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Chair: Mr. Ken Hardie



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• (1540)

[English]

The Chair (Mr. Ken Hardie (Fleetwood—Port Kells, Lib.)): I call this meeting to order.

Welcome to meeting number 30 of the House of Commons Special Committee on the Canada–People’s Republic of China relationship.

Pursuant to the order of reference of May 16, 2022, the committee is meeting for its study of Canada–People’s Republic of China relations with a focus on the Asian Infrastructure Investment Bank.

First, I have a few comments for the benefit of the witnesses and members.

Today’s meeting is taking place in a hybrid format. Members are attending in person in the room and remotely using the Zoom application.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic and please mute yourself when you’re not speaking.

For interpretation for those on Zoom, you have the choice at the bottom of your screen of the floor, English or French. For those in the room, you can use the earpiece and select the desired channel. As reminder, keep the earpiece away from the microphone, so we don’t thrill the interpreters with feedback. It’s not pleasant.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard.

I’d like to welcome a couple of visitors to our MP lineup. Mr. Liepert, from Calgary, is joining us today. We actually also have my neighbour from Langley—Aldergrove, right next to our riding of Fleetwood—Port Kells. Mr. Van Popta is subbing for MP Lantsman.

For our first panel now, we’d like to welcome Mr. Bob Pickard, who’s here as an individual. He’s allegedly no stranger to these precincts, including this building. We’ll leave that explanation for another time.

Mr. Pickard, you have up to five minutes to deliver your opening remarks.

Mr. Bob Pickard (As an Individual): Let me thank the chair and all members for welcoming me here today to communicate

what happened with my experience at the Asian Infrastructure Investment Bank, which was a traumatic, dramatic and, in my case, very patriotic moment. That’s because I felt that our membership in this organization was not giving this country a single thing of tangible value that we could proudly explain to people here in our country that their membership in the Asian Infrastructure Investment Bank would be delivering them back home.

In the decades since Xi Jinping proposed the AIIB in 2013, AIIB has never become well known globally. What public awareness it did have was often tainted by a perceived association with the controversial and increasingly aggressive geopolitical policies of the People’s Republic of China, especially the belt and road initiative.

It was in this context that I was approached to help build a profile and to shape a positive public image for AIIB. I was asked to join as the bank’s global communications chief in late 2021, not long after the two Michaels were released.

Having previously served in senior capacities at public relations firms such as Edelman and Burson-Marsteller, with 16 years of Asia-Pacific experience, I was well placed to help AIIB communicate its story. However, before signing on, I had some concerns about whether the PRC government was exercising undue influence at the bank.

AIIB’s published governance did allay these concerns somewhat. I was reassured by the presence of western countries on the shareholders list, including of course my own country, our country, Canada.

It didn’t take me long, though, to realize after joining the bank, that the reality of power inside of AIIB does not match the rhetoric and to see how respected G7 countries like Canada, with a reputation, were brandished like trophy members to help attract western capital and to avoid hostile policy consequences from U.S. authorities in Washington.

Inside of the bank, CCP members wield power in many of the most important positions, from the top down. Mr. Jin, the president of the bank, himself a staunch CCP member and former Red Guard, often articulates Chinese government policy as if it were his own.

As the bank's spokesperson, I advised him that he should communicate his views as the leader of a multilateral organization, and refrain from parroting the PRC government's point of view.

Even though I was supposedly in charge of all global communications for the bank, I subsequently discovered that Mr. Jin's office, dominated by Communist Party members, was directly involved in crafting messaging with PRC media for the domestic Chinese market that differed from what the bank was communicating in English to overseas audiences.

Devising public messaging to distinguish AIIB from the controversial BRI—which of course is Xi Jinping's signature, number one, most important geopolitical expansion project—was seen as a critical priority. That was requested of me directly by President Jin. Yet, privately these two PRC initiatives seemed uncomfortably more intertwined and interrelated than I had been led to believe.

In my own department, a CCP member—imagine this—was appointed as my personal assistant. I found out that this Communist Party member, appointed as my assistant, was secretly reporting directly to the most senior party member in Mr. Jin's office.

This arrangement, to say the least, was outside of the bank's supposed reporting lines. I had an in-house snitch reporting directly to Communist Party members what was going on, meaning every journalist I met with and every civil society leader I met with.

Interestingly, in 2022—I'd been there for a number of months at this point—the Communist Party presence in the president's office at AIIB was bolstered by the arrival of a new colleague whose job description nobody seemed to know, except that he was supposed to be “the new party guy”.

Within a few months, Mr. Jin's office suite underwent a remodeling: security locks were installed, controlling the access of all AIIB staff.

• (1545)

The bank's vice-presidents, none of them Chinese, needed to be buzzed into his office for the very first time, and that created a lot of resentment internally.

This cocooning of the AIIB president is consistent with how the information he receives and the issues he decides are filtered through the two CCP officials whose offices inside this bubble were closest physically to his.

Now at the AIIB, almost nothing Mr. Jin, the president, sees, says or does happens without the deep involvement of these two Communist Party officials. How do I know this? I know this because the communications department, for which I was responsible, was located right next to Mr. Jin's office.

The Chair: Mr. Pickard, your five minutes has expired. I'm sure you have more to say, and perhaps you can work that into answers to some of the questions that you'll be receiving, which will—

Mr. Serge Cormier (Acadie—Bathurst, Lib.): Mr. Chair.

The Chair: Yes, Mr. Cormier.

Mr. Serge Cormier: IT asked me to double-check. Can hear me now?

The Chair: Yes, we can.

Mr. Serge Cormier: Okay, perfect. Thank you.

The Chair: Yes, we can see you too. There you go.

Mr. Seeback, the first six minutes are yours.

Mr. Kyle Seeback (Dufferin—Caledon, CPC): Mr. Pickard, I'm going to suggest that you continue from where you were so we can get the benefit of your entire statement.

Mr. Bob Pickard: It's not much longer. I'll go as quickly as I can. Thank you for that.

I would say that the thing to understand here, the key point, is that the AIIB president's office is unusually powerful, even in the context of a multilateral organization. It's extremely top-down, and that office is a cocoon that is physically cut off, and it is dominated by senior Communist Party members.

Heel-clicking obedience, as I would describe it, to the president's office is valued more highly than any other virtue at the bank, including, notably, freedom of expression or thinking differently than other people do, which is kind of ironic when you consider that it's a multilateral organization.

I think you have to realize that externally, over and over again, AIIB says that it's an apolitical independent organization, but, honestly, internally, the atmosphere there in Beijing is anything but. It's political, and it's CCP political. There's a big difference between those two, and that has helped to create a toxic culture inside of this organization.

When I first resigned last May, citing my concerns about the CCP's pronounced, profound and pervasive influence in the everyday operating business of the bank and its toxic impact on the culture, Mr. Jin, the president, did not accept my resignation. He talked me out of it, and I was kind of shocked that the bank did not deny or confirm my allegations or concerns about CCP influence. I was simply informed that the president's office did not like my raising the taboo CCP topic.

After accepting my second resignation in June, when I left in a hurry for Japan, the bank started attacking me personally. Journalists covering the news of my departure, some of whom I'd known for a long time before I joined the bank, warned me that bank executives were trash talking me off the record, and this was well before any bank investigation took place. Hundreds of pro-AIIB, pro-CCP bots on Twitter targeted me with insults. I was accused of being an American agent of espionage, a white supremacist, a neo-colonialist or part of some nefarious Canadian government plot to embarrass China, which brings me to this.

When I announced my departure from the bank, I did not ask the Government of Canada to do anything, period. I acted in an individual capacity out of what I considered to be ethical responsibility and a patriotic duty, frankly. I have co-operated, though. I have supported the review conducted by the Government of Canada and provided information to the Department of Finance in this regard. Indeed, I note that several of the topics of the extended review mirror concerns that I raised with the Department of Finance on transparent governance, management competence and proper professional culture at the bank.

I'll make this final point. When Mr. Xi proposed the AIIB, he was a relatively new leader, still seen as a potential reformer, maybe somebody like Deng Xiaoping in 1978, but now we have a neo-Maoist leader of China, an authoritarian dictator.

After so much political interference, things look much different than they did then. We all hoped that, by placing this bet on a multi-lateral institution in China, we could have a window on Asia's development. Well, I think what we have now is a bank for China's influence, where China gets exclusive geopolitical credit for the lending of the bank.

• (1550)

Mr. Kyle Seeback: Mr. Pickard, I wanted to give you that time, but I actually do need to ask some questions.

Mr. Bob Pickard: Go ahead.

Mr. Kyle Seeback: The first thing I want to ask you is this. You said there was not a single tangible benefit given to Canada as a result of the involvement. To the best of your knowledge, has any of the money that Canada provided to the AIIB been refunded back to Canada?

Mr. Bob Pickard: Not that I know of. I don't know the details of that kind of financial transaction. I did not take documents from the bank when I left AIIB. I would not have access to that information now.

Mr. Kyle Seeback: Are you familiar with the PRC's 2017 National Intelligence Law?

Mr. Bob Pickard: Not by that name, no. I'm aware of how business is done in China, but that's a general statement.

Mr. Kyle Seeback: The law obligates individuals, organizations and institutions to assist the PRC security and intelligence services in carrying out a wide variety of intelligence work. That would apply to all Chinese citizens. Would that mesh with your experience of what went on at the AIIB, as a result of the National Intelligence Law?

Mr. Bob Pickard: Oh, definitely. It's a question of first loyalty. I believe it's very clear that in the bank that would be the responsibility of the 30% toward 40% of the staff who are Chinese nationals, many of whom are, of course, CCP members.

Mr. Kyle Seeback: As you reflect back on the comments you've made about the bank, its structure and the CCP talking points, etc., would the fact that this law obligated individuals to behave in a certain way “square the circle” for you, if you'll excuse the phrase, on why this was going on?

The Chair: Please give a short answer, Mr. Pickard.

Mr. Bob Pickard: Okay.

I think so, yes. What I experienced is consistent with what you're talking about.

Mr. Kyle Seeback: Thank you.

The Chair: Thank you, Mr. Seeback.

We will now go to Mr. Fragiskatos for six minutes or less.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Pickard, for being here today.

You outlined a range of different things for us in your opening statement in the previous round. I wonder if you could provide us with a summary of the key allegations you're making.

Based on previous media reports, I have a sense of where you're coming from, but in the testimony here, I just want to make sure that committee members have an opportunity to understand the specifics of what you're alleging with respect to the AIIB.

Mr. Bob Pickard: I am alleging undue Chinese Communist Party influence in the everyday operations of the bank. It's where key positions in the bank, decisions made in the bank on discretionary spending, important projects that need approval and who gets the nod on budget projects.... There's a whole latitude of everyday operating decisions inside the bank that either go to the board or go through management for a rubber-stamp decision, but are not decided by them. The president's office has a considerable degree of ability inside the bank to make decisions.

Keep in mind, I ran the communications department. That's my lens on the AIIB. Almost anything I was able to get approved for my department—moving to the tenth floor, opening a broadcast media studio, budget increases, six new head counts, out-of-cycle head counts—was decided by the president's office, not by the management or by the board of the bank.

Mr. Peter Fragiskatos: That's your main allegation.

Mr. Bob Pickard: My main allegation is that this has created a toxic culture inside the bank, where people know there's a subterranean network of relationships—like the cool kids in school, as it were. I was warned about the power of Chinese Communist Party members, who are in league with each other as a favoured class inside of the bank. They have undue power and control inside the bank. It stifles free expression in the bank and sours the culture.

When I joined the bank, I was told there was a crisis of bullying. In fact, there was an anti-bullying program that the bank was developing at that time, which we called “respectful workplace” after I arrived. The departments that were most concerned with bullying were the departments that were under Communist Party members.

• (1555)

Mr. Peter Fragiskatos: My intent here is not to be combative with you. Please don't take the next question as that.

Mr. Bob Pickard: No worries.

Mr. Peter Fragiskatos: What is the specific evidence that you used to back your allegations?

I need you to be precise. What evidence would you point to? Is there anything concrete?

Is there anything electronic or physical in terms of evidence you have?

Mr. Bob Pickard: First of all, I left on my own steam for my own reasons, so I don't feel obliged to provide that kind of a detailed document summary of what I observed. I'm an eyewitness. I have opinions. I saw certain things. I'm sharing certain things. I wasn't sworn in today, but I would swear.

People keep asking me where the documents are. If I had taken those documents out of the bank, I'd be either in a Chinese jail right now or under serious litigation.

I can tell you openly and transparently everything I saw and experienced. I've given you some case study examples. I wrote a column in *The Economist*. I did many different interviews with different anecdotes.

If you're looking for a stack of documents marked "confidential" with a hammer and a sickle on them, you're not going to get them from me.

Mr. Peter Fragiskatos: Okay.

You're saying you have seen certain things.

Mr. Bob Pickard: Yes. Sure.

First of all, there was the decision on which countries to go to by the bank president for the central Asia summit, which was adjacent to Xi Jinping's being there.

Last year around the time that I left the bank, there was a decision about where the president would go and what the president would say. To me, it was very clear there was a geopolitical piggy-back on that to foster Chinese interest. These photographs weren't published. President Jin of the bank was meeting with world leaders—not with the flag of AIIB, but with the flag of the People's Republic of China. I prevented their publication internally at the bank because I felt it would not look good on a multilateral institution for its president to be seen meeting under the Chinese flag.

I was ordered to put on the website of a multilateral institution a statement of condolence when Jiang Zemin, the previous Chinese leader died. Our department pushed back. We thought that would not be appropriate because Queen Elizabeth had just died and we didn't post anything for her.

Mr. Peter Fragiskatos: Mr. Pickard, I'm sorry to interrupt you. You'll have an opportunity to expand on the answer in other rounds, I'm sure.

I just have 45 seconds left.

When you raised the allegation with government, how quick was the response?

Tell me about that engagement.

Mr. Bob Pickard: That's a very interesting question. It's a good one.

As soon as I acted, I heard from the Canadian embassy in Beijing. I was in Japan already and I received a call from an official at the embassy. This is before the government had done anything. It's after I had resigned, after it was in the public domain, and I didn't resign until I was in Japan. He was trying to track me down on the phone.

I spoke with him. I don't think we spoke for more than half an hour and I told him exactly why I was leaving the bank. A few hours later, I think I was on a flight and there was the announcement by the government of what it had decided to do to freeze the membership and to review it.

The Chair: That was a very quick response. Thank you very much.

Mr. Bob Pickard: Yes, very quick.

The Chair: We're out of time for you, Mr. Fragiskatos.

Mr. Picard, are you fluent in French?

Mr. Bob Pickard: I'm not. Not anymore.

The Chair: Okay. Make sure you have the earpiece and the channel selected because we're about to turn the floor over to Mr. Bergeron, for six minutes or less.

[*Translation*]

Mr. Stéphane Bergeron (Montarville, BQ): Thank you, Mr. Chair.

Mr. Pickard, would you say this kind of thing happens at other international financial institutions, or is it really specific to this particular institution?

• (1600)

[*English*]

Mr. Bob Pickard: That's a very good question because defenders of the AIIB have said there's nothing to see here, folks, nothing to be concerned about with the Communist Party because the Communist Party in Beijing at the AIIB is just like Republicans and Democrats at the World Bank at Washington.

That is a school of opinion. That was a common reaction when I left the bank. Frankly, though, knowing a thing or two about doing business in China and having lived in the United States, I don't think that's a very good analogy.

I also happen to have had occasion to see, because of my years in China, how the president's office was working. I firmly believe that the president's office at the AIIB is far more powerful and, I would say, strongman focused, top-down and very commanding compared with what I understand to be the case at the ADB in Manila or at the World Bank in Washington, for example.

That made me think that the AIIB almost operated more like a domestic Chinese financial institution than a multilateral. Multilaterals in all these different countries, with all of these different members, are supposed to co-operate and communicate—not just be top down, or command, which was what I saw a lot of at the AIIB.

[*Translation*]

Mr. Stéphane Bergeron: Beyond the rhetoric that this kind of thing happens elsewhere, would you say this is really specific to this financial institution?

[*English*]

Mr. Bob Pickard: I believe very much so. I haven't worked at the World Bank or the EBRD, or these other places, but from what I understand.... MDBs are not like competitors with each other. It's a very small town. Everyone's very friendly. It's very clubby.

I understand through what I hear from different people that based on what I have shared, the top-down strongman system at the AIIB was far more pronounced than what you would get from the Japanese president of the ADB in Manila, or the World Bank in Washington, D.C.

That's what I hear. I was at the bank for 15 months, so I can't pretend to be an expert on that.

[*Translation*]

Mr. Stéphane Bergeron: Other than resigning and the reaction from the Canadian government, what can be done to try to reform the institution?

In your opinion, is it a lost cause?

[*English*]

Mr. Bob Pickard: I believe my departure at the very least will lead to an improvement in the problems I identified in terms of governance, the competence of management and the human friendliness of the culture. I think they will be very careful not to make a glaring mistake.

However, I just got an email before this very committee meeting from one of my sources inside the bank. Apparently, the foreign employees when they leave the bank, all of their archives, their records, are completely removed from the system. I feel like the reaction at the bank is to—

They demoted the communications department. I used to report to President Jin, and I guess they punished the department by forcing the department to report through the corporate secretary. I believe it's going to be hard for them to recruit foreign talent.

I have had lots of people ask me about my experience. I have provided transparent, open commentary. I wish many of the people who work there very well. There are some talented, well-educated, very impressive people there, and I miss my friends in China, my

Chinese friends, whom I will never see again probably because I can't set foot in that country.

[*Translation*]

Mr. Stéphane Bergeron: How can Canada's financial participation in an organization be justified, without it having even one percent of the vote?

[*English*]

Mr. Bob Pickard: I think it's astounding, the extent to which incumbents are invested in the status quo here.

Board members, including Canada's board member, do not want to make it look like they were asleep at the switch and didn't see this going on. It was the pandemic. All of the meetings were on Zoom. AIIB has a non-resident board. Other MDBs have a resident board, where the board directors can see what's going on at headquarters. I believe there was a vacuum of information at the bank that this caused.

I also believe that a lot of the feather-nested, extremely well-compensated expatriates who were there do not want to lose that, and I think incumbent management don't want to admit there's something to what I have alleged.

I feel like, for anyone who has a piece of the bank on their résumé and anybody who's associated with it now, it's not in their interest to do what I have done.

• (1605)

[*Translation*]

Mr. Stéphane Bergeron: You said that the bank was a tool for the geopolitical objectives of the People's Republic of China. Practically speaking, I think it serves China's interests.

Can you give us any specific examples of projects or decisions that clearly demonstrate support for China's interests?

[*English*]

The Chair: Again, Mr. Pickard, give a brief answer, if you could, please.

Mr. Bob Pickard: Thank you, Chair.

I think if you look at the countries where the project financing takes place and analyze that along with the countries that belong to the BRI, and where its bilateral PRC lendings take place, you'll find a certain significant pattern there. That's what I would emphasize.

Also, there's a pattern in the selection of where the president of the bank goes, such as to Hungary to meet with Prime Minister Orbán, for example, or to Serbia, or to meet with countries that appear to be, in central Asia, more aligned with Russia and China in the geopolitical situation right now.

The Chair: Thank you for that.

We will now welcome Ms. Ashton, who's subbing for Ms. McPherson.

Ms. Ashton, you have six minutes or less.

Ms. Niki Ashton (Churchill—Keewatinook Aski, NDP): Thank you very much.

I want to indicate that I am a last-minute substitution, given the political games being played in the House right now, and I certainly will do my best to touch on some of the points here.

I understand there was some reference to the AIIB's internal review, and I'm wondering, Mr. Pickard, if you could comment on the fact that the internal review found, among other things, that there was no evidence that the AIIB's decision-making organs were unduly and improperly influenced.

Mr. Bob Pickard: The internal review was a despicable pack of lies. It was conducted in a world-record time of three weeks. It was not an independent review. It was conducted by a department whose senior leaders were already criticizing me on social media. The day I left the bank, the AIIB said that my allegations were baseless. Their report said that my allegations were baseless.

I do not believe they even seriously investigated the core allegations I made at the time. The internal review also contains factual errors and a variety of other issues that I could raise separately, but I want to be succinct here.

Ms. Niki Ashton: We do have some time. What kind of factual errors could you refer to as an example?

Mr. Bob Pickard: For example, the report said that I did not raise concerns about my security, but I had raised concerns in writing with the bank's facilities and administration department and with the corporate secretary, and I did so in an email.

When Canada expelled that Chinese diplomat back in the spring, I sent an email, and the president's office of the bank was copied on it. I asked, "Do I have anything to worry about? Should I be concerned with my security?" I got what I considered to be a not very reassuring reply back from the bank's executive in charge of security, who, just by sheer coincidence, is a member of the Chinese Communist Party and well known to be so inside of the bank.

I also, frankly, contacted the Canadian embassy and I asked, "Do I have anything to worry about for my safety in light of the two Michaels," and I can't say that I got any kind of reassurance from them either.

This made me wonder, especially when.... Keep in mind, and I think committee members have to understand, that AIIB knew of my concerns about the Chinese Communist Party, and they were aware of my plans to inform the Government of Canada of my concerns. They knew this for weeks, so I was concerned for my safety in that context, because a lot of stuff was going down inside the bank that didn't make sense to me and I found extremely unusual based on what had been going on with my own department.

I can get into more detail if we have time for it.

Ms. Niki Ashton: You also referred to a toxic culture within the organization—"one of the most toxic cultures imaginable"—which is quite the allegation. I'm wondering if you could elaborate on that.

• (1610)

Mr. Bob Pickard: There have been employee surveys done. Is it Mercer that does the HR consulting reports for large, complex organizations? It has persistently identified problems. The Canadian

board member would know this. There were problems with staff morale. Particularly, the number one issue, I think, would be the lack of employee regard for the leadership competence of the bank executives.

When I first convened an internal town hall meeting of the bank back in July 2022—we called it "Inspire Day", an internal communications event—we used a certain technology where the 500 staff members could answer polling questions, and we'd see the results on the screen. Right there on the screen were the words "toxic culture". That clearly is evidence of it. I provided that to the Department of Finance officials in one of the documents I sent them.

Ms. Niki Ashton: Can you confirm that the AIIB's review found that the culture was not toxic and made several recommendations that would get at the issue of culture?

Mr. Bob Pickard: They said that they would look at that, yes, but they also took aim at yours truly. I think they felt I was attacking the bank's reputation, so they attempted to undermine my reputation with what I consider some very slimy or low-ethics attacks. They accused me of having disagreements with staff members. Of course, the people whom I had disagreements with were members of the Chinese Communist Party, who were championing the three toxic members in my department, who had been harassing and causing problems in the communications function.

That detail, as well, I did provide to the Department of Finance officials during the review.

The Chair: Ms. Ashton, you're just seconds away from the time, so we'll just cut it there. Thank you.

Now we'll go Mr. Chong for five minutes or less.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Mr. Chair.

I have a couple of questions.

Thank you, Mr. Pickard, for appearing.

The Department of Finance announced a halt to Canadian activity at the bank and a review of Canada's participation in the bank when you announced your resignation. How many times have you met with the Government of Canada with respect to their review?

Mr. Bob Pickard: I met with two officials in their Elgin Street office during the month of July for a total of 75 minutes. I think it was one hour and 15 minutes, or maybe an hour and a half. After that point, I emailed a variety of documents or observations as I thought of things, or received messages from staff still at AIIB reporting things they thought I might find of interest.

Hon. Michael Chong: Have you met with them in person since that meeting?

Mr. Bob Pickard: No.

Hon. Michael Chong: Were there any other contributions, other than providing emails and that 75-minute meeting?

Mr. Bob Pickard: No.

Hon. Michael Chong: Do you know anything about the announcement on December 9, a couple of days ago, by the Deputy Prime Minister? It was announcement of a further halt to Canadian participation at the bank, and an expansion of the review to include the four rubrics of investments, governance, management framework and response to your resignation.

Do you know anything about this extended review?

Mr. Bob Pickard: I saw that, yes. I read it in detail and I shared it on X.

Hon. Michael Chong: They haven't contacted you about the extended review yet.

Mr. Bob Pickard: No.

Hon. Michael Chong: In paragraph 13 of the AIIB's review of your resignation, they took a shot at you, talking about your workplace behaviours and managerial responsibilities. Perhaps you'd like the opportunity now to respond to what appears to be an attempt to smear your reputation.

You're in front of a parliamentary committee, so your testimony is privileged. You cannot be sued in a court of law for it, so you are free to say what you want here.

Mr. Bob Pickard: The main smear against me was that I had a history of disputes with people in my department and that I was not processing certain documents or dealing with systems in a timely way. Those were among the issues. They also said I didn't show up at some key meetings, or something.

Let me just review those with you briefly. There was one meeting when I had to fly home to see my mother, who is in a cancer hospice in Ottawa. I was on family leave and I did not attend an interview with National Public Radio in Washington, D.C., that I had arranged for President Jin. But the interview took place and he successfully communicated his story during that time. That, to me, speaks to the low character of the bank that they would do that.

I'm also in the communications job. In the comms job, there are all these media, all these NGO groups, all of these fires to put out. Believe me, at the AIIB there's never a dull moment when it comes to issues to deal with.

I should also point out that my department massively increased its budget under my leadership. I got six new head counts. I got approval to build a half million dollar media studio.

I might have been the last one to hand in my promotion request for my staff, or my budget request, but everything got through and everything was done by the deadline. Maybe my other DGs got theirs in first, but I guess I was busier than they.

• (1615)

Hon. Michael Chong: Were there any other employees at the bank who felt the same way you did?

Mr. Bob Pickard: I know there are people who feel that way.

Hon. Michael Chong: At the bank?

Mr. Bob Pickard: Right now, sure. Do you mean other employees?

Hon. Michael Chong: Yes, other employees, but who just haven't spoken up about it.

Mr. Bob Pickard: Yes. I do know that. I get emails [*Inaudible—Editor*] from the AIIB employee alumni group. I've been blackballed from joining that.

Hon. Michael Chong: I have another quick question.

About nine months before you joined, one of the senior people at the AIIB left the door open to lending money to Myanmar's military junta.

Did any communications like that take place while you were at the bank?

Mr. Bob Pickard: I don't recall anything dealing with Myanmar. I was asked to meetings to discuss Russian procurement.

There was a debate internally about whether or not there should be a meeting with Russian companies to discuss giving them opportunities to bid on AIIB contracts. I was asked, in no uncertain terms, to keep that hush-hush and to ensure that a word of it never got known externally.

That would be the closest such issue.

Hon. Michael Chong: Thank you very much.

The Chair: Thank you, Mr. Pickard.

We'll now go to Mr. Oliphant for five minutes or less.

Hon. Robert Oliphant (Don Valley West, Lib.): Thank you very much.

I want to begin by saying that I'm sorry for the journey that you have been through. It sounds like it has obviously been a trying time for you. I wanted to express that to you.

I want to back up a little bit to your accepting the job. I know there are times when the government is asked to promote people's employment in multilateral agencies and banks.

Was this a government appointment or did you apply for a job and get it?

Mr. Bob Pickard: I applied for the job and I got the job.

I applied online, which was the first job I've applied online for in forever.

Hon. Robert Oliphant: Sort of congratulations. I'm not sure you want to hear that.

What did you know about the bank when you were joining it?

Mr. Bob Pickard: I knew that it was designed to be a rival to the World Bank, or so I thought.

The legacy financial institutions, whatever their storied accomplishments are, did not take into account the rising economic heft of China. That, from a Chinese point of view, meant they should go and create their own vehicle for multilateralism and show the world that they could convene a multilateral institution that could meet the same requirements of multilateral finance as the western-based MDBs, but to do so in an Asia-based way consistent with China's geopolitical interests.

Hon. Robert Oliphant: It interested you, then, in that way.

Mr. Bob Pickard: Yes. I worked here in Ottawa. During the Mulroney government, I worked in the Global Affairs minister's office. I used to work in this building in 1982 for that person.

I worked in six different countries—Singapore, Tokyo, Seoul, New York City—so I felt qualified for the job.

Hon. Robert Oliphant: Jumping ahead to your leaving the bank, you said just a few minutes ago that you left under your own steam, I think were your words—or your own reasons, rather.

Can you explain your leaving? What was the decision-making process and all of that?

• (1620)

Mr. Bob Pickard: After the president's office became aware of my concerns of CCP influence in the bank, everything from that office towards me changed.

The ombudsman of the bank, who was himself a party member, I believe, was undertaking an investigation of my department based on complaints from three members of my department who did not subscribe to my leadership. I was trying to modernize the department by bringing it into the modern age, but I had three people who opposed me because they wanted to keep doing things the way they had been done—

Hon. Robert Oliphant: Were they members of the Communist Party of China?

Mr. Bob Pickard: I don't think so, but they knew the power structure to go for.

The president went from saying “don't resign” and talking me out of resigning to causing, through his office, uncertainty in league with some of these people who were engaging in what I can only describe as harassment and divide and conquer tactics.

Hon. Robert Oliphant: That makes sense to me.

You've said that the day after you left, the government halted all government activity with the bank. There was an internal review in the bank and now an internal review at finance here, which has taken your information.

I understand that you don't have documentation for them, but you did an interview with them, so there's a verbal statement.

Now, after several months, Canada is expanding that review to bring partners and conversations with Australia, Germany, Sweden and the United Kingdom into a further thing while we continue to halt our activity.

Does this make sense to you as an appropriate response for your allegations?

Mr. Bob Pickard: The Department of Finance officials already informed me in July that they were in consultation with G7 allies concerning the matter. That was already known to me.

I believe, based on my close reading of what the government has announced, that the current review is not about my allegations per se, but a broad range of concerns.

Members may not have noticed this kind of detail at the time, but when I left the bank in June, somebody representing the Government of Canada spoke to Bloomberg and made it clear for the reporting that came out that the government, prior to my resignation, had certain concerns, including, I believe, the over-concentration of power in the president's office.

I believe that the government, in broadening what it's looking at now, is not just examining what I said, but is looking at a whole range of issues that are relevant to whether or not we should remain a member of this.

Hon. Robert Oliphant: That's very helpful. I think you have a different partisan background, but it sounds like you feel the government is taking the steps it needs to take and we're getting somewhere.

I don't want to put words in your mouth, but you seem to be suggesting that.

Mr. Bob Pickard: I think we're heading in the right direction on AIIB. I hope the government pursues it to its logical conclusion.

Hon. Robert Oliphant: Thank you very much.

The Chair: Thank you very much, Mr. Oliphant.

We'll now go to Mr. Bergeron for two and a half minutes.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

Mr. Pickard, I would like to continue on this topic. The government has suspended its participation indefinitely. You seem to be optimistic about what has been done since then.

What makes you optimistic?

[English]

Mr. Bob Pickard: As a Canadian living overseas under the pressure of that situation, I was very impressed, surprised and pleased when the minister announced an immediate review of the situation.

There's no question: I feel that was a highly supportable decision. I believe that the current review and the broadening of the review are positive developments.

[Translation]

Mr. Stéphane Bergeron: How much time do I have left?

[English]

The Chair: You still have a minute and a half left.

[Translation]

Mr. Stéphane Bergeron: Do you think external parties should step in to clean things up at the organization?

Is it unrealistic to think that we can get external parties to step in?

[English]

Mr. Bob Pickard: Can you please clarify what you mean by external parties?

[Translation]

Mr. Stéphane Bergeron: I mean people who are not already part of the organization.

[English]

Mr. Bob Pickard: I don't know.

I feel that we, as a country, have to ask ourselves this: If AIIB were founded today under the current geopolitical conditions and with AIIB's supporting China's geopolitical interests, would we and other western countries join this bank?

I don't think so. I hope not.

Why would we do that and give the geopolitical credit for their billions in lending to China, which is a hostile country that's preparing for war against Taiwan and its western allies?

• (1625)

[Translation]

Mr. Stéphane Bergeron: Thank you very much.

[English]

The Chair: Thank you, Mr. Bergeron.

We'll now go to Ms. Ashton for two and a half minutes.

Ms. Niki Ashton: Thank you very much.

Mr. Pickard, is there a role in this world for an improved Asian Infrastructure Investment Bank, given that there are so many countries on the Asian continent that face an immense infrastructure gap and where there is immense opportunity?

Mr. Bob Pickard: It's important for members to realize that most of the AIIB's financing is co-financing with existing MDBs, such as the World Bank and the Asian Development Bank. So far, most of the AIIB's projects are in the future.

I think that we have to ask ourselves as a country [*Technical difficulty—Editor*] multilateralism, and do we want to finance development projects through a Chinese-dominated multilateral or through a western or Japanese-dominated multilateral? Those appear to be our current options.

Ms. Niki Ashton: Domestically, there's been a fair bit of criticism of our own infrastructure bank here in Canada—of its governance, its lack of transparency, its lack of accountability, and the

way it's not meeting the stated goals, including real investments in taking on the infrastructure gap that we face in our own country, particularly in indigenous and northern communities.

While you've raised particular concerns, one may also note that it's not as though Canada's infrastructure bank is an incredible model when it comes to acting on its mandate.

I'll leave it there. I'm not sure if you have any comments to make on that, but it's certainly some food for thought.

Mr. Bob Pickard: We have a lot to learn from China when it comes to building infrastructure. There's no question about that, but China has a lot to learn from us in terms of respect for communities, listening to people affected, and talking about impact on the countries where it's building infrastructure. Are we putting people on a debt treadmill, building debt traps that they cannot escape from?

These are some things that are worthy of further conversation.

The Chair: We'll now go to Mr. Seeback for five minutes.

Mr. Kyle Seeback: Mr. Pickard, given your experience with CCP members in the bank and given what I just gave a brief excerpt from—the 2017 National Intelligence Law—do you think this bank is reformable at all to get out from under the yoke of influence of the CCP?

Mr. Bob Pickard: Chinese Communist Party members, in a subterranean way, will always be the power network inside of this bank.

Having done business in China since the year 2001, I can tell you that if there are no Communist Party collaborations in this bank or no informal groupings, it would be the only such organization in all of the PRC that this could be said of, and I don't believe that it's so. There may not be an officially registered party committee or cadre in the bank, but I believe that the operation and the collaboration is very similar to such in a more informal way.

• (1630)

Mr. Kyle Seeback: I'm going to press you, although I appreciate your answer.

Do you think it can be reformed, given the sort of vast influence that you're describing of the Chinese Communist Party within the bank itself and its influence over Chinese citizens as a result of the National Intelligence Law?

Mr. Bob Pickard: Well, they are all on their best behaviour in Beijing right now...at the bank. I would say that so long as we have the current geopolitical situation and so long as we have the Chinese Communist Party trying to work to undermine western democracies and replace the United States as the number one power, it is impossible for that to happen.

Mr. Kyle Seeback: Thanks.

I want to turn to the bank's report. I don't want to go to any specific parts of it, but given what you've described as the influence of the Chinese Communist Party and given the structure of the bank itself, which I'm sure you're familiar with, what would you say would be the possibility that their own internal report is going to be fair, balanced and fulsome?

Mr. Bob Pickard: I would not have confidence in any report coming from that bank—the objectivity, professionalism, the lack of independence.

In my case, with the lack of any independent report produced by a department with Chinese Communist Party officials, and with senior executives criticizing me publicly while the report was being written, I would not trust anything coming from them. I don't think they have the resources anyway. It's very lean internally. There's not a lot of bandwidth there. It's understaffed.

Mr. Kyle Seeback: To be clear, this report was an internal report done.... These weren't external auditors who came in to sort of balance what the bank was saying versus what you were saying.

Mr. Bob Pickard: No.

Mr. Kyle Seeback: Being in the PR business yourself, would you hazard to say that their internal investigation was more of an exercise in PR than it was in fact finding?

Mr. Bob Pickard: Yesterday the Global Times accused me of hype and smears, so I feel like I have some familiarity with this.

I feel like that's exactly what they've done to me, levelling various allegations as a hatchet job report. What's the expression we should look for? Is it a kangaroo court, or is it a snow job? They did not do an independent report. I refused to participate in that report. They gave me no access to my documents. To the member's earlier question, I couldn't have provided them because they wouldn't let me have them anyway.

Mr. Kyle Seeback: Wait a minute. In their own internal report they wanted you to participate in, they wouldn't give you access to any documents as part of that investigation?

Mr. Bob Pickard: They refused. I wanted access to the documents so I could create a timeline or provide examples, and I was completely locked out and told it was not going to happen.

Mr. Kyle Seeback: Thank you very much—

Mr. Bob Pickard: This was done by the Brazilian legal counsel at the bank, Alberto Ninio—at whose home I was supposed to have dinner the weekend I left the bank, actually. I didn't show up for dinner, so he wrote the report saying I didn't show up at meetings.

Mr. Kyle Seeback: Thanks very much, Mr. Chair. Those are my questions.

The Chair: Thank you, Mr. Seeback.

Now for our final portion of this round, we'll go to Madame Lalonde.

Mrs. Marie-France Lalonde (Orléans, Lib.): Thank you very much, Mr. Chair.

Thank you for coming in front of us, Mr. Pickard.

I want to take you back on this a little bit more if you could share some thoughts. As we mentioned, the review of Canada's participation in the AIIB has been tasked to the Department of Finance.

I would like you to maybe help us out a little further to explain your interaction with the department as part of the review process, and also to give us your view on the importance of this review being led by non-partisan professional public servants.

Mr. Bob Pickard: I don't know the people, in a three-dimensional or deep way, who are conducting this review; we had a single meeting. While I've been asked to provide information and am always welcome to do so—there's always been a polite acknowledgement, “Thank you, Mr. Pickard, for sending this document; feel free to send any further documents”—there haven't been any follow-up questions. I would say there's been a limited degree of intellectual curiosity in finding out all of the details here. I would have thought, given the sensational nature of some of the allegations, that there might have been more questioning.

Mrs. Marie-France Lalonde: Thank you.

I guess that's a perfect segue. At any point in your tenure at the AIIB did you push for any internal reform to address some of the governance issues you have raised since your departure? Did you have any success in these efforts?

Mr. Bob Pickard: Well, on one particular issue, I was certainly a catalyst for urging the bank to take an engaged civil society more deeply, and also to address what is really a glaring issue of gender at the bank. On those two issues, while it wasn't really my remit to tell the bank president or my executive colleagues what to do, I wasn't tasked with the power of recommending a solution. In my department, we were catalysts for taking these functions more seriously, and we advocated.

● (1635)

Mrs. Marie-France Lalonde: My understanding is that your department and you advocated, but you didn't push for any internal changes. Am I correct? I'm just trying to better understand this.

Mr. Bob Pickard: The ombudsman of the bank was supposed to publish a report, for example, having looked into the situation in my department. Twelve of the department members backed me up. Four, including the one Communist Party member, were opposed. We never heard anything back from that. I left so quickly after it that I never had a chance to call for improvement in the ombudsman's office.

I would say that, if I were calling for improvements, it would be in the human resources function, which operates more like a kind of secret police inside the bank. I would call for improvement in the IT department, which, rather than enable communication, which is my job, acted more like a security system that led to well-known, infamous surveillance inside the bank. I would call for reforms of that too.

I would also call for a reform of the system of non-resident board members. If there were a resident board at this bank, where people in Beijing, like in other MDBs, would see what was going on, then perhaps things might have been different.

Mrs. Marie-France Lalonde: Thank you very much.

Is there anything further you'd like to share in front of this committee? I think we have about a minute left.

Mr. Bob Pickard: First of all, I want to thank everybody for listening to me. It's a very emotionally charged experience. I had to lay everything on the line for this. It's been kind of intense for me to talk about this, so thank you for listening.

If you have any follow-up questions, let me know. If you would like any further communication, I'm sure the committee staff can give you my particulars.

Mrs. Marie-France Lalonde: Thank you.

The Chair: Thank you, Mr. Pickard.

You know, for our colleagues here, Mr. Pickard and I share a background in communication. I dare say that a lot of communication professionals in Canada and the United States, or Europe for that matter, could take the transcript of Mr. Pickard's testimony here, strip out Asian Infrastructure Investment Bank and insert the name of their company. I have a great deal of empathy for somebody who is in charge of communication for an organization that behaves in a way that you can't, very deep to your core, support.

Mr. Pickard, thank you for your testimony today. You leave with our blessings. Thank you.

Mr. Bob Pickard: Thank you very much.

The Chair: We'll suspend for a few minutes while we switch out panels.

• (1635) _____ (Pause) _____

• (1645)

The Chair: Let's call the meeting back into session.

I think we may be threading the needle with some votes coming up, so we'll just see what happens.

We're pleased to welcome, from the Department of Finance, Steven Kuhn, associate assistant deputy minister, international trade and finance branch—your business cards must be about that long—and Julie Trépanier, director general, international finance and development division.

I understand, Mr. Kuhn, that you're going to open up for us. You have five minutes to deliver some opening remarks.

Mr. Steven Kuhn (Associate Assistant Deputy Minister, International Trade and Finance Branch, Department of Finance): Thank you very much.

Good afternoon, Mr. Chair and members. Thank you for inviting us to come and have this discussion today.

My name is Steven Kuhn, and I am the associate assistant deputy minister for the international trade and finance branch at Finance Canada. I am accompanied here today by Julie Trépanier, who is

the director general for the international finance and development division within our branch.

It's one of my branch's responsibilities to provide oversight of Canada's participation in various multilateral development banks where the Deputy Prime Minister and the Minister of Finance serve as governor. These include the World Bank Group, the European Bank for Reconstruction and Development and the Asian Infrastructure Investment Bank, the AIIB.

As you know, Canada formally joined the AIIB in early 2018, and the AIIB Agreement Act, an act of Canadian Parliament, defines the Minister of Finance's role as Canadian governor to the AIIB.

Governors in MDBs, multilateral development banks, including this institution, are responsible for making the highest-level decisions in the governance of these institutions. Since joining the AIIB, my branch has also been responsible for Canada's interactions with the AIIB's management, including through representation on the AIIB's board of directors. That board of directors is responsible for providing direction for the bank's general operations, such as approving overall strategies, policies and projects. In this respect, the AIIB's governance structure is largely similar to other multilateral development banks that Canada is a member of, with one caveat being that the AIIB does not have a full-time resident board of directors, as we heard in the previous testimony.

Since inception, the AIIB has had a part-time, non-resident board of directors—largely composed of senior finance officials from the largest AIIB shareholders—that meets on a regular basis, either in person or virtually. For Canada, this has meant that our representative has been a senior official from within the international trade and finance branch at the Department of Finance, based here in Ottawa.

I'll just walk you through some of the timeline of the discussions that we're having today. This representative was informed of the resignation of the AIIB director general for communications, Mr. Bob Pickard, by the AIIB's vice-president and corporate secretary late on the evening of June 13. Department of Finance officials, including Canada's then representative to the board of directors, had previously not been in contact with Mr. Pickard and had not been informed of the issue surrounding his tenure at the AIIB.

I understand that, at around the same time, Mr. Pickard informed our Canadian representative in our embassy in Beijing of his resignation and of his plans to immediately return to Canada. Early on June 14, the Department of Finance learned, through Mr. Pickard's posts on his social media accounts, of his allegations against the AIIB. Mr. Pickard made several observations about the institution, and he has had the opportunity to discuss these with this committee.

Later on that same day, the Deputy Prime Minister issued a public statement immediately halting all Government of Canada activity at the AIIB, instructing departmental officials to lead a review of the allegations raised by Mr. Pickard and of Canada's involvement at the AIIB. Since that time, the department and my branch have been working on this review. The Deputy Prime Minister announced on December 8 that the government is continuing its review of the AIIB in consultation with some of our closest international partners. While this work continues, Canada's participation at the AIIB remains suspended.

This concludes my remarks. Julie and I would be pleased to answer questions that committee members may have. Thank you.

• (1650)

The Chair: Thank you, Mr. Kuhn.

We'll now go to Mr. Chong for six minutes or less.

Hon. Michael Chong: Thank you, Mr. Chair.

Thank you to our witnesses for appearing.

Can you tell us when the review will be complete? Second, when will the review be made public?

Mr. Steven Kuhn: Thank you very much for the question.

As was identified in the news release that came out on Friday, the review is.... Our participation in the bank is indefinitely suspended while the review is ongoing. I do not have a timeline for the completion of the review at this stage.

Hon. Michael Chong: Can you tell us whether or not the review will be made public?

Mr. Steven Kuhn: Whether or not the review is made public or what form the review takes upon its conclusion would be a matter for the Deputy Prime Minister and Minister of Finance to decide once we have a chance to provide that.

Hon. Michael Chong: Thank you.

For the benefit of members of the public who might be watching, can you tell us how much money the Government of Canada has transferred to the AIIB?

Mr. Steven Kuhn: Yes.

The shareholdings of the AIIB, much like other multilateral development banks, are divided between callable and paid-in capital. We can have that conversation, but just in terms of the amount of money that has been paid into the institution, the Government of Canada has paid in \$159.2 million in U.S. currency.

Hon. Michael Chong: Thank you.

Divided by three, and then times four, it's \$200 million or so Canadian, roughly speaking.

Article 7 of the articles of agreement of the bank provides that a member may withdraw from the bank by providing six months' notice in writing. That article further notes that a member shall remain liable for obligations to the bank to which it was subject on the date the withdrawal notice was submitted.

My question is, if Canada were to withdraw from the bank, what would be the extent of Canada's existing financial obligations to the bank?

Mr. Steven Kuhn: I think there are two important pieces of context that are important to understand.

One is that the withdrawal procedures you see in the articles of agreement of the institution mirror withdrawal procedures from various other multilateral development banks of this type. Those procedures have been used only twice in my knowledge. Cuba withdrew from the World Bank and the IMF in the mid-1960s. I believe France withdrew from the Caribbean Development Bank about 23 years ago.

The reason I provide that context is to say that there is a lot of untested legal ground with respect to the withdrawal of any member from the AIIB or other institutions. With respect to the six-month provision that is in the articles of agreement, it is intended to provide a protection to all shareholders and the institution itself: If the institution were to face financial difficulty, members would not be able to instantly withdraw and therefore forgo their share of those financial difficulties, which are hypothetical.

The AIIB, in this case, is an AAA-rated financial institution, from all three major debt rating agencies. I think the question of that issue of what we would be liable for is a hypothetical question. It is not relevant in the current context.

Hon. Michael Chong: It's safe to say that we wouldn't immediately get back all of the \$160 million U.S. that we have contributed to the bank.

Mr. Steven Kuhn: What the articles of agreement do say with respect to the withdrawal procedures is that a member that withdraws would have the institution repurchase the shares that it has purchased in that institution. While those procedures have not been tested, it is our understanding that Canada would receive compensation for the shares that we have purchased to date.

Hon. Michael Chong: We know that the PRC has set up this Asian Infrastructure Investment Bank as a rival to the post-World War II world order to try to displace U.S.-led multilateral institutions—the Bretton Woods and post-World War II institutions. This bank was one of their attempts to do that, to offset the World Bank and the IMF.

Recently, there's been a proposal in front of the IMF to increase the quota by 50%. It's a U.S.-led initiative. The PRC is opposed. What is the Government of Canada's position?

• (1655)

Mr. Steven Kuhn: The question in front of the IMF right now, as you said, is to increase quota, which is the technical term for "vote share", effectively, at the IMF. That vote is open for governors of the IMF until this coming Friday, and members, including Canada, are continuing to vote through the next couple of days to signal their intent.

I have not seen how other countries are voting on that yet—I think that's an open question—so with respect to how other countries will end up voting on that, it is unclear to me. However, based on conversations that have been had at the board of directors of the institution, it is our understanding that the vote will pass.

Hon. Michael Chong: What is Canada's position?

Mr. Steven Kuhn: Canada has been supportive of an increase of 50% at the institution.

Hon. Michael Chong: Thank you.

The Chair: Thank you, Mr. Chong.

Hon. Michael Chong: Those are all of the questions I have, Mr. Chair.

Thank you.

The Chair: You're just in time, too.

We'll go to Mr. Cormier for six minutes or less.

[*Translation*]

Mr. Serge Cormier: Thank you, Mr. Chair.

Before my questions about Mr. Pickard's testimony, which outlined the problem, I would like more information about the Asian Infrastructure Investment Bank, or AIIB. Since Canada became a member in 2018, surely there have been some successes, some benefits for Canadian companies.

Can you tell us about some of the projects, for example?

Can you tell us about some of those successes? Have Canadian companies benefited?

[*English*]

Mr. Steven Kuhn: Thank you very much for the question.

I think there are two important elements to the question. The first is with respect to the benefits the financial institution has had for countries within the region in which it is focused, which is one of the reasons Canada and other members have joined the institution. It is to ensure, as was indicated in Canada's news release at the time of joining the institution, that inclusive economic growth in the region is an objective and that it is something the institution has been focused on.

In the time the institution has existed—and it is a very young institution—it has, so far, provided \$35 billion U.S. worth of financing for 178 projects in 31 different countries in that region, including about a third of that, \$11.1 billion, to alleviate economic and health pressures from COVID. There is an important story to be told about the success of the institution in that regard.

However, the question was also about benefits for Canadian companies specifically. In that regard, there are a couple of points I would highlight. One is that with respect to contracts earned by Canadian companies, I am aware of four contracts involving Canadian companies for particular projects the institution has financed, nine contracts with five Canadian companies for corporate procurement within the organization itself, as well as 13 individual Canadian consultants who have engaged in various aspects of the work of the AIIB.

The final note I would add in that respect is the important role that the Canadian financial sector also has with respect to engagement in the AIIB, noting for example that 16% of banking transactions conducted by the institution have been handled by Canadian financial institutions. As well, Canadian financial institutions have

been participating as underwriters on eight of 10 bond issuances that the institution has engaged in to date.

[*Translation*]

Mr. Serge Cormier: Thank you for those details.

Getting back to what Mr. Pickard said, his allegations are quite serious.

When did you hear about them and when did you contact Mr. Pickard to discuss all of his concerns regarding the AIIB?

• (1700)

[*English*]

Mr. Steven Kuhn: Maybe it would be helpful if I run through the timeline for mid-June. Mr. Pickard did that himself, but to elaborate on some of those details, I understand that his resignation occurred on June 12. Representatives of our government were informed by the institution on June 13—late in the evening the following day. It was the day after that, June 14, that we first heard why he had resigned, and those allegations made on social media were brought to our attention.

It is that same day, June 14, that the Deputy Prime Minister announced the halt of Canadian activities at the institution and that the review we are discussing would begin.

With respect to the launch of the review and our conversations with Mr. Pickard, the review did start immediately. June 14 was a Wednesday, and by Friday of that same week, June 16, we had reached out to Mr. Pickard to request a discussion with him. The first discussion with him happened on June 20. That was not an in-person discussion. That was a telephone conference, approximately 30 minutes in length, to start to hear his story and to have a first engagement with him.

The longer in-person conversation that we had with him, which is the one I think he was referencing in his testimony, took place on July 4. That was approximately a 90-minute conversation, providing him with the opportunity to share his story with us.

Subsequent to that, as he noted in his testimony, we have been open and encouraging of him to be able to share information with us. He has subsequently shared something on the order of 30 emails with us, providing additional observations with respect to his experience.

[*Translation*]

Mr. Serge Cormier: Very well.

As I understand it, Mr. Pickard provided proof of his allegations, specifically information in emails and certain documents relating to the whole situation.

Is that correct?

[English]

Mr. Steven Kuhn: I think he addressed this in his testimony as well. However, to emphasize, the primary contact and engagement we have had with him in respect of our review has been oral, including two conversations of a total of approximately two hours in length, and then subsequent emails he has sent to us elaborating on his observations and emphasizing some of the details of oral testimony he provided to us. But—

The Chair: Thank you, Mr. Kuhn. That brings Mr. Cormier's time to a conclusion.

We will now go to Mr. Bergeron for six minutes or less.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

I would like to continue on this topic.

I do not want to put words into Mr. Pickard's mouth. Moreover, I have not had the opportunity to look over the “blues”, but I believe he said that, when the officials called him in, or rather, invited him to share his experience, those officials seemed uninterested or, at the very least, not very curious. Mr. Pickard expected that he would be asked to provide examples, but he was not asked to do so.

Did you not want to learn more about things that he mentioned in his email?

[English]

Mr. Steven Kuhn: As I indicated in my previous answer, we gave Mr. Pickard as much time as he required to provide his part of the story in oral testimony and invited him to continue to engage with us as he was able to provide more information. He did so with a number of emails, as I previously indicated.

Two more facts are also important.

One is that in the course of that, he was not able to corroborate or substantiate his testimony with written documents. I think he provided that explanation also in his testimony.

With respect to our subsequent steps in the review we have been undertaking, he would not be aware of all of the work we have been doing, including engaging in over 40 of our own interviews with various parties, both within government and outside of government, to try to understand and to try to corroborate the seriousness of the allegations he has been making and to find a way forward as part of our ongoing review.

• (1705)

[Translation]

Mr. Stéphane Bergeron: A recent news release announced that Canada has decided to expand its review.

What does “expand its review” mean?

[English]

Mr. Steven Kuhn: The member is referring to the news release issued by the Deputy Prime Minister on Friday of last week. There are three bullets in that news release that describe areas where we believe we need to do more work and where we need more time to understand the nature of the issues we have uncovered in our re-

view to date with respect to the AIIB. In those three bullets, which I'm happy to elaborate on, are our issues with respect to the AIIB where we believe more work is warranted. In our work to date, we have identified some weaknesses and some areas for further engagement with respect to the governance of the institution.

[Translation]

Mr. Stéphane Bergeron: In view of Mr. Pickard's testimony before this committee and the questions you have been asked, will this expanded review include asking Mr. Pickard more questions?

[English]

Mr. Steven Kuhn: We have continued to keep the door open to conversations with Mr. Pickard. As we continue the review over the coming months, yes, I would certainly welcome further conversation with him to offer him continued opportunity to elaborate on some of the issues that we will be investigating as part of this continuation of the review.

[Translation]

Mr. Stéphane Bergeron: The United States refused to join the bank, citing concerns about its governance and transparency.

Would that not have raised some flags for you?

[English]

Mr. Steven Kuhn: At the time the government chose to join the institution, certainly the United States' position was well known and was considered alongside the beneficial aspects for Canada of joining the institution. I can't speak for the specific reasons that the Government of Canada chose to make the decisions it did, but there certainly are benefits for being part of the institution as well.

[Translation]

Mr. Stéphane Bergeron: What benefits are you referring to?

[English]

Mr. Steven Kuhn: We spoke about two already in our testimony with respect to the declared interest in the news release at the time of joining the institution, when the then Minister of Finance spoke about the inclusive economic growth in the region that could be assisted through this multilateral development bank, which is a core reason that Canada and other like-minded partners engage in a range of multilateral development bank institutions. We also spoke about the commercial opportunities for Canadians and Canadian corporations as a result of participating in the institution.

The third reason that I think is important for us to talk about is that being represented at the AIIB and having our voice at the table allows us to have discussions of issues that are consistent with Canadians' priorities and Canadians' values in trying to ensure that we're able to speak about those priorities and values as the AIIB considers projects that it chooses to invest in.

The Chair: Thank you, Mr. Bergeron. That's time.

We'll now go to Ms. Ashton for six minutes or less.

Ms. Niki Ashton: Thank you very much.

My first question is on the issue of benefits. From some of the figures you shared, I mean, there's simply the fact that 16% of bank transactions involve Canadian banking institutions. Those are some pretty significant numbers.

Could you speak to some of the benefits that Canadian companies are gaining from Canada's involvement in the AIIB?

Mr. Steven Kuhn: Thank you.

I previously enumerated a number of contracts that Canadian companies have received from projects and from corporate procurement within the AIIB, as well as individual consultants that are engaged in the work of the AIIB. Those numbers are what they are. I think they represent a number of Canadians and Canadian companies that are directly benefiting from engagement in the institution.

I also think it's important to continue to emphasize that Canadians receiving benefits from the institution is only one reason why governments such as Canada choose to be members of these institutions. It's an important reason, but it's not the only reason.

• (1710)

Ms. Niki Ashton: In terms of specific projects that Canadian companies are involved in, you mentioned that some are related to the post-COVID recovery. Is there a project you can share as an example of important work being done by Canadian companies through the AIIB?

Mr. Steven Kuhn: I'm afraid I don't have specific details of specific projects that are available, but I would note that information on every one of the projects the institution engages in is made publicly available and transparent on its website. Anybody who wants to understand those projects—what their purpose is and what they do—can gather that information online.

Ms. Niki Ashton: Sure. That sounds good.

You talked about the 16% with respect to the banking transactions. That number is certainly in sharp contrast to the 0.83% of voting shares that Canada has in the organization. It seems, for those kinds of shares, that's significant involvement when it comes to the area of banking transactions.

Would you agree that Canada's involvement in terms of these banking transactions is significant given Canada's place within the organization and on the world stage as well?

Mr. Steven Kuhn: I noted that number because it jumped out at me as representing one way in which Canada is engaged in the work of the institution, and it is certainly larger, as a percentage of the transactions that are occurring within the institution, than what our vote share is within that organization. Further than that, on why the institution has the confidence of Canadian financial institutions to that degree, I cannot speculate.

Ms. Niki Ashton: I want to tie something into that. I come from western Canada, and we know that the western provinces consider China to be a significant trade partner. In fact, three prairie provinces have a trade surplus when it comes to China. My own constituency depends on trading agricultural products and mineral products, including nickel from my own hometown.

I'm wondering if it isn't important to continue to engage, not just with China but also with an institution like the AIIB, given the im-

portant trading relationship that Canadian provinces like mine, as well as Canada, have with China.

Mr. Steven Kuhn: The clarification I would make to your question, if I might, would be to make a distinction between the Government of China and the AIIB as an institution. That is a key distinction we need to be talking about in this conversation, but it is important to recognize that the conversation we're focused on is about the institution itself and not about the Government of China.

In that respect, I have a mandate and knowledge to speak to Canada's engagement with that institution, but for conversations about trade relationships on a bilateral basis with the Government of China, those questions would have to be referred to Global Affairs Canada.

Ms. Niki Ashton: That's fair. It just strikes me that the entire premise of this conversation is around the accusation that China is involved in the AIIB; hence, the review.

Just to confirm, Canada's review of the AIIB was based on a Facebook post by a former employee who decided to leave. Is that accurate, in terms of the actual timing of the call for the review?

Mr. Steven Kuhn: The review was launched by the Deputy Prime Minister once she was made aware of serious allegations that were made by a Canadian employee who worked at the institution. Those allegations were made known to us for the first time on Twitter, as it turns out—that is, on social media.

So, yes, we did launch the review on the basis of serious allegations made by an employee of the institution.

Ms. Niki Ashton: Thank you for sharing that.

As somebody who spends some time on Twitter, I know that obviously there's a lot there.

I appreciate what you've shared today. I'm certainly looking forward to tracking down some more information about Canadian companies' involvement and how they have benefited as a result of their involvement in the AIIB.

Thank you.

• (1715)

The Chair: Thank you, Ms. Ashton.

We'll now go to Mr. Seeback for five minutes or less.

Mr. Kyle Seeback: Thank you, Mr. Chair.

In your statement and in answering questions, you've talked about Canada's participation in the AIIB to help promote inclusive global economic growth.

I want to talk a little bit about Uyghur forced labour. The United States has put out the UFLPA entity list, a list of companies the United States has determined use forced labour from the Xinjiang region to mine, produce or manufacture goods.

Does the Government of Canada have a system in place to make sure, with respect to any investments our money goes into through the AIIB, that none of the projects the bank has provided financing for violate the UFLPA entity list?

Mr. Steven Kuhn: Thank you for the question.

The issue of forced labour is an important one, especially when we're having conversations about Canada's engagement in the AIIB. I would note that it has been an important one on our radar for longer than the time period of the review we are engaged in. For example, it is an issue that the deputy prime minister was raising even last year, in 2022, as part of her role as governor of the institution. As we heard in previous testimony, Canada's director on the board of directors has also been raising this issue with his counterpart directors around the table at the AIIB in respect of specific projects.

Mr. Kyle Seeback: I understand raising an issue—that's one thing. I'm raising an issue right now. But there's a difference between raising an issue and actually assuring Canadians and parliamentarians that no Canadian funds that went to the AIIB ended up financing projects that used Uyghur forced labour. It's not hard to do. There's an entity list that the U.S. has published. It's readily available. I've raised it with the trade minister many times.

Did the Government of Canada ensure that no funds from the AIIB that were invested or used to finance a project were given to companies on the UFLPA entity list?

If you don't know, you can say you don't know. If the answer is no, you can say no, or you can say yes, we did. I don't want to hear about processes. I want to know whether we did it or we don't know whether we did it and if there's a process in place to make sure that we didn't.

Mr. Steven Kuhn: Mr. Chair, I think this is an important question, and the answer requires a little bit of context in understanding how the finances of a multilateral institution work, in two respects.

One is that our capital that we have provided to the institution is not itself directly invested in specific projects. It is used to leverage, on the financial markets, those bond issuances that are themselves lent into projects.

The second element that is important, and is important for this conversation, is the fact that Canada is a less than one per cent shareholder at that institution. Therefore, speaking about projects is important, but we do not have the ability ourselves to veto projects that are considered by the board.

Mr. Kyle Seeback: Good. I understand that. However, is there a system in place to check where the funds from the AIIB are being invested to make sure that companies on the UFLPA entity list can't get access to those funds through bonds or any other financing? Does the finance department in Canada have a system in place to make sure that those companies can't access those funds through the AIIB? It's a yes or no.

Mr. Steven Kuhn: I'm afraid that I can't answer specifically to the question because I'm not familiar with the UFLPA list specifically.

Mr. Kyle Seeback: Okay. Is there someone else at the department who would be familiar with that? I think you're pretty senior in the government.

Mr. Steven Kuhn: That's a question that I would need to check internally.

Mr. Kyle Seeback: Well, I would like you to give an answer in writing to the committee on whether or not the Government of Canada has in place a system to ensure that any projects financed by the AIIB do not involve companies on the UFLPA list.

• (1720)

The Chair: Right. Thank you, Mr. Seeback.

We'll now go to Ms. Yip for five minutes.

Oh, I'm sorry—

Hon. Robert Oliphant: I'm just going to take one minute, with Ms. Yip's permission.

The Chair: As you will.

Hon. Robert Oliphant: I want to have the witnesses clarify that the legislation that the member from the opposite side is referring to is not Canadian legislation. It's American legislation. Under what authority would Canada be required to follow American legislation, or are we still sovereign?

I'm just trying to understand. This is American legislation. Is that correct? Would it apply to Canada?

Mr. Steven Kuhn: As I indicated to the previous member, I'm not familiar with legislation of other countries and how they would apply to various institutions. Of course, the United States is not a member of the AIIB either. However, with respect to specific issues of other countries outside of Canada, I would invite the members to speak with Global Affairs Canada about those issues.

Hon. Robert Oliphant: Thank you.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Speaking of other countries, there are 109 countries that make up the AIIB. How have the other member countries reacted to the allegations, and what actions have they taken?

Mr. Steven Kuhn: Thank you for the question.

I don't want to generalize across all 108 other member countries of the institution, but it is fair to say—

Ms. Jean Yip: Can you give some examples of different countries rather than make an overall generalization?

Mr. Steven Kuhn: It is fair to say that, as part of our review, to date, we have been speaking with both regional countries in the Asia region and non-regional countries, borrower countries, non-borrower countries, and a number of issues have been raised in the review so far that have resonated with a number of those countries.

The news release that was issued on Friday named four countries in particular as countries with whom we have been having significant conversations and will continue to have significant conversations, among others, as the review continues.

It's important to recognize that for those countries that have been named, and many others we're engaged with, being named does not mean they fully agree with the allegations that have been made by the institution nor with the review that we're undertaking or the steps that might come from the review. However, their participation does signal that they think there are some important questions that need to be addressed and that they're willing to work with us in that regard.

Ms. Jean Yip: What are the four countries?

Mr. Steven Kuhn: The press release on December 8 identified Australia, Germany, Sweden and the United Kingdom as four examples of countries who, in this particular case, we have had conversations with regarding this issue in Marrakesh at the annual meetings of the World Bank and the IMF, where these conversations occur.

Ms. Jean Yip: Are we working with them for some sort of review?

Mr. Steven Kuhn: We are having ongoing conversations with them and with a number of other countries to try to understand, really, what is behind the allegations and the specific issues that we have identified as meriting further discussion. Yes, we continue to have conversations.

In fact, Patrick Halley, our assistant deputy minister, who is also responsible for this review, is in Brasilia right now, where he will be meeting with G20 counterparts as well as a number of these countries to continue that conversation with them this week as well as in the coming weeks and months ahead.

Ms. Jean Yip: We talked about Canada's indefinite pause at the AIIB. How long has this pause been in effect? How long will it continue?

Mr. Steven Kuhn: The pause took effect on June 14. What the press release on Friday was making clear from the Deputy Prime Minister was that the pause would continue until the review has had a chance to complete itself.

The fact that the review is continuing is representative of the seriousness of the allegations that we have received, that we have heard, as well as some of the questions that we think warrant further work as we progress through the review.

• (1725)

Ms. Jean Yip: You wouldn't know, then, how long this review will take?

Mr. Steven Kuhn: No, there is no fixed timeline for the review at this stage. The review will conclude when we're satisfied that we have—

The Chair: Thank you, Ms. Yip. That's your time.

We will go now to Mr. Bergeron for two and a half minutes.

[*Translation*]

Mr. Stéphane Bergeron: There seems to be a gap between your assessment and Mr. Pickard's assessment as to the benefits or consequences of Canada's participation in this bank. You see benefits. Mr. Pickard, on the other hand, sees an institution that primarily serves China's interests.

Is serving China's interests a benefit?

[*English*]

Mr. Steven Kuhn: The AIIB is a multilateral organization. The 109 members of the institution, like Canada, are making choices to participate in the organization because they see something of benefit to them. I think it's fair to say that all 109 members are making decisions to participate in that institution as a result of their own interests and how those interests can play through the institution.

It is, I think, an important point to recognize, as we have been discussing throughout this testimony, that China is the largest shareholder of the institution. In fact, its voting share at the institution is nearly 27%. That is by design and by agreement. From that perspective, they do have a particular role to play in the institution that is different from that of smaller shareholders.

[*Translation*]

Mr. Stéphane Bergeron: It is quite obvious that when someone joins an organization, it is because they expect to benefit. When we conduct a review based on worrisome allegations, that must automatically lead us to reevaluate what we initially considered to be benefits. I do not get that sense at all from what you are saying.

I would also like to pick up on what Ms. Yip said a few minutes ago. In your recent press release, there is indeed reference to discussions with Australia, Germany, Sweden and the United Kingdom.

Would you say that our counterparts from those four countries share a number of those concerns? I am talking about the concerns that led the Canadian government to suspend its participation indefinitely.

[*English*]

Mr. Steven Kuhn: Thank you for the question.

Before going directly to the question, there's one point I would like to clarify. The review is ongoing. If I leave members with the impression that the Government of Canada has reached a conclusion with respect to elements of the testimony, I apologize for that. The review is ongoing. We continue to look at various elements of it.

With respect to other countries and their perspectives on these issues, I don't think it's for me to speculate on what specific issues they may or may not share with us with respect to the institution or how their governments may be thinking about their continued involvement in the institution.

[*Translation*]

Mr. Stéphane Bergeron: I am not talking about speculation...

[*English*]

The Chair: I'm sorry, Mr. Bergeron. Your time has expired.

[*Translation*]

Mr. Stéphane Bergeron: Oh, that's too bad.

[*English*]

The Chair: It's expired by a fair bit, actually. I've been very kind to you tonight.

Ms. Ashton, you have two and a half minutes.

Ms. Niki Ashton: First of all, while you were speaking, I did have a chance to do a cursory review of projects that have been approved by the AIIB over the last couple of years. I saw reference to water efficiency, the women's economic empowerment fund, emergency and crisis response facilities, the strengthening of vaccination and health systems under the COVID-19 strategic preparedness and response project, wind energy projects, urban transit and earthquake relief. They were in a range of countries around the world.

Those seem to be pretty important projects relating to life-and-death matters in some of the poorest countries in the world. Is this some of the work that, to your knowledge, the AIIB is involved with?

Mr. Steven Kuhn: Yes. Absolutely. I think as you and others look through that list of 178 projects that they've invested in to date....

I spoke earlier about the government's desire to engage in inclusive economic growth in the region as being a motivator for participating in the AIIB. I think your recital of that list from the website provides a clear articulation of some of the benefits of engaging in those projects, again, across 31 countries, in a region that has been identified as being a priority region for the Government of Canada's international engagement.

• (1730)

Ms. Niki Ashton: The question about the voting shares has come up on numerous occasions. Are the voting shares not in part related to the total subscriptions in the institution?

Mr. Steven Kuhn: I would say there are two elements to that answer. Absolutely yes, the amount of paid-in capital that members need to provide is in direct proportion to the voting power they have. But the fact of those voting shares is something that has been negotiated and is well known and transparent to all members.

Ms. Niki Ashton: Just to clarify, when we talk about China's voting shares, it's also a reflection of the significant subscription it holds compared with Canada, for example, with a much more reduced share.

Finally, you referenced—

The Chair: I'm sorry, Ms. Ashton. Your time has expired.

Ms. Niki Ashton: Okay. That's fine.

Thank you.

The Chair: I think we should be able to get back to you before we're finished here.

The next couple of speakers will be Mr. Seeback and Madame Lalonde. If we get to a third round, we'll have five minutes for the Conservatives, five minutes for the Liberals and two and a half minutes each for the Bloc and the NDP.

Mr. Seeback, the floor is yours for five minutes.

Mr. Kyle Seeback: Thank you, Mr. Chair.

I'm going to go back to the Uyghur forced labour issue. Mr. Oliphant pointed out that it was an American list. Yes, it is because we don't have a list in Canada of banned entities. Despite the Unit-

ed States doing diligent research, Canada has not done any, so we don't have a list. However, we do know that Canada is legally obligated under CUSMA to not allow for the importation of goods made with forced labour. You're aware of that. Is that correct?

Mr. Steven Kuhn: My mandate does not include CUSMA specifically, so, no, I'm not aware of that.

Mr. Kyle Seeback: Okay. Well, that is what we are legally obligated to do: to not allow for the importation of goods made with forced labour. That's the law in Canada.

Canada has not seized a single shipment of goods coming from the Xinjiang region of China, or anywhere else. In fact, the United States is now urging Canada to stop the importation of goods made with forced labour because we have become a dumping ground for those goods after the United States banned it. That takes me back to the question of the AIIB.

Do we have any protocols in place to ensure that companies that use Uyghur forced labour don't get financing from the AIIB?

Mr. Steven Kuhn: As a multilateral institution, Canada participates on the board of directors of the institution as one of.... We're not on the board of directors at the moment. However, when we were on the board of directors, before the pause started, we were a voting member that made decisions with respect to projects the institution proceeded with, but we were only one voting member.

The vote share across the institution is such that Canada does not have a veto on particular projects that are approved by the institution, much as it doesn't have a veto at any multilateral development banks at which we're members.

While we can raise issues, and we can attempt to find like-minded partners at the board table who can also raise issues with us, we do not have the vote share necessary to block individual projects ourselves.

Mr. Kyle Seeback: We don't know if funds used at the AIIB have been used by companies accused of using Uyghur forced labour. We don't have a system in place to look into that.

Mr. Steven Kuhn: I am aware that there are instances of projects that have been approved by the AIIB where Canada and other partners around the board have raised questions about forced labour and where Canada's engagement has not allowed for those projects to be blocked as a result of that.

• (1735)

Mr. Kyle Seeback: Those projects went ahead then.

Mr. Steven Kuhn: Yes.

Mr. Kyle Seeback: Because we're an investor in this, a shareholder in this bank with Canadian taxpayer dollars, then we can conclusively say that Canadian taxpayer dollars, to some extent—it could be a very small amount—were used to finance projects where there was an accusation that a beneficiary of that financing was engaging in the use of Uyghur forced labour.

Mr. Steven Kuhn: What we can say is that we engage in a multilateral setting through that institution and that Canada does not have a veto on individual projects that are approved by the board of directors.

Mr. Kyle Seeback: Those projects went ahead despite Canadian objections that there was potentially Uyghur forced labour.

Mr. Steven Kuhn: There are 178 projects on the website.

Mr. Kyle Seeback: I know. You just said before that there were some you objected to, but they went ahead.

Mr. Steven Kuhn: There have been projects where we have raised questions about forced labour. I do not know specifically—

Mr. Kyle Seeback: Could you table with this committee the projects that Canada objected to as a result of its concern that the finances were going to companies that use forced labour?

Mr. Steven Kuhn: Yes. I can do that.

Mr. Kyle Seeback: Thank you very much.

Prior to Mr. Pickard's revelations, did the Government of Canada have any concerns about the governance structure at the AIIB, the fact of the 2017 National Security Law and the encroachment of the CCP in the bank?

Mr. Steven Kuhn: There are a range of issues being discussed as part of the review. There are a number of those issues that have been on our radar and have been considered and that we have been pushing through the governance channels of the institution for some time.

I was not specifically aware of the allegations Mr. Pickard has made with respect to the employees of the institution and whether or not they are members of the Chinese Communist Party. We have asked for evidence of that, and we do not have evidence of that at this stage.

Mr. Kyle Seeback: Can you table—

The Chair: Thank you, Mr. Seeback.

Mr. Kyle Seeback: —whatever these concerns are that have been raised, if they're in writing or internal to the government? Can you please table those concerns for the committee as part of this study?

Can I get a yes or no?

Mr. Steven Kuhn: Sure.

Mr. Kyle Seeback: Thank you.

The Chair: Thanks, Mr. Seeback.

We'll now go to Mrs. Lalonde for five minutes or less.

[Translation]

Mrs. Marie-France Lalonde: Thank you very much, Mr. Chair.

[English]

I just want to go back.

I think you were trying earlier, and maybe my colleague raised the same sort of line of questions, but I just want to hear clearly.... Certainly, the allegations that Mr. Pickard has raised are very serious. During any of the conversation with him, what sort of concrete electronic or physical evidence has he provided to the department?

Mr. Steven Kuhn: They are important issues that he has raised, but it's also important to note that his testimony, as he said himself, was oral and was backed by a number of emails that he provided that emphasized his points. However, he was not able—by his own

testimony—to provide written or documentary evidence to corroborate or substantiate the most serious allegations he has been making.

Mrs. Marie-France Lalonde: Thank you very much for this. I know you were trying earlier to say this.

You also referred to emails that he referenced as a narrative observation from him. Is that correct?

Mr. Steven Kuhn: Yes, that is correct.

Mrs. Marie-France Lalonde: Okay.

I want to take us back, certainly, to the Government of Canada's position and what it means when we say that we have an indefinite pause of Canada's activity at the AIIB. How long has this pause been in effect? What does that mean exactly, Mr. Kuhn?

• (1740)

Mr. Steven Kuhn: The pause has been in effect since June 14. That was the date of the original announcement by the Deputy Prime Minister. That has meant a couple of very concrete things for us.

First of all, as I alluded to in one of my previous answers, it has meant that we have not participated in board of directors meetings since that time, and we have not participated in the annual meetings of the institution since that time. In fact, it means that the employee on my team who had been assigned to be the alternate director, the board representative on that institution, is no longer in that position, and our board seat at the institution, our alternate director seat, is vacant.

It has also meant that, while we have made four capital payments into the institution, we have withheld the fifth capital payment, which is now overdue, and we will not make that payment while this pause is in effect.

Mrs. Marie-France Lalonde: Okay, thank you very much, again, for that answer.

Last but not least, you did mention that Canada was—and I'm looking at my French here....

[Translation]

During your review, which government partners did you work with to obtain additional information and arrive at certain decisions?

[English]

Mr. Steven Kuhn: I just want to get some clarification. Is the question about other government partners or the breadth of partners that we have been working with on the review?

Mrs. Marie-France Lalonde: Yes.

Mr. Steven Kuhn: Maybe it's helpful just to lay out some of the elements of the review that we've been undertaking so far; I haven't had the opportunity to do that.

Since speaking with Mr. Pickard, who was one of the first interviews that we had in June, we have engaged in some 40 other interviews as well, including current and former employees of the institution, Canadians who work at the institution or have worked at the institution.

We have been speaking with Government of Canada expertise as well, including at Global Affairs Canada.

We have been speaking with the security and intelligence apparatus within Canada, as well as with a number of allies, partners and members. However, in addition to those 40 or more interviews that we've engaged in, we have also been reviewing public records and records from the institution.

Mr. Pickard, in his testimony, referenced employee surveys. We've been looking at those employee surveys and comparing those to employee surveys of similar institutions. That's just one example of the kinds of records we have been examining as part of the review.

Mrs. Marie-France Lalonde: Perhaps I was not clear.

To what extent have you been working with international partners as you do the review?

Mr. Steven Kuhn: We have had quite a number of conversations with international partners. As I said in a previous answer, these include not only some traditional, like-minded allies but also a breadth of other countries that are members of the institution and have views to provide for the review.

Unfortunately, I'm not able to speak about the specific countries, other than those that have chosen to be named as part of the announcement on Friday. Others are working more quietly behind the scenes to help us through some of the questions that are outstanding.

The Chair: Thank you, Mrs. Lalonde. That is your time.

We'll now go to Mr. Chong.

We're going into the third round. We'll have five minutes for Mr. Chong, five minutes for Mr. Fragiskatos, and two and a half minutes each for Mr. Bergeron and Ms. Ashton.

Following that, there may be a little time left. If there is interest, we can have one question from each party represented here, and that will wrap it up.

Mr. Chong, the next five minutes is yours.

Hon. Michael Chong: Thank you.

I want to talk about the AIIB's financing projects.

A couple of years ago, a senior member of the AIIB, as reported in the *Financial Times*—a reputable publication—said the bank was open to funding projects under Myanmar's military junta, which is not something the Government of Canada supports.

How is the government reconciling its position of having membership in a development bank whose senior members openly muse about funding projects in jurisdictions like Myanmar?

• (1745)

Ms. Julie Trépanier (Director General, International Finance and Development Division, Department of Finance): Thank you for the question.

We're not aware of the AIIB being open to doing projects with the junta in Myanmar.

We would have certainly, if it were the case, or if any such project is brought to the board, we would certainly—

Hon. Michael Chong: I appreciate that answer.

Let me give you some other examples that have happened.

In 2020, a number of non-governmental organizations accused the AIIB of violating human rights and environmental standards in India when 103 families were forcibly moved to make way for a metro rail project funded by the AIIB.

In the same year, similar allegations about a lack of environmental standards were made with respect to an AIIB project funded in Bangladesh. This was the Bholra power plant, where a flood occurred and a number of workers died.

A year later, the Office of the High Commissioner for Human Rights stated that human rights had been violated in Indonesia's Mandalika tourism project, which was also funded by the AIIB, particularly with the forced displacement of people and forced resettlement.

More recently, civil society organizations have alleged that there are predatory and abusive collection practices with regard to a microfinancing project in Cambodia that the AIIB funded.

With all these projects, there seems to be a pattern emerging about a different style of governance compared with that of multi-lateral organizations and development banks such as the World Bank.

In all these cases, how can that kind of funding of those kinds of projects be consistent with the government's stated foreign policy priorities?

Mr. Steven Kuhn: The AIIB has invested in 178 projects. That is the project count I have before we paused our work. Of course, over the last six months, we haven't been engaged in reviewing projects or participating in project approvals. I can't speak to the specifics of those projects, including whether or not they were considered at the AIIB before or after the pause that we've engaged in.

What I can say is that, as presented in the testimony of Mr. Pickard, the AIIB is a young institution—it's about seven years old—so one of the ways it has been engaging in project investment decisions is by doing it alongside other, more mature organizations like the World Bank or the Asian Development Bank. In fact, more than half of the projects it invests in are done alongside other institutions that have longer track records with respect to these issues.

Hon. Michael Chong: I just enumerated four projects—four out of 178. That's over 2%. That's not insignificant. These seem to fit into a model that the Obama administration predicted, which was that this was going to be a sort of strategy by the People's Republic of China to export its authoritarian model of governance throughout the Indo-Pacific region. As we are seeing projects like this getting funded through a very different lens of human rights, protection of the environment and a very different lens of due process and procedural fairness for those communities affected, it seems to me that those predictions have come true.

Is the review that—

The Chair: I'm sorry, Mr. Chong, but unfortunately your time has expired.

Hon. Michael Chong: Okay. Thank you.

The Chair: We'll go to Mr. Fragiskatos for five minutes.

Mr. Peter Fragiskatos: Thank you to both of you for being here today.

My question will be very general, but, for those watching, I think it's instructive: Why does Canada participate in initiatives such as this? What was the underlying purpose of the movement towards engaging with the AIIB?

• (1750)

Mr. Steven Kuhn: Thank you.

There are three general reasons why Canada and other members engage in multilateral development banks, including the AIIB.

The first is, as I have said and as was set out in the news release when Canada joined this institution, that it's out of a desire to help foster inclusive economic growth in that region—in that particular case, the Asian region—and this is consistent with the Indo-Pacific strategy and other foreign-policy priorities of the government.

The second key reason why Canada would engage in multilateral development banks, including this one, is to ensure that discussions that happen at those board tables take into account Canadian priorities and Canadian values. Those include issues of forced labour, as we've been talking about. They include issues of environmental protection. They include issues of gender equality, and I could name a couple of others.

The important issue is not that we are able to veto every project with which we don't agree but that we're able to make sure there are conversations about Canadian priorities and values in those projects as they're considered by the institution.

The third reason, of course, as we discussed, is for commercial opportunities that benefit Canadians as a result of our engagement in the institution.

Mr. Peter Fragiskatos: However, our eyes are wide open with this particular iteration of Chinese leadership. This is not the China of even 10 years ago. Things have changed dramatically, and that is something this committee has understood time and again.

I do see you agreeing, so in recognition of that, what would you say Canada is doing to plant itself or position itself in response to changing dynamics in China as far as its particular approach to international engagement goes?

Mr. Steven Kuhn: I think there are a number of instances of conversations or debates that Canada has had at the board table of the AIIB, through which we have been successful in building coalitions around that table and moving the institution in ways that are not aligned with what China might have wanted, notwithstanding the fact that they are the largest shareholder.

I think about the policy, for example, a couple of years ago, when the AIIB announced that it would not invest in coal projects or related coal infrastructure as part of a climate policy. That happened because Canada had been at the table and had pushed on that important issue.

The AIIB's treatment of Russia, in the context of Russia's aggression towards Ukraine, is another example that has occurred only as a result of Canada's leadership there. For example, in 2022 the annual meetings were supposed to happen in Russia, in Moscow, and we were able to build a coalition around the institution to make sure that did not happen. The activities of the institution in respect of Russia are also on hold indefinitely.

Those are things that happen because we are at the table, because we're having conversations, difficult conversations. No, we don't win every conversation we have—that's the nature of working in a multilateral setting—but we do have those conversations, and that's an important first step.

Mr. Peter Fragiskatos: I have 40 seconds left, Mr. Kuhn. The point on building coalitions, I think, is a very important one. We are working with like-minded countries in that context of the AIIB to, if not to push back, if that's not the right phrase, certainly present an approach that is in line with liberal democratic values.

Mr. Steven Kuhn: Yes. That is a key reason that we engage in an institution like this.

Mr. Peter Fragiskatos: Thank you.

The Chair: Thank you very much.

We now have Mr. Bergeron for two and a half minutes.

[*Translation*]

Mr. Stéphane Bergeron: I want to pick up on my previous question.

Mr. Kuhn, regarding the discussions you have had with your counterparts from Australia, Germany, Sweden and the United Kingdom, you said that you cannot speculate.

I am not asking you to speculate. I am simply asking whether, based on the discussions you or our representatives — not necessarily you personally — had with counterparts in Australia, Germany, Sweden and the United Kingdom, there were shared concerns about what we are discussing right now.

• (1755)

[English]

Mr. Steven Kuhn: Thank you for the question.

I think perhaps the easiest way to understand the engagement of other countries is also to start by recognizing the internal review, which we heard testimony about previously, that the AIIB is conducting in respect of some of the issues that have been identified. Those partners who continue to be engaged at the board of directors of the institution while Canada steps away from that board are looking at that review and are trying to hold the institution to account on issues of governance and culture and the complaints mechanism and HR issues. Those matters are the focus of that review and some of the issues those countries are engaged in.

For us, for our review, those 19 recommendations that have been put forward and are being looked at and examined by the board are important, but they're not sufficient. They do not fully satisfy the extent and the seriousness of the allegations that have been put forward. We need to layer on top of that some additional areas of review and some additional elements that we would like to undertake as part of the continuation of our own review.

Those four partners and others we've been speaking with do share commonalities across some elements of the review, but I wouldn't want to speculate on whether or not they share all the elements of the review we have under way.

[Translation]

Mr. Stéphane Bergeron: Have other countries taken a step back in light of what is happening at the AIIB?

[English]

Mr. Steven Kuhn: I'm not aware of any other country that has taken the type of measure that we have taken at this point in time.

The Chair: Thank you, Mr. Bergeron.

[Translation]

Mr. Stéphane Bergeron: Thank you, Mr. Kuhn.

[English]

The Chair: We will now go to Ms. Ashton for two minutes and 30 seconds.

Ms. Niki Ashton: Thank you very much.

In review you're conducting, are you also speaking with Canadian companies or contractors who work with the AIIB or who work on projects approved by the AIIB?

Mr. Steven Kuhn: The review is under way. Of the 40 interviews we've conducted to date, we have not yet reached out to particular Canadian companies who are benefiting from the institution. The review is continuing. We still have work to do.

Ms. Niki Ashton: Obviously, I'm not a permanent member of this committee, but it seems to me that we're discussing the projects and the potential benefits, one would hope, to Canadian companies, but not actually hearing from said companies. We're clearly missing an entire piece here, which relates to one of the three key tenets of why Canada is engaged in an institution like the AIIB.

I want to go back to that question of values, which you mentioned is one of the three reasons that we engage with institutions like the AIIB and others. One Canadian value that's been thrown around today is that of multilateralism. One will note that multilateralism doesn't mean that we always agree with each other. Canada and China can have disagreements. Canada and other countries can have disagreements. But there is value in working together and recognizing that China is one of our major trading partners. There are incredible economic opportunities, it seems, for Canadian companies to engage in projects in the AIIB.

Would you agree that it is beneficial for Canada to engage in multilateral institutions and that this kind of engagement is beneficial to obviously not just people overseas but Canadians as well?

Mr. Steven Kuhn: Yes, I would agree. There are clear examples of the benefits that have been brought to the AIIB as an institution and the projects it is financing, as a result of Canada's approach to multilateralism.

Ms. Niki Ashton: I have one quick question.

There was reference to problematic projects regarding displacement. I certainly represent an area ravaged by hydroelectric development that displaced thousands of indigenous peoples and destroyed the environment. Obviously, that was not part of the AIIB, but a Canadian government that went forward with this kind of a project.

To the broader question, on some of the projects I've seen on the website, we're talking about life-and-death issues. Do you think that Canadians would see it as important to invest in these kinds of initiatives on the ground, whether it's in health or, frankly, climate?

• (1800)

Mr. Steven Kuhn: I can't speak on behalf of Canadians, and that's not my job. But certainly when I look at the project list of the AIIB, I think there are important projects that are happening as a result of that institution.

That is not to say that we have a conclusion with respect to what the Government of Canada's engagement is with the institution. I need to emphasize that the review is ongoing and that we do not have declared positions on some of these issues. The review is complex and it is sensitive. Even this conversation that we're having today is an important one for us to be able to take note of the concerns that people have with respect to the institution and how it operates.

The Chair: All right. This brings us to the end of our third round.

Now, I don't want to shortchange the committee. There are probably three or four minutes left to take us to the full 90 minutes.

We want to get our money's worth out of Madam Trépanier and—

Hon. Robert Oliphant: I have a point of order.

The Chair: Yes.

Hon. Robert Oliphant: The notice of meeting takes us to 6. I believe it is now after 6.

The Chair: We started late, Mr. Oliphant.

Again, in fairness, as I say, I did not want to shortchange the committee.

Are there further questions—?

An hon. member: I move to adjourn.

The Chair: We have a motion to adjourn.

Some hon. members: Agreed.

The Chair: All right, thank you.

To all of you, have an absolutely Merry Christmas.

Thank you again to our analysts and our clerk.

An hon. member: We'll be back on Monday.

The Chair: No, we won't.

To our interpreters and all of the staff who support us, I hope you have a wonderful Christmas season.

The meeting is adjourned.

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