



Summary Report: PRC Power Abroad and the Guardrails We Need

Session 3: PRC's Strategy of Lawfare and Lessons from Hong Kong

On June 16, 2026, APF Canada hosted the third session of its webinar series "PRC Power Abroad and the Guardrails We Need," featuring Dr. Eric Lai, Senior Fellow at Georgetown's Center for Asian Law and author of [Legal Resistance under Authoritarianism](#). The session was moderated by Elizabeth Donkervoort, Senior Advisor for China Programs at APF Canada.

What was said

The session examined how Hong Kong's legal system — once seen as an institutional firewall against interference by the Chinese Communist Party (CCP) in Hong Kong's governance — is being dismantled, and what this means for Canadian organizations. Lai distinguished between the autonomy that was promised to Hong Kong by the PRC at the time of handover in 1997 and the legal system operating in China.

Hong Kong (like much of Canada) operates under a common law system, where court rulings help create law. This differs sharply from the People's Republic of China (PRC), where lawmaking is the exclusive purview of the government under the CCP. Hong Kong's legal autonomy rested on rule of law — that is, a system protecting both community and individual interests and grounded in checks and balances, separation of powers, fairness, and legal certainty — whereas PRC law functions as a tool to sustain the CCP's control.

Key Insights

The erosion of Hong Kong's judicial autonomy accelerated after 2020. In the years immediately following the 1997 handover, Hong Kong developed robust rule of law, despite Beijing holding ultimate sovereignty. At first, this erosion was more subtle and done mainly through the co-opting of legal elites and the gradual transplant of PRC-style legal narratives into Hong Kong courts. It accelerated overtly after Beijing imposed the National Security Law in 2020, with waves of detentions, new security laws and enforcement bodies, expanded extraterritorial reach targeting "foreign forces" broadly defined, and courts adopting government narratives on dissent as settled legal fact.

Hong Kong's "red lines" have shifted toward the mainland model. The Hong Kong Chief Executive can now designate any matter as a national security issue that is exempt from judicial

review, leaving executive power increasingly unchecked. Police invoke national security to request access to citizens' and non-citizens' electronic devices — an operational shift that will feel familiar to companies already operating on the mainland.

A "more Catholic than the Pope" dynamic has taken hold in the legal profession. As the traditional gateway to China, Hong Kong's legal sector has depended heavily on mainland clients, pushing many lawyers toward caution and demonstrating their loyalty to Beijing as the price of continued market access. This has come at the cost of the rule of law, professional independence, and reputation. Legal professional privilege — the rule protecting communications between clients and their lawyers — used to offer solid protections to corporations with operations in Hong Kong. Now, with the invocation of national security, which is defined broadly, that protection could be eliminated. This has serious implications for Canadian companies.

Hong Kong is losing its status as an autonomous common law jurisdiction, and organizations — including Canadian organizations — need to recalibrate accordingly. For decades, businesses, universities, and individuals could treat Hong Kong as if it operated as a full, autonomous common law system — even though that autonomy was never absolute. That assumption no longer holds: Hong Kong now operates under an ever-thinning veneer of rule-of-law institutions and process, and Canadian organizations need to adjust their risk posture accordingly.

- **Risk management for Canadian organizations should be granular and Canada-specific, not categorical.** In other words, the response should not be wholesale disengagement but structured risk assessment: securing data storage protocols for shared research and cross-border business data and recognizing that Hong Kong's foreign intelligence and espionage definitions are now closely in line with mainland law. Proactively setting clear institutional red lines — such as guaranteeing faculty statements won't be vetted before travel or defining what data can and cannot be stored or transferred — lets Canadian organizations manage this risk without adversarial framing toward Beijing.
- **Canadian courts should treat Hong Kong legal judgments with case-by-case scrutiny, not blanket deference.** National security and public order convictions warrant skepticism given the documented erosion of due process, while civil and commercial judgments may still generally merit recognition — although as the line between political and commercial matters continues to blur, that distinction will need increasingly careful case-by-case judgment.

Extraterritorial reach makes this a Canadian issue, not only a Hong Kong–Canadian one. The Hong Kong–Canadian diaspora faces heightened risk as Hong Kong and Beijing's national security laws extend well beyond their borders, and continued efforts to facilitate asylum and

residency claims — and care for these arrivals as full members of the host community — are still needed. But the risk isn't confined to the diaspora: as extraterritorial reach grows, it threatens Canadians more broadly and tests Canadian values and sovereignty directly.