

Chinese vaccine company executives worked in program now targeted by Western intelligence agencies

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Top executives at CanSino Biologics — the Chinese company involved in a failed COVID-19 vaccine collaboration with Canada — were also part of a Chinese government program designed to incentivize people to transfer research and knowledge to China in exchange for salaries, funding and other benefits.

Several former Canadian Security Intelligence Service officials interviewed by Global News said that CanSino's Canadian-educated scientists were likely seen as potential assets by Chinese Communist Party information collection networks.

And one of the Canadian security consultants, said the agency responsible for the CanSino collaboration— the National Research Council (NRC) — should have seen red flags surrounding a CanSino partnership.

In August, the NRC announced its collaboration with CanSino had ended because Chinese officials had failed to send CanSino's vaccine for testing in Canada.

Meanwhile, since June “many Chinese military” staff have received CanSino vaccine doses enabling them to soldier in “epidemic affected areas” without being infected, Chinese state media reported in November.

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The co-founders of CanSino — CEO Dr. Xuefeng Yu and executive director Dr. Tao Zhu — have been listed as members of China's so-called Thousand Talents Plan, a Chinese Communist Party (CCP) recruiting strategy started in 2008 and now coming under increasing scrutiny from intelligence agencies in Canada, the United States and Australia.

Yu, who was trained at McGill University, and Zhu left successful biopharma careers in Canada and founded CanSino in Tianjin China in 2009.

Before returning to China the CanSino scientists were also members of a Chinese-Canadian research association that worked with Chinese government agencies to develop China's science industry, the association's [records show](#).

And after Yu and Zhu established CanSino's lab with help from various levels of government in Mainland China, back in Toronto, Yu attended [several forums with Chinese consular officials and recruiting officials](#), to promote China's national recruiting plans, according to the Canada Chinese Biomedical and Pharmaceutical Association's meeting records, which have been [published online](#).

CanSino's Yu and Zhu didn't respond to repeated questions from Global News about CanSino's involvement in the Thousand Talents Plan and whether criticism of China's talent recruitment plans by Western intelligence is unfair.

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The association's website includes a January 2011 report that says Dr. Zhu is an association member, and he was selected to China's "Thousand Talents" plan in December 2010.

The 2011 report said CanSino had partially completed its research and development centre in Tianjin, after having "obtained financial support from the state, Tianjin City and other governments at all levels," in China.

More recently, company records say that in 2016 CanSino's Tianjin lab started a Chinese-American talent recruiting program that is supported by an "Overseas Chinese Affairs" office that is part of China's United Front Work Department.

The Thousand Talents Plan is deeply intertwined with China's broad espionage campaigns, Canadian experts said, and often in conjunction with the United Front Work Department, a sprawling foreign affairs agency that is central to Chinese interference and espionage networks, according to Western intelligence.

In an interview Ward Elcock, former director of CSIS, said "the Chinese have long had a vacuum cleaner collection strategy, where everyone is collecting everything."

"There have been a lot of cases where Chinese academics have gathered intelligence in North America," Elcock said. "The Chinese will make use of every opportunity. The Thousand Talents plan is one of those opportunities, and it's clearly a vector of intelligence collection."

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In the Thousand Talents plan, Western-based academics are sometimes approached to collaborate with Chinese institutions in deals that can have hidden contracts skewed in China's favour, according to the consultants Global News interviewed for this report. For example, some professors have doubled their salaries by secretly taking pay from Chinese universities, the consultants said.

In this way China has been able to cheaply obtain research and patents from the researchers it pays, even though their research is mostly funded by North American taxpayers.

But Mandarin-speaking researchers born in China and well-established in the West are most coveted by the Thousand Talents Plan because they are perceived as potential assets for information collection in the West, former Canadian officials said.

According to a November 2019 U.S. Senate report, China encourages these researchers to transmit their knowledge to China "in exchange for salaries, research funding, lab space and other incentives."

These prominent "Overseas Chinese" researchers are known as "sea turtles" because they return with knowledge to benefit the CCP, according to Michel Juneau Katsuya, a former CSIS Asia-Pacific desk agent.

According to the U.S. Senate report and Western intelligence experts, the CCP uses all information gathered in its civilian talent recruiting to modernize its military.

“The Chinese intelligence services have developed several concepts for repatriating information, and what better vehicle than to bring back someone that was educated abroad and understands the so-called ‘enemy’” Juneau Katsuya said.

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“This talent recruitment is systematically supported by the United Front Work Department, and other departments. But the United Front in particular, is responsible for trying to repatriate valuable Chinese people, like Dr. Yu.”

Juneau Katsuya reviewed reports and photographs collected by Global News that detailed multiple forums attended by Yu involving Chinese recruiting and consular officials in Toronto. He said that these types of meetings provide the backdrops where Chinese officials can form personal relationships with talented researchers.

According to meeting records posted on Canada Chinese Biomedical and Pharmaceutical Association’s website, in one February 2011 meeting, Yu gave a speech titled “Experience of Overseas Chinese Returning to China to Start a Business.”

The website includes a slide of Yu’s presentation, titled “Lessons Learned.”

According to the slide, one of Yu’s lessons was: “Better negotiate deal with government before you go.”

Another was: “If use intangible asset as investment, better define it at the time of initial establishment.”

Yu’s slide presentation — which hasn’t previously been reported on — appears to shed light on connections between China’s talent recruiting networks in Toronto and negotiations surrounding the funding Yu secured with China’s government, in CanSino’s business startup.

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But Yu’s slide presentation also shows he advised Chinese-Canadian researchers that doing scientific business with China’s government can involve “culture shock.”

According to Juneau Katsuya, in China’s system, the cohort of Chinese researchers including Dr. Yu that attended such meetings in Toronto, would certainly be encouraged to bring their expertise back to Mainland China, for patriotic reasons.

Yu, who is listed as director of the Toronto-based non-profit association, didn’t respond to requests for details on his funding from China. Corporate records say the association is active and was [registered in 2003](#). And other association directors contacted by email for this story, also did not respond.

While Yu didn’t respond to Global News, a May 2017 profile in Sixth Tone — an Asian news magazine — calls him a “shining example” of the “native Chinese who forged careers abroad and have now been lured home to develop the Chinese industry.”

The profile says Yu “[was selected for ... the Thousand Talents Program](#), which offers generous packages to scientists who move to China.”

“I felt like it was an obligation,” Yu was quoted, in the profile.

Abandoned deal

The NRC entered a March 2020 deal with the endorsement of Prime Minister Justin Trudeau, sharing Canada’s proprietary cell-line for vaccine-development with China. And in return, Canada was to test CanSino’s resulting vaccine and mass produce it in NRC labs. But in August, the NRC announced that “due to delays in Chinese customs releasing the vaccine candidate, the agreement was not acted upon.”

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The failed deal means that Canadian citizens lost a chance to be first-in-line to receive a vaccine produced in Canada.

There is no explanation from Canada about why Chinese authorities blocked CanSino’s shipment to Canada.

In a previous interview Scott Halperin, director of the Canadian Center for Vaccinology — the facility in Dalhousie University that was supposed to test CanSino’s vaccine — insisted that CanSino was an excellent collaborator.

Halperin said the Canadian researchers involved can only assume that China’s government interfered in the partnership for geopolitical reasons.

Halperin said the federal government has contacted his research centre to discuss security threats related to foreign actors and COVID-19 research. But these contacts never included warnings about China attempting to subvert Canadian researchers in order to benefit China’s military, he said.

“I have not had any discussions in particular related to the issue you quote about China recruiting and subverting Canadian investigators,” Halperin said. “My interactions with CanSino involved the opposite direction; getting access to Chinese technology since they were providing the vaccine (which we never received).”

According to a Globe and Mail report, Yu blamed indecision on the part of Chinese bureaucrats for CanSino’s failure to ship vaccine material to Canada.

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“We currently do not have any further information to share at this time,” a CanSino spokeswoman said, when asked by Global News “why will China not ship the vaccine to Canada, which under the terms of the deal (between CanSino and NRC), was supposed to receive the vaccine in order to do tests in Canada?”

Some experts have said CanSino’s vaccine has fallen behind the leading candidates in clinical tests, including Pfizer and Moderna, because CanSino’s vaccine is based on a modified cold virus, which makes it less effective for more elderly segments of populations.

However, Yu was cited in a Chinese state-media report in November, saying that CanSino's vaccine has proven effective [in protecting Chinese military personnel](#) operating in areas impacted by the coronavirus pandemic.

In an interview Elcock said he "found it interesting" that the CanSino deal collapsed. But there is not enough information, he said, to know what went wrong behind the scenes. And Elcock said the fact that CanSino is involved in the Thousand Talents Plan doesn't necessarily mean NRC was unwise to partner with CanSino.

But Juneau Katsuya said the NRC has been burned a number of times in collaborations with China and has lost intellectual property in major espionage and hacking cases, and still hasn't learned its lesson.

In one example, in 2014, the NRC was targeted in a Chinese cyberattack estimated to have cost Canada hundreds of millions and the loss of vast amounts of data, including personal information about NRC staff. Canada has yet to disclose more details about the nature of information lost to China in the case.

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And in another case, as Global News has previously revealed, a McGill University academic named Ishiang Shih collaborated with NRC, Canada's space agency, and the Canadian army, in various research projects. Shih and a number of alleged conspirators are accused in the United States of secretly sending sensitive technologies to China to modernize its military units. Shih denies the allegations.

Juneau Katsuya said he believes the NRC is ignoring security warnings and that Ottawa lacks a coordinated plan to counteract risks in partnerships with China.

In recent parliamentary committee hearings on Canada's dealings with China, elected officials have made similar criticisms, and called for 'all of government' national security vetting [for potential contracts](#) involving Chinese companies.

"The right hand doesn't know what the left hand is doing, and NRC has been abused by China before in this way, and that is why this case is so offensive," Juneau Katsuya said. "In this case it looks like what China did, is they got what they needed (from Canada) and they stopped the vaccine shipment. This neutralizes the ability for Canada to participate in developing the vaccine."

Juneau Katsuya says he believes China's other objective was to leverage Canada in the Meng Wanzhou extradition case.

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"Blocking the vaccine shipment also sends the (geopolitical) message: 'Look, if you really want to work with us, you need to toe the line.' I have seen it before, and it shows how dependent we are on China."

The NRC, CSIS, and Public Safety Canada would not answer whether the NRC has ever received cautions about NRC's vaccine collaborations with CanSino and China's military. The NRC first collaborated with CanSino in 2014, providing a cell-line used by Dr. Yu and CanSino and the People's Liberation Army, to produce an Ebola vaccine.

In a statement to Global News CSIS spokesman John Townsend would not confirm whether CSIS looked into the involvement of CanSino executives in Chinese-state sponsored talent recruiting programs and meetings in Toronto.

However, Townsend confirmed generally, that CSIS has informed Canadian institutions involved in COVID-19 vaccine research, that the Thousand Talents Plan is one of the programs used by China “to acquire sensitive Canadian technologies and expertise by utilizing a range of traditional and non-traditional intelligence collection methods.”

“While the Thousand Talents Plan is one example, academic talent plans are used by multiple hostile states,” Townsend said.

After this story was published Wednesday, in a Parliamentary debate, Conservative leader Erin O’Toole cited Global News’ investigation of CanSino’s involvement in the Thousand Talents Plan.

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“How delayed is our vaccine response going to be, because this Prime Minister preferred to partner with China, ahead of anyone else?” O’Toole asked.

“The answer is not at all,” Prime Minister Justin Trudeau responded. “Because we set out to make sure we were knocking on every single door, regardless of which researchers, or which companies found the vaccine first.”

Also following on findings from this story, Conservative MP Garnett Genuis gave notice of a motion to examine the CanSino-NRC deal, in the Canada-China committee’s upcoming study on national security.

Genuis’ motion asks the committee to question representatives of CanSino, CSIS director David Vigneault, and NRC’s president Iain Stewart, in mid-December.

Huge vacuuming sound

Margaret McCuaig-Johnston says that in her former role as an assistant deputy minister, she supported Canada’s research collaborations with China.

But since 2012, when Xi Jinping came to power, collaborations involving China’s Thousand Talents Plan have become increasingly dangerous, she says, because Xi has promoted the fusion of civilian and military research, and China has become increasingly “desperate” to obtain cutting-edge technology for the People’s Liberation Army.

“You can almost hear the huge vacuuming sound whisking away North American technologies to Chinese labs, under Xi Jinping,” she said.

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And McCuaig-Johnston says the Thousand Talents Plan draws on funds from Beijing’s United Front Work Department, in order to offer lucrative pay and research-funding packages to Mandarin-speaking candidates working in Western labs and universities.

“They play on the scientists’ obligations to help the Chinese homeland, and this is a big part of China’s keeping tabs on scholars that have gone abroad, through professional research

associations,” she said. “It is all part of the United Front Work Department approach.”

Canadian-based researchers and experts are also approached with lucrative packages that can be funded by the United Front, McCuaig-Johnston said.

“I had a discussion with one Canadian professor in Artificial Intelligence, who was approached in the Thousand Talents Plan, with the offer that he would get a full salary at (a Chinese collaborator university) on top of his Canadian university salary,” she said.

Critics in Australia and the U.S., including FBI director Christopher Wray, have pointed to similar concerns.

And in August, Australian analyst Alex Joske published a report on the Thousand Talents Plan showing that Canada is one of the top nations targeted by China’s talent recruiting programs with links to the United Front. The report says Canada has 47 Chinese talent recruiting stations, the U.K. and Australia each have 49, Germany has 57 and the U.S. has 146. These stations are often run by United Front groups already established in Chinese-community groups in Western cities, the report said.

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In a Canadian case study, [Joske’s report found](#) that the Fujian Provincial Overseas Chinese Affairs Office sent representatives worldwide in July 2016 to establish China’s talent recruitment stations.

And the Fujian office, which is part of China’s United Front according to Joske, set up four stations in Canada. Canada’s former ambassador to China, John McCallum, was pictured at the opening of one of the stations in Toronto.

The Toronto community leader that opened that station and was pictured with McCallum, “is a member of several organisations run by the United Front Work Department in China and has been accused of running a lobbying group for the Chinese Consulate in Toronto,” Joske’s report says.

McCallum, who is based in Hong Kong now, hasn’t responded to repeated requests for comment for this story.

In a parliamentary hearing in late November regarding Canada’s troubled relations with China, McCallum said he regretted meeting with Chinese officials ahead of the fall 2019 federal election, and warning them a Conservative government would be less-friendly to Beijing than a Liberal government.