

E. ECONOMIC IMPACT IN CANADA OF PETROLEUM INDUSTRY EXPORTS

The statistics cited in this section are, by their nature, subjective.

A study by the Independent Petroleum Association of Canada indicated that a \$ 1 billion expenditure on conventional oil and gas would create 30,000 person years of employment. A 1984 study by the Canadian Petroleum Association indicated that a 20% reduction in taxes would provide the petroleum industry with \$ 70 billion in extra investment dollars between 1984-92 which in turn would generate 300,000 jobs by 1992.

The Export Development Corporation maintains certain statistics known as "employment coefficients" which are of relevance to the equipment and service industries. In the oil, gas, and petrochemical equipment industry, it is estimated that \$ 1 million of Canadian content in 1986, is projected to create 46 person-years of employment.* Of this, 29 person-years, directly or indirectly, stem from the Canadian content, while 17 are induced through economic multipliers. In the Engineering and Trading Services industry, 67 person-years of employment (58 direct and indirect, 9 induced) would result from \$ 1 million worth of Canadian content. This figure applies to general services, not necessarily those solely associated with the petroleum industry.

Using these figures one may approximate that 4,200 jobs were induced by Alberta's estimated 1985 exports of \$ 73 million worth of goods and services to China.

General impression of the market in China is that the market is very large but that few orders or contracts take a long time to develop. According to most of the firms contacted in an informal telephone survey, it is important to have Chinese managers and technical specialists visit Canada to observe equipment in operation or to learn how various techniques are applied. There is currently a strong demand in China for modern technology but there are few trained people who know how to apply it to field situations.

The Chinese market is not seen as one where small, inexperienced firms can learn how to do business internationally. Communications are difficult. Contacting the correct authorities takes time, and understanding the applicable laws and practices is essential. Firms wishing to do business in China may be willing to study costs in China and in Canada, particularly for training programs in Canadian oil and gas for Chinese technical specialists. For the service sector (engineering consultants and other services such as seismic or well services), one key to being considered for projects is the ability to source financing for pre-feasibility studies or technology demonstration.

Canadian firms also view the Chinese petroleum sector as one where Canadian independent oil and gas exploration companies could be successful if they were permitted to explore the very geological conditions in China suggest there are many oil reserves to be discovered and the experience in Canada has been that smaller firms are more successful at this type of exploration than larger companies. The Geological Survey of Canada confirms this interpretation and is particularly keen to cooperate with the Chinese.

* The power plant equipment coefficient is 49 person-years.