

**Business Panel Agrees with White House Concern about  
Chinese Currency Manipulation,  
But This Is Perceived as Lesser among Beijing's Sins**

**BDO Dunwoody Weekly CEO/Business Leader Poll  
By COMPAS in *Canadian Business*  
For Publication April 12, 2010**



**COMPAS Inc.  
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## **1.0 Overview**

U.S. officials have complained of China's manipulation of exchange rates in recent weeks but currency manipulation is perceived by the COMPAS business panel as the least of Beijing's sins. The top two concerns are poor standards in China's food and drug-component exports and massive penetration of Internet communication and information storage. Other concerns, at least as strongly felt as currency manipulation, are acquiescing in the proliferation of nuclear weaponry to Iran from North Korea and brutal treatment of Uyghur and other ethnic minorities.

The top issues that ought to provoke Canadian diplomats into action are China's poor food and drug standards and acquiescence in the proliferation of nuclear weaponry to Iran from North Korea.

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 Criticisms of Beijing**

Table 2a documents the priorities placed by CEOs and business leaders on the COMPAS business panel. Concern about currency manipulation is widespread but falls far short of being the top concern of the business panel.

Table 2b displays the panel's priority for actions. The top two calls to action involve poor standards in China's food and drug-component exports and China's acquiescence in the proliferation of nuclear weaponry to Iran from South Korea.



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*Table 2a: (Q1) China has received much criticism in recent months on a wide variety of economic fairness and other issues. On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, to what extent do you agree with the following criticisms? RANDOMIZE*

	Mean	7	6	5	4	3	2	1	DNK
For poor standards in its food and drug-component exports	6.2	44	31	16	5	0	1	0	5
For massive penetration of Internet communication and information storage, revealed recently by a University of Toronto research team	6.1	47	26	15	6	1	1	1	5
For acquiescing in the proliferation of nuclear weaponry to Iran from South Korea, which depends greatly on Chinese goodwill	5.8	38	23	20	7	0	4	1	7
For brutal treatment of Uyghur and other ethnic minorities	5.8	36	23	17	6	1	4	2	12
From U.S. officials for currency manipulation, for keeping the Yuan far below its fair value	5.7	28	30	14	13	4	1	1	9



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*Table 2b: (Q2) On which of these issues should Canada take the most active interest? PLEASE CHECK OFF ONE*

	%
For poor standards in its food and drug-component exports	35
For acquiescing in the proliferation of nuclear weaponry to Iran from South Korea	23
From U.S. officials for currency manipulation	17
For massive penetration of Internet communication and information storage	17
For brutal treatment of Uyghur and other ethnic minorities	6
Don't know or no opinion	3

The following verbatims provide a nuanced sense of respondent opinions about what Canada should be doing:

Expulsion of Chinese diplomats to send the message that Canada doesn't take spying or interference with commercial communications lightly. Restrictions on acquisition of Canadian resources by Chinese firms.

A labour tax on items imported from China to equalize their manipulation. This would also help reduce the deficit.

A very complex issue however retail pressure will work - scientific materials or something like that where the value is high as is the status.

Apply stricter test methods.

Ban imports of Chinese food products that are not tested to consistent Canadian standards. Just like USA did when BSE was a concern.



Ban imports that do not meet testing requirements.  
Ban imports until they meet Health & Safety standards.  
Ban imports until such time as Chinese products meet Canadian standards.  
Be very vocal in our support for US position given parity with Canadian dollar.  
Canada's government should put the safety of its citizens ahead of free trade.  
Carry on dialogue at the highest level.  
Cease doing business with China until externally verified quality assurances are in place.  
Chinese companies steal technology openly and there are no repercussions. Twenty-five years of Canadian development have been copied from my company and I will soon be out of business.  
Continue to communicate our concern and displeasure of their actions.  
Continue to investigate and police internet security.  
Continue to press diplomatically.  
Cut off the supply of Chinese language newspapers from Canada to China.  
Diplomatic persuasion.  
Direct pressure to Chinese government and indirect through support of Chinese Canadian new immigrants goodwill directed back home  
Engage in a dialogue with participation from other industrialized nations.  
I believe that China is dependent upon all the international community for its income and continued growth and should feel the dissatisfaction of all these communities via punitive tariffs.



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I feel they are all important and Canada should stand up to China on all issues where our values differ. We seem to be concerned about the impact on trade. Trade does not trump human rights or our basic Canadian values.

I am sick of taxes.

More trade barrier and impose extra tariffs on Chinese made products.

Nothing Canada can do would help.

Prime Minister needs to continue to stand up to China

Rally support behind the scenes with other nations to put pressure on the Chinese.

Require acceptable standards of quality & take action to confirm or certify, and impose bans or trade sanctions for violations.

Restrict Chinese national companies from having ownership in Canadian resources.

Restrict imports and increase inspections on those products arriving in Canada.

Stop any export of nuclear materials and technology.

Support US position and other industrialized nations regarding nuclear proliferation.

Threaten duties on imports from China

Throw its full support behind the US initiatives.

Trade restrictions and blocking import of poorly tested or suspect products

Trade sanctions. If the Chinese cannot guarantee quality to Canadian standards, then we should ban their exports.

UN Security Council Sanctions

Work multilaterally in the background to have China float the Yuan.



Recognize the rights of all its citizens.

Educate the consumers in Canada about Chinese Standards where such apply.

All of these are important concerns. The Yuan is the most pressing issue; however longer term abuse of the Internet could be even more dangerous.

China is going to be the next huge world problem; the world needs to stand united in its efforts to integrate them into the broader market instead of remaining in the isolationist ideals that they have.

### **3.0 Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted April 8 - 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.

