

Written Brief: SRSR re a Study on the Use of Federal Government Research and Development Grants, Funds, and Contributions by Canadian Universities and Research Institutions in Partnerships With Entities Connected to the People's Republic of China.

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This written brief follows up on my testimony before SRSR on 20 Dec 2023. My aim with this written brief to provide additional context that has emerged since and, especially to provide appropriate parameters for the impending list of excluded entities: a listing regime that focuses only on actual defence, security and intelligence agencies rather than their broader public and private sector affiliated entities will be wholly ineffective.

As provinces such as Ontario and Alberta roll out their own risk-based measures, universities are being put in the difficult position of having to assess risk. A major component of the objectivity of that assessment for universities and research institutions will be driven by the list of excluded entities: this list will give institutions an objective benchmark for assessing risk relative to grants, publication, highly-qualified personnel, students, research collaborations, etc. This list is the ultimate sine qua non in terms of reference benchmark for institutions. Responsibility for this list lies with the federal government. And getting the list wrong has very serious, broad and long-term ramifications.

What is at stake for Canada:

1. Loss of Intellectual Property and long-term competitiveness
2. Misappropriation of tax dollars
3. Technology transfer for military use of surveillance and other applications contrary to Canadian values, notably
4. Foreign influence and interference, in Canada and elsewhere
5. Industrial Espionage
6. Cybersecurity Breaches
7. Reputational Risk

A risk-based due diligence assessment method must include

1. dual-use technology and/or priority targets of hostile state actors
2. affiliation with hostile state-actors
3. access to infrastructure by unidentified and/or foreign uses and entities
4. domestic or global leadership position of proposed infrastructure
5. sharing of research data with third-party research and industry entities

A federal risk-based due diligence framework should aim to:

1. reduce workload and burden imposed on Canadian research entities
2. encourage up-front transparency by researchers
3. shift the quality of the conversation to state-owned and state-directed enterprises

SRSR: Research Partnerships with Entities Connected to the PRC

This final point is ultimately key. Given the magnitude of what's at stake, the proposed risk-based due diligence method necessarily must incorporate state-owned and state-directed enterprises. In the PRC in particular, but in other hostile states as well, there is no clear distinction between the public and private sector private-sector entities are ultimately subservient to the state, and instrumentalized by the state, in the case of the PRC for the purpose of CCP regime preservation and to advance the interests of the regime. Ergo, a federal list of excluded entities issued by the Government of Canada cannot achieve its intended aim if it does not include state-owned and state-directed enterprise, which is quite intentionally, deliberate and strategically being leveraged by defence, security and intelligence actors. State-owned and state-directed enterprise are being used both to conceal the footprint of defence, security and intelligence actors, and they are being leveraged to the bidding of defence, security and intelligence actors in abroad. Were Canada not to include Chinese state-owned and state-directed enterprise on its federal list of excluded entities, Canadian research entities would be making their risk assessment based on incomplete information and thus continue to expose Canadian research and IP to extensive national security risk.