



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **THE NEO LITHIUM ACQUISITION: CANADA'S NATIONAL SECURITY REVIEW PROCESS IN ACTION**

**Report of the Standing Committee on Industry and  
Technology**

**Joël Lightbound, Chair**

**MARCH 2022  
44th PARLIAMENT, 1st SESSION**

---

Published under the authority of the Speaker of the House of Commons

**SPEAKER'S PERMISSION**

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Standing Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website  
at the following address: [www.ourcommons.ca](http://www.ourcommons.ca)

**THE NEO LITHIUM ACQUISITION:  
CANADA'S NATIONAL SECURITY REVIEW  
PROCESS IN ACTION**

**Report of the Standing Committee on  
Industry and Technology**

**Joël Lightbound  
Chair**

**MARCH 2022**

**44th PARLIAMENT, 1st SESSION**

## **NOTICE TO READER**

### **Reports from committees presented to the House of Commons**

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.



# **STANDING COMMITTEE ON INDUSTRY AND TECHNOLOGY**

## **CHAIR**

Joël Lightbound

## **VICE-CHAIRS**

Michael Kram

Sébastien Lemire

## **MEMBERS**

Gérard Deltell

Han Dong

Nathaniel Erskine-Smith

Andy Fillmore

Iqwinder Gaheer

Bernard Généreux

Tracy Gray

Viviane Lapointe

Brian Masse

## **OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED**

Hon. Ed Fast

## **CLERK OF THE COMMITTEE**

Michael MacPherson

## **LIBRARY OF PARLIAMENT**

### **Parliamentary Information, Education and Research Services**

Sarah Lemelin-Bellerose, Analyst

Scott McTaggart, Analyst



# **THE STANDING COMMITTEE ON INDUSTRY AND TECHNOLOGY**

has the honour to present its

## **THIRD REPORT**

Pursuant to its mandate under Standing Order 108(2), the committee has studied Critical Minerals and has agreed to report the following:





# TABLE OF CONTENTS

---

LIST OF RECOMMENDATIONS .....	1
THE NEO LITHIUM ACQUISITION: CANADA’S NATIONAL SECURITY REVIEW PROCESS IN ACTION .....	3
Introduction.....	3
The Acquisition of Neo Lithium and National Security Reviews under the <i>Investment Canada Act</i> .....	3
The Acquisition of Neo lithium by Zijin Mining.....	3
National Security Reviews under the <i>Investment Canada Act</i> .....	4
The National Security Review of the Neo Lithium Acquisition .....	6
Witness Testimony .....	6
The Minister of Innovation, Science and Industry and Government Officials.....	6
Independent Experts.....	8
Observations and Recommendations.....	10
APPENDIX A LIST OF WITNESSES .....	13
APPENDIX B LIST OF BRIEFS.....	15
REQUEST FOR GOVERNMENT RESPONSE .....	17



# LIST OF RECOMMENDATIONS

---

*As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.*

## **Recommendation 1**

**That the government create a formalized and transparent process, including disclosure of a list of government departments and agencies consulted, by which government departments provide advice to the Minister of Public Safety and the Minister of Innovation, Science and Technology regarding decisions made under the *Investment Canada Act*. For decisions on national security reviews, the process should be led by Canada's national security agencies before they report to Innovation, Science and Economic Development Canada. .... 11**

## **Recommendation 2**

**That the Minister issue a notice under section 25.3 for all investments by firms from authoritarian regimes considered to be state-owned enterprises under the *Investment Canada Act*..... 12**

## **Recommendation 3**

**That the Minister release in a timely manner a full and comprehensive Critical Minerals Strategy. .... 12**





# THE NEO LITHIUM ACQUISITION: CANADA'S NATIONAL SECURITY REVIEW PROCESS IN ACTION

---

## INTRODUCTION

On 20 January 2022, the Houses of Commons Standing Committee on Industry and Technology (the Committee) adopted the following [motion](#):

That, pursuant to Standing Order 108(2), the committee study the decision of the Government to not require a National Security Review of the purchase of Neo Lithium by Zijin Mining under the provisions of the Investment Canada Act and regulations thereto; that this study include at least two meetings of two hours each; that the committee invite the Minister of Innovation, Science and Industry and that these meetings be televised; that the committee also invite the Deputy Minister of Industry Simon Kennedy, the Director General, Investment Review, Kate Burke, and other officials from Industry, Science and Economic Development Canada (Investment Canada Act Review, and Automotive, Transportation and Digital Technologies Branch), Public Safety, CSIS, Natural Resources, as well as industry stakeholders and external experts and academics on China's geopolitical activities, including the influence of the Government of China on state-owned and state-influenced enterprises, and representatives of sector organizations; that the committee begin the study with two meetings during the week of Jan 24, 2022; that witness lists be submitted to the clerk by noon Friday, January 21, 2022, and that the committee report its findings to the House.

As part of this study, the committee held two meetings on 26 and 27 January 2022 where it heard from 11 witnesses. The committee also received 3 briefs.

## THE ACQUISITION OF NEO LITHIUM AND NATIONAL SECURITY REVIEWS UNDER THE *INVESTMENT CANADA ACT*

### The Acquisition of Neo lithium by Zijin Mining

Neo Lithium Corp. (Neo Lithium) is a lithium mining firm incorporated in Ontario. It has been listed on the TSX Venture Exchange (TSXV) since July 2016.<sup>1</sup> The firm is primarily

---

1 Neo Lithium, "[Neo Lithium Discovers High Grade and Low Impurity Salar and Brine Reservoir Complex in Argentina and Commences Trading on the TSX Venture Exchange With Ticker NLC](#)," *News and Press Release*, 20 July 2016.



focused on the development of the Tres Quebradas Lithium Project (3Q Project) in Catamarca Province, Argentina which it wholly owns through a local subsidiary.<sup>2</sup> An independent feasibility study of the project, commissioned by Neo Lithium and made public on 26 October 2021, estimated the present value of the project at US\$1.129 billion with initial capital expenditures of US\$370.5 million. The study predicted an annual production of 20,000 tonnes of lithium carbonate and a mine lifespan of 50 years.<sup>3</sup>

On 8 October 2021, Neo Lithium announced that it had entered an agreement with Zijin Mining Group Co., Ltd. (Zijin Mining) by which Zijin Mining agreed to acquire Neo Lithium for an estimated \$960 million. At a price of \$6.50 a share, the all-cash offer represented a 36% premium over Neo Lithium's 20-day volume weighted average price on the TSXV.<sup>4</sup> On 26 January 2022, Neo Lithium announced the completion of the agreement following the receipt of all regulatory approvals and the satisfaction of all closing conditions.<sup>5</sup>

Zijin Mining is a mining firm incorporated in the People's Republic of China (PRC) and listed on the Shanghai and Hong Kong stock exchanges. Primarily a gold and copper producer, Zijin Mining claims a market capitalization of US\$40 billion with a workforce of 30,000 across operations in 12 countries.<sup>6</sup> In its quarterly report for the third quarter of 2021, Zijin Mining lists Minxi Xinghang State-owned Assets Investment Company Limited, which it describes as a state-owned corporation, as its largest shareholder with a 23.11% stake in the firm.<sup>7</sup>

## National Security Reviews under the *Investment Canada Act*

Under the *Investment Canada Act* (ICA), the Minister of Innovation, Science and Industry (the Minister), has the authority to investigate a broad range of foreign investments in

---

2 Neo Lithium, [Neo Lithium Corp. Notice and Management Information Circular for the Special Meeting of Shareholders to be held on December 10, 2021](#), 8 November 2021, p. 23, 57 [Neo Lithium Shareholder Circular].

3 Ibid., p. 60.

4 Neo Lithium, ["Zijin Mining to Acquire Neo Lithium Corp. in All-Cash Offer," News and Press Release](#), 12 October 2021.

5 Neo Lithium, ["Neo Lithium Corp. Announces Closing of Plan of Arrangement with Zijin Mining Group Co., Ltd.," News and Press Release](#), 26 January 2022.

6 Neo Lithium Shareholder Circular, p. 61.

7 Zijin Mining Group Co., Ltd., [Third Quarterly Report 2021](#), 15 October 2021.

Canada on national security grounds.<sup>8</sup> Under section 25.2 of the ICA, the Minister can temporarily prevent the implementation of an investment where there are “reasonable grounds to believe” that the investment “could be injurious to national security.” Under section 25.3, the Minister may recommend that the Governor in Council review an investment where, after consultation with the Minister of Public Safety and Emergency Preparedness, the Minister “considers that the investment could be injurious to national security.”

Should the Governor in Council decide to conduct a national security review, the Minister, in consultation with the Minister of Public Safety and Emergency Preparedness, must determine whether the investment “would be injurious to national security.” Where the Minister finds that the investment would be injurious or is unable to make a determination, the Minister must refer a report with their findings and recommendations to the Governor in Council. Following such a referral, the Governor in Council, under section 25.4 of the ICA, may take any measure it considers “advisable to protect national security,” including blocking the investment, allowing the investment subject to conditions, or ordering the divestiture of an already implemented investment.

The ICA and its regulations set out specific deadlines by which action under sections 25.2, 25.3 and 25.4 must be taken.<sup>9</sup> Under both sections 25.2 and 25.3, the Minister may compel parties to the investment to disclose information necessary to the investigation.<sup>10</sup>

In March 2021, in response to the economic uncertainties brought about by the COVID-19 pandemic, as well as other geopolitical developments, the Minister published the *Guidelines on the National Security Review of Investments* (national security review guidelines) to provide Canadians and foreign investors with more information regarding the factors considered when making national security decisions under the ICA.<sup>11</sup> Paragraph 7 of the national security review guidelines states that investments by “state-owned investors, or private investors assessed as being closely tied to or subject to direction from foreign governments” will be subject to “enhanced scrutiny.” The list of factors that the Minister will consider in making national security determinations, set

---

8 [\*Investment Canada Act\*](#), R.S.C., 1985, c. 28 (1st Supp.), Part IV.1 [ICA]. For a more complete discussion of the *Investment Canada Act* and related committee recommendations see House of Commons, Standing Committee on Industry, Science and Technology, [\*The Investment Canada Act: Responding to the Covid-19 Pandemic and Facilitating Canada's Recovery\*](#), Fifth report, March 2021.

9 [\*National Security Review of Investments Regulations\*](#), SOR/2009-271, s. 2 [ICA National Security Regulations].

10 ICA, ss. 25.2(3) and 25.3(5).

11 Government of Canada, [\*Guidelines on the National Security Review of Investments\*](#), March 2021.





out in paragraph 8, includes “[t]he potential impact of the investment on critical minerals and critical mineral supply chains.” The Government of Canada currently lists 31 minerals which it considers critical, including lithium.<sup>12</sup>

In its most recent annual report on the ICA, Innovation, Science and Economic Development Canada states that, out of a total of 826 investment filings in 2020-2021, the Minister issued 23 notices under section 25.2.<sup>13</sup> In the same period, the Governor in Council ordered 11 reviews under 25.3 (all but one of which had already been the subject of a notice under section 25.2). Three of the section 25.3 reviews resulted in orders under section 25.4 blocking or requiring the divestiture of an investment. These numbers represented a significant increase from the previous year for actions under sections 25.2 and 25.3, while the use of section 25.4 orders remained constant. Seven of the eleven notices under section 25.3 and two of the three orders under section 25.4 involved foreign investors based in the PRC.

## The National Security Review of the Neo Lithium Acquisition

According to Neo Lithium, Zijin Mining filed an ICA notification of the acquisition on 15 October 2021 and it was certified as complete on 20 October 2021.<sup>14</sup> According to the ICA and its regulations, the government has 45 days from the date on which the completed notification was received to take action under either section 25.2 or 25.3.<sup>15</sup> On 12 January 2022, a media report quoted a Neo Lithium spokesperson as saying that no notice had been received regarding action under either section and the deadline for receiving such notice had passed in early December.<sup>16</sup>

## WITNESS TESTIMONY

### The Minister of Innovation, Science and Industry and Government Officials

In his testimony before the Committee, the Minister stated that a national security review of the Neo Lithium acquisition was completed according to the requirements of

---

12 Government of Canada, *Critical Minerals*.

13 Innovation, Science and Economic Development Canada, *Investment Canada Act: Annual Report 2020-2021*.

14 Neo Lithium Shareholder Circular, p. 39.

15 *ICA National Security Regulations*, ss. 2 and 4; ICA, s. 13(1).

16 Niall McGee, “[Ottawa allows Chinese acquisition of Canada’s Neo Lithium to pass with no formal national security review](#),” *the Globe and Mail*, 12 January 2022.

the ICA in what he described as a “quasi-judicial process.” He stated that the acquisition was reviewed by “government and national security experts” and that there was sufficient information to determine that “no national security harm could arise as a result of this transaction” prior to the stage at which either section 25.2 or 25.3 would need to be invoked. According to the Minister, this conclusion “was reached by the different departments involved and our national security intelligence agencies.” The Minister also assured the Committee that the acquisition was subject to “enhanced scrutiny” as required by the national security review guidelines and noted that his power to investigate, including the ability to compel the disclosure of information, is not contingent on invoking either section 25.2 or 25.3.<sup>17</sup>

Citing confidentiality requirements under the ICA and the classified nature of certain information, the Minister declined to offer details on the process by which the decision on Neo Lithium was made. He did testify that “we looked at the mineral, the location of the operation, and the impact on the supply chain.” In particular, he cited as factors that impacted the decision: the fact that Neo Lithium’s operations are in Argentina and that “[e]lectric battery production in North America does not require or rely on imports” of the type of lithium that the project will produce.<sup>18</sup>

In his testimony, Simon Kennedy, Deputy Minister, the Department of Industry, stated that the government determined that the investment related to assets that were “not of strategic value to the North American supply chain.” Noting that the government may begin investigations prior to the 45 day-period under section 25.2 or 25.3, Mr. Kennedy described the investigation as having taken place “certainly over a period of months,” and that the Minister was kept “apprised of” the investigation.<sup>19</sup>

Describing the role of Canada’s national security agencies in reviews under the ICA, Cherie Henderson, Assistant Director, Canadian Security Intelligence Service, testified that:

At the [S]ervice, as an investigative body, we go out looking for any intelligence that can support an assessment or basically answer the question as to whether there is a national security threat we could potentially be facing. We go out to numerous sources and we gather as much information as we possibly can, so that we can get the most comprehensive picture in order to answer the question. We then do a full assessment

---

17 House of Commons, Standing Committee on Industry and Technology [INDU], *Evidence*, 27 January 2022 (Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry).

18 Ibid.

19 INDU, *Evidence*, 27 January 2022 (Simon Kennedy, Deputy Minister, Department of Industry).



looking at all different aspects, and from that assessment we provide our advice to government.<sup>20</sup>

According to Ms. Henderson, national security agencies' advice is then combined with the advice from other government departments in what she characterized as a "community decision" regarding the investment.

## Independent Experts

As part of its study, the Committee heard from five non-government witnesses, four of whom expressed an opinion regarding the Minister's decision not to invoke either section 25.2 or 25.3 in relation to the Neo Lithium acquisition. Wesley Wark, Senior Fellow, Centre for International Governance Innovation, called the lack of a longer review process a "wrong decision."<sup>21</sup> In his testimony, he stated he did not wish to "prejudge" the "conclusion" of such a review, but later, in a brief to the Committee, wrote that the "failure to block or impose conditions" on the investment revealed "important deficiencies" in the process.<sup>22</sup>

Similarly, Jeff Kucharski, Adjunct Professor, Royal Roads University, expressed an opinion that an extended review under either section 25.2 or 25.3 should have been conducted.<sup>23</sup> In a brief submitted to the Committee, Mr. Kucharski claimed an extended review "could have identified any number of potential risks to Canada's national security," and that it "would have been surprising enough" had the government conducted such a review and decided against taking action under section 25.4.<sup>24</sup>

Guy Saint-Jacques, Former Ambassador of Canada to the People's Republic of China, suggested the government's lack of concern over the investment raised questions about Canada's larger policy on critical minerals but said that it was "not obvious" how the

---

20 INDU, [Evidence](#), 27 January 2022 (Cherie Henderson, Assistant Director, Canadian Security Intelligence Service).

21 INDU, [Evidence](#), 26 January 2022 (Wesley Wark, Senior Fellow, Centre for International Governance Innovation).

22 Wesley Wark, [Brief on National Security Review and the Neo Lithium takeover by Zijin Mining](#), Brief submitted to the House of Commons Standing Committee on Industry and Technology, 2022.

23 INDU, [Evidence](#), 26 January 2022 (Jeffrey B. Kucharski, Adjunct Professor, Royal Roads University).

24 Jeffrey B. Kucharski, [Submission to the House of Commons of Canada's Standing Committee on Industry and Technology](#), Brief submitted to the House of Commons Standing Committee on Industry and Technology, 2022.

investment “directly threatened” Canada’s national security.<sup>25</sup> Speaking from the perspective of the automotive sector, Flavio Volpe, President, Automotive Parts Manufacturers' Association, expressed concern over the potential impact on Canada’s economic relationship with the PRC of restricting the investment: “[p]icking a fight over assets on the other side of the world is not an action that our industry would recommend.”<sup>26</sup>

While not expressing an opinion on the specific investment, Nikos Tsafos, James R. Schlesinger Chair for Energy and Geopolitics, Center for Strategic and International Studies, highlighted the growing strategic importance of critical minerals, including lithium: “Should we care who owns lithium and who produces lithium in the world? I think ... there's been a growing awareness that indifference to that question...has come at a huge cost.” Mr. Tsafos also emphasized the uncertainty regarding what markets like lithium will look like in the future, as they are small today but may grow by a “hundredfold” over the coming decades. According to Mr. Tsafos, the development of these markets will create “new linkages and dependencies” that will influence the geopolitical landscape and related national security decisions.<sup>27</sup>

Mr. Wark and Mr. Kucharski both advocated for, what Mr. Kucharski called, the “bigger strategic picture” taking precedence over a “case-by-case” approach in the ICA’s national security review process. Mr. Wark emphasized that decisions under the ICA should be “guided by a coherent economic security strategy for Canada,” including a strategy on critical minerals. Both witnesses believed that the government should review the ICA and consider “automatically trigger[ing]” national security reviews for certain types of investments, including those involving state-owned enterprises.<sup>28</sup>

All witnesses expressed concern about the PRC’s growing dominance in the extraction and processing of critical minerals, including as part of its “Made in China 2025” policy. Mr. Tsafos echoed the views of other witnesses when he testified:

Supply chains without China are impossible, but supply chains dominated by China are unacceptable. Critical minerals and the industries they enable are too important to be

---

25 INDU, [Evidence](#), 26 January 2022 (Guy Saint-Jacques, Former Ambassador of Canada to the People's Republic of China).

26 INDU, [Evidence](#), 26 January 2022 (Flavio Volpe, President, Automotive Parts Manufacturers' Association).

27 INDU, [Evidence](#), 26 January 2022 (Nikos Tsafos, James R. Schlesinger Chair for Energy and Geopolitics, Center for Strategic and International Studies).

28 INDU, [Evidence](#), 26 January 2022 (Kucharski).



left alone. Western governments should tackle these questions together, because the stakes are too high for any other approach.<sup>29</sup>

Witnesses were, however, divided on the strategic importance of the Neo Lithium acquisition. Mr. Volpe stated that the fact that the proposed mine was in Argentina and is expected to produce lithium carbonate, as opposed to the “preferred lithium hydroxide,” means its assets were unlikely to support North American electric vehicle production regardless of which firm controlled its operation.<sup>30</sup> Mr. Wark and Mr. Kucharski disagreed with this assessment, contending that lithium carbonate was relevant to electric vehicle battery production and, as Mr. Wark testified, the mine’s location was not “terrifically significant to a national security review.” Mr. Wark pointed to the importance of what’s lost when a Canadian company is taken over: “We’re losing future capabilities. We’re losing intellectual property. We’re losing technological know-how, and we’re losing an unknowable future.”<sup>31</sup>

Mr. Wark emphasized the need for greater transparency in the administration of the ICA. He stated that increased transparency regarding how decisions are made would improve their credibility, allow for greater accountability, and increase predictability for investors.<sup>32</sup> Mr. Wark also speculated that the timing of the review, occurring in the period following the 2021 federal election, may have affected the attention paid to the decision at the political level.

## OBSERVATIONS AND RECOMMENDATIONS

The Committee completed a longer study of the ICA during the 43rd Parliament and published its report in March 2021.<sup>33</sup> In *The Investment Canada Act: Responding to the Covid-19 Pandemic and Facilitating Canada’s Recovery*, the Committee made several recommendations which it believes are relevant to the specific investment under consideration in this study. In general, the Committee remains convinced that a thorough government review of the ICA, followed by periodic and robust reviews, would be beneficial, including consideration of the amendments recommended in its previous study.

---

29 INDU, [Evidence](#), 26 January 2022 (Tsafos).

30 INDU, [Evidence](#), 26 January 2022 (Flavio Volpe, President, Automotive Parts Manufacturers' Association).

31 INDU, [Evidence](#), 26 January 2022 (Wark).

32 Ibid.

33 INDU, [The Investment Canada Act: Responding to the Covid-19 Pandemic and Facilitating Canada’s Recovery](#), Fifth report, March 2021.

The Committee was concerned about the inability of government officials to provide details regarding the decision-making process in the Neo Lithium acquisition. Considering the amount of publicly available information about the acquisition, which is expressly excluded from confidentiality requirement under the ICA, the government should be more transparent regarding how this important decision was reached.<sup>34</sup> Greater transparency could have alleviated some of the legitimate concerns that have been raised about the decision taken in this case, while also improving the credibility and predictability of the national security review process as a whole.

Building on the theme of transparency and accountability, the Committee noted that the process government officials described, by which the various government departments provide input to national security reviews, lies largely outside the formalized review process set out in the ICA, and its regulations and guidelines. Testimony suggested that the exact departments consulted, and the weight given to their input, may vary depending on the nature of the investment in question. While the Committee understands that collaboration across departments is critical, the committee believes that such an informal process is not befitting of a decision-making framework that the Minister described as quasi-judicial. The Committee is also concerned that the government department tasked with leading the process, Innovation, Science and Economic Development Canada, is not the department with the subject-matter expertise in national security, namely the Canadian Security Intelligence Service and related national security agencies.

### **Recommendation 1**

**That the government create a formalized and transparent process, including disclosure of a list of government departments and agencies consulted, by which government departments provide advice to the Minister of Public Safety and the Minister of Innovation, Science and Technology regarding decisions made under the *Investment Canada Act*. For decisions on national security reviews, the process should be led by Canada's national security agencies before they report to Innovation, Science and Economic Development Canada.**

As in its previous study, the Committee remains concerned about investments in Canada made by state-owned enterprises which may be undertaken for reasons other than economic. The Committee once again heard compelling testimony that the industrial policies of some authoritarian regimes may not always be compatible with Canada's national security, and that investments by state-owned enterprises from these countries

---

34 ICA, s. 36(4)(c).



are worthy of in-depth national security reviews. This is especially true of investments in sensitive sectors like critical minerals.

While a government review of the ICA may identify useful amendments to strengthen the national security review process, the case of Neo Lithium demonstrates that improvements can be made within the existing framework. The Committee believes that all investments by state-owned enterprises from authoritarian states meet the threshold of “could be injurious to national security” under section 25.3 and that the Minister should use his discretion to invoke that section in all such cases. The Committee notes the broad definition of state-owned enterprise under the ICA, which includes “an entity that is controlled or influenced, directly or indirectly, by a government or agency.”<sup>35</sup> Therefore, the Committee recommends:

### **Recommendation 2**

**That the Minister issue a notice under section 25.3 for all investments by firms from authoritarian regimes considered to be state-owned enterprises under the *Investment Canada Act*.**

The Committee agrees with witnesses who underscored the importance of broader government policies and priorities informing decisions taken under the ICA. Investments in sectors considered a priority by the government, like critical minerals, should be evaluated in the context of the Canada’s strategic interests in the sector. As such, it is all the more important that the government produce detailed and publicly-available policies in sectors of strategic importance to Canada’s economy.

### **Recommendation 3**

**That the Minister release in a timely manner a full and comprehensive Critical Minerals Strategy.**

---

35 ICA, s. 3.



## APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<p><b>As an individual</b></p> <p>Jeffrey B. Kucharski, Adjunct Professor Royal Roads University</p> <p>Guy Saint-Jacques, Former Ambassador of Canada to the People's Republic of China</p> <p>Wesley Wark, Senior Fellow Centre for International Governance Innovation</p>	2022/01/26	3
<p><b>Automotive Parts Manufacturers' Association</b></p> <p>Flavio Volpe, President</p>	2022/01/26	3
<p><b>Center for Strategic and International Studies</b></p> <p>Nikos Tsafos, James R. Schlesinger Chair for Energy and Geopolitics</p>	2022/01/26	3
<p><b>Canadian Security Intelligence Service</b></p> <p>Cherie Henderson, Assistant Director Requirements</p>	2022/01/27	4
<p><b>Department of Industry</b></p> <p>Hon. François-Philippe Champagne, P.C., M.P., Minister of Innovation, Science and Industry</p> <p>Katherine Burke, Director General Investment Review Branch</p> <p>Simon Kennedy, Deputy Minister</p>	2022/01/27	4
<p><b>Department of Natural Resources</b></p> <p>Jeff Labonté, Assistant Deputy Minister Lands and Minerals Sector</p>	2022/01/27	4

---

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Department of Public Safety and Emergency Preparedness</b> Dominic Rochon, Senior Assistant Deputy Minister National Security and Cyber Security Branch	2022/01/27	4

## APPENDIX B LIST OF BRIEFS

---

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

**Center for Strategic and International Studies**

**Kucharski, Jeffrey B.**

**Wark, Wesley**



## REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 3, 4 and 10](#)) is tabled.

Respectfully submitted,

Joël Lightbound  
Chair

