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# Doing Business in Vancouver—Views from Chinese SOE Executives

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*Views presented in the article are those of the author alone.*

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(July 29, 2014)

### **Executive Summary**

While Vancouver, BC, is often described as one of the world's most livable cities, some question whether it is a good fit for businesses, especially those operated by Chinese state-owned enterprises (SOEs)<sup>i</sup>. This study examines key issues involving Chinese SOEs operating in Canada. We interviewed senior executives from 10 Vancouver-based Chinese companies and the Canada China Chamber of Commerce (CCCC) BC Chapter.<sup>ii</sup> We hope the findings of this report will shed lights on what Chinese executives see as opportunities and challenges of doing business in Vancouver, and will assist the public debate on topics related to Chinese SOE investment in Canada.

In our discussions with these executives, we found that Chinese SOEs across a wide range of business sectors set up their overseas operations in Vancouver in search of profits and market efficiencies, as well as access to resources and new markets for their products. In addition to its convenient location and comfortable climate, these executives say, Vancouver is attractive to Chinese companies because it offers strong support from both the BC government and local Chinese governmental representative offices, as well as a large Chinese community and a multicultural society. We also found Chinese SOEs face some regulatory obstacles and operational difficulties, though the extent to which these barriers affect their business varies from company to company and sector to sector. For these executives, the largest regulatory obstacles are work permit and visa approvals and the lengthy process for receiving a business license or an environmental assessment. On the operations side, labour disputes, human resource issues, market competition, and lack of infrastructure development were often the biggest headaches for Chinese executives. Most of the executives we polled expressed dissatisfaction with what they saw as unfair treatment of Chinese SOEs in Canada. However, for most Chinese SOEs, the largest problems were not regulatory restrictions, but frustration with the public image of Chinese companies in Canada due to negative media coverage and ideological and cultural differences.<sup>iii</sup>

Finally, we found that many executives we interviewed considered their companies to be Canadian businesses and expressed a strong desire to contribute to Canadian society and to the development of business ties between Canada and its overseas markets.

### **Company Profile**

The companies we polled identified themselves as subsidiaries or similar offshoots of Chinese SOEs, most of which were central SOEs, that is, SOEs owned by the central government of China. These included:

1. Agricultural Bank of China, Vancouver Representative Office ([www.abchina.com/en/about-us/about-abc/network/overseas-branches/Vancouver/](http://www.abchina.com/en/about-us/about-abc/network/overseas-branches/Vancouver/))
2. Air China (Canada) ([www.airchina.ca](http://www.airchina.ca))
3. Bank of China (Canada), Vancouver Branch ([www.bankofchina.ca](http://www.bankofchina.ca))
4. China Gold International Resources Corp Ltd. ([www.chinagoldintl.com](http://www.chinagoldintl.com))
5. China Machinery Engineering Corporation, Canada Project Group ([www.cmec.com](http://www.cmec.com))
6. China Telecom (Canada) Corporation ([www.chinatelecom.ca](http://www.chinatelecom.ca))
7. COFCO (Canada) Limited ([www.cofco.com/en/service/c-355.html](http://www.cofco.com/en/service/c-355.html))
8. Sinotrans Canada Inc. ([www.sinotrans-csc.com/art/2011/11/2/art\\_281\\_12456.html](http://www.sinotrans-csc.com/art/2011/11/2/art_281_12456.html))
9. WISCO Canada Company Limited ([www.wisco.com.cn/wisco\\_en/](http://www.wisco.com.cn/wisco_en/))
10. Yukon Zinc Corporation ([www.yukonzinc.com](http://www.yukonzinc.com))
11. Canada China Chamber of Commerce (BC) ([www.chinachamber.ca](http://www.chinachamber.ca))

The Canada China Chamber of Commerce (BC), formerly known as the Vancouver Association of Chinese-Invested Companies, is a branch of the national Canada China Chamber of Commerce (CCCC), established in April 2012. The CCCC is a non-profit business association headquartered in Toronto. Its members are Chinese enterprises established in Canada, from the finance, information and communication technology, transportation, import and export, energy, resources, minerals, pharmacy, health food, real estate, and machinery industrial sectors. It has regional chapters in Ontario, British Columbia, Alberta and Quebec. The CCCC (BC) currently has 53 member companies. Its breakdown by sectors is shown in Table 1 at the end of this report.

The companies included in this report represent a wide variety of industries and have had diverse experiences of operating in BC. For example, Air China (Canada), which started operations in Canada in 1987, was among the earliest Chinese companies to establish a business in BC. The newest company (which asked to remain anonymous) is still in the process of finding a foothold in Canada. Many companies came to BC in 2007 and 2008, during the global economic downturn.

These companies also operate at different scales in terms of their investment and number of employees in BC. The total investment for mining companies, for instance, often reaches into the hundreds of millions of dollars, while others operate with a far smaller investment. The company with the largest local presence has more than 250 employees across Canada, including at least four senior executives sent from the Chinese parent company. A typical representative office usually hires one or two local staff with the office head being appointed by its parent company in China.

Among the ten companies we polled, five reported making profits in Canada. Two companies are still setting up operations in Canada, while another two are operating as a representative office. Only one company in the study, a mining corporation, has yet to reach the break-even point.

## **Interviewees**

One-on-one interviews were conducted from January 13 to February 6, 2014. A semi-structured questionnaire was provided to the interviewees and used during the interview process. Most of interviews were completed in 50-60 minutes, and the longest one took nearly two hours. Of all

interviews, nine were conducted in Mandarin and one in English. Following APF Canada's privacy policy, the names of those interviewed will remain confidential.

All respondents held senior executive positions and were knowledgeable about their company's operations in Canada. Their position titles include Chairman and CEO, Chief Representative, President or Senior Vice-President, Director, General Manager, Regional Sales Manager, and Market Analysis Manager. Half of executives interviewed were locally-hired Canadian citizens or residents, while the other half were senior executives sent directly from Chinese parent companies. All interviewees were male.

Below we summarize the answers these executives gave to 10 questions, mixing direct quotations with paraphrases of their stated views.

## **The Dialogue**

### **1. In your eyes, what are the market opportunities for your company to invest in BC?**

**Shipping executive:** Our company came to Vancouver to take advantage of the growing demand for shipping services of commodity goods and other products from Canada to China and other international markets, and vice versa. Canada is a resource-rich country that relies heavily on international trade, especially exports. When Asia, particularly China, entered its manufacturing boom, demand for Canadian commodity goods and natural resources like grain and paper pulp soared. Since these goods and products are shipped in bulk, shipping firms saw enormous gains in traffic. When China became the principal trading partner for both inbound and outbound cargos in the port of Vancouver, three big Chinese transportation companies, Sinotrans Canada Inc., China Ocean Shipping (Canada) Inc., and China Shipping (Canada) Agency Co., Ltd, seized the opportunity to establish a presence in Vancouver.

**Airline executive:** When the movement of people, including immigrants, tourists, and students between Canada and China intensified, the number of air passengers grew dramatically. Because Air China is one of the largest airlines in China, when the carrier first came to Vancouver, it had a 'flagship effect,' leading other airlines to follow in its footsteps. Vancouver has a reputation as one of the most livable cities in the world with a large immigrant population from China and other Asian nations. Airlines have come to this market to take advantage of growing transportation of people and high-value commodity goods like seafood and wine. Since Air China set up its operation in Vancouver in 1987, two more major Chinese airlines, China Eastern Airlines and China Southern Airlines, have launched BC-based operations. Between Air Canada, Cathy Pacific, Hainan Airlines, and Sichuan Airlines, there now are a total of 106 direct flights between the two countries per week, of which 72 flights are operated from Vancouver.

**Bank executive:** Our bank has opened three branches in Vancouver in response to increasing demand for convenient services from the growing Chinese community in the region. Recently, more Chinese companies have come to Vancouver and become part of the local Chinese community. Their need for business financing presents new opportunities for Chinese banks, especially trade financing,

which has become an extremely significant part of our business as trade between the two nations grows. Furthermore, as the Chinese currency, RMB, grows in popularity internationally, Vancouver is likely to become one of the choices for an offshore RMB business centre in North America. Recently, our head office selected Vancouver as the site for our bank's International Business Centre to consolidate all Canadian trade finance services and lead all new trade settlement business for our bank. In addition, BC was the first government outside of China to successfully issue the RMB Dim Sum bonds,<sup>iv</sup> signalling that more RMB business opportunities may arise here in BC.

## 2. How do Canada's resources fit into your company's consideration for investing in BC?

**Mining executive:** Canada is so rich in geology, and it has deep reserves of energy resources, such as crude oil, natural gas, and coal, and mineral resources including iron ore, copper, nickel, uranium, zinc, and potash, that China's economy needs. Canada has abundant natural resources that can benefit Canadians for many generations.

**Trading executive:** In addition to energy and mineral products, Canada's agricultural and wood products have great market opportunities in China. BC's wood sales to China have made a great breakthrough since the 2008 Sichuan earthquake. Today, wood-framed houses are valued by Chinese homebuyers for their safety, environmental efficiency, and comfort, and China has become the second largest market for BC's wood exports.

**Another trading executive:** China is the 'best' customer for Canada's grain and wheat exports. This is also true for sales of some other agricultural food products from Canada to China.

**Shipping executive:** While it is true that China needs more liquefied natural gas (LNG) for reasons of environment protection, energy security, and energy efficiency, BC's LNG is far from export-ready. The province must go a long way, from extraction, transport, to storage, before it is ready to ship LNG to China. We currently don't have the LNG-equipped vessels to ship LNG from BC to China, although our parent company is one of the largest ocean shipping companies in China. Japan has such LNG-equipped vessels, but they wouldn't lend us a single one for shipping LNG to China. To make LNG export-ready for the Chinese market, BC and Chinese companies need to work together to build capacity for BC's LNG. For example, BC needs to build LNG terminals and other infrastructure, while Chinese shipping companies must find ways to ship the LNG across the Pacific. All these require long-term commitments and collective effort from both sides.

## 3. How does investing in Canada help your company improve its efficiency and competitiveness?

**Mining executive:** Canada is a developed country with advanced technology, a stable finance system, and a mature legal system. Mining is also a well-established industry in Canada. There is no better place than Canada to learn advanced management and practice in the mining business. We want our company to develop in line with the highest international standards. One positive outcome of our experience in Canada has been our effort to comply with the NI 43-101 disclosure report.<sup>v</sup> We have followed all of its requirements and applied them to our operational practice in order to be accountable to our shareholders. By setting up an administrative office in BC and operating mining

projects in China, we have learned how to meet the high standards of sustainable mining practices in Canada and apply them to our projects in China. It is costly in financial terms, but we have seen a return on our investment in our achievements in environment protection and relationship-building with local communities that include many ethnic minority groups.

#### **4. How important is the consideration of making profit when your company is doing business in BC?**

Nearly all the executives we polled agreed that seeking profits was the ultimate goal for investing in BC or anywhere. A company's profit margin is not only the primary indicator to measure the success of its investment, but crucial to evaluating the performance of its chief executive. Many of the executives we polled emphasized the importance of achieving a stable return on their investments and business operations. Therefore, the most important consideration is a business environment where they feel safe investing their money. Canada is widely recognized as a safe destination for Chinese investment, especially for large-scale and long-term investment.

**Mining executive:** As a central SOE, our company is eager to grow stronger by broadening our investments outside of China while controlling the downside risks of international investment. We are not in rush, but carefully looking for resource projects in stable countries and regions in order to achieve a higher success rate. We have to be accountable to our shareholders.

**Another mining executive:** Mining is a business. Any business needs to make a good return on its investment. It would be hard to imagine a company could survive if it kept losing money. Ultimately, maintaining a profit margin is the most important consideration for all companies and investments.

**Trading executive:** We were lucky in our timing when we came to Canada. We established our presence in Vancouver in May 2008, just before global markets began falling dramatically. We watched closely and invested only in carefully selected Canadian projects. We have been consistently profitable, which has built a solid foundation for our presence in Canada. Even today, our company is still considered a success story among Chinese companies investing in Canada.

#### **5. What is it about Vancouver that persuaded you to bring your company to BC?**

The executives we polled cited many advantages Vancouver has as a location for business during our interviews. The most commonly cited factors include:

**Convenient geographic location:** Nearly all executives mentioned that one of the important reasons to choose Vancouver as a base of their North American operations is that the city is well-connected between Asia and North America. There are direct flights between Vancouver and major Asian destinations. The shipping distance to Asia is shorter than other North American cities.

**Comfortable climate environment:** The comfortable climate and pristine natural environment in Vancouver is a well-known factor attracting people all around the world.

**Strong government support:** Most executives considered the government support a favorable factor. Not only did the local government and its 'China-friendly' attitude helped Chinese companies feel welcome in BC, but also the support from the Chinese consulate office made Chinese businesses feel strong backup from their home country. The good government-to-government relationship between BC and China has helped some companies included in our interview make their decision to set up operations in Vancouver.

**Strong ties created by overseas Chinese community:** Nearly all executives agreed that the local overseas Chinese community is a positive factor in their consideration of investing in BC. They argued that the local Chinese community represents market opportunity due to their remaining home-bias taste, provides community support in helping to get access to the local society, and offers an employee base familiar with both Chinese and Canadian cultures. In particular, many international students-turned-immigrants have resided in the Vancouver region for years. Many continue to hold strong ties with previous employers – the Chinese companies. When these companies consider investing abroad, this connection with former employees educated in Canada plays an important role in the company's decision to set up offices in BC. Three respondents pointed out, that "a major reason for our headquarters to select BC as the base for Canada's operation, and to hire me as the executive is that I am already living in Vancouver (or Canada)."

**Multicultural society:** Some executives also mentioned their appreciation of Canadian society's embrace of multiculturalism. "Thanks to the multiculturalism policy, we feel more comfortable here because Chinese people and Chinese culture are respected as part of the Canadian society."

## 6. What are the main problems Chinese SOEs face before entering the Canadian marketplace?

**Mining executive:** The slow process, high cost, and rigorous standards of the approval process for mining projects in Canada are a major problem. We applaud the Canadian government and social groups for the close attention they pay to environmental protection in mineral reserves and mining development, but we would like to see the environment assessment process go a bit faster. There must be a way to improve the efficiency of this process. For any company, time is money, and saving time means saving money and lowering costs.

**Bank executive:** It took too long to get our business license in Canada.

**Shipping executive:** We have experienced fewer difficulties in Vancouver because shipping industry is a well-established business in the global market. It is not sensitive in Canada for foreign investment. Our clients are mainly Canadian export companies. We have successfully managed our relationships with Canadian exporters for many years since the dominated business relationship established under China's planned economy in old days. At that time, all exports to China had to go through us. Now, we have to compete with other market players.

Nearly all polled executives were dissatisfied with the treatment of Chinese SOEs in Canada. "It is obvious that the ultimate motivation to limit Chinese SOE investment is to contain China's

development,” one said. “There is a need to exchange and communicate more between the two countries at both the governmental and enterprise levels. Recognition and understanding of Chinese SOEs among many Canadians are very much shaped by what media says,” said another. “The biggest problem is that there are few communication channels or platforms between the Chinese SOEs and Canadian society including business, politicians, and the public,” noted a third.

Nearly all polled executives were also concerned about the negative public image of Chinese companies in BC. “The Canadian public does not see us as a Canadian company,” one executive said. “Many Canadians don’t understand the reality of how our company operates,” said another. “It seems to me that government welcomes the Chinese investment, but the public opposes it,” noted a third.

Some polled executives blamed the negative perception of Chinese SOEs on Canadian’s “lack of understanding of Chinese companies, especially SOEs” and claimed “the western media only reports the negative stories about China and Chinese companies.”

**Trading executive:** A company’s public image is not given, but should be earned. It is true that our company is a Chinese SOE, but we also hope to become a North American company as we operate here. One of the first things I did after joining this company was to entirely revamp our website, using language that North American people are more familiar and comfortable with. The key message we emphasized is that our company plays by market rules.

## 7. What are the major difficulties for Chinese SOEs after entering the Canadian marketplace?

**Shipping executive:** Work permits represent a big uncertainty for our BC operation. I have been the President of Canadian operations for eleven years since 2003. There was no problem every time I renewed my work permit, but I might not be so lucky to get it again next time. I have already exceeded the seven-year limit.<sup>vi</sup> We have to prepare for a Plan B by sending another senior executive to this office to assist me. If my work permit renewal is not approved by CIC, I will have to leave and my colleague will take the lead on this office. It is also costly to have two senior executives in the BC office.

**Trading executive:** While Canada is open to business, it should also be open to workers needed by the business. Sometimes, a job requires special skills that are only immediately available from China. There should be a visa program that allows a company to bring in these urgently needed workers on a temporary basis.

**Mining executive:** Mining is a business. All businesses need to reduce costs to survive and grow. How to cut the costs in Canada? To find the solution, we must look to China. China’s lower cost production factors, including key employees from China, can help our Canadian business develop. This is a win-win situation for both Chinese-financed companies and for local Canadian workers. If a company goes bankrupt, where are the jobs? It will ultimately benefit Canada in terms of business taxes from the company and income taxes from the workers.



**Engineering executive:** We had a bad experience of bidding on a project run by a crown corporation. We were interested in and had a strong track record with this type of project. However, this crown company seems to have monopoly power in this sector and has never responded to our inquiry about the progress and result of the bidding. It was not transparent and not fair for any bidding companies.

**8. In your experience of daily operation in BC, what are the major challenges that your company faces?**

Nearly all polled executives reported headaches with issues related to human resources and labour-relations including:

- a) "The (mining) operational workers are extremely difficult to find."
- b) "Local people have such a laid-back lifestyle. They never work in a hurry, nor work overtime. They leave the office as soon as it hits five o'clock."
- c) "Labour cost here is so high. The direct and indirect labour costs amount to 35% of our total operational costs. This is very high for our capital-intensive business in Canada."

**Resource firm executive:** It is hard to keep employees in management-level positions here. We are prepared to provide training to employees, especially the middle-level managers, but many just left for a better (senior) position after obtaining training and experience in our company. There are also cultural gaps between Chinese CEOs and local middle management. We kept an all-Canadian team when we acquired this Canadian company. However, when I came as the CEO, it took me a while to understand and overcome these cultural differences, such as working overtime, coffee break, workplace discipline and respect, etc.

**Shipping executive:** Truck drivers' strikes in BC blocked movement of nearly all cargo from Vancouver ports. Our cargo ships had to wait in the Strait of Georgia for days, sometimes for weeks. For every day delayed, there was a penalty to our company.

**Airline executive:** Labour cost is high and the working hours are hard to adjust. We perhaps have to adjust ourselves to adapt to this new labour-business environment.

**9. Based on your company's experience, how tough is the market competition in BC?**

Nearly all executives in the poll identified three principal aspects of intensified competition. These included: "competition with Canadian companies in the same business," "competition with other Chinese-financed companies in the same industry," and "competition with other jurisdiction branches set up by the same parent company."

**Bank executive:** The Canadian market is too small. It is hard to run a business on the economies of scale as we usually do in the Chinese market. It is even worse that so many competitors are fighting for a small pie, especially with more Chinese companies entering the same market.

**Airline executive:** The agreements and negotiations of air flight rights between the two governments seem reciprocal, which allows fair competition at the state level. However, moving down to the firm level, it's actually unfair competition. On the Canadian side, only one airline operates in the market flying to all the Chinese destinations. On the Chinese side, there are six airlines are competing for the flight operations to the same destinations.

**Bank executive business:** Our company has operations in many different countries and regions. We have to compete with these other operations for resources and investment from headquarters. While our Canadian operation does make money, our profit grew much more slowly than our sister branches did in other countries. It is very likely that our headquarters will decide to make more investments in those higher-growth countries.

**10. Do you have any further suggestions about how to develop stronger business relations between China and Canada?**

Below are some of the general comments and suggestions from the executives we polled about how Canada and China can develop stronger business relations:

- a. **Recognizing Chinese SOEs' contribution in Canada:** Nearly all the executives we polled expressed dissatisfaction with what they saw as biased views of Chinese SOEs. They argued that Chinese SOEs' economic and social contributions to local society should be appropriately "addressed and appreciated" by the local government, media, business, and the general public. The examples of contributions to Canada mentioned by these executives include: "job creation," "imports and exports capacity enhancement," "tax payment," "production cost reduction," and ultimately "competitiveness improvement." "We are Canadian companies too," some argued, adding: "The China-fear should go away."
- b. **Developing a strong BC brand:** The executives we polled believe BC has many advantages that could attract Chinese investment, but in their view these advantages have not been fully utilized. On the international stage, the executives suggested, BC should "have a strategy to fully leverage these advantages to attract FDI," "understand and follow the global market trend and economic gravity shift in order to promote BC as destination for FDI," and "actively develop its unique brand that is internationally attractive." On the domestic side, the executives said, BC should "raise its economic and political position across the country. BC should play a leading role in Canada towards the Asia Pacific."
- c. **Keeping an open mind regarding resource development:** A trading executive said that "Canada should be more open-minded and be more open for business, especially for non-renewable resources development. The economic reason is that Canada can benefit more when the global commodity market price is higher. The physics reason is the law of conservation of matter. Natural resources are limited and non-renewable. However, those retrieved natural resources turned into a new matter statue, such as iron and steel. These materials are recyclable. In the long run, thanks to the technology development, the demand for undeveloped natural resources is diminishing. Canada would miss a golden opportunity if the resource development is delayed."

- d. **Building partnerships at home for markets abroad:** Canadian companies are mostly small- and medium-sized enterprises (SMEs). When they enter Chinese, Asian, or other international markets, they face a situation of remote operations in numerous jurisdictions. Normally, they would have to deal with local service providers one by one in each location, in Japan, Korea, India, and China, and so on. This will add up the direct and indirect costs. An executive in the telecommunication business suggested: “If there is a solution that can consolidate all these services at different jurisdictions into one bill, it would significantly reduce the costs for Canadian SMEs. Because, instead of talking to different companies, all negotiations will be done at once. The packaged service would allow service providers to apply a lower rate for the reason of economies of scale. Furthermore, the cost will be further reduced if the service provider is coming to BC.” According to him, some Chinese companies have already become international players and their services are available in major international markets. When these Chinese companies invest in BC, it offers an opportunity for BC and other Canadian SMEs to have a local access to the international market.
- e. **Moving from government-to-government to company-to-company relations:** Most executives we polled agreed that government-to-government relations between BC/Canada and China played a crucial role when and after they decided to invest in BC. They hope this relationship will be enhanced by regular high-level official visits. Some executives suggested that this relationship could be further developed to the government-to-company and company-to-company levels between the two nations. The most recent visit by the BC Premier and her business delegates to the head offices of some BC-based Chinese companies was mentioned as a good example. “The government sets up the stage and business plays. It is ultimately the relationship between companies for the real business,” said a mining executive.
- f. **Referring professional services:** Many Chinese companies experienced a steep learning curve when they first arrived in BC. Some benefited from local professional advice. The government may play a role in “referring newly entered company to local professional-service providers.” By doing this, it might also create a mechanism to encourage service providers to maintain high quality services. “The referring service may also be extended to B2B because new Chinese companies have a hard time to start up in this foreign market,” said one executive.
- g. **Assisting integration into local society:** Many executives we polled understood how important it is for their companies to integrate into local society. They also saw the local society which consists of various communities, such as the overseas Chinese community, mainstream business community, First Nations groups, the general public, and the media, to name a few. Some recently arrived executives had difficulty establishing and managing relationships with such a variety of groups and wondered if the province could offer some programs to assist them in this task.

**Author biography:**

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Table 1: Members of CCCC (BC) by Sector

Sector	Number of Company	Examples
Transportation and logistics	8	<ul style="list-style-type: none"> <li>• Sinotrans Canada Inc.</li> <li>• China Ocean Shipping (Canada) Inc.</li> <li>• China Shipping (Canada) Agency Co., Ltd</li> <li>• Air China Vancouver office</li> <li>• China Eastern Airlines Co., Ltd Vancouver office</li> <li>• China Southern Airlines</li> </ul>
ICT	2	<ul style="list-style-type: none"> <li>• Holley Communications Canada Inc.</li> <li>• Canada Brio Technology Ltd</li> </ul>
Trading	15	<ul style="list-style-type: none"> <li>• Tricell Forest Products Ltd</li> <li>• Top-Glory Enterprises (Canada) Ltd</li> </ul>
Media	1	<ul style="list-style-type: none"> <li>• Xinhua News Agency</li> </ul>
Energy	2	<ul style="list-style-type: none"> <li>• WISCO America Co., Ltd</li> </ul>
Mining	8	<ul style="list-style-type: none"> <li>• Jinduicheng Xise (Canada) Co., Ltd</li> <li>• Canada Zhonghe Investment Ltd</li> <li>• China Gold International Resources Corp Ltd</li> <li>• Huakan International Mining Inc.</li> <li>• Chihong Canada Mining Ltd</li> </ul>
Health product and food	2	<ul style="list-style-type: none"> <li>• Daan Diagnostics Ltd</li> </ul>
Machinery	5	<ul style="list-style-type: none"> <li>• SHMG Equipment (Canada) Corp.</li> <li>• Songshen PEM Power Systems Inc.</li> </ul>
Bank and Finance	5	<ul style="list-style-type: none"> <li>• Bank of China (Canada) Vancouver Branch</li> <li>• Industrial and Commercial Bank of China (Canada)</li> <li>• Agricultural Bank of China</li> </ul>
Services	3	<ul style="list-style-type: none"> <li>• China Certification &amp; Inspection Corporation Canada Inc.</li> </ul>
Real Estate	2	<ul style="list-style-type: none"> <li>• New Continental Developments Inc.</li> <li>• Modern Green Development (Canada)</li> </ul>
Total	53	

Source: Provided by CCCC (BC) with its permission to reproduce.

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**Notes:**

<sup>i</sup> The term “state-owned enterprises” refers to business entities established by central and local governments, and whose supervisory officials are from the government. The full list of 117 Chinese central SOEs can be consulted at <http://www.sasac.gov.cn/n2963340/n2971121/n4956567/4956583.html>. For more detailed reviews of SOEs in China, please refer to <http://www.oecd.org/daf/ca/corporategovernanceofstate-ownedenterprises/42095493.pdf>.

<sup>ii</sup> All interviewees were selected from Chinese companies that have either previously attended the APF events, or been reported in the APF’s Canada-Asia News. A total of 12 companies and one organization were contacted. One declined, indicating that it is just a trading company and has no particular issues discuss. Another company was not available for the interview because the CEO was on holiday leave.

<sup>iii</sup> Most of these Chinese companies in BC are not in oil and energy businesses. Also they relatively entered early at the time that the BC economy was hit badly by the global financial crisis. They have had little resistance in the public except for the issue on foreign temporary workers.

<sup>iv</sup> A bond denominated in Chinese yuan (RMB) and issued in Hong Kong. They are named after dim sum, a popular style of cuisine in Hong Kong.

<sup>v</sup> NI 43-101 came into force in early 2001, and established standards for all public disclosure an Issuer makes of scientific and technical information concerning mineral properties/projects.

<http://web.cim.org/standards/MenuPage.cfm?sections=177,181&menu=229>

<sup>vi</sup> Canada issues work permits for the transfer of certain employees (executives, senior managers and specialized knowledge workers) to the Canadian branch, subsidiary or affiliate of an international company, without the involvement of HRSDC. Initial work permits for Transferees will be valid for at most three years. Transferees entering Canada to open or work in a new office will be granted permits valid for up to one year. Extensions may be granted for up to two years at a time. Executive Transferees can be granted permits for up to seven years in total. Specialized knowledge workers are expected to more quickly pass on their expertise and can receive permits valid for up to five years in total (<http://www.canadaworkvisa.ca/info/ict.php>).