

Canadian NATO  
Parliamentary Association



Association parlementaire  
canadienne de l'OTAN

**Report of the Canadian Parliamentary Delegation  
respecting its participation at the Parliamentary Transatlantic  
Forum**

**Canadian NATO Parliamentary Association (NATO PA)**

**Washington D.C., United States of America  
December 2-3, 2013**

# Report

The North Atlantic Treaty Organization Parliamentary Assembly (NATO PA) organized the annual Transatlantic Parliamentary Forum, held in early December in Washington, D.C., with the United States National Defence University (NDU) and the Atlantic Council of the United States (ACUS). The Transatlantic Parliamentary Forum provides NATO parliamentarians with the opportunity to discuss US national security policy issues impacting alliance affairs.

From 2nd to 3rd, 2013, 80 parliamentarians from 20 NATO member states and two partner countries had the opportunity participate in dialogue with senior Obama administration officials, policy experts and Washington-based journalists and deepen their understanding of US strategic priorities and the ways the US domestic politics are shaping that country's international vision.

Canada was represented at the Forum by Mrs. Cheryl Gallant, Mr. Jack Harris, Mr. Corneliu Chisu, Ms. Éline Michaud and Mrs. Joyce Murray.

Major General Gregg F. Martin, President of NDU, and Frances G. Burwell, Vice President and Director of the Program on Transatlantic Relations at ACUS, welcomed the delegates, spoke briefly about the role of their respective institutions, and stressed the important role of inter-parliamentary dialogue in strengthening the foundations of the Alliance. Hugh Bayley, President of the NATO Parliamentary Assembly (PA), thanked NDU and ACUS for their continued support and the delegates for their presence at the meeting. He stressed that Europe and North America were stronger when they spoke with one voice and when they acted together. Yet, this partnership could not be taken for granted. As the end of NATO's combat mission in Afghanistan and the 2014 NATO Summit approached, the Alliance needed to develop a solid narrative which citizens could understand and to which they could relate. He expressed his conviction that the transatlantic link needed to be at the heart of this narrative. The meeting was conducted under Chatham House rules.

## **SUMMARY OF DISCUSSION**

### **THE STATE OF THE TRANSATLANTIC PARTNERSHIP**

US-European relations are strong and effective, but both sides need to look towards the future. In this spirit, the United States has recently promoted the idea of a "Transatlantic Renaissance". As Victoria Nuland, Assistant Secretary of State for European and Eurasian Affairs, recently put it at an ACUS conference "[a]s our economies begin to emerge from five years of recession, recovery is not enough. What is required is a 'Transatlantic Renaissance' – a new burst of energy, confidence, innovation, and generosity, rooted in our democratic values and ideals."

Today, the United States is pulled in many different directions on the global stage. The Asia-Pacific region and the Middle East and North Africa pose particularly compelling challenges, but even in its own hemisphere, the United States confronts an array of problems and opportunities. In Europe, serious problems remain in the Balkans, the

Caucasus, Moldova, Cyprus, and within the European Union itself. Russia remains a difficult but critical partner for the United States: continued engagement is important when shared interests exist, but the United States must also voice concerns over problematic Russian policies. Issues like food and water insecurity, environmental challenges, and terrorism also demand US attention. Despite its wide ranging security interests and despite the revelations of Edward Snowden, which have undoubtedly had an impact on the relationship between the United States and some governments, US officials want to convey to Europe that it remains their global partner of first resort. Indeed, US leaders recognize that the fundamental interests and goals of the United States and Europe tend to coincide. If Europe is strong, this, by extension, strengthens the United States.

Since the end of the Cold War, the North Atlantic Alliance has shifted from a strategy premised on territorial defence to one requiring increased engagement with the world. However, many policymakers in the United States argue that European Allies do not sufficiently share in the collective defence burden to sustain the vigour of today's NATO. US officials understand that budget realities are undercutting defence expenditure in Europe but there are similar pressures on US defence spending, even though the US administration seems eager to hold the line or, at least, limits cuts while ensuring that they are well considered. Nevertheless, US policymakers stress that Europe need to uphold its end of the bargain and maintain critically needed defence capabilities. The Alliance must be ready and willing to respond to calls for military action on short notice, as was the case in Libya in 2011, especially in light of the instability in Europe's neighbourhood. To maintain and improve NATO's capabilities, Allies need to spend in a smarter and more collective fashion on 21<sup>st</sup> century capabilities, including intelligence, surveillance, and reconnaissance (ISR) platforms, command, control, and communications capacities, as well as strike capabilities. US policymakers have recently made it clear that it does not matter whether such capabilities are developed under national, NATO, or EU auspices.

## **THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP NEGOTIATIONS**

A key piece of the puzzle to strengthen both sides of the Atlantic and thereby reinforce the transatlantic link is the proposed Transatlantic Trade and Investment Partnership (TTIP). Already, the trading relationship across the Atlantic is very deep and integrated. It accounts for nearly half of global output, a third of world trade, US\$ 4 trillion in mutual foreign direct investment, and 13 million jobs. Nevertheless, US and EU leaders believe that further benefits can be reaped: TTIP would increase bilateral trade and investment, economic growth, international competitiveness, and generate more jobs. An agreement on TTIP would also have profound strategic effects on a variety of global economic issues and could represent the last best chance to advance a liberal global trade agenda.

All policymakers and negotiators realize that TTIP stands and falls with its underlying economic logic. However, it would also strengthen the transatlantic link by drawing economies in Europe and North America closer together, deepening the partnership, and advancing international norms to which both the United States and the EU subscribe. While TTIP faces difficult negotiations with ups and downs, all states agree that it is an excellent idea if carried out right. Since the start of negotiations, the pace has been high and is set to remain high, with three rounds of talks in 2013. Nevertheless, there is no firm deadline for concluding negotiations.

Some of the most important goals of TTIP are to eliminate tariffs on all goods traded across the Atlantic, to enhance opportunities for service providers and investors, to increase trade and investment opportunities in a wide range of areas and disciplines, and to bridge differences in regulatory and standards regimes. Indeed, differences in regulations and standards constitute the most daunting hurdle to trade and investment today. It is thus a key concern to negotiators. All sides stress that divergences need to be addressed in a manner consistent with the high standards of health, safety and environmental protection that US and European citizens have come to expect and deserve. No side wants regulation to conform to the lowest common denominator.

TTIP is also set to pioneer new and more effective ways to address common concerns in third countries and in the global trading system itself. It would endow Europe and the United States with new tools to upgrade global trade architecture, introduce new market disciplines, and shape the rules of the road for the multilateral trading order. This would counter new forms of protectionism that have emerged as a result of the global economic recession.

Both sides in the TTIP negotiations value transparency in the negotiation process and inclusion of a wide range of stakeholders. Indeed, even before the launch of formal talks, there were three rounds of input from private sector stakeholders. Among the stakeholders are also third countries that could be affected by TTIP.

## **TRANSATLANTIC CHALLENGES IN THE MIDDLE EAST**

The Middle East remains of crucial importance for the Alliance. NATO will likely continue to approach the region with caution, but the consequences of regional instability will have an impact on the Alliance. This year's Parliamentary Forum took up both the Iranian nuclear challenge and the crisis in Syria.

Iran has an extraordinarily long history as a regional power. Many experts have suggested that the current Iranian nuclear and missile programmes as well as its regional ambitions are not simply products of the Islamic region but are rather expressions of a long-standing national tradition that aims at regional greatness. Among the most important goals of the regime are its stability and the shaping of the regional security situation. The current sanctions on Iran have had a harsh impact on the national economy and have certainly been a factor in bringing the regime to the negotiating table. Nevertheless, the regime seems to be reasonably secure at this point despite the tough sanctions regime.

Many experts caution that the election of a new Prime Minister, Hassan Rouhani, and the interim agreement on the nuclear programme signed in November 2013 might not live up to the lofty hopes held by some Western analysts and policymakers. Indeed, Europe and the United States tend to hold different perceptions and this could complicate efforts to forge an enduring "Western" policy toward Iran.

Most experts agree that a negotiated solution to the Iran nuclear problem would be optimal provided it met the concerns of those worried that Iran is close to achieving a breakout. Yet, some experts suggest that such a solution is unlikely. If the talks lead to a negotiated solution, Iran's regional standing would rise. This has created great unease among other regional powers. However, US policymakers continue to stress that the United States

would not let its traditional friendships in the region deteriorate because of lessened friction between itself and the Iranian regime.

In the aftermath of the so-called Arab Spring, the key question of political legitimacy has again emerged. During the Ottoman time, legitimacy was vested in and premised upon the Sultan. But after that empire collapsed, the successor states that have emerged have struggled to substitute this concept of legitimacy with a viable alternative. The experience in Syria and Egypt provide a case in point: In Syria, the government squashed a peaceful protest movement, and the political opposition radicalized; in Egypt, the elected president Mohamed Morsi wanted to govern like a pharaoh and was deposed, with the military subsequently aiming to restore its own political legitimacy. Many experts suggest that stability will return to the region only after political legitimacy is restored. This will take a long time and outside power, including the United States, have little capacity to drive this change.

The Obama Administration has confronted accusations of mishandling the Syrian crisis. The Administration first believed that President Bashar al-Assad would fall quickly. This did not transpire and critics suggest that indecisiveness. The Obama Administration's indecisiveness is understandable to a degree, given the US public's unwillingness to support new military interventions. In retrospect, however, the US Administration would probably have managed the crisis differently had foreseen where things stand today. Many argue that the spring of 2012 would have been an ideal time to provide robust support for Syria's moderate rebels, but this moment has now passed. All policy options today are fraught with uncertainty and are likely to produce outcomes that would not be welcome. Syria's moderate nationalists are fighting on two fronts: against the Assad regime and against Islamic extremists.

Some in Washington now argue that achieving a genuine nuclear deal with Iran, one that Israel could endorse, might encourage Iran to revisit its current support for the Assad regime. Some also argue that the links between Syria and Iran might not be as close as they are often portrayed.

The Geneva II conference on Syria is unlikely to achieve a great deal particularly as the opposition today is terribly fragmented. Some analysts suggest that the real choice today lies either in coming to terms with the likelihood that Assad will retain his control of the Syrian state, or undertake a serious commitment to support the rebels. Both options are fraught with risk. If the current situation persists, the world could see a situation resembling that of Afghanistan before the collapse of the Taliban regime.

## **RETHINKING THE TRANSATLANTIC RESPONSE TO TERRORISM**

Since the death of Osama bin Laden Jihadist terrorism has evolved significantly. President Obama has corrected the often overwrought rhetoric of the "Global War on Terror" of the Bush years and rewritten the US counterterrorism strategy. Despite the sense among some that the long war against al-Qaeda is now over, many caution that the face of Islamic terrorism has merely changed. The immediate threat of a 9/11 style attack has undoubtedly receded, but that does not mean that the international community does not face as sustained threat from Islamic inspired terror. Terrorism is in a transformative state, and experts have not yet discerned what recent changes will come to mean. One of the

crucial changes is that there is no centralized al-Qaeda anymore, which makes terrorist cells far more difficult to detect and to infiltrate.

There are three distinct trends. First, the battle field is changing dramatically. In Afghanistan and Iraq, the United States built up a very good understanding of terrorist modes of operations. However, as the United States is no longer in Iraq as it is still not entirely clear what its presence will look like in Afghanistan after 2014, it will be far more difficult to track terrorist cells in both countries. Al-Qaeda elements see in both Syria and Iraq opportunities to exploit instability to reenergize and reorganize the organization. Second, a dramatic crisis in governance is apparent in several regions of the world, especially in the Middle East and North Africa. Very few governments in the Middle East and North Africa control large areas outside urban capitals, and ungoverned space offers organizational opportunities for terrorists. The United States should focus on helping governments achieve higher orders of control in peripheral regions. At the same time, political revolutions have swept aside old and often reliable intelligence networks. Syria now constitutes the most important magnet for foreign fighters, and one great fear is that foreign Jihadists will eventually return to their own societies and work to destabilize them. Third, terrorists today are less focused on the United States and harbour more local ambitions. This has led to a change in tactics, with Islamic extremists now using a gentler touch in regions where they gain a foothold. These new tactics are evident in parts of Syria. This actually makes these groups a more formidable threat insofar as they have become more politically sophisticated. Furthermore, by acting as an insurgent group in Syria, they are positioned to generate a degree of legitimacy for themselves. This could position them for greater gains over the long-term.

The new US counterterrorist strategy still employs all the tools at its disposal: military, diplomatic, informational, economic, intelligence, law enforcement, legal, etc. Destroying terrorist leadership, denying safe havens, and eliminating space used for terrorist recruitment represent key counter-terrorism goals for US policy makers. However, these are difficult goals to achieve. The U.S. government has constructed a comprehensive legal framework while closing gaps in the previous strategy. This includes new procedures for drone strikes and conducting military operations in manners that encourages forces from the partner nation to effectively lead operations. Resilience at home has also been improved, including through intensive training of public first responders, as witnessed in the aftermath of the Boston bombings.

## **THE US APPROACH TO CYBER SECURITY**

Cyber security issues constituted another theme of this year's forum. Public discussion of cyber security often seems to assume that this is an entirely new phenomenon. This is not the case. There are cases of cyber espionage as early as 1986 when German hackers sought to steal missile defense information from the United States and sell it to the Soviet Union. The problem today, of course, is much more complex. We have had major cyber-attacks launched against Estonia in 2007 and Georgia in 2008 and so-called *hacktivists* from groups like Anonymous also pose security concerns. At the same time, however, we have not arrived at a broad consensus on definitions regarding this threat. Some see this as primarily a problem for governments, while others focus more on the public safety dimensions. The problem with cyber threats is that they operate in both domains and this

requires a broad change in mindset in order to formulate proper response and effective defenses.

Today many do not understand the requirements for protecting networks. A solid defense begins with proper systems administration both in the public and private sectors. Law enforcement obviously has an important role to play here as well. But it is essential to understand that while government networks are vulnerable, they are far less ubiquitous than private networks. This is a paradigmatic shift in how we think about security and it requires very clear analysis as well as much public discussion.

One important discussion underway today explores whether developing cyber offense capabilities are a legitimate element of an overall defense strategy. Virtually every company in the United States has been subject to cyber-attacks, and those that have not been, will likely be. There is increasing interest in the notion of “shooting back”. But this is potentially very dangerous because one’s attack could well take out domestic networks. The cyber world is simply that interconnected.

There is also an issue of public trust that Western governments and citizens must address. Western publics are angry and have lost faith in the media, business, banks and government. This anger feeds into the cyber problem. Privacy and civil rights issues are also at stake. Western societies will need to deal with the tension between privacy rights and security. European views on these matters differ from those of the United States, and this creates friction across several fronts. One thing is clear: governments cannot administer comprehensive cyber defense efforts like other military programs. The nature of the threat is simply too comprehensive to limit this matter to Ministries of Defense and national militaries. Indeed, the single greatest defensive counter-measure simply involves patching up vulnerabilities both in private and public networks. But even here, there is much work to be done.

There are also budgetary issues that governments and parliaments need to consider. It is important to establish the proper level of public and private spending on cyber defense and leaders need to strike an effective balance between the two. But again, properly patching networks and limiting administrative permissions represent the most compelling priorities, and this is a fairly simple exercise. In the business, this is known as “basic hygiene”; ironically, it is often neglected. Finally, to be realist, one needs to accept the fact that governments are going to collect data but Western publics will demand that they do so guided by effective rules and proper democratic oversight.

## **WHAT HAS THE EXPERIENCE IN AFGHANISTAN TAUGHT US?**

The mission in Afghanistan continues to occupy a central position for the United States. As the current ISAF mission is drawing to a close, the Parliamentary Transatlantic Forum reviewed the US and allied experience in that county and sought to derive several lessons from that experience.

In 2014 the drawdown of ISAF troops will continue as will base realignment and closures across the country. The elections, to which the coalition will not provide direct support, could prove destabilizing, especially if a run-off is needed. A run-off would likely coincide with the end stage of the coalition drawdown in the fall of 2014. While Operation Resolute Support will engage coalition forces in training, advising, and assisting their Afghan

counterparts, the nature of the mission will ultimately be determined by the numbers on the ground. Some argue that the eventual number could be around 9,500 troops, which would be deployed in concentric circles. Support of the ministries, especially of the ministries of Defence and Interior, should be the first priority. Next, the Kabul-based training facilities will need to be manned adequately. Beyond that, longer-term advice and assist partnerships in Afghan regional corps headquarters and potentially on-scene specialized advice for brigades are important roles if troop numbers are sufficient to fulfil the missions. Continued coalition is thus vital. Otherwise, Afghanistan could face the same difficulties that the Najibullah regime confronted after the collapse of the Soviet Union, whose advisers and money helped the regime enormously in staving off the Mujahideen. Countering the Taliban narrative of a 'Western capitulation' is also essential. This would also reassure Pakistan, which worries about encirclement by India. The current row over the bilateral security agreement between the United States and Afghanistan is complicating planning for the post-2014 mission.

A great challenge for 2014 is the retrograde operation of bringing allied equipment home from Afghanistan: a lot of materiel has been brought to the country, but not much had left it over the last ten years. In a recent inventory, the United States alone found that there were 60,000 excess vehicles and 100,000 excess shipping containers.

The last two years has seen good progress in moving the Afghan National Security Forces (ANSF) into a lead position, and ISAF has put into place good structures to advise the ANSF. Especially in 2013, the ANSF did well in operations in which it took the lead, despite suffering heavy losses. The coalition had worked very hard in diversifying the composition of the ANSF so that it included southern Pashtuns. The ANSF will remain at 350,000 troops until 2018.

Enormous investment into the Afghan economy will be needed to compensate for the reduction in coalition outlays in the domestic economy. This support will be essential between 2016 and 2018 as the economy adjusts to what will be, in effect, a significant external shock to an economy which has long been distorted by the presence of thousands of foreign military forces.

In terms of lessons learned for future operations, experts offer a range of advice. For one, the coalition needs to align goals and expectations with the realities on the ground. Understanding human capital and governance structures is important in this regard. Co-ordinating strategic messaging, sustaining robust crisis response capabilities, building administrative capacity, enhancing sub-regional governance, improving co-ordination across the campaign, and understanding corruption are other areas where the coalition could learn a great deal. In the end, an insurgent force like the Taliban is a tactical problem, but issues of governance and especially corruption pose existential threats that need to be addressed.

There is a danger in codifying lessons learned, and ought to be mindful of the accusation that these reinforce a tendency for militaries to fight the last war rather than adapt to the mission at hand. Nevertheless, experts have discerned three lessons. First, leadership needs to understand the difference between policy and implementation. Washington DC is a town of policy formulation: as soon as a policy does not work, calls for a new approach arise. It is, however, possible that it is not the policy as such at fault, but rather the lack of



proper implementation which invariably requires time. When government formulates a new policy, new definitions of success are required and this complicates the task of measuring progress. Second, the United States and its allies need better 'learning institutions' in order to better discern what they are doing wrong and adjust accordingly. One critical factor is the speed of rotation for personnel. Personnel need to stay in the field longer. As some have argued, the United States did not fight a 12-year war in Afghanistan, but 12 one-year wars. Third, future coalitions need to learn how to respect a foreign culture and adopt policies accordingly. This has been a problem for the United States and has been a cause for several self-inflicted wounds.

Even after the ISAF mission ends, there will still be problems with al-Qaeda safe havens, and the country will continue to confront a large insurgency. Its capacity to pull through in the long run will depend in large measure on how the current transition is managed.

## **THE BOOM IN UNCONVENTIONAL OIL AND GAS: IMPLICATIONS FOR US FOREIGN AND SECURITY POLICY**

Perhaps the most compelling story in international energy politics is the boom in unconventional oil and gas in the United States that appears set to alter global energy flows. Not too long ago, US energy resources were insufficient to support the domestic market. Now, the production of natural gas and oil is surging as a result of hydraulic fracturing ("fracking") and lateral drilling techniques. The United States is on the verge of achieving 90% energy self-sufficiency. The country will likely become a net gas exporter by end of the decade. The natural gas production in the Marcellus shale in the northwestern part of the United States is greater than the export capacity of the world's two largest exporters of Liquefied Natural Gas (Qatar and Australia).

The full promise of unconventional resources is not a certainty: policy, technology and market conditions are all important. Many challenges and uncertainties remain in areas such as infrastructure, investment, regulations, policies, and community acceptance. There are also questions regarding how much, how fast American firms will develop unconventional oil and gas field and how long these will last. It is important to note that not all shale sources are alike. The specific application of drilling and reservoir fracturing technology and operational experience also matters. Currently, steep decline rates require ongoing investment and drilling as well as repeated fracturing. The industry is cost and price sensitive and has managed to take off, in part, due to soaring energy costs which have made fracturing cost-effective. But there are more investments required both in pipelines and in refining. Environmental concerns and related societal challenges constitute genuine cost elements, despite ever-safer drilling techniques and greater corporate transparency. The sheer scale of water use, treatment, and disposal are challenging, especially in areas, such as in Texas, where water is a scarce commodity. Community issues such as land use, population density, noise, health issues, and road congestion and repair need to be better addressed. Better regulation and enforcement are essential to overcome these environmental and societal concerns.

The unconventional energy boom will have an impact on current energy market structures and on the dominant players in those markets. The United States will become a more competitive player in some of these markets and will be less directly dependent on energy

from the Gulf region, for example. Indeed, the Gulf States are increasingly worried that the United States would use mounting energy independence to distance itself from the security challenges of the region. US policymakers, however, continue to stress their commitment to that region.

Russia also has concerns as global production of unconventional energy increases, the leverage it exercises over some energy markets could decrease. Russia's economy is very dependent on energy exports and high prices for that energy are essential to underwriting the government budget. Over the coming years, Russia will focus more on oil production. As oil production in legacy fields in Western Siberia dwindles, Russian producers will move into high-cost and more risky frontier areas. In the Arctic, Russian companies are increasingly partnering with foreign companies in order to access financing and technology. An important part of Russia's Arctic strategy is to develop the Northern Sea Route, which would further open the Asian market to Russia energy and reduce its dependence on European markets.

Russia is interested in unconventional oil and gas production. *Rosneft*, for example, is seeking to access tight oil reservoirs in Western Siberia. *Gazprom*, in contrast, has not yet shown interest in shale gas production. Russia may possess the largest shale oil resources in the world. These would be five times more costly to develop than conventional oil fields in Western Siberia, but there is infrastructure in place which could make this an attractive option should Russia's energy sector decide to move on this front. While Moscow has given tax advantages to develop further energy resources, investment is critical and for companies, tax stability could become an issue. In any case, frontier oil is highly dependent on high oil prices.

While *Rosneft* tends to operate in a traditionally commercial fashion, *Gazprom* has a very different approach. It remains much focused on the European market but there is currently a degree of uncertainty about that gas market. Europe is closely monitoring trends in US gas markets which are increasingly shaped by the shale gas boom. Indeed, the US developments have fundamentally changed Russia's ideas about its long term energy ambitions. It is also worth noting that Ukraine could hold large gas reserves, although it is still too early to know for certain. Another uncertainty for Russia is the European Commission's investigation of the anti-competitive practices of *Gazprom*, which many feel violate EU competition law.

Respectfully submitted,

Mrs. Cheryl Gallant, M.P.  
Chair of the Canadian NATO Parliamentary Association (NATO PA)

## Travel Costs

|  |  |
|--|--|
| <b>ASSOCIATION</b>                           | Canadian NATO Parliamentary Association (NATO PA)  |
| <b>ACTIVITY</b>                              | Parliamentary Transatlantic Forum  |
| <b>DESTINATION</b>                           | Washington, D.C., United States of America   |
| <b>DATES</b>                                 | December 2-3, 2013   |
| <b>DELEGATION</b>                            |  |
| SENATE                                       | N/A  |
| HOUSE OF COMMONS                             | Mrs. Cheryl Gallant, M.P.<br>Mr. Jack Harris, M.P.<br>Mr. Corneliu Chisu, M.P.<br>Ms. Éline Michaud, M.P.<br>Mrs. Joyce Murray, M.P. |
| STAFF  | N/A  |
| <b>TRANSPORTATION</b>                        | <b>\$7,877.50</b>  |
| <b>ACCOMMODATION</b>                         | <b>\$2,542.93</b>  |
| <b>HOSPITALITY</b>                           | <b>\$0.00</b>  |
| <b>PER DIEMS</b>                             | <b>\$1,106.56</b>  |
| <b>OFFICIAL GIFTS</b>                        | <b>\$0.00</b>  |
| <b>MISCELLANEOUS /<br/>REGISTRATION FEES</b> | <b>\$854.05</b>  |
| <b>TOTAL</b>                                 | <b>\$12,381.04</b>   |