



## **China Choices: Recalibrating Engagement in a Turbulent Era, Canadian and Australian Views**

School of Public Policy and Global Affairs, University of British Columbia

20-21 September 2019

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Organized in partnership with the Australian Strategic Policy Institute in Canberra and in association with the Institute of East Asian Studies at the University of California at Berkeley.

The workshop aimed to examine some of the complexities in managing relations with China in an era of increasing domestic repression and international assertiveness in Xi Jinping's China, increasing anxiety and media concern in Western countries, and uncertainty and turbulence in the international system generated in large part by the policies and approach of Donald Trump's America First.

Participants included faculty and students from UBC, UC Berkeley and the University of Toronto; a three-person delegation from Australia; serving and retired officials from federal government departments in Ottawa; a former and a current member of the Senate of Canada; community leaders and journalists in Vancouver.

The sessions were held under Chatham House rules. The following summary abides by the non-attribution proviso with the exception of the luncheon remarks by the Honourable Jack Austin on Canada confronting its issues in the contemporary US-China relationship and Senator Yuen Pau Woo's comments defining the problematique framing specific policy choices in the same session.

The organizers thank the School of Public Policy and Global Affairs and the Institute of Asian Research at UBC plus Power Corporation of Montreal for the financial support that made the workshop possible.

### **Session one: Strategic Setting**

Canada's relations with the People's Republic of China have deteriorated precipitously in the past seven months in ways that few have welcomed and no one anticipated. The arrest of Meng Wanzhou, the detention by China of Michael Kovrig and Michael Spavor, restrictions on key Canadian exports to China,

the freeze in high-level contacts, decisions about the participation of Huawei in 5G networks, are elements of a serious diplomatic rift. The rift has been compounded and complicated by a growing Sino-US confrontation that is affecting trade, technology and societal exchanges, including at the university level. Domestic reactions in Canada have ranged from cautious recalculation to calls for retribution and dis-engagement or decoupling. Public attitudes are hardening. The current freeze in bilateral diplomatic relations overlaps with what is being described variously as Chinese influence or interference activities inside Canada, including those connected to the United Front Work Department of the Chinese Communist Party.

Australia has been wrestling with similar issues and the general direction of its China policy for at least a decade. Because of its geographic location, its abiding commitment to a security alliance with the US, and significant exports to China (27% of Australia's total trade), its China choices have been more acute, more fulsomely debated, and, with respect to Chinese influence activities, the subject of intensive media and parliamentary attention and new legislation. Australia is further down a path that at least some observers feel Canada could do well to observe carefully and follow.

The presentations and discussions in the opening panel made clear there is considerable overlap in perceptions of the power shift underway, the fluidity of the current situation, concerns about growing repression in China, and uncertainty about the direction and trustworthiness of American policy under Trump. *Differences surfaced quickly* on how far countries like Canada and Australia should double down on reliance on the US despite the current administration's stance on a variety of global issues and new worries about its long term commitment to the region; the analytic value and practical implications of the concepts of the Middle Power and Rule Based International Order; the impact and role of ASEAN as a key player in the regional architecture; the value of the "Free and Open Indo-Pacific" concept; the future and nuances of engagement policies in both countries; the Huawei 5G decision; the appropriate level of defence spending to mitigate long-term uncertainty and a more assertive China; and the longer term prospects for a pendulum swing back to political reform in China.

**Luncheon Discussion**, featuring a presentation by the Honourable Jack Austin (excerpted in the appendix) and comments by Senator Yuen Pau Woo.

In a sober historical assessment, the Senator' Austin's remarks extended the discussion of the geo-political implications stemming from a US-China rivalry that confronts Canada and Australia alike. There is a *real possibility of a recreation of spheres of influence* as China's rise continues. Each of those powers will demand conformity from allies or aligned parties when their core interests are at stake. At the same time, he argued that engagement is as essential for Canada and all the others as it is difficult.

Participants offered differing views on how much room Ottawa and Canberra have for policy directions different from Washington's and the depth and durability of the current consensus in the US in support of a full-out strategic competition with China. *None of the participants expressed support for a policy of economic or technological decoupling or strategic containment.*

Looking beyond the list of the specific problems in Sino-Canadian relations that are causing such anguish and that are proving so difficult to resolve, Senator Woo addressed the need for a clearly articulated problematique and set of policy responses. This is partly about putting a clear label on China as an adversary, enemy, competitor, threat or partner or some combination with reference to which domain of the relationship is being considered. Are China's economy and polity so weak that we can anticipate their collapse or are they so powerful that we need to check their growth and dominance? Is China a

supporter of the current world order or its principal opponent? If engagement is to continue as the preferred approach, what kind of adjective needs to be put in front of it: bounded, conditional, renewed...?

The problematique also needs to include a characterization of our relations with the United State and an estimation of how much room Canada has to maneuver considering the constraints, as Senator Austin noted, that remain in play.

A second line of discussion introduced by Senator Woo focused on the mood surrounding discussion of China in Canada where there has developed a series of binary options that are *litmus tests* of what is deemed acceptable in public discourse. Litmus tests include: has an individual been in any way connected to United Front activities very broadly defined (even attending an event hosted by people or institutions thought to be connected with it); offered a positive assessment with a Chinese SOE or private company investing in sensitive areas broadly defined (e.g. Huawei and 5G); takes positions that are seen to parallel those of the Chinese government. Some media reports, and partisan commentary, equate the failure to denounce China's faults at every turn as a lack of loyalty to Canada and Canadian values. Rude or intimidating behaviour by pro-PRC Canadian Chinese is contrary to freedom of expression and freedom of association but may or may not be the product of foreign interference.

Discussion, particularly in the third panel on Chinese Canadian communities, noted the unfairness of such tests. This stifles legitimate debate and, has real potential for stigmatizing Chinese Canadians and anyone who has extensive dealings with China and Chinese entities.

## **Session Two: University Engagement with China**

University connections with China have become the source of controversy in *Australia* in recent years related to perceived over-dependence on Chinese students and the revenue they generate, Confucius Institutes on university campuses, surveillance of Chinese students, connections between Embassies and Consulates with student organizations, funding of research projects and programs, disruptions of classrooms, cyber hacking into university data bases, and theft or acquisition (legal and illegal) of intellectual property. These have been framed as assaults on academic atmosphere, academic integrity and academic freedom with consequences for the quality of Australian higher education and national security.

Similar concerns have been raised in the *United States* and have been extended into claims that students and scholars from the PRC are part of a "whole of society" threat and "non-traditional collectors" of information for China's benefit. Funding agencies (e.g. NSF and NIH) have issued new restrictions on interactions with China and required recipient compliance. In response, senior academic leaders at top institutions have expressed their commitment to safeguarding national security while also continuing deep interactions with China as part their educational mission and pursuit of research excellence.

*Canadian universities* have not experienced the same degree of disruption or controversy but recent episodes of inappropriate behaviour have attracted media attention. Key issues for university administrators and professors relate to acceptance of Chinese funding and collaborative research in areas of sensitive or advanced technologies (Huawei front and centre). There are significant worries about the extra-territorial implications of actions by the US government that affect research partnerships, data and IP protection, technology transfer, and export controls.

Intelligence agencies in Ottawa have conveyed concerns, especially about legal and illegal acquisition of sensitive technologies and protecting IP without naming a specific country of concern.

Topics of discussion included the experience of major universities in the United States with respect to the activities of intelligence and enforcement agencies on campus and the absence of China specialists in fashioning university policies; and the importance of transparency and openness in arrangements relations with Chinese institutions.

*Balancing academic freedom and open inquiry with national security was described as difficult but necessary.* One important exchange focused on how to define, and who should define, “sensitive research areas”. It was argued that these could best be approached by close collaboration between intelligence and security officials in collaboration with individual universities and groups of universities like U15 (now co-chaired by UBC). Failure to do so could erode public confidence in universities and the government as well as harm economic growth and undermine national security.

Canadian institutions like UBC are increasingly aware of risks that need to be managed in academic connections to China. But despite these concerns they are committed to keeping the door for them as open as possible. On the spectrum of framing China as an adversary/strategic competitor through to partner/cooperator, the basic problematique is closer to the latter tempered by a new awareness of those risks, the need for *better diligence in vetting Chinese partners and visitors and full transparency about funding sources.*

In the search for solutions, closer interaction with security and intelligence agencies in Ottawa is required as part of researcher-driven process in formulating guidelines and procedures for dealing with foreign countries, China in particular. Three sets of guidelines produced in other countries were circulated to participants as a foundation for discussion. See:

<https://www.cpni.gov.uk/trusted-research>;

<https://hcss.nl/sites/default/files/files/reports/BZ127566%20HCSS%20Checklist%20for%20collaboration%20with%20Chinese%20Universities.pdf>

<https://www.hrw.org/news/2019/03/21/china-government-threats-academic-freedom-abroad>

### **Session Three: Chinese Communities and PRC Influence Activities**

This panel was organized because the co-chairs are concerned by the near absence of members from our Chinese communities at policy meetings addressing Canada-China relations including issues of Chinese influence and interference in Canada. The departure point for discussion was a public statement by Senator Yuen Pau Woo: “*Chinese Canadians need to be at the forefront of exposing and opposing efforts by parties that seek to undermine Canadian values.*”

The panel pursued *three questions* for both Australia and Canada: what are the components of “the Chinese community” in each country? What influence or interference activities have there been in these communities? And, what needs to be done to promote the flourishing of democratic life in and with these communities? To the degree possible, we sought to hear voices from these communities. The report from *Australia* was perforce an overview but highlighted that Australian discussions about

relations with the PRC have fundamentally been about Australia, not China—about what Australia needs to do to have a workable engagement with China. A key aspect of United Front activities in Australia has been to use race as a wedge issue to separate Chinese Australians from the views of mainstream society. This has had the effect of sidelining moderate voices in the community caught between a government and media increasingly worried about United Front activities and Chinese public diplomacy that insists that criticisms of UF activities are fundamentally racist in nature.

Several *Canadian* participants echoed these concerns. Firstly, the impact of United Front Work Department propaganda and pressures were noted but, so far, seen as limited to recent immigrants from the mainland who get most of their news from Chinese language channels (such as WeChat). Different generations and those from other areas (Hong Kong, Taiwan, SE Asia) generally read more broadly and disregard obvious propaganda from Chinese state channels or identified agents.

Chinese communities in Canada have long experienced competition between the Chinese Communist Party (including its United Front activities) and pro-ROC/Taiwan activities. And on the question of engagement, connections of kinship, culture, family, and business make disengagement completely unrealistic.

Nonetheless, discussion turned to the reality of *structural exclusion* experienced by Chinese Canadians and the ignorance of most other Canadians of this experience. This was echoed by several participants who indicated that if left unaddressed this discrimination would provide a wedge issue for PRC actors in Canada as they have in Australia. Participants stressed that the shared goal of a flourishing democratic life for Chinese Canadians requires a public conversation that acknowledges this reality. The next step is to train leaders from this and other under-represented Canadian communities in the domestic political process. Discussion centred on the challenge of democratic learning for all sectors of Canadian society and that Canadian universities could and should take a leading role in researching and teaching better practices to strengthen our democratic institutions. As with Australia, our solution is to be found largely amongst ourselves. It was also noted, however, that security and police forces in Canada need to be more active in protecting citizens and residents of Canada from illegal interference and intimidation.

It will require *more effort from our universities* to blunt United Front Work Department propaganda and interference efforts through building broader conversations among the divergent subgroups within Chinese communities in Canada and other groups in society. There is the danger that overreaction to an overblown threat of PRC interference would be more dangerous than the impact of Chinese actions themselves. Academic participants noted the separation in our universities between Asia research (with its expertise on China and the CCP) and studies of groups like overseas Chinese communities in Canada. This is a key gap to bridge as we seek to build university capacity to strengthen democratic practices on the ground and to promote broader conversations between key groups in Canadian society. Finally, the challenge remains: how to get more Canadian Chinese voices into the policy conversation on Canada-China relations?

#### **Future Agenda:**

Participants expressed the value of discussions that are international, inter-generational and intersectoral. The range of topics on strategic matters for further dialogue is wide and compelling. Deserving of attention are the gap in perspectives on what can be expected of the United States in the coming decade, the basic China problematique, and how far multilateral efforts should exclude China and how far they should be inclusive of China, and the level and kind of defence preparedness that is

required to address a shifting balance of power. These matters can be engaged in a multitude of bilateral and regional fora already in existence.

The workshop underlined the need for further work in two areas where the options for internal dialogue in both countries is rather more restricted.

**Universities.** The pressing problem is to formulate rules of engagement with Chinese research partners, funding sources, and individual researchers. Government representatives have urged the university to draw up proposed guidelines and best practices based on our own experience and knowledge on the ground. This is both an invitation to work with our government and a warning that if we do not act the government will be forced to.

Considering its geographic location, and the extent of its faculty and student connections with China, UBC is positioned to play a proactive leadership role in a three-level process involving faculty, university administrators, and officials from Ottawa. Conferring with informed parties in Australia and the United States will be essential to success.

**Community.** The challenge is to bridge the gaps identified between Chinese Canadian communities and other Canadians, especially in the policy process, and the gap between area/China studies and ethnic studies in order for universities to usefully contribute to the strengthening of democratic life in our Chinese Canadian communities in the face of PRC government pressures and Canadian media misperceptions.

Whether this can be done by new initiatives in Canada alone, assisted by a fact-finding mission to assess the Australian experience and best practices, or through a series of parallel projects in both countries is the subject of further discussion.

#### **Appendix: Excerpts from the remarks by the Honourable Jack Austin at lunch on September 20th.**

The importance of the subject matter of the workshop is obvious and the timing exquisite. We are at an inflection point in the history and affairs of the Asia Pacific, or if you prefer, the Indo Pacific. Political interests, economic interests, technological interests and most important, value systems, are among the issues in contest, not only between two great powers but in one way or another among all the members of the Greater Pacific community of nations.

A process is underway, led separately and competitively by the two great powers, and resisted by most others, to create a Pacific of spheres of influence. Other countries will be expected to align with one or with the other. Geography will be a large determinant and regional history will be a key factor along with economic interests and trade patterns.

Those who think that neutrality is possible are dreaming in technicolor. Of course depending on many factors, some nations will have an inner orbit and others a more outer orbit. However, when the self-declared core interests of one of the two central powers is engaged, the levers they will employ will leave little doubt about the impossibility of neutrality.

Let me take off the covers of the concept that Canada is a fully independent nation, free to pursue policies in the global system which are in our self-assessed, self-interest.

First, it is essential to understand that there would be no Canada if this country were to constitute a threat to the security and wellbeing of the United States. This is an eminently sensible position for the United States to take. Their security is their priority. Nor is it ever in the interest of Canada to be other than the closest ally and friend to the United States. The security of the United States is the security of Canada. To be in the sphere of influence of the United States has been a conscious and welcome reality since at least World War II. Out of shared values we have joined since that time in US initiatives for peace and security; the Truman Plan of 1947; the Marshall Plan; NATO; the UN endorsed protection of South Korea; NORAD; World Bank; IMF; GATT and the WTO; and resistance to the policies of the Soviet Union. We joined the US in resisting the attempted seizure of the Suez Canal and we assisted the US in removing US citizens from Iran at the time of the overthrow of the Shah. And there are many other examples. These were our very own policies and also in our self interest in our shared world view with the United States.

When it was not in direct defiance of US essential interests we went our own way. Our demonstrated independence served both our foreign policy interests and those of the United States. The global image of the United States as a country that did not interfere in Canadian domestic affairs contrasted with the position of the Soviet Union in Eastern Europe and elsewhere. World acceptance of the United States as a champion of the freedom and the independence of other sovereign nations was there to see. Under this umbrella, Canada showed independent policies in matters such as recognizing and investing in Cuba; in its unwillingness to join the OAS because of its disapproval of US policies towards Central and South American countries; in its diplomatic recognition of China in October 1970, sixteen months before the Nixon visit in 1972; in its successful advocacy at the UN for the Peoples Republic to assume China's seat in the Security Council in the place of the Republic of China, now better known as Taiwan; in its refusal to join the US-led war in Vietnam; and in its refusal to participate in the US invasion of Iraq.

For Canada, as for most countries, the rise of China as the regional power in East Asia and a growing rival on the world stage with the United States, brings many complexities. Since 1970 Canada has pursued a general policy of engagement with China. Prime Minister Pierre Trudeau made clear his concern with China in the 1950's and 1960's as an outlier nation, fomenting revolution in the Indo-China communities and in Indonesia and threatening to do so in South Asia. China he believed needed to be brought into the world economy and into the responsibility of membership in international organizations. It had to see its self interest in the global system designed by the United States. From the Canadian view, a prosperous China would be a more prosperous world. From the US point of view in 1972 it seemed that the prime policy was to distance China even further from the Soviet Union. Playing the China card according to Kissinger was more tactical than strategic.

As we well know, the 19<sup>th</sup> and early 20<sup>th</sup> century beliefs of the Christian countries that China through modernization and prosperity would become Christian and democratic, became a chimera with the victory of Chinese communism. While the concept was a plaything in the Chiang Kai Shek era, it was never plausible under Mao. However China's economic and technological rise is real as is its extension to a world presence in political and economic affairs.

The question posed to this workshop is "how to navigate an increasingly confrontational Sino-US relationship". Asking the question another way, the topic is framed, "What's the future of engagement?". As we know, the starting point is not Canada or Australia. It is in how the United States frames its core interests and how China does the same.

The debate is on in the United States. Is China a “core competitor” or a “strategic rival” or a “strategic adversary”. Is the US in a war or contest, in trade and technology, in economic dominance, in political supremacy, over irreconcilable values in human rights and democratic governance ? Is the speech of Vice-President Pence to the Hudson Institute on October 4<sup>th</sup>, 2018, the defining attitude of the United States ? Is “maximum spectrum dominance”, the policy of the US National Security Council as disclosed in 2001, the continuing major premise of US policy ? Is the doctrine of the Bush-Cheney era of “American exceptionalism” the enduring keystone of US policy?

These are inflexible doctrines and do not auger well for successful engagement. China too has its rigid bottom lines and its Chinese nationalism easily mobilized in defence of its interests. Is the US focused only on its trade issues and rules of investment in China or is the real purpose of American policy actions to damage the Chinese economy and bring down the Leninist system? The Chinese aren't sure and suspect the worst. Not a comfortable situation for positive engagement.

Canada might have been able to play a minor but helpful role, as in the past, in facilitating US-China dialogue. That door was slammed shut by the US requested seizure for extradition of Huawei executive Meng Wanzhou under US charges of bank fraud. The Chinese reaction against Canada, holding two Canadian citizens as hostages, and with economic and trade measures against some Canadian industries, along with a hostile communications campaign, has made Canada a victim of great power politics. In 1998 Premier Zhu Rongji called Canada, China's best friend, a claim I may be the only one who now remembers.

One result of China's reaction to the Meng extradition process is that Chinese actions have undermined what was a strong Canadian approval of China and its relationship with Canada. In both UBC and Asia Pacific Foundation polls, favourable feelings about China have plummeted in the past eight months to less than 36% (see: <https://sppga.ubc.ca/wp-content/uploads/sites/5/2019/03/Report-of-Collected-Data.13March-2019.pdf>). This disapproval factor makes building a new engagement policy by the Canadian government more than difficult. Where there was positive interest in a bi-lateral trade treaty some three years ago, there is no sustainable interest now. Canadians question whether they are at risk in travelling to China. And questions are being asked about whether Canadian universities should be educating Chinese students in technologies that enhance China's competition with Canadian products and services, a topic for discussion at this meeting.

Does all this mean that Canadians are comfortable with the United States confrontation with China? Not at all. There were many other ways for the US to deal with a rising China. Ways that are based on a confidence that the US can compete with China and also cooperate in their common interest. The inarticulate premise of the Trump approach seems to be based on the conviction that the US cannot compete and thus must negotiate on a “beggar thy neighbor basis”. Something like, if we can't stay ahead in this race then we will have to keep our rival down in other ways.

Having said all this, China has and will have an enduring world presence and significance. It generated about 35% of world growth in the years 2017-19, represented about 16% of nominal world GDP in 2018, and is a market of 1.3 billion people whose living standards are rising and who are demanding better products and the life styles to go with it. Canada is by virtue of its small population, 37 million, a trading nation. Our standard of living depends on our ability to sell our commerce to the world. China may be able to ignore us but we can't ignore China. Our standard of living also depends on our understanding of China itself. What are its core interests? How does it relate to the region it lives in and how to the nations with western values? How does its history and culture affect its decision making?



We need to know these things and more. Our universities are at the core of our vital learning curve. There must be no false morality or false sense of importance on our part.

To my astonishment, I end by quoting an often China negative newspaper, the Globe and Mail, whose views and opinions I rarely share. Its editorial on September 7<sup>th</sup> stated: “ China and the regime that governs it aren’t going anywhere. Engagement is always better than estrangement, and Canada needs to engage with this growing superpower and its vast economy”.

So we know why. We have yet to know how and when.

### **List of Participants – China Choices workshop**

**Borna Atrchian**, UBC Student

**Jack Austin**, former Senator, Vancouver

**Ali Bajwa**, MPPGA graduate, SPPGA, UBC

**Colin Belcourt**, Communications and Security Establishment, Ottawa

**Malcolm Brown**, former Deputy Minister at Public Safety Canada, Ottawa

**Max Cameron**, Acting Director, School of Public Policy and Global Affairs, UBC

**Raymond Chan**, former Federal Minister for Asia Pacific, Vancouver

**Timothy Cheek, (Co-Chair)** Director of the Institute of Asian Research, SPPGA, UBC

**Gavin Davies** MPPGA student, SPPGA, UBC

**Julian Dierkes**, Professor, SPPGA, UBC

**Windy Du**, Huawei Canada, Markham, Onario

**Grant Duckworth**, Canadian International Council, Vancouver

**Paul Evans**, (Co-Chair), Professor SPPGA, UBC

**John Fitzgerald**, Professor emeritus, Swineburn University, Australia

**Nathan Gan**, graduate student, History Department, UBC

**Chen Greif**, Professor and Head of Department of Computer Science, UBC

**Andre Ivanov**, Professor, Electrical and Compting Engineering, UBC

**Peter Jennings**, Executive Director of the Australian Strategic Policy Institute, Canberra

**Wenran Jiang**, visiting professor, SPPGA, UBC

**Brian Job**, Professor, department of Political Science and SPPGA, UBC

**Hari Lavalle**, student, UBC

**Chris Lee**, Professor of English, Director of the Asian Canadian and Asian Migration Studies Program, UBC

**Henry Ling**, MITACS, Vancouver

**Jing Liu**, Chinese Librarian, Asia Library, UBC

**Steve Liu**, Huawei Canada, Markham

**Chengkun Lü**, MPPGA student, SPPGA, UBC

**Charlie Lyons Jones**, Researcher, Asia Strategic Policy Institute, Canberra

**Danielle MacDonald**, Innovation, Science and Economic Development Canada, Ottawa

**Karon MacLean**, Associate Dean, Faculty of Science, UBC

**Stephen McGurk**, Institute of Asian Research, SPPGA, UBC

**Weng Hoong Ng**, Journalist, Vancouver

**Kevin O'Brien**, Professor of Asian Studies and Political Science, Director of the Institute of East Asian Studies, University of California at Berkeley

**Lynette Ong**, Professor, Department of Political Science, University of Toronto.

**Julia Park**, Program Manager, MPPGA, SPPGA, UBC

**Moura Quayle**, Professor, SPPGA, UBC

**Andrew Quinlan**, Public Safety Canada

**Maya Redlinger**, Student, UBC

**Jeffrey Reeves**, Vice-President of Research, Asia Pacific Foundation of Canada

**Johnsen Romero**, Global Affairs Canada, Ottawa

**Guldana Salimjan**, Professor, Women's Studies, Simon Fraser University

**Enarth Shashidharan**, Graduate Director, MPPGA, SPPGA, UBC

**Leo Shin**, Professor, Department of History & Hong Kong Studies Initiative, UBC

**Akshay Singh**, Ottawa

**Marna Stewart**, Student, UBC

**Shawn Sun**, Centre for Chinese Research, UBC

**Sarah Tang**, Student, UBC

**Yves Tiberghien**, Professor, Department of Political Science, UBC

**Emily Wong**, Student, UBC

**Yuen Pau Woo**, Senator, Ottawa

**Ying Xiaofei**, philanthropic entrepreneur, Vancouver