

**Globalive Controversy and Foreign Ownership:
Strong Support for Opening Up Opportunities
for Foreign Players along with
Mixed Opinion about National Security Aspects**

BDO Dunwoody Weekly CEO/Business Leader Poll

By COMPAS in *Canadian Business*

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1.0 Overview

In the wake of some controversy about letting Mid-East based Globalive enter the Canadian cellular market, the CEOs and business leaders on the COMPAS business panel were asked for their thoughts.

The main findings are overwhelming support for opening up the market to foreign entrants so as to improve prices or quality and boost the economy along with mixed feelings—no consensus—about what to do about the potential national security implications.

These are the key findings from this past week’s Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

2.0 Details

The only aspect of the controversy on which the panel is largely united is a desire to open up the market to more competition, as shown in table 2a and in the verbatims at the bottom. Panelists have mixed or inchoate feelings on how address national security issues, as shown in tables 2a and b.

Most panelists are deeply concerned about what they perceive as insufficient competition in Canada. This leads them to prioritize open markets over national security. As one panelist put it succinctly, “Let’s have competition!” Some security concerns are nonetheless felt strongly, as illustrated in the following comment: “They [e.g. Globalive] should NOT be allowed to enter our market as long as they or their compatriots/ allies subscribe or support in any way violence or terrorism as a means to push their religion, values or will upon others in the world.”



Table 2a: (Q1) There's some controversy over treatment of foreign owned cellular contenders including Middle East based Globalive. On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree with the following viewpoints about cellular service and foreign ownership?

RANDOMIZE

	Mean	7	6	5	4	3	2	1	DNK
Canada should allow entry of foreign owned firms because this would lower prices and help boost the Canadian economy's effectiveness	4.9	21	23	25	5	9	8	6	2
Telephony is inherently sensitive for national security reasons so that foreign ownership should be limited or monitored in some way	3.9	10	16	19	11	11	20	12	2



Table 2b: (Q2) With an eye on the possible national security or industrial security risks of foreign owned firms providing cellular service, to what extent do you agree with the following opinions on the same 7 point scale? RANDOMIZE

	Mean	7	6	5	4	3	2	1	DNK
There should be no control on ownership because there are other ways for government to protect national security	4.0	14	19	13	12	13	9	21	0
Foreign owned companies should be limited to 50% of the overall share of the market so that users concerned about security could have the option of Canadian owned suppliers	4.0	12	16	16	16	11	15	15	0
The main or only limits should be placed on foreign companies like Egyptian-based Globalive that are controlled by owners in violent or dictatorial countries	3.4	8	11	11	11	13	32	15	0

The following verbatims provide a nuanced sense of panel opinion:

Bell, Telus, Rogers, compete only to screw the users. The not demonstrated any stomach to challenge thier collective business practices.

Why do we pay the 2nd highest rates in the world for which are essentially a commodity? They have been so successful in their collective pleading and begging the CRTC bends over backwards to kiss butt.

This provides a lucrative opportunity to move to same inane job at big bucks after leaving their government. i.e. SR VP



Government Relations. 300K per year, to ensure nothing changes.

To believe Canadians have a market competitive cell phone market, need to continue to take their drugs.

Their collective arguments against outsider have to ensure that the pig is equally shared.

The sooner change comes about the better. Compete or fail. There are no free phones!!! I wish I could practice their business model in my business. It would be Christmas at the orphanage!"

Cell phones are like the Internet: Insecure but convenient. There is no national security issue in cell phone ownership. Any cell system can be taken over or shut down in hours with minimal disruption.

Competition for the public is a good thing, the more the better.

Government can set rules for security protocols with clear penalties for non-compliance. Ownership is not an issue in this context.

I think we have just as much to be worried about from US ownership of our telecommunications as from non-democracies!

It is about time for Canada to open its market to more competition and get rid of the monopoly or very limited competitors like we are facing in industries such as telecommunication, energy, and banking system. These big corporations are enjoying for a long time of their dominant positions with no good to end users.

It's not about security, it's about whether Canadians control infrastructure that is important to Canadian lives.

Let's have competition!



The only limits that should be applied should be on foreign government controlled entities, not foreign controlled companies that are public.

They should NOT be allowed to enter our market as long as they or their compatriots/ allies subscribe or support in any way violence or terrorism as a means to push their religion, values or Will upon others in the world.

Where security is important, it is not wise to use cell phones.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted February 11 - 12, 2010. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=111 are deemed accurate to within approximate 9.3 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

