

2012 ANNUAL ALBERTA SURVEY

ALBERTANS' VIEWS ON CHINA



MESSAGE FROM THE DIRECTOR

For the second year, the China Institute of the University of Alberta has polled Albertans for their views on a wide range of issues related to China. An important role of the China Institute is to promote better understanding of China, which includes the increasing interaction between Alberta and China, most notably in the economic sphere.

By sampling Albertan public opinion over a period of many years we hope to better understand the dynamics of this relationship. While in 2011 52% of Albertans welcomed Chinese investment in energy and other resource sectors of the province, the more detailed questions asked in 2012 point to weakened support for Chinese investment in the province, although support for energy exports to China remains strong. Albertans remain generally sanguine regarding the rise of China as a Great Power, and do not view this development as a threat.

While the China Institute is responsible for drafting the survey questions that the University of Alberta Population Research Lab (PRL) runs on our behalf, once data collection is complete, our task becomes to simply report and analyze the data we receive on how Albertans responded. We are careful to report objectively on the data collected by the PRL.

However, I am disappointed that less than a third of Albertans believe that knowledge of the Chinese language is important. While it is neither likely nor necessary for Chinese to become a language widely spoken in Alberta

in the foreseeable future, and while it is true that Chinese business representatives and other visitors are increasingly able to communicate in English, knowledge of Chinese remains one of the best ways in which to understand the culture, society and institutions of China. Having a larger cohort of Chinese language speakers among Albertans, especially young Albertans about to begin their careers, would represent a strategic advantage for Alberta in our interactions with a rising China.

Convinced that China will play an increasingly important role in this 21st century, globally, nationally, and in Alberta, the China Institute will continue to chart the evolving views of the people of this province regarding the People's Republic of China.

Gordon Houlden

Director
China Institute
University of Alberta

CONTENTS

4	About the China Institute Acknowledgements
5	Survey Objectives 2012 Alberta Survey
6	Executive Summary
8	The Data at a Glance
9	China as a Growing Global Power
11	The Alberta-China Trade Relationship
14	Chinese Investment in Alberta
16	Chinese language Human Rights
17	Appendix 1: Questionnaire: China's Role in Canada's Economy
19	Appendix 2: 2011 Alberta Survey

About the China Institute

The China Institute at the University of Alberta (CIUA) was established in the fall of 2005 and is dedicated to scholarship on China and to enhancing understanding between Canada and China. The CIUA aims to foster China-related initiatives and scholarship at the University of Alberta, and to enhance and support new teaching and research activities that are focused on China.

CIUA is a board-governed organization, which reports to the Provost and Vice-President (Academic) of the University of Alberta. The director of the CIUA is Professor Gordon Houlden, a specialist of Chinese and Asia Pacific affairs, and former Canadian diplomat with five postings in Greater China.

The current focus of work at the China Institute is on the growing economic linkages between Canada and China with particular emphasis on China's energy profile and its increasing investment in Canada and in Alberta especially. The China Institute has a growing interest in the future course of China and how changes in the People's Republic of China may affect Canada.

Acknowledgements

The China Institute would like to thank the staff of the Population Research Lab at the University of Alberta for their continued support and professionalism in conducting the 2012 Alberta Survey.

The China Institute also wishes to thank Ms. Heather Schmidt, PhD Candidate in Sociology and Research Associate at the China Institute, for her crucial role in the completion of this project. Ms. Schmidt's efforts have been essential to the design and execution of our survey for two years running.

We would be remiss if we did not also thank Ms. Marcella Cassiano, PhD student in Sociology at the University of Alberta, for her valued input and ideas which have helped make this year's survey that much better. Ms. Jingjing Zheng of the China Institute provided invaluable assistance with the design of this report.

Survey Objectives

In 2011, the China Institute decided to explore the findings of a national opinion poll conducted by the Asia Pacific Foundation of Canada in 2010. That poll found Albertans view economic ties with Asia more favourably than Canadians elsewhere in the country. Intrigued, the China Institute decided to probe deeper into Albertans' perceptions of China and its trade relationship with the province. Joining the annual Alberta Survey conducted by the University of Alberta's Population Research Lab (PRL), the China Institute posed 10 questions to Albertans about China. The 2011 Survey confirmed that Albertans do hold a positive view of the significance of China to the provincial economy. In all questions asked, the majority of respondents (over 50%) held affirmative attitudes toward China and its relationship with Alberta.

Following on the success of our 2011 Survey, this year we again worked with the PRL to run a different series of questions on the 2012 Alberta Survey. Our goal, this year, was to continue probing Albertans' views on China, including their views on some contentious issues. While we did discover issues where Albertans have misgivings regarding China, in general, Albertans continue to maintain a positive attitude toward China and its links with this province.

2012 Alberta Survey

The 2012 Alberta Survey was administered by the University of Alberta's Population Research Lab (PRL). The PRL conducts an annual survey of households across the province of Alberta via computer-assisted telephone interviews (CATI surveys). Respondents were contacted using a method of Random-Digit Dialling (RDD).

With a total sample size of 1210 people, respondents were evenly distributed across the Edmonton metropolitan area (404 people), the Calgary metropolitan area (405 people), and the remainder of Alberta (401 people). Weights were calculated using population estimates for 2011 in order to bring the data in line with a proportional distribution of the Alberta adult population. At the household level, the estimated sampling error is +/- 2.8 percentage points at 95% confidence.

The China Institute included 10 statements about China and its significance to the province of Alberta on Survey A of the 2012 Alberta Survey. Respondents were asked to gauge the extent to which they agree or disagree with each statement based on a 5-point scale (strongly agree, agree, neither agree nor disagree, disagree, strongly disagree). Telephone interviews for Survey A took place from July 3 to 18, 2012. Survey questions and data collection protocols were approved by a University of Alberta Research Ethics Board (REB 2).

EXECUTIVE SUMMARY

In July of this year, the continued and ever-growing importance of China to the province of Alberta was highlighted in the bid by China National Offshore Oil Corporation (CNOOC) for Calgary-based Nexen. As economic links between China and Canada, and China and Alberta in particular, continue to grow, it is important for government and industry decision-makers to be aware of how Albertans feel about China and particularly about trade with China.

In keeping with our findings from the 2011 survey, this year's data again shows Albertans hold a generally favourable view of China as an important economic partner for the province. Albertans acknowledge China as a growing global power, but do not perceive this as a threatening prospect for Canada. Indeed, on the contrary, China is viewed as a stable trade partner for the province. The trade relationship between Alberta and China is most positively envisioned through the export of Alberta energy to China.

Questions concerning the issue of Chinese investment in Alberta, however, solicited more guarded responses. While Albertans are evenly split on the issue of whether partial ownership of an Alberta-based firm by Chinese investors is acceptable, they are decidedly opposed to the idea of full ownership, and are also largely adverse toward investment in Alberta by a Chinese state-owned enterprise (SOE).

While Albertans consider the trade relationship with China as important, for the most part they do not tend to regard knowledge of Chinese language as necessary in conducting business with China. Human rights considerations, however, are viewed as significant for Albertans when considering the China-Alberta trade partnership.

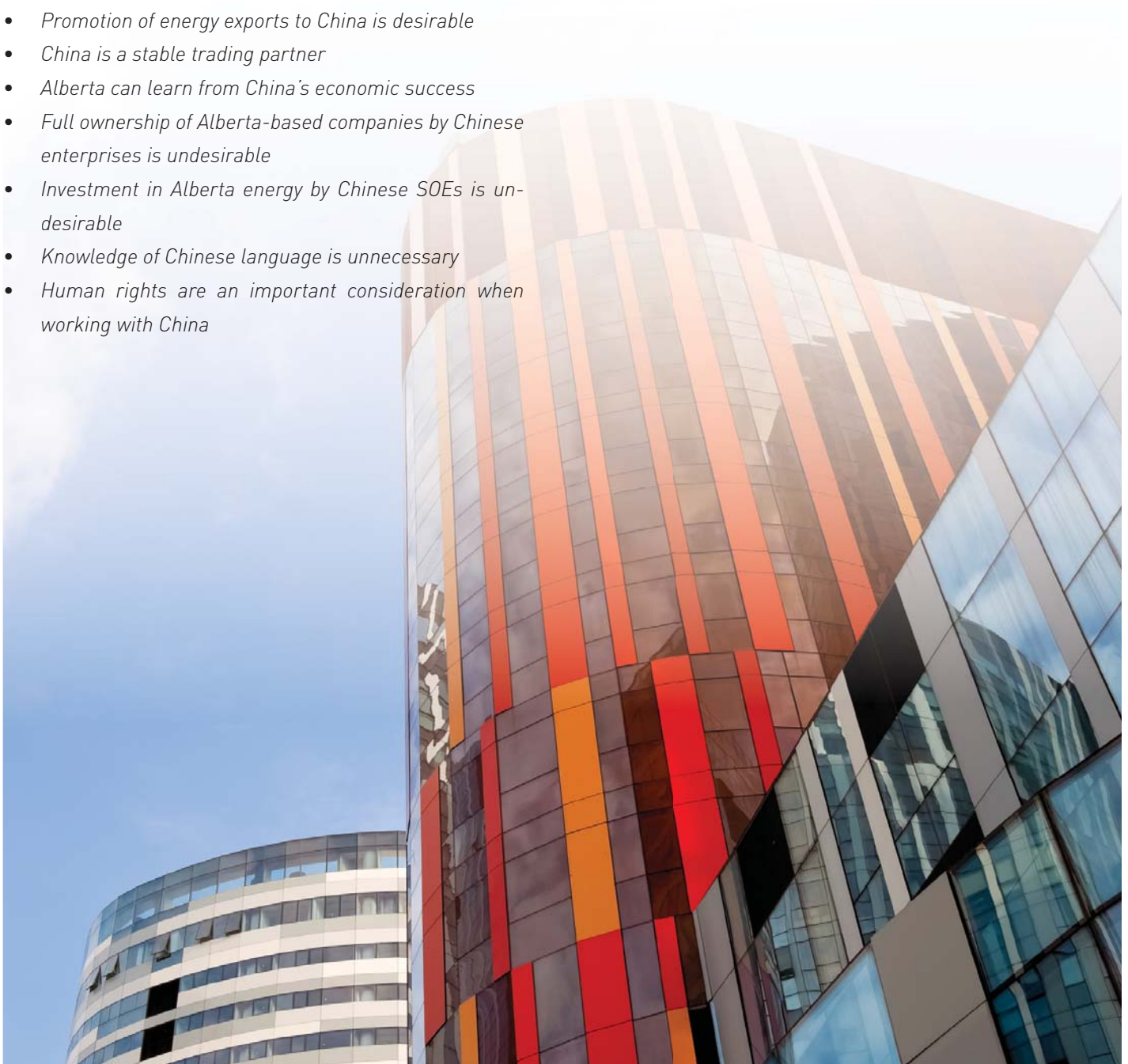
Variables which may have been expected to influence respondents' views of China, such as area of residence and economic status, somewhat surprisingly, played a negligible role in how Albertans answered the survey questions. The most relevant factor in how respondents viewed China was political leaning. Wildrose supporters tend to be more cautious when it comes to China than supporters of the other major provincial parties. In addition, undecided voters are most likely to be in line with PC supporters and most widely divergent from Wildrose supporters on issues related to China.

Albertans tend to think:

- *In the 21st century, China will overtake the United States as the leading global power*
- *China's economic rise is not threatening to Canada*
- *Promotion of energy exports to China is desirable*
- *China is a stable trading partner*
- *Alberta can learn from China's economic success*
- *Full ownership of Alberta-based companies by Chinese enterprises is undesirable*
- *Investment in Alberta energy by Chinese SOEs is undesirable*
- *Knowledge of Chinese language is unnecessary*
- *Human rights are an important consideration when working with China*

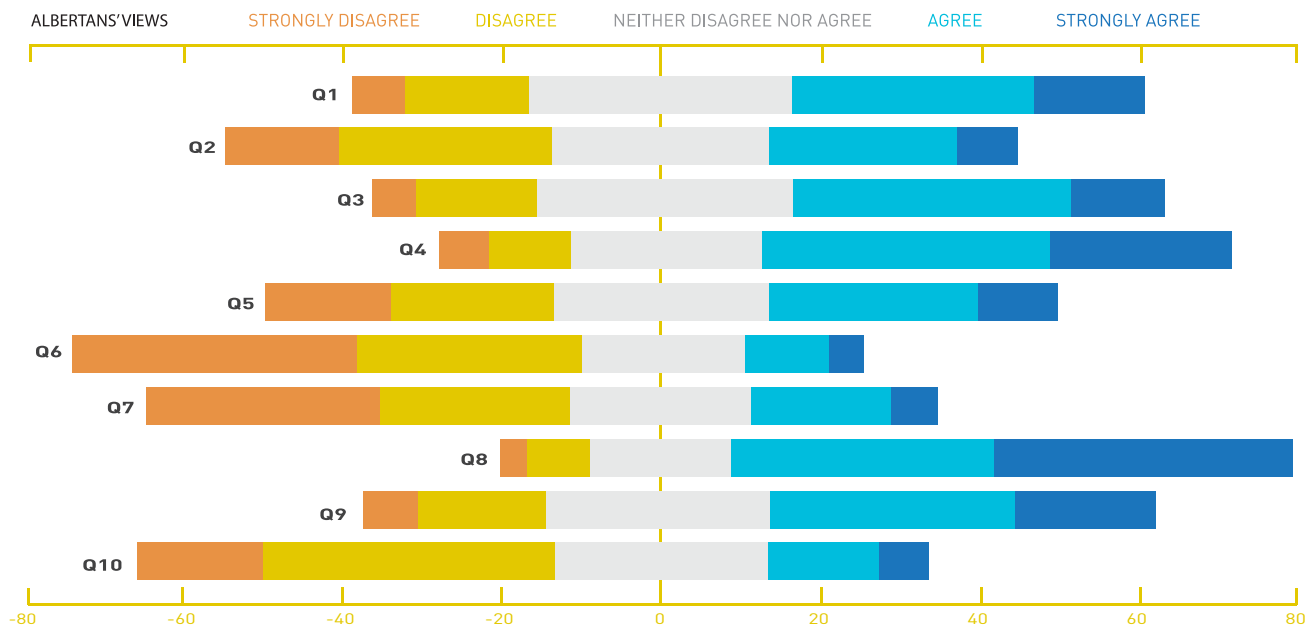
Albertans are divided:

- *On whether partial ownership of Alberta-based companies by Chinese firms is acceptable*



THE DATA AT A GLANCE

STATEMENTS	Agree	Neither Agree nor Disagree	Disagree
1. Alberta can learn from China's economic success.	45%	33%	22%
2. As China's significance to the world grows, the ability to speak Chinese will become more important to Albertans.	32%	27%	41%
3. China is a stable trading partner for Alberta.	47%	32%	21%
4. Alberta should promote energy exports to China.	59%	24%	17%
5. Chinese investment in Alberta in the form of partial ownership is acceptable.	37%	27%	36%
6. Chinese investment in Alberta in the form of full ownership is acceptable.	15%	21%	64%
7. Investment in Alberta's energy sector by a company owned and operated by the Chinese state (government) is acceptable.	24%	23%	53%
8. Alberta should take China's human rights record into consideration when conducting business in China.	71%	18%	11%
9. China will overtake the United States as the leading global power in the 21st century.	49%	28%	23%
10. China's growing economic strength poses a threat to Canada.	20%	27%	53%

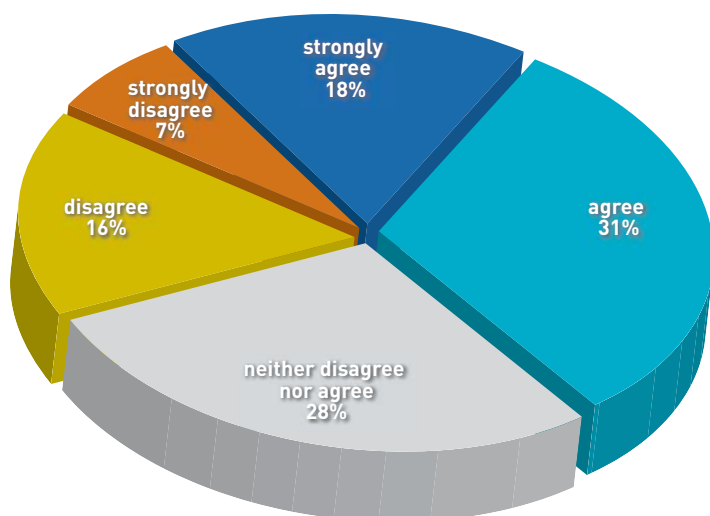


DEGREE TO WHICH ALBERTANS POLLED AGREE OR DISAGREE WITH THE 10 STATEMENTS ABOVE

CHINA AS A GROWING GLOBAL POWER

THE SURVEY FINDS

Albertans tend to agree China will overtake the U.S. in the 21st century



CHINA WILL OVERTAKE THE UNITED STATES AS THE LEADING GLOBAL POWER IN THE 21ST CENTURY

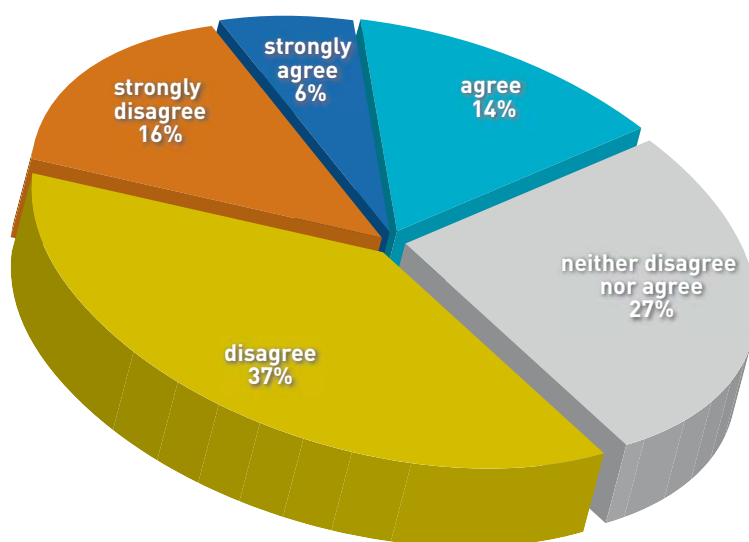
Albertans acknowledge China is a growing global power but, importantly, they do not generally identify this as problematic for Canada. Nearly half of Albertans polled (49%) agreed that China is on a path to overtake the U.S. as the leading global power in the twenty-first century; less than one quarter disagreed.

THE SURVEY FINDS

Albertans do not perceive China as threatening

The prospect of China becoming the next superpower, moreover, is not perceived in Alberta as threatening. Only one-fifth of Albertans polled thought China's economic rise poses a threat to Canada. In contrast, more than half (53%) disagreed with the notion of any threat.

There was no significant correlation between Albertans' views of China as a growing global power and their views on China's economic rise as a threat to Canada. This underpins the idea that Albertans do not see China's potential to overtake the U.S. as the leading global power as an inherent threat.



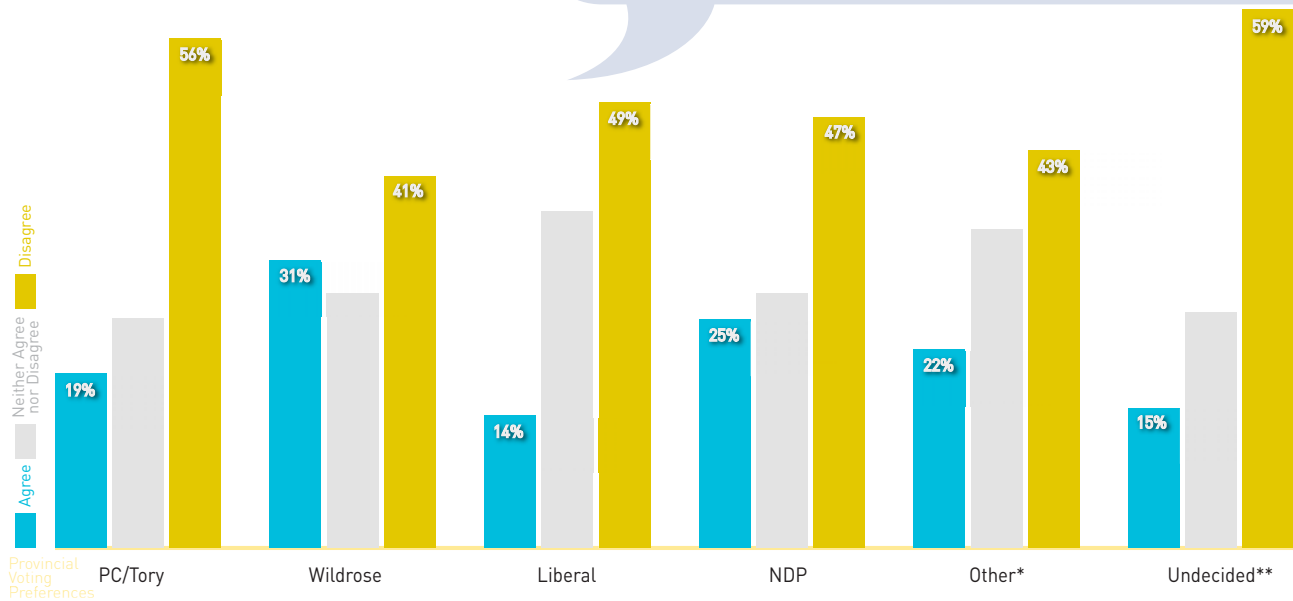
CHINA'S GROWING ECONOMIC STRENGTH POSES A THREAT TO CANADA

When we take a closer look at these two issues, we find political affiliation has little bearing on the extent to which Albertans feel China will overtake the U.S. in the 21st century as the leading global power. However, political affiliation is a significant factor in whether Albertans perceive China as a threat. Wildrose supporters tend to be more guarded about the implications of China's growing strength. Showing a statistically significant difference

from PC supporters, Liberal supporters, and undecided voters, those who would vote Wildrose in the next provincial election were more likely to see China's economic rise as a threat to Canada.

THE SURVEY FINDS

PC and Liberal supporters are less concerned than Wildrose supporters about the implications of China's growing economic strength



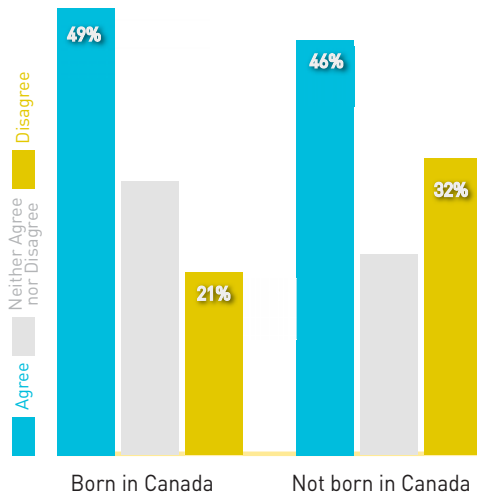
* "Other" includes those who said they would vote for: the Alberta Party; the Communist Party; the Evergreen Party of Alberta; the Separation Party; or other.

** "Undecided" includes those who answered "don't know," those who declined to respond and those who claim they were eligible but would not vote.

HOW ALBERTANS FEEL ABOUT THE POTENTIAL OF CHINA AS A THREAT BY POLITICAL AFFILIATION

THE SURVEY FINDS

Albertans born in Canada are more likely to think China will overtake the U.S.



THE DEGREE TO WHICH ALBERTANS FEEL CHINA WILL OVERTAKE THE U.S. BASED ON PLACE OF BIRTH

On the issue of whether China is a threat, Albertans who were born in Canada and those who were born outside Canada tend to feel the same – both groups generally do not see China as threatening. However, on the issue of whether China will overtake the U.S. as the leading global power in this century, those born outside Canada tend to be more reserved in their judgments. Canadian-born Albertans are more likely than their counterparts born outside the country to agree that China will overtake the U.S. as the next superpower.

THE ALBERTA-CHINA TRADE RELATIONSHIP

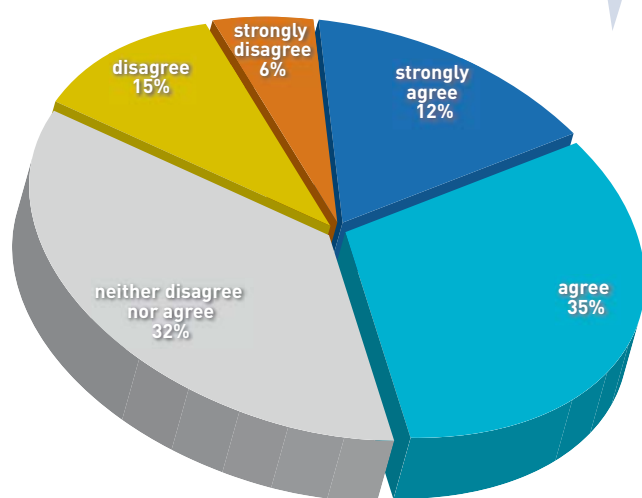
When it comes to perceptions of China, an individual's economic situation (e.g. income level, employment status, and perceptions of current financial status) had no significant bearing on how s/he responded to the questions. Simply put, Albertans do not view China as negatively im-

pacting their personal financial interests. It would appear, then, that Albertans are not influenced by rhetoric which maintains China is "stealing jobs" from Canadians.

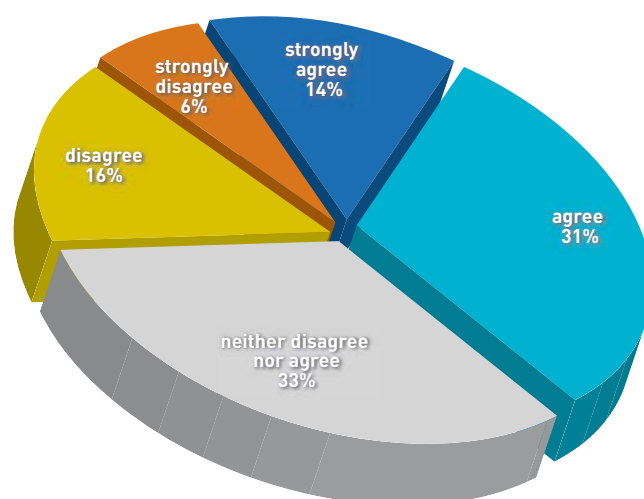
THE SURVEY FINDS

- Nearly half of Albertans believe China is a stable trade partner
- 45% of Albertans agree China's economic success holds valuable lessons

As an economic partner, Albertans hold an overall positive impression of China. Nearly half of Albertans polled (47%) felt China is a stable trading partner for the province, while only approximately one-fifth disagreed with this statement. Albertans also agreed in similar numbers (45%) that the province can learn something from China's economic accomplishments.



CHINA IS A STABLE TRADING PARTNER FOR ALBERTA

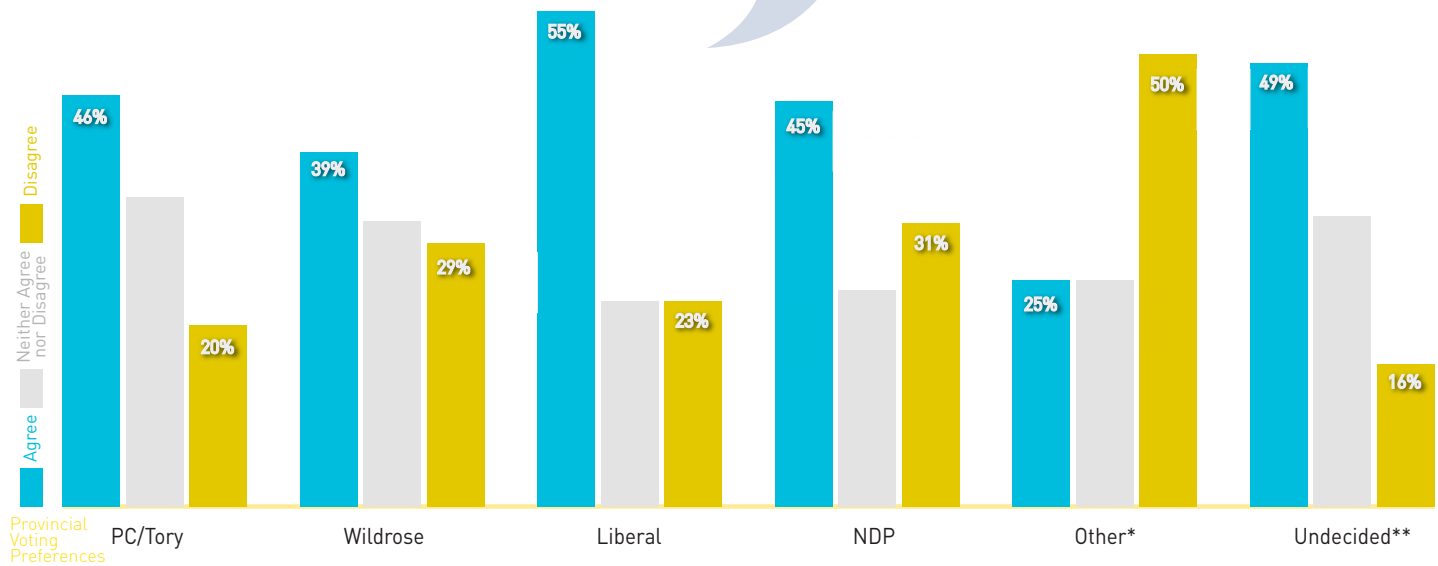


ALBERTA CAN LEARN FROM CHINA'S ECONOMIC SUCCESS

The political party respondents claimed to support in provincial politics had little bearing on Albertans' feelings toward China as a stable trade partner. However, those who would vote Wildrose in the next provincial election are more reserved than PC/Tory or Liberal supporters as well as undecided voters when it comes to assessment of what lessons Alberta can learn from China's economic success.

THE SURVEY FINDS

PC and Liberal supporters are more positive than Wildrose supporters about whether Alberta can learn from China's economic success

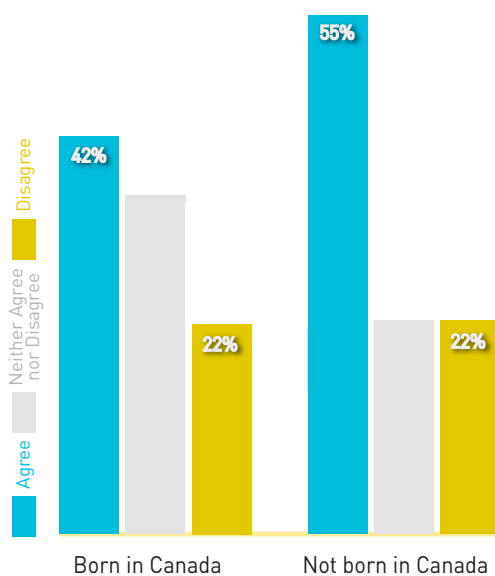


* "Other" includes those who said they would vote for: the Alberta Party; the Communist Party; the Evergreen Party of Alberta; the Separation Party; or other.
 ** "Undecided" includes those who answered "don't know," those who declined to respond and those who claim they were eligible but would not vote.

THE DEGREE TO WHICH ALBERTANS FEEL THEY CAN LEARN FROM CHINA'S ECONOMIC SUCCESS BY POLITICAL AFFILIATION

THE SURVEY FINDS

Albertans born in Canada are less certain than Albertans born outside the country about what Alberta can learn from China's economic success



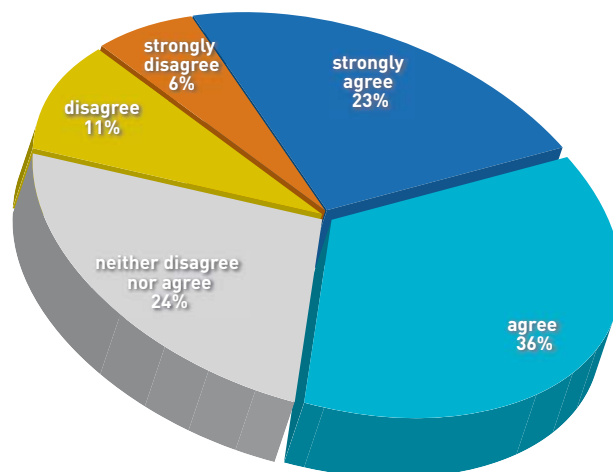
THE EXTENT TO WHICH ALBERTANS FEEL WE CAN LEARN FROM CHINA'S ECONOMIC SUCCESS BASED ON PLACE OF BIRTH

Albertans born in Canada tend to be less certain about the lessons Alberta can learn from China's economic success. Albertans born in and outside of Canada disagree in equal numbers (approx. 22%) that China's economic success holds lessons for the province. Of the remaining 78% in each category, those born outside Canada (55%) are more likely to agree we can learn something from China, while Albertans born in Canada are more uncertain (with 36% neither agreeing nor disagreeing).

THE SURVEY FINDS

Albertans support energy exports to China

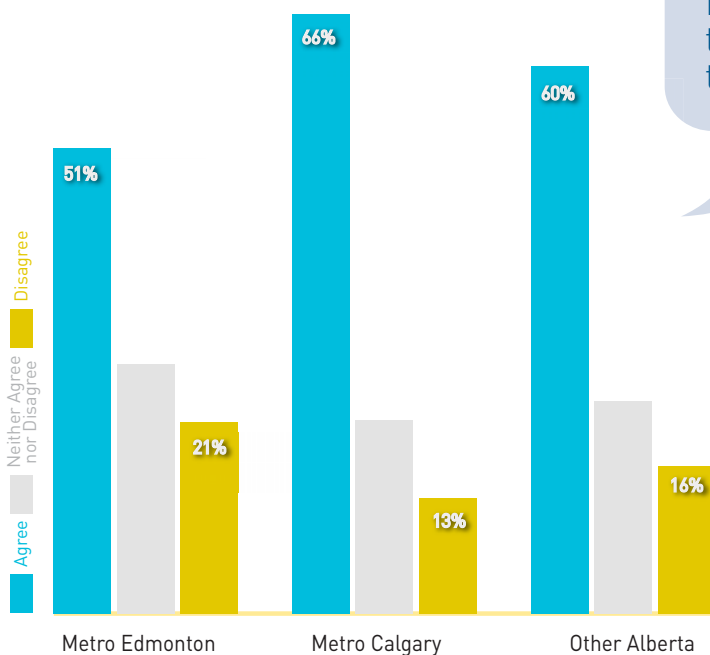
Similar to last year's findings, the 2012 survey shows that Albertans envision an export-oriented trade relationship with China in positive terms. Across the province, there is a high approval rate for promoting energy exports to China. Nearly 60% of all Albertans surveyed agreed or strongly agreed that Alberta should promote energy exports to China. While nearly a quarter of Albertans were undecided on the matter, only 17% disagreed.



ALBERTA SHOULD PROMOTE ENERGY EXPORTS TO CHINA

THE SURVEY FINDS

Edmontonians are slightly more cautious than other Albertans about energy exports to China



When we look at how respondents answered the question based on area of residence, however, we find that Edmontonians are less likely to agree that Alberta should promote energy exports to China than residents elsewhere in the province. However, over half of Edmontonians surveyed did agree or strongly agree with promoting energy exports to China.

HOW ALBERTANS FEEL ABOUT THE PROMOTION OF ENERGY EXPORTS TO CHINA BY AREA OF RESIDENCE

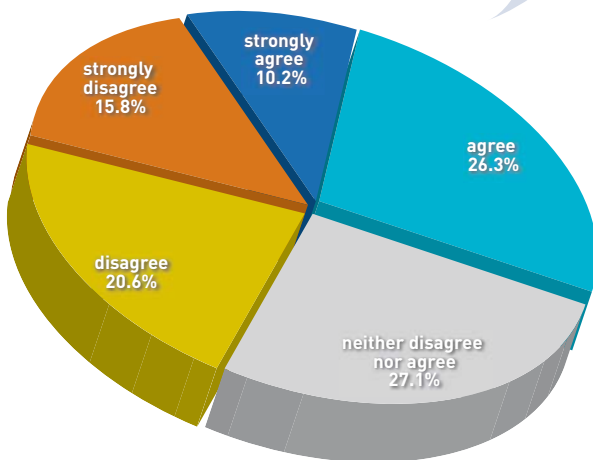
CHINESE INVESTMENT IN ALBERTA

While Albertans tend to be generally approving of energy exports to China, they are more reserved when addressing the issue of Chinese investment in the province. The 2011 Alberta Survey found Albertans outside the two major cities to be the most cautious on the issue of Chinese investment in the province, and Calgarians the most welcoming to Chinese investment in energy and resource sectors specifically. This year's survey, however, finds that, when

asked to respond to more detailed questions about types of acceptable Chinese investment (e.g. partial versus full ownership, or investment by SOEs), Alberta residents do not vary greatly based on where they live.

THE SURVEY FINDS

Albertans are split on whether partial ownership of an Alberta-based company by Chinese investors is acceptable

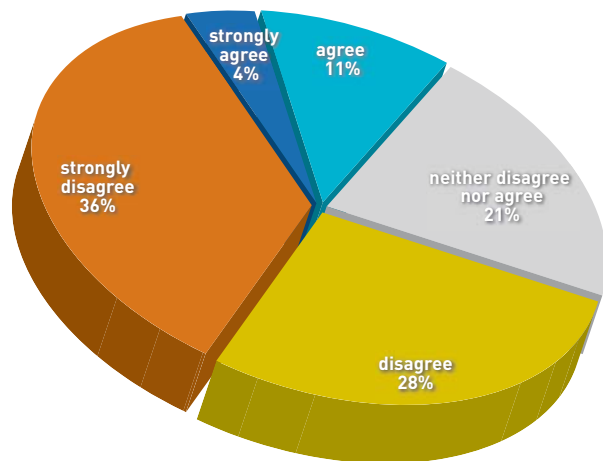


CHINESE INVESTMENT IN ALBERTA IN THE FORM OF PARTIAL OWNERSHIP IS ACCEPTABLE

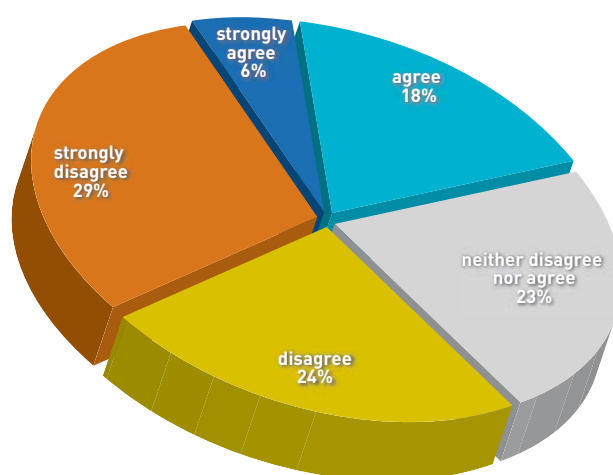
It must be noted that survey data was collected immediately prior to the media coverage of CNOOC's bid for Calgary-based Nexen. Given the degree of publicity over the bid, it may be reasonable to assume that some attitudes regarding Chinese investment and ownership in Alberta have since shifted. At the time of polling, however, when asked whether "partial" ownership of an Alberta-based company by Chinese investors is acceptable, respondents were evenly split (with 36.5% agreeing and 36.4% disagreeing); just over one-quarter were undecided on the matter. On the issue of "full" ownership, however, nearly two-thirds of respondents (64%) felt full ownership by a Chinese firm is unacceptable. In addition, slightly over half (53%) felt investment in Alberta's energy sector by a Chinese state-owned enterprise (SOE) is unacceptable. On this issue of investment in the energy sector by Chinese SOEs, the remainder of respondents was evenly divided between those who agree investment by a Chinese SOE is acceptable (24%) and those who were undecided on the matter (23%).

THE SURVEY ALSO FINDS

- Albertans are largely against the idea of full ownership of an Alberta-based company by Chinese investors
- Albertans are generally unfavourable to investment by a Chinese SOE



CHINESE INVESTMENT IN ALBERTA IN THE FORM OF FULL OWNERSHIP IS ACCEPTABLE

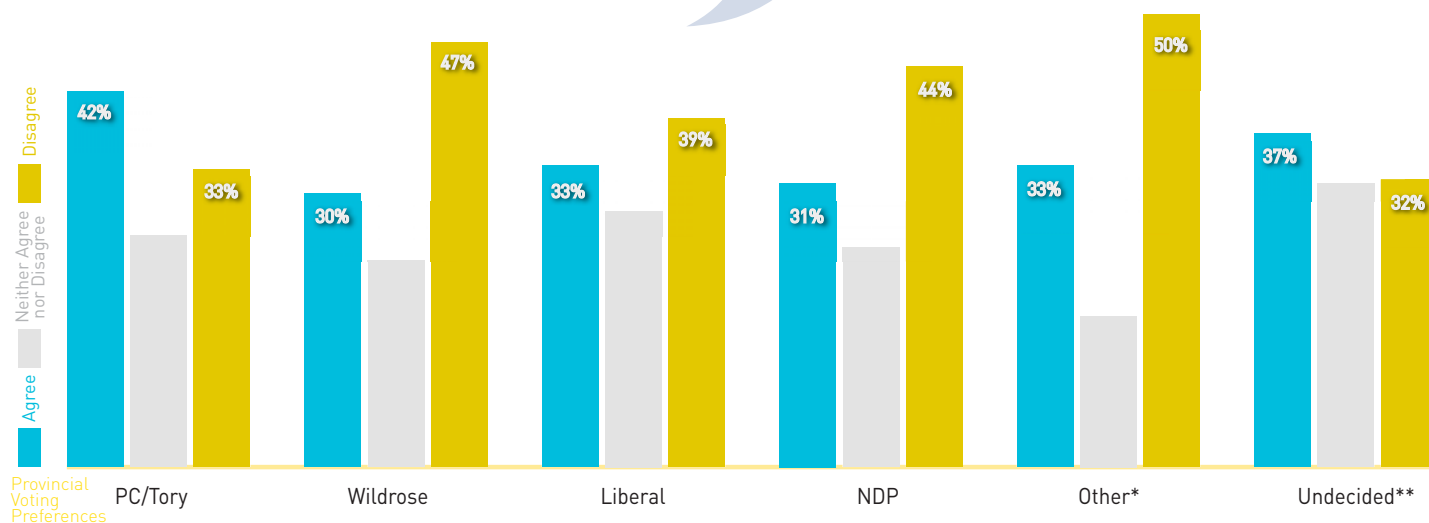


INVESTMENT IN ALBERTA'S ENERGY SECTOR BY A COMPANY OWNED AND OPERATED BY THE CHINESE STATE (GOVERNMENT) IS ACCEPTABLE

While there were no statistically significant differences in how PC and Wildrose supporters view the issues of full ownership and SOEs, they did differ on views of partial ownership by Chinese investors. PC supporters were more likely than Wildrose supporters to agree that partial ownership of an Alberta-based company by a Chinese company is acceptable.

THE SURVEY FINDS

PC supporters are less concerned than Wildrose supporters about the idea of partial ownership of an Alberta-based firm by a Chinese company



* "Other" includes those who said they would vote for: the Alberta Party; the Communist Party; the Evergreen Party of Alberta; the Separation Party; or other.

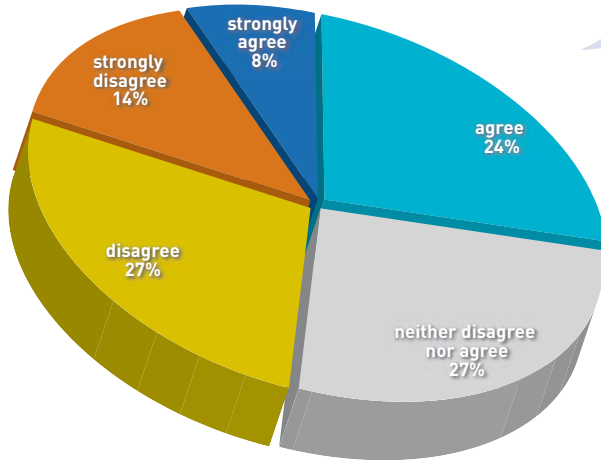
** "Undecided" includes those who answered "don't know," those who declined to respond and those who claim they were eligible but would not vote.

THE EXTENT TO WHICH ALBERTANS AGREE OR DISAGREE WITH PARTIAL OWNERSHIP OF ALBERTA BASED-FIRMS BY CHINESE INVESTORS BY POLITICAL AFFILIATION

CHINESE LANGUAGE

THE SURVEY FINDS

Albertans do not tend to place importance on learning Chinese language



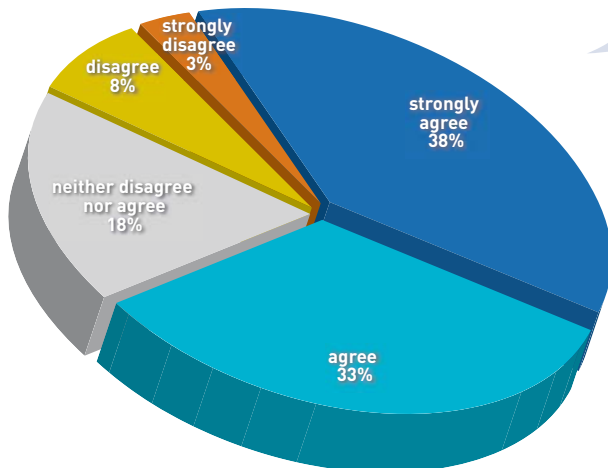
While Albertans believe China is an important economic partner for the province, this perception does not translate into a strong impetus to learn Chinese language. The majority of respondents (69%) either disagreed or were uncertain as to whether learning to speak Chinese will be increasingly important to Albertans. Only 31% agreed the ability to speak Chinese will grow in significance.

AS CHINA'S SIGNIFICANCE TO THE WORLD GROWS, THE ABILITY TO SPEAK CHINESE WILL BECOME MORE IMPORTANT TO ALBERTANS

HUMAN RIGHTS

THE SURVEY FINDS

Albertans are concerned with human rights issues in China



Human rights considerations in trade with China were a key point of concern for Albertans. An overwhelming majority agreed that concerns over human rights in China are inseparable from a business relationship between Alberta and China. Only 11% thought of these two issues as unrelated, disagreeing that a consideration of human rights was necessary when conducting business in China.

ALBERTA SHOULD TAKE CHINA'S HUMAN RIGHTS RECORD INTO CONSIDERATION WHEN CONDUCTING BUSINESS IN CHINA

APPENDIX I

QUESTIONNAIRE

China's Role in Canada's Economy

The China Institute at the University of Alberta is interested in understanding how Albertans feel about China and our province's relationship to China.

Please indicate how much you agree or disagree with each of the statements using a 5 point scale, where 1 means "Strongly disagree", 2 means "Disagree", 3 means "Neither disagree nor agree", 4 means "Agree", and 5 means "Strongly agree". You can choose any number from 1 to 5.

1. Alberta can learn from China's economic success.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

8 Don't know (volunteered)
0 No response (volunteered)

2. As China's significance to the world grows, the ability to speak Chinese will become more important to Albertans.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

8 Don't know (volunteered)
0 No response (volunteered)

3. China is a stable trading partner for Alberta.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

8 Don't know (volunteered)
0 No response (volunteered)

4. Alberta should promote energy exports to China.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

8 Don't know (volunteered)
0 No response (volunteered)

5. Chinese investment in Alberta in the form of partial ownership is acceptable.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

8 Don't know (volunteered)
0 No response (volunteered)

6. Chinese investment in Alberta in the form of full ownership is acceptable.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

- 8 Don't know (volunteered)
- 0 No response (volunteered)

7. Investment in Alberta's energy sector by a company owned and operated by the Chinese state (government) is acceptable.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

- 8 Don't know (volunteered)
- 0 No response (volunteered)

8. Alberta should take China's human rights record into consideration when conducting business in China.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

- 8 Don't know (volunteered)
- 0 No response (volunteered)

9. China will overtake the United States as the leading global power in the 21st century.

- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

- 8 Don't know (volunteered)
- 0 No response (volunteered)

10. China's growing economic strength poses a threat to Canada.

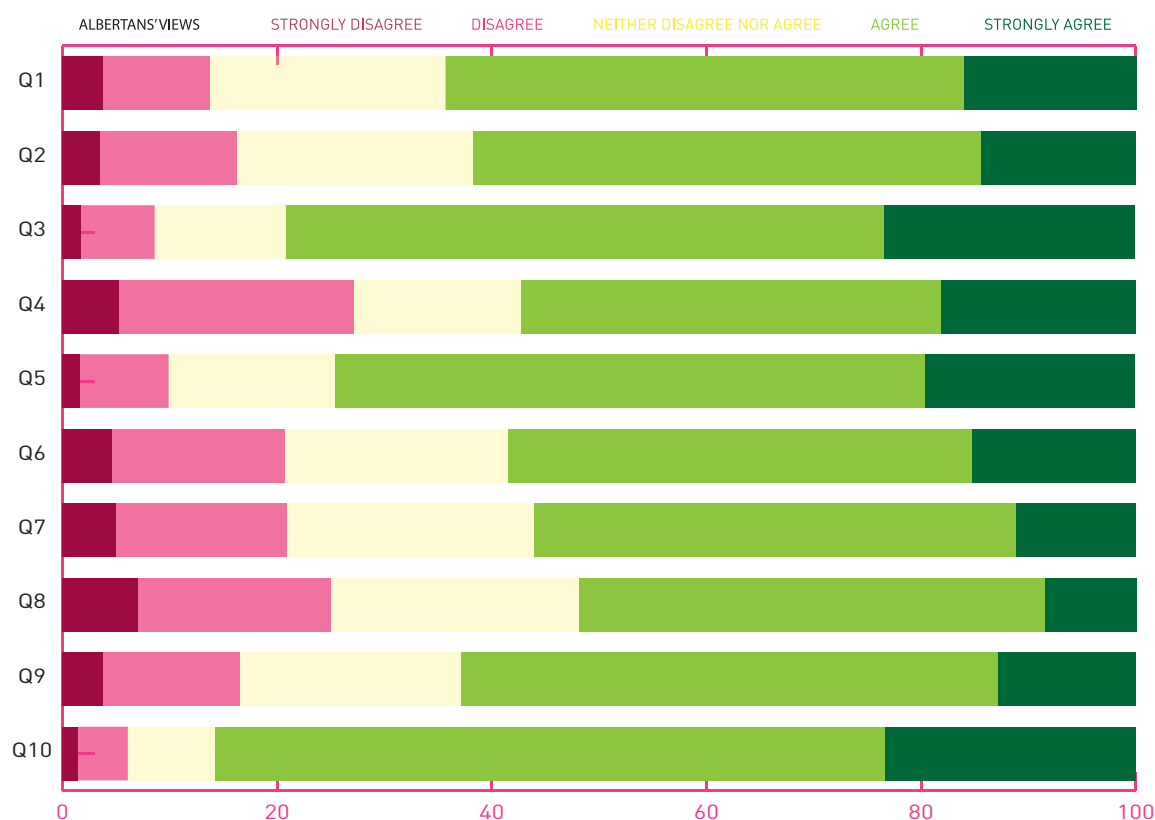
- 1 Strongly disagree
- 2 Disagree
- 3 Neither disagree nor agree
- 4 Agree
- 5 Strongly agree

- 8 Don't know (volunteered)
- 0 No response (volunteered)

APPENDIX II

2011 ALBERTA SURVEY

EXTENT OF AGREEMENT WITH STATEMENTS		Agree	Neither Agree nor Disagree	Disagree
1.	China's increasing economic strength benefits Alberta	64%	14%	22%
2.	Alberta should build stronger ties with China	62%	16%	22%
3.	China is important as an export market for Alberta goods and services	79%	9%	12%
4.	Alberta should decrease its economic reliance on the U.S. market	57%	27%	16%
5.	Alberta should diversify its economy by trading more with Asia	75%	10%	16%
6.	Alberta should support the building of better infrastructure to transport energy to the west coast for export to Asia	59%	21%	21%
7.	Alberta should welcome Chinese investment in the province	56%	21%	23%
8.	Alberta should welcome Chinese investment in energy and other resource sectors of the province	52%	25%	23%
9.	China will play an increasingly significant role in the future opportunities of Albertans	63%	17%	21%
10.	Increased tourism from China is good for Alberta	86%	6%	8%



DEGREE TO WHICH ALBERTANS POLLED AGREE OR DISAGREE WITH THE 10 STATEMENTS ABOVE



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