

Trudeau government urged to reject Chinese trade demands

By Robert Fife and Steven Chase

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The Trudeau government must reject demands from China that Canada open broad sectors of the economy to Chinese state-owned enterprises, including ownership of the oil sands, the opposition parties said Friday.

China's new ambassador to Canada, Lu Shaye, laid out tough conditions for a bilateral free-trade agreement in an exclusive interview with *The Globe and Mail* this week, saying Beijing wants unfettered access for Chinese state-owned firms and an end to restrictions barring these enterprises from investing in the energy sector.

Mr. Lu also said China would find it "difficult" to negotiate a far-reaching free-trade deal if Ottawa linked human rights to the exploratory talks that begin in February and resume again in April. He said he would not want Canada to use human rights as a "bargaining chip" in trade talks.

"Mr. Trudeau has to reject this. Full-stop. Either he is unbelievably naive or complicit in this strategy and both would be very sad arguments for a Canadian prime minister to put up," NDP MP Nathan Cullen told *The Globe*. "There are certain aspects of our economy that are so vital to our national interest that they must be given special consideration and protection."

In the House of Commons, Conservative House Leader Candice Bergen urged the government to explain why it is willing to negotiate under these conditions set down by China, including a demand that national security tests no longer be conducted on Chinese takeovers of Canadian companies.

"The report in *The Globe and Mail* is a disturbing report and the government needs to tell Canadians its plan," Ms. Bergen told the Commons. "The report goes on to say that

Beijing does not want Canada to use human rights or national security concerns as bargaining chips. Both of these should be at the top of Canada's list when having any discussions with China."

Pamela Goldsmith-Jones, parliamentary secretary for foreign affairs, would not comment on the substance of Mr. Lu's remarks to *The Globe* other than to say Ottawa is determined to expand its trading relationship with Asia-Pacific countries.

"We are in exploratory talks. This is essential to determining whether there is sufficient interest on the part of Canadians and whether this is to our benefit," she said. "Consultation will be wide, broad and deep, and we will pursue a truly progressive trade agenda that puts the middle class at the centre of our thoughts."

A spokesman for International Trade Minister François-Philippe Champagne also declined to discuss the conditions set by China and offered up similar talking points.

"Our only approach is one that puts the interests of Canadians, including the significant opportunities that exist for the middle class and our values, front and centre," communications director Joe Pickerill said in an e-mail. He noted Global Affairs is seeking input from Canadians on whether and how to pursue a free-trade pact with China.

Ms. Goldsmith-Jones pointed to recent comments from former Conservative foreign affairs minister John Baird, noting "he said the direction the government is going, in terms of our relationship with China, is good news for Western Canada." Mr. Baird, whose post-political career includes sitting on the boards of two companies owned by Hong Kong billionaire Richard Li, has said he's very

supportive of a free-trade deal with China for the benefits it could bring to all of Canada.

Ms. Bergen said the problem is not whether one supports broadening trade with China, but rather the terms of the arrangement, such as whether Canada can use national security to block Chinese investment or whether human rights will factor into a deal.

Conservative foreign affairs critic Peter Kent said it's "completely unacceptable" for the Chinese envoy to say human rights should not be part of trade talks with Canada. "The Trudeau government needs to set the ambassador straight on that."

A recent report by the Business Council of Canada puts the value of a Chinese trade deal at \$7.8-billion in new economic activity for Canada.

But many Canadians have expressed skepticism about forging closer business and investment ties with China, a country frequently cited for its poor records on human rights, governance and the rule of law.

Mr. Lu said China wants to expand Chinese investment in Canadian advanced manufacturing, agri-food, scientific research and high technology as well as energy and natural resources.

Mr. Cullen said he is worried that the Prime Minister lacks an understanding of how Chinese state-owned companies act on behalf of their government, from spying to usurping technology.

"The state-owned aspects make it so that some of these companies are an extension of government foreign policy," he said.

A November, 2016, security review report to the U.S. Congress concluded that President Xi Jinping has expanded China's control over state-owned firms and exerted influence over private companies to ensure they promote state goals.

The report said the United States must guard against "Chinese companies' record acquisition of U.S. assets in particular their drive to acquire U.S. technology firms." At the same time, China continues to steal technology through cyberespionage, the report said.

"China appears to be conducting a campaign of commercial espionage against U.S. companies involving a combination of cyber espionage and human infiltration to systemically infiltrate information systems of U.S. companies to steal their intellectual property, devalue them and acquire them at dramatically reduced prices," according to the U.S.-China Economic and Security Review Commission report to Congress.