

# WHO BENEFITS?

## AN INVESTIGATION OF FOREIGN INVESTMENT IN THE TAR SANDS

Making one industrial project a nation's nearly singular economic and policy priority puts Canada on a road straight to the 19th Century. The Government of Canada under Prime Minister Harper is taking a bad idea, compounding the risks and minimizing the Canadian rewards. The vast majority of tar sands production is not owned by Canadians and most of the profits from the resource go to foreign companies. An in-depth review of shareholder information from Bloomberg shows that 71 per cent of all tar sands production is owned by non-Canadian shareholders. Canada's national interest should come before the interest of foreign shareholders.

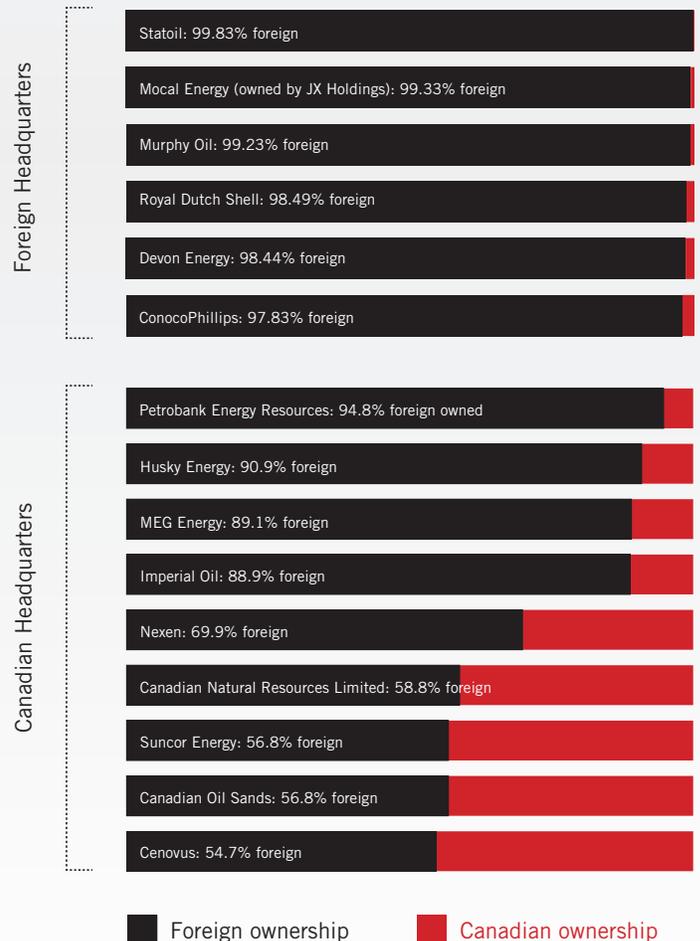
### #1 WHO BENEFITS?

### THE MAJORITY OF THE TAR SANDS IS FOREIGN OWNED

Canadian companies doing business in the tar sands (ie: headquartered in Canada, follow Canadian accounting practices, and traded on Canadian stock exchanges) are not truly Canadian. In reviewing data acquired by Bloomberg Professional, findings include that Husky Energy is 90.9 per cent owned by foreign shareholders, and Canadian Natural Resources Ltd. 58.8 per cent. Foreign headquartered companies representing a market capitalization of \$391 billion, control 24.2 per cent of all tar sands production.

\*\*Data acquired from Bloomberg Professional (29 Jan 2012) and production data acquired from *Oilsands Review* (Jan 2012)

**Graph 1. Ownership of companies with tar sands operations (see right)**

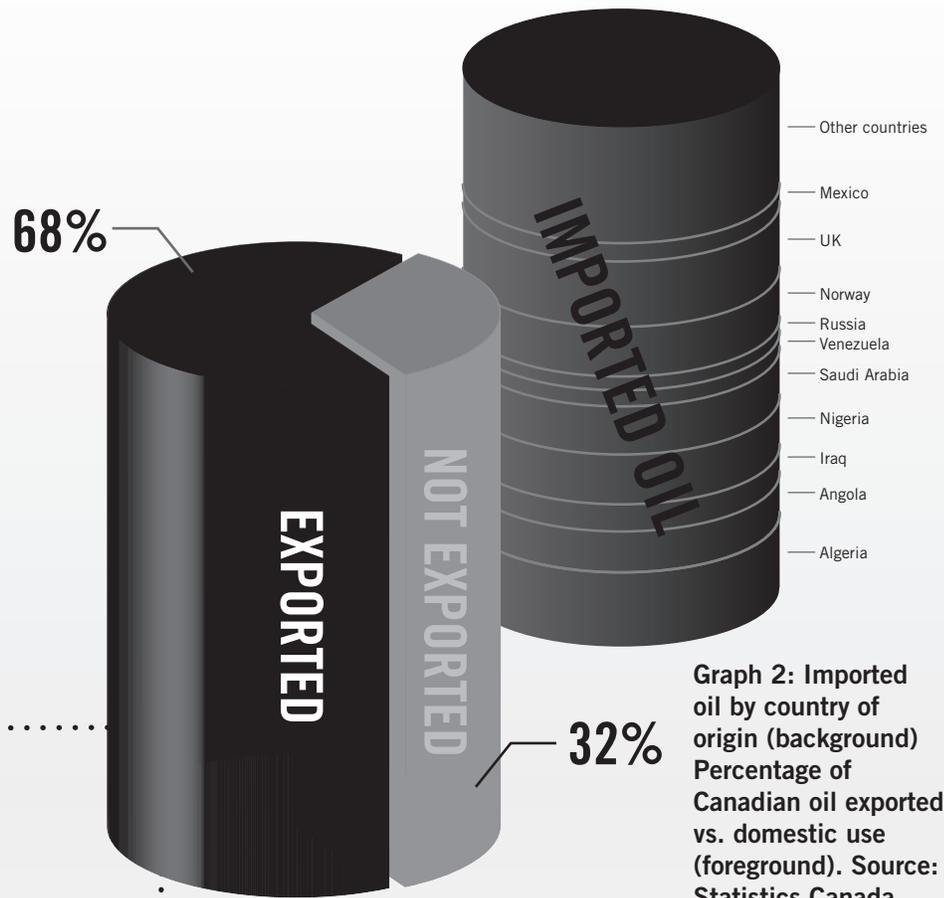


Why does the Canadian government place energy security for an authoritarian Chinese regime ahead of energy security for ordinary Canadians?

- Andrew Nikiforuk, award-winning author and journalist

## #2 WHO BENEFITS? NOT EASTERN CANADA

Total Canadian oil production is 2.8 million barrels per day (1.6 million bpd from the tar sands). Of this, Canada exports 1.9 million barrels per day to the United States. Despite increasing tar sands production, Canada still imports 43 per cent of its crude from from Algeria, Iraq, Saudi Arabia, Nigeria, Venezuela, the UK and Norway. Nearly all of this foreign oil is destined for Eastern Canada.



## RISING CHINESE INVESTMENT

Harper's policies are positioning Canada as China's resource colony:

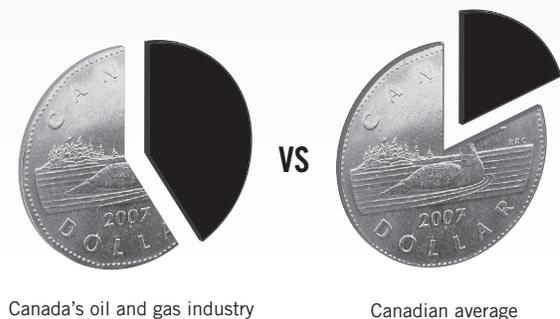
- « Of the \$73.6 billion CAD invested in the tar sands between 2007-2011, based on public announcements, tar sands investments from China comprise 16% or \$11.7 billion.
- « These investments are from three major Chinese national oil companies (CNPC, CNOOC, Sinopec) and China's sovereign wealth fund (China Investment Corporation).
- « Of Enbridge's known backers for its controversial Northern Gateway pipeline and tanker project, Sinopec, the seventh largest corporation in the world, has invested at least \$10 million. A recent article reveals PetroChina's interest in not only purchasing an equity, but in also getting the contract to build the pipelines.

"They [PetroChina] have made the point to us that they are very qualified in building pipelines, and we will take that into consideration when we are looking for contractors ...It's an open bid process. They are a very big organization, they build a lot of pipelines, and they would love to be involved from what they have told me."

- Enbridge CEO Patrick Daniel quoted in the *National Post*

## #3 WHO BENEFITS? OVER HALF OF CANADA'S OIL REVENUE GOES TO FOREIGN- CONTROLLED COMPANIES

Over half (51.1%) of all oil and gas operating revenue in Canada goes to foreign entities compared to the national average of 28.5%. Canada's oil and gas industry has twice (41.3%) the amount of foreign controlled operating profit compared to the national average (20.1%).



Graph 3: Operating Revenue Under Foreign Control (2009). Source: Statistics Canada



“We will uphold our responsibility to put the interests of Canadians ahead of foreign money and influence that seek to obstruct development in Canada in favour of energy imported from other, less stable parts of the world.”

- Prime Minister Stephen Harper

---

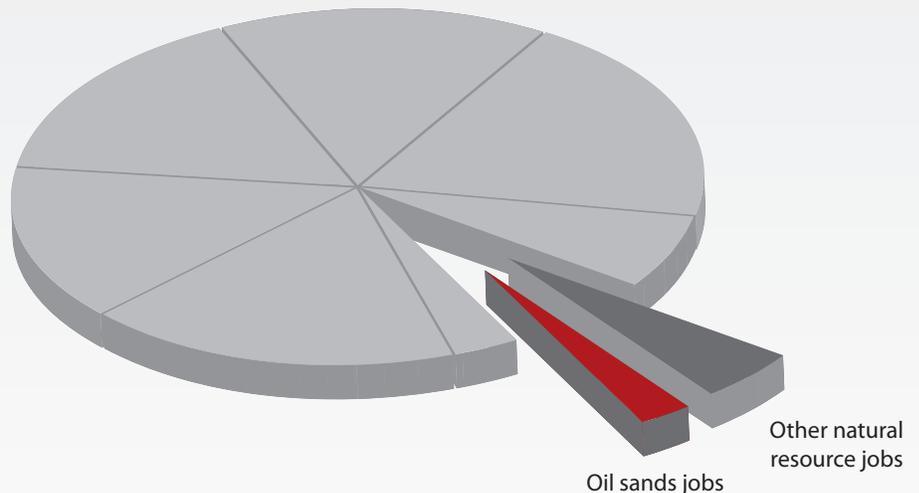
## #4 WHO BENEFITS?

# THE TAR SANDS REPRESENT 0.8 PER CENT OF TOTAL CANADIAN EMPLOYMENT

The oil and gas industry is one of the most capital intensive sectors in the world. While jobs increase in construction with expansion projects, there are relatively few in day-to-day operations. In 2008, 56,283 workers were employed in all oil and gas extraction, a further 17,904 were employed in petroleum and coal product manufacturing, and 43,824 employed in support activities for mining and oil and gas extraction. This total of 118,011 represents 0.8 per cent of total Canadian employment.

### Graph 4: Canadian tar sands jobs as a percentage of total Canadian jobs

Statistics Canada, Table 2810024 - Employment (SEPH), unadjusted for seasonal variation, by type of employee for selected industries. For the latter, 87,648 were employed in support activities for mining and oil and gas extraction. Employment in mining and oil and gas is roughly split between the two, so we assume the same for support activities.



“For every 400,000 barrels of raw bitumen a day that Canada exports, economists calculate that the nation sends approximately 18,000 upgrading and refining jobs abroad and reduces Canada’s GDP by 0.2 per cent.”

- Alberta Federation of Labour

# CONCLUSION

In looking at the tar sands, who benefits? Publicly traded oil companies with active tar sands operations have a very high level of foreign ownership – 71 per cent. Some notably Canadian oil companies such as Suncor, Canadian Oil Sands, and Husky are predominantly owned by non-Canadians. The data also shows us that more than half of Canada’s oil and gas operating revenue goes to companies under foreign control.

So, in whose interest is this Government of Canada serving? Since the beginning of the year, our Federal Government has either cut or gutted every piece of environmental legislation designed to protect our land, air, and water while aggressively pushing for the expansion of the tar sands and the building of new pipelines, such as the controversial Enbridge Northern Gateway pipeline and supertanker project. Harper has claimed to do this in the name of Canada’s national interest while attacking anyone who disagrees.

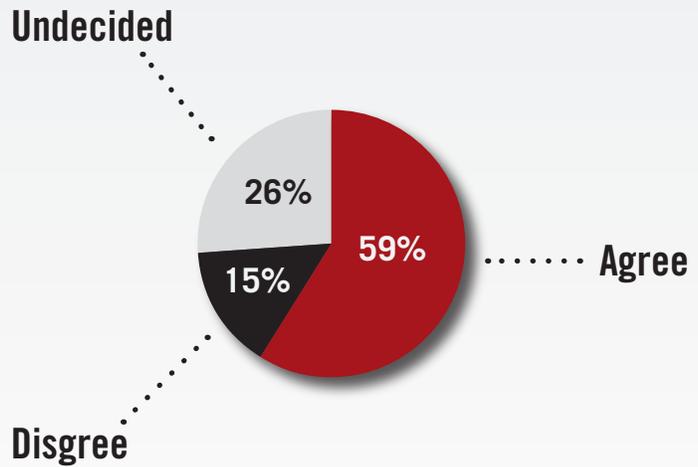
There has been no debate – either publically or in the House of Commons – around a national energy strategy, how we want our natural resources managed, and what kind of energy future we want in this country. This conversation would provide greater insight into what Canadians think is in their best interest.

The Conservative Harper government is increasingly ruling in favour of foreign-oil companies instead of Canadians. We need foreign investment and shareholders in this country, but it does not need to be at the cost of democracy, our environment, and future generations.



**Canadians believe the government has put oil and gas companies’ interests above those of Canadians**

Source:  
“Feds set Canada back 50 years on environment regulations: critics”, *The Hill Times*, April 30, 2012.



**Compiled by:**

Nikki Skuce  
Senior Energy Campaigner  
nikki@forestethicsadvocacy.org  
ForestEthicsAdvocacy.org

