



Government of Canada  
Privy Council Office

Gouvernement du Canada  
Bureau du Conseil privé

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2017 - nsa - pm - 00143

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Returned from the PM  
Retourné du PM  
JUL 25 2017

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**MEMORANDUM FOR THE PRIME MINISTER**

From: Michael Wernick

JUN 29 2017

**PEOPLE'S REPUBLIC OF CHINA  
POLITICAL INTERFERENCE IN CANADA**

(Information Only)

**SUMMARY**

- The Canadian Security Intelligence Service (CSIS) describes Chinese foreign influenced activities in Canada as sophisticated, pervasive, and persistent. Although there are other countries conducting foreign influenced activities in Canada, the PRC is the most active. These activities take many forms and are equally directed at federal, provincial, territorial and municipal officials.
- In an effort to circumvent scrutiny, the PRC leverages its government apparatus, [redacted] such as trusted contacts, groups and proxies.
- While some of these activities may fall into normal overt diplomatic engagement, this note highlights a number of covert activities that do interfere in democratic processes.
- Allies are facing similar challenges, with high profile cases in Australia attracting significant media attention. This issue was recently raised during a call between the Clerk of the Privy Council and his Australian counterpart, and there was willingness to work together. I have a call scheduled with my Australian counterpart in the coming days to explore a joint paper to compare concerns, practices and how they can inform mitigation.
- [redacted]
- China's efforts to cultivate political influence in Canada will likely not abate despite being aware of the additional scrutiny. Such efforts are consistent with President Xi Jinping's increasingly aggressive approach to ideological discipline and domestic social control. They are also consistent with Xi's desire to control and shape China's narrative both at home and abroad.

Canada

**Background**

- The Canadian Security Intelligence Service (CSIS) describes Chinese foreign influenced activities in Canada as sophisticated, pervasive, and persistent. Although there are other countries conducting foreign influenced activities in Canada, the PRC is the most active.
- These activities take many forms and are equally directed at federal, provincial, territorial and municipal officials. For example, [redacted] PRC threat actors have clandestinely and/or deceptively attempted to:
  - Influence the outcomes of Canadian elections at federal, provincial and municipal levels of government;
  - Pressure and/or influence Canadian officials into taking specific stances on key issues;
  - [redacted]
  - Utilize trusted contacts or community groups to influence policymakers at multiple levels of government on issues of importance or interest to the Chinese government;
  - Force Canadian residents and/or citizens to return to China against their will through the use of intimidating and threatening behaviour. This sometimes includes covert visits by law enforcement security officials;
  - Prevent or influence the publication of Canadian media content which portrays the Chinese government negatively or is perceived to contradict Chinese interests; and
  - Publish purposefully misleading or fabricated material via Canadian media outlets in order to influence the Canadian public.
  - In the 2015 Federal elections, DFATD (now GAC) had to issue a reminder to all diplomatic missions to not get involved in electoral activities following evidence that China was trying to influence at the local level.

- [redacted]

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- Allies are also facing similar challenges, as demonstrated by high profile cases in Australia that have attracted significant media attention over the past years. Australia is more vulnerable to this type of foreign influence since foreign political donations are legal and that campaign financing is largely unregulated. A 2016 report from the Australian Broadcasting Corporation concluded that businesses and individuals "with Chinese connections" had donated more than AUD\$5.5 million to the main political parties between 2013 and 2015. These led the Australian Government to comment that they would ban foreign donations (see Financial Times article under **TAB A**).
- Recently, the New York Times (**TAB A**) reported that Australia's intelligence chief had identified two prominent businessmen of Chinese descent and possibly agents of the Chinese Government, who had donated millions across the political spectrum – these donations appeared to be closely linked to political parties' positions on various issues, including the South China Sea.

**Considerations**

- Overt activities on the part of Chinese diplomats, journalists and visiting officials that are clearly intended to influence Canadian politicians, business leaders and members of Canada's ethnic-Chinese community are not, strictly speaking, illegal. However, clandestine or deceptive activities undertaken by agents of the Chinese government

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or the PRC could well constitute threats to the security of Canada, or, depending on the type of activity, contravene Canadian lobbying legislation or regulations. Furthermore, when such efforts are accompanied by threats, either explicit or implicit, this could be deemed illegal by Canadian courts. Canadians of Chinese ethnicity and those who are publicly critical of PRC policies are most frequently subject to such threatening behaviour.

- Regarding political donations, Canada, unlike Australia, has rules that limit foreign political donations – only Canadian citizens and permanent residents can give money to political parties or candidates at any time, limited to \$1,550 annually per category (e.g.: political parties, candidates, nomination or leadership contestants). However, rules regarding third party donations only apply during election periods and cover election advertising during election periods. This means that any political activity not related to advertising or outside an election period could be funded by foreign sources through a third party.
- That said, the issue of foreign influence and foreign funds in Canadian elections is increasingly getting attention. On May 30, 2017, Senator Frum introduced a private members bill, S-239 *An Act to Amend the Canada Elections Act* (eliminating foreign funding). The bill seeks to broaden the prohibition on inducements of electors by non-residents and to make it an offence for a third-party to accept money from a foreign contributor for any purpose related to an election. This issue was also raised by the Standing Senate Committee on Legal and Constitutional Affairs in its report "Controlling Foreign Influence in Canadian Elections" released in June 2017.
- In the context of the work on the threat of cyber foreign interference on our democratic institutions, we also had CSIS brief Minister Gould on foreign inference activities in the analogue world.

#### PCO Comment

- Efforts to cultivate political influence within foreign governments are unlikely to stop despite Chinese officials' awareness that they are under scrutiny. Furthermore, in light of Canada's broad engagement agenda with China, it is likely that such efforts to influence Canadian politicians and interfere in Canada's domestic affairs will increase in the short to medium term.
- The Canada-China National Security and Rule of Law Dialogue (NSRLD) is one mechanism to raise sensitive issues to the highest level. [redacted] raised the issue of Chinese law enforcement officers conducting investigations in Canada without following proper protocols. [redacted] Chinese law enforcement officers

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had conducted unlawful activities in Canada in the past, but that the Chinese Government was not supportive of these actions. He further noted that increased communication between Canadian and Chinese law enforcement could resolve this issue. I had also raised it with their Public Security Vice Minister in March 2017.

- Politicians and elected officials, in particular at the provincial, territorial and municipal levels, are largely unaware of the PRC's (and others) efforts to influence Canada's political landscape, making them more vulnerable to these attempts, either in Canada or when travelling abroad. The same can be said for some members of Parliament and federal government officials. More could be done to raise awareness on these issues, including through security briefings prior to international travels, in particular countries of concern.
- The Clerk has been very proactive to improve awareness of a variety of national security issues and cyber security at the Federal/Provincial table of Secretaries of Cabinet. They have responded well and have asked for more regular discussions on these subjects.
- This is a very sensitive issue, and public efforts to raise awareness should remain general and not single out specific countries to avoid potential bilateral incidents. However, countries that cross the line should be reminded of appropriate conduct and risk of consequences.



Daniel Jean

Attachment