Canada approves PetroChina's oil sands bid

Reuters

CALGARY, Alberta (Reuters) - Canada approved on Tuesday PetroChina's bid for control of two oil sands projects, a deal it scrutinized under recently tightened rules for takeovers of strategic assets by foreign state-controlled companies.

Industry Minister Tony Clement said the C$1.9 billion ($1.8 billion) acquisition of majority stakes in projects planned by Athabasca Oil Sands Corp, announced in August, is likely to be of net benefit to Canada after PetroChina agreed to several spending and employment commitments.

The deal is China's priciest investment to date in Canada's vast oil sands, the largest crude deposits outside the Middle East and a major source of U.S. energy supply.

"To successfully compete in a globalized economy, we need to attract international investment, which can create jobs, raise our level of competition, and develop Canada's long-term economic prospects," Clement said in a statement.

Under the deal, PetroChina will take majority control of the proposed MacKay River and Dover oil sands projects owned by closely held Athabasca, properties that could eventually produce as much as 500,000 barrels per day.

It is one of numerous deals around the world in which cash-rich Chinese companies have bid for energy and mineral resources to help fuel their huge and growing economy.

Clement said PetroChina agreed to spend C$250 million on the northern Alberta properties and increase employment levels over the next three years.

It will also maintain an office in Alberta for five years and ensure that the majority of senior management positions in the operating companies are held by Canadians.

In addition, PetroChina committed to remain a public company and not voluntarily delist from the New York or Hong Kong stock exchanges without a listing on another designated exchange while it controls the oil sands projects.

($1=$1.04 Canadian)

(Reporting by Jeffrey Jones [1]; editing by Gunna Dickson)

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