

# PetroChina walks away from Gateway

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CALGARY — — PetroChina [\[PTR-N\]](#), one of China's national oil firms, has withdrawn its support for Enbridge Inc.'s Gateway pipeline, citing a lack of progress in the \$4-billion project that it says is the result of a lack of support from both Canadian companies and the federal government.

Speaking on the sidelines of a TD Securities conference in Calgary, Yiwu Song, vice-president at China National Petroleum Corp., PetroChina's parent company, said the company is fed up with waiting for support for the project from the Canadian side, and consequently is walking away.

“The environment is not comfortable. We tried to come here and we can't,” said Mr. Song. “We sincerely wanted to do something and open up a new market for Canadian crude ... but Canada doesn't want to open up its own markets to us. So we cannot cooperate, and I really don't know how to help.”

PetroChina had agreed a memorandum of understanding with Calgary-based pipeline firm Enbridge to take half of the crude from the 400,000 barrels a day Gateway pipeline, which would take oil from Alberta's oil sands to the Canadian West Coast. From there, the crude would be exported to markets currently out of reach for Canadian producers, such as California and Asia.

The pipeline was originally intended to come on stream in 2009, with the prospect of opening up new markets for Canadian crude initially exciting producers. However, support from Canadian shippers began to dwindle as domestic North American prices for crude rose as a result of pipeline reversals that opened up a larger market in the U.S., and the pipeline was delayed until 2012-14. Consequently, Mr. Song said PetroChina refused to make firmer commitments to the project when recently asked to by Enbridge, and the company's involvement is therefore over for now.

Mr. Song criticized the lack of commitment from Canadian producers to doing business with China, saying they weren't willing to open up their domestic market to Chinese firms, and that they weren't used to doing business with China, believing the country was “a hundred years behind.”

He also singled out the Conservative federal government as being less than supportive of Gateway, saying, “In my country, for a project this big, the government has to support it.” He added that the First Nations and regulatory issues that Gateway would have had to overcome to be brought on stream were a factor in the company's decision.

Upon being asked whether the previous government of Paul Martin was more supportive, Mr. Song replied, "That's for sure. They were more positive and understood our business."

Mr. Song added that while PetroChina has no interest in pursuing its interest in Gateway for now, the company did "still carry some hope that this might happen [in the future]."

He also said that he had no complaints about working with Enbridge, noting that Enbridge chief executive officer Pat Daniel, "Tried very hard to get us set up with Canadian producers, but it didn't work. This was an opportunity for Enbridge and us to do business, but we couldn't do anything."

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