Recent PRC influence operations to counter public demands for a more effective response to the Chinese régime’s political interference in Canada

Charles Burton∗

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Since the Liberal Government of Prime Minister Justin Trudeau assumed power in Canada in 2015, the Government of China’s interests in relations with Canada have been reiterated by China’s ambassadors to Canada in various public fora. There has been tacit acceptance of the Chinese régime’s terms of engagement for Canada-China relations by Canada’s political and business élite.

These terms amount to a discourse of a grand bargain between Canada and China justified by articulation of a national strategic priority to diversify Canada’s economy away from its current heavy reliance on the U.S. for Canadian trade and investment. This grand bargain amounts to a promise by the PRC régime of substantially enhanced access to the Chinese market and promise of significant Chinese state investment in Canada with a view to major promotion of Canadian prosperity, providing the following conditions are ultimately met:

1. remove Canadian restrictions on Chinese state acquisition of Canadian mineral and energy resources;
2. remove restrictions on export of high technology (including with military applications) to China;

∗Senior Fellow, Macdonald-Laurier Institute.
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Prior to the initiation of exploratory talks on free trade, Beijing had complained that Canada’s national security review process of foreign takeovers of Canadian firms under the Investment Canada Act unfairly targets China. China’s Ambassador Lu Shaye 卢沙野 characterized it as “tantamount to trade protectionism” (Robert Fife and Steven Chase, "Critics Oppose Liberals’ Handling of Chinese Investor’s Norsat Takeover," Globe and Mail, June 8, 2017). China’s Premier Li Keqiang 李克强 engaged Prime Minister Trudeau on this issue in a personal telephone call (Steven Chase and Robert Fife, "China’s Premier Urges Trudeau to Relax Controls on High-Tech Exports," Globe and Mail, April 17, 2017). Subsequently, the Ambassador in an interview with the Canadian Press news agency while committing to China opening its markets “a little more” and facilitating “mutual investment” once the FIA was signed indicated that from the Chinese Government’s perspective, aside from acquisition of advanced technologies and products, there are few enticing opportunities for Chinese investors in Canada (Andy Blatchford and Mike Blanchfield,
3. allow the PRC to freely extradite Chinese nationals in Canada to face Chinese justice;

4. cease all criticism of China’s domestic and international policies and shape public opinion to support better understanding of the critical importance to Canada of enhanced engagement with the PRC.

So in general the dynamic between Canada and China did not require a sophisticated Chinese influence operation as the terms of engagement were more or less transparent — a promise of economic benefits to politically influential elements of Canada’s elite based on accession to the four conditions listed above. Thus the political and business elite being already won over, China’s United Front Work in Canada could be simply focused first on suppression of discourse damaging to China’s international image and prestige and second on neutralizing Chinese dissident voices in Canada.

But, since the spring of 2018, there have been two precipitating events that have evidently hastened urgency in the work of PRC agents of influence operating in Canada. As a consequence, Canadian apologists for the domestic and foreign violations of the international rules based order by Chinese Communist Party policy have become more blatantly active in attempting to counter challenges to the interests of the Chinese régime in Canada.

“China Sees Free Trade with Canada as Way to Avoid Future Norsat-like Uncertainty,” CBC News, July 5, 2017. So access to high tech currently restricted from export to China is evidently what the Chinese régime primarily hopes to get out of Canada. This is consistent with the priorities of China’s current five-year plan.


Reportedly when Prime Minister Trudeau was in China in December 2017, the Chinese authorities repeatedly demanded that the Government of Canada stop the Canadian media’s negative reporting on China (Robert Fife and Steven Chase, “China’s Envoy Assails Canada’s ‘Immoral’ Concerns over Takeovers,” The Globe and Mail, April 18, 2018) on the basis that it is “absurd, groundless, misleading and thus totally unacceptable” (“Is Canada’s Print Media Fair on China?” Asia Pacific Foundation of Canada, accessed May 21, 2018). The Editor of the Chinese Global Times has warned Canada that “If you continue to trade with China and benefit from it, you shouldn’t let your foul-mouthed media continue their deeds” (Terry Glavin, “Canada’s Media Is in Thrall to China,” Maclean’s, May 18, 2018). This issue is one that the Government of Canada has in fact sought to address in recent years. A leaked transition document presented to the Trudeau Government on its assumption of power in 2015 urges that the “significant and challenging policy contradictions posed by a rising China” be managed by “informing public opinion about the critical importance of China to Canada’s future prosperity” and “addressing negative opinions hindering Canada’s interests” (Peter O’Neil, “Canada Must Get Serious about Its Relationship with China: Transition Document,” www.vancouversun.com, accessed November 17, 2015). Subsequently, the Trudeau government became actively involved in a two-year project, bankrolled by major corporations with high level Canadian Government participation, entitled “Public Policy Forum: Consultative Forum in China (Public Policy Forum, Toward ‘Eyes-Open’ Engagement with China,” PPF Consultative Forum on China (blog), June 20, 2017) whose purpose is to change Canadian public opinion in favour of a China free trade deal (Robert Fife and Steven Chase, “Think Tank Leads Corporate-Funded Campaign to Sway Canadians on Chinese Trade,” Globe and Mail, June 20, 2017). In the documents about the consultation are such assertions as: China today is reflective of history and unique institutions so societal values and practices differ; the West should accommodate international rules and institutions to China’s values and interests; Canadians should be made aware of important economic benefit of engagement with China; the media creates public opinion that is unsophisticated, polarizing choice of trade vs. human rights so need to counter with nuanced and sophisticated alternative discourse directed at the 50% of the Canadian population that can have their minds changed; the “experts” have complex insight, public opinion is to be brought ‘round; replace human rights with environment, social, educational, governance collaboration with CCP; public policy should not be dictated to by public attitudes (“Canada-China Session 1: Setting the Stage, Public Opinion Trends, Approaches to Trade,” Public Policy Forum (blog), accessed March 6, 2018).

Demonstration Effect of Changes in Australia’s Approach to the PRC

The first precipitating event was the demonstration effect of the debate in Australia over Chinese influence operations in that country. In June 2018, the Parliament of Australia enacted two acts of legislation: the “Foreign Influence Transparency Scheme Act” and the “National Security Legislation Amendment (Espionage and Foreign Interference) Act.” These have been characterized by the Government of Australia as “strong new laws against those who seek to undermine our national security and our democratic institutions and processes.” They introduce clearer definitions of existing spying offences including a new offence relating to the theft of trade secrets on behalf of a foreign government. A new aggravated offence for providing false and misleading information in the context of security clearance processes has been introduced. Law enforcement agencies have been granted more access to telecommunications interception powers to investigate these serious offences. Most of the specified penalties for prejudicing national security are 20 years imprisonment if the conduct was intentional or 15 years if done recklessly.

While the Australian legislation does not specify that the new legislation is directed against any particular country, it is characterized as “a critical tool to use to counter the growing and ever-changing threat faced by Australia and other countries.” The Government of China has suggested that Australia’s politicians in enacting this legislation are motivated by xenophobia and racism. Lu Kang 陆慷 a spokesman for the Chinese Foreign Ministry when asked about this new Australian legislation responded saying “we hope that all countries could cast off Cold War mind-set and strengthen exchanges and cooperation on the basis of mutual respect and equal treatment.”

But regardless, there are legitimate concerns over the 2017 National Security Law of the People’s Republic of China which stipulates that PRC citizens “have a duty to cooperate with state intelligence and security agencies.” Article 6 of the law reads: “All national bodies, military forces, political parties, social groups, enterprise and undertaking organizations, as well as citizens, shall support, cooperate with and collaborate in national intelligence work, and maintain the secrecy of national intelligence work they are aware of.”

On September 28, 2018 the Canadian Association for Security and Intelligence Studies (CASIS) held its annual symposium, with the funding support of the Canadian Security Intelligence Service, on the theme of “China: What Kind of Superpower?” The symposium was attended by representatives of several Canadian government agencies.
cies. In the course of discussion there was strong opposition expressed to Canada considering foreign interest legislation comparable to that enacted by Australia. Critics of the Australian approach averred that "security is only one factor in Canada-China relations" and that indeed there is no need to pursue the matter further as already "Canada has been quiet and effective against Chinese harassment, espionage." This corresponds to the earlier assertion by Carleton University professor Jeremy Paltiel that "we should not be hamstrung by fear and suspicion of security risks." Paul Evans of the Liu Institute for Global Issues at the University of British Columbia reiterated his opposition to the Australian legislation at the Manning Networking Conference 2019 in a debate with the author entitled "China: Friend or Foe?" on March 24, 2019. But at this latter event, Evans’s assertion of Canada’s "quiet and effective" response to Chinese influence operations in Canada was vigorously challenged.

In October 5, 2018 there was a Panel Discussion held in the Centre Block of Parliament in Ottawa on the theme of "'Chinese Interference’ in Canada: What do we know and what should we do about it?" As described in the summary report of this panel, "the goal of the panel was to have a sober discussion about real and perceived threats of Chinese interference in Canadian affairs. Co-sponsored by Liberal MP Joyce Murray, NDP MP Don Davies, Conservative Senator Victor Oh (胡子修), and Independent Senator Yuen Pau Woo (胡元豹), this was a non partisan event that was designed to advance parliamentarians’understanding of the issues in order to minimize the risk of politicization and public over-reaction to concerns about Chinese influence and interference. By learning from the US and Australian experience, Canada can avoid missteps taken in those countries and instead chart a response that is appropriate to our circumstances, needs, and priorities." Among the panelists were Paul Evans (who had previously served as Co-CEO of the Vancouver-based Asia-Pacific Foundation with Yuen Pau Woo) and former Canadian Ambassador to China, Guy Saint-Jacques.

The main points presented are that

The fact that Australia turned to new legislation as well as the creation of a 'National Counter Foreign Interference Coordinator' should be seen in the context of the unique circumstances that shaped the foreign interference debate in that country, and not taken as a model to be replicated in other jurisdictions that may already have the tools to deal with inappropriate foreign activities.
Panelists agreed that it was important for Canada to avoid the excesses that have characterized the Chinese interference debate in the US and Australia.

It was suggested that Canada already has the toolkit to deal with cases of Chinese interference in Canada, and that security and intelligence officials have already been taking action.

So there are two main points made:

1. Canada should not be adopting legislation to address the threat as Australia has.
2. The Government should not allocate more resources to the China operations of the Royal Canadian Mounted Police, the Communications Security Establishment and the Canadian Security Intelligence Service.

The document concludes: "The bigger issue that all parties need to keep in perspective is Canada’s relationship with China, and how to build stronger political, economic and cultural ties."

This suggests that if Canada does act against the PRC’s espionage activities in Canada in an enhanced meaningful and effective way that the PRC will retaliate in ways damaging to other Canadian interests.

**Canada’s Arrest of the Huawei CFO**

The second precipitating event that has evidently hastened urgency in the work of PRC agents of influence operating in Canada was the Vancouver Airport arrest of Huawei CFO, Meng Wanzhou 孟晚舟 on December 1, 2018 in response to a U.S. Government extradition request. Ms. Meng is wanted by U.S. authorities on serious charges of fraud relating to allegations that she misled Huawei’s bankers about Huawei business they were financing in violation of U.S. sanctions on Iran.19

In the days following Meng’s arrest, China arrested two Canadian citizens on allegations of engaging in espionage activities that have endangered Chinese national security: Michael Kovrig, a Canadian diplomat on leave, and Michael Spavor, an entrepreneur well connected with the North Korean régime. Justin Trudeau has characterized their circumstances as arbitrary detentions.20 Subsequently unexpected death sentences were handed out to two Canadians for drugs offences.21 In economic retaliation China banned, on entirely spurious false grounds, the import of Canadian canola seed and some Canadian pork products, causing difficulty for 43,000 canola producers in western Canada (China was taking 40% of Canada’s canola seed exports) and for pig farmers in Quebec as well as impacting on Ontario soy bean producers as well

as others by imposing other non-tariff barriers rendering Canadian commodities less competitive in the Chinese market.  

Just weeks after Meng Wanzhou’s arrest, Trudeau fired Canada’s former ambassador to China, John McCallum, on January 27, 2019 for going off-script by statements supportive of Ms. Meng’s defence thereby undercutting the Canadian Government’s efforts to address China’s retaliatory measures against Canada.  

His removal was characterized by the Chinese Global Times as “political interference.” The article attributes Ottawa’s “stand against Beijing” to pressure from “some Canadian media and reporters,” threatening that “the Trudeau government must properly deal with China-Canada relations, or it should be prepared for Beijing’s further retaliation.”

Chinese Ambassador to Canada Lu Shaye 卢沙野 told the Globe and Mail on May 22, 2019 that the Canadian arrest of chief financial officer Meng Wanzhou, is a “political issue” and not one that should be left to the courts. In a speech on Canada-China relations sponsored by BMO Financial Group and The Globe and Mail earlier that day, Lu made it clear that diplomatic relations would not improve until Ms. Meng, who is under house arrest (but permitted to travel in the Vancouver area and have guests to her two multi-million dollar mansions there) is free to return to China.

The impact of China’s actions has been felt by condemnatory editorials in well nigh all of Canada’s local, regional and national newspapers, a severe drop in approval rating of Canadian government engagement of China in public opinion polls and expressions of censure by Canadian academics who had previously offered tacit or even non-tacit support for the policies and activities of the PRC régime.

This does call the question as to why the PRC régime authorized Ms. Meng’s travel to Canada in the first place knowing that there was a warrant issued by the Eastern District Court of the State of New York out for Meng Wanzhou’s arrest and that Canada is one of many countries signatory to an extradition treaty with the Government of the United States? Then once Ms. Meng is engaged in an extradition hearing process under the purview of the Superior Court of the Province of British Columbia, a function of Canada’s constitutionally mandated independent judiciary, that China would be

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prepared to do such damage to the pre-existing terms of the PRC’s engagement with Canada in the vain hope of achieving political interference in a Canadian judicial process. Now any movement toward a bilateral trade agreement with China, or authorizing installation of Huawei 5G technology into Canada’s telecommunications networks, would be politically very damaging to the Liberal Government already facing unfavourable polling in the lead-up to Canada’s federal election in October. 30

It could be that Ms. Meng’s senior cadre rank qualifies her case to trump all other aspects of Canada-China relations. Another factor could be that on the assumption that Huawei gaining control over telecommunications networks around the world is a central PRC long-term strategy, there could be serious concern in Beijing that if Meng Wanzhou ends up extradited to New York State to face multiple 30-year sentences for several charges of fraud she might go states evidence and provide damning information about the relationship of Huawei to the PLA and PRC security agencies. So the PRC is prepared to go to extreme lengths hope against hope to get Meng back to safety in China. Of course her lawyers have prepared many arguments to counter the U.S. extradition request which could be adjudicated over a period of years of due process of law in the Canadian courts. 31

A consequence has been that the opposition Conservative Party, currently well ahead in the polls in the lead up to the Canadian general election this fall, has issued a foreign policy statement whose central feature is a “reset” of Canada’s relations with China including a commitment to withdraw Canada from the Asian Infrastructure Investment Bank. 32 The Liberal Government has publicly committed to render a decision on Huawei 5G prior to the October election. 33 In addition to Canadian security specialists urging that the Government reject Huawei’s 5G there have also been expose reports of Huawei adopting Canadian funded research through underhanded means to advance Huawei’s technological edge. 34 These are on top of earlier unproven accusations that the Chinese state illicitly obtained Canada’s Northern Telecom proprietary technology which played an instrumental role in the collapse of Nortel as Canada’s leading telecommunications software developer. 35

So as the previous confidence that Huawei may have had that their 5G technology would be approved by the Government of Canada has dissipated since the detainment of the two Canadians by China’s Ministry of State Security where they were held in an extrajudicial incarceration facility (black jail) without charge. Highly credible reports from Canadian consular sources detailing the brutal interrogation of Michael Spavor and Michael Kovrig under conditions of sensory deprivation have seriously impacted on Huawei’s brand reputation because most Canadians perceive Huawei as closely associated with the PRC régime. Reports indicating that Huawei’s ownership structure is murkier than the “employee-owned and managed” claim of Huawei Canada has

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only increased public scepticism of Huawei as a responsible corporate citizen and sponsor of the very heavily viewed television broadcast of Canada’s National Hockey League games.

So Huawei has undertaken a major lobbying effort using political insiders from both major parties. As reported by Terry Glavin:

A ‘benefactor’ member of the Canada-China Business Council, Huawei has cultivated the habit of filling senior corporate positions with veteran insiders from both the Liberal and Conservatives parties. The company has lately taken on the Canadian wing of the public-relations giant Hill+Knowlton Strategies to sell itself as a trustworthy corporate citizen. It also brought in Daniel Moulton and Chad Rogers, Ontario Liberal and Conservative party insiders, respectively, who registered earlier this year to lobby for Huawei. Morgan Elliott, a senior official from the Liberal governments of Jean Chretien and Paul Martin, is now Huawei’s vice-president for government affairs. Alykhan Velshi, formerly a senior aide to Conservative prime minister Stephen Harper, was hired on as vice-president of corporate affairs. Other Huawei recruits include former journalist and Martin-Chretien era speechwriter Scott Feschuk, and Martin’s former director of communications, Scott Reid.

There are further lobbying efforts by Bell Canada and Telus, whose 4G systems are 80% and 100% Huawei kit respectively. Having acquired the Huawei technology at considerable discounts over the bids of competitors, Bell and Telus would face enormous costs if they had to retool to make their systems compatible with the 5G systems offered by Huawei’s competitors: Nokia and Ericsson.

The lack of meaningful response by the Canadian Government to China’s successive retaliatory measures against Canada has been justified by Canada’s China pundits with close association with the current Government of Canada. This has taken the form of downplaying the PRC régime’s culpability for China’s gross violations of international law and practice through its “hostage diplomacy” in the cases of Kovrig and Spavor, “death penalty diplomacy” in the cases of Robert Schellenberg and Fan Wei and gross violations of the terms of China’s membership in the WTO by its banning of key Canadian commodity exports into China. Yves Tiberghien, director emeritus of the Institute of Asian Research at the University of British Columbia and senior fellow at the Asia Pacific Foundation of Canada, attributes the source of the consequences for Canada of China’s retaliatory measures to the United States by asserting that “the Meng affair is not a case of rule of law, but a case of application of raw international power [...] in the pursuit of its own foreign-policy goals” by the United States against China.

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ment. Roland Paris, former foreign affairs adviser to Justin Trudeau and University of Ottawa professor similarly de facto supporting a policy of non-action toward the PRC further asserts “there’s nothing Canada can do on its own that will force China to release the two Michaels.”

Canada has been able to extract mildly supportive press releases from Australia, the Netherlands, Latvia, Lithuania, Estonia, Spain, Denmark — and even from more significant actors such as the European Union, NATO, the United Kingdom, France, Germany and the United States. Requests to Beijing to grant visas to our agricultural specialists to show the Chinese that our canola seeds are not contaminated as they falsely claim has met with no response. Canadian Foreign Minister Chrystia Freeland has been unable to speak with her Chinese counterparts about Canada’s concerns including that Michael Kovrig is being interrogated about classified information that he became privy to in the course of his duties as a diplomat in China in gross violation of the Vienna Convention on Diplomatic Relations. There is no movement toward adding the names of human rights-abusing Chinese officials to Canada’s Magnitsky list despite the well-documented program of cultural genocide against China’s Xinjiang Turkic Muslims. Canada could address China’s refusal to stem the flow of Chinese fentanyl into Canada by intense inspection of all Chinese shipments for that substance. But there is no sign that the Government of Canada is considering this or any other measure. Needless to say, the less Canada responds to China’s outrageous measures against Canada in any substantive way, the more China is emboldened in its practice of global disruption.

Furthermore as of May 2019, there has been no replacement of former Ambassador to China, John McCallum, meaning that Canada’s representation in China has been reduced to the chargé d’affaires level. It is unclear whether Canada has been proposing candidates without response from China. There has been no move to reciprocally remove Lu Shaye as Chinese ambassador to Canada, despite his outrageous assertions arguably far exceeding the bounds of acceptable diplomatic discourse including Lu’s absurd claim that is pervasive Canadian “white supremacy” informing demands for release of Kovrig and Spavor.

Conclusion

In August 2018 the author of this paper was invited to a meeting with Canada Desk officers of the Chinese Ministry of State Security. Over several hours of stimulating discussion, it was most evident that the MSS officers attending had a very detailed and sophisticated grasp of the minutiae of Canada-China relations across a multitude of dimensions based on Chinese language materials they indicated that they were able to access in Beijing. Indeed the MSS officers clearly had a much more comprehensive grasp of matters relating to China’s interests in Canada than the Chinese diplomats posted to Canada and officers on the Canada Desk of the Chinese Ministry of Foreign Affairs Americas and Oceania Division encountered by the author across two postings to the Canadian Embassy in Beijing and periodic interactions since. So it is apparent that the Chinese régime does have strong reporting from Canada to the MSS in Beijing. 48

But how this network of information gathering in Canada relates to the cultivation of agents of the PRC régime in Canada through techniques applied by the Chinese Communist Party’s United Front Work Department or in other ways remains unknown. The fact that Canadians express views that correspond to defence of the interests of the PRC régime in Canada does not necessarily imply that they are putting the interests of a foreign power ahead of their loyalty to Canada.

Nevertheless to say, as detailed above, there are strong circumstantial indications that Chinese influence operations have been notably successful in Canada. However, arguably associated with these circumstantial indications, to date there is evidently a lack of political will at the senior levels of federal and provincial governments in Canada to allocate sufficient resources to increase the likelihood of future substantiation of strong allegations of extensive improper operations by PRC agents of influence targeting influential Canadians.

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Charles Burton is an associate professor of political science at Brock University, a senior fellow at the Macdonald-Laurier Institute’s Centre for Advancing Canada’s Interests Abroad and a former counsellor at the Canadian embassy in Beijing.

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48 Interview with PRC Ministry of State Security Canada Desk officers Cui Ran 翟冉 and Chen Boren 陳柏任, Shanghai, August 3, 2018.