YEDLIN

FROM C1

To inadequate infrastructure can be added strained relations with First Nations and the environmental regulations and an inflating cost matrix. And one can't forget the opacity surrounding the Investment Canada Act — that some have referred to as a nothing more than a political safety valve because there is no ability to challenge a ruling by going to court — which makes it easy to see why there has not been as much interest by the Chinese companies in Canada's energy sector since the CNOOC/Nexen deal, particularly in the context of oilsands investment.

Where Chinese companies do continue to see opportunity in Canada, says Saint-Jacques, is with respect to liquefied natural gas, where there is a sense in China that " … it will be somewhat easier to export LNG from British Columbia," which is arguably why Sinopec bought a 15 per cent interest in the Petronas-led LNG project last week.

One of the points made by Saint-Jacques during his remarks and in an interview that followed links back to Zhang's remarks two years ago; that being the fact the window of opportunity for Canada to secure energy exports to China will not stay open indefinitely.

"There is a window of opportunity that we should not miss. I think it's very important to underline this because China is busy finding contracts with all the countries it can … and we cannot be complacent."

In other words, there are other players ready to fill in the gap. Such as Russia.

According to Saint-Jacques, President Vladimir Putin is set to visit China in the coming weeks, with the purpose being the inking of a deal for the annual export of as much as 60 billion cubic feet of natural gas from Russia to China. The sticking point, apparently, is price.

This far outstrips anything Canada could hope to supply but the point is the company or country that is "first to market" is the one that gains the first-mover advantage, making it harder for others to capture market share. And when the terms of supply span decades, it's even harder for new entrants to gain access to these markets.

For Canada to achieve "energy superpower" status, it must cross several items off its to-do list — and soon.

On a micro level, it must show progress on the transportation infrastructure file — beyond the expected approval of the Northern Gateway pipeline by the federal cabinet that is expected next month. There must also be progress with respect to addressing unresolved First Nations issues.

But on a macro level, the government needs to be thinking — and acting — more broadly regarding trade development with Asia.

As the Harvard historian Niall Ferguson has long said, the new world economic order is no longer oriented toward the U.S. and the developed world but toward Asia.

As other countries move to capitalize on growing demand in that region, including in China, Canada cannot afford to be complacent because that road ends with Canada as a warehouse for the world's natural resources, not a player.

This year's event hosted by the China Institute served as an important reminder of that.

DEBORAH YEDLIN IS A CALGARY HERALD COLUMNIST
DYEDLIN@CALGARYHERALD.COM

Stan Honda/The Associated Press

The U.S. Foreign Account Tax Compliance Act would make it mandatory for Canadian banks to give the Internal Revenue Service names of American account holders.

U.S. tax law puts Canadian privacy in jeopardy: NDP

GORDON ISFELD
POSTMEDIA NEWS

OTTAWA — The NDP is calling on the federal government to delay passing legislation aimed at co-operating with the United States in taxing its citizens living in Canada, saying the law could "violate the privacy and constitutional rights" of those residents and needs to be studied more closely.

The U.S. Foreign Account Tax Compliance Act (FATCA) requires Americans living outside the United States to pay taxes on annual income earned abroad.

A tax-information sharing agreement, signed by Canada and the U.S. in February, also affects those with dual U.S.-Canadian citizenship — and is part of Ottawa's omnibus budget bill, C-31, now before Parliament.

In addition to individual compliance, the U.S. act would make it mandatory for Canadian financial institutions to pass on names of its U.S. account holders to the Internal Revenue Service, by way of the Canada Revenue Agency.

The changes are expected to come into full effect in 2015.

"FATCA would provide the U.S. government with sensitive personal information, sensitive financial information on approximately one million Canadians," Murray Rankin, Opposition critic for national revenue, said Monday. "Despite broad opposition and serious concerns that the agreement is deeply flawed and will violate the privacy and constitutional rights of Canadians, the Conservatives are charging ahead."

FATCA, signed into law in 2010, is primarily aimed at limiting tax evasion and money laundering. Some estimates put the annual loss to the U.S. Treasury through offshore tax non-compliance at about $100 billion US.

Rankin called on the federal government to remove all sections of C-31 relating to the inter-governmental agreement and to "delay its passage until the agreement can be properly studied."

"The government has failed to do a proper cost estimate," he said. "There's no estimate of the costs to banks. Yet one bank has told us that that bank alone has had to spend $100 million to bring itself into compliance with this U.S. law."

With the agreement of Canada, all members of the Group of Seven industrialized nations are now moving ahead with FATCA-related legislation.

Even so, NDP finance critic Nathan Cullen said Ottawa has failed on three counts: "Respecting the privacy and protecting the privacy of Canadians."

"On the price, the government has no idea what the costs is of implementing this agreement. And on process, using another massive omnibus bill to push through this piece of tax treaty."

ENCANA

FROM C1

Encana was accused of acting through a Delaware-based subsidiary, Encana Oil & Gas USA, to conspire with Chesapeake to avoid bidding against each other in public auctions and private negotiations for oil and gas leases in the state.

Its no-contest plea entered Monday before Judge Maria Barton in Cheboygan District Court was to one count of criminal attempted antitrust violations, a misdemeanour.

Encana said the settlement was the best way to handle the charges.

"Together, these effectively conclude the inquiries of both the federal and state government into these allegations, averting the need for costly and protracted litigation," the company stated.

The two gas-weighted producers were charged with agreeing in which counties each would bid before a May 2010 auction for exploration rights. Each company faced a charge of conspiring to restrain trade, punishable by a fine of as much as $1 million, and an attempted-conspiracy count that carries a $1,000 penalty.

The attorney general said the alleged agreement may have been a factor in the decline of lease prices from $1,510 an acre at the May 2010 sale to less than $40 an acre five months later.

> " … these effectively conclude the inquiries of both the federal and state government …
> ENCANA

The companies countered that their internal investigations showed they didn't violate Michigan law.

The internal investigations of Michigan bidding practices were prompted by a 2012 Reuters report citing emails among executives from both companies.

Encana says that since its initial entry into Michigan in 2009, it has invested more than $230 million there and created hundreds of jobs.

DHEALING
@CALGARYHERALD.COM

Adrian Lam/Victoria Times Colonist

Canada Post is hoping delivering packages to people who've purchased items online will help it move toward financial stability.

Canada Post eyes online work

DOUG ALEXANDER
BLOOMBERG NEWS

TORONTO — Canada Post chief executive officer Deepak Chopra is betting delivering packages to online shoppers will help make up for a decline in its mail business.

Chopra, who took over the money-losing agency about three years ago, is testing services such as "Delivered Tonight" to capitalize on the surge in Internet-based retailing. He says he wants to return the government-owned agency to financial stability within five years.

"We're moving from the letterbox to a cart," Chopra said, referring to the way online shoppers keep purchases before having them shipped.

Canada Post is struggling to adjust to eroding mail volumes as customers turn to the Internet for communicating and shopping. It said in December it would stop delivering mail to about five million households in favour of community mailboxes, as part of a turnaround plan. It reported its net loss narrowed to $88 million through the three quarters ended Sept. 28, from $219 million in the same period a year earlier.