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Chair: Mr. Ken Hardie



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• (1835)

[English]

The Chair (Mr. Ken Hardie (Fleetwood—Port Kells, Lib.)): Good evening. I'll call this meeting to order.

Welcome to meeting number three of the House of Commons Special Committee on the Canada-People's Republic of China Relationship. Pursuant to the order of reference of May 16, 2022, the committee is meeting on its study of the Canada-People's Republic of China relations.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application. I have a couple of comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your microphone and please mute yourself when you're not speaking. For interpretation for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. Those in the room can use the earpiece and select the desired channel. All comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

We have a couple of people filling in.

Mr. Viersen, it's good to see you here. You are here for Mr. Chong, I presume.

Ms. Dancho is over there. That's good. There's Ms. Yip, with a flash of dust and a cloud of light.

Now that we are all here, I'd like to welcome our witnesses for the first half of the meeting.

From the Department of Citizenship and Immigration, we have Jean-Marc Gionet, the director general of immigration program guidance, by video conference. We have Glen Linder, the director general of social and temporary migration, by video conference.

From the Department of Foreign Affairs, Trade and Development, we have Paul Thoppil, assistant deputy minister, Asia-Pacific; Jay Allen, director general, trade negotiations, by video conference; Weldon Epp, director general, trade and diplomacy, north Asia; Doug Forsyth, director general, market access and chief ne-

gotiator, by video conference; and Jennie Chen, executive director, greater China political and coordination.

From the Department of National Defence, we have Brigadier-General Eric Laforest, director general of operations, strategic joint staff, by video conference.

The first five-minute statement will be done by the Department of Foreign Affairs, Trade and Development.

The floor is yours.

[Translation]

Mr. Stéphane Bergeron (Montarville, BQ): A point of order, Mr. Chair.

I see there are witnesses participating by videoconference. I just want to make sure that the tests were done and were conclusive.

[English]

The Chair: I'm sorry. You'll have to repeat that, sir. My headset wasn't working properly.

[Translation]

Mr. Stéphane Bergeron: Mr. Chair, I just want to make sure that the tests were done and were conclusive.

[English]

The Clerk of the Committee (Ms. Nancy Vohl): Yes.

The Chair: Yes, for everybody but the chair, it would seem. Thank you.

The Department of Foreign Affairs, Trade and Development has the floor for five minutes.

[Translation]

Mr. Paul Thoppil (Assistant Deputy Minister, Asia Pacific, Department of Foreign Affairs, Trade and Development): Mr. Chair, members of the committee, I am grateful for the opportunity to provide you an update on Canada-China relations.

[English]

Much has changed since this committee last met in June 2021. China's efforts to shape the rules-based international order in ways contrary to Canada's interests have only accelerated in that period, but the government's approach to China has consistently followed the four Cs of challenge, co-operate, compete and coexist.

[Translation]

I will convey my update within that framework.

[English]

First is challenge.

We recently celebrated the one-year anniversary of the return of Michael Kovrig and Michael Spavor. Since their return, Canada has taken important decisions, including a diplomatic boycott of the Beijing Olympic Games and our decision on 5G.

Canada remains concerned with and will continue to challenge China's activities that undermine international principles and rules, including recent escalations of cross-strait tensions and the PLA's unsafe conduct with Canadian military aircraft. The safety of Canadians in China remains an important priority in our bilateral relationship. Canada will always advocate for Canadians detained in China. The safety of Canadian citizens and residents in Canada is equally important. We, therefore, note recent reports of foreign interference activities in Canada and are working with relevant partners on next steps.

The UN report on Xinjiang underscores our long-standing concerns regarding China's human rights violations against Uighurs and other Muslim ethnic minorities. We note with great concern its assessment that China's actions may constitute international crimes, in particular crimes against humanity. Canada will continue to challenge China to uphold its human rights obligations and respond to the report's recommendations.

Canada is also concerned with the human rights situation in Tibet and in Hong Kong, and with the rights of Falun Gong practitioners and other religious minorities.

Second is co-operation.

• (1840)

[Translation]

Advancing Canadian interests requires diplomacy with China. In that regard, we have carefully re-opened official channels of communication with China. Minister Joly held two meetings with Foreign Minister Wang Yi, including in person at the G20 in July. Canada has used these meetings for frank exchanges on bilateral and global challenges.

The recent appointment of Canada's new Ambassador to China, Jennifer May, will facilitate ongoing diplomatic efforts. We are also cooperating on shared global interests, as Canada and China will welcome thousands of delegates from around the world to Montreal in December for COP15.

[English]

Third is compete.

Our embassy and consulates work hard to ensure the viability of our commercial relationship so that Canadian companies can continue to benefit from opportunities in China, while maintaining competitiveness and mitigating risks to Canada's national security. We support their efforts to diversify beyond China to ensure supply chain security. We are working bilaterally and with partners, including at the WTO, to address market access barriers and other uncompetitive policies.

We're concerned that, instead of defending Ukraine's sovereignty, China appears not only to embrace the view that international rules and norms don't apply to "great powers" in their spheres of influence, but also to offer a competing vision for global governance. Canada, like most nations, defends a competing view that rules and norms apply equally to all states.

[Translation]

And last, there is coexist. Our longstanding people-to-people ties remain important, as Chinese diaspora communities are integral to the multicultural fabric of our society. Unfortunately, we witnessed an increase of anti-Asian racism during the COVID-19 pandemic, which we denounce in the strongest possible terms.

[English]

As Canada navigates the complexities of coexisting with China, we will respond to emerging challenges and opportunities and will always be willing to pursue co-operation and dialogue with China.

Thank you very much, Chair.

The Chair: Thank you very much, Mr. Thoppil.

We'll now go to Brigadier-General Eric Laforest, director general of operations, strategic joint staff, for his five-minute statement.

[Translation]

Brigadier-General Éric Laforest (Director General of Operations, Strategic Joint Staff, Department of National Defence): Mr. Chair and members of the committee, thank you for the opportunity to provide you with another update this week, this time, on the situation in the Indo-Pacific region.

I am Brigadier-General Éric Laforest, Director General of Operations, with the Strategic Joint Staff at Defence Headquarters here in Ottawa. My role is to provide decision-making support to the Chief of the Defence Staff, General Eyre, with respect to military strategy, operational planning, and operations of the Canadian Forces.

[English]

My Global Affairs colleagues have already discussed the geopolitical strategic context. I wish to also add that, from a defence perspective, we are deeply concerned by China's increasingly assertive behaviour in the Indo-Pacific.

In recent years, China has transformed its military into a modern force with an ever-expanding regional reach in the Indo-Pacific. As its capabilities have grown, China is increasingly turning to the military to support its national objectives. Following the recent U.S. congressional visit to Taiwan, China staged a range of military exercises around the island, including ballistic missiles fired over the island for the first time, as part of a coercive messaging campaign to signal Beijing's extreme displeasure over the visit.

[Translation]

BGen Éric Lafortest: This is just one example of how China's actions have heightened tension in the Indo-Pacific and undermined the rules-based international order.

Now, given my role as the Director General for Operations, I want to speak to you about the Canadian Armed Forces operations in the region.

- (1845)

[English]

Canada, as a Pacific nation, has a vested interest in ensuring a peaceful, stable and prosperous Indo-Pacific region. Indeed, the Canadian Armed Forces plays a vital role in promoting Canadian interests and values and contributing to a more peaceful, prosperous world, including in this region. The CAF does this by maintaining a near-persistent presence in the Indo-Pacific, with significant and growing contributions to the region, including the deployment of military ships, aircraft and personnel. These contributions support Canada's participation in bilateral and multilateral exercises with allies and partners, contribute to the multinational efforts that promote peace and security in the Indo-Pacific and advance partnerships through defence diplomacy.

The two major operations the CAF contributes to the Indo-Pacific region are Operation Projection and Operation Neon. Under Operation Projection, the Royal Canadian Navy deploys warships to the Indo-Pacific region to responsibly engage with our allies and partners through joint missions and exercises. This forward naval presence operation also supports defence diplomacy, allowing, therefore, the CAF to conduct port visits, co-operative deployments and international naval exercises with important regional partner nations including Australia, New Zealand and Japan, as well as a host of our Association of Southeast Asian Nation partners. These port visits are a cornerstone of the CAF defence engagement in the region and are critical to strengthening valuable partnerships. They are also a tangible and visible demonstration of Canada's commitment to increasing its presence and activities in the Indo-Pacific.

[Translation]

Following their participation in RIMPAC, a large, multinational, naval exercise in Hawaii in August, Royal Canadian Navy's Ships *Vancouver* and *Winnipeg* continue to operate in the Indo-Pacific,

where they will remain deployed until December 2022, on Operation Projection and Operation Neon.

As part of Op Projection, *Vancouver* and *Winnipeg* are participating in bilateral and multinational training exercises and engaging with regional militaries and other international security partners in order to reinforce collective defence and promote stability in the region. The two frigates sailed across the Pacific together to Hawaii, and are now sailing in the international waters of the Indo-Pacific region, both independently and as part of cooperative deployments with allied and partner nations.

[English]

Following port visits and exercises in the region, HMCS *Vancouver* sailed through the waters of the Taiwan Strait on September 19, along with the USS *Higgins*, on their way to Operation Neon's area of operation in the East China Sea. This sail was done in full accordance with international law, including high seas navigation rights as outlined in UNCLOS.

Through Operation Neon now, the CAF deploys ships and aircraft in support of a coordinated, multinational effort to support the implementation of the United Nations Security Council sanctions imposed against North Korea. Both these ships and aircraft, equipped with an array of sensors, are able to identify ship-to-ship transfers being conducted in violation of the United Nations Security Council sanctions imposed against North Korea. This contribution bolsters the integrity of the global sanctions' regime against North Korea, demonstrates Canada's commitment to being a reliable, credible partner to our Pacific partners, and promotes regional security and the rules-based international order.

[Translation]

I would like to share one example which I think demonstrates the value of the Canadian Armed Forces' contributions to the Government of Canada's objectives in the Indo-Pacific, and which is truly a success of this mission, and that is the deepening of the Canada-Japan bilateral relationship.

While Canada and Japan have long shared...

[English]

The Chair: Excuse me, Brigadier General, we've gone a little over time on your presentation. We'll hold that thought, and perhaps you'll have an opportunity to mention it in response to the questions we'll have.

Thank you for that.

BGen Éric Lafortest: Yes, sir.

The Chair: Next we will hear from the Department of Foreign Affairs, Trade and Development.

Your five-minute statement begins now. Thank you.

Mr. Glen Linder (Director General, Social and Temporary Migration, Department of Citizenship and Immigration): I'm sorry, Mr. Chair. It's the Department of Immigration, Refugees and Citizenship, but I can start straightaway if that works for you.

The Chair: Yes, please. Thank you.

[*Translation*]

Mr. Glen Linder: Mr. Chair, members of the committee, thank you for inviting asking us to join you this evening.

My name is Glen Linder, and I am Director General of Social and Temporary Migration Policy at the Department of Immigration, Refugees and Citizenship. Accompanying me is my colleague, Jean-Marc Gionet, Director General of Immigration Program Guidance.

I am going to use these opening remarks to give the Committee a snapshot of recent trends in migration to Canada of foreign nationals who hold Peoples' Republic of China, Hong Kong, and Taiwanese passports. I will then give the Committee some recent metrics with respect to the special measures we put in place in 2021 for the benefit of Hong Kongers.

In terms of our footprint on the ground, IRCC has contracted Visa Application Centres in 11 cities in mainland China, one in Hong Kong, and one in Taiwan. These Visa Application Centres facilitate visa applications from clients, take the biometrics of our clients to enable them to be vetted, and submit the applications for review by IRCC officers.

● (1850)

[*English*]

Canada remains a destination of choice for clients from China. The numbers of applicants for both our permanent and temporary resident pathways have rebounded to prepandemic levels, and our final numbers for 2021 generally show that we are at about the same levels as we received in 2019.

China is the second top source country for new permanent residents to Canada, the second-largest international student source country and the third-largest source of tourism. In terms of actual numbers with respect to permanent resident applications, from China we processed 12,753 in 2021 compared to 14,500 in 2019 and from Taiwan, 1,571 in 2021 compared to 1,063 in 2019.

With respect to Hong Kong, we have seen significantly increased interest in Canada. For example, study permit applications increased from 1,499 in 2019 to 7,755 in 2021, while work permit applications increased from 1,800 in 2019 to 12,362 in 2021.

I will now turn in greater detail to these special measures for Hong Kong, all of which remain in place. On February 8, 2021, Canada put in place a special measure that allows Hong Kongers who have completed post-secondary studies in the last five years to access an open work permit for Canada. On June 8, 2021, this measure was expanded to allow access to a work permit to those with graduate or post-graduate studies where the program length is a minimum of one year and where a post-secondary degree or diploma is a prerequisite. As of June 30, 2022, a total of close to 17,000 individuals from Hong Kong had applied for this measure.

In addition to this temporary resident pathway, Canada also put in place two special pathways to permanent residence for Hong Kongers, effective June 1, 2021. The first pathway targets former Hong Kong residents who have gained a minimum of one year of full-time authorized work experience in Canada in the last three years and graduated in or outside Canada in the past five years with a degree or diploma. The second pathway is for those who have graduated from a post-secondary institution in Canada in the past three years with a degree or diploma. At least 50% of the program of study must have been completed while physically present in Canada. As of June 30, 2022, 1,851 individuals have applied for permanent residence in Canada under these two pathways.

Finally, I'd like to note that foreign nationals in Canada, including Hong Kong residents, continue to have access to our asylum system. Those with eligible asylum claims are referred to the Immigration and Refugee Board, which hears and decides claims for refugee protection made in Canada.

[*Translation*]

Thank you again, Mr. Chair, for asking us to join you today. We would be happy to take your questions.

[*English*]

The Chair: Thank you very much, Mr. Linder.

We'll now go to our first round of questioning. For six minutes, we have Mr. Chong.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Mr. Chair.

My first question is for the Department of National Defence and Brigadier-General Laforest.

The budget announced a defence policy review to update the existing defence policy. When will that be completed?

● (1855)

BGen Éric Laforest: I cannot at this moment express the timeline on the situation with the DPU. This is not within my area of responsibility. The update will focus, obviously, on the size and capabilities of the Canadian Armed Forces, their roles and responsibilities. The work is ongoing.

Hon. Michael Chong: Yes, that was in the budget: size and capabilities, roles, responsibilities and resources.

Is there coordination between the Department of National Defence and Global Affairs with respect to the development of this particular defence policy review?

BGen Éric Laforest: I will turn to my colleagues from Global Affairs Canada to reply as well, but that is definitely a whole-of-government affair for sure.

Hon. Michael Chong: Is Global Affairs coordinating with DND on both the development of the Indo-Pacific strategy and the defence review?

Mr. Paul Thoppil: I can confirm there are very close conversations and discussions going on to ensure alignment between DND, its defence policy update and the development of the Indo-Pacific strategy.

Hon. Michael Chong: I assume that the defence policy will follow the Indo-Pacific strategy policy in the Indo-Pacific region. I'm assuming the component of the defence policy on the Indo-Pacific will follow from the Indo-Pacific strategy developed by Global Affairs.

Mr. Paul Thoppil: It will be up to the government to determine the appropriate sequencing when it rolls it out. I know that Minister Joly has made a firm commitment to release the Indo-Pacific strategy later this fall.

Hon. Michael Chong: That's right. I believe she said this past week in Washington that it will be released before the year ends. I believe that's what she said.

Mr. Paul Thoppil: That is correct.

Hon. Michael Chong: Thank you.

I have another question. It sort of touches on immigration and Global Affairs.

Recently, The Globe and Mail reported that police from the People's Republic of China have established police stations here in Canada that are being used in a worrying crackdown on citizens here in Canada.

Has Global Affairs made any representations to the Embassy of the People's Republic of China about how unacceptable this is?

Mr. Paul Thoppil: I'm going to ask my colleague, Weldon Epp, to address this question.

Mr. Weldon Epp (Director General, Trade and Diplomacy, North Asia, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair, for the question. It's an important one.

To come to the answer most directly, we regularly, at senior levels both in Ottawa and Beijing, raise our concerns with growing evidence of growing foreign interference from the PRC in Canada.

With respect to this specific report, we're working closely with partners to understand whether these media reports are based in fact. As Mr. Chair and the members will understand, there is space for a legitimate police liaison co-operation, state to state, but the allegations reported in the press would fall well outside of that. We would have deep concerns if they proved to be true.

Hon. Michael Chong: As I understand it, there are police operating in Canada from outside of Canada from time to time. My understanding is that there are bilateral agreements that govern those activities. We don't have a bilateral treaty with the People's Republic of China that would allow Chinese police to be resident here in Canada and open police stations here, as I understand it.

Mr. Weldon Epp: That's correct.

Hon. Michael Chong: Has the Government of Canada made representations to the People's Republic of China about how unacceptable it is that it has established three police stations here in Canada?

They are reportedly being used to intimidate Canadians and even coerce them into going back to China. It's been reported that some 50 police stations have been established across the world, three of which are in Canada. Those police stations have coerced a quarter of a million people to go back to China by threatening repercussions on their families back in the People's Republic of China.

I'm wondering, because of the seriousness of these reports, whether or not the Canadian government has made representations to the Beijing government about how unacceptable this is.

Mr. Weldon Epp: To repeat, we take these allegations very seriously. We're working with partner agencies to confirm whether there's a basis to the allegations. We will take appropriate measures if they are found to be true.

Hon. Michael Chong: Has somebody from the government gone to units 1 and 2 at 220 Royal Crest Court in Markham, Ontario? Apparently, that's one of the three police stations that are being operated by Chinese police here on Canadian soil.

● (1900)

Mr. Weldon Epp: We are aware of the allegations, and again, we're working with partner agencies that have responsibilities in this regard. I'm not at liberty to discuss the operational steps being taken, but the allegations, if they prove to be true, will absolutely be the subject of communications with the Chinese government, because they fall outside of any legitimate police-to-police liaison role as the RCMP would normally have—

The Chair: Thank you, Mr. Chong. You're out of time.

Hon. Michael Chong: Thank you.

The Chair: Next is Ms. Yip for six minutes, please.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you, Mr. Chair.

I'd like to follow up on Mr. Chong's comments, because I think it is really important to reassure Canadians across the country, especially those residing in Scarborough and Markham, which is where these alleged police centres or administrative centres are.

How will the harassment, intimidation and coercion be investigated?

Mr. Weldon Epp: With respect, again, we take these allegations very seriously and we're coordinating with the agencies that have the lead responsibility for police investigations. I think further questions with respect to the operational steps that would be taken next should be directed to the RCMP.

Ms. Jean Yip: If I have a constituent that is being harassed, what can they do?

Just go to the local police...?

Mr. Weldon Epp: We, as I said, take very seriously all allegations from the community, be they Canadian citizens of various origins or backgrounds or religious persuasions. We regularly have conversations with them and, precisely, as the member just suggested, when it comes to specific activities that constitute harassment or interference, we encourage individuals not only to let Global Affairs know, such that we can undertake appropriate communications with the Chinese government, but they need to report these to the police.

The operational nature of investigating these and pursuing individuals on Canadian soil who are undertaking illegal or criminal activities has to be pursued by police forces. We take on board this information. We speak to the RCMP regularly, and we raise these concerns diplomatically when we have the opportunity and the reason to do so.

Ms. Jean Yip: How would this constituent contact Global Affairs?

Mr. Weldon Epp: I would welcome them to reach out through either the team who is in front of you, which is the team that manages our relations with the PRC, if it's with respect to PRC-related concerns, and as we have said before, to this committee as well.

There is growing evidence, not least that which was communicated to the public through the report by the NSICOP committee, and that evidence suggests that the largest source of foreign interference in Canada by foreign state actors is coming from PRC sources. We take that very seriously. It's a subject that we have regular conversations on, including with regular Canadians, but when it comes to documenting actual incidents and following them up on Canadian soil, we need them to also engage the police services to so.

Ms. Jean Yip: Thank you.

Is there a centre or is there anything that is being developed that can help people call in, for example, and that just focuses on foreign interference, like a hotline?

Mr. Weldon Epp: Thank you for the question.

There is a whole-of-government approach under way that the Government of Canada is developing, which GAC is a partner to and we're involved in informing. That approach obviously is not geographic-specific, but deals with the issue of foreign interference on Canadian soil, be it cyber or be it in person. We're supporting the efforts to bring that new approach forward.

I would also say that we work very closely with the like-minded, because some of the concerns that we have are concerns that play out in other jurisdictions. Then, not least, we work in multilateral and minilateral fora to address this issue through the G7 rapid response mechanism and other tools. The Government of Canada takes a holistic approach to this, and there is more work under way to address this issue.

Ms. Jean Yip: Thank you.

I'd like to now direct my next question to Mr. Gionet and Mr. Linder.

I'd like to commend the work that IRCC is doing with the Hong Kong pathway. Given that this particular pathway is an economic class of immigration and given the fact that these candidates are destined for permanent resident status after fulfilling all the requirements, why are they not eligible for settlement support, including language, employment and mental health services, like other applicants in other similar programs?

• (1905)

Mr. Glen Linder: The terms of reference of our settlement program allow us to extend settlement services to permanent residents in Canada. That means anyone from Hong Kong who applies for

and comes through the permanent resident stream that I mentioned, the special one we put in place for Hong Kong, which has about 1,800 applicants so far, or indeed any Hong Kongers who come through any of the other streams we have open, whether it's regular economic streams, provincial nominee programs, family reunification or those who apply for asylum and are granted asylum, all of those people absolutely qualify for settlement supports in Canada.

Settlement supports extend to things like language training and assistance in accessing the job market. To date in our temporary resident terms of reference, terms and conditions, settlement services do not apply to temporary residents. Nonetheless there is support available through community networks. There's obviously, as colleagues have pointed out, an active diaspora community in Canada that assists many temporary residents.

The Chair: Thank you very much, Ms. Yip.

Monsieur Bergeron, you have six minutes, sir.

[*Translation*]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

I would like to thank all the witnesses for being with us today. We are very grateful to them for being here so that we can get an update on the situation since this special committee last met.

Mr. Linder, during the committee's previous work, we took part in a meeting that caused us particular concern. We heard from representatives and leaders of the Canadian intelligence community, and we learned that in many countries, including China, the Department of Immigration, Refugees and Citizenship deals with a subcontractor, VFS Global, to collect biometric data. That company is part owned by a Chinese investment fund, and on top of that has ties to the police, specifically in Beijing.

It was particularly concerning to learn that no one in the Government of Canada seems to have done the slightest vetting regarding what use that company makes of the biometric data of people applying for one or another kind of visa.

Since that meeting, which was concerning, to say the least, there has been an election, of course, and a long interlude before the special committee was reconstituted. I simply want to know whether, since that time, the Department of Immigration, Refugees and Citizenship has taken any steps to satisfy itself as to the integrity, if I can put it that way, with which the biometric data collected by that company is used, so we can be assured that it is not falling into the hands of the Chinese authorities, who might then use it to pressure or harass people, for example.

[*English*]

Mr. Paul Thoppil: Mr. Chair, I will turn that over to Glen Linder at IRCC.

The Chair: Mr. Linder, you've been asked to respond.

• (1910)

[*Translation*]

Mr. Jean-Marc Gionet (Director General, Immigration Program Guidance, Department of Citizenship and Immigration): Thank you for your question, Mr. Bergeron.

In the case of VFS Global, the Government of Canada has done its due diligence by vetting the contractor when the contract was awarded for services to collect biometric data provided by visa application centres. Public Services and Procurement Canada's Contract Security Program, in partnership with IRCC, consulted the main security agencies to determine what measures were required. Their advice was taken into account in the evaluation and guided the choice of risk mitigation strategies to be considered in launching the network.

You asked what has been done since the last session. I know that in 2021, there was vetting done in this regard, and more is planned. We have also put in place warnings for clients who attend at VFS Global centres to inform them of the terms on which they submit information and the applicable laws.

Mr. Stéphane Bergeron: I understand from your answer that vetting was done to be sure that this company uses data appropriately and securely, Mr. Gionet.

Mr. Jean-Marc Gionet: The Government of Canada requires all employees of visa application centres who have access to personal information, including subcontractors' employees, to undergo security screening equivalent to a reliability check done in Canada.

Mr. Stéphane Bergeron: Thank you for your answer. That is certainly a question we will want to come back to.

We saw that the visit by the Speaker of the United States House of Representatives to Taiwan in early August provoked a reaction from the People's Republic of China that was both disproportionate and disturbing, even though it is not unusual for foreign parliamentarians, particularly Americans, to travel to Taiwan.

My question is for the Global Affairs Canada representatives. How do we explain this sudden hardening of the attitude of the People's Republic of China in reaction to the visit by foreign parliamentarians to Taiwan, particularly with respect to the visit that Canadian parliamentarians are planning in a few days? Are we expecting a reaction from the People's Republic of China to that visit, and have discussions with the Chinese been undertaken in this regard?

[*English*]

The Chair: We are out of time for Mr. Bergeron's segment, but Mr. Thoppil, would you like to offer a quick answer?

Mr. Paul Thoppil: The quick response is that we have engaged with the Chinese ambassador here. With regard to that discussion underlining the very point you indicated, it is very normal. We have a long history of parliamentarians going to that island.

[*Translation*]

Mr. Stéphane Bergeron: Thank you.

[*English*]

The Chair: Thank you, sir.

We now have Ms. McPherson for six minutes.

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you very much, Mr. Chair.

I'd like to thank all of the witnesses for being here today and providing this testimony.

Like many of my colleagues, I'm deeply concerned about the report we have heard from The Globe and Mail on the police stations that are located in Canada. However, I don't think any of us, to be honest, are surprised. We have heard for a long time about people being intimidated and threatened in this country.

I question what Canadians are meant to do about that. I know that my colleague MP Yip asked the question about how they contact Global Affairs. I worked in the international development sector for a very long time, and I don't know how to contact Global Affairs.

Realistically, is that a legitimate thing to say to Canadian citizens, that if you are challenged, contact Global Affairs? There is no one for them to contact. What would you advise people when they are in that situation?

Mr. Weldon Epp: Thank you for the question.

I want to reiterate, if I might, how troubling we find the growth in reports that we are regularly receiving.

I want to just corroborate what you're saying. To give one example, Canada, through Global Affairs, has throughout my career in this department annually held consultations with human rights, NGOs and community leaders. It's really only in the last couple of years that the balance of conversations at those annual consultations has shifted to talking about how intimidated they feel within Canada and the growing risk, even within Canada, of raising the concerns that they do. We take it very seriously.

It's a fair point. I don't have an operational answer to your specific question, insofar as Global Affairs Canada is not domestically the first responder for this particular type of incident. There's work being led by Public Safety to address the specific question you've raised, and there are a lot of discussions about how to shorten the distance between individual Canadians experiencing this and knowing how to deal with it. It's very important.

I want to emphasize that the operational lead still has to be the police. It's not sufficient, but it's the first step.

• (1915)

Ms. Heather McPherson: Okay. We know that Canadians are meant to go to the police. Has Global Affairs provided information to local police services? Is there training for police on the ground so that they can actually respond to this? At this point, it looks like Canadians are responsible for contacting Global Affairs and the police.

The police have no interaction with Global Affairs. It seems that what you're asking people who are being threatened to do is relatively useless, to be fair.

Mr. Weldon Epp: Again, the lead on this in terms of training, capacity building, and information and intelligence sharing is through the RCMP with local police forces. However, Global Affairs Canada works very closely with the RCMP, CSIS, other intelligence parties around town and Public Safety to make sure that our assessment...which is that these are the types of practices, the way in which interference is carried out and the vectors for it, that we see around the world through our work. We provide those assessments and share that information such that the police forces and police services are better equipped to know how to address these issues.

In terms of their specific operational training, I'm sorry. It goes beyond my expertise to say how the police services will onboard that information and translate it into practical training.

Ms. Heather McPherson: Thank you, Mr. Epp.

Will our new ambassador to China be raising this issue with our counterparts?

Mr. Weldon Epp: Absolutely.

Ms. Heather McPherson: Okay. Thank you.

I have some questions for Mr. Linder.

Mr. Linder, you talked a bit about those who have applied for the different schemes for Hong Kongers to come to Canada. You talked about the 17,000 who have applied and the 8,000 who have applied. I would like to know how many have been successful with their applications. Where are those applications? Have they been processed?

Mr. Glen Linder: We can look into providing that information to you. I can say that we are prioritizing applications through this stream. I can also say that the acceptance rate for applications in this stream is relatively high.

I'll turn to my colleague, Mr. Gionet, who may have this at his fingertips, if that's acceptable, Mr. Chair.

Mr. Jean-Marc Gionet: I do have some stats as of June 30, 2022.

Out of the applications received on the temporary resident side, the work permits, there have been 14,054 processed, of which 12,477 have been approved. On the permanent resident side of things for those measures, 1,851 individuals have applied, as Mr. Linder indicated, and 1,119 have been granted permanent residence.

Ms. Heather McPherson: Thank you.

Knowing the urgency of this, these need to be prioritized. I would urge the government to do that.

There are some other challenges that I have with how Hong Kongers are being processed, I guess.

One thing that we know is that Hong Kongers are often given a criminal record for protesting for democracy in their own country. It's not illegal to protest for democracy in Canada—thank goodness—but, if they say that they have a criminal record, all of a sudden they become ineligible or they are bumped off the list. How is IRCC dealing with this particular concern?

The Chair: Again, just give a quick answer please. Ms. McPherson's time is up.

Mr. Glen Linder: In brief, in order to be inadmissible to Canada, the alleged crime has to be both a crime in the country where it occurred and in Canada. Peaceful protest is not a crime in Canada, so if someone is accused of peaceful protest in China, even if that's a crime in China, that person would not necessarily be inadmissible to Canada.

• (1920)

Ms. Heather McPherson: Necessarily....

The Chair: Thank you for that answer.

Now we go to our second round. We have Ms. Dancho for five minutes.

Ms. Raquel Dancho (Kildonan—St. Paul, CPC): Thank you, Mr. Chair.

Thank you to the witnesses, the representatives, for being with us today.

I want to ask a little bit more about these recent reports of sort of satellite police stations being set up in Canada. There appears to be evidence of physical street addresses where there are these supposed three satellite police offices in the Toronto area representing police forces of the People's Republic of China. I do think Canadians would be very surprised and frankly disturbed to learn that.

The representative from Global Affairs has confirmed that there is an investigation going into this. Is that correct?

Mr. Weldon Epp: That's correct.

We are waiting for evidence, not just from media reports but from operations under way. I won't speak further to the detail of that. I think specific questions on that should be directed to the RCMP.

Ms. Raquel Dancho: Could you confirm, if you found out that these reports were, in fact, true, that it would be announced publicly or reported publicly?

Mr. Weldon Epp: I would have to defer to the RCMP as to whether they would make that announcement publicly or not.

Ms. Raquel Dancho: Global Affairs is working with the RCMP, and the RCMP is leading the investigation into this. Is that correct?

Mr. Weldon Epp: We are working closely with all relevant partners to understand whether there are grounds to these very disturbing allegations. Obviously, if there are, we will be taking the relevant actions in our lane, which is the diplomatic lane.

Ms. Raquel Dancho: Would you be able to outline who those relevant partners are that you're working with?

Mr. Weldon Epp: Again, given that this session is not in camera, I don't think it would be appropriate for me to discuss operational details here.

Ms. Raquel Dancho: All right.

If proven to be true, these satellite offices would be completely illegal and would represent a significant violation of Canada's national sovereignty. Is that correct?

Mr. Weldon Epp: The activity that's being alleged would be entirely illegal and totally inappropriate, and it would be the subject of very serious representations and follow-up diplomatically.

Thank you.

Ms. Raquel Dancho: Is there a time frame for this investigation? Can you provide an estimate of when that would conclude? Are we talking days, weeks, months or years?

Mr. Weldon Epp: I'm afraid I'm unable to answer that question.

Ms. Raquel Dancho: You don't have any sense of an estimate at all.

Mr. Weldon Epp: I can assure the members of this committee that this is a serious issue, and that addressing it, determining whether there are any grounds to the allegations and then dealing with it is a top priority. Of course, it would be undertaken as quickly as possible.

Ms. Raquel Dancho: Are there any Chinese law enforcement officials located in Canada who are currently registered with Global Affairs?

Mr. Weldon Epp: There are none that I'm aware of.

Ms. Raquel Dancho: To your knowledge, has there been any collaboration between the RCMP domestically with law enforcement from the People's Republic of China at any time in Canada over the last five years?

Mr. Weldon Epp: I can't answer that question specifically in the way it was phrased. However, what I can tell the committee is that Canada has historically had operational police liaison partnerships between Canada and the PRC, including police liaison officers who are accredited and have been provided diplomatic status to undertake information-sharing roles. That has contributed in the past to dealing with issues like the smuggling of fentanyl and other activities that are not in the interest of Canada.

That police liaison work depends on a high trust between both agencies, and it is very much limited to a prescribed diplomatic liaison role. It would not in any way justify or cover the kind of activity that's being alleged in these media articles.

Ms. Raquel Dancho: Thank you.

To switch gears a bit, I'd like to talk about the quadrilateral security dialogue, as well as AUKUS. These are two agreements for which Canada has not been provided a seat at the table, and they're key alliances in the Indo-Pacific. In the opening remarks from all officials today, it was outlined how important it is that Canada work with allies to address the rising threat that the world acknowledges is the People's Republic of China.

Global Affairs, can you let the committee know if it is a priority for the current government to get a seat at the table at the quad and AUKUS?

Mr. Paul Thoppil: Let me start on AUKUS, if I may—

• (1925)

The Chair: Again, sir, answer briefly if you can. Thank you.

Mr. Paul Thoppil: AUKUS serves Canada's long-term strategic interest in the Indo-Pacific by improving the capabilities of key allies, and it allows for a stronger, more unified approach. However

Canada has no plans to acquire nuclear submarines, which is the centrepiece of the agreement.

What we have a keen interest in is taking part in discussions on advancing applied research and innovation in emerging technologies such as AI and quantum computing—areas where Canada has strengths and can contribute to the partnership.

The Chair: Thank you very much.

We'll have Mr. Fragiskatos for five minutes, please.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair.

Thank you to the officials for being here tonight.

My first question relates to China in the first place; however, it is a general question as well.

Mr. Thoppil, you talked about the four Cs. This falls into the challenge category. In response to the case of the two Michaels, Canada emerged as a leading voice against so-called hostage diplomacy.

Where are we on continuing to advance that issue? How are we doing it? Is it mostly, for example, in multilateral forums like the United Nations or other places? Is there anything you could put to the committee on that?

Mr. Paul Thoppil: What we evidenced through the saga of the Michaels was one aspect of China's course of diplomacy, which was the use of arbitrary detention. The Prime Minister indicated that, as well as the other one that was applied during that saga, which was economic coercion.

We moved forward, not necessarily in terms of planning or discussing how to seek their eventual release, which we were very pleased with—and I know all of Canada is—but how to work with allies to ensure that we mitigated this inappropriate behaviour again. We have used our diplomatic network to engage with countries around the world bilaterally, regionally and multilaterally. This started with a launch in February 2021 of the “Declaration against Arbitrary Detention in State-to-State Relations” to condemn, deter and put an end to this practice worldwide.

To date, I'm very pleased to say that 68 countries and the European Union have endorsed the declaration. We continue to engage with other countries every day in our conversations to add to that list going forward.

Mr. Peter Fragiskatos: Thank you very much.

In that vein, where are we on...? You had some remarks in your opening, Mr. Thoppil, but is there anything else you could add for the benefit of the committee on the question of what the Canadian government is currently doing to ensure the safety and security of Canadians living in China? To what extent are we collaborating with like-minded allies who have similar concerns about their own citizens?

Mr. Paul Thoppil: I'm going to turn to my colleague Jennie Chen to respond.

Ms. Jennie Chen (Executive Director, Greater China Political and Coordination, Department of Foreign Affairs, Trade and Development): As Paul alluded to earlier in his opening statement, the health and well-being of Canadians in China is top of mind and of utmost importance to the Government of Canada. We provide consular assistance to Canadian individuals and their families seeking support in China.

As each consular case is unique, a tailored approach is often required, and consular officials must adapt interventions to each local context and circumstance. These include advocacy efforts for the detainees' well-being and their fair and equal treatment under local laws, as well as for access to medical care and basic nutrition.

Mr. Peter Fragiskatos: I see that I only have about a minute and a half left, so I do want to jump to the co-operate C, if you like.

On the question of climate change, to what extent does Canada co-operate in any way with China to counter issues of CO2 emissions and climate change more generally? I ask that question simply because I think it's a topic of concern, obviously, when it comes to emissions. The emissions of China are serious indeed, and finding ways to co-operate with regimes, even when we have strong differences, is an important thing.

Mr. Paul Thoppil: Mr. Chair, the member's comment is absolutely correct.

China and the broader Indo-Pacific region contributes 53% of the carbon emissions in the world. There is no pathway to address this issue for the sake of our children and our children's children unless we solve it in this region first.

Therefore, on global common issues, regardless of our differences in the bilateral relationship with regard to human rights and other values and our concerns on domestic security, we must find a pathway to engage with one-fifth of humanity on issues of concern such as climate change and biodiversity. This is why it was very important that when the Chinese presidency for COP 15 didn't find an ability—due to its application of its zero-COVID policy—to host COP 15, Canada decided to step up to host it in Montreal in December.

● (1930)

The Chair: There you go, Mr. Thoppil. You finally got a full answer in. Good.

Mr. Bergeron, it's your turn now for two and a half minutes.

[*Translation*]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

Mr. Thoppil, I would like to come back to the new attitude or new phase of Chinese policy regarding Taiwan that seems to have been initiated recently.

I do not want to ask you to offer us an exclusive about Indo-Pacific policy, but I would like to ask you whether Canada is planning to adapt its policy on Taiwan to this new approach that the PRC seems to be taking to Taiwan.

As well, without necessarily revisiting the one China policy, might there eventually be a desire to affirm Taiwan's right to live in peace alongside its imposing neighbour?

[*English*]

Mr. Paul Thoppil: Let me address that question by just informing members about what we are doing to support Taiwan.

First, on January 9, 2022, we confirmed the launch of exploratory discussions on a possible foreign investment promotion and protection agreement with Taiwan.

Second, on a global co-operation and training framework, we are identifying speakers on several occasions who engage with Taiwan and other parties associated with that initiative.

Third is the Safer Skies Forum. In terms of the importance of Taipei flight information, in terms of navigation supports, and as part of our Safer Skies agenda, we engage with Taiwan, and we are bringing them under that initiative in order to give them a voice related to safe navigation.

Fourth is indigenous co-operation. On December 10, 2021, Canada, New Zealand, Australia and Chinese Taipei endorsed the Indigenous Peoples Economic and Trade Cooperation Arrangement. We also have an active MOU between the Aboriginal Peoples Television Network and Taiwan Indigenous Television. We work very closely at APEC on a number of conversations whereby we are like-minded. Specifically, we have worked together to jointly fund a women and the economy subfund.

These are just a few examples of how we engage with Taiwan in terms of the robust bilateral relationship that underpins our existing policy framework.

[*Translation*]

The Chair: Thank you, Mr. Bergeron.

[*English*]

Now we go to Ms. McPherson for two and a half minutes.

Ms. Heather McPherson: Mr. Bergeron, those two and a half minutes go very fast.

I'm going to go back and ask a few more questions of our colleagues from IRCC if I could.

In my last question I asked how IRCC deals with those who have a criminal record. We were told that if it wasn't illegal in Canada, it wouldn't be a problem, but of course that's not what people are often charged with. They're often charged with things that are considered illegal, even though what they were doing was protesting for democracy in their country.

What is IRCC doing to accommodate that and to acknowledge that is the reality?

Mr. Glen Linder: Our officers are absolutely trained in this kind of issue. They have field experience in these countries and they look at each individual file on a case-by-case basis, understanding very well the context from which the applicant is coming. Each file is reviewed case by case. The specific circumstances are looked at and we take an extremely careful and thoughtful approach to each one of these cases to ensure that we get to the right decision and that we're not inadvertently excluding someone who absolutely should not be found inadmissible to Canada.

Ms. Heather McPherson: Thank you.

Many Hong Kongers will fall out of status after the open work permits or study permits expire, as they don't meet the requirements for the PR pathways. Will the PR pathways be expanded to meet the needs of the community, and will there be other options for Hong Kongers to extend their work and study in Canada?

• (1935)

Mr. Glen Linder: We have all our regular pathways in place, and it is expected that a large number of people who have come in on temporary resident pathways will in fact subsequently be able to qualify, in permanent resident pathways or in other pathways, to be able to stay in Canada if they choose to do so.

I would also add that the temporary resident pathway is currently scheduled to end in the beginning part of 2023, but we have that actively under review with the intent of making a determination as to whether and when that should be extended, and for how long.

Ms. Heather McPherson: Do you feel that because there are such delays within IRCC right now, there are risks to people whose lives are in danger at this time?

Mr. Glen Linder: In terms of folks leaving Canada, there is nothing we are doing to require them to leave Canada. On the contrary, we do have these pathways in place and we have a number of measures in place to allow them to stay, even if it appears that their permits have expired if they have another application in place.

If it would be helpful, Mr. Chair, I can turn it over to my colleague, Mr. Gionet, who can explain in greater detail some of the measures that we have in place to allow folks to stay while we continue the processing of their new applications.

The Chair: Ms. McPherson will have another opportunity.

Ms. Heather McPherson: Unfortunately, sir, that's just how fast two and a half minutes goes.

Thank you very much, though.

The Chair: Yes, we are out of time for that segment, but again, save the answer, Mr. Gionet, because I believe you'll have that opportunity before we're done this half hour.

We now go to Mr. Hallan, for five minutes.

Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC): It will be Mr. Chong.

Hon. Michael Chong: Thank you, Mr. Chair.

I want to go back to this issue of these three police stations being operated by the People's Republic of China here in Canada. The list of these police stations has actually been published by state media

of the PRC, so it's no secret that these three stations exist, two of them in Markham and one in Scarborough.

As you, Mr. Epp, have pointed out, they are illegal in Canada. They're not only illegal. They're a violation of our sovereignty, a violation of international law and a violation of any diplomatic norms that are out there.

I want to know what action the Canadian government is taking with respect to the presence of these three stations here in Canada? It's not just the RCMP's responsibility. It's also Global Affairs. It's also Citizenship and Immigration. It could very well be the case that people accredited to the diplomatic mission of the People's Republic of China are working in or out of these three stations.

First, is GAC investigating whether the hundreds of diplomats accredited to the embassy and other missions here in Canada are involved with these three police stations?

Mr. Weldon Epp: Thank you for the question. I want to acknowledge and accept the premise that there are a number of roles and responsibilities here. Global Affairs Canada does have an important role here.

Without trying to frustrate the line of questioning, I just want to underscore the fact that the investigative role is critical here before we take important and anticipated diplomatic actions in response. It's pretty critical because it's very important for us to have the basis on which to undertake decisions that we may need to make in a diplomatic sphere. That investigative role is not one that I can speak to today.

I'm not trying to.... I accept the premise that there will be an important piece—

Hon. Michael Chong: That's fine. I understand. It would be great to have greater clarity from the government, from the whole of government, on this issue. I think it's a pressing issue that concerns our sovereignty.

My question now is for the immigration department.

Is your department investigating whether the individuals working out of or in these stations have the appropriate status to work in Canada, or whether they have status at all? Is there an investigation going on right now to determine their immigration status, because if these individuals have come here from the People's Republic of China under false pretenses, those visas should be revoked.

• (1940)

Mr. Jean-Marc Gionet: Thank you for the question. As my colleague from Global Affairs mentioned, we're taking the issues very seriously, and there are discussions with partners. It has been rightly noted. If issues arise while foreign nationals are—

Hon. Michael Chong: I understand. Thank you.

My question is for the Department of National Defence. As was pointed out earlier, the HMCS *Vancouver* recently sailed through the Taiwan Strait. What co-operation, if any, is taking place between either the Canadian Forces or the Department of National Defence and Taiwan?

BGen Éric Laforest: There's none. When the *Vancouver* sailed through, it really just sailed through from point A to point B. That's what happened then.

Hon. Michael Chong: Okay. Thank you for that answer.

I have just a final point on the issue of climate change and co-operation. I think the People's Republic of China is not co-operating with us on climate change; they're challenging us on climate change. That's the seed that they're using on climate change. The fact is that Chinese coal production has been surging in the last year to all-time highs. In this quarter alone, China grew coal production by more than the entirety of Shell's global energy production. That came from the global CEO of Shell yesterday, who said publicly that China grew coal production by more than the entirety of Shell's global energy production in this quarter alone.

I don't see how China's climate change approach comes anywhere near co-operation, and I think it's a huge challenge to the plan. They're burning more and more fossil fuels. They're on track to burning record amounts of fossil fuels. They are the world's largest emitter. I don't see this as co-operation. I see this as a challenge not just to other governments who are making efforts to reduce emissions but to the very health of the planet.

Mr. Chair, I just want to finish on that. Thank you.

The Chair: Thank you, Mr. Chong.

Now we'll go to Mr. Cormier for five minutes.

Mr. Serge Cormier (Acadie—Bathurst, Lib.): Thank you, Mr. Chair. I'm very happy to sit on this committee for the first time. Even if I have a very small Chinese community in my riding of Acadie—Bathurst, I certainly know the importance of human rights, and I will always be a strong defender of those rights.

That being said, I'll ask my questions in English and French.

You talked about the four Cs—challenge, co-operation, competence and coexistence—and I want to talk more about the commercial relationship that we have with China.

Can you just give us an update on where we are, for example, on the exportation of some of our products such as pork, beef and canola? For example, in my riding of Acadie—Bathurst and throughout Atlantic Canada and eastern Quebec, China is a very important market for the exportation of our seafood, as you know. Can you give us an update on where we stand now in terms of our commercial relationship with China?

Mr. Paul Thoppil: Thank you, Chair. I'm going to ask my colleague Dr. Forsyth to respond.

Mr. Doug Forsyth (Director General, Market Access and Chief Negotiator, Department of Foreign Affairs, Trade and Development): Thank you for the question, Mr. Chair.

As the questioner rightly pointed out, there are a few areas of importance. Canadian exports have importance to the Chinese marketplace, and we have had some challenges with those exports over the last little while.

I'll start with canola and the banning of two Canadian companies, which happened a couple of years ago, following, as was earlier referenced, the case of the two Michaels. I'm very pleased to report

that, on May 18 of this year, China indicated to Canada that they would reinstate the two companies that were suspended from exporting canola seed. Now, all Canadian canola producers are eligible to export to China. We had challenged China's decision at the WTO, and we have put that challenge on pause while we see the market results over the next year.

With respect to beef and pork, China is an important market—especially on the pork side, but we were exporting a lot of beef as well. Between 2020 and 2021, China suspended 10 Canadian meat establishments—eight pork and two beef—due to previous COVID cases in those establishments. China also did this to other exporters and like-minded trading partners. Earlier this summer, we received news that China Customs reinstated the eligibility of two of the Canadian pork establishments that were previously suspended due to COVID.

We continue to advocate with Chinese officials for the reinstatement of all Canadian establishments as soon as possible, and we have provided documentation to China Customs to support their reinstatement.

We continue to work multilaterally with like-minded countries that are experiencing similar issues, and we continue to raise concerns about China's COVID measures at the WTO GS committee, the WTO goods council, requesting that China provide scientific evidence to justify their measures.

Finally, with respect to fish and seafood, as part of China's decrees 248 and 249, which came into force on January 1, all foreign food establishments or vessels involved in the production, processing or storage of food product exported to China must be registered in China Customs' online database, China import food enterprise registration system. That must happen by January 1, 2023.

CFIA and AAFC have been working with Canadian fish and seafood exporters to meet this deadline. It does not look like it will be possible to meet that deadline, so late last month, our embassy in Beijing delivered a letter to China Customs requesting an extension of the registration process for Canadian fish and seafood establishments by one year, to December 31, 2023.

It's happening to other countries as well.

● (1945)

Mr. Serge Cormier: Thank you.

I probably don't have too much time left.

This is very important, especially the seafood sector, as you know, in Atlantic Canada.

[Translation]

The value of Canadian lobster exports reached \$3.2 billion in 2021, \$454 million of which was to China, so I think we need to protect that market, even if our diplomatic relations are sometimes difficult. We have to keep these markets open, since they have benefited the fishers in our regions and all other sectors of our economy.

Thank you for this overview of the state of our trade relations.

[English]

The Chair: Thank you, Mr. Cormier.

We're going now to the third round. Each group will have an opportunity.

I have Mr. Hallan down for the Conservatives.

You are ready, sir, for five minutes.

Mr. Jasraj Singh Hallan: Thank you, Mr. Chair.

I have a quick question, Mr. Thoppil.

Do you think what's happening to the Uighur population in China is genocide?

Mr. Paul Thoppil: Canada is a committed multilateral country, and we uphold the agencies of the UN, in terms of the work they do.

Mr. Jasraj Singh Hallan: Just give us a quick yes or no. Do you think what's happening to them is a genocide?

Mr. Paul Thoppil: I think what has happened to the Uighur population in China is a travesty, and we take very seriously the Xinjiang report from the UN agency. We are working with allies at the UN Human Rights Council, as well as in our bilateral communications with China, communicating our high degree of concern on this issue.

Mr. Jasraj Singh Hallan: That seems like a long way to say no.

Moving on, my question is for DND. In another committee, we found out, through an ex-CSIS agent, that there are currently elected officials in Canada, from all three levels of government, that are either working with or for foreign actors.

To your knowledge, are any of those foreign actors from the People's Republic of China?

BGen Éric Laforest: I have no information to that effect. Actually, I don't have any background on this question at all.

Mr. Jasraj Singh Hallan: Thank you.

My next line of questioning is going to be for IRCC. Following up on some of the questions Mr. Bergeron had at the beginning, we know VFS Global has given out its contract to a third party in Beijing. We know the government has finally said it will ban Huawei. We knew back in 2021 that Huawei routers were being used in those visa processing centres.

To your knowledge, are Huawei routers still being used right now?

• (1950)

Mr. Jean-Marc Gionet: Unfortunately, I don't have that information at my disposal.

Mr. Jasraj Singh Hallan: Can we get that information submitted to the committee, please?

Mr. Jean-Marc Gionet: Yes.

Mr. Jasraj Singh Hallan: With that company that VFS Global is contracting out to, what kinds of steps or how can you assure Canadians that the people who are applying there aren't being rejected because the regime has all the information?

How do we know, first of all, that the information is protected? They have to legally submit all of the information. Second of all, how do we know that people who are pro-democracy aren't getting rejected on the basis of that same concern?

Mr. Jean-Marc Gionet: On the topic of privacy protection, all the information that's gathered at the visa application centre is transmitted directly to Canada, and it's a one-way process. It operates similar to our client facing web page. There's no immigration data that is retained at the VACs. The information is stored here in Canada.

As I mentioned earlier, we closely monitor the activities of the visa application centres to ensure that the standards continue to be met. There is oversight in place.

Again, to reassure the committee, the VACs are expressly forbidden from providing any advice, and all the decision-making is done by IRCC officers. That's an important distinction. As I mentioned earlier, the government performed due diligence to ensure the vetting of the contractor, in this case, through the contract.

Mr. Jasraj Singh Hallan: We know the regime in China is putting pressure on Uighurs and other Turkic-speaking Muslims who are not only just inside of China but also waiting in third countries. China is pressuring them to be deported and sent back.

One concern is that the processing time right now under IRCC is atrocious in some cases. We've never seen backlogs as high as these in Canada's history. It is putting more pressure, especially on refugees and other asylum seekers wishing to get into Canada.

To your knowledge, what is the processing time right now for those people who are waiting in third countries?

Mr. Jean-Marc Gionet: Unfortunately, I don't have the processing times at my fingertips for the resettled refugees, but we can certainly provide you with that information.

On that particular topic, IRCC does have mechanisms in place. If there are cases where persons in need of protection need expedited processing, because there is an imminent threat to life, safety and security, we do have our urgent protection program, which we operate with the United Nations High Commissioner for Refugees.

The Chair: Thank you, sir, and thank you, Mr. Hallan.

We'll now go to Mr. Oliphant for five minutes.

Hon. Robert Oliphant (Don Valley West, Lib.): Thank you to all the officials for coming here.

I'm going to do two very different topics. First, the allegations about potentially illegal activity by either Chinese delegates or the Chinese government are certainly concerning to all of us. I have read the reports. I read the op-ed in *The Globe and Mail* that Charles Burton wrote. I read it in the *Toronto Sun*, the *National Post*, the *New York Post* and its sibling organization *Fox News*. Those are the outlets that seem to have covered this. It seems to be coming from one group, *Safeguard Defenders*, which I've never heard of.

I'm wondering whether we have had intelligence from other groups, besides *Safeguard Defenders*, to date coming in, or if that is the investigation that needs to be done.

• (1955)

Mr. Weldon Epp: Thanks for the question. I think I can be brief.

Part of the challenge is that, to date, that's the only source we're aware of, so it's important for us to understand and corroborate if that source is accurate.

Hon. Robert Oliphant: Okay. I think our committee would want to hear, if it is possible, about a Canadian investigation by authorities. That is going on, as you have said. Thank you for doing that work.

I'm switching to a completely different topic, and it is slightly outside the China direct area.

We know about the security issues in the Taiwan Strait. We also know about some security issues between China and India, but I would like to focus on North Korea as a regional player and the nuclear tests that have been going on, which are contrary to all of civilization's understanding of what should be happening, and most recently, in terms of threats, at least the perception of threats, to Japanese citizens as nuclear tests were going on over their heads.

Do you have any comments about the regional security? This may need to go to DND or to Global Affairs. What are we looking at in terms of regional security in that part of the world related to our Chinese relationship?

Mr. Paul Thoppil: Mr. Chair, I'm going to ask my colleague Weldon to respond.

Mr. Weldon Epp: As the member has alluded to, there have been a series of missile tests. There has not yet been a nuclear test. There are deep concerns that it could be coming. Canada, along with its closest partners in the G7, plus others, have repeatedly called out the DPRK for its reckless use of missile testing, including, as you have mentioned, overnight over Japan.

I guess the best way, I would say, to answer your question is that there are a couple of things going on. One is obviously that, with the new administration in Seoul, with some fairly major ruptures to the international order in terms of what's happening in Europe and with behaviour that we've seen before from the regime in the DPRK, it's unfortunate but not.... I would say it's more than "unfortunate". It's disturbing but not entirely surprising that North Korea is attention seeking and raising the cost of what could be, again, a pivot towards renewed negotiations.

While the risk to security, not least maritime security and the security of people in Japan, is of great concern and the Government

of Canada will continue to call out the DPRK for that, we've also seen in the past real quick pivots between escalation on the part of the DPRK and, as we saw during the Trump administration in the U.S., seeking breakthroughs in negotiations.

DPRK analysts, of which I am not one, are following this very closely. In the meantime, all of this activity does allow the regime in the DPRK to learn from and improve its capacity, which is a great concern to Canada.

Hon. Robert Oliphant: Thank you.

That's all I have, Mr. Chair.

The Chair: All right. Thank you, Mr. Oliphant.

We will now conclude with a round of two and a half minutes for Mr. Bergeron, followed by two and a half minutes for Ms. McPher-son.

Go ahead, Mr. Bergeron.

[*Translation*]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

I was very interested in Brigadier-General Laforest's answer earlier to a question from Mr. Chong. He said that when HMCS *Vancouver* and USS *Higgins* sailed through the Taiwan Strait was just a simple trip from point A to point B, when it was clearly a political response to the increasingly more aggressive policy of the People's Republic of China in the Taiwan Strait and the China Sea.

On that point, in fact, in an episode of *60 Minutes* that was broadcast on CBS in September, President Biden stated that the American army would take measures to defend Taiwan against an "unprecedented attack". The *Hill Times* reported on October 2 that Lloyd Austin, the American Secretary of Defence, had said that the United States would honour their commitment to Taiwan, but gave no further details.

What would Canada's position be in the event of a military escalation between the People's Republic of China and Taiwan?

• (2000)

BGen Éric Laforest: Thank you for your question, Mr. Bergeron.

Of course we are concerned, as is everyone, by the rise in tension in the region.

Regarding the transit by HMCS *Vancouver* between the south and north regions of the China Sea, it was really to connect two points of operation that we had to have in those two locations.

For the rest, we are monitoring the situation. Decisions will be made at the appropriate time.

Mr. Stéphane Bergeron: Does anyone from the Department of Foreign Affairs have something to add?

[*English*]

Mr. Weldon Epp: I just might say that the question you posed is an important one but a hypothetical one in terms of how we might respond to a particular scenario.

What is important is to say what we're already doing. As the brigadier-general has already pointed out, Canada has expanded its defence and security engagement in the Indo-Pacific in recent years. That includes the enhanced naval presence that's been referred to and co-operation with our partners, increasingly discussions with Japan and Korea, and so forth.

If you're watching the activity and you're seeing the degree to which the Canadian presence and regularity of our operational exercises has increased, you'll understand that we are following these developments with great concern.

The Chair: Thank you, Mr. Epp.

Now for our final bit of questioning, we go to Ms. McPherson.

Ms. Heather McPherson: Thank you, Mr. Chair.

I just want to take a moment to thank all of you for being here again. I realize that we are making you spend time away from your families and spend time away from dinner, so thank you for being here and providing this information for us.

Today, I had the great privilege of listening to Mr. Alex Neve and Mr. Mehmet Tohti talk about what is happening in China with the Uighur population.

We have a new ambassador to China who has just, after some delay, been appointed. Will she be doing an investigation into what is happening in China with regard to the Uighur population?

Mr. Paul Thoppil: I am going to ask my colleague, Jennie Chen, to respond to that.

Ms. Jennie Chen: My sense is that Ambassador May, given her previous background handling human rights files during her time at the Embassy of Canada in Beijing, will be seized with this issue from day one. I am confident of that.

We are absolutely providing her briefings and as much information as possible right now as she prepares for her upcoming assignment. She is very much aware of the Government of Canada's priority concern over the situation of Uighurs, as outlined in Minister Joly's statement of November 1 in response to the Xinjiang report.

Ms. Heather McPherson: Thank you.

One of the things that I've been seized with as a parliamentarian is ensuring that none of the supplies that make it to Canada are using slave or forced labour. We have seen some legislation come forward from private members but none from the government.

What is the government doing to ensure that we do more than just have one seizure of goods that are from forced labour, which, I believe, was actually returned.

Ms. Jennie Chen: This has been a whole-of-government effort really to address our concerns and risks around forced labour emanating from Uighurs and Muslim minority populations in China. We are working very closely with our trade colleagues within Global Affairs Canada, as well with ESDC and CBSA, to come forth with not only the international pieces but also the domestic architecture necessary to advance this file.

Ms. Heather McPherson: We're quite a long way into this. I'm wondering when we can expect there to actually be some concrete action on this.

Ms. Jennie Chen: A considerable amount of work is currently under way.

The Chair: Thank you very much.

That brings us to the end of this panel's work, and I'd also like to thank all of the panellists online or in person for their time and the answers to the questions that we posed to you this evening.

We will now take a brief break so that we can change over to our second panel of the evening. We'll take five minutes starting now.

- (2000) _____ (Pause) _____
- (2015)

The Chair: Thank you and welcome back for our second panel of tonight's hearings.

I'd like to welcome our witnesses for the second half.

Joining us by video conference, from the University of Alberta, we have Gordon Houlden, director emeritus of the China Institute. In person we have Lynette Ong, a professor from the University of Toronto. From Hong Kong Watch, we have Aileen Calverley, co-founder and trustee, who is also here in person.

Mr. Houlden, have you been oriented to all of the translation services and everything else at your disposal?

Mr. Gordon Houlden (Director Emeritus, China Institute, University of Alberta, As an Individual): I have. Thank you.

The Chair: All right.

We will start with you, Professor Houlden, for a five-minute opening statement.

Mr. Gordon Houlden: Thank you very much.

It's an honour for me to be able to speak to you on such an important topic.

In late 2022, we see a relationship between Canada and China that remains very cool and is characterized by minimal engagement despite the importance of the issues in play.

While the release of Huawei's CFO Meng Wanzhou and Canadians Michael Kovrig and Michael Spavor over a year ago has removed the factors that weighed most heavily on the relationship, I see no significant rebound or any sign of a return to the previous complex web of exchanges at the leadership level, at the ministerial level or by federal and provincial officials.

Stringent COVID restrictions on the Chinese side have also prevented a resurgence of business visitors in both directions. The flow of Chinese students to Canada has partially resumed, but the nearly million-strong prepandemic wave of Chinese tourists to Canada awaits, at a minimum, the lifting of COVID regulations in China.

Beyond these mechanics, if I might say, of diplomatic, commercial and people-to-people connections, the erosion of trust on both sides, in my view, makes any early return to a pre-2019 bilateral relationship unlikely in the foreseeable future. An additional restraining factor is the predominantly negative view of China held by the Canadian public and media. On the Chinese side, the state-controlled media has lightened its criticism of Canadian policies towards China since the release of Meng Wanzhou, but there's a wariness that remains, in my view, on the part of Chinese officials towards Canada. One could say the relationship is in stasis or even stagnation.

Complicating any return to a more normal and more positive state-to-state relationship is the emergence of a number of Chinese domestic and international factors. I'll cite them very quickly. I've listed eight, I think.

The U.S.–China relationship is strained and getting more difficult, where both U.S. and PRC leaders engage in regular direct criticisms. There are the U.S. and PRC legislative and regulatory moves to restrict trade and investment.

The emergence of Taiwan is arguably the highest profile issue dividing Washington and Beijing. It is the factor that, in my view, has the greatest potential to generate open warfare between the two adversaries, with consequences, of course, for Canada.

Beijing's crackdown on Hong Kong—a territory with deep Canadian historical links and a massive constant presence of Canadian citizens—using the national security law hangs like a sword over our relationship with Hong Kong and with China.

Xinjiang, like Tibet, has been a matter of human rights concern for decades. I first visited in 1983 and I've seen a steady deterioration, not at the same pace, over time. Ongoing hardline Chinese policies show no sign of softening. I would note that while western concerns regarding Xinjiang are widely shared, most less-developed countries and Muslim-majority states remain silent on Xinjiang, which I think is unfortunate.

Allegations of interference in Canadian political affairs erode both public and government support for enhanced relations with Beijing.

Limited Chinese support for Moscow's war in Ukraine is unhelpful, although there are signs of an increasing Chinese wariness regarding Russian war aims.

The pending announcement of a Canadian Indo-Pacific strategy will be seen, or at least portrayed, by Beijing as part of a U.S.-led strategy to isolate and contain China.

The positive side is limited. Bilateral trade is relatively stable, although with the exceptions of western agricultural products and Atlantic seafood, our exports have a very low profile with Canadians. Chinese imports continue to be roughly triple the size of our ex-

ports. The movement to reduce dependence on Chinese supply chains is very modest.

Whatever one thinks of Chinese domestic and international policies, I see danger in the absence of substantive dialogue between Ottawa and Beijing. U.S. Defense Secretary Austin last week lamented the suspension by China of regular military consultations between the U.S. Department of Defense and the PLA, recognizing this gap carries risks, especially in a crisis. Similarly, the absence of sustained communication between our capitals, Ottawa and Beijing, carries risks and even lost opportunities for Canada.

In late September, the China Institute at the University of Alberta and the People's Republic of China's People's Institute of Foreign Affairs—it's a quasi-government body—held one of the few, if not the only remaining, consultations with Chinese officials and former officials. That dialogue has some value, but it doesn't begin to be a substitute for a robust range of official exchanges.

Finally, other than limited prospects, I don't see a swift return to a normal bilateral relationship given the issues I've cited. Barring a new and sharply negative event, which is always possible, the mostly likely course might be a slow return to a more regular pattern of exchanges and visits, such as our European allies have in general. It would be limited, again, by the issues I've provided above. Dialogue and communication of divergent positions need not mean either weakness or appeasement.

• (2020)

Thank you.

The Chair: Thank you, Professor Houlden.

Now we'll go to Professor Ong. You have up to five minutes for your statement.

Dr. Lynette Ong (Professor, Munk School of Global Affairs and Public Policy, University of Toronto): Thank you for the opportunity to testify before the special committee. It is my honour to be here.

Leading up to the 20th National Congress of the Chinese Communist Party, scheduled for October 16, a lot is at stake. President Xi Jinping is widely expected to be appointed for a third term and to hold on to power for at least another five years.

I would like to offer three predictions on the political and economic landscapes of China in the next five years, with implications for our bilateral relations.

Number one is that President Xi will be further consolidating his authority within the party's upper echelons of power. With his various political campaigns launched in the last decade, most notably the anti-corruption campaign, President Xi has eradicated not only corrupt officials but also members from rival factions.

The foundation of elite support is changing, however, from one that is united by spoils to one that is increasingly ruled by fear. For decades since the reform and opening, spoil sharing has been the glue, in my view, that holds the system together. The arrangement has been eroded by Xi's attempt to curtail crony capitalism and to reduce the role of entrepreneurs, but a system that is ruled by fear will likely and most probably be less stable than one that's underpinned by the sharing of spoils.

Number two is that at the non-elite level, the party may appear to have a strong grip on society, continuing its stranglehold on civil society while doubling down on surveillance and stability maintenance. However, this facade belies a society that is becoming more contentious and fractious in the coming years, short of large-scale collective actions or social movements.

In the past six months, the first signs of an increasingly restless society have emerged with popular discontent with zero COVID. We've seen the responses to zero COVID evolve from one of widespread compliance in the first 18 months to growing in-person resistance and strident discordance on the Internet.

As I argued in my recently published book, *Outsourcing Repression: Everyday State Power in Contemporary China*, which is based on a decade-long study of how the Chinese state implements its very ambitious urbanization policy—which has a lot of similarity with zero COVID—non-state actors, such as grassroots brokers and volunteers, play an outsized role. Because these people are embedded within the society and trusted by the community, their administration of everyday policies is more likely to result in compliance than if government officials were sent to do the same jobs. The strategy of outsourcing social control to selected members of society has been fundamental to the exercise of everyday state power in China.

However, recent events have tested the limits of this hugely successful strategy. As zero-COVID policies become more nonsensical, people are required to sacrifice their personal freedom and, at times, be separated from their loved ones and denied medical care because they cannot produce a vaccine certification. We will see discordance being amplified and people becoming more blasé and restive.

As Xi tightens the grip on society after the party congress, we might see more signs of dissidence, as we did with the extremities of the Great Leap Forward in the early 1950s under Mao. Chinese society will inevitably become more contentious, despite political repression.

Lastly, number three is that the risk factors for the Chinese economy have also been amplified. The Chinese economic model has traditionally relied on the real estate sector as a growth engine. That is grinding to a halt as the economy slows. In the past summer, many households across the country that paid advance deposits but ran into failed projects organized a large-scale collective action to pressure the government for a rescue plan. Such large-scale collective action is very rare in China, so we should take it seriously as a sign of something bad to come.

In summary, all is not well on the economic front.

• (2025)

To sum up, in both the economic and the political sense, China is undergoing some structural transformation, which creates enormous uncertainty for its domestic and social stability, as well as foreign diplomacy.

Foreign countries that can effectively deal with China are those that have the capacity to conduct scenario planning and to devise action plans to respond to a range of diverse scenarios in the coming years. No one can be absolutely certain in which direction the political winds will actually blow. We must be prepared to change and adapt our strategy swiftly when necessary, and strong China endowment actually begets this adaptive capacity.

Thank you.

The Chair: Thank you, Professor Ong.

Ms. Calverley, you have up to five minutes for your statement.

Ms. Aileen Calverley (Co-founder and Trustee, Hong Kong Watch): Thank you, Mr. Chair

Thank you, members, for the opportunity to testify before this committee.

Far too often, the relationship between Canada and the PRC is framed through the narrow lens of trade and business. The public is told that China is too much of an economic opportunity for us to risk alienating the Chinese government by raising human rights, yet Canadian trade with China in 2021 accounted for just over 4.6% of our total exports.

Similarly, what is often ignored in this debate is that much of the goods we export to China are the raw materials that its economy relies on. For example, even at the height of its trade war with Australia, the PRC continues to import substantial amounts of iron ore it cannot source elsewhere. This reflects the limited ability of the PRC to put countries with export-led economies in what it calls the “economic freezer”.

Hong Kong Watch's ESG report—our new research—shows that the passive investment strategies pursued by both the leading Canadian federal and provincial pension funds, as well as university endowment funds, have failed to properly factor in human rights considerations when investing in portfolios for our Canadian pensions. The holding of emerging market funds includes Chinese companies linked to forced labour. I hope this is an area that this committee can investigate further in a separate inquiry.

Canada continues to have a special interest in the human rights situation in Hong Kong, not least because of the 300,000 Canadians who have made Hong Kong their home and the 500,000 Hong Kong Canadians who continue to worry about the safety of their families and friends. The human rights situation in Hong Kong has been deteriorating rapidly since the introduction of the national security law in 2020. Beijing continues its crackdown on the pro-democracy movement in Hong Kong.

The 90-year-old Cardinal Joseph Zen, along with five other trustees, including Canadian Denise Ho of the 612 Humanitarian Relief Fund, stood trial a week ago. Forty-seven pro-democracy Hong Kongers are charged under the national security law simply because they joined a primary election. Five speech therapists who published a children's book series called the "Sheep Village" were recently convicted of sedition.

With the situation on the ground continuing to deteriorate by the day, Hong Kongers are looking for a way out of the city, not only to preserve their own safety and security but to seek a better future for their families. The Hong Kong pathway open work permit scheme announced by Canada two years ago is a start, but there are many gaps that need to be addressed.

For example, the five-year restriction poses a barrier to many Hong Kongers, even for recent graduates who meet the requirement at the time of application. By the time their work permit is received and the hours of work requirement is fulfilled, they might already have fallen out of eligibility to apply for permanent residency under stream B of the scheme.

• (2030)

Canada has set the immigration target of over 400,000 immigrants per year in the coming few years. Expanding and extending the Hong Kong pathway can help meet this target. The founder of the pro-democracy newspaper *Apple Daily*, Jimmy Lai, is in custody. His arrest and detention is the evidence of the CCP's crackdown on press freedom in the city. According to the Hong Kong Journalists Association, the press freedom index is at a record low. The Hong Kong government is also now looking to enact a "fake news" law, under which the government can be empowered to issue a decree for false information to be removed.

Many frontline human rights defenders—such as journalists, pro-democracy activists, lawmakers and medical professionals—are currently not covered by Canada's open work permit scheme. We recommend that the government create a human rights defender category to address this gap, similar to the current policy for Ukraine.

Even Hong Kongers who are able to immigrate to Canada are not free from the far-reaching hand of the CCP regime. Chinese police are setting up offices in Canada where dissidents continue to be harassed and intimidated by agents acting on behalf of the CCP. The threat is not faced by Hong Kongers alone, but also by Uighurs, Tibetans and Chinese dissidents alike. The CCP's United Front overseas department has one of the most sophisticated foreign interference operations in Canada, which is discussed at length in *China Unbound* by Joanna Chiu and in *Hidden Hand* by Clive Hamilton.

This operation is not only designed to keep Chinese citizens, Hong Kongers, Tibetans and other activists under close supervision and, in some instances, used to target and intimidate them, but it also is used to actively interfere in Canadian politics.

The Chair: Ms. Calverley, I think we'll call time now because we need to get into our questions. However, if you have further points to make, perhaps you can work them into some of the answers that you provide.

Thank you very much.

Ms. Aileen Calverley: Yes, that's good. Thank you.

The Chair: We will now go to our first round.

Ms. Dancho, you have six minutes.

Ms. Raquel Dancho: Thank you, Mr. Chair.

Thank you to the witnesses for being with us and providing excellent testimony.

I have a few questions for Professor Houlden.

I appreciated very much the way that you laid out your opening remarks. It was great to understand. Having listened to a lot of opening remarks, I really appreciated how well you did that, so thank you.

Mr. Gordon Houlden: Thank you.

Ms. Raquel Dancho: I want to get your expert opinion on a few of the agreements that Canada has not been invited to the table as an ally or as part of several alliances that have been undertaken in recent years in the Indo-Pacific, notably, the trilateral security pact between the U.S., U.K. and Australia, commonly known as AUKUS. Can you comment on whether Canada should be pursuing a seat at the table there?

Mr. Gordon Houlden: I'm in favour of Canada being a joiner. We're a member of more international organizations than almost any other state. However, there is a problem that emerges with Asia-Pacific, with the Pacific in general and even with the Indo-Pacific. With all due respect for our military, for which I have the highest respect—I went to our national defence college at one point—our Pacific forces are extremely modest. We lack even the legs or the means to get our ships readily to Asia without the help of our southern neighbour. A number of our ships are getting older. Our air force is not new. We're a minor player. I think that, as long as that remains true, it's hard for us to be taken as seriously or to be an active member of those organizations.

When it comes to trade, there are more substantive links. We have, obviously, huge people-to-people links because Asia is the number one source of our immigration, etc. The AUKUS arrangement between the U.K., Australia and the United States has a particular focus on defence equipment, which I don't think Canada seems ready to acquire. When you think about our submarines, we went that route once, but it was never finished. I'm a bit skeptical it would happen.

However, I do believe that we should be at more tables in Asia. We shouldn't assume, though, that it's simply a question of asking. Our attention to that region has been episodic. It's alive for a while, and then it dies off. The question will be, in Asian capitals—in my view—whether we are going to show up on a regular basis and whether we can be counted on. If we can generate a sustained effort to be an active part of that region despite the distances, that's a great thing.

● (2035)

Ms. Raquel Dancho: I'm wondering if you can comment as well on the quadrilateral security dialogue. Should we be pursuing a membership here?

Mr. Gordon Houlden: I would say yes. Members are going to ask what we have to bring to the table. I would argue that it is now too modest in terms of the military presence, the political clout and the apparent long-term commitment of governments—plural—in the past. I think this is not something that could be done tomorrow. That right will have to be earned and not simply, “Can we join? Thank you very much.” This is something that might be a longer-term goal, but I think it has to be presaged by that investment—military, political and economic—in the relationships with Asia. Then that fruit might fall into our lap.

Ms. Raquel Dancho: It sounds like Canada has a lot of work to do to be invited and welcomed to the table in these key security alliances.

What would be the impacts to Canada long term if we just allowed the status quo, our presence as it is now, to continue? Can you explain in layman's terms why you think it's important? It sounds like you think it's very important. Can you explain that to the committee?

Mr. Gordon Houlden: I think it will just bump along where we're at. In other words, if you want to know what will happen if we don't do anything dramatic or significant or substantive, it will be like it has been. My warning here is that, historically, when the security situation in Asia has gone very badly wrong, when it has gone south.... I'm thinking of 1941, when the troops in Hong Kong were overwhelmed. I'm thinking of the Korean War, when all of a sudden within months we were fighting with desperation in the Korean peninsula. One could even say that 9/11 catapulted, with almost no warning, into a west Asia conflict.

We are a small player and probably always will be, but if we don't pay close attention and we don't have some substantive contribution to make in terms of hardware, attention and political effort, we'll find ourselves just dragged willy-nilly into situations where we'll be severely impacted and have little warning and little opportunity to shape the response.

Ms. Raquel Dancho: I think about the response we had to the two Michaels and the various agricultural issues we've faced with our trade. It's been talked about at this committee quite significantly how much Canada depends on China for trade, and likely vice versa. I feel that because we're not part of these alliances, we're not being invited to the table and we're not investing in the resources you've outlined, Canada is at risk of being pushed around by bigger players, particularly China, when they want to do something. For example, we recently heard reports that they have set up three satellite police stations in the Toronto area.

Does not having a presence and not taking this perhaps as seriously as we should not impact our options of how we respond to, for example, these satellite police stations that are reportedly in Toronto?

Mr. Gordon Houlden: It's a very complex question, and I appreciate it.

I'm in my 36th year of full-time work on China. In my experience, when it comes to political interference, to espionage if you wish, or to just unwarranted interference, it's a bit like crabgrass: You pull it up but it grows back. The idea that you're going to take one step and it'll be gone is not realistic. I think it takes vigilance.

You're quite right, in my view, that a higher-profile presence in Asia will help, but as I said in my remarks, I think close attention to China itself and having a dialogue with them, being able to speak to senior officials.... I know every Canadian ambassador. I've met every Chinese ambassador to Canada since we established relations in 1970, some of those when I was still just a student. I know that we've had these problems, but some of them have been to go in to speak to the ministers of public security or state security and say, “Look, this is unacceptable. If you do this, we will do that.”

That kind of dialogue is not—

● (2040)

The Chair: Professor Houlden, I'm sorry I'll have to intervene. We're quite over time.

Mr. Gordon Houlden: Of course. Thank you.

Ms. Raquel Dancho: Thank you, Chair.

The Chair: Thank you, Ms. Dancho.

Now we go to Ms. Yip for six minutes.

Ms. Jean Yip: That was a nice surprise.

I want to thank the witnesses for coming at this very late hour to be part of this committee meeting.

My first question is to Mr. Houlden and Ms. Ong.

In your opening statement, Mr. Houlden, you mentioned “Stringent COVID restrictions...have...prevented a resurgence of business visitors”. Can you comment further on that? What is the economic impact?

Mr. Gordon Houlden: We have a very large cohort of Canadians of Chinese heritage. They would normally, and do, start up businesses. They often have or come to Canada with trade contacts, but it's not just those. The officers of not just Asian private companies, but CEOs and CFOs of large Canadian companies would normally be filling those business seats in aircraft between Shanghai and Vancouver, between Toronto and Hong Kong, etc.

Much of the trade is on autopilot and can be done remotely, as I am speaking today virtually, but particularly when it comes to investment, particularly when it comes to a company deciding that they're going to spend a lot of money developing the Chinese market for their products, there is nothing that substitutes for face to face. With COVID restrictions, which are still in place—hopefully for 2023 it will be in a different place—it's a bit like the shoe that didn't drop. You don't know what you've missed if it hasn't happened.

The trade has been maintained more or less on a stable basis, but we can't know what might have happened if we could have had a more normal exchange of business people in both directions. You can't quantify that. I am confident, though, that there are deals that have been missed and that there are exports that could have taken place that did not because of the COVID restrictions, which have also slowed the Chinese economy as well.

Ms. Jean Yip: Ms. Ong.

Dr. Lynette Ong: I think very stringent COVID restrictions have had various impacts on the Chinese economy. I think, number one, it sends bad signals to foreign investors, such as the president of the European Chamber of Commerce who has been making almost weekly press statements, saying how it has actually impacted European businesses and their business confidence in China.

Over the last decade, due to rising labour costs and various costs such as economic de-coupling, companies have been moving their factories abroad and away from China, and that has happened constantly. I think with zero COVID restrictions and how enduring that has been, the trend has definitely been accelerated.

On a much broader scale, I think foreign businesses read that as emblematic of economic policies that are coming out from Xi Jinping's regime—economic policies that are no longer pro business, which are becoming more and more nonsensical just for the sake of maintaining social control. That is coming as a trade-off to business friendliness.

Ms. Jean Yip: You do not see these COVID restrictions lifting any time soon, whether it's for social control or for health?

Dr. Lynette Ong: No. I think a year ago, if you had taken a straw poll of China observers, people would have said that those restrictions might be lifted after the Party Congress, but I think the consensus now is that, more or less, the restrictions wouldn't be lifted any time soon.

I think these COVID restrictions are just a sign of the nature of policies that have been formulated and implemented by Xi's regime lately.

• (2045)

Ms. Jean Yip: In your opening statement you mentioned that President Xi was reducing the role of entrepreneurs. Why is that?

Dr. Lynette Ong: In very simple terms, also for the reasons of increasing state control.

China has always been described as one of state advancement, and the private sector's role being reduced. This is for increasing political control, maintaining social control, and then the party being suspicious of the outside role of entrepreneurs, particularly tech entrepreneurs.

We have seen Jack Ma and various IPOs of big tech firms from China, and how they have been de-listed over the past year.

Ms. Jean Yip: Thank you.

Ms. Calverley, would you like to finish the rest of your opening statement?

Ms. Aileen Calverley: This is what we saw in the recent federal election, where the United Front used WeChat to spread misinformation regarding parliamentarians critical of the CCP in a number of ridings to influence the outcome of the election.

Canada must stand firm in our resolve in providing Hong Kongers with a safe route out of the city and to safeguard their rights, freedoms and security once they are on Canadian soil.

Thank you.

Ms. Jean Yip: What steps do you feel that the Canadian government can take to encourage ethical investing?

Ms. Aileen Calverley: There are two sides we need to consider: the first is legislation, the second is country risk analysis. For example, let me talk about country risk analysis first. I think, a year ago—

The Chair: Excuse me again, Ms. Calverley, but we are out of time for Ms. Yip's round. Hold that thought, I'm sure you'll have an opportunity to finish that one too. Thank you very much.

I'd like to go to Monsieur Bergeron for six minutes or less.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

I would first like to express my enormous thanks to our witnesses for being here this evening. I want to thank them for participating in the exercise, even at this late hour, and informing our discussions of Canada-China relations.

When the former ambassador of Canada to China, Dominic Barton, appeared before the committee on February 5, 2020, he said that relations between the two countries had fundamentally changed in December 2018 and the chill was real.

My question for the three witnesses is very simple: is it your feeling that since the end of the Meng Wanzhou case and the release of the two Michaels, the relationship between the two countries has improved, or are we still in that sort of crisis situation that does not seem to want to right itself?

[English]

Mr. Gordon Houlden: Perhaps I will speak first.

Mr. Stéphane Bergeron: Yes, do go ahead Mr. Houlden.

[Translation]

Mr. Gordon Houlden: Thank you.

My impression is that the situation has changed, but very little. There is still little contact with high-level visitors, scientists and businesspeople. There is no longer a crisis as there was before; rather, there is a situation in which progress is stagnant and there is a lack of trust on both sides. Above all, there is distrust of China on the part of the Canadian public and there are markedly negative attitudes between the two countries.

[English]

Dr. Lynette Ong: Thank you for the question.

Has it changed? Largely no. If you look at the latest Pew Research poll that polls societal views of China, I don't think it has actually recovered, and that is very much in line with the popular opinion poll results of many western societies. People have a lack of trust of China. I don't think things have gone back to normal.

• (2050)

Speaking in a personal capacity, I used to teach a course in China on a Chinese campus. We have no plans of returning to China anytime soon, because things.... You know, there has been a scar, and we know the root cause of the scar. I don't think the root cause has actually gone away, even though the two Michaels have been released.

Ms. Aileen Calverley: Releasing the two Michaels has not changed anything. Actually, many Canadians want to know what happened to the two Michaels, but since they've returned, it's been quiet. In our hearts, the scars are there. They were never repaired. For Canadian and Chinese relations to mend, or continue, Beijing needs to do a lot of work. For now, with the situation in Russia and Ukraine, we start to worry about Taiwan.

This is not a period of time when we feel safe to visit, for example, Hong Kong, to visit Taiwan or to visit China. I think there's still a lot of work to be done to mend the relationship.

[Translation]

Mr. Stéphane Bergeron: Thank you very much.

On March 21, 2022, the American State Department announced new visa restrictions on representatives of the government of the People's Republic of China. The statement by the State Department called on the PRC government, and I quote, to end its genocide and crimes against humanity in Xinjiang, repressive policies in Tibet, crackdown on fundamental freedoms in Hong Kong, and human

rights violations and abuses, including violations of religious freedoms, elsewhere in the country.

My question is very simple: when our closest ally and trading partner is speaking openly of genocide in Xinjiang, how do you explain the Government of Canada's timidity about applying that term to the situation in Xinjiang?

[English]

The Chair: We have time for one answer, Mr. Bergeron. To whom do you wish to direct your question?

Mr. Stéphane Bergeron: I would ask Mr. Houlden the question.

[Translation]

Mr. Gordon Houlden: The word "genocide" is the strongest one of all. Even the United Nations High Commissioner for Human Rights spoke of "crimes against humanity" in the report he produced after his visit.

If we are talking about genocide in the sense of the repression of a minority, I agree. If we are talking about genocide in the sense of the physical elimination of a group, we have to distinguish the genocide in Xinjiang from the genocide of the Jews in Europe. That may be a technical point.

Even though the United States has limited visits by Chinese officials, the President of the United States is going to have a meeting with the President of China. We can strongly criticize the people who are directly associated with the repressive actions and human rights violations and deny them visas, but I think we have to maintain contacts and private conversations with high- or mid-level PRC officials.

[English]

The Chair: Thank you, Professor Houlden.

We now have Ms. McPherson for six minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair.

Thank you to the witnesses for being here. Again, it is very late, and I'm very grateful that you've agreed to be with us. It's perhaps a little less late for Dr. Houlden at the University of Alberta, which is, of course, the university that I went to.

Mr. Houlden, I was going to start with you, if I could. You talked a little bit about the diplomatic failures. It was nine or 10 months that we didn't have an ambassador. But I think it's a larger discussion around Canada and Canada's diplomatic commitments, I guess, to diplomacy. In my opinion, we have privileged trade over development, over diplomacy for far too long.

Can you talk a little bit about what that stagnation looks like, what that lack of investment in our relationship has been and the impacts that have resulted because we have not had an ambassador?

Mr. Gordon Houlden: First of all, I'd say that Jim Nickel, our chargé d'affaires, whom I know very well and who is now going off to Taipei, has done a stellar job in the absence of an ambassador.

Having an ambassador is symbolically important, but it is substantively important as well. It allows better access to Beijing now—not great access but better access. An ambassador is not just there to eat canapés and go for cocktails. An ambassador is there to go in and deliver tough messages, and also, through his or her contacts—her contacts in the case of Jennifer May—to provide Ottawa with great advice.

One request I would have, though, is to keep the expectations on Madam May reasonable. We're sending a talented official. I know her well. She worked for me when I was in Beijing when she was a junior officer. Let's keep our expectations modest. Do not expect her to make a substantive difference in the conditions in Xinjiang. Do not expect her to solve our consular hangover in Hong Kong. If we keep our expectations modest but know that she will be there to provide a strong voice for Canada when we are unhappy....

It may be a private voice. I don't actually believe in loudspeaker diplomacy when it comes to an ambassador in place like Beijing, but, heavens, we have an ambassador in Moscow of all places where there's a war going on.

Let's get an ambassador there. I'm sure she'll be there very soon. Keep expectations modest, but a Canadian voice is necessary, as is a uniquely Canadian evaluation of the situation so that we're not just depending on our allies. I think that's important.

● (2055)

Ms. Heather McPherson: I think it shows a commitment to that relationship and not having an ambassador in place shows a lack of commitment to that relationship certainly.

Another area I'm quite concerned with is we have seen the increase in China playing the [Inaudible] development in Sub-Saharan, Africa. At the same time, we have seen a reduction in Canada's investment in involvement in Sub-Saharan Africa whether that's through peacekeeping, whether that's through international development, whether that's through diplomatic ties.

Could you speak on what the impacts or the risks are to Canada and to the global stability, I guess, when you see situations like the increase of China in Sub-Saharan, Africa at the same time that Canada is decreasing its efforts there.

Mr. Gordon Houlden: At a time in my long past, I worked on Africa for what is now Global Affairs and I've been to Africa. I follow very closely, looking at it from a China lens. Chinese are all over Africa. They're the number one trading partner for most African states.

Africans will tell you, however, that it's not as if the colonial powers covered themselves with glory in their work in Africa. Africans are often a bit uneasy with that experience.

Canada comes in with an advantage. We had no colonial experience in Africa. We're seen as a good partner, but it takes a lot of time and senior-level attention. It takes development funding and it takes active commercial relationships. We will not be able to play a role as high-profile as that of China, but we can play our part. If we don't do that, we just leave the field free for the Chinese and for other non-democratic actors who don't necessarily share our values.

Absolutely we need to be there with spurs on to make sure that we're at least noticed and that we can play a role, but not exaggerating the potential for us.

Ms. Heather McPherson: Thank you very much.

Dr. Ong, did you have anything you would like to add to that as well?

Dr. Lynette Ong: No.

Ms. Heather McPherson: Thank you.

Ms. Calverley, first of all, I want to reassure you that this committee has agreed to do a study looking at investment that will, hopefully, be undertaken soon. Hopefully, we will be able to bring you back at that point.

You did talk a bit during your testimony about threats to Canadians and foreign influence. I would be interested in hearing your perspective on the news that we have heard about the police stations that have opened up. What do you expect from the Canadian government as a response?

Ms. Aileen Calverley: It is very shocking news. Actually, there are quite a few that have opened up in Ontario and one in Markham where I lived.

The Chinese agents have been around, but I think openly. That it's actually the Chinese police, I think this really the first time we've heard that. I think they are openly doing that because there's no legislation. There's nothing to deter them, nothing to punish them.

I think that Canada should have some new legislation. As police from China, they should be agents or government officials. They cannot just open offices in Canada.

They claim that they just help Chinese citizens to renew their passports. They don't need that because they have their own embassy. They have used that to intimidate Chinese citizens in the past to scare them to go back to China to face trial, and then they threaten their families. Now I think, with the police station in Markham, they can intimidate people like us. I have been living in Canada for many decades. Now I feel frightened. I need to install a camera in my house.

I think the Canadian government needs to really look into this because they are Chinese police. They should be considered as agents. There should be legislation that says they need to inform the Canadian government that they are agents.

Ms. Heather McPherson: I'm very sorry that you feel so threatened in this country.

Ms. Aileen Calverley: Yes, I do.

Ms. Heather McPherson: That is horrific.

The Chair: Ms. McPherson, you are way over time.

Mr. Chong, go ahead for five minutes.

Hon. Michael Chong: Thank you, Mr. Chair.

This question is for all three of you.

In the latter part of 2019, the government announced that it would be coming forward with a new framework on China. We know that we still don't have one. It's now morphed into the Indo-Pacific strategy that Minister Joly has indicated will be released at the end of this year, some time before Christmas.

My simple question to all three of you is this: Have you been consulted by the government on the Indo-Pacific strategy?

Mr. Gordon Houlden: From Gordon Houlden, the answer would be no.

Hon. Michael Chong: Thank you for that. I appreciate that.

Dr. Ong...?

Dr. Lynette Ong: Yes, there has been wonderful virtual round table consultation with, I think, someone from Global Affairs.

The short answer is yes.

Hon. Michael Chong: Thank you.

Ms. Calverley...?

• (2100)

Ms. Aileen Calverley: It was not consultation, but we did talk about it.

Hon. Michael Chong: The reason I raised it is that I took note of Dr. Ong's opening statement. I thought it was quite good the way you framed the fact that China is structurally changing. You talked about the changes amongst the elites, the changes amongst the non-elites and then some of the economic challenges they're facing.

One of the things I picked up in your advice to this committee was that, in response to a rapidly changing China, the Canadian government needed to be effective in scenario playing. I'm wondering if you can elaborate on that.

My sense of the government is that it's not very good, not very nimble, at scenario playing. We've been trying to come up with this China policy, this Indo-Pacific strategy, now for some three years. We are the only G7 power that doesn't have a written foreign policy document that you can point to on the Indo-Pacific region, and it seems very painful even to come up with that basic blueprint.

From your knowledge, Dr. Ong, of how Global Affairs works, where are the deficiencies in the department that are preventing us from being more nimble in producing these documents and ensuring that they're regularly updated to respond to the various scenarios that might unfold?

Dr. Lynette Ong: Yes, that is a great question.

In my view, the constant in the very near future, the constant in dealing with China, is uncertainty. That is the only thing that we can be certain of.

I think both politics and economics are going through some very structural and fundamental changes. It could go bad very quickly, or it could just gradually decline. No one can be certain of that.

In a sense, we need to have really strong China endowment, and I know a little bit about Global Affairs. I don't know Global Affairs well enough to say whether or not they have the capacity to amass China resources, people who really know elite politics, people who really know society and people who really know the Chinese economy and formulations to be able to be nimble and to enable Canada to have the adaptive capacity should things turn around very quickly, which I think they will.

Hon. Michael Chong: Thank you for that answer. I appreciate it.

I want to switch to a slightly different topic, which has to do with foreign direct investment into Canada from China and foreign direct investment into China from Canada, the two-way FDI between our two countries.

The reason I want to bring this up quickly is that I know, Dr. Houlden, your institute at the University of Alberta has done research on this. I took note that tens of billions of dollars have come from China into Canada over the last few decades.

I think of what would happen if China ever invaded Taiwan. I think we would see a commensurate response by western allies in terms of sanctions as we've seen with respect to Russia. Because our exposure to two-way trade and investment to China is much greater than that of Russia, I'm wondering what the implications are for Canada if that were ever to happen.

The Chair: We should get a brief answer, Professor Houlden.

• (2105)

Mr. Gordon Houlden: The China Institute has the most comprehensive database of Chinese investment in this country.

You asked a question about if there were a conflict over Taiwan, a vulnerable southern ally. The investment, in my view, would be the smaller part. The biggest effect would be the disruption of supply chains. Look at what happened in Russia and how that has affected the energy sector. A sustained disruption of the economic relationship between China and the west would have far greater effect. As soon as those ships that were en route landed or were turned back, you would see empty stores. You would see absolutely essential inputs to Canadian businesses and to Canadian lives disrupted. We're highly vulnerable to the effects of that trade being disrupted—investment, yes, but especially the trade flows.

The Chair: Thank you for that.

Now we go to Mr. Fragistakos for five minutes.

Mr. Peter Fragistakos: Thank you, Chair.

Thank you to our witnesses.

Professor Ong, I was especially taken by your testimony, which at the outset was really about this point on regime durability. You talked about spoils. You talked about fear. You talked about—in response to Ms. Yip's question—the way the regime has dealt with the middle class, the reduction of the role of the private sector and these kinds of things.

The question is a straightforward one. I take the point on certainty that you raised before, but I think it would benefit the committee if you were to share with us your view on just how durable this regime is. From the outside it looks quite stable, but is it quite stable?

Dr. Lynette Ong: In my personal opinion it is still quite durable, but in relative terms I think durability has declined considerably because I think the foundation of its durability, particularly elite stability, has been eroded.

China has been a country of crony capitalism for many years—since reform and opening up in 1979—and I think in the last 10 years or so the very foundation, the glue, that holds the system together, which is mutual trading of interest and reciprocity, has been eroded by President Xi's anti-corruption campaign. He has really torn the fabric that holds the elite politicians together.

Mr. Peter Fragistakos: Because I have limited time, I'm going to jump to Professor Houlden and ask him the same question.

Sir, how durable is the regime in China in your view?

Mr. Gordon Houlden: Thank you so much.

I've had the opportunity to serve in Canadian embassies in three communist countries on three different continents. It's not an easy question to answer, but the watchword for me—and the reason I'm careful—is that I served in eastern Europe. My job was actually tracking opposition parties in Warsaw. I could see the cracks in the wall. I felt the Soviet Union would collapse. I thought it would take 50 years, but 18 months after I left, it was gone. These are very tough questions.

To me communist regimes have the strength of iron, not of steel. They can be very brittle. When you have disunity at the top, which to me is the most likely cause of change in China—that is, regime collapse—there will be a struggle at the top.

China has spent so much money and effort to manage and control dissidents at the street level, but my money would be on problems at the top. When those will emerge to such a point as to threaten the regime is a tough question. It could be soon or it could take a long time.

Mr. Peter Fragistakos: Thank you.

With my last question, I want to pick up on what Mr. Chong was talking about in economic terms. Which parts of Canada are most exposed to China, in economic terms, and which sectors are most exposed?

In other words, at some point in the future if we were to see western allies, Canada included, put in place sanctions in response to something that China had done—whether it's an invasion of Taiwan or something along those lines—which parts, geographically, of the country would be most impacted and which sectors would be most impacted?

Mr. Gordon Houlden: Who is the question for?

Mr. Peter Fragistakos: It is for you, sir.

Mr. Gordon Houlden: Thank you.

I would say just *grosso modo*—and I'm simplifying—the dependency declines as you move east. It's most severe in western Canada, British Columbia and the prairie provinces, where the percentage of trade with China is higher and most notable in certain sectors, particularly agriculture but also pulp and forestry.

• (2110)

There would be an exception for the Atlantic provinces. If that seafood trade were to disappear overnight, that would be a big issue, but as in my response to Mr. Chong, the overall dependency of Canada in supply chains on China is very high.

It's not just phones. It's auto parts and electronic goods. Chips may be coming from Taiwan, but the chips from Taiwan go largely into Chinese factories and then we get the laptops and phones. That's a very complex dance of inputs and outputs. We are at a high level of vulnerability, and western Canada in particular.

Thank you.

Mr. Peter Fragistakos: Thank you, sir.

The Chair: Thank you, Mr. Fragistakos.

We now go to Mr. Bergeron for two and a half minutes.

[*Translation*]

Mr. Stéphane Bergeron: If I may, Mr. Chair, I would just like to follow up on the question Mr. Chong asked.

This is for all three witnesses. If Minister Joly were sitting at the table this evening and she asked you what you would like to see in Canadian policy on the Indo-Pacific region, what would you recommend?

[*English*]

Mr. Gordon Houlden: I think in fairness I should allow Madam Ong to go first, please.

Dr. Lynette Ong: That is a great question.

If I had the privilege to be in the presence of Minister Joly, I would say that we should double down and probably triple down on our investment on China endowments. We need to understand China inside out.

In my very modest view, on the term “Indo-Pacific”, we talk about the Indo-Pacific because we don't really have a China strategy. The Indo-Pacific is about encircling China from the outside, but we are not getting to the root of the problem. The root of the problem is how we actually tackle China. To me, I haven't seen any detail regarding an Indo-Pacific strategy. I think it's dancing around the question, and the question is how we deal with this rising monster.

Ms. Aileen Calverley: I want to take on this question.

I think a lot of us forget that our pension funds, a lot of the major market funds and all world funds, except U.S., are actually inside that. For example, you mentioned market funds. Over 30% are actually Chinese stocks. If anything happens to Taiwan... We can see the experience from Russia and Ukraine. Russian stock is down to zero. It's just wiped out.

What happens if China invades Taiwan and Chinese stock is actually under sanctions? Chinese stocks would be wiped out. What happens to our pensions? The amount is huge. It's not only pensions and not only stocks. We also talk about Chinese bonds. Actually, in our pensions, in our asset management, we have a lot of Chinese bonds. What happens if all of these bonds default?

That's why it's very important when we can see the Indo-Pacific strategy... I think we need to look at our pensions and Canadian investments in Chinese companies and Chinese bonds. The number will be quite terrifying.

The Chair: That brings your time to a close, Mr. Bergeron.

Now it's Ms. McPherson, for two and a half minutes.

Ms. Heather McPherson: Thank you very much.

One of the things I'm going to ask a few questions about, if I could, Ms. Calverley, is that you talked about the need for a human rights defender strategy for people fleeing violence in Hong Kong. Can you talk a bit more about that, but perhaps talk a bit more as well about what other steps Global Affairs Canada and IRCC could take to support the people of Hong Kong?

Ms. Aileen Calverley: I think that first they need to repair the problem. People who actually got their open work permit to come to Canada somehow could not apply for primary residency. I hope that you can speak to Global Affairs and immigration to fix that.

I think the existing so-called lifeboat is actually a leaking lifeboat, because it has helped only a very small percentage of people. There is a very small percentage of people who can qualify. Human rights defenders—for example, Jimmy Lai—all the journalists and also medical professionals are not covered.

● (2115)

We can see, in the situation in Ukraine, that there's a human rights defender category. Why can't we create the same category for Hong Kong to make the lifeboat more like a lifeboat? Right now, it's leaking. Those people who arrived who actually were interviewed by the Toronto Star, they're scared that they will be sent back to Hong Kong because they got the work permit, but they cannot apply for permanent residency.

This is something that Global Affairs and immigration need to work on.

Ms. Heather McPherson: Thank you.

The other thing, too, is this: Do you believe that Global Affairs and IRCC should work together to facilitate the departure of non-Canadian citizen family members of Canadian citizens? What would that look like, in your opinion?

Ms. Aileen Calverley: I'm sorry, your question...?

Ms. Heather McPherson: Yes, even more broadly, what other steps...? I think you outlined this particular strategy, but I think there are many other things we would like to see Global Affairs Canada and IRCC do together to make sure that people can come from Hong Kong to Canada. I think one of the problems that we have is that we need to listen to experts like you, so I just want to give you this opportunity for just a few more seconds.

Ms. Aileen Calverley: Thank you.

I think they should help those people who, for example, joined the pro-democracy movement. A lot of them were put into prison. Now they're out, but they're not eligible because they have criminal records. However, the record is only for illegal assembly, for example, but they were put into prison for three months so they're not able to come over.

Also, they need to get police certificates. This is something that our country needs to change, because those who move to the U.K. via the BNO scheme don't need to have police certificates. Over 10,000 Hong Kong protesters were arrested. Anyone who was arrested in the past needs to produce a police certificate, but all of them could not produce that.

I think this is very unfair. We say that this is Canada supporting democracy, supporting freedom and supporting Hong Kong, but all those people who fight for democracy, in fact, are the people who cannot come to Canada. I think that category needs to change. They need to give ways—

The Chair: Thank you, Ms. Calverley. Again, we've run out of time for your segment.

We have time for, actually, two more rounds of questions.

Mr. Hallan, I have you down next. Oh, we're going to Mr. Chong. All right. Then that will be followed by Mr. Oliphant.

You two gentlemen will wrap us up today.

Hon. Michael Chong: Thank you, Mr. Chair.

I'd like to explore this issue of the impact on two-way trade in the event that Canada and other allies were ever to sanction China because of some geopolitical event that took place. We know that we roughly export about \$25 billion to \$30 billion a year to China, most of it primary products in agriculture and mining. We know that we import roughly \$70 billion a year from China, mostly a wide range of products like electronics, toys, plastics, machinery, furniture, all the things that consumers in this country consume.

My question is this: Would the disruption be bigger on our imports to this country in terms of the economic impact because the exports are so commodity-based? In other words, because they are commodities, we can get rid of them one way or the other on Chicago or whatever other exchanges are available to sell commodity-based products. Is that a fair assumption to make about the impact on trade—that it would have more of an impact on the imports from China to Canada rather than on the exports of Canada to China?

• (2120)

Mr. Gordon Houlden: That's a very important question.

My assumption would be that the effect of restrictions on Chinese exports to Canada would be more disruptive, at least in the short term. Tariffs would be bearable, and obviously prices would increase, but if we're saying an absolute stoppage of flow, that would be very difficult. Definitely, I believe, the economic impact would take some time to get around.

Even with the difficulties in the U.S.-China relationship under the current president and the previous president, very few American companies actually moved their production out of China. Some did, but they haven't moved it back and reshored it in the United States. Some has gone to Mexico. Some has gone to Vietnam. But are there enough skilled workers available? Are the skills there or the infrastructure? Even in the case of India, it's a real challenge. You can't expect that to happen overnight.

On the export side, I note that on the canola side what happened, to my surprise, was—whoops—we sold our canola somewhere else, and other countries supplied canola to Canada. In some cases, actually, Canadian canola went somewhere else and then was transferred back to China after a perfunctory stop in another port. Both could be problematic.

The greatest would be, in my view, the stoppage of the normal flow of imports. Over time, that could be overcome, but that would take time and I think the economic impact would be quite severe. How severe, I don't know, but I would argue that the need is there for government to at least do a careful study on where the impact would be the greatest, how strategic it would be, which sectors we could cushion and what we could do to lessen that impact, given that it's an unlikely but not impossible series of events.

Hon. Michael Chong: If that's the case, Dr. Houlden, then wouldn't the biggest impact be on the grand consumer belt of the Quebec City-Windsor corridor, where some two-thirds of Canadian consumers live who use those imports? There's some \$70 billion in imports that we bring in from China every year, rather than the exports of some \$30 billion, predominantly from the prairie provinces. Wouldn't it seem to make sense that the bigger economic

impact would perhaps be felt in central Canada as opposed to western Canada?

Mr. Gordon Houlden: In that sense you're correct, in the sense that exports of pulp and paper, let's say, go to India, let's say. India might divert some of their trade to Canada that they would have taken elsewhere, but you're right. If you have an automobile being assembled in Ontario, let's say, in Oshawa, and there are pieces of that—auto parts—that are coming from China, that can't be changed quickly. Over time, it can, but there would be at least a short-term to medium-term disruption.

The net effect overall I think would make the energy problems for Europe look small. It would basically take China out of the equation in both ways, imports and exports.

Hon. Michael Chong: I have a very quick question.

As you know, China banned imports of Canadian canola and pork—and I believe beef—several years ago on spurious grounds.

When China lifted those bans, should the Canadian government have indicated that they weren't prepared to grant whatever permits were necessary for those exports as a signal to China not to try to pull that stunt again?

• (2125)

The Chair: Please give a very brief answer, Professor Houlden.

Mr. Gordon Houlden: You can do that. My worry sometimes is that you get into a tit-for-tat on trade issues. The Chinese can out "tat" you in some sense. They have many levers, and their government can pull those levers so easily.

The Chair: For our final questioning, we'll go to Mr. Oliphant.

Hon. Robert Oliphant: Thank you, Mr. Chair.

To all three of you, thank you for sharing your time, your wisdom and your experience.

Professor Ong, I want to start with you.

I loved your opening statement, which I found very insightful, and also your comment about the only certainty being uncertainty.

In the very near future, looking at October 16 and the gathering that will happen in the Great Hall of the People, the National Congress of the Communist Party of China, what should we be looking for? You talked about the consolidation of power, which we have seen in the last two congresses, and it's getting to be complete. We can feel that the challenges to President Xi's power are limited and have been limited.

Other than the drama—and there's always some big pageantry and drama—and the consolidation of power, what should we be looking for? What insights might we gather from there? Are there any signs that you think we should be watching for or listening for?

Dr. Lynette Ong: I would be looking for the composition of people in the Politburo standing committee. Right now, it's a seven-member committee, which largely consists of people who are followers of President Xi, but there are also two people who are not. I think most people predicted that you were going to have two semi-independent people so that President Xi wouldn't have a clean sweep.

• (2130)

In a sense, that is only symbolic, because we know that power has also been centralized, in effective terms, but I think the coming months, the months after the party congress, are actually more important. After the pageantry, after the big show, what are the policies that are going to be formulated on Xinjiang, on trade and from politics to economy to society?

I think that once the president becomes more confident of his power, of his grip on elite politics, he will be more confident in putting out the rest of the policies that he actually wants to implement. The next three months after the party congress I think are a very critical period.

Hon. Robert Oliphant: Do you think those will be mostly domestic policies around the economy or foreign policies related to, say, the belt and road initiative or African investment? Where do you think his emphasis will be—domestic or foreign?

Dr. Lynette Ong: I think mostly domestic. The big question is what President Xi is going to do about Taiwan, or is he going to do anything about Taiwan? I think that will come in the next five years, whether or not.... People have been debating forever whether China is going take Taiwan back by force. I think that remains an open question, and we will see increasing signs of that in the next five years, I believe.

Hon. Robert Oliphant: Very good. Thank you.

Professor Houlden, I'm going back to you. You were talking about the U.S. and how relations with China are often triangulated with the United States. I'm wondering if you could briefly talk about the risks and the potential of either aligning closely with the

U.S. or diverging far from it. I know that it's kind of a big question, but I just wonder what you might offer us in advice on that. We'll have to do more work on Canada-U.S.-China triangulation, but do you have any thoughts on that?

Mr. Gordon Houlden: That's a super important question.

Of course, that relationship has been negative, and it's getting worse. We're about to enter—it seems to be always the case—more intensive political campaigning in the United States. It won't end until 2024. I think you'll see both parties campaigning on anti-China stances; however, the trade continues. The vast majority of Fortune 500 companies are actively engaged in the China market. They do more trade now in China than they do with Canada, and our trade with the U.S. is huge.

Just to swivel back to your question on elite politics, my own view is that those answers we're going to see very soon are pre-cooked in consultations. When you have a one-party system, the factions within the party become important. Those factions will not be vanquished completely by Xi. I compare Chinese elite politics to water polo. On the surface, it looks like people are passing the ball back and forth very nicely, but underneath the water there's a lot of kicking going on, and we just don't see that.

Hon. Robert Oliphant: Thank you very much.

Thanks, Mr. Chair.

• (2135)

The Chair: Thank you all, Ms. Ong, Ms. Calverley and Professor Houlden. It was fascinating input into the questions that you had tonight. Thank you for joining us and sharing your time with us.

I also want thank our clerk, the analysts, the translators, support staff and especially the technicians as we were proceeding with our business today, they were doing 12 rounds with technology back here. It wasn't easy.

I want to thank you very much for navigating through all of that.

We trust you have a very good week back home with your constituents. We will see you back here on October 18.

Meeting adjourned.

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