



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

43rd PARLIAMENT, 1st SESSION

Special Committee on Canada- China Relations

EVIDENCE

NUMBER 008

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Monday, March 9, 2020

Chair: The Honourable Geoff Regan



Special Committee on Canada-China Relations

Monday, March 9, 2020

• (0955)

[English]

The Chair (Hon. Geoff Regan (Halifax West, Lib.)): This meeting of the Special Committee on Canada-China Relations is called to order. We're now in the public part of the meeting.

Mr. Williamson has a motion.

Mr. John Williamson (New Brunswick Southwest, CPC): Thank you, Mr. Chair. I appreciate it.

Thank you for starting a few minutes early. I really do not want to take a lot of time away from our witnesses today.

Other members of the committee likely received last week the motion that I am putting forward for consideration this morning.

Is it common to read out the motion?

The Chair: Yes.

Mr. John Williamson: I move the following:

That the committee express its grave concern over the arrest of Jimmy Lai Chee-ying, Lee Cheuk-yan and Yeung Sum in Hong Kong, and that this be reported to the House.

To give you a little background, 22 years ago I started working for the National Post newspapers. As we were launching the paper, I had a brief conversation with Conrad Black, who was then residing in London. Mr. Black told me and others that he was coming from the most dynamic news market in the world, that being London, England. I took a moment to correct him and said, "Actually, no. In my opinion, the most dynamic news market in the world is Hong Kong."

Jimmy Lai is the founder of the Apple Daily newspaper. He's a contributor to the Wall Street Journal. It is deeply concerning that he and two former lawmakers in the special administrative region of Hong Kong were recently arrested. I think this does warrant special consideration by the Parliament of Canada. I don't know if members have had a chance to go over the stories around the detention and arrest here. It is the motivation for my motion to raise this.

The challenge here is that the People's Republic of China agreed to fulfill the basic law, and the position of the Government of Canada is not to force upon China obligations that it did not agree to 23 years ago but to fulfill those obligations. Those obligations were to allow the special administrative region of Hong Kong to continue with its system of government, which allows for the free expression and free assembly rights that we hold dear in this country.

I'll pause there, Mr. Chairman, and hopefully move it to a vote.

The Chair: Thank you.

Mr. Oliphant.

Mr. Robert Oliphant (Don Valley West, Lib.): Thank you very much.

As I said in the House on Friday, when the member for Steveston asked a question and as parliamentary secretary I responded, I hope everyone in the House shares the concern about this arrest. We accept the motion, and we would be happy to have a vote on it right away.

The Chair: We will go to the vote.

(Motion agreed to)

The Chair: Thank you very much.

Now we'll proceed to the witnesses.

We have today, as an individual, Mr. Howard Balloch, former Canadian ambassador to the People's Republic of China.

[Translation]

We also welcome Mr. Guy Saint-Jacques, former Canadian ambassador to the People's Republic of China.

[English]

Mr. Balloch, would you like to begin, please? You have 10 minutes.

• (1000)

Mr. Howard Balloch (Former Ambassador of Canada to the People's Republic of China, As an Individual): Thank you, Mr. Chairman.

It's an honour to appear before this committee today.

In listening to some of the deliberations of this committee and the witnesses from whom you have already heard, I note three occasionally recurrent and, in my view, fallacious premises.

First is the premise that China is a frozen-in-time singularity, a monolithic, ideologically driven, unchanging country.

Second is the premise that the policy of broad and fulsome engagement has failed and that it was principally and naively aimed at changing China internally.

Third is the premise that there is out there somewhere, simply waiting to be formulated, a comprehensive and coherent new “China policy” to serve as a course correction for all of Canada’s involvement with this huge and enormously complex China.

Before I say a little about each of these, here is a word on the historical context. When Xi Jinping came to power, there was initially no indication that he would divert China from its 35-year-long road of domestic reform and international co-operation and convergence. But in spite of early reformist indications, in 2014 he launched a comprehensive counter-reform agenda.

He announced the “made in China 2025” program to indigenize and dominate key economic sectors. He reversed SOE reform, halted social and legal reform, suppressed freedom of expression and religious tolerance, especially in Muslim areas, reinforced the great Chinese firewall and greatly expanded state control of the media and the Internet. The aims were clear: to reverse the decline of the party and the state, restore national ideological purity, overcome China’s technological subservience to the west and reassert China’s role on the global stage.

In addressing the first of the three premises, I would remind that China today is not the China of 1959 or 1966, nor is Xi Jinping Stalin or Kim Jong-un. There is no doubt that he has centralized power to an extent not known since Mao Zedong, and that the Communist Party and the Chinese state speak with a single aggressive voice, accompanied by actions that sometimes border on the brutish, as Canada has regrettably learned.

Yet Xi Jinping and the party leadership know that to govern, they need the support of both the population and a broad range of elites. While the state speaks internationally with a single and unyielding voice, there is a broader array of views and voices among the Chinese elites whose support is necessary to Xi’s rule. I personally hear unhappiness among both reformist state and private sector business leaders, and we all hear of push-back in academic circles and among young stars of film and television, and Internet influencers. Throughout all these communities, as well as in think tanks and in progressive internationalist corners of the state bureaucracy, there are many who regret the growing anti-China sentiment abroad and who dislike watching their country leaving the gradualist paths of increased institutionalization of the rule of law and a co-operative foreign policy.

The lack of democratic elections in China does not mean that effective feedback loops do not exist. If I have learned anything about China during some 45 years of observation and 20 years of living there, it’s that China is in constant evolution. Whenever I have assumed stasis for the status quo or that voices calling for change have been permanently sidelined, I have inevitably been proven wrong.

As to the second premise, I would like to dispute that the general policy of engagement with China has failed. Indeed, the widespread and more or less continuous Canadian consensus around a robust engagement with China has brought economic benefits across the breadth and depth of Canada, but it has also helped China improve its food security, become more effective in the fight against international crime, and engage co-operatively on environmental matters and in global efforts to deal with climate change.

• (1005)

It has unquestionably led to a generally co-operative China in multinational institutions, more rules-based behaviour in international trade and economic matters, better respect—not perfect, but better—for intellectual property, and a practice of accepting the rulings of the WTO, unlike the case with some other countries.

It has also resulted in Canadians from a vast array of professions, pursuits and backgrounds building wide-ranging relationships with Chinese counterparts, giving us a collective understanding of, and influence in, government circles and with the leaders of business, academic, and artistic and sports communities. It has produced a very broadly supported positive image of Canada and Canadians among the general Chinese citizenry.

Engagement has always been principally aimed at serving Canadian interests, and only indirectly at encouraging systemic internal change in China. Engagement does not mean making friction-free or good relations the priority. It means playing with a full team of talented players, not playing with an empty net.

We can and do welcome Chinese investment, making sure that the rules we establish for corporate behaviour are strictly followed. When matters of national security are at stake, we can and should use our formidable capabilities and intelligence to determine ourselves whether and how the activities of Chinese companies should be fenced off and limited.

We can and must play defence when required, making clear that there are lines that should not be crossed, lines that need to be defended when Canadians are mistreated in China, when we see misbehaviour on Canadian campuses, when we find interference and even extortion in the Canadian-Chinese communities, or when there is abuse of our unreciprocated press and media openness.

In spite of those who argue for a shift to some sort of containment policy—perhaps encouraged by our friends to the south, who seem genetically programmed to divide the world between friends and enemies—choosing not to engage with China is not a rational option. As it is increasingly internationalist, one of the world's two largest economies, China impacts our interests everywhere: in global capital flows, international financial stability, critical supply chains, and globalizing epidemics. In all matters impacting the earth's commons, from climate change to illegal drug trades and international financial crime, China is and will remain an essential world player.

That Canadians in every walk of life have developed relationships of exchange, trust and influence with Chinese counterparts, who in turn can influence their country's behaviour in their respective areas, is vital to the promotion and protection of real and long-term Canadian interests.

Finally, the fallacy of the third premise is evident from that of the first two. The promotion and protection of Canadian interests and values, which is what foreign policy is, cannot be reduced to a simplistic China policy, as some have suggested. If I were to propose that we should have a new United States policy, you would dismiss me as a simpleton. Canadian interests in and relationships with our neighbour to the south are far too deep and varied to be corralled into a simplistic framework. We have learned that not only does our government need to pursue a close and influential relationship with the administration in Washington but also our country needs to have a vast network of other relationships with congressional, regional, municipal, business, academic and other American leaders. We do not allow the pursuit and protection of our interests in the United States to be derailed by a change in national government, by an unwanted departure from past policies or commitments, or by the particular if not peculiar pronouncements of a leader we have no influence in choosing.

We know that turning our backs on the positive and potential in our transborder relationship is not an option. When challenged, we gear up, not down. We would do well to approach China in the same way.

Thank you, Mr. Chairman.

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

Mr. Saint-Jacques.

[*Translation*]

Mr. Guy Saint-Jacques (Former Ambassador of Canada to the People's Republic of China, As an Individual): Thank you for the invitation, Mr. Chair.

Good morning, ladies and gentlemen.

I am a career diplomat, having spent 39 years with Global Affairs Canada, including 13 years in China: 2 years in Hong Kong and 11 years in Beijing. I was an ambassador for the last four years of that period, from 2012 to 2016.

Today, I would like to discuss three topics: the state of bilateral relations, China under Xi Jinping and, finally, the adjustments required, in my view, to Canada's engagement strategy with China.

Before we get started, let me give you some of my main messages. This committee provides an opportunity not only to take stock of the bilateral relationship, but also to adjust Canada's engagement strategy towards China.

• (1010)

[*English*]

It has become very difficult to remain ambivalent on China after having been victims of their brutal retaliatory measures following the arrest of Mrs. Meng Wanzhou and also knowing how they interfere in Hong Kong and the treatment given to Uighurs and other Muslim minorities in Xinjiang.

Colin Robertson pointed out the following in the *Globe and Mail* last July:

We need a realistic, not a romantic, China policy. It should start with the recognition that China is an authoritarian state, a strategic competitor and systemic rival. It will never follow Western democratic norms because that would destabilize the Communist Party—the root and base of the People's Republic of China.

As a result, we have to review our engagement strategy with China and base our approach on the protection of our values and on reciprocity. It also means diversifying our trade to other countries in Asia. As well, we need to work with partners to reinforce the multi-lateral system. Domestically, we need to react strongly to any interference attempt by the Chinese Communist Party or the Chinese government. Similar to Australia, we need to adopt laws to prevent such interference. Finally, we need to continue to develop our competencies to better understand China, as it is not going away.

Let me turn to bilateral relations. As you know, all official dialogue is suspended. There are very few and limited official contacts. Fifteen months into the crisis, what has been the impact of the strategy pursued by the Canadian government so far? While Michael Kovrig and Michael Spavor have finally had access to a lawyer, there is some uncertainty as to where the legal process stands for them. Their trial could be announced any day. If so, it will take 18 to 24 months before they are sentenced. Once the process starts, it will become a lot more difficult to get them out. I lived through that with Kevin and Julia Garratt. Plus, we have no word from the Chinese supreme court on the appeal of Robert Schellenberg's death sentence. China has warned us that there will be no improvement in the relationship until Mrs. Meng Wanzhou is freed. Unless the judge decides in June that Meng's rights were not respected when she was arrested, and she is then released, her extradition process will drag on for years.

On the trade front, our exports last year to China dropped 16%, or \$4.5 billion, and will likely drop further this year because of the impact of COVID-19 and the trade deal between China and the U.S.A. Plus, we could be subject to further measures if the government decides that Huawei will not participate in 5G development in Canada. In summary, we have to brace ourselves for years of difficult relations.

Howard spoke about China under Xi Jinping. I will summarize my comments here, because I agree with all he said on Xi Jinping. This crisis shows the challenges of dealing with a superpower that ignores international rules when they are not to its liking and does not hesitate to severely punish countries that refuse to obey its dictates. While Canada is not the first country to be at the receiving end of China's displeasure, it is the first time where a country has rallied support from allies. In fact, this also illustrates how China has become a lot more assertive, aggressive and, I would say, arrogant since Xi Jinping took control of the Communist Party in November 2012. Of course, the ongoing crisis related to COVID-19 is having a very severe impact on the Chinese economy. It comes after a difficult 2019 for Xi Jinping, with the situation in Hong Kong not resolved, electoral results not to his liking in Taiwan, the trade war with the U.S., which has slowed down the Chinese economy, and the African swine flu epidemic.

It also makes it almost impossible to meet two of his goals—namely, eliminating poverty this year and China becoming a comprehensively well-off society. For that, he needs growth of at least 5.6%, and I think it's likely to be around 4% to 5%. While there is a lot of popular discontent, I don't think the Xi leadership is under threat.

This leads me to my third point and the key question for Canada and other western countries: Is it possible to have normal relations with China? I would argue that despite the ongoing problems that could mar the relationship for years, we have to look at where we want to be 10 years from now. Despite the slowdown of its economy, and especially the ongoing COVID-19 crisis, China can continue to grow at 4% to 6% for many years. I base this on its urbanization rate, which is still low at about 59%, and its plan to move to an economy where growth will be based on consumption and services. Of course, debt has to be watched. It stands now at about 300% of GDP. All of this is to say that China will remain an important market for Canadian exporters.

In my view, there are a number of measures the government could take, both bilaterally and multilaterally. On the bilateral side, as a starting point we should define our fundamental values and interests. Therefore, there should be no tolerance for freelancing by Chinese investigators in Canada to repatriate economic fugitives and no tolerance for interference in Canadian politics, on Canadian campuses, and in the Canadian Chinese community. As I mentioned earlier, I encourage you to look at the four laws adopted by Australia to prevent interference in its internal affairs. There should be no tolerance for spying by the Chinese government or the People's Liberation Army to gain a commercial advantage. In fact, we should expel Chinese spies when they are discovered, or charge perpetrators of espionage.

As well, I think we should announce that we will no longer pursue a free trade agreement with China. We should launch a special

review of an ongoing collaboration on artificial intelligence. This would be to try to ensure that Canadian technology is not used to put in place the social credit system in China. Also, we should look at the bilateral investment treaty to see if changes are required. We should conduct more rigorous and sustained inspections of Chinese products to ensure they satisfy our safety standards. We should announce that we will redeploy trade commissioners to other countries in Asia and take advantage of free trade agreements while looking at ways to better support companies in China. In my view, we should apply reciprocity in terms of Chinese government access in Ottawa to make it similar to what Ambassador Barton has in Beijing. What I have in mind is that no federal minister should accept an invitation to lunch or dinner at the Chinese embassy.

As Howard said, we have to continue to work with China on global issues, such as climate change—months ago, in fact, I was thinking about pandemics, and now we are in the middle of one—economic issues and nuclear proliferation. There are many areas in which Canada can offer a lot to China.

Huawei has been discussed a lot. I worked on this issue when I was ambassador. I think we should open the 5G process to all public companies and adopt a position similar to that of the United Kingdom. So far, the approach pursued by CSE, whereby all equipment is tested before being deployed in Canada, has worked. Again, the government, and business for that matter, will have to increase their capacity to understand China better and to ensure a well-informed and more sophisticated approach to China.

On the multilateral front, clearly Canada is not in a position to criticize China much by itself on its trade practices or human rights. We must recognize that our capacity to influence is very limited. As China is concerned about its international reputation, we should continue to seek support from allies, including in Asia from Japan, South Korea, Vietnam and Singapore, to *démarche* the Chinese government to release our prisoners, but we should also think about developing a strategy to join efforts on issues of common concern in order to prevent China from punishing another country that does something that displeases it. We should also make joint *démarches* in Beijing on the situation in Xinjiang or human rights abuses and call on China to respect its own constitution and improve the way it administers justice. This is also important to reassure foreign investors.

● (1015)

We should also look at ways to better support democracy in Hong Kong and Taiwan. We should work also with allies on common approaches to Chinese opposition of foreign technology and investment in general, on ensuring that China delivers on the promises it made when it joined the WTO, and on pushing for the respect of international norms, so as to ensure that the multilateral system works and is not undermined, and that obligations apply to all.

In conclusion, as Kurt Campbell and Jake Sullivan pointed out in the September edition of *Foreign Affairs*:

The best defence of democracy is to stress the values that are essential to good governance, especially transparency and accountability, and to support civil society, independent media, and the free flow of information.

● (1020)

[*Translation*]

Thank you for your attention. I will be happy to answer your questions.

The Chair: Thank you very much, Mr. Saint-Jacques.

[*English*]

We now go to the first round of questions or comments by members, a six-minute round.

Mr. Genuis.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you, Mr. Chair.

I want to thank both of you, not only for your testimony today but for your service to Canada.

I want to start with Ambassador Saint-Jacques. Sir, you mentioned the Garratt case, which is, of course, of great interest to this committee. The Garratts were released, and of course, we're hoping for a similar outcome in the present cases. I wonder if you could share a little bit, briefly, about what led to success in the context of the Garratt case.

Mr. Guy Saint-Jacques: Well, it started in a similar fashion, inasmuch as we had received a request from the U.S. to extradite Mr. Su Bin, who was a Chinese person living in Vancouver and who was wanted for spying activities. A week later, unfortunately, Kevin and Julia Garratt were arrested. We went through a very similar process whereby we couldn't have access to them during the interrogation phase. We knew that they were detained in a location near Dandong. Finally, after a lot of pressure we were able to have consular access, but they didn't have access to their lawyers.

What changed was that, contrary to the Chinese government's expectations, Mr. Su Bin made a deal with American authorities, agreed to a plea bargain, and therefore waived his rights and was extradited rapidly to the U.S. In the meantime, the legal process for Mr. Garratt started. In the Chinese system, once you are formally charged, you are found guilty 99.9% of the time, so it was just a matter of time.

This started back in August 2014. It was under the previous government. Despite all attempts by Minister Baird and by the Prime Minister—Mr. Harper also raised the issue of the Garratts with the

Chinese leadership—and despite pleas by the then Governor General Mr. Johnston, there was no success. Finally, when Prime Minister Trudeau made his first visit to China at the end of August, we used this to negotiate a way out.

In fact, the Chinese government was angry every time a Canadian leader would raise high-profile consular cases in bilateral meetings, so they insisted on creating a new dialogue. We had a whole slew of dialogues. This one would be on national security, and they said it would be the one in which we could discuss high-profile consular cases. We said we would agree to the creation of this committee, provided it would be named the national security and rule of law dialogue.

They also wanted to discuss an extradition treaty. We kept telling them we were not going to negotiate an extradition treaty that would never be able to meet our standards, but I saw this as a good opportunity to discuss how law works in Canada. The first meeting of that committee took place in September 2016, two weeks after the visit of Mr. Trudeau. That's where we were able to negotiate.

The Chinese completed the trial. They sentenced Mr. Garratt and then agreed to expel him.

Mr. Garnett Genuis: Thank you.

Just to follow up on that, in Jonathan Manthorpe's famous book *Claws of the Panda*, he wrote this about this case, which is similar to what you said:

The price of Garratt's release appears to have been an extradition treaty. Ottawa soon issued a communiqué: "The two sides determined that the short-term objectives for Canada-China co-operation on security and rule of law are to start discussions on an Extradition Treaty and a Transfer of Offenders Treaty as well as other related matters."

You used the term "negotiate" the release. In August, Bill Morneau was in China, and it was at that time when he announced Canada's desire to enter the Asian Infrastructure Investment Bank. We have the implication in Mr. Manthorpe's book that there was a sort of quid pro quo around the beginning of those extradition discussions and the release of the Garratts. Is this what you mean by negotiation? Was there some kind of quid pro quo here?

● (1025)

Mr. Guy Saint-Jacques: Well, with all due respect to Mr. Manthorpe, he is wrong on this, because I was closely involved in all of these discussions. Again, we were very clear with the Chinese. We agreed to discuss an extradition treaty, and again, it was in a way to try to make them improve the way they administer their own justice. We were telling them that the way the proof was put together would not stand the light of day in Canadian courts.

Therefore, this was totally separate from other issues. This was, of course, a very important issue for the Canadian government to get the release of Kevin Garratt. At that time, Mrs. Garratt herself had been released on bail, which I had to sign for. In my view, the decision on whether to join the Asian Investment Infrastructure Bank was totally separate. It—

Mr. Garnett Genuis: Can I just ask a quick question? It wasn't perceived as a quid pro quo in your mind. Is there a possibility that this was interpreted on the Chinese side as involving some kind of quid pro quo around some of these policy decisions that were taken at the same time, or in the same visits, that the Garratt issue was discussed?

Mr. Guy Saint-Jacques: There was no quid pro quo, in my view. I think it was very clear. We had many discussions with the Chinese, and we always outlined the view of Canadians that they saw the arrest of Kevin and Julia Garratt as outrageous and that this had to be resolved before the relationship could move forward.

The Chair: Thank you.

Mr. Fragiskatos.

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

This is the third or fourth time my friend Mr. Genuis has brought up or referred to matters of extradition. I know we have witnesses here, and I certainly have questions for them, but I think it's important, for his knowledge and for the committee's knowledge, to put things into context. I was able to dig up some information—before I am perhaps accused of bias by my colleague, it comes from the National Post—that under the previous Conservative government, 330 individuals were returned to China from Canada.

To quote from the article, “Documents obtained with an access to information request show prime minister Stephen Harper told Chinese leadership in 2014 that he was eager to collaborate on the return of fugitives.” In fact, China's ambassador to Canada at the time, Luo Zhaohui, praised the Harper government for this policy. Since Mr. Genuis referred to the word “extradition”, and has brought it up here several times in the past, I think it's important for our committee and for the record to reflect the entire context.

I will turn to Mr. Balloch first and then to Mr. Saint-Jacques on the same question around first principles. Both of you have said that the relationship between Canada and China is critically important. I want to begin by looking at a very general question. What is it, in both of your minds, that Canada and Canadians do not know about China that they ought to know? It is a very general question, but I think it is, in many ways, “the” question. We know the United States. They're our lead trade partner. We've had ongoing relations with them for so long. It's true that we have had ongoing relations with China for so long, but I think there are huge misunderstandings between our two countries. What is it we ought to know about China that we don't?

Mr. Howard Balloch: Mr. Chairman, can I take three and a half days to answer that question, please?

Voices: Oh, oh!

Mr. Howard Balloch: That's a very complicated question. Well, the question is not complicated—the answer is complicated.

China is a vast place. If you think of it historically, it has been more or less unified for a very long time, unlike Europe, but it is bigger than Europe, and it is culturally more diverse than it appears ethnically, so to understand.... There are a lot of Canadians who understand the China that they see. The China of the south, the China

of the northeast and the China of the far west are all very different cultures, in spite of the fact that the Han ethnicity dominates the place so we tend to think of it as unified. It's less unified than we think.

In fact, the history of China has been a history of unification, and then, gradually, dynasties fall apart as regional interests overwhelm the central pull. That's one of the things that Xi Jinping fears. It's that the centre won't hold. It's why he pushed back hard against 30 years of change, which was leading to a weakening of the party's influence around the country. He pushed back to try to reverse that.

What is interesting about China is that it is changing. One of the great things that Mao Zedong did—there were many more things he did that were bad—was that he turned a more or less completely illiterate society into a literate society. We see the benefits of that today, when we see Chinese students in all our universities and all over the world. We see the young China becoming more and more worldly.

There's one thing that I would say Canadians should recognize. It's that China is in the midst of a very big transition, and it hasn't reached the end. We don't know what the end is going to be in terms of what happens when a highly literate and increasingly educated society becomes comfortable in their life and looks to expect other things, such as greater respect for the rule of law and seeing that their interests are responded to in some kind of political process. It will take time, but it will keep changing.

We saw the beginnings of that huge change between 1978 and 2014. That was almost continuous—not always at the same pace but almost continuous—and it's only in the last five years that we've seen this kind of counter-reform.

In terms of the changes that we were helping to make in those early days when I was ambassador, which is a long time ago now, at the time of the turn of the century, we helped to establish their National Judges College, where we taught the international principles of the rule of law, the right of legal counsel and all those things. Our Supreme Court justices, members of the Quebec court, which is particularly applicable because of the civil code, and other members of our judicial hierarchy came over to teach the Chinese, who wanted to learn.

One thing I would say is, don't assume China has stopped changing.

● (1030)

Mr. Peter Fragiskatos: Thank you very much for that, Mr. Balloch.

I probably only have about 10 seconds, Mr. Saint-Jacques. Could you at some point in the hearing today expand on the argument you've brought up before? It is, and I'll quote you, “We also have to cultivate expertise on China in all areas of the public service to ensure a well-informed and more sophisticated China policy.”

If you could tell us how we can do that, it would be helpful.

[*Translation*]

The Chair: Mr. Bergeron, you have the floor.

Mr. Stéphane Bergeron (Montarville, BQ): Thank you, Mr. Chair.

Thank you, gentlemen, for joining us today. I thank you for your insights that are extremely relevant to the work of this committee, as well as for the work you've done in your respective careers.

You will certainly have an opportunity to follow up on my government colleague's question, but both of you have stressed the need for Canada to, first, not accept arrogant and unjustified, even illegal, behaviour from China, particularly towards Canadian companies or nationals, and then to react.

That's the dilemma we face: we feel a bit like the ant next to the elephant. What can we do about it? What suggestions would you have for the members of this committee as to what Canada should do in response to China's unacceptable behaviour towards Canadian citizens or Canadian companies?

Mr. Saint-Jacques, more specifically, you mentioned four Australian laws. You didn't have time in 10 minutes to say much more about them, so perhaps you'll have time to do so when you answer this question. Australia being a middle power, like Canada, we're certainly interested in that.

• (1035)

Mr. Guy Saint-Jacques: Thank you for your question, Mr. Bergeron.

First of all, with regard to your first question, I think we need to adopt a much stronger language with China. As soon as we discover a case of interference in Canadian affairs, we have to react. However, there is a difference between influence and interference. The role of an embassy is to try to be as influential as possible. When you send ambassadors abroad, you expect them to become friends with political leaders, economic leaders and academics. So they develop a network, and it is the value of that network that determines their own value.

That said, China expects self-censorship. You see it on Canadian university campuses, where some sinologists are not very critical of China, I think. Maybe it's because they don't want to cut off their access there.

The only language China understands is the language of firmness. For example, when I was ambassador, we negotiated an agreement under which Chinese investigators could come to Canada to meet with fugitive economic criminals. A protocol was established so that there would necessarily be a Mandarin-speaking member of the RCMP at all meetings. At the end of one visit, I was informed by CSIS officials that there had been meetings outside of this framework. I asked them to provide me with the necessary information, and I went to see the Deputy Minister of Public Safety.

I asked him how the visit went. He told me that it went very well and thanked us for our collaboration. I asked him how he would feel if, after receiving guests in his home, he discovered that the silverware had disappeared. He asked me what I meant. I told him that his staff thought they were very smart and I showed him what they had done. I told him that if it happened again, a Chinese inves-

tigator would never come back to Canada again. He said that no one was going to violate the memoranda of understanding. So I think that's what needs to be done in all areas.

I'd now like to turn to the four laws in Australia. The first is the creation of a register in which all former politicians and senior officials working for a foreign state must be registered. I think that's a good way to ensure more transparency.

The second bill, which was passed, was aimed at preventing interference within the Australian political system, but also within the Chinese-Australian community and on campuses, through rules and punishments.

The third bill created a superministry where intelligence and security matters were consolidated to better address national security issues.

Finally, the last bill was about foreign donations to political organizations. The law now prevents such donations.

Mr. Stéphane Bergeron: Mr. Balloch, would you like to add something?

Mr. Howard Balloch: I completely agree with Mr. Saint-Jacques. I think we need to work with the provinces as well, because they also have important responsibilities to prevent Chinese interference on our campuses and in Chinese-Canadian communities.

[*English*]

I have nothing particular to add on how we do it. I would seek our experts to figure out what we watch for in terms of their interference and how we align proper penalties for breaking those, but I would be very strict. We hear it all the time; people come innocently to Canada, to work in our graduate schools, and then they get a phone call that they are supposed to do something, or not do something, at the request of the Chinese consulate or embassy.

There is a lot we can do. It needs to be looked at. I agree completely with Mr. Saint-Jacques: We need law.

The Chair: Mr. Harris.

Mr. Jack Harris (St. John's East, NDP): Thank you.

Thank you to both of you for your excellent presentations and for your service to Canada in your former roles.

I hear you when you say that there is no such thing as a China policy writ large, but surely this is what you're telling us to do. We need more policy. We need to be firmer with this. We need to have rules about that. We need to take action on this, that and the other thing. Fair enough, because that's what we're here for, I think. It's to try to figure out what those elements are.

Let me just put it to you that the material we received from Global Affairs Canada noted that of Canada's top 10 exports to China in 2018, eight were either natural resources or agricultural products that are "vulnerable to sudden and arbitrary trade disruptions", which we've seen, of course, in the past year. Given that, and given your suggestion that we follow the route of Australia, to some extent, in terms of some of the rules—we saw what happened to them in the years following that, as well as to Norway—should we be prepared to accept, in doing this, that with these kinds of disruptions, we can't count on having agricultural trade with China even though it's helpful to our food security, etc.? Would that be what we'd be inviting if we started adopting these rules holus-bolus? I'm not saying that we should or shouldn't; I'm just asking you if that would be the result.

My question is for both of you.

● (1040)

Mr. Howard Balloch: We have many interests in China, absolutely. On the export file alone, agricultural and raw materials are very important. We also have a lot of services interests in China. China also has significant interests in our country. If they start taking specific measures against our goods, we should absolutely look at taking specific retaliatory measures. As Mr. Saint-Jacques said, the one thing that China respects is firmness. They don't respect weakness. We should of course try to persuade them that this is the wrong way of trying to resolve disputes, and I think giving in when they are using leverage like that is the wrong response.

Yes, we should have measures. Those don't need, I believe, to be incorporated into law. Those are government policies that can be applied. We've just seen the United States say, in response to the kicking out of some Wall Street journalists, that the Chinese media in the United States has to cut its staff by 40%. That's a good message of reciprocity. Reciprocity is a good principle.

Mr. Guy Saint-Jacques: I agree with Howard.

I would add that in fact that's why we need a strong WTO. The problem with China is that they are expert at using non-tariff barriers, and by this I mean, for instance, phytosanitary reasons. I had to get involved many times to resolve issues related to blackleg in canola exports. That's why we negotiated an agreement back in 2016, which was supposed to be in force until March of last year. It was to ensure a steady flow of Canadian canola exports, but the Chinese, again, are expert at...

I think the message to China should be that we have no problem with them being a superpower and playing a larger role on the international scene, as long as they are a better global citizen and as long as they play by the rules. That's why we need to work with allies to counter those attempts where they are respecting the rules when it suits their purposes—otherwise, they will just penalize you.

We should even welcome them to join the CPTPP, but again, as long as they play by the rules. The message should be loud and clear. In that regard, I think our policy should be different from that of the United States.

Mr. Jack Harris: The issue of human rights, of course, has been raised as a big issue in China and elsewhere. I want to raise one issue that has to do with human rights, obviously, because it affects so many Canadians, and that's the issue of fentanyl. It's known to be produced in China and imported widely, and it has caused many thousands of deaths in this country.

As a case study, shall we say, gentlemen, with your experience, what efforts can or should Canada make to do something about that and to stop the importation or the illegal production and obviously infiltration into Canada of this terrible drug that has caused so much damage? Is it a Chinese policy to infiltrate Canada with this drug? Or is this something we need to deal with seriously on a criminal level? Also, why would China not co-operate in such a move?

The Chair: In 53 seconds, please.

Mr. Guy Saint-Jacques: In fact, there has been a lot of collaboration on this. It started when I was ambassador. The RCMP liaison officer was very active on this. Every time we had the chance, we impressed on the Chinese that they had to regulate the laboratories and stop the export of fentanyl. In fact, that's why we tried to develop collaboration with them in various fields. It was so they could be more forthcoming on this issue.

I think it has started in the right direction. I don't know where it stands now because I don't have the latest knowledge, but we were up to at least being able to sensitize them that this was a huge problem in Canada.

● (1045)

The Chair: Thank you, Mr. Harris.

Now, for the second round of five minutes, we have Ms. Alleslev.

Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC): Thank you, both of you. This is phenomenal and very important around what Canada needs to do going forward.

Mr. Saint-Jacques, you made some very important recommendations in your opening remarks. I wonder if I could clarify or get more information on the one that talked about protocols around reporting. Did I understand you correctly in that you're suggesting we would need protocols for Chinese diplomats for any meetings that they or their proxies have with any level of government officials, Crown corporations or academic institutions? Could you give us some thoughts on that?

Mr. Guy Saint-Jacques: Well, I didn't go that far. I just said that in every aspect we should base our approach on reciprocity. By reciprocity.... You had Dominic Barton here. He has very limited access, as do the staff of the embassy. Well, then, why should we trot to the Chinese residence to have a good Chinese meal for lunch or dinner? I think we have to be conscious that we are going through the worst crisis in the relationship. We have to be consistent in our signalling.

This being said, of course, you may say that I'm contradicting myself, because we have to find ways to continue. However, speaking with the Chinese takes many forms. I have advocated that in fact we should give a one-pager to Chinese visitors coming into Canada to explain why we are stuck with Mrs. Meng and explain the Canadian position. We should use Chinese media like WeChat and Weibo to explain our policy, because there is a reservoir of goodwill in China on Canada, and many Chinese, in fact, are bit surprised at the harshness of the treatments handed out to Canada.

Ms. Leona Alleslev: We should investigate it further in terms of putting some protocols in place.

Mr. Guy Saint-Jacques: I would say that we have to be clear on where we want to go and base our approach on reciprocity.

Ms. Leona Alleslev: Perfect.

In the second recommendation, you talked about expelling spies. What you didn't mention were perhaps protocols around enhanced review of the processes for Chinese companies doing business in Canada. We know that the Chinese have the national intelligence law, in which articles 7 and 11 demand that “[a]ny organization or citizen shall support, assist and cooperate with the state intelligence work”, no matter where they are. We also know that 70% of foreign-funded companies have party membership in them.

When we're looking at Chinese companies doing business in Canada, should we be actively enhancing our processes to ensure that we are protecting our intelligence and our free market?

Mr. Guy Saint-Jacques: Well, on this I would say we are in charge. This is our country. These are our laws, our regulations. We welcome foreign investment, but people have to comply.

On that, this should be consistent for all companies. You are welcome to invest in Canada, but we won't tolerate any attempts to circumvent rules or anything like this.

Howard.

Mr. Howard Balloch: Something I would encourage you to look at is an actual tightening of the Investment Canada Act. We now have rules that insist that takeovers by state-owned companies act like Canadian public corporations in terms of transparency and activity. I think that can be tightened without any damage to the inflow of foreign investment. If they come here, as soon as they are

here they should be transparent. They should be absolutely strictly watched to ensure they abide by Canadian law.

Mr. Guy Saint-Jacques: If I may add, you were told by a previous witness that the total amount of Chinese investment in Canada is about \$16.7 billion. Well, the actual number is \$90 billion. The China Institute of the University of Alberta has done a thorough review, which changed the picture: \$90 billion is quite different from \$16 billion.

• (1050)

Ms. Leona Alleslev: Absolutely, but wouldn't you say that the national intelligence law of China, as stated here, is in conflict with Canadian law already?

Mr. Guy Saint-Jacques: Well, there could be extraterritorial applications. That's what we should be concerned about. In fact—and I've listened to some of the comments of Ren Zhengfei, the CEO of Huawei—no Chinese company can refuse a request from the Chinese government to provide information. We know that Alibaba, Tencent and JD.com are providing all the information to the Chinese government to put in place the social credit system. It's a concern. We have to look at ways in which this could have an impact in Canada.

Ms. Leona Alleslev: Please go ahead—

The Chair: I'm sorry, the time is up.

Mr. Oliphant.

Mr. Robert Oliphant: Thank you very much, Chair, and thanks to both of you for being here today.

As recently as yesterday, I was asked what keeps me awake at night in my job as parliamentary secretary, and it is, without a doubt, consular issues. It is, without a doubt, Canadians around the world in various states of turmoil or detention, etc. The issues that keep me probably the most awake are the issues of arbitrary detentions like those of Michael Kovrig and Michael Spavor, as well as the arbitrary resentencing of Mr. Schellenberg.

Maybe I'll start with you, Mr. Saint-Jacques, because I know that you have a personal interest in this and a care that you've expressed. You're both saying in various ways that engagement needs to be realistic, and not romantic, but that it is necessary. We cannot not engage with China.

I've been working on this for many months now, and I have not found a silver bullet in terms of how to engage, at what level to engage, how to demand and how to express how Canada should be operating in this world right now, given our extradition agreement with the United States, given our court proceedings that are continuing and given our absolute concern for the well-being of Canadians arbitrarily held in detention.

I want to push a bit on that for your advice with respect to what in the diplomatic tool kit we may not have been doing and what we can do more of. We have unprecedented numbers of allies we are working with, and other countries haven't done this, but it's not working yet. I've been told by some ambassadors from other countries that we have to settle in and recognize that it will be a while, but I'm anxious and I'm impatient.

I'm wondering if you could help us with that.

Mr. Guy Saint-Jacques: I would say that consular issues kept me up at night as well. When I was the ambassador, we had two Canadians who were executed on drug charges despite all the pleas that Prime Minister Harper wrote to Xi Jinping the day before one was going to be executed, to no avail, and Governor General Johnston had raised this. Of course, having worked with Michael Kovrig and having recruited him to come to Beijing, I think about him every day.

Again, I would base all of this on our values and, again, we should not compromise. We need to explain and we should explain why those values are important to Canadians, and we need to be consistent in the way we address this. This means that, assuming that we will have a more official contact with the Chinese and at some point relations will resume, we have to explain why we won't tolerate behaviour that we see as bullying or as that of a spoiled child, because in many ways I believe China is now acting like a spoiled child.

Again, we need to explain that, look, Canada has been very helpful to China. As Howard said, we have helped to modernize their legal structure. When I arrived in China for the first time, in Beijing in 1984, they had about 200 lawyers that we helped to train, and the level of justice has been moving in the right direction.

Mr. Robert Oliphant: Could I ask what it looks like to not tolerate? I'm trying to push you on that. What does that look like?

• (1055)

Mr. Guy Saint-Jacques: There are ways.... I would distinguish what you can do here, because we now see more and more instances of interference where we need to push back. I don't think we have been very good at reminding the Chinese of everything that Canada has done, especially through the \$1-billion aid program that was terminated in 2013, which helped to create the dairy industry and improve the pork industry. We helped to create the ministry of environmental protection and so on. Everywhere I travelled in China, people would come to me and thank Canada for what we had done.

Again, Canada is well perceived. That's why there are children of leaders who have studied in Canada. Proportionate to our population, we have a much larger number of Chinese students than the U.S. does. Canada is very well perceived for all kinds of reasons.

In terms of pushing back, this has to be done in a respectful way. That's why I would argue that in some cases we have to go in jointly with partners, not with a megaphone, but just to say, "Here are our views."

The Chair: Thank you, Mr. Oliphant.

Mr. Albas, you have five minutes.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

I'd like to thank all of our witnesses for their service to this country. Their ongoing expertise here today is most welcome.

I'll start with Mr. Saint-Jacques.

You had an editorial in December 2019 in the Vancouver Sun. You argued that Canada "should react quickly and firmly when we find instances of interference in Canadian affairs, including among Canadians of Chinese origin, espionage activities or attempts to limit debate on Canadian campuses." It seems your testimony today reaffirms that.

This weekend I happened to see, on social media, that a school district—No. 43 Coquitlam—superintendent was being interviewed and admitted, through that interaction, that her school district actually felt it was completely appropriate to be taking funds for different activities from the Chinese government. Now, I've never heard of a foreign state actually funding these things. I don't know all the details. I'd like to see those details come out.

Sam Cooper this morning wrote in his Twitter feed that since the early 2000s, a former PLA officer and developer Li Zhe started making rounds with Vancouver area mayors, obviously taking them to China on different junkets. This became quite an issue in 2007.

I've never heard of this happening at the local government level. Have you heard of these things? What should we be looking to do in this matter? In your estimation, how far up the political scale does this go?

Mr. Guy Saint-Jacques: Well, I'm not aware of cases where a local school would have received money from a Chinese entity.

This being said, I think that many schools and universities are struggling with, for instance, the Confucius Institute, because they don't have the resources to offer Mandarin training. Just to come back to what Mr. Fragiskatos was asking earlier, we need to develop our expertise on China, and that means learning Mandarin and getting more young people to visit China to learn the language. Universities are struggling. They don't have resources to create their own courses. Here comes the Confucius centre, which says, "We'll take care of this", and of course, their curriculum is biased.

I would say also that a number of members of Parliament have been to China on trips paid for by the Chinese government, but in fact, I think we have done some of that ourselves in the past. Probably it would be necessary to clarify the rules that apply. On the one hand, again, I think we need to develop—and I would encourage you to develop—links with the Chinese Communist Party, because we need to understand them if we want to try to influence them, but at the same time, probably this should be done using our own money.

Mr. Dan Albas: Yes, and that was going to be my question. Who is paying for it, and what is, as Mr. Genuis remarked earlier, the quid pro quo attached to it?

Are there any other issues? I know that Waterloo had publicly issued its desire to know, from our security establishment, what parameters they should have when they're doing contracts with certain companies. At the time I asked, they said they had not heard anything back.

Should there be a public display of these things, in terms of what the policies should be? Should the government be developing those policies and giving that insight? Where appropriate, should the government be funding those kinds of cases when these contracts are having to be cut?

• (1100)

Mr. Guy Saint-Jacques: Well, in fact there are more efforts being made now to sensitize, especially academics, regarding some aspects of collaborating with China. When I was ambassador, I recall discussing with some academics. They were working on projects that were getting close to the commercial phase. I said, “Who owns the intellectual property on this?” They said, “Well, I'm a researcher. I don't...”, etc. I said, “No, no, you have to be concerned about this, because this could have high value.”

Also, we have to be concerned about technology that could have dual uses. Therefore, on this, I think the government has in place good controls to prevent this. That's why I was saying earlier that on artificial intelligence we need to have another look, because with things like facial recognition there are some dangers.

The Chair: Monsieur Dubourg.

[Translation]

Mr. Emmanuel Dubourg (Bourassa, Lib.): Thank you, Mr. Chairman.

Good morning, gentlemen. Thank you for your testimony this morning.

I'd like to talk to you about Huawei. It is well known that this is one of the elements in our current relationship with China. I saw recently in the media that Canadian companies, such as Telus, are asking the government to allow Huawei to install its 5G network.

Mr. Saint-Jacques, you've talked a lot about Australia banning 5G, unlike the UK, which wants to move forward.

Although companies like Huawei claim to be independent, former ambassador David Mulrone advises the government to keep in mind that there is no truly independent Chinese company.

In this context, what can you tell us about the decision we need to make on Huawei?

Mr. Guy Saint-Jacques: You'll understand that there's a great diversity of views on this issue.

I think we need to pay special attention to security issues, because these are fundamental issues for our future prosperity.

I know there are many Canadian companies that have unfortunately had their technology stolen. Maybe they weren't careful enough. That's why I was saying earlier that we have to react and lay charges every time something like this is discovered.

As far as Huawei is concerned, I think the memorandum of understanding that was put in place to allow it to work in Canada has worked well. All its equipment is tested before it is used in Canada. The Communications Security Establishment is doing an excellent job of that. It's important.

As I said in my remarks, perhaps the solution would be to say that all listed companies are invited. This would force Huawei to make a strategic decision: should it create a company listed in Canada, which would be listed on the TSX Venture Exchange in Toronto? This could bring more transparency to its operations, especially if there are Canadians on its board of directors.

Of course, we must continue to monitor it very closely to ensure that there are no problems. The 5G is much more complex than 3G or 4G, but Canada will have to make a Canadian decision on this, taking into account all points of view.

• (1105)

Mr. Emmanuel Dubourg: I thank you for suggesting these potential solutions.

Very quickly, like my colleague Mr. Oliphant, I would like to return to the cases of Michael Kovrig and Michael Spavor.

You have both been ambassadors to China, and Mr. Saint-Jacques explained how long this process could take. If you were currently ambassador to China, what other action would you take to ensure that these two gentlemen are released more quickly?

Mr. Guy Saint-Jacques: This is an extremely difficult situation. The previous government faced the same difficulty in the cases of Kevin and Julia Garratt and Huseyin Celil, who is still being held in Urumqi, Xinjiang. These issues are very difficult and require a consistent and coherent approach and repeating the same messages.

In this case, as soon as China began to apply punitive measures against Canadian trade, there should have been an immediate response. In the case of canola, we should have gone to the World Trade Organization, WTO, right away to protest. China is a member of the WTO, so you have to use that kind of forum.

I think we need to show China everything we won't do to help it. There is a lot of collaboration between our countries, especially in the area of health care—China envies the Canadian system—and in the area of stock market and financial controls. We can help in a number of areas. So we have to tell them that until things improve, we will not help them.

Mr. Emmanuel Dubourg: Fine. Thank you.

The Chair: Mr. Bergeron, you have two and a half minutes.

Mr. Stéphane Bergeron: Would you have gone as far as retaliatory measures in addition to an appeal to the World Trade Organization?

Mr. Guy Saint-Jacques: I think we need to react. We now have a \$51-billion trade deficit with China. That worries me.

Why don't we do more extensive inspections, for example, to make sure that children's toys coming into Canada do not contain lead paint?

In addition, 70% of the apple juice and 60% of the frozen fish in Canada comes from China. Are we sure it's safe to eat? We might have some surprises on that side.

Mr. Stéphane Bergeron: It is therefore a matter of using the same strategy as the Chinese and applying phytosanitary measures to ensure the safety of the products.

Mr. Guy Saint-Jacques: If we adopt a laissez-faire attitude and let ourselves be stepped on,

[*English*]

you end up as roadkill.

[*Translation*]

Mr. Stéphane Bergeron: This is very interesting.

I'd like to address the issue of university funding, among others. This opens up a broad issue, the underfunding of our universities. This obviously involves not only the provincial and Quebec governments, but also the federal government, through its transfers to the provinces.

Beyond that, Mr. Balloch referred, as did another witness earlier, to the need for closer collaboration with the provinces on health and education issues.

What would you recommend we do in that connection?

[*English*]

Mr. Howard Balloch: We must be very strict that any financing that comes into the country comes into it in ways that are transparent, and also that it is used for the purposes for which it is intended. I am sure you will talk to university presidents. I have met with university presidents to talk about this, to make sure there are no strings attached about what the financing does.

Of course, our provinces are entirely in charge of education, and at the secondary school level I agree with Mr. Saint-Jacques that it is not a bad thing to have some funding for Mandarin training and so on.

By the way, Canada—

The Chair: I'm sorry to interrupt, but we have to go on to Mr. Harris.

Mr. Harris, you have two and a half minutes.

Mr. Jack Harris: Thank you.

I'd like to let you continue, but perhaps you'll have another chance afterwards. I have only two and a half minutes, but I'm interested in the question raised by one of your other colleagues, Joseph Caron, who was ambassador from 2001 to 2005.

He was talking about human rights and suggested that our dialogue with China should be at both levels: with the government and with the people as well. I think some reference has been made to the people of China being a different category. He said, "Tangible programs, not just statements, must be put in place for long-term impacts and results."

Do both of you or either of you have any ideas about what that might look like in terms of tangible, specific programs, not just protests or bringing it up every time you meet with leaders and things like that?

• (1110)

Mr. Howard Balloch: I'll go quickly because I'll follow up from what I was saying.

In the past, we have funded Canadian studies in Chinese universities. Our embassy has engaged in social media in reaching out to the people. Our network of diplomatic posts in China is large. Having our diplomats go out to universities and go out to the centres that are the most open towards change in China is something that we should be doing all the time.

There are a lot of people in China who welcome change and who look to countries like Canada for inspiration about how their country will change. We should encourage that all the time, and there are a lot of programs that we can do to do that.

Mr. Jack Harris: On that point, it was noted by Ambassador Barton when he was with us and talked about the numbers of Canadian staff serving in China, but also, it was critiqued by another former diplomat, who said that we have a lot of trade commissioners but we don't have sufficient capacity concerning political and advocacy work. Is that true?

Mr. Howard Balloch: I'm going to answer that right away, because that particular former diplomat has been spouting that for a long time.

Mr. Jack Harris: Is he right?

Mr. Howard Balloch: He wasn't actually a career diplomat, and he is wrong.

When I was ambassador, Guy Saint-Jacques was my number two, and he ran a political-economic section of maybe 10 people. There wasn't a single person there who didn't speak Chinese and who didn't have his own networks and didn't reach out into the community.

We can do more, but we should not be criticized for what we've done in the past. We've had a very professional service in China and we have done lots of advocacy. We can do more, but the government has to make some choices about how much it does in any single country.

The Chair: Mr. Harris, I'm sorry. You're a bit over time, so congratulations on that.

We're going next to Mr. Williamson for five minutes.

Mr. John Williamson: Thank you very much, Mr. Chair.

To our two witnesses today, thank you very much for appearing. It's been very interesting.

Mr. Balloch, you had an interesting observation, or perhaps conclusion, which caught my attention: "Engagement has always been principally aimed at serving Canadian interests, and only indirectly at encouraging systemic internal change in China." Could you elaborate on this a little more?

Are you summarizing the Government of Canada's policy? Was this the policy within the Department of Foreign Affairs or was it the policy from the ambassador's desk in Beijing?

Mr. Howard Balloch: It was the policy of every government that I served. I started looking at China intensely in the 1980s, when Mr. Mulroney was prime minister. That got upset for a little while because of the Tiananmen crisis, but he started to re-engage before the end of his time, and then Mr. Chrétien's and so on. It has been very much a multi-party consensus about the importance of China. Whether we've done it as well as we could have, that's another issue, but it's been throughout the government.

I remember governments of both governing parties saying to their ministers that it wasn't just Foreign Affairs. It was Foreign Affairs and all of the rest of them, the whole cabinet. Every department of government had to start taking China more seriously, for our interests. It was not because we were trying to change China, but because our interests counted.

Mr. John Williamson: Am I wrong in thinking that underlying that, whether it was the debate around granting—this is going back 30 years or at least 25 years—most favoured nation status, the WTO...? There was, at least as it was sold to the public, always an underlying emphasis that trade is good but trade will also result in a gradual change in China's outlook when it comes to being rules-based and when it comes to respect for human rights.

Internally, regarding trade, I can see how that would benefit Canada, but externally to the public there was always an underlying emphasis on rights.

• (1115)

Mr. Howard Balloch: Yes, and I think that, except for the last few years, personal freedoms in China grew substantially between 1978 and 2014. The legal system evolved in positive ways. It hasn't gotten to where we would have liked it to get. These were indirect changes brought about, in part, by their entering the WTO.

I can remember, when I was ambassador, Zhu Rongji saying to our Prime Minister, "Thank goodness we're there because now I can make the changes in China that we need to make, to make it a

modern society." They were intermingled, but our purpose, primarily, was to serve our interests.

Mr. John Williamson: In light of where we are today, should this trade focus continue, or is it time, perhaps, to put a greater emphasis on—and I think you've both been speaking to this today—where the relationship has not worked as well as we'd hoped, whether it's minorities being detained in the western part of the country or the two Canadians, and there are more actually, being detained as well?

We had someone here speaking from the department, saying that the focus is trade and engagement, and that is going to continue. Might we not want to reset that dial now and perhaps warn businesses in Canada that if they trade in China there are obvious risks, and for the Government of Canada to put a greater accent on the relationship on rights, internally, in China?

Mr. Howard Balloch: I wouldn't change our general balance of focus. Always we should be arguing for both and we should be trying to encourage positive change in China, which does serve our interest, which is to have China become a greater and more law-abiding part of the global community. We can't be unidimensional in this. We shouldn't be unidimensional only on the economic side.

Mr. John Williamson: However, your earlier comments suggested very much that we were unidimensional, that it was economics-based—

Mr. Howard Balloch: It was interests-based. It is in our interests to have our universities working together with China on finding scientific solutions to agricultural problems. It's in our interests to have our security agencies working with their Chinese counterparts on international crime and the flow of fentanyl and other drugs. Our interests are not based solely on trade or economics.

Mr. John Williamson: Sure.

Mr. Howard Balloch: They are very widespread.

Mr. John Williamson: I agree with that, and that is also a function of China's becoming a much bigger player as well.

Mr. Howard Balloch: Of course.

Mr. John Williamson: Thirty years ago, I don't think they were in a position to play the influential role they do today.

I think Mr. Saint-Jacques referenced free trade. Would you embark on a free trade agreement with China today, or do you think that should be put into the deep freeze?

Mr. Howard Balloch: I would embark—not today, because we have problems in our relationship—on encouraging China to enter into the comprehensive partnership we have in Asia with other countries, probably as a first step—

Mr. John Williamson: Is that the TPP you're talking about?

Mr. Howard Balloch: Yes.

The Chair: I'm sorry to interrupt, but we're out of time.

I'm going now to Mr. Fragiskatos, for five minutes.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

I apologize, because I'm not sure if it was Mr. Balloch or Mr. Saint-Jacques who made the point earlier about some within China thinking that Canada has been treated unfairly in recent months, in fact since December 2018.

It may have been Mr. Saint-Jacques.

Can you expand on that? Is this something you are hearing through your network of contacts, Mr. Saint-Jacques? Elaborate, perhaps, on what exactly you've been told.

Mr. Guy Saint-Jacques: It is linked to how Canada is perceived in China. In this case, it's clear that the issue of Mrs. Meng is coordinated in the office of President Xi Jinping. Therefore, now that he has absolute power and absolute authority, it's difficult for anyone to criticize him, but I've heard from various sources that some people who like Canada and appreciate what we have done in the past and know the potential for future collaboration are a bit dismayed at the status.... I know that Ambassador Barton is working to try to contact people, but, again, we should not expect any progress until Mrs. Meng is released.

• (1120)

Mr. Peter Fragiskatos: Thank you very much.

You also made a point in your opening, Mr. Saint-Jacques, about expanding our ties when it comes to artificial intelligence as a way of building a bridge. You offered a number of different ideas in that regard. Could you expand on that point?

Mr. Guy Saint-Jacques: I was expressing a concern because Canada is at the forefront with regard to artificial intelligence, and when you look at what's happening in China, you will see that facial recognition is now used in a very comprehensive way and a social credit system has been put in place whereby each citizen is given a number of points such that if you express criticism of the Chinese government you will lose points. After losing enough points, you can no longer take the high-speed train or travel by air.

I would like to avoid knowing in the future that Canadian technology was in fact used to help put that system in place. That's why we should review and explain to universities and various groups exactly what kind of collaboration is going on right now.

Mr. Peter Fragiskatos: Thank you for that clarification.

You also made the point in your opening remarks that we "should also look at ways to better support democracy in Hong Kong and Taiwan." Are there any specifics on that? How exactly could Canada do that?

Mr. Guy Saint-Jacques: I think it was Phil Calvert, a former colleague of mine, who said in his testimony that in the case of Taiwan we should try to further develop our relationship. I agree with that. In fact, there is the rule of law in Taiwan, and we should look at ways to support the very clear result that came out of the elections in January and say that we support democracy and that no pressure should be put on Taiwan.

In the case of Hong Kong, it's a very messy situation. China needs Hong Kong, because 70% of foreign investment going to

China goes through Hong Kong. There is no Chinese city that can play the role of Hong Kong, because in Hong Kong there is the rule of law, but not in China. We should express support.

In the best of all worlds, we are at a stage where a mediator should come in to try to suggest ways to appease the sides, but, of course, the Chinese government will never suggest that, and that's why we have to make representations in Beijing with our allies to try to convince China to put some water in its wine.

Mr. Peter Fragiskatos: Thank you very much.

I've left you only 30 seconds, Mr. Balloch, but on the point about promoting democracy as best we can in Taiwan and Hong Kong, do you have any thoughts?

Mr. Howard Balloch: I agree with Guy on the Taiwan question. It's got a lot to say for it.

On Hong Kong, I would say that we also need to be more robust in our discussion with the Hong Kong government. I live there, and the Hong Kong government has often not stood up in the way it should stand up to protect the rights of Hong Kong citizens, including 300,000 Canadians.

Mr. Peter Fragiskatos: Thank you.

[*Translation*]

The Chair: I would like to thank the former ambassadors for their service to Canada and for their statements today. They have been very helpful.

[*English*]

Colleagues, we will now suspend for five minutes as we get ready for the next panel. We'll see you in a few minutes.

• (1120)

(Pause)

• (1130)

The Chair: Colleagues, this meeting is called back to order.

We have, by teleconference, three witnesses.

First of all, we have Bonnie Glaser, senior adviser for Asia and director of the China power project at the Center for Strategic and International Studies. She's joining us from Washington. With her is Mr. David Shambaugh, professor and director of the China policy program at George Washington University.

We also have someone who's normally based in Washington but today is in Oslo, Norway—Yun Sun, director of the China program at the Stimson Center.

Thank you very much for joining us today.

We'll ask each of you to speak for up to 10 minutes, starting with Ms. Glaser.

Ms. Bonnie Glaser (Senior Adviser for Asia and Director, China Power Project, Center for Strategic and International Studies, As an Individual): Thank you for inviting me to appear as a witness at this hearing on Canada-China relations. As an observer of Chinese foreign and security policy for more than 40 years, I'm pleased to provide my assessment of China's evolving global role.

China's involvement in the world is a very complicated picture. Several of your prior witnesses have related examples of China's positive impact, including the creation of the Asian Infrastructure Investment Bank and its contributions to UN peacekeeping operations. However, it is also important to examine examples of its negative impact and fully appreciate China's intentions to modify the international system in ways that are detrimental to democracies.

When Chinese officials claim they seek to uphold the international system, it's important to understand that they have a different definition of the international system from western liberal democracies. Beijing supports global institutions but rejects liberal norms and values. It opposes the network of U.S. alliances established after World War II that underpins the international system.

Xi Jinping has called for China not only to participate in but also to lead global governance reform. In various forums, including key UN agencies, China is seeking to reframe prevailing norms and to introduce its own concepts. Beijing has long expressed dissatisfaction with the democratic governance system, but it has only been in recent years that it has begun to push for its own alternative vision. China's more assertive stance is a result of both its assessment that the international balance of power is shifting in China's favour, with the onset of the 2008 global financial crisis, and also the opportunities, frankly, presented by the Trump administration's withdrawal from several key multilateral organizations.

In the UN, China is introducing its own rules and norms. In the Human Rights Council, Beijing is promoting orthodox interpretations of national sovereignty and non-interference in internal affairs that weaken widely accepted international norms of human rights, transparency and accountability. In areas where international law is still evolving, China has been especially active. Alongside Russia, China has pushed its version of Internet governance that emphasizes state sovereignty and territoriality in the digital space. Other examples include outer space, the deep sea and the polar regions. In the Arctic, China has labelled itself a near-Arctic state, with the goal of inserting itself into international debates over Arctic governance.

Xi Jinping has taken measures to operationalize China's long-standing positions that U.S. alliances are Cold War relics that should be eliminated. In 2014, Xi put forward his vision for an Asia free of alliances and the military presence of the United States. In the South China Sea, through which an estimated \$3.4 trillion in trade passes annually, China is aggressively pushing to oust foreign players. In its negotiations with the members of ASEAN on a code of conduct, Beijing proposed that the parties prohibit holding military exercises with countries outside Southeast Asia and bar cooperation with energy companies from outside the region.

Abroad, China is actively promoting its development model. At the 19th party congress in October 2017, Xi Jinping explicitly touted China's experience, stating that China's miracle of rapid economic growth and long-term social stability "offers a new option for other countries and nations who want to speed up their development while preserving their independence". This unprecedented push is in part to secure the position of the Chinese Communist Party at home, but it's also intended to bolster the legitimacy of authoritarian political systems worldwide and weaken the appeal of democracy.

When it comes to international rules, China's compliance is selective, and its observance of law is weakest in the maritime realm, in China's near seas, where it prioritizes safeguarding China's sovereignty, security and development interests. Beijing rejected the July 2016 findings of an UNCLOS arbitral tribunal, which ruled that China's nine-dash line is invalid as a claim to resource rights.

China's intimidation of Taiwan, a democracy where over 23 million people reside, has reached new heights in recent years. China's military exercises have become increasingly provocative and dangerous, with large numbers of fighters, bombers and reconnaissance aircraft crossing the centre line of the Taiwan Strait. Beijing has poached seven of Taipei's diplomatic partners since 2016, leaving the island with only 15 countries that recognize it. Countries as well as companies that are seen as challenging Chinese sovereignty over Taiwan are issued stern warnings and threatened with punishment.

● (1135)

Canada is among the countries, of course, that have been targeted for harming Chinese interests and offending Chinese sensibilities. The arrest of Canadian citizens and the ban on imports of Canadian canola oil and other agricultural products are just the latest examples of Chinese economic coercion aimed at punishing countries that harm Chinese interests.

The list of target countries is long: Norway, for granting the Nobel Peace Prize to Chinese dissident Liu Xiaobo; Japan, for arresting a Chinese ship captain after he rammed a Japanese Coast Guard vessel in disputed waters; the Philippines, for confronting Chinese fishermen operating in Scarborough Shoal; and on and on, as well as South Korea for THAAD, etc.

China does not respect rule of law. It does not share liberal democratic values, and it does not protect human rights. It is seeking to alter the international system in ways that would be favourable to China and detrimental to western interests. China's tool of domestic governance, its detention of over one million Uighurs, its censorship of expression, and its social credit system should not be a model for the rest of the world.

Although I'm not a Canadian citizen, I'd like to offer a few suggestions for Canada to consider in its policy going forward.

First, establish priorities in your relations with China. Identify what Canada must insist on and what it will not tolerate. Be firm and consistent. A precondition for the resumption of normal bilateral ties should be the release of Michael Kovrig and Michael Spavor. Beijing ultimately respects countries that stand up for their interests. Canada's priorities and principles in its relations with China could be set out in a strategy paper similar to that issued by Sweden or embedded in a broader foreign policy white paper as Australia has done.

Second, where possible, pursue a collective response. Seek to work with like-minded countries to protect shared interests. Japan, along with the U.S. and the European Union, filed a WTO case against Chinese actions to drastically reduce rare earth exports in 2010, and the challengers won in 2014. I think Canada, the U.S. and other like-minded countries should establish a multilateral reserve fund to compensate any of the fund's members for costs imposed by Chinese economic coercion. The fund should be capitalized by its members as well as by private sector firms that might be affected by coercion.

Third and finally, identify sources of leverage and use them. Although Canada is a middle power, not a superpower, it still has ways in which it can get China's attention. Pulling out of China's AIIB, which I know some politicians have advocated for, would not significantly affect the bank's lending capacity, of course, but it would deal a blow to China's reputation. Canada should also consider invoking the Magnitsky Law against China, which allows the government to block visas for officials and freeze or seize their assets in Canada.

Calling out China for its human rights abuses in Xinjiang would be consistent with Canada's long-standing support for human rights and freedom, and doing so might encourage countries to take similar measures.

Thank you again for inviting me to testify before the special committee.

• (1140)

The Chair: Thank you very much.

Mr. Shambaugh.

Mr. David Shambaugh (Professor and Director, China Policy Program, The George Washington University, As an Individual): Thank you, sir.

It is indeed a distinct honour and privilege for me to be invited to appear before this distinguished parliamentary special committee.

I apologize for not having submitted this opening statement in time for it to be translated into French, but I only received the invitation to testify a few days ago. I was able to prepare the statement only over the weekend, but I have submitted it and hopefully your interpreters have it in front of them and it will help them.

I have been a student and scholar of China for 45 years. I read and speak Chinese fairly fluently. I've visited China, Hong Kong and Taiwan hundreds of times over 41 consecutive years, and I have lived in China for a total of five years. Until five years ago, I had extremely good access to institutions and individuals throughout the party, government, military, academia and society in China.

While a continually fascinating and complex land, the country's current trajectory is quite troubling to me in many dimensions. I commend this special committee on your inquiry, as it's a critical element in Canada's re-evaluation of its relations with the People's Republic of China, particularly in the wake of, but not exclusively related to, the deterioration of bilateral relations in the wake of the cases of Meng Wanzhou, Michael Kovrig, Michael Spavor and Robert Schellenberg.

The reason I say "not exclusively related to" is that it seems apparent—to me, at least, south of our common border—that over the last two to three years the Canadian government and civil society have been engaged in a collective national gestalt over your relations with China.

The aforementioned cases may have crystallized and brought to the surface a simmering subterranean debate, but there are other unsettling dimensions of relations with China that you have encountered in recent years related to espionage, Chinese investment into key sectors of the Canadian economy, technology theft, intellectual property rights theft—things that other countries are also experiencing—Chinese United Front activities among the Chinese-Canadian diaspora, influence operations towards Chinese elites, the human rights situation in China and other difficulties. I would submit that these issues collectively have led to your national discussion and this special committee's inquiry.

This is, I would submit, a very healthy and very normal gestalt, if you will, for any democracy. From what I have been able to observe from south of our border, this national discussion has proceeded in a very rational, responsible yet probing manner. It's not over yet, and this committee's inquiry will play an important role in its outcome.

Over the past few days, I have read the transcripts of all the previous testimony before the committee, and this morning I was able to see some but not all of the ambassadors' testimony on my way here. Let me particularly associate myself with the opening statements of Phil Calvert, Paul Evans and Charles Burton. Although I do not agree with all their responses in the Q and A period, I did find their opening statements to be very much in line with what I believe.

I also periodically follow the Canadian press and have had recent discussions over the last year with Canadian academic colleagues, as well as diplomats and officials in other departments in Ottawa.

From all of this, I discern that there is a fairly fundamental re-think going on in Canada concerning the fundamental assumptions and principles of its relationship with China. Again, this is all very normal, very therapeutic and probably overdue, and it will produce hopefully a recalibrated approach towards China that best serves Canadian national interests.

Canada is hardly alone in having such a national rethink about China. South of the border, we Americans have been experiencing a very similar national debate concerning our relations with China in recent years. My colleagues and I would be happy to discuss this with you today if you're interested, but I would just say a couple of things about it.

First, it's been brewing for a number of years. It predated but has coalesced under the Trump administration. It has resulted in a substantial critique and re-evaluation of the so-called engagement paradigm that has undergirded U.S. relations with China for four decades. It has resulted in a very bipartisan, fundamental hardening and toughening of U.S. policies towards China across the board. While there is no total agreement on this in the United States, I would say that there is a substantial majority agreement about it. Again, we would be happy to elaborate on that if you're interested.

Moreover, the U.S. and Canada are not alone in undertaking such a fundamental re-evaluation of relations with China. So is the European Union. Europe-China relations are something I've followed for decades rather closely, and I have just returned from Berlin, where we convened a transatlantic symposium on U.S. and European relations with China. My colleague Bonnie Glaser here also recently co-organized a similar German-American dialogue on China, so we're familiar with the European situation. Yun Sun is, of course, today in Norway.

• (1145)

In Europe, there has also been a continent-wide rethinking about and hardening of policies towards China. While continuing to call for collaboration and co-operation in several fields, for the first time in any official statements of the European Commission, its most recent so-called communication, which is like a white paper, described China as a "strategic competitor" and a "systemic rival".

A similar rethinking is also ongoing in Australia, New Zealand, Japan, South Korea and in several Southeast Asian countries. Other witnesses, including those this morning, have raised the Australian legislation that came out of its national debate. I would agree with them that this is a good model for Canada and other democracies to follow.

Canada is hardly alone in rethinking its relations with China, and there are good empirical reasons why these countries are all re-evaluating their relations with China, namely that the entire world is facing a much more domestically repressive and much more externally confrontational Chinese regime under Xi Jinping.

China has changed; thus the previous premises of our engagement policies need to be rethought and replaced with much more hard-headed responses to China's more offensive behaviour. We cannot cling to outdated Kantian liberal preferences and policies of co-operation with a regime that is among the world's most repressive on earth; is largely mercantilist in its trade and investment policies; is building a world-class offensive military; is increasingly expansionist in its foreign policies, including its belt and road; and increasingly bullies other countries.

Just very briefly, related to this, I was quite interested in this morning's testimony. One of your committee members raised a really interesting question. What do Canadians need to know about China that they don't? We can talk about that today, but I would submit that Canadian academics, at least, need to stop focusing on China as a cultural and civilizational entity and start studying it in depth as a Chinese communist Leninist state, an essentially mixed economy but with Soviet characteristics.

Academics need to start thinking more like intelligence analysts, in my view. The U.K. experience is helpful here. I used to live and teach in the United Kingdom. They had a very similar situation about 20 years ago. They undertook a parliamentary inquiry into the state of Chinese studies in the U.K., which produced a series of government-funded posts going to certain priority areas. We can pursue that, and I would just recommend that for consideration in Canada as well.

Let me just conclude my brief time with this last point. Again, Canada is not alone in being on the receiving end of Chinese punitive actions for behaviour that Beijing considers unfriendly or that violates its so-called core interests. By my count, including Canada, there are 17 countries that have been punished with punitive retaliatory actions by China. Bonnie has just named several of those, so I will leave it at that. We can go into the 17 cases if you're interested, but you're not alone. There is a pattern here. It doesn't take a social scientist to see the pattern.

The precipitating events vary by country, but China's behaviour and China's retaliatory actions also vary by case. I'd note, simply to make you aware, that Canada is hardly in a unique position at present, however regrettable. We Americans stand 100% with Canada under these trying circumstances.

Sweden is also currently experiencing similar circumstances over the Gui Minhai case and other bilateral difficulties, but what Canada and Sweden are experiencing now has become a demonstrable international pattern in Beijing's punitive and aggressive actions towards others.

The entire world is now dealing with a Chinese Communist Party and state that feels emboldened, entitled and empowered. The consequent questions for all of us—certainly for democracies but I would submit for all countries in the world—are the following: What type of push-back is warranted? Second, can we live with a friction-ridden relationship with China? Third, can we escape the trap of the engagement paradigm that leaves us to seek or return to a so-called normal relationship of co-operation with China? Fourth, will the world bend to China's pressure tactics and extraordinary commercial leverage? Lastly, if the world does bend to such tactics, what does it mean for international order?

Canada and Sweden are currently on the front lines of these questions, but the entire world, regardless of political systems, has a major interest in developing convincing answers and effective responses to these difficult questions. I think Bonnie just gave you a series of good recommendations that I would share as well.

• (1150)

Thank you very much for your attention. I look forward to your questions.

The Chair: Thank you, Mr. Shambaugh.

Now we will go to Oslo.

Ms. Sun, you are spending your evening with us, so thank you very much for that.

Ms. Yun Sun (Director, China Program, The Stimson Center, As an Individual): Thank you, Chair.

Good morning. It is a great honour for me to be invited to provide perspectives and analysis to the Special Committee on Canada-China Relations.

I was asked to provide views on China's global role and approach to the international system, as well as to make recommendations on Canada-China relations.

Historically and traditionally, the international system that China has known and been accustomed to is one of hegemonic stability, centred on and dominated by the Middle Kingdom, a superior and self-perceived benevolent country or civilization. The hegemon-China's superiority in military and economic power formed the foundation for peace and stability through deterrence, coercion and war, and the benevolence, as demonstrated by the hegemon's provision of public goods to help advance the culture through infrastructure, in China's view, anchored the desirability of such a system to other states.

In China's view, Chinese superiority is the foundation for the stability and harmony of the system. In the Chinese conception of the world order, harmony does not [*Technical difficulty—Editor*] from equality among all countries. Instead, harmony originates from a well-defined and well-enforced hierarchy, in which roles and responsibilities were assigned according to each country's [*Technical*

difficulty—Editor] power. The vision stipulates that states recognize and pledge their deference to the strong and benevolent hegemon, and that's when peace and stability will ensue.

This system existed for 2,000 years in China, until it encountered its most critical existential threat, when the western system of nation states—

The Chair: I'm sorry to interrupt, Ms. Sun. We're having a little problem with the sound. Could I ask you to hold on for one moment while we see if we can fix that?

We're going to suspend for a couple of moments.

Thank you.

• (1150)

(Pause)

• (1155)

The Chair: Ms. Sun, would you please proceed?

Thank you.

Ms. Yun Sun: Thank you.

This system encountered its most critical existential threat when the western system of nation states prevailed in Asia. While the China-centric system preached the homogeneity of the Chinese civilization among all states on its periphery, the western notion of nation states emphasizes their heterogeneity, and hence, differing and competitive national interests.

What we have witnessed with China's foreign policy in recent years is an assiduous attempt to break away from western discourse and re-establish the traditional Chinese model of hegemonic stability. In China's view, China's primacy in the region stands a reasonable chance to prevail. China, through its power, will create an alternative order based on a different set of values.

This is essentially the goal that the current Chinese leaders are pursuing. China's rising vitality and intensification of its foreign policy behaviours is the manifestation of its bid for regional hegemony and global power. That regional hegemony may not deny U.S. access to the East Asian and West Pacific regions, but it does dictate that the U.S. must follow the rules developed and enforced by the regional power. This is the fundamental cause of the escalating strategic rivalry and great power competition we are witnessing between the U.S. and China.

The U.S. has traditionally played the role of an offshore balancer to ensure the plurality of the region by channelling power into the region. However, as China strategically applies its "carrot and stick" foreign policy to displace the United States, first in the Asian region and then more broadly across the globe, this great power competition most likely will continue to intensify.

Here I wish to say a few words in particular about China's mentality about the west, which is highly relevant for the discussion we are having here today. When China's regional superiority crumbled in the 19th century, what ensued was a sense of pathos, of self-pity and a sense of victimhood targeted toward the west. With China's rise and resumption of great power status, it rapidly evolved into China's own destiny manifesto, a firm belief in China's preordained and predestined superiority to lead the world and a mentality as well as an urge for revenge when the west seems to reject or disrespect China's rightful status. In other words, China today still maintains a high level of victim mentality abnormal for a great power, which translates into a heightened sense of vulnerability, hostility and retaliatory actions when it is triggered. Due to this mentality and China's newly acquired capacity and instruments to inflict damage on other countries, the policy toward China by any country has become increasingly challenging.

As shown by the recent Meng Wanzhou case and China's retaliation, Canada is caught between two great powers in their tug of war. In China, there is no doubt that the reparation of the ties or the so-called renormalization of bilateral relations will have to be predicated upon Meng's release, or at the minimum, upon her not being extradited to the United States, combined with significant policy moves from the Canadian government to show goodwill toward China. Anything less than significant will be appreciated by China but unlikely to generate the policy change people would like to see. The recent Chinese reaction to Canada's position on the coronavirus outbreak in China is one such good example.

The question of how to effectively deal with China while protecting Canada's national interests is apparently a hard one. While the desire is to maintain neutrality and avoid the difficult binary situation of picking a side, Canada may not eventually have the option or the luxury to do so. Canada and the United States are close allies and we share important common interests, from democratic values to international norms and rules, from national security to bilateral trade and economic prosperity. Recent developments have deepened the disagreements between Canada and China, both on domestic political issues and its foreign policy behaviours. These are basic facts.

• (1200)

To deal with China effectively at this difficult time requires Canada to develop more leverages and influence vis-à-vis China and open up more space, new space, between the U.S. and China in the era of great power competition. Alliance management should not just be the leader of the alliance managing the partners. In these fluid times, it is also critical for the partners to manage the alliance relationship in order to mitigate or minimize the potential chance of victimization or collateral damage on specific issues.

Canada could develop a more astute and sophisticated understanding of China and calibrate the outcomes of each interaction between China and Canada before they happen, but beyond that, how to shape the policies and behaviours of great powers, as well as to prepare for and manage the consequences of decisions, will be of utmost importance. In addition, there are increasing demands among middle powers in Europe and in Asia to develop co-operation among themselves in order to restrain and balance the hostile

behaviours of great powers. This is a potential direction that Canada could consider more as a policy orientation as well.

Thank you again, Chair. I look forward to the discussion.

The Chair: Thank you very much, Ms. Sun, and thank you for your patience with the sound problems we had briefly.

Now we'll go to the first round of questions or comments for six minutes each.

Mr. Albas.

Mr. Dan Albas: Thank you, Mr. Chair.

I'd like to thank all of our witnesses for their telepresence here today. I appreciate their expertise.

I'll start off with you, Mr. Shambaugh. You mentioned that in the United States there is a bilateral hardening of feelings towards the rise of China. Could you elaborate a little further on some of the outcomes or areas that this is being channelled into?

Mr. David Shambaugh: Sure. First of all, this is reflected at both societal and governmental levels. The hardening I was referring to referred to the governmental level, but in fact if you look at public opinion polls and surveys of the American public over the last two to three years, you also see an increased percentage—now up into the mid-60s, I believe—of Americans who see China in a so-called unfavourable light.

The suspicions about China are reflected at both governmental and societal levels, I would say, although when I travel across the United States, I, at least, notice a substantial variation in those levels of suspicion. The further west you go, interestingly, the less suspicious Americans are. Those on the west coast—Washington State, Oregon, California—can't get enough of engagement with China, particularly economic and cultural. I don't want to spend much time on this. If you go into the Rocky Mountains, the central south or the upper Midwest and then certainly into parts of the east, you find varying perceptions of China, but overall now, a majority of about two-thirds of Americans see China unfavourably.

The hardening I was referring to, though, is manifest across a number of policy areas. It started under the Obama administration but has really increased during the Trump administration. Export controls have been substantially ramped up. American companies are now forbidden to sell certain items such as chips and other items that go into various electronics, which you know about very well.

We don't really have that much of a controversy in our country about Huawei, strangely enough. We just ban them. We don't allow them to bid on our networks. That's my understanding. Unlike your country and Europe, which are undergoing a big debate on that, we're not really having a debate about it.

There are new executive branch policies about Chinese investment into critical infrastructure. The review procedures of CFIUS, the Committee on Foreign Investment in the United States, have also been strengthened. There are an increasing number of Chinese cases in front of CFIUS, and increasing FBI surveillance, if that's the right word, or FBI monitoring, of Chinese espionage on American campuses, in American laboratories and throughout the private sector. China is by far, if you read the statements of FBI director Wray, the most egregious infringer of American technology theft.

In the defence realm, Bonnie can speak to this more. That's more long-standing and predates the Trump administration. You saw what happened last week. It was referenced in this morning's session about the new caps put on Chinese journalists here in the U.S. for four state agencies. There are others, such as screening of visas, for example, of Chinese scholars coming to the United States. The Trump administration has really ramped these up. I wouldn't necessarily call these "retaliatory", but rather sober-minded policies to more carefully monitor the extent of the interactions between Chinese and Americans inside the United States. That's to say nothing about the long-standing concerns about American business, American academia and American government, including public diplomacy.

• (1205)

Mr. Dan Albas: Sir, I do have limited time, and I do appreciate that. It sounds to me, though, that for the Americans institutionally, whether it's through legal channels or reciprocity-type actions, there seems to be a more bipartisan approach when it comes to these things. I appreciate that.

Ms. Sun, in your comments, at least what I took from it, you talked about the need for a country like Canada to not only become more aware of some of the historical and cultural grievances that China views for itself and how it views the world in some of its foreign policy decisions, but that for a small and open trading country like Canada we need to be far more proactive than reactive. Is that right?

Ms. Yun Sun: Yes. Thank you, sir, for your question.

To answer that question, I think that first I will agree with Professor Shambaugh's assessment that China should not be treated as a "civilization", as just a cultural concept. It is a real country, with real political thinking in its foreign policy behaviour and with assertive instruments to pursue those foreign policy goals.

I think it is highly important for a country such as Canada to develop an accurate and sophisticated understanding of what China is and what China's action plans really indicate. For example, in the case of the Huawei 5G technology, I think the anticipation of the variations in China's policy reactions would be highly necessary in this decision-making.

Mr. Dan Albas: Just to sum up, there has been some question about whether or not we should be taking the side of the United

States or the side of China. I'm not going to get into that, other than to say that, nine times out of 10, I'm always going to be on the side of a democratic country.

The Chair: Thank you.

Ms. Yip, you have six minutes.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Last December, the U.S. and China reached a phase one trade deal whereby China would have to make significant additional purchases of U.S. goods and services. How will a phase one trade deal between the U.S. and China affect the competitiveness of Canadian firms that export to or operate in China?

That is open to everyone.

Ms. Bonnie Glaser: I'll start.

None of us are trade experts. I know that you've already had a witness from Canada West, I think it was, at the end of last month, who talked about some of the implications of what is a managed trade deal. If China has to buy all of its soybeans, or most of them, from the United States, that will have a negative impact on other countries that produce them. Brazil is certainly at the top of that list, but also Canada.

Of course, the targets that were set are really quite high. I think that many people in the United States have been skeptical that China will actually be able to meet those targets. Also, with the COVID-19 epidemic now, it seems even more unlikely that it will reach those targets. It remains to be seen whether China buys a great deal of agricultural products from countries other than the United States as it struggles to meet even the commitments that it has made so far.

• (1210)

Ms. Jean Yip: Do you feel that this trade deal will impact Canada's relations with the U.S.?

Mr. David Shambaugh: Not necessarily the phase one trade deal, not in the way that Bonnie just mentioned in the agricultural domain, but I think that some of the successes that came out of phase one with respect to intellectual property rights protection and no forced technology transfer will benefit Canada. That benefits all OECD countries.

There are some positives in the phase one deal of which Canada is a beneficiary, but the real essence of the trade negotiation between the United States and China was not really addressed in the phase one deal. It's all about systemic structural reforms in the Chinese economy. Those were all kicked down the road for a phase two negotiation, which at least here in Washington there's not much expectation for, at least during this administration.

I would say that in getting towards phase two, whether in this or the next administration, it has to be pursued multilaterally with Canada, other OECD countries and G7 members together, because we all share the same interest in opening the Chinese economy, a level playing field and getting China to play by international and particularly WTO rules.

Ms. Jean Yip: How do you think this would continue with a Democratic president and its impact on Canada?

Ms. Bonnie Glaser: If a Democrat were to win in November and the majority of the tariffs that the United States has placed on China remain in place—and I think it is highly likely that they would not be lifted by the end of this year—then it is unlikely that any Democratic president is going to come into office and simply lift those tariffs. There would have to be negotiations. China would have to make concessions in order to get those tariffs lifted.

I think an incoming Democrat is likely to continue being tough on trade. They might use some different levers and, hopefully, as David just said, work multilaterally with other like-minded countries, OECD countries, and work perhaps within the World Trade Organization to update that organization and its rules, so that we can use the common efforts of countries to reach shared goals.

Mr. David Shambaugh: I would just add briefly that beyond the trade realm, if there is a Democratic administration after next January, I don't think there's going to be a great deal of change in the American approach to China. If it's Biden, I submit to you to read his article in the current issue of *Foreign Affairs* and what he has to say about China there, which is at variance with his previous positions, to be sure. Nonetheless, he uses pretty tough language in that article about his views. Bernie Sanders is still a work in progress on many things, including China, so I'm not sure.

There has been a sea change, and what I want you north of the border to know is that there has been a fundamental sea change in American thinking about China, and it's bipartisan across the aisle and across the United States. You're not going to see a lot of change if the Democrats gain the White House next year. In fact, you can see—

Ms. Jean Yip: This is a question for Ms. Sun.

Norway and China had a period during which it took six years for relations to be normalized. Do you believe it will be the same for Canada? What can we do to alleviate the current strain in relations? I think you talked about leverages for Canada.

The Chair: Could you give us an answer in about 25 seconds, please?

Ms. Yun Sun: It was the long winter of diplomatic freeze between Beijing and Oslo for about nine years following the Liu Xiaobo case. Eventually the Chinese were able to move on from that case, not only because China needed the Nordic countries' help in terms of their Arctic policy and other matters in the international arena, but also because there was this sense that after nine years the issue of Liu Xiaobo was no longer as pressing for the Chinese government. Canada could wait for this issue to go away.

• (1215)

The Chair: Thank you.

[*Translation*]

Mr. Bergeron, you have six minutes.

Mr. Stéphane Bergeron: Thank you Mr. Chair.

I'd like to thank our witnesses for their most enlightening contributions to our work.

I understand from the various testimonies we've heard so far that Canada must seek to work multilaterally to try to find solutions,

since individual states, in isolation, are generally not able to stand up to Chinese pressure. We must therefore work multilaterally so that there is a sufficiently strong or important counterpart to eventually make the Chinese government move.

I also understand that China is seeking to challenge the alliance system inherited from World War II. At the same time, we can see that the current administration in Washington has a variable-geometry attitude toward its allies, whether they are NATO allies or G7 allies.

I'm addressing our three witnesses. First, is China taking advantage of Washington's variable-geometry attitude toward its allies?

Furthermore, is it seeking to use divisions among the allies to score points with each of them?

The Chair: To which witness are you directing your question?

Mr. Stéphane Bergeron: It's addressed to all of the witnesses.

[*English*]

The Chair: Who would like to answer?

Mr. David Shambaugh: I would say the answer is, absolutely. This is not new. China has never accepted these alliances. It may have been quieter about its opposition, particularly after 1998-99, when it got push-back from the United States about its criticism, but it has always opposed these alliances. It's constantly sought to probe them, undermine them and split American allies off from the United States, and even from one another. There is nothing new, I would say, in that regard. What is new is the current American administration, which has also called into question NATO, at least, and has not worked nearly as effectively as it could have to bolster the alliances in East Asia and other parts of the world.

Ms. Bonnie Glaser: I would just add that the Chinese, I think, are ambivalent about the Trump administration. They don't like its approach, of course, to imposing tariffs on China, but they see the Trump administration policy towards allies and towards multilateral organizations as the gift that keeps on giving. The U.S. withdrawal from the Paris climate change agreement, its not going forward with the trans-Pacific partnership, its undermining of the World Trade Organization, and a host of other examples have allowed Xi Jinping to present China as the champion of globalization and of liberalization of trade, and also to persuade countries that China, as opposed to the United States, is the rule-abiding member of the international system. This has been an unfortunate set of advantages that China is taking as a result of the Trump administration's policies.

Ms. Yun Sun: The strategy of the Trump administration in the western Pacific region has led to obvious patching-up behaviours by both Japan and South Korea when it comes to their relationship with China. In South Asia, we're seeing India demonstrating similar patterns of behaviours as well. This almost release of the international system or the international space provides China with the alternative model and the alternative paths to claim China's leadership in these spaces.

• (1220)

[*Translation*]

Mr. Stéphane Bergeron: The Government of Canada was reduced, in the arrest of Michael Spavor and Michael Kovrig, to calling for U.S. intervention. Although there can be no doubt that the U.S. was sympathetic to Canada's situation, and even intervened with the Chinese authorities—something they did not particularly appreciate—it must be recognized that in the last agreement between the United States and China, the United States and China essentially sought to preserve their interests and not those of the western world—let us call it that for the sake of argument.

Is this in addition to the difficulties we are currently experiencing with the multilateral intervention you are suggesting, particularly through a fund to protect companies doing business with China, for example?

[*English*]

The Chair: You have about 30 seconds, I'm afraid.

Ms. Bonnie Glaser: The suggestion put forward was mine. I think that when countries have been subject to Chinese coercion, nobody has been there to help them. Even with South Korea, a close U.S. ally, when China stopped buying so many of the goods of the Lotte company and put a lot of political pressure on South Korea, the United States did not stand up and help.

So I think this is an opportunity for like-minded countries to build a fund that, even if it were never used, would signal to Beijing that countries that are targeted by this kind of economic coercion from China are willing to work together. They're willing to stand up to China, and Beijing fears—

The Chair: I'm afraid I have to interrupt. I'm sorry.

[*Translation*]

Mr. Bergeron, your time is up.

[*English*]

Ms. McPherson, please go ahead for six minutes.

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

I'd like to thank the people who have come and who are sharing their expertise with us.

Bonnie, I will give you a bit of an opportunity to finish some of those thoughts if you'd like.

We talk about China using its economic leverage and we talk about China detaining citizens of other countries, including Canada, of course. I hear what you're saying when you speak about China respecting strength, but knowing where Canada sits and knowing that we have limited strength and knowing that our opportunities to work multilaterally have some limitations of course, globally, can you talk a little bit more—and maybe, Bonnie, you could finish off what you were saying earlier—about those things that you think would work? The idea of a tougher approach is what I think I'm hearing, and there's this idea that China does respect strength. What are the risks of that?

Could you also talk about where you've seen successes for other countries, particularly countries other than the U.S., countries that are not superpowers but middle powers like Canada?

Ms. Bonnie Glaser: That's a very important question.

To quickly finish my thought, Beijing fears the formation of an anti-China coalition of other countries working together to push back against China. I really do feel that this is an area that should be exploited.

I'll cite the example of one country that I think has done particularly well, and that is Japan. Japan has basically been in the doghouse since 2012, when the government purchased some of the disputed Senkaku islands from some private Japanese citizens. The Chinese started introducing law enforcement ships in the territorial waters around these disputed islands. There were other pressures put on Japan, but the Chinese goal was to get the government in Tokyo, led by Prime Minister Abe, to acknowledge that a territorial dispute exists, because Japan has long said there is no dispute.

Fast-forward to today, and here we are eight years later. Yes, it has taken a long time, although the relationship gradually began to improve, and I would say the turn was in December 2014. Xi Jinping was supposed to go for a summit next month, which has been postponed only because of the COVID-19 virus, but these relations have improved, and Prime Minister Abe has not made core concessions on this territorial issue that China really cares about.

Does Japan have leverage? Certainly. Japan probably has more investment in China and more trade with China than Canada has, but ultimately I think Beijing saw that this prolonged downturn in relations did not serve its interests, and it looked for common ground with Japan and Prime Minister Abe.

• (1225)

Mr. David Shambaugh: Could I add to that?

Ms. Heather McPherson: Yes.

Mr. David Shambaugh: I very much believe in solidarity amongst like-minded democracies when approaching China in all issue areas. It's absolutely crucial to work together, side by side and not in parallel. I was very interested to read the annexes that Global Affairs Canada provided, in response to previous testimony, in which they claimed they had over a thousand communications with foreign governments in trying to get public support for the two Michaels case. They got 14 countries to speak out. Then there is an interesting list of how they spoke out. Most of those were via tweets. If you're not on Twitter, you don't see them anyway.

This is really lamentable, I think, if not shameful, frankly. It all shows China's real economic power and leverage over other countries. Second, it shows the fear of departing from the engagement paradigm that we have all pursued with China over the last four decades. Whether it's the two Michaels or a number of other issues that are of common concern to OECD countries...and I would again go beyond; this is not just the west we're talking about. Many countries in the global south have difficulties through China's mercantilist trading practices. On a number of security issues in other areas we need to really stand together. Maybe we need an international China summit or something.

China, however, wants to keep these issues behind closed doors. I notice that many of the diplomats who testified here previously said that they were working very hard behind closed doors to press the case of the two Michaels and other issues. Well, that's exactly where China wants to keep it—behind closed doors. Personally, I think going public about China's egregious behaviour on a wide range of issues, whether it be Tibet, the Uighurs, the two Michaels, Liu Xiaobo or you name it.... China just hates being internationally called out publicly and shamed. You have to keep this issue—

Ms. Heather McPherson: I have very little time left, so could you talk a little bit about the fact that when we actually bring this out in front, in public, the possibility of retaliation is so much greater?

You have 10 seconds. Good luck.

Mr. David Shambaugh: Yes, absolutely, retaliation is greater. It will happen. We have to enter into it with the expectation that there will be further Chinese retaliation. That's the big choice: Do we go public and confront China on these issues despite the retaliation, or do we not?

Ms. Heather McPherson: Thank you very much. Sorry to be so brief.

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

Now we go to the five-minute round, beginning with Ms. Alleslev.

Ms. Leona Alleslev: Thanks very much to all of you for your thought leadership on one of the most challenging conversations of our time.

Ms. Glaser, I know you testified at a committee in the U.S. on the “made in China 2025” policy. One thing you talked about was the increasing integration of military and civilian commercial economies, essentially. You highlighted that they were doing this with a view toward controlling entire supply chains and obtaining significant market share in targeted industries. I wonder if you could give us a little more information on that, and perhaps advise Canada on what we might be able to do to protect ourselves or to address this increasing challenge.

Ms. Bonnie Glaser: The made in China 2025 plan is just one of many industrial policies that Xi Jinping has put forward. I think what surprised many people was that this particular plan was very public and very detailed. It laid out 10 areas of key cutting-edge technologies that China, Xi Jinping says, must be dominant in. We're looking at things like electric cars, for example, semiconductors, and certain areas of transportation.

It remains to be seen, of course, whether China achieves this goal, but if they were to actually achieve a dominant position in most, if not all, of these areas, it really would pose a threat, I think, to many countries that have leadership and of course multinational corporations that have really significant market share. I think the Germans in particular are very worried, as are the Americans.

• (1230)

Ms. Leona Alleslev: Would you say that that threat was not only an economic one but also a security one?

Ms. Bonnie Glaser: Absolutely. Of course it begins with an economic threat, but it is a security threat, and you mentioned the close relationship between the civilian and military sectors in China. This is called civil-military fusion by Xi Jinping. The idea is to make it very easy for innovation in the civilian sector to be shifted over into military spheres and to be applied to military capabilities so that China can gain a rapid advantage over its potential adversaries, the United States being first and foremost.

Ms. Leona Alleslev: Thank you very much.

I would direct my next question to Ms. Sun, if you wouldn't mind. You made a very important point in your opening remarks, talking about, essentially, the rise of great powers and the shifting economic, political and even military balance in the world as a result. Where does that leave middle powers like Canada, and a number of others?

You suggest that we need to have increased co-operation of middle powers. Could you give us some ideas on how we might achieve that, particularly in light of the erosion of some of our international institutions that were essentially put in place to have a balance with middle powers. How do we now achieve that co-operation, and what action can Canada take to further that?

Ms. Yun Sun: Thank you, madam, for your question.

In the era of great power competitions, the erosion of the current international organizations and effective mechanisms is almost inevitable, because you will see both China and the United States reaching out to erode these systems to get their own way. Particularly in the case of China, this is the case.

I think, for middle powers like Canada, to keep the plurality of the regions is extremely important. It's not just a mechanism to prevent China from achieving the hegemonic status it desires; it's also to provide regional checks and balances, and the managing mechanism that will bind these great powers with superpower ambition through the norms and rules developed by regional countries.

I agree with you. I think the international systems these days are being eroded, but it doesn't prevent the emergence of other regional forums, regional organizations or regional mechanisms—minilateral, if you like, or trilaterals—among like-minded countries and countries with similar power status, to develop their common position.

Ms. Leona Alleslev: Thank you very much.

The Chair: Thank you, Ms. Alleslev.

Ms. Zann, you have five minutes.

Ms. Lenore Zann (Cumberland—Colchester, Lib.): Thank you very much.

My question is for Ms. Sun.

Hello. I hope you're doing well today.

We've just celebrated International Women's Day, so my thoughts are turned to the issue of women's rights. On the eve of International Women's Day in 2015, Chinese authorities jailed five feminist activists for planning to hand out stickers on subways and buses against sexual harassment. News of the arrest of the “feminist five”, as they became known, spread swiftly, sparking global protests and diplomatic outrage. Luckily, the government released the women after 37 days.

Then, on International Women's Day two years ago, Weibo and WeChat both banned the most influential feminist social media account, called Feminist Voices, because it “posted sensitive and illegal information”. Thousands of students signed #MeToo petitions demanding action against sexual harassment, but many of these petitions were deleted by censors soon after being posted on social media.

The shrinking public space for discussing women's rights in China is very concerning for me. I find it particularly ironic given the importance of gender equality during the communist revolution in the early Mao era, following the founding of the People's Republic of China in 1949, since the early communists enshrined the equality of women and men in the constitution of the People's Republic, and the government introduced ambitious initiatives to put women to work in building the new communist nation by the 1970s. They in fact boasted that the biggest female workforce in the entire world was in China.

Could you please give us an update on women's rights in China and what Canada and other countries can do to support the feminist movement in China?

• (1235)

Ms. Yun Sun: Thank you, madam, for your question.

To begin with, there is a cultural element to it because in China, if you look at the top leadership on the Politburo standing committee, there is no female leader at that level. That is just a fact. The Chinese political scientists have attributed this to the Chinese traditional culture, which has been dominated by males.

In terms of looking at women's rights in China, I would say that under Xi Jinping, the political tightening of spaces in almost all areas—not only women but also ethnic minorities, religious groups and democratic political dissidents in China—is intensifying. Women

are just one of those areas. If this violation of human rights in China is systematic and widespread, I think the solutions that we need to look at should not focus only on women.

Ms. Lenore Zann: Thank you.

I also wanted to ask you about China's role in the developing world and its approach to conflict mediation in that context. In an article that you published in 2019, you said this:

When viewing the domestic conflicts of a sovereign nation, China sees development and stability as two mutually reinforcing concepts. Instead of focusing on the fair and just distribution of political and economic rights, China prioritises making the economic pie larger so that everyone gets a bigger share.

What is China's general approach to conflict and governance issues in the developing world? How does that approach compare to the role played by the U.S. and its allies such as Canada and the United Nations?

Ms. Yun Sun: From the Chinese perspective, when they look at conflict mediation, they pretty much follow the Chinese experience. In China, they believe they have achieved a mutually complementary relationship between economic development and political stability. This has happened under the conditions of a strong authoritarian government ruling the whole country.

When China tries to mediate conflicts in foreign countries, the first condition has always been that China's national interests must be involved. In countries where China does not really have an interest, you rarely see China playing an active role in terms of conflict mediation. In these countries, China tries to preach this Chinese model of stabilization through economic development. This is the case we have seen in Myanmar; this is the case we are seeing in Afghanistan, and this is something that China has been preaching to the North Korean government for a very long time.

What is the difference between the Chinese approach and the western countries' approach? Well, the western approach focuses more on the origin of the conflict. There needs to be a democratic system to ensure and protect rights, to ensure that minorities are protected. The Chinese approach in this sense is much less substantive, because the Chinese prioritize ceasefires rather than a political solution. We see China try to mediate for ceasefires in conflict situations, but they rarely offer the substantive and intellectual framework to lead to an eventual and sustainable peace.

Ms. Lenore Zann: Thank you very much.

The Chair: Thank you, Ms. Zann.

Mr. Genuis, you have five minutes.

Mr. Garnett Genuis: Thank you, Mr. Chair.

Thank you to the witnesses. This has been a really rich discussion over both the last two panels.

I want to make two comments and then ask a couple of questions that will be directed to Mr. Shambaugh.

First of all, those watching will know that the original agenda for this committee included former Ambassador McCallum, and I want to say from my perspective that it is very important that we do hear from him at some point. I think his perspective will be absolutely vital.

Second, I wanted to respond to a comment I didn't have a chance to respond to earlier. Mr. Fragiskatos was kind of implying that there was a parallel between return of fugitives as a one-off and the negotiation of an extradition treaty. I think it's important that we very much distinguish between those two things. An extradition treaty would go much further than has been contemplated before, and it would give the right of Canadian nationals, for example, to be extradited to China, with all of the concerns that raises.

Having just put those comments on the record—

● (1240)

Mr. Peter Fragiskatos: Point of order, Mr. Chair.

The Chair: Mr. Fragiskatos.

Mr. Peter Fragiskatos: As we've heard at this committee, the Canadian government has no interest in proceeding with an extradition—

Mr. Garnett Genuis: That's not a point of order. You're better than that. That's—

Mr. Peter Fragiskatos: Just to clarify for the record—

The Chair: Order, order. Thank you very much.

Mr. Genuis.

Mr. Garnett Genuis: That is a shameful abuse of procedure, and you know it. I didn't interrupt you when you were directly responding to my comments, so we expect better from you.

I want to ask Mr. Shambaugh two questions. First of all, we have the buzzword “engagement”, which has been around this committee a lot. You talked about the trap of the so-called engagement paradigm. It's interesting, because all of us would agree that there needs to be engagement with this topic, in terms of having those dialogues and opportunities for conversation. At the same time, we should reject the idea that engagement entails thinking that having a good, collegial, friendly relationship is an end in and of itself. Engaging in a way that shows firmness and consistency and seeks to advance our values and interests is the objective.

Can you talk a bit about what may be good engagement and bad engagement, given the importance of just that word?

Regarding the second question, you wrote an essay for The Wall Street Journal in 2015, in which you imagined the unfolding of... I don't mean “imagined” in a pejorative way. You said, “The endgame of Chinese communist rule has now begun.... Its demise is likely to be protracted, messy and violent.”

I'm wondering if you still think, five years later, that we're in the endgame of communist rule in China. All of us here, presumably, would like to see freedom, democracy, human rights, and the rule of law spread around the world, spread to China. Do you think political change in China is possible in the near or medium term? What policy approaches can we use here in Canada to promote the development of a free, multi-party democratic society, and in a way

that minimizes any kind of conflagration in the process of transition?

You have two minutes left. Take the whole time however you like.

Mr. David Shambaugh: Two minutes, or two hours...?

On your first question, about engagement, I'd recommend the committee read, if it hasn't already, Paul Evans's excellent book entitled *Engaging China*. It is a history of Canadian relations with China since the Trudeau period and throughout this whole engagement paradigm. Second, read Ambassador David Mulroney, whom I hope you will hear from at the committee. His book *Middle Power, Middle Kingdom* is an excellent study. He also goes through these issues.

Engagement, in my view, is not an end in itself. It is a means to advancing a national and common international interest. I was also interested in this annex that Global Affairs Canada provided to the committee. There's a very nice organization chart of the probably two dozen or more bilateral dialogues that Canada has with China. When I looked at that chart, it made me think, “Well, they just see engagement as an end in itself.” Simply having those boxes on that chart is what those diplomats in Global Affairs Canada set out to do, and to have the dialogue is sufficient.

I would submit that it is not sufficient. You have to achieve things with dialogues. The United States, by the way, had 94, I think. Bonnie has written about this. We had 94 ongoing dialogues with China when the Trump administration took over. They're now down to fewer than 10. The Trump administration has just cancelled a number of them. Are we any worse off for it? I don't think so. It's a terrible waste of money, resources, time, airplane fuel, etc., unless you're getting real results.

Engagement, if it's institutional engagement, bilaterally, is a means toward an end in whichever issue or area you're talking about. That's just my brief answer to that.

The Chair: Thank you very much.

Mr. Oliphant, you have five minutes.

Mr. Robert Oliphant: Thank you very much to all our witnesses.

I want to build on what I thought was a really fine question from Ms. Alleslev. It had to do with Canada's approach. I recognize you're not Canadian. I recognize, in the answers you've given, a very American approach to both foreign policy and to China, which will be absolutely respected by Canada, but you are in a very different power position in the world than Canada. You have economic tools. You have not, as a country, actually engaged multilaterally with China, as you are suggesting is appropriate. You have actually acted as a country unilaterally, many times without looking at the impact on Canada and your allies.

You are suggesting it is very important to act multilaterally, yet the United States is not acting multilaterally. What is it you are really suggesting? I recognize you're coming at it as an American. I hear American language. I hear American politics. I hear American diplomacy, but do you have something to suggest, from that experience, for a small country that necessarily counts on its allies?

I would have all three of you answer, if you would like.

• (1245)

Ms. Bonnie Glaser: Thank you for the question. I think it's an important one.

I'm certainly an American, but I'm an expert on China. I examine how countries around the world deal with China and what has worked and what has not. There are many middle powers and others that have been the target of economic pressure from China and have tried different approaches.

I already talked about Japan, so I will take this opportunity to cite Australia, which of course recognized that there was significant political interference in its society, its politics, and decided to pass new laws and prioritize this issue. The lesson from Australia I think is on setting priorities. There have been examples where, frankly, the United States has reached out to Australia and encouraged it to make other things a priority, to add, for example, freedom of navigation in the South China Sea to its list of priorities. The Australians have looked at all the challenges they face with China and said, look, we're going to pick the two or three that are really vital to Australian interests; with regard to the others, we care about the others, but we're not going to try to beat China over the head on everything.

I think China has respected that approach.

Mr. David Shambaugh: On the question of multilateralism, I agree with you, sir. The United States has frequently acted unilaterally. Particularly under this administration, it is lamentable, to put it mildly, and it's ineffective.

With respect to China, the Trump administration's China policies—I personally agree with most of them—would have all been much more effective if they had been coordinated in tandem with other OECD members, including Canada. Going forward, that is absolutely imperative: solidarity, multilateralism, united front approaches to China. Otherwise, they do *yi yi zh yi*, divide and rule the “foreign barbarians”, as they call us.

Do you want me to go back to the previous question that I didn't have a chance to answer?

Mr. Robert Oliphant: Go on, for sure.

Mr. David Shambaugh: It's linked to Yun Sun's opening statement about China's identity being rooted in the 19th century sort of victim narrative because of its encounter with the west and Japan. I would add that China's identity is also profoundly rooted in the collapse of the Soviet Union and the Soviet Communist Party, and the other communist party states in eastern Europe and Mongolia. That lives with the Chinese Communist Party and their leadership on a daily basis. They write about it. They speak about it. They are seized with it.

So it's not just—

Mr. Robert Oliphant: That's helpful. Thanks.

I want to go to Ms. Sun quickly.

Do you have any comment?

The Chair: You have 30 seconds.

Ms. Yun Sun: First of all, I think Canada needs to develop leverage and influence vis-à-vis China unilaterally, without the collaboration with the United States.

Second, China has an ultimate respect for power. When you look at how India reacted to China in the Doklam standoff, and in South Korea Geun-hye's decision to deploy THAAD, in the end, China paid respect to it.

Certainly, if you look at Europe and how some NATO countries have kept the U.S. at arm's length in order to maintain their policy flexibility, I think there are a lot of lessons to be learned.

The Chair: Thank you.

Ms. Yun Sun: Last but not least, I think Australia offers a case where allies can be actively shaping U.S. priority and U.S. policy.

The Chair: Thank you very much.

[*Translation*]

Mr. Bergeron, you have two and a half minutes.

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

These discussions are simply fascinating.

We finally realize that Canada, like most countries in the world, must try to find its place in this struggle between two superpowers, the United States and China, one being our ally, the other being a power with which we have always had excellent relations in the past.

What is Russia's place in this new international system that seems to be taking shape, according to what you say?

• (1250)

[English]

Ms. Bonnie Glaser: Again, none of us are Russia experts, but I can certainly highlight the fact that Russia and China are increasingly working together in the international system. They are working in the UN to develop their own methods of cyber-governance that prioritize sovereignty and oppose individual freedom. They are working together militarily. They are developing, now, early warning systems together. They have worked together on missile defence. We saw, only a few months ago, the first-ever joint patrol between Russian and Chinese air forces fly over territory disputed between South Korea and Japan, aimed at dividing the United States' two allies in Northeast Asia: Japan and South Korea.

I think this is because those two countries share an interest in opposing what they see as American hegemony. They want to change the rules, the norms, in the international system. I think the more the United States highlights that both of these countries are revisionist powers, the more this has given them an even greater incentive to work together.

The Chair: You have 20 seconds.

Ms. Yun Sun: Russia is China's strategic partner, and the coordination of their national security and foreign policy strategies has enhanced and intensified in the past several years. They provide neutral support on issues of importance for them, such as China on Syria and Russia on the South China Sea. Russia has been an anchor for China to launch its campaign into the Arctic through the Yamal project and development of the northern sea route.

The Chair: Thank you.

I appreciate the very short comments. I'm sorry for the very short time we have for all of the questions.

Ms. McPherson, you have two and a half minutes.

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

We just talked about Russia. We've certainly spoken quite a lot about the United States today.

Mr. Shambaugh, you spoke about the global south, and I know, Ms. Sun, that you spoke a little bit about the increased connection between China and Africa. Is there a potential for us to be building coalitions with countries in sub-Saharan Africa, or has the role China has played in sub-Saharan Africa made that an impossible thing going forward?

Mr. David Shambaugh: I'll defer to Ms. Sun. I think she knows more about it than I do, but I would just observe that the potential for partnerships between OECD countries and the global south vis-à-vis China and other global issues is substantial. We should think not just about working with like-minded democracies north of the equator; there are numerous democracies south of the equator that are also natural partners for us.

Ms. Heather McPherson: Ms. Sun.

Ms. Yun Sun: I think the theme here is to offer an alternative to what China is offering to Africa. Japan is playing an increasingly big role in this arena, in things other than the Chinese business contracts and Chinese infrastructure projects. I think countries like Canada could provide a very healthy and much more sustainable

development path to the countries in Africa, and this also involves significant capacity building that I do believe Canada's foreign aid program is involved in.

All of these are laying the foundation for a more democratic system and more sustainable development in the African continent.

Ms. Heather McPherson: Just to follow up on that, at the moment our development dollars that are going to sub-Saharan Africa are quite low—historically low. Would you see investing in infrastructure in countries in sub-Saharan Africa and increasing the amount of official development assistance that we are allocating to those regions being things in which we could increase capacity?

Ms. Yun Sun: I think there is an absolute need on the ground, and there is also an absolute sense of urgency.

The Chair: There are 15 seconds left if you want to add a comment.

Ms. Heather McPherson: I'm good. Thank you so much.

The Chair: We still have five minutes.

Mr. Williamson, you get them.

• (1255)

Mr. John Williamson: All of them.

The Chair: Use them wisely.

Mr. John Williamson: Thank you, Mr. Chair.

I'd like to give our guests the floor and to follow up on what my colleague asked about, the resilience and the strength of the Chinese Communist Party and whether it is a system that is as strong as it appears to be, or if, in fact, there are weaknesses that perhaps we don't see.

I'll turn it over to the three of you. You can police yourselves to have about 90 seconds each. Why don't we start with Ms. Sun, please?

Ms. Yun Sun: We get these questions a lot. Is there going to be a military coup in China? Is Xi Jinping going to be overthrown if his policy has been so unpopular in and outside of China?

My answer is no. I think the resilience and the ability of China to adapt and of the Chinese government to adapt to different emerging challenges is quite significant. Professor Shambaugh wrote a book about this—the ability of the Chinese Communist Party to adapt. I think the Chinese Communist Party has not exhausted what the Chinese society can offer them in terms of the adaptation and evolution of the party's struggle to build and strengthen its legitimacy.

This is an evolution of the Communist Party strategy. We're not seeing the end of it yet.

Mr. John Williamson: Chair, what is the time?

The Chair: It's 1:43, so you have three minutes and 15 seconds.

Mr. John Williamson: All right. If you would like to split the time, please go ahead. If you finish up, I'll come up with another question.

Ms. Bonnie Glaser: I'll be brief.

I would say that the Chinese Communist Party shows signs of both fragility and resilience. It is very difficult to predict going forward whether it will continue to strengthen itself. I think Xi Jinping has put so many resources and so much energy into strengthening the rule of the party and the role of the party in China that I don't think we are going to see it collapse any time soon.

But it is noteworthy that, if you take the case of COVID-19 and the reaction of the people, there's a lot of concern and opposition and a sense of frustration in China about the party's inability to deliver good governance. When Dr. Li Wenliang died early on.... Basically, he had been muzzled when he tried to make public the nature of the threat. That's just one example of where people are very frustrated. Could this boil over in ways we don't predict? That's possible, but I don't see collapse of the party any time soon.

The Chair: You have two minutes, sir.

Mr. David Shambaugh: Neither do I, despite the unfortunate headline that The Wall Street Journal chose for my article back in 2015.

The Chinese have many phrases that capture complex situations. They have one, "*waiying, neiruan*" or "hard on the outside, soft on the inside", and that is a good metaphor, I think, for the Chinese Communist Party today. They are definitely hard on the outside. Since Xi Jinping came to power in 2012, he has definitely strengthened the party. I would even date the hardening to 2009, which predates his arrival at the top. There's no doubt about it. Why? As I started to say earlier, he's absolutely possessed by the Soviet collapse, and he saw that on China's horizon.

My article was about the same thing. He and I probably didn't disagree about the state of the party in 2010, 2011 or 2012. He has taken certain steps in the last seven years to strengthen the party. It is definitely stronger today organizationally as a Leninist instrument than it was seven years ago, but I would argue that as a normative instrument and in terms of legitimacy it is weaker. The COVID-19 issue shows part of that weakness in terms of monopoly of media.

This is not a party that's about to collapse. I never thought it was. The best word for it is "atrophy". All Leninist parties and, I would submit, authoritarian parties atrophy over time. They age like people do and eventually die, unless they're constantly reinventing themselves. There are different ways to reinvent themselves. Xi Jinping has chosen a certain number of lessons from the Soviet collapse, what we would call hardline lessons. There are other, softer lessons that could have been chosen and that his predecessors did. Jiang Zemin and Hu Jintao practised what I call "soft Leninism". Xi Jinping is hard Leninism, and I think he's actually making the system more brittle and more fragile as a result.

• (1300)

The Chair: Thank you very much.

We've had two excellent panels today. I want to thank the three witnesses who are before us at the moment for their testimony.

We are very grateful to you for taking the time to be with us.

Colleagues, this meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>