CNOOC's Nexen Bid Sparks Canadian Controversy

Contributed by Tom McGregor
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BEIJING: As more global trade wars loom ahead, the Canadian government is expected to make a decision in mid-October on CNOOC Ltd's $15.1 billion bid for Nexen, the Calgary-based owner of leases that account for approximately 5 percent of Canada's oil sand reserves.

Since 99% of Nexen's shareholders voted in favor of the bid and China National Offshore Oil Corp paid a premium of 60 percent over the market, the merger makes good business sense. Yet, some politicians in Ottawa are trying to derail the deal, while a recent national poll shows 69 percent of Canadians oppose it.

Critics have spread 'China Threat' conspiracy theories because CNOOC is a State-owned enterprise. Some lawmakers are playing into public fears to spark rising nationalist sentiments, although Canada has never been known for fanning the flames of fanatical patriotism.

Last week, Canada's main opposition party, the New Democrats Party, vowed to veto the deal in parliament and Prime Minister Stephen Harper had expressed some concerns as well.

Additionally, the Canadian federal government must vet the deal to determine if it's a so-called 'net benefit' for Canada. Government officials can block the bid based solely for political reasons, even if the merger economically benefits the North American country.

Media reports forecast that Harper would likely approve the bid, despite such stiff opposition since his ruling Conservative Party favors free trade and more foreign investments in the country.

To read the entire article from the China Daily, link here:

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