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Evan S. Medeiros:

Thank you very much, Mr. Chairman. It is a distinct pleasure and privilege to be invited to appear before this parliamentary Special Committee on Canada-China Relations. I applaud your focus on Canada-China relations in general and today's topic of Hong Kong. [Technical difficulty—Editor] all of its manifestations, is perhaps the most consequential challenge in global affairs. For nations to respond effectively, all countries need to engage in the very kind of national conversation that your committee is promoting about how to respond to China's rise.

My comments today will reflect my perspective as both a scholar and a former senior U.S. policy-maker. I spent 25 years researching and writing about China as both an analyst at the RAND Corporation and of course as a professor at Georgetown University. For six years I served on the staff of the U.S. National Security Council under President Obama as director for China, and then as special assistant to President Obama and senior director for Asia.

In today's session, I would like to make three broad points about the tragedy that has become Hong Kong.

First, the international community should expect the situation in Hong Kong to get worse before it stabilizes. Beijing's actions in recent weeks are a leading indicator, not a lagging one, of Hong Kong's deteriorating political trajectory under Beijing's hand. On July 31 Carrie Lam announced that the September Legislative Council elections would be postponed for a year. On the same day, Hong Kong authorities issued arrest warrants for six activists based abroad, including a U.S. citizen, for "incitement to secession and collusion with foreign forces". On August 10, just last week, Jimmy Lai and several other media executives were arrested, as was Agnes Chow, former leader of the pro-democracy organization Demosisto.

These actions clearly signal that Beijing has no interest in preserving the basic political freedoms at the heart of the joint declaration, the Basic Law and ultimately the one country, two systems model, which collectively have been so important to Hong Kong's success today. The fact that Chinese internal security and intelligence services will now be able to openly operate in Hong Kong only increases the mainland's ability to use fear, intimidation and ultimately coercion to keep opposition voices silent.

Beijing's overall approach, in my assessment, is to use the national security law to separate politics from business in Hong Kong. It wants to preserve the latter while neutering the former. In short, Beijing wants Hong Kong to remain capitalist, especially the continued functioning of vibrant financial markets, but not liberal in its politics and, therefore, beholden to the Chinese Community Party for political governance.

Ultimately, this strategy will lead to, perhaps in a decade, the diminution of Hong Kong as the center for finance in east Asia. As the risks and constraints of operating in Hong Kong grow, global financial firms and non-financial corporations will gradually reduce their footprint in Hong Kong as they move some of their operations into mainland China and their non-China operations to elsewhere in Asia. Thus, Hong Kong will gradually become a quirky, nostalgia-laden version of a southern Chinese city, consumed by the fact that its best days are in the rear-view mirror.

My second overall point is that the fate of Hong Kong will assume greater importance in global politics, largely by dint of its impact on U.S.-China relations. China's crackdown in Hong Kong will worsen the suspicion and mistrust at the heart of the U.S.-China relationship. More pointedly, it will fuel an incipient ideological competition between the United States and China. Hong Kong will become a focal point for and symbol of the U.S.-China competition over the value of liberal ideals.

Indeed, Beijing's crackdown on Hong Kong could not have come at a worse time, as the U.S. is and will remain in the process of reassessing the nature of the China challenge and recalibrating its strategies and policies accordingly. China's treatment of Hong Kong has accentuated the differences in values between the United States and China. This has translated into a perception that China is actively trying to undermine liberal rules and norms globally, which in turn has produced a debate in the United States about whether China represents a systemic rival to the United States and other democracies.

My third and final point is that Canada, the United States and other major democracies need to stay engaged and active on the Hong Kong issue. Our countries' voices and actions matter now and going forward. While our leverage to change the situation on the ground is admittedly limited, there is much that can be done to shape the overall trajectory of Hong Kong, as well as to shape possible future actions by China.

These actions fall into several categories. The first recommendation is that the United States and Canada should publicly and continually reassure the people of Hong Kong, as well as like-minded countries all over the world, that our governments will stand up for the protection of universal values. The Hong Kong situation will be a long-term challenge, and the international community, especially the United States and Canada, needs to be organized for the long game and not just focused on scoring points against Beijing's excesses right now. The two joint statements by the United States, Canada, the U.K. and Australia to date are important in this regard, as was the G7 foreign ministers' statement. Our countries should broaden this coalition to include others: notably Japan, South Korea and EU countries. The new international parliamentary commissions on China in the U.K., the EU and Japan offer another opportunity to send such signals.

The second recommendation is that the United States and Canada should take coordinated action to signal to China that there are costs for its crackdown. The logic of such actions is to give Beijing pause when it considers additional actions against Hong Kong. The recent decision by several countries to withdraw from or suspend their extradition treaties to Hong Kong was an important first step in this regard. One notable idea being considered is for a group of countries to follow the U.K. in opening their doors to Hong Kong residents who wish to emigrate, or related ideas to offer scholarships to young Hong Kong residents who wish to study in the U.S., Canada, the U.K., Australia and elsewhere.

The third recommendation is that the United States and Canada should work with the international business community to find creative ways to preserve the unique attributes and identity of Hong Kong to the extent possible. Beijing must avoid actions that substantially undercut the business environment in Hong Kong, especially related to global financial institutions. Thus, it may listen to the concerns of local and business leaders about restrictions such as Internet controls and law enforcement actions that undermine business confidence about operating in Hong Kong. The business community in Hong Kong may be helpful in pushing Beijing to retain some of Hong Kong's vibrancy.

My final point is that the U.S., Canada and other governments should work in coordination to take actions that disabuse Beijing of the belief that it could extend its coercion to Taiwan. I remain very concerned that Beijing could draw the wrong conclusions about the international community's response to Hong Kong, which, over time, could lead it to extend such an approach to Taiwan.

Thank you for the opportunity to present my views today. I'd be happy to answer any of your questions.