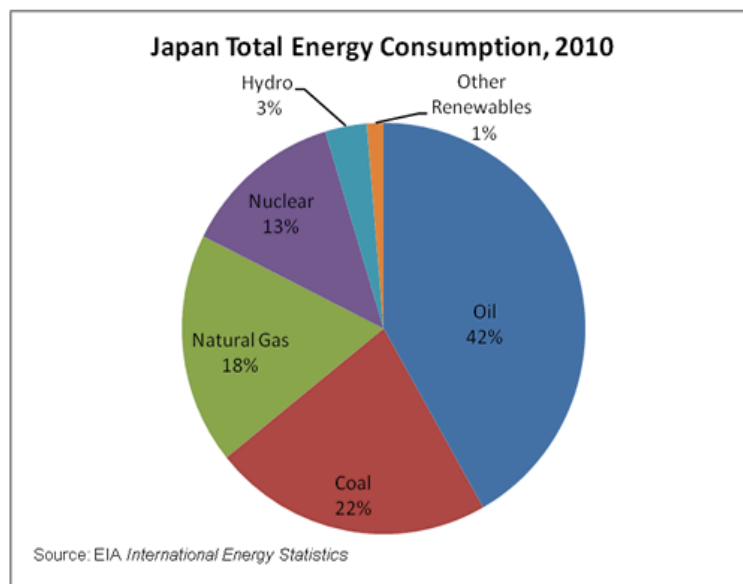
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Natural Gas Country Profiles-Japan

Overview

- Japan has few domestic energy resources and is only 16 percent energy self-sufficient.
- According to the *Oil and Gas Journal (OGJ)*, Japan had 738 billion cubic feet (Bcf) of proven natural gas reserves as of January 2011. Natural gas proven reserves have declined since 2007, when they measured 1.4 trillion cubic feet (Tcf).
- Natural gas has a relatively low level of penetration in Japan's energy mix, accounting for 18 percent of total final consumption in 2010. Oil is the dominant fuel in Japan, accounting for 42 percent of the country's energy consumption.
- Japan is the world's largest importer of liquefied natural gas (LNG) and relies on LNG imports for most its natural gas needs.
- Japanese companies have actively participated in many resource development projects overseas.
- Japan is one of the major exporters of energy-sector capital equipment and has a strong energy research and development program supported by the government.

Figure 1: Japan Total Energy Consumption, 2010



Sector Organization

- Inpex Corporation (Inpex) and other companies created from the former Japan National Oil Company are the primary actors in Japan's domestic natural gas sector. Inpex, Mitsubishi Group (Mitsubishi), Mitsui Group (Mitsui), and various other Japanese companies are actively involved in domestic as well as overseas natural gas exploration and production.
- Osaka Gas Co.,Ltd.(Osaka Gas), Tokyo Gas Co.,Ltd.(Tokyo), and Toho Gas Co.,Ltd.(Toho Gas) are Japan's largest retail natural gas companies, with a combined share of about 75 percent of the retail

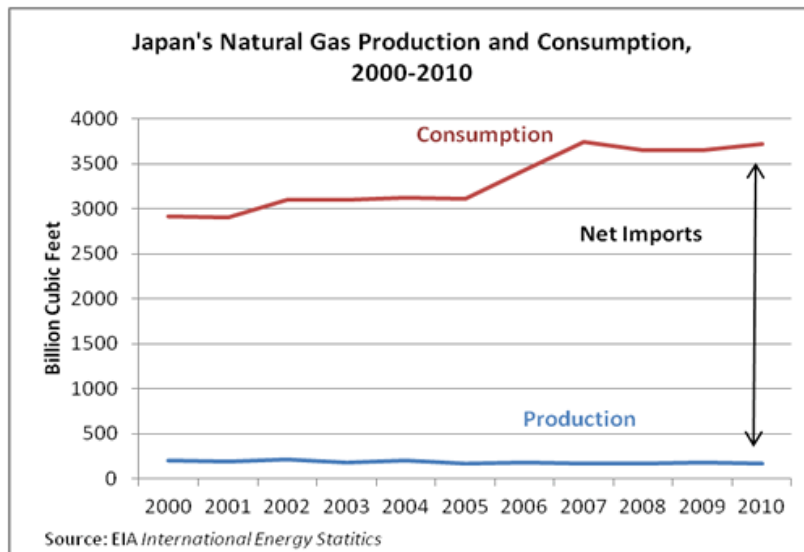
market. Japanese retail gas and electric companies are participating directly in overseas upstream LNG projects to assure reliability of supply.

- Japan has a relatively limited domestic natural gas pipeline transmission system for a consumer of its size. Most of the pipeline infrastructure is concentrated in the north, linking Japan's major demand centre around Tokyo Bay with the cities of Niigata and Sendai (see the Appendix 1 for details). This is partly due to geographical constraints posed by the country's mountainous terrain, but it is also the result of previous regulations that limited investment in the sector. Reforms enacted in 1995 and 1999 helped open the sector to greater competition and a number of new private companies have entered the industry since the reforms.

Natural Gas Domestic Exploration and Production

- Japan produced 174 Bcf of natural gas in 2010. Japan's largest natural gas field is the Minami-Nagaoka on the western coast of Honshu, which produces about 50 percent of Japan's domestic gas.
- The gas produced is transported via an 808-mile pipeline network surrounding the Tokyo metropolitan area.
- Japan Petroleum Exploration Co., Ltd. (Japex) has been involved in locating new domestic reserves in the Niigata, Akita, and Hokkaido regions of Japan, targeting structures near existing oil and gas fields.
- Japanese companies are using innovative methods to produce hydrocarbons and discovered methane hydrates off the country's east coast. Japan estimates about 40 Tcf of methane hydrates may exist and hopes to begin production by 2018.

Figure 2: Japan's Natural Gas Production and Consumption, 2000-2010

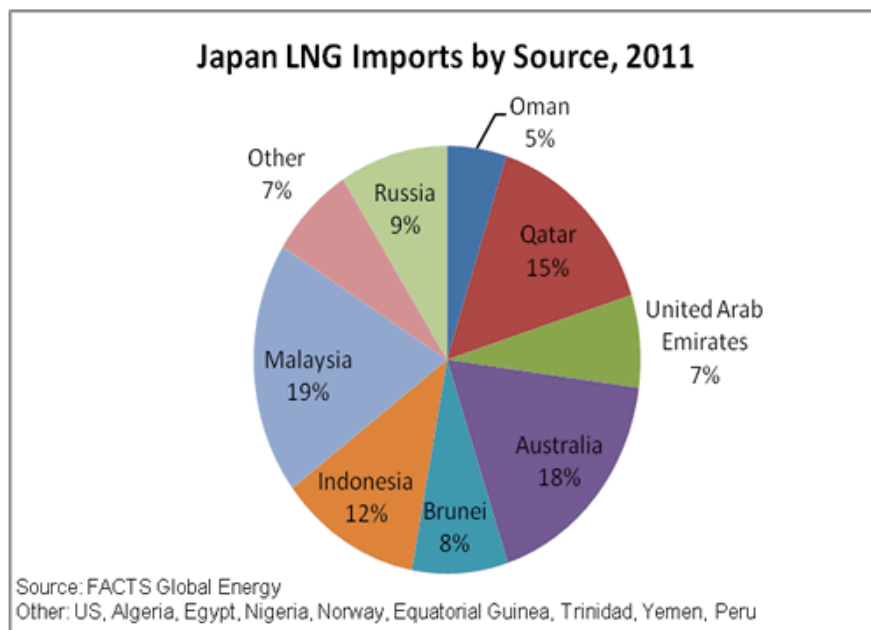


LNG Imports

- Japan is the world's largest LNG importer, holding about 33 percent of the global market in 2011.
- In 2010, Japan consumed about 3.7 Tcf of natural gas, importing over 3.4 Tcf of LNG by tanker.

- Japanese power companies own 32 operating LNG import terminals with a total gas send-out capacity of 8.7 Tcf/y. They are mainly located in Tokyo, Osaka, and Nagoya. Five new terminals are under construction and anticipated to come online by 2015 and could add between 200 to 300 Bcf/y of capacity.
- After earthquakes in 2007, Japan was replacing lost nuclear capacity with more short-term and spot cargo LNG which made up about 20 percent of total LNG imports in 2011. Qatar, Russia, Malaysia and Indonesia offered Japan LNG spot cargoes.
- On September 14th, 2012, Japan announced that the country would phase out nuclear power by 2040.
- In 2011, over 70 percent of Japan's LNG imports originated from Malaysia (19 percent), Australia (18 percent), Qatar (15 percent) and Indonesia (12 percent), and Russia (9 percent). Malaysia was the top supplier of LNG to Japan. Petroliaam Nasional Berhad (Petronas), the national oil and gas company of Malaysia, is one of the largest suppliers of LNG to Japan.

Figure 3: Japan LNG Imports by Source, 2011



- The largest LNG supply agreements are held by Tokyo Gas, Osaka Gas, Toho Gas, Chubu Electric Power Co., Inc. (Chubu Electric) and Tokyo Electric Power Co., Ltd. (TEPCO), primarily with countries in Southeast Asia and the Middle East. Japanese firms are interested in acquiring equity stakes in foreign LNG projects because many existing contracts will expire over the next decade.
- Japan has renegotiated many new supply contracts to find good deals with various overseas LNG projects, especially with Indonesia, one of Japan's largest LNG suppliers.

Natural Gas Overseas Exploration and Production

Japanese energy companies have actively participated in natural gas exploration and production projects overseas. They provide engineering, construction, financial, and project management services for energy projects around the world. Some of the major overseas upstream projects that Japan is involved in are:

Canada

- In August 2010, Penn West entered into an agreement with Mitsubishi to develop its assets in the Wildboy and Cordova Embayment areas in Northern British Columbia of Canada. Mitsubishi acquired a 50 percent stake in the project for CAD\$850 million.
- In November 2011, Inpex and JGC Corporation (JGC) announced that they would jointly acquire a 40 percent stake in several shale gas mines in Canada from Nexen Inc., according to the Nikkei business daily. Inpex would take about a 30 percent stake, with JGC owning the rest.
- In February 2012, Mitsubishi acquired a 40 percent stake in 409,000 net acres of Encana's Cutbank Ridge area for CAD\$2.9 billion. The Cutbank Ridge properties, which straddle the Alberta and British Columbia (BC) border, hold around 10 Tcf of recoverable reserves and were producing around 600 mmmcf/d at the time of sale. Encana estimated the investment would create 10,000 jobs in BC over the next 20 years.
- In May 2012, Mitsubishi, Shell Canada Limited, Korea Gas Corporation (KOGAS), and PetroChina Company Limited announced that they would be jointly developing an LNG export facility near Kitimat, BC, Canada. KOGAS holds a 20 percent stake in the LNG Canada project, while Shell owns 40 percent, China's state-controlled PetroChina owns 20 percent and Japan's Mitsubishi owns 20 percent.
- China National Offshore Oil Corporation (CNOOC) in partnership with Nexen, Inpex, and JGC proposes to construct LNG facilities in BC. In response to BC Ministry of Forests, Lands and Natural Resources Operations (MFLNRO), in partnership with the Ministry of Energy, Mines and Natural Gas (MEMNR), February 23, 2013, Request for Expression of Interest/Grassy Point (REOI), the JV has expressed its interest in acquiring land tenure over the Grassy Point, Prince Rupert for the purpose of developing an LNG export facility.
- On March 4, 2013, Japex has signed a Heads of Agreement with PETRONAS to acquire a 10 percent interest from the Pacific Northwest LNG project. The company committed to take about 10 percent of the facility's annual LNG production, and a 10 percent interest in Progress Energy's leaseholds in the North Montney in BC.

Indonesia

- Masela Block, Abadi gas field, Timor Sea - Inpex holds a 100 percent stake in this field with approximately 10 Tcf of natural reserves. Inpex plans to build a floating LNG plant with a 220 Bcf/y capacity, and the project will be online and shipping 150-250 Bcf/y of LNG to Japan and elsewhere in 2016.
- Senoro LNG plant, Sulawesi - Mitsubishi holds 51 percent equity with holding about 1.5 Tcf of reserves. Mitsubishi is building a 97 Bcf/y LNG plant and will be the sole buyer of LNG from the plant, which is scheduled to come on-stream in 2012.
- Mahakam Block and Attaka Unit, Offshore Kalimantan Island - Inpex and Total S.A. each hold 50 percent equity. Production started in 1972. Inpex has a 20-year contract extending to 2017 and is currently negotiating to extend it further.
- Berau Block, Tangguh LNG Project, Papua Province - A joint venture between Inpex and Mitsubishi has a 22.9 percent interest in the Berau Block and a 16.5 percent interest in the Tangguh Project. Reserves are estimated at 14.4 Tcf. The first cargo of LNG was shipped in July 2009. China, South Korea, and North America have long-term sales agreements for the 363 Bdf/y of production.

- North Belut gas field, South Natuna Sea - Inpex has a 35 percent interest in this project, which is led by ConocoPhillips Company. The field came online in December 2009 at 97 Bcf/y; the gas is shipped to Malaysia under contract.

Australia

- Ichthys Project, Browse Basin, Western Australia - Inpex holds a 76 percent stake in this offshore LNG project, which is projected to come onstream in 2016. It is expected to produce 377 Bcf/y of LNG, most of which is reportedly intended for export to Japan.
- Mimia Project, Browse Basin - Inpex has a 60 percent stake. The companies are considering linking the development of the Mimia field to the Ichthys project.
- Pluto LNG Project - Tokyo Gas and Kansai Electric each acquired a 5 percent stake in Woodside's Pluto LNG project and signed a deal for 182 Bcf/y of LNG for 15 years. The first train is expected to come online in March 2011, with estimated new capacity of 200 Bcf/y of LNG.
- Timor Sea Joint Petroleum Development Area, including Bayu-Undan gas field - Inpex, Tokyo Gas, and TEPCO combined own 20 percent. An LNG sales agreement was signed in 2005 for annual supply of 146 Bcf/y; first shipment began February 2006.
- Darwin LNG Terminal - Inpex, TEPCO, and Tokyo Gas hold a combined 20.5 percent stake in the 170 Bcf/y Darwin LNG terminals, which came online in 2006. TEPCO and Tokyo Gas have contracts totalling 146 Bcf/y for a period of 17 years.

Russia

- Sakhalin-II-Mitsui and Mitsubishi hold stakes of 22.5 percent combined. Although Shell was originally the main operator of Sakhalin-II, in April 2007 Gazprom became the majority shareholder and the holdings of Shell, Mitsui, and Mitsubishi were reduced to 27.5 percent, 12.5 percent, and 10 percent respectively. Starting from February 2009, Sakhalin-II is expected to produce 468 Bcf/y at its peak and about 60 percent of the project's LNG will be sold to Japan, with 9 Japanese companies as customers.
- Vladivostok LNG terminal - In July 2010, Japan and Russia signed a preliminary agreement to build an LNG terminal with liquefaction capacity of 244 Bcf/y by 2017.

Sources:

- Energy Information Administration Country Analysis Briefs-Japan
- Wood Mackenzie - LNG Service
- Nikkei Business Daily

Appendix 1: Selected LNG Terminals in Japan

Facility	Nominal Capacity (mmtpa)	Nominal Capacity (mmcf/d)	Owner	Status	Start Up
Chita I	8.0	1,063	Chubu Electric, Toho Gas	Operational	1978
Chita II	12.1	1,605	Chubu Electric, Toho Gas	Operational	1983
Chita Midorihama Works	5.3	705	Toho Gas	Operational	2001
Fukuoka	1.1	144	Saibu Gas	Operational	1993
Futtsu	20.1	2,658	TEPCO	Operational	1985
Hatsukaichi	0.6	76	Hiroshima Gas	Operational	1996
Higashi-Ohgishima	15.4	2,045	TEPCO	Operational	1984
Himeji LNG	8.5	1,125	Kansai Electric	Operational	1979
Himeji	4.9	654	Osaka Gas	Operational	1984
Kagoshima	0.2	31	Kagoshima LNG	Operational	1996
Kawagoe	5.5	726	Kawagoe LNG	Operational	1997
Nagasaki Works	0.2	20	Saibu Gas	Operational	2003
Negishi	12.1	1,595	TEPCO, Tokyo Gas	Operational	1969
Niigata	9.0	1,186	Tohoku Electric, Nihonkai LNG	Operational	1984
Ohgishima	5.9	787	Tokyo Gas	Operational	1998
Oita	4.8	641	Oita LNG	Operational	1990
Senboku I	2.5	327	Osaka Gas	Operational	1972
Senboku II	12.8	1,697	Osaka Gas	Operational	1977
Shin-Minato Works	0.3	39	Gas Bureau	Operational	1997
Sodegaura	29.2	3,864	TEPCO, Tokyo Gas	Operational	1973
Sodeshi	2.5	112	Shizuoka Gas, Tonen General Petroleum	Operational	1996
Tobata	6.8	900	Kita-Kyushu LNG	Operational	1977
Yanai	2.4	317	Chugoku Electric	Operational	1990
Yokkaichi LNG Centre	7.1	940	Chubu Electric	Operational	1987
Yokkaichi Works	0.7	92	Toho Gas	Operational	1991
Sakai LNG	2.6	342	Cosmo Oil, Kansai Electric, Ube Industries, Iwatani	Operational	2006
Mizushima LNG	0.6	76	Nippon Oil, Chugoku Electric	Operational	2006
Sakaide	0.9	112	Cosmo Oil, Shikoku Gas, Shikoku Electric	Operational	2010
Joetsu LNG	2.40	318	Chubu Electric	Under Construction	2012
Okinawa LNG	0.8	101	Okinawa Electric Power	Under Construction	2011
Joetsu (Naoetsu)	2.0	265	INPEX Corporation	Under Construction	2014
Ishikari	1.3	174	Hokkaido Gas	Under Construction	2013
Hachinohe	1.5	200	Nippon Oil	Under Construction	2015
Kita-Kyushu LNG	1.0	127	Kyushu Electric, Saibu	Under Construction	2015
Kushiro LNG	-	-	Nippon Oil	Proposed	2015
Shin-Sendai	1.4	190	Tohoku Electric	Proposed	2016
Hitachi LNG	3.8	500	Tokyo Gas	Proposed	2016
Hokuriku LNG	1.4	190	Hokuriku Electric Power Co	Proposed	2018
Wakayama LNG	-	-	Kansai Electric	Proposed	-

Source: Wood Mackenzie – LNG Service as of November, 2012



International Profile:

Tokyo



Quick Facts

Total Area:	2,187.66 km ²
Population:	13,185,502 (2011)
Governor:	Naoki Inose
Language(s):	Japanese
GDP (2012):	US \$1.52 trillion



Background

- ▶ Tokyo is the capital of Japan and is officially known as “Tokyo Metropolitan”.
- ▶ Tokyo is in the Kanto region on the south-eastern side of the main island Honshu, and was formed in 1943 when the former Tokyo Prefecture and the City of Tokyo merged.
- ▶ Tokyo is home to the Japanese Government, the Imperial Palace, and the Japanese Imperial Family.
- ▶ During the day, Tokyo’s population increases by over 2.5 million as workers and students commute from surrounding areas.
- ▶ The city is a major international finance center and houses the headquarters of several of the world’s largest investment banks and insurance companies.
- ▶ Tokyo is the center for Japan’s transportation, publishing, and broadcasting industries.
- ▶ Home to 48 of Japan’s 68 Global 500 companies (eg. Honda, Hitachi, Sony, Toshiba, Mitsubishi, Fujitsu, Canon, etc).
- ▶ Tokyo sits near the boundary of three plates, and was hit by powerful earthquakes in 1703, 1782, 1812, 1855, and 1923.
- ▶ Naoki Inose was elected as Tokyo’s Governor in December 2012. He previously served as vice-Governor of Tokyo.



International Profile:

Gyeonggi



Quick Facts

Total Area:	10,171 km ²
Population:	12,381,550 (2012 est.)
Provincial Capital:	Suwon
Administrative divisions:	28 cities, 3 counties
Governor	KIM Moon-soo
GDP (2012)	US \$ 221 billion



Political & Economic Update

- ▶ The capital region - Seoul, Gyeonggi-do and Incheon - accounts for roughly one-half of the country's population and GDP. Among the biggest 90 metropolitan areas in OECD countries, the Seoul Metropolitan Area has the largest share of the national population, the third largest share of GDP (after Dublin and Athens), and the largest share of national patents.
- ▶ Proximity to Seoul has made Gyeonggi home to many of Korea's dominant businesses and industries
- ▶ Major source of Korea's companies, workforce, and manufacturing, including major corporations like Samsung, LG, and Hyundai-Kia.
- ▶ The high-tech industry has a high level of importance, placing Gyeonggi at the heart of the Korean economy.

BC – Gyeonggi Relations

- ▶ BC and Korea's Gyeonggi Province will mark the 5th Anniversary of their sister province relationship this year.
- ▶ In April 2011, Gyeonggi Governor MOON Soo-Kim visited BC. In February 2010, Gyeonggi Vice Governor YOU Yeon-Chae visited Vancouver
- ▶ In February 2010 a three-year Action Plan was signed between BC and Gyeonggi Province, outlining areas for cooperation in 6 sector areas: biotechnology, green energy, marine leisure, digital media, culture and tourism, as well as personnel exchanges .





Pacific Gateway

Office of Protocol



Quick Facts

Total Area:	100,210 km ² (B.C.: 944,735 km ²)
Population:	50 million (2013 estimate)
Capital:	Seoul (10.4 million)
Type of Government:	Presidential Republic
Administrative Divisions:	9 provinces, 7 metropolitan cities
Head of State:	President PARK Geun-hye (since February 2013)
2012 GDP (nominal):	\$1.64 trillion (estimate) (Canada: \$1.5 trillion)
National Currency:	Korean Won: 1 CAD\$ = 1,015 KRW (Oct. 2013)
World Time Zone:	GMT+9
Language:	Korean; English widely spoken and taught in schools
Religion (s):	No affiliation 46%, Christian 29%, Buddhist 22%
National Day:	National Foundation Day – October 3

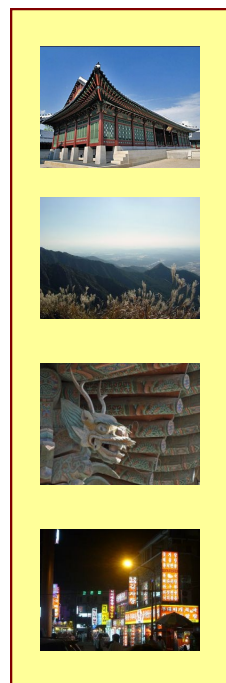
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BUSINESS ETIQUETTE

S13, S16



S13, S16



S13, S16

TRAVEL INFORMATION

DOCUMENTS

- Ensure your visa and/or passport is up-to-date. Many countries insist they be valid for at least six months, even if you have a return ticket.
- Canadian citizens do not require a visa to travel to South Korea for a stay up to 90 days. There are specific requirements for business visa, which can be found at: <http://www.koreanconsulate.on.ca/en/?mnu=a02>.
- Make photocopies of the following documents to take with you and leave at home with a family member or colleague:
 - ▶ Passport, visa, travel documents, birth/citizenship certificate, credit cards and traveller cheques, and medication prescriptions.

TIPS

- Electricity: 220 Volts AC, 60Hz. Two-pin round plugs.
- Telephone Country Code: 82
- Except in some office buildings and western-style restaurants, Korean rest-rooms are generally not equipped with toilet paper, so make sure to carry your own.
- Although tap water is regarded as being safe to drink, many locals boil, or filter their drinking water. If in doubt, drink bottled water.

VACCINATIONS

- Ensure that you have been immunized with the current and necessary vaccinations. Check with your family doctor or a travel health clinic. Lists of Clinics are available on the Public Health Agency of Canada website: <http://www.phac-aspc.gc.ca/tmp-pmv/index-eng.php>.

EMBASSY AND CONSULATE CONTACT

After hours emergency contact information (for Canadian citizens only). Call collect: (613) 996-8885 / (613) 944-1310 (TTY) - The Emergency Operations Centre of the Department of Foreign Affairs, Trade and Development operates 24 hours a day, seven days a week. An experienced officer is always available to respond to emergency calls from anywhere in the world.

Embassy of Canada in Seoul : 21, Jeongdong-gil (Jeong-dong), Jung-gu
Seoul, 100 - 120
South Korea
Telephone: 82-2-3783-6000
Fax: 82-2-3783-6239
Email: seoul@international.gc.ca

Contact IGRS:

548 Michigan Street, Victoria, B.C. V8W 9E2
Office of Protocol: 250 387-1616
Email: protocol@gov.bc.ca

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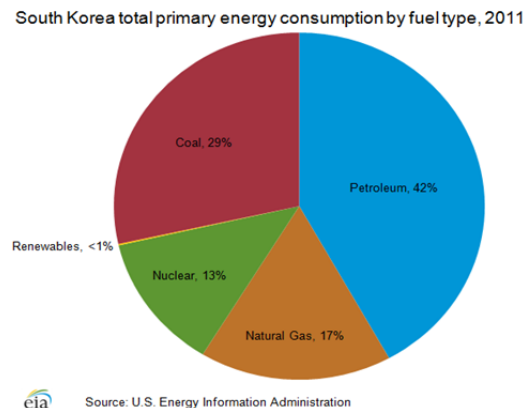
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Natural Gas Country Profiles-South Korea

Overview

- U.S. Energy Information Administration (EIA), South Korea was the world's tenth largest energy consumer in 2011.
- EIA estimates that South Korea consumed 1.6 trillion cubic feet (Tcf) of natural gas in 2011. The fuel comprised 17 percent of the country's primary energy.
- While South Korea has discovered proven reserves of 250 Billion cubic feet (Bcf), domestic gas production is negligible and accounts for less than 2 percent of total consumption.
- South Korea does not have any international gas pipeline connections.
- South Korea relies on importing all natural gas via LNG tankers to satisfy its natural gas consumption. It is the second largest importer of Liquefied Natural Gas (LNG) in the world after Japan.
- Korea Gas Corporation (KOGAS) dominates South Korea's gas sector and it is the largest single LNG importer in the world. KOGAS is participating in 27 overseas exploration and production projects in 16 countries.
- SK Group (SK) is one of South Korea's top three conglomerates. It has established a significant presence over the LNG value chain around the world.

Figure 1: South Korea total primary energy consumption by fuel type, 2011



Sector Organization

KOGAS and Korea National Oil Corporation

- KOGAS dominates South Korea's gas sector and it is the largest single LNG importer in the world. The company maintains a monopoly over the purchasing, import, and wholesale distribution of natural gas.

- KOGAS operates three of Korea's four LNG receiving terminals and the 1,790-mile national pipeline network as well as wholesales re-gasified LNG to power generation and private gas distribution companies.
- The Korean central government is the largest KOGAS shareholder with 26.9 percent direct equity, and an additional indirect 24.5 percent via the Korean Electric Power Company (KEPCO).
- Korea has 30 private distribution companies, but each has an exclusive sales right within a particular region. These local companies purchase wholesale gas from KOGAS at a government-approved price, and sell gas to end-users.
- Since June 2011, city gas companies have been allowed to source gas produced from coal or refineries, as gas demand peaks in winters, while wholesale gas prices have been frozen by the government to protect end-users.
- In the upstream KOGAS has historically focused on overseas LNG liquefaction projects, while the Korea National Oil Corporation (KNOC) has handled most exploration and production-related activities. As KOGAS seeks new opportunities for growth however, its focus on overseas upstream activities is increasing.

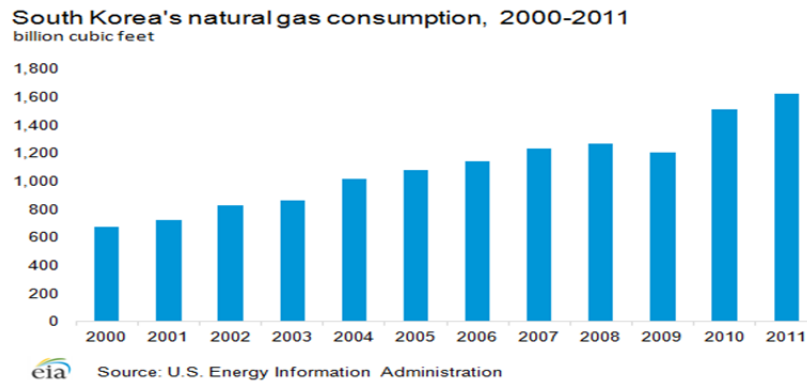
SK Group

- SK Group (SK) is one of Korea's top three conglomerates, which accounts for 12 percent of Korean GDP and 9 percent of Korean exports. It is composed of 94 affiliates and 210 global corporations. It was ranked 65th in the 2012 Fortune Global 500. SK has over 75,000 employees and total assets of \$ 123 billion USD.
- SK has three main business areas including energy and chemicals, information telecommunications and semiconductor, as well as marketing logistics and services.
- Under the energy and chemicals category, SK has established a significant presence over the Liquefied Natural Gas (LNG) value chain.

Natural Gas Consumption

- South Korea relies on imports of LNG to satisfy nearly all of its natural gas consumption, which has approximately doubled over the previous decade.
- The country consumed 1.6 Trillion cubic feet (Tcf) of natural gas in 2011, which was an increase of more than 125 percent from 2001.
- The city gas network, serving residential, commercial and industrial consumers, accounted for the majority (54 percent in 2011) of natural gas sales, while power generation companies made up nearly the entire remaining share.

Figure 2: South Korea's natural gas consumption, 2000 - 2011



Natural Gas Imports

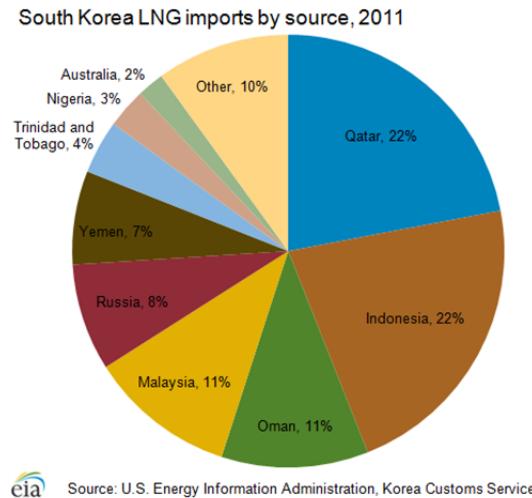
Pipelines

- South Korea does not have any international gas pipeline connections and must therefore import all gas via LNG tankers.

LNG Imports

- South Korea is the second largest importer of LNG in the world after Japan. The country imported 1.6 Tcf of LNG in 2011. Most KOGAS's LNG is purchased through long-term supply contracts and uses spot cargos to correct small market imbalances. Almost two-thirds of 2011 natural gas imports came from Qatar, Malaysia, Oman, and Indonesia.
- There are four LNG re-gasification facilities, with a total capacity of 4.5 Tcf per year. KOGAS operates three facilities (Pyeongtaek, Incheon, and Tong-Yeong), accounting for more than 95 percent of current capacity.
- Pohang Iron and Steel Corporation (POSCO) and Mitsubishi Japan jointly own the only private regasification facility in Korea, located on the Southern Coast in Gwangyang.
- Nearly an additional 1 Tcf of regasification capacity had been added since 2010. In addition to recent expansion of existing facilities, KOGAS is planning a new 487 Bcf per year facility at Boryeong, whose first unit is scheduled for completion by 2013, second by 2019. KOGAS is currently constructing a new LNG receiving facility at Samcheok, on the Northwest coast. The first stage of 278 Bcf per year is slated for 2013 completion, with supplies of 350 Bcf per year to be met primarily through gas imported from Vladivostok, Russia starting in 2015. Although the associated 2008 KOGAS-Gazprom Memorandum of Understanding indicated that the gas could be imported either as LNG or pipeline gas from Vladivostok, Russian and Korean leaders recently acknowledged that the pipeline construction option most likely will not be deemed economically feasible without the cooperation of North Korea.

Figure 3: South Korea LNG imports by source, 2011



Natural Gas Domestic Exploration and Production

- While the country has discovered proven reserves of 250 Billion cubic feet (Bcf), domestic gas production is negligible and accounts for less than 2 percent of total consumption.
- South Korea produced about 18 Bcf of natural gas in 2011 from Donghae-1 in the Ulleung Basin, the only domestic gas field in production. The KNOC will continue production operations until 2018.
- State-owned Gas Hydrate Research and Development has conducted studies of deposits of methane hydrates in the Sea of Japan, and the government has previously announced plans to start extracting methane hydrates from the sea by 2015.

Natural Gas Overseas Resource Development Projects

KOGAS

KOGAS is participating in 27 overseas exploration and production projects in 16 countries. Some of the major overseas resource development projects that KOGAS participates in are:

Canada

- KOGAS signed a contract with Encana Corporation in February 2010, for a 50 percent share of blocks of Kiwigana in the Horn River, Jackpine and Noel blocks in West Cutbank in British Columbia (BC), Canada.
- In February of 2011, KOGAS concluded an agreement with MGM Energy Corp. to buy a 20 percent stake of Umiak block in the Arctic Circle, Canada.
- KOGAS purchased a 10 percent stake of CGR, Cordova Gas Resources Ltd., which has 50 percent of working interest in 4.5 Tcf of a Cordova gas field in August 2011.
- In May, 2012, KOGAS in partnership with Royal Dutch Shell plc, and Mitsubishi Corporation formed a joint venture to develop the LNG Canada project at Kitimat, BC.

Indonesia

- KOGAS signed a farm-out agreement to acquire a 15 percent stake of the Indonesian Krueng Mane block from ENI of Italy in 2007. The Plan of Development (POD) for the discovered JAU gas field with a contingent resource of 0.23 Tcf (equivalent to 4.8 million tons of LNG) was authorized by the Indonesian government in January 2012. As such, the project is currently undergoing a feasibility study, the final stage before actual development.
- Partnering with Mitsubishi and other Asian companies, KOGAS purchased stakes in the Serono and Martindok gas fields which is located on the Indonesian island of Sulawesi, as well as a liquefaction plant which has an annual capacity of 2 million tons. As part of its plan to secure a long-term additional supply, KOGAS will begin importing approximately 700,000 tons of gas annually from the project beginning the end of 2014.

Australia

- KOGAS purchased a 15 percent stake in the GLNG project the condition of LNG purchase. The GLNG project develops and liquefies natural gas from the coal seam gas (CSG) field located inland of Queensland, Australia. With an annual capacity of 7.8 million tons, the project is currently in the development stage, with the aim of beginning production in the second quarter of 2015.
- In September 2011, KOGAS signed a basic agreement to purchase a 10 percent stake in a project to develop the Prelude field and other small and mid-sized gas fields offshore northwest Australia and produce floating LNG (FLNG). In December of the same year, the company established a local subsidiary, KOGAS Prelude Pty. Ltd., and entered the main contract of the Farm-out Agreement in March 2012. With an annual capacity of 3.6 million tons, the project has set the goal of beginning production at the end of 2016.

Myanmar

- Located offshore the northwest part of Myanmar, the A-1 and A-3 blocks were verified to have a reserve of 4.53 Tcf. KOGAS entered into a gas sales agreement with China's CNUOC in December 2008 and moved to the development stage in 2009.

East Timor

- KOGAS is currently involved in exploration projects at four offshore blocks—B, C, E, H--- near East Timor, with an estimated reserve of approximately 254 million tons of LNG. KOGAS purchased its stake in the project in 2007 and drilled the first exploration well in January 2011.

Uzbekistani

- A joint venture was established in 2008 for the development of a gas field in Surgil, Uzbekistan.
- In May 2008, KOGAS signed a contract with Uzbekneftegaz for exploration of the Uzunkui Block. The company claims 50 percent of the domestic consortium share in the project, which accounts for 25 percent stake of the total project.

Mozambique

- Located on the eastern offshore of Mozambique, the Area 4 block's total discovery amounts to 40 Tcf (equivalent to 900 million tons of LNG). Under a farm-out agreement signed with ENI in 2007, KOGAS holds a 10 percent stake in the block, thus entitling it to a total of 90 million tons of gas, 2.6 times the domestic annual supply.

Oman

- KOGAS took a 1.2 percent share in the Oman LNG project.

Qatar

- KOGAS participated in the Qatar RasGas project through KORAS, its overseas joint venture counterpart established in 1999.

Yemen

- KOGAS gained interest in the Yemen Investment Project in 2005 by acquiring an 8.9 percent stake in the project. The project began commercial production at the end of 2009.

SK

SK has participated in exploration and production projects in South America, Asia, Oceania, the Middle East and Africa. Some of the major overseas resource development projects that SK participates in are:

Canada

- Currently, SK is looking for opportunities to develop its LNG business in BC. In response to BC Ministry of Forests, Lands and Natural Resources Operations (MFLNRO), in partnership with the Ministry of Energy, Mines and Natural Gas (MEMNR), February 23, 2013, Request for Expression of Interest/Grassy Point, SK E&S has expressed its interest in acquiring land tenure over the Grassy Point, near Port Simpson, Prince Rupert for the purpose of developing an LNG export facility.

Australia

- SK invested in exploration fields in Barossa-Caldita, Australia, with initial commitments of up to \$400 million.

Other Countries

- SK has acquired 20 percent stake from the Peru LNG project and 9.55 percent stake from the Yemen LNG project.

Sources:

- Energy Information Administration Country Analysis Briefs-South Korea
- KOGAS' Annual Report at http://www.kogas.or.kr/kogas_eng/html/main/main.jsp#notice-list



International Profile:

Seoul



Quick Facts

Total Area:	605.21 km ²
Population:	10,442,426
Administrative divisions:	25 districts (called 'gu')
Mayor:	PARK Won-soon
Language(s):	Korean (Seoul dialect)



Seoul City Initiatives

- ▶ Improved standard of living for everyone (improved welfare system, residence, education, security, medical services)
- ▶ An economy that benefits everyone
- ▶ A culture that we can create together
- ▶ A safe sustainable city
- ▶ City administration supported by citizens

Background

- ▶ Seoul sits on the Han River in northwestern South Korea and is approximately 50 km south of the Demilitarized Zone (DMZ) and the border with North Korea.
- ▶ Seoul's position as a capital city dates back to 1394, when it was the capital of the Joseon Dynasty. The old Joseon Dynasty city now makes up the downtown area and includes many palaces, government offices, corporate headquarters, hotels and traditional markets.
- ▶ Seoul has 'special city' status, which is equivalent to provincial status.
- ▶ Seoul is South Korea's largest city and has one of the highest population densities in the world.
- ▶ Seoul's economy is largely supported by a strong service sector, including information and communication technology and scientific research and development.
- ▶ The city's major export products include automobiles, electronics, textiles and steel.
- ▶ Seoul is South Korea's financial capital, as well as one of Northeast Asia's major financial centres.
- ▶ Seoul experiences four distinct seasons, with hot and humid summers and cold and snowy winters.



International Profile:

KOREA



Quick Facts

Total Area:	100,210 km ²
Population:	50 million (July 2013 est.)
Capital:	Seoul
Type of Government:	republic
Administrative Divisions:	9 provinces, 7 metropolitan cities
Head of State:	President PARK Geun-hye (since 25 February 2013)
Head of Government:	Prime Minister JUNG Hong-won (since 26 February 2013)
GDP (2012):	US \$1.64 trillion
National Currency:	1 CAD = 1015 Won
Language (s):	Korean
Religions:	No affiliation 46%, Christian 29%, Buddhist 22%
National Day:	National Foundation Day – October 3

Governing Context

- ▶ President and prime minister are both active participants in the day-to-day administration of the state (the PM is the President’s principal executive assistant: supervises administrative ministries and can deliberate national policies and attend National Assembly meetings, etc).
- ▶ The presidential branch is dominant, with the president elected for a single 5 year term.
- ▶ The prime minister is selected by the president and approved by the National Assembly.
- ▶ Party in power: Saenuri Party (formally Grand National Party)

Korea’s Key Priorities

‘A New Era of Hope’

- ▶ Economic Revival
- ▶ Happiness for the People
- ▶ Cultural Renaissance
- ▶ Foundation for Peaceful Unification



British Columbia — Korea Relations

Community

- ▶ According to the 2011 census 55,450 British Columbians identify themselves as being of Korean descent.
- ▶ Korea was the 4th source country for immigrants settling in British Columbia in 2012, with 2,105 immigrants .

Twinning

- ▶ BC and Korea enjoy robust sister province and municipal relationships. On April 8, 1997, a Memorandum of Understanding (MOU) on Economic Co-operation was signed between British Columbia and Gyeonggi Province of Korea.
- ▶ In May 2008, BC and Gyeonggi entered into a Sister Province Agreement to expand the range of cooperation between the two provinces. Gyeonggi Province is one of BC's 2 sister provinces.
- ▶ In February 2010 a three-year Action Plan was signed between BC and Gyeonggi Province, outlining areas for cooperation in 6 sector areas: biotechnology, green energy, marine leisure, digital media, culture and tourism, as well as personnel exchanges.
- ▶ There are 3 bilateral twinning relationships between BC and Korean communities (Coquitlam and Paju, District of North Vancouver and District of Guro, Burnaby and Hwaseong).

Visits

- ▶ In April 2011, Gyeonggi Governor MOON Soo-Kim visited BC. In February 2010, Gyeonggi Vice Governor YOU Yeon-Chae visited Vancouver.

Education

- ▶ In 2011/12 there were 15,200 international students from Korea studying in BC.
- ▶ Approximately 43% of the international students from Korea studying in Canada were studying in BC.

Diplomatic Relations

- ▶ Consul General of the Republic of Korea in Vancouver: LEE Kie Cheon.
- ▶ Ambassador of the Republic of Korea to Canada: His Excellency CHO Hee-yong.



Trade Relations

- ▶ Korea is British Columbia's 4th largest export destination at \$1.9 billion in 2012.
- ▶ BC leads Canadian provinces in trade with Korea (\$1.9 billion of Canada's \$3.7 billion in exports to Korea in 2012). BC's exports to Korea are 3 times higher than the next leading province in Canada.
- ▶ South Korea was BC's sixth largest international market in terms of direct customs entries in 2011 (88,000 visitors).
- ▶ British Columbia's top goods exports to Korea are mainly commodities:

Bituminous coal (\$989 million)
 Copper Ores (\$202 million)
 Unwrought Aluminium (\$127 million)

BC Exports to Korea

