

**TOP SECRET**

**File No.: 2800-172  
(TD R525)**

**CSIS'S INVESTIGATION**

**(SIRC STUDY 2012-04)**

**Security Intelligence Review Committee  
June 20, 2013**

**ATIP version**

**dated: MAR 05 2019**

## TABLE OF CONTENTS

1	INTRODUCTION .....	3
2	METHODOLOGY.....	5
3	FOREIGN INFLUENCED ACTIVITIES .....	6
5	STATE-OWNED ENTERPRISES .....	11
5.1	Advice to Government on State-Owned Enterprises.....	11
6	CONCLUSION .....	15

## 1 INTRODUCTION

Counter terrorism continues to be the number one priority for CSIS; however, competing demands with respect to espionage and counter intelligence are reaching new levels.

Canada has been experiencing levels of espionage comparable to the height of the Cold War.

This study provides a review of how CSIS' is dealing with the rapidly changing threat represented by the new challenges and complexities are seen as opportunities to look beyond traditional forms of espionage and delve into new operational domains. SIRC examined CSIS's provision of advice when dealing with foreign influenced activities;

## 2 METHODOLOGY

This review examined a wide variety of documentation relevant to CSIS's investigation concerning: foreign influenced activities

State-Owned Enterprises; SIRC also met with those Branches within CSIS

The core review period was 1 January 2008 to 31 December 2011; however, documentation outside of this period was examined in order to provide a more complete picture.

During SIRC's review, CSIS was also conducting its own review of to determine if its longstanding practices are appropriate to meet current needs, and identify ways to make more effective.

### 3 FOREIGN INFLUENCED ACTIVITIES

Within Canada there exists a long history of diplomats, intelligence officers, conducting covert activities in order to advance the interests of Commonly referred to as foreign influenced activities,

the activities  
Foreign influence becomes more serious when high-ranking Canadian officials or prominent members of the business community are strategically targeted. Although some of the strategic relationships pursued are mere extensions of diplomacy, the activities are considered to be threat-related and of interest to CSIS, when *covertly* try to obtain information (espionage) or to influence decision-making (foreign influence).

Foreign influenced activities occur when covert activities undermine fundamental Canadian democratic principles and are performed at the request of a foreign government. Awareness of some forms of foreign influenced activities comes to the Service's attention through its investigation

CSIS acts on instances of foreign influenced activities and espionage in a number of ways. For example: advice to government may be provided through intelligence reports, or directly through briefing the Minister; individual politicians may be briefed about suspicious activities;

A considerable challenge for CSIS, and one that they have acknowledged, is distinguishing between what are clandestine activities and what is legitimate diplomacy. In the past, detecting covert forms of foreign influence may have been more straight forward, since much of the activity was done through traditional approaches; therefore, agents of influence were usually the focus of CSIS investigations. However, methods are continuously evolving.

In the cases of foreign influenced activities examined for this study, the negative elements are clear: democratic principles are being challenged and direction is coming from a foreign government; however, the clandestine elements are not so apparent. From the Committee's perspective, some of the activities described above actually appear to be more overt than clandestine. SIRC notes that although organized and focused" not in and of themselves indicators of secret activity.

threat continues to grow in size and complexity, so too will the challenge of distinguishing between what is clandestine and what is legitimate. SIRC believes that clarifying this distinction is important, since collecting information on threat-related issues must, according to the *CS/S Act*, be "strictly necessary". **SIRC recommends that CSIS carry out the appropriate fine tuning in policy and practice, to assist investigators and analysts in identifying common and consistent thresholds, and in judging when an activity has crossed over into the clandestine realm.**

In recent years, instances of foreign influence

CSIS has been regularly briefing not only select politicians, but business people and academics,

Thus, for example, although CSIS provided security briefings to the corporate executives of some prominent Canadian it did not provide them to

CSIS is using this "wait and see" strategy for several reasons; in addition to not having enough specific information on either the targets the Service is also concerned about how its message – any message - will be received

SIRC recognizes CSIS's concern for sensitivity on this issue; however, not informing of the security issues while informing other sectors of society, is problematic. By trying to gather information on foreign influenced activities without informing CSIS could actually increase distrust especially if these communities become informed of CSIS activities by a third party.

**SIRC recommends that CSIS develop a strategy to deliver the same cautionary messages for all sectors**

## 5 STATE-OWNED ENTERPRISES AND CORPORATIONS

State-Owned Enterprises (SOEs) have been of increasing to  
the Government of Canada.

### 5.1 Advice to Government on State-Owned Enterprises

CSIS also provides advice to the Government on  
SOEs through the *Investment Canada Act* (ICA) process. In 2009, the national security

review provisions within the ICA were created and became a new business line for CSIS. One purpose of the ICA is to review significant investments in Canada by non-Canadians that could be injurious to national security.

On request, the Service provides intelligence products to Public Safety, Industry Canada, other Government departments.

---

**ATIP version**  
**MAR 0 5 2019**

**dated: \_\_\_\_\_**

**ATIP version**  
**MAR 0 5 2019**

**dated: \_\_\_\_\_**

## 6 CONCLUSION

Overall, we find that CSIS has acted appropriately under current operational policies; however, some fine tuning may be required  
interested to see how CSIS's approach and strategies  
future.

SIRC will be  
develop in the