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THE STRATEGIC OUTLOOK FOR CANADA

GEORGE PETROLEKAS – FERRY DE KERCKHOVE

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Conference of Defence Associations Institute

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THE STRATEGIC OUTLOOK FOR CANADA 2013

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FOREWORD

The Conference of Defence Associations Institute (CDA Institute) is pleased to present the 2013 edition of the **Vimy Paper: The Strategic Outlook for Canada.**

The 2012 edition was well–received by media, policymakers and academics, clearly underscoring the need for this type of independent, forward–looking and vibrant analysis of the impacts of the evolving national and international situation on Canada's defence and security policies. The CDA Institute prides itself in its ability to bring together scholars and practitioners from all sectors of society – civil, military, business, Government, NGO's and political leaders – to provide for this type of analysis and advice and to make it publicly available. Indeed, the quality of the 2012 Vimy Paper has made it required reading at the Canadian Forces College and it has been included in readings at various universities dealing with security and defence policy as well as with Canada's role in international affairs.

The 2012 Vimy Paper offered a number of prescient predictions and made a number of recommendations to Government, notably on the development of a National Security Strategy for Canada; and an update on the Canada First Defence Strategy, capital spending, Ballistic Missile Defence policy, regional crises, Afghanistan and Canada's potentially expanded role in other areas of the world. We may not have gotten it right in all areas, but in general our strategic outlook for Canada has been in tune with Canada's broad perspectives on needs, demands, capabilities and zones of tension and conflict.

Our perspective on 2013 is inspired by the significant events which have occurred over the course of the past year. Indeed, 2012 was replete with challenges which tugged at the core of Canada's interests and tested the interface between those interests, our fundamental values and our ability to respond to those challenges at home and abroad. These included key defence procurement decisions in a changing political and strategic environment, an ongoing commitment by Government to support military and police training in Afghanistan and other international commitments while simultaneously seeking to reduce the budget deficit, ongoing Transformation across Government – including DND and the Canadian Forces, and the F–35 and shipbuilding debates, among others.

It should also be noted that the 2013 Vimy Paper has benefited significantly from other studies undertaken and published by the Institute in 2012, and from analyses conducted by other reputable defence and security Institutes and academic institutions regarding some of the most contentious issues facing Canada today.

This has led to the development of a structure for the 2013 Vimy Paper which is similar to that of last year's. In addition, having presented specific recommendations to the Government in the Vimy Paper, we now provide an assessment of the degree to which the Government has acted upon those recommendations. In general terms, the CDA Institute has concluded that many of the recommendations have yet to be addressed and that there is still much work to be done. Our recommendations for 2013 will reinforce this belief.

While this paper has two principal authors, it has benefited from significant debate and inputs from the members of the Institute's Advisory Committee and members of the Board of Directors of the Institute.

As always, while the Institute is comfortable with the analysis, findings and recommendations provided in this paper, it also hopes that they will stimulate additional debate. The CDA Institute also welcomes any feedback, comments, criticisms and alternative views from readers.

The 2013 Vimy Paper offers a well–researched view on the Defence and Security issues that should matter to Canadians. It has been produced by the CDA Institute with a view to providing a basis and an incentive for an informed public debate on these important issues.

General (ret) Ray Henault, CMM, MSC, CD
President of the CDA Institute

EXECUTIVE SUMMARY

In its 2012 Strategic Outlook for Canada, the CDA Institute underscored trends that will most certainly have an impact on every country in the world in 2013. The most significant of these trends, a world–wide financial and economic downturn, will combine with home–grown "war weariness" and a general societal malaise and cause Canadian decision makers to give priority consideration to domestic issues that have an unmistakable link to our national interests. Two of these are safety and security.

The level of safety and security enjoyed by Canadians is viewed as much from an economic standpoint as it is from the point of view of freedom from threats to internal and international peace and security, both of which foster trade on which Canada depends for its economic well–being. For decades, Canada has considered foreign military deployments aimed at securing peace in the world as one of the pillars of its foreign policy. But, given the war in Afghanistan, other existing and potential conflict scenarios and the state of our economy, questions are again being asked about the validity of engaging in conflicts abroad. 2013 will present decision makers with difficult choices regarding the apportioning of resources to reducing the national debt and deficit, to promoting Canadian values and the rule of law internationally, and to economic and other national interests.

Thus, the predictors of actions on the international security front will be:

- Pragmatism over principle;
- Containment over involvement; and
- Reflection over engagement.

Yet, it is not as if, in 2012, the world had stopped changing or producing its usual load of calamities. The Middle–East is in worse shape than at the beginning of the Arab Spring; Iran looms ever more ominously; solutions to Gaza, Palestine, Lebanon and Syria continue to confound leaders and the hope of progress in the Middle–East Peace Process recedes further and further; North Korea threatens the U.S. with nuclear weapons; the tone between China and Japan and other players of the region over islands dotting the South and East China Seas has become harsher; the withdrawal of the West from Afghanistan leaves little hope of anything better than a failed state in the making while Pakistan edges ever closer to the same abyss; terrorism strikes anew just as one thinks the beast is being tamed; the Sahel and Mali produced the first – or is it the second – al–Qaeda kingdom, and the future of Africa remains uncertain despite uncommon growth rates; drug wars and wars against drugs leave heaps of victims in the Americas; Haiti is the perennial Rock of Sisyphus; the Arctic melts away, raising new issues along with solid hopes of continued international cooperation; cyber–security, the long looming threat, is haunting every government in a new, very cold war, in cyberspace. And then, there is the question of what the "indispensable country" will be able to do as its debt level continues to rise and its tortuous governance process brings about a fundamental crisis of confidence in the world, not to mention the increasing political and economic fragmentation of the European Union that is adding to the crisis.

In order to decide whether to prepare to react or not to possible conflicts that might arise in 2013, Canada must first provide answers to the following questions for each of these: What are our national interests; given the predictors, what portion of our available resources do we assign to each potential conflict; and what do we do about shortfalls in resources?

The wars of the last 20 years have demonstrated to Canadians the importance of highly capable military forces to deal with aggression, to counter insurgency, to help rebuild the self–reliance capacity of failing states, and to deliver humanitarian and disaster relief. Nothing suggests that such capabilities will be less important in the future, given that Canadians will expect their government to dispatch Canadian Forces whenever fundamental Canadian interests are threatened by conflict abroad. These capabilities will be more difficult to maintain, however, given that the Prime Minister has made it very clear that the Canadian Forces will be subject to "very real budgetary constraints."

In presenting recommendations on how Canada should deal with the list of conflict scenarios it believes might arise in 2013, this CDA Institute Strategic Outlook assumes that Canadians still wants to contribute to international peace and security, and considers with great care the Prime Minister's admonition regarding the make–up of the Canadian Forces. Key decisions will therefore be required on most if not all the issues raised in this Strategic Outlook. For these decisions to be the right ones, a clear understanding of Canada's interests and a clear vision of the role Canada wishes to play in the world are essential.

CONTENTS

1: NOTABLE EVENTS IN 2012

January

1: Nigeria's President Goodluck Jonathan declares a state of emergency in parts of the country as a result of violence perpetrated by the Islamist militant group Boko Haram

2: Iranian news agencies report that the country has produced its first nuclear fuel rod.

5: The President of the United States (U.S.), Barrack Obama announces a new defence strategy.

19: The Arab League observer mission to Syria ends in failure.

20: The United Nations claims that, amid tribal fighting, 120,000 people in South Sudan require aid. A conflict about the location of the border between Sudan and South Sudan lingers throughout the year.

23: The European Union (E.U.) adopts an embargo against Iran in protest against that nation's continued effort to enrich uranium.

27: The Democratic Republic of Congo's main opposition leader condemns the previous year's parliamentary elections as rigged.

30: Tibetan advocacy groups claim that as many as seven ethnic Tibetans were killed and 60 wounded in the previous week. Self–immolation by Tibetans continues throughout the year.

February

1: The London Times: A secret NATO report claims that Afghanistan will be retaken by the Taliban after the withdrawal of international troops.

4: Tens of thousands of Russians demonstrate against the Presidency of Vladimir Putin, in response to the corrupt 2011 Legislative election. The protests continue throughout the year.

19: Iran suspends oil exports to Great Britain and France following sanctions put in place by the E.U. and the U.S. in January.

21: Euro–zone finance ministers reach an agreement on a second, €130 billion bailout of Greece.

23: The Government of the United Kingdom hosts the London Somalia Conference.

27: As a result of ongoing protests, President of Yemen Ali Abdullah Saleh finally resigns.

March

1: Vietnam claims that China assaulted Vietnamese fishermen in the South China Sea. Disputes between China and multiple other Asian states over territoriality in the South and East China Seas are a recurring issue throughout the year.

4: China announces that it plans to increase defence spending by 11.2% in 2012.

4: Vladimir Putin wins reelection as President of Russia, but the voting is widely perceived as fraudulent.

5: Canada expands its sanctions against Syria and suspends the operation of its embassy in Syria.

10–13: A flare–up occurs in the conflict between Israel and Hamas. At least 130 rockets are fired into Southern Israel from Gaza during the month, and 14 Palestinians are killed, before a truce is declared.

14: Economic sanctions are beginning to hurt Iran and President Ahmadinejad faces questions over his handling of the economy

22: The President of Mali, Amadou Toumani Touré, is removed from power in a coup d'état after mutinous soldiers attack government offices. The coup is later reversed.

24: The African Union deploys a 5000 man force, aided by U.S. Special Forces, to capture Ugandan warlord Joseph Kony. He is still at large.

29: The Canadian Federal budget for 2012 tabled. 1,149 public service jobs to be cut in Department of National Defence of which,585 are civilian positions in the Canadian Forces. The cuts to the annual defence budget feature progressive cuts, starting with a $327–million reduction in the 2013 and reaching $1.1–billion by 2014–15. The budget will delay the purchase of $3.5–billion in equipment for seven years.

April

1: Myanmar holds national by–elections in which Aung San Suu Kyi's long–banned National League for Democracy (NLD) is allowed to participate.

2: Colombia's FARC releases the last of its political and military hostages.

3: The Auditor General of Canada releases his Spring Report, the second chapter of which is critical of the government's F–35 procurement process. The Harper administration responds by freezing the funding for the F–35 purchase and transferring the responsibility for the file from DND to the Department of Public Works and Government Services.

6: The National Movement for the Liberation of Azawad unilaterally declares the independence of Azawad from Mali.

12: A ceasefire associated with Arab League–U.N. envoy to Syria Kofi Annan's peace plan is acknowledged by all parties in the Syrian civil war. It is an immediate failure, with both sides committing repeated violations.

12: North Korea attempts to launch an earth observation satellite, but the rocket explodes shortly after launch.

26: Former Liberian President Charles Taylor is found guilty on 11 counts of aiding and abetting war crimes and crimes against humanity during the Sierra Leone Civil War.

May

6: François Hollande is elected President of France.

6: Greece casts ballots in parliamentary elections, with parties opposed to austerity measures winning 60% of the popular vote.

10: The Red Cross suspends all its work in Pakistan after an employee is kidnapped and killed.

23/24: Voting takes place in Egypt's Presidential elections.

26: The NATO death toll in Afghanistan reportedly reaches 3000. In the past year, 'green on blue attacks', in which Afghan soldiers kill NATO troops, have been a growing problem.

29: Canada expels Syria's diplomats to Canada from the country.

June

6: 78 civilians are killed by the pro–government militia Shabiha in Syria in the Al–Qubeir massacre. U.N. observers are blocked from investigating the incident.

13: U.N. Under–Secretary General for Peacekeeping Operations Hervé Ladsous declares that the Syrian conflict is a civil war.

22: A Turkish F–4 fighter jet is shot down by Syria. Syria claims the jet was in Syrian airspace, while Turkey claims it was in international airspace.

24: Mohamed Morsi, of the Muslim Brotherhood, is elected as Egypt's new President.

24: China launches Shenzhou 9, a spacecraft carrying three Chinese astronauts which docks manually with an orbiting module named Tiangong 1. China thus becomes the third country, after the United States and Russia, to successfully perform such an operation.

July

12: Egyptian President Mohamed Morsi obtains the resignations of Field Marshall Mohamed Hussein Tantawi, Commander–in–Chief of the country's Armed Forces, and LGen Sami Hafez Anan, the Armed Forces Chief of Staff.

17: Provisional results of Libya's General National Congress election (held on 19 June) are announced. The secular National Forces Alliance receives the most support.

23: In the deadliest terrorist attacks in Iraq since the withdrawal of U.S. troops, 100 people are killed in 13 coordinated bombings across the country

30/31: In the worst power outage in world history, blackouts in India leave 620 million people without power.

August

2: Kofi Annan resigns from his position as the Arab League–U.N. envoy to Syria, and his peace process formally collapses.

27: Prime Minister Stephen Harper announces that LGen Tom Lawson will be Canada's next Chief of the Defence Staff, replacing Gen Walter Natynczyk at the end of his term.

September

7: Canada officially discontinues its diplomatic relations with Iran. The Canadian government closes its embassy in Tehran and orders the expulsion of Iranian diplomats from Canada.

10: Somalia successfully conducts elections for a Federal Parliament, which then appoints Hassan Sheikh Mohamud as the country's President.

12: Mustafa A.G. Abushagur becomes Libya's first democratically elected Prime Minister.

11–27: A series of terrorist attacks are directed against United States diplomatic missions worldwide, as well as diplomatic missions of Germany, Switzerland and the U.K. Among the dead is U.S. ambassador to Libya, J. Christopher Stevens.

October

3: Syria launches an attack across the Turkish border against its own civilians.

7: Hugo Chavez wins reelection as the President of Venezuela

9: Pakistan's Malala Yousafzai is shot by the Taliban for advocating girls' education

9: Canada formally joins the Trans–Pacific Partnership.

24–30: Hurricane Sandy kills at least 209 people in the Caribbean, Bahamas, United States and Canada. Considerable storm surge damage causes major disruptions along the eastern seaboard of the United States.

November

6: Barack Obama is reelected as the President of the United States.

8: China's communist party opens its annual conference. The 2012 conference sees a complete turnover in the members of the country's governing politburo.

14–21: Israel launches Operation Pillar of Defense on Palestinians in the Gaza Strip, killing Hamas military chief Ahmed Jabari. In the following days, 133 Palestinians are killed by Israeli forces, while five Israelis die in rocket attacks by the Palestinians. A ceasefire between Israel and Hamas is announced by Egyptian Foreign Minister Mohamed Kamel Amr and U.S. Secretary of State Hillary Clinton after a week–long escalation in hostilities

15: Canada becomes an observer to the Pacific Alliance – a group of South America's four fastest–growing economies (Chile, Colombia, Mexico and Peru).

15: The U.N. releases a report on its actions during the Sri Lanka civil war. The report concludes that the U.N. failed in its mandate to protect civilians.

26–30: Canada and Japan conduct trade negotiations in Tokyo in a bid to develop an economic partnership between the two states.

28: Canada and Denmark reach a tentative agreement to define the border between the two states in the Lincoln Sea, north of Greenland and Ellesmere Island.

29: The U.N. General Assembly approves a motion granting Palestine non–member observer state status. The Harper administration disapproves of the motion's success, having voted against it, and announces that it will reevaluate its relations with Palestine.

December

11: North Korea successfully launches a rocket carrying an earth observation satellite into space. The launch is widely regarded as a clandestine missile test.

15/22: Egypt holds a referendum on its new constitution which features many articles emphasizing the centrality of Sharia law.

31: The first commitment period of the Kyoto Protocol ends.

2: STRATEGIC OUTLOOK 2012 IN RETROSPECT – HOW WE DID

In judging the value of an assessment of the future, it is worth first judging the accuracy of our 2012 Outlook.

For Canada, the United States is pivotal to our economic and security calculations. The 2012 Outlook correctly forecasted the effect of the Presidential election on U.S. foreign policy and moreover foresaw the impact on international engagement that U.S. domestic considerations would have on allies which mirrored U.S. considerations.

Estimations of possible conflict areas were mostly correct.

Syria remains in crisis and the pre–conditions for a wider conflict are progressively being met. The refugee issue is spilling across and affecting neighbouring states, charges of crimes against humanity levied against the Assad regime are now actively being discussed and in November 2012, France and then the U.K. formally recognized the Syrian National Council (SNC) as the sole and legitimate representative of the Syrian people, joining Turkey which had done so earlier. This has opened a dialogue within NATO to position Patriot missile batteries on the Turkish – Syrian border. Despite these events, the world has avoided wider involvement as the specific conditions for involvement, described in the 2012 Outlook were not met.

An Egyptian – Israeli conflict has not broken out but we did correctly assess the possible usurpation of the fledgling democracy by measures that might be taken by President Morsi's Freedom and Justice Party to consolidate power, and unfortunately we were correct in predicting that the Gaza strip could explode into a new conflict due to the importation of new fighters and weaponry being brought in from a porous border with Egypt.

Iran and Korea, the two other areas identified as areas of potential conflict in 2012, did not erupt. However, the conditions present for potential conflict have not disappeared and so these will remain in our watch list for 2013.

We also accurately predicted most of the nations to watch and presaged concerns with China both from an investment and a security standpoint both in Canada and around the world.

However, we did miss one particular area of the world and the impact this might have in the future, namely the Sahel–Sahara region of Africa and the deterioration of Northern Mali. As of now, AQIM (al–Qaeda in Maghreb) is in a strong position occupying at least two major cities. We also did not forecast the impact that Touareg displacement from Mali and the influx of ex–Libyan weapons would have on the region.

Finally, in Canada, we correctly predicted the preoccupation of the government with fiscal concerns and the subsequent cuts that were felt within DND and DFAIT. We also correctly predicted that economic pragmatism would for the most part overtake principle in the interpretation of Canada's National Interests and that Canada's foreign policies would soon follow suit.

3: THE REPORT CARD ON 2012

THE GOVERNMENT'S PERFORMANCE IN MEETING THE 2012 STRATEGIC OUTLOOK RECOMMENDATIONS	
2012 Recommendations	**Grade**
A National Security Strategy	
Recommendation 1 – (Promulgate a National Security Strategy) The government has not articulated a National Security Strategy for Canada, certainly not publically. This is a critical aspect of policy direction that is lacking and that would serve to guide the various government departments in their actions and enable a more cohesive response especially in time of crisis. In the summer of 2012, the National Security Advisor's office conducted a review of the government's response to the Libya crisis in 2011 and discovered that items which should have been anticipated, planned for and coordinated (such as arrangements for the evacuation of Canadians from a crisis zone) were done on an ad–hoc basis.	F
National Defence	
Recommendation 2 – (Update the Canada First Defence Strategy [CFDS Reset]) The five–year old CFDS is now for the most part an outdated document. Fiscally, the government cannot afford all elements of the CFDS especially when dealing with a domestic deficit, and in the meantime, the world has experienced significant strategic shifts. The Canadian Forces (CF) has been preoccupied with meeting deficit reduction targets and attempting to maintain capital programs and has not, in conjunction with its partners in government, given much thought to how they will contribute to the nation's security in the face of changing fiscal and shifting strategic circumstances.	D+
Recommendation 3 – (Defence Investment Plan evaluation) The government has partially accomplished the tenets of this recommendation through the internal and controversial Leslie Report on Transformation and some of the imposed evaluations necessitated by DRAP, Strategic Operating Reviews and the government's move in establishing the National Fighter Procurement Secretariat. Internally, the DMC (Defence Management Committee) began looking at the Defence Program and NDHQ rationalization in late 2012. So far, there has been a relative lack of any significant transformative process. This weak process and the inevitably reduced readiness it leads to (or reduced operational effect in a resource constrained environment) should have been one of the main governance themes in DND this past year. It was not.	D+
Recommendation 4 – (Re–profiling of lapsed funds) For the past five years, DND has returned funds to the government (mostly from the capital program). In FY 11/12, $1.48 billion in available funds went unspent, which is more than any other FY but FY10/11. $1 billion was re-profiled, $300 Million carried forward, and virtually none was lost due to residual lapse. A definite improvement over the previous year, but the 2nd worst year in terms of funds going unspent.	B–
Recommendation 5 – (Revisit ballistic missile defence) While there has been no public discussion of Canada's participation in Ballistic Missile Defence (BMD the changing ballistic missile capabilities of certain countries has been discussed by the Harper government. We applaud the government for maintain an open mind and monitoring developments elsewhere and maintaining a focus on Canadian security.	No grade
The United States	
Recommendation 6 – (Raise Canada's profile in the U.S.) The main purpose of the 2012 recommendation was to urge the government to increase Canada's public profile in the United States particularly with U.S. Media. Aside from a number of mentions regarding Canada's positive economic performance and the Keystone Pipeline and the successful defeat of Michigan's anti-international bridge proposition, Canada as usual stayed outside of public U.S. consciousness and was barely seen in any network news coverage. The Prime Minister remained fully engaged.	B–

THE GOVERNMENT'S PERFORMANCE IN MEETING THE 2012 STRATEGIC OUTLOOK RECOMMENDATIONS	
2012 Recommendations	**Grade**
Recommendation 7 – (Begin discussions on new security architectures) As the 2012 Outlook and other Institute papers have pointed out, collective security architectures which governed many of Canada's international security considerations have been altered significantly in the past few years. NATO, which is a cornerstone of Canada's alliance efforts, while still important, is being eclipsed by shifts in trade and security to the Asia Pacific region where security is primarily built around a patchwork quilt of bilateral security arrangements. Canada should assist NATO in adopting a broader global collective security vision. Canada's new participation in the Trans-Pacific Trade Association and the Prime Minister's own engagement in Asia are positive steps in this regard. Equally, Canada should consider expanding the five-eyes community to include France.	C –
International Crises	
Recommendation 8 – (Contingency Planning) There is no doubt that various departments do maintain a watch over areas of potential crisis; however, we question the extent to which monitoring translates to actual contingency plans and contingency negotiations as a preamble to plan activations. Since the time of the Libyan evacuation, there has been no announced or perceptible improvement in the communications, protocols and operating procedures between the key government departments responsible for the evacuation of Canadians in crisis zones. The reliance on ad–hoc organizational arrangements seems to be the norm. CEFCOM/CJOC, however, announced efforts to move to a preparedness framework, as well as moving forward on the creation of operational support hubs for the Canadian Forces to provide for logistics pre–positioning. This effort is applauded.	B–
Recommendation 9 – (Middle–East engagement, namely with Israel, Egypt, Turkey). The undivided attention to Israel should be matched by a policy of engagement with other significant countries in the region.	C–
Recommendation 10 – (Establish Arab League links) With the expanding role of the Arab League in the region under a new, more moderate, Secretary General, the Government could have established an institutionalized relationship with the League as it has done with ASEAN.	No grade
Recommendation 11 – (Expand attaché network, international security expertise) While financial considerations have clearly become paramount, the crises in the Middle East have demonstrated the value of Defence attachés' contributions at posts abroad. In many cases, having one attaché accredited to and covering up to seven countries in a region is unsound. Moreover, a "whole of government" approach, must be applied to ensure a mature, whole of mission approach at our diplomatic establishments abroad if we hope to ensure full synergies in analyses and reports.	C–
Afghanistan	
Recommendation 12 – (Afghanistan post–2014) Without additional financial support to maintain its security forces, Afghanistan will completely fail as a state. Canada's commitment to providing continuing financial support is lauded.	B
Pakistan	
Recommendation 13 – (Pakistan) Equally important for regional stability is a deeper engagement with Pakistan which so far has yet to materialize despite Pakistan potentially being a serious threat to international peace and security. Canada should have capitalized on its traditionally close links with Pakistan to take a leadership role in fostering change.	C–

THE GOVERNMENT'S PERFORMANCE IN MEETING THE 2012 STRATEGIC OUTLOOK RECOMMENDATIONS	
2012 Recommendations	**Grade**
The Americas	
Recommendation 14 – (WoG Engagement Plan) Despite the existence of a published and enunciated strategy towards the Americas translating into real commitments in trade and foreign policy terms, the defence and security dimension is the least developed of the Canadian Hemispheric engagement.	B
Asia–Pacific	
Recommendation 15 – (Review and recalibration of defence, foreign policy and trade policy for the Asia/ Pacific region) If we were rating the Prime Minister, this would be an A grade. However, the government and the bureaucracy that support the PM have not entirely caught up to him. While we are encouraged with the effort to join the Trans-Pacific Partnership and with discussions of Asian investments in Canada, we see little movement in anything approximating a strategic shift beyond the strong trade focus. Indicators that would signal such a shift would be increased defence ties to the region, a change in the type of equipment the Forces are acquiring (particularly ships), diplomatic representation and attaché distribution and finally CIDA program direction. To date, we have seen few initiatives indicating such a shift except for the PM's travels and direct engagement. Weak international engagement is mainly due to lack of a coherent, published Asia-Pacific strategy. Canada engages on two main axes - North (the Arctic) and South (US via NORAD, and the Americas via the Global Engagement Strategy) and is mostly successful. However, Canada conducts "lazy" diplomacy with Europe via NATO, but lacking a published strategy for the Asia Pacific region, Canada has no strategic handrail to guide its efforts in this most important of regions..	C+
Africa	
Recommendation 16 – (Increase capacity building, and role in la Francophonie) Declining to contribute to an assistance mission to Mali or to the Economic Community Of West African States (ECOWAS) forces preparing to address the al–Qaeda rump state in Northern Mali does not guarantee that the Canadian Forces, as part of an international coalition, will not be required sometime in the future to participate. However, aside from Mali, the government has contributed with military, development and other resources to the wider region. Equally, the Prime Minister maintained a strong commitment to la Francophonie and, at the last Summit in Kinshasa, displayed firmness in demanding greater respect for democratic development, respect for human rights, and for the rule of law from the RDC, consistent with the guiding principles of the l'Organization internationale de la francophonie.	C+

4: DEFINING STRATEGY AND THE PARAMETERS APPLIED TO THIS STRATEGIC OUTLOOK

Strategy is one of the most misused words in our vocabulary. Often, it is confused with tactics or lists of things that a nation wishes to accomplish and is also often misapplied to events or actions of immediate or short duration.

Strategy and its related word "strategic" imply something altogether different. For a nation, grand strategy is something that looks longer term – it is about the identification of normally distant though fundamental goals affecting many facets of a nation's future. Strategy defines future options and probabilities and the possible perils and pitfalls (or conversely the gains that can be obtained) by particular courses of action. Defining a strategy requires identifying the decisions required, the resources available (not just military but economic, diplomatic, informational, financial, legal and intelligence as well), and the effort needed to gain an advantageous national position over adversaries or to better take advantage of possibilities as they emerge in the future. Strategy is dynamic – it is the relationship among ends, ways, and means required to achieve national goals.

Elements of "strategic" consideration are those aspects which aid in the identification of trends and possibilities that can assist in the development of strategy. Often, they are an articulation of choices based on identification of high–level trends or events in the world.

Tactics, often confused with strategy, is a sub–set or building block of strategy. They are the tools or means considered to achieve an overall strategy or strategic aims.

For example, the shift of economic power from the U.S. to Asia, coupled with the fact that U.S. markets will provide less growth than will Asian markets for Canada's oil producers, constitutes a trend that calls for the elaboration of a Canadian oil export diversification strategy. Considerations in establishing such a strategy would include Canada's relationship with the U.S. and the effect an increase in trade with Asia might have on Canada's defence alignment and security interests. The tactics (means) employed in implementing such a strategy might include the construction of a pipeline or a rail line from Alberta through B.C. or the N.W.T. to the West coast.

The Strategic Outlook is not a "Strategy" for Canada 10 to 15 years down the road. It does, however, identify strategic–level trends or events which will have an impact on Canadians in the next year or so, though we do identify trends which are emerging now, whose impact will likely be felt long into the future as well. We do not examine all strategic trends, however. For example, the chronic fiscal imbalances plaguing many countries around the world may have strategic effects into the future and many have described economic strategies to face such issues. However, our outlook focusses on issues which impact the narrower scope of defence and national security. We nevertheless do consider foreign policy, economic issues and technology issues, but almost uniquely from the point of view of their effect on national security and defence.

5: THE YEAR IN REVIEW

The year 2012, unsurprisingly, was marked by domestic concerns in almost every region of the world. In the United States, more attention was given to a Presidential election than to America's engagements abroad. Europe was consumed by its Eurozone crisis and considerations over the fiscal crisis in Greece, Spain, Ireland and Italy. France, while dealing with Eurozone issues, underwent a deeply significant Presidential election. China and Japan, the premiere economies and powers in Asia, also underwent changes in leadership. Africa presented new problems with the advent of al–Qaeda in Mali and Iran continued its brinkmanship with the rest of the world.

Internationally, the year was defined by even more uncertainties in the Middle–East and North African region than in the previous year. Indeed, when the Strategic Outlook for 2012 was presented at the Annual Ottawa Conference on Defence and Security in February of 2012, the eyes of the world were riveted on events in Syria. This notably including the failure of the Arab League mission to Syria, as the conflict took a more deadly turn towards a full–fledged civil war. Canada joined other countries in imposing sanctions on the Assad regime. Further efforts at ending the bloodshed during the year failed and all predictions of an early demise of Assad proved erroneous.

The Arab Spring continued its halting evolution. The American–Saudi negotiated departure of President Ali Abdullah Saleh of Yemen provided the appearance of change in that country, yet most of its underlying problems remained unresolved. While Bahrain's ruler relinquished some powers to the country's Parliament, demonstrations continued throughout the year. Morocco's moderate Islamist government had to contend with a downward spiral of the economy while Tunisia remained bogged down in a conflict between secular and Islamist forces, the coast and the hinterland. Elections in Libya gave the non Islamist party the highest proportion of votes. But the difficult road to political and economic recovery of the country was highlighted by the terrorist attack on the U.S. consulate in Benghazi, leading to the death of U.S. Ambassador Christopher Stevens. As for Egypt, the most significant event was the June Presidential election which saw the country divided between a Mubarak stalwart in Ahmed Shafik and a Muslim Brotherhood candidate, Mohammed Morsi, who carried the day with less than 53% support despite a much stronger showing by the Islamist parties in the parliamentary elections in 2011. Morsi eventually forced through a referendum on Egypt's new constitution which features many articles emphasizing the centrality of Sharia law. This confirms a brutal turn of Egypt towards an Islamic bent, leaving the secular forces, particularly women and Coptic Christians, deeply worried, and leaves the country seemingly more divided than it ever was.

Meanwhile, with its progress in harnessing the nuclear fuel process and its continued defiance of its disclosure obligations to the International Atomic Energy Agency, Iran became viewed by many as the single most important threat to peace and security in the region if not in the world. While President Obama managed to line up the largest ever group of countries to impose sanctions on the Iranian regime, there were considerable differences between the U.S. and Israel on how to prevent Iran from acquiring nuclear weapons.

Canada, for its part, deeply concerned by Iran's abhorrent human rights record, its nuclear program, its support for Syria, and reputedly questionable actions by its diplomatic staff in Canada, formally discontinued its diplomatic relations with the country, closing its embassy in Tehran and ordering the expulsion of Iranian diplomats from Canada.

The Middle–East Peace process could hardly be called a process throughout 2012, despite various attempts, by the Europeans, to reinvigorate it. In November, rockets from Hamas in the Gaza strip started pounding Israel after the latter successfully killed Hamas military chief Ahmed Jabari in an air attack. Palestinian rockets reached further than ever before into Israel's territory, killing five Israeli civilians. In response to these rocket attacks, Israel launched Operation Pillar of Defense on the Gaza Strip, targeting rocket facilities and in the process killing 133 Palestinians. The Israeli "Iron Dome" anti–rocket system proved largely effective against rockets launched in retaliation.

Egyptian President Morsi played a key role in negotiating a ceasefire between Israel and Hamas; a ceasefire that continues to hold. The Palestinians were provided with a strong moral boost when, on November 29th, the U.N. General Assembly approved a motion granting Palestine non–member observer state status. Significantly, the Government of Canada strongly opposed the motion to the point of announcing a reevaluation of its relations with Palestine, while Israel retaliated by announcing further settlements.

While terrorists in the Afghanistan–Pakistan region suffered severe losses, notably by the increasing resort to drones, terrorism continued to spread. al–Qaeda in the Islamic Maghreb expanded southwards as the removal from power of the President of Mali, Amadou Toumani Touré, in a coup d'état, marked the beginning of a Jihadist takeover of the north of the country.

The demise of Osama bin–Laden symbolically capped a long fight against al–Qaeda for President Obama. Absent the use of weapons of mass destruction by a terrorist organization or a significant attack on the U.S. homeland, terrorism may no longer represent as much of a strategic threat against the West as in the past, but in no way does this mean that terrorism is dead as a tactic as the events in Benghazi, on the anniversary of 9/11, and the recent attack against oil workers in Algeria, tragically demonstrated.

The U.S. Administration announced its plan to devote far more attention and resources to Asia–Pacific, in recognition of the region's growing preeminence both economically and militarily and in order to better face the challenge of an increasingly assertive China which engaged in territoriality disputes with a number of other Asian states in the South and East China Seas throughout the year. In addition to its existing network of bases and troops in Afghanistan, Kirghizstan, Japan, South Korea, Australia (which agreed to a rotating presence of U.S. Marines) and of close allies in Thailand, the Philippines and Taiwan, the U.S. reinforced its relationship with Vietnam and encouraged Myanmar's fledging march towards democracy. A few months after the national by–elections which allowed the participation of the long–banned National League for Democracy (NLD) led by Nobel Prize winner Aung San Suu Ky, President Obama visited the country as part of a Asian-wide tour.

The Social Undercurrent of 2012

The year 2011 caught the imagination of the world as the promise of change throughout the Middle East was given impetus through social awakening and mobilization.

In 2012, a socio–political crisis, or more appropriately, a crisis of confidence impacting politics, pitted governments against the governed. This undercurrent, felt in different measure in different parts of the globe, was a product of the cumulative effects of the financial crisis (as symbolized by Occupy Wall Street), and the collective consciousness of staggering inequalities in income and opportunity within and between nations. Moreover, domestic ideological divides prevail over the role of governments. In the U.S. the "fiscal cliff" crisis epitomizes this while in the E.U. the Euro crisis has resulted in the resistance of publics to austerity measures. The result has been greater alienation rather than unity.

Paradoxically, the Arab Spring resulted not in greater freedoms, but the birth of what some have referred to as an Islamist Crescent. There also emerged, even among states styled as transparent, a sense of pervasive corruption in all walks of life.

Despite existing mechanisms such as elections and the new power of social media, the social awakening and protest movements have been incapable of translating their concerns into an agenda for reform. This underlying loss of confidence, on the part of many, in institutions of governance as well as in the traditional instruments of political action and change, has played a role in increasing insularity on the part of many nations.

It is not surprising that domestic issues, particularly economic concerns, have dominated countries' agendas.

Particular attention was given to North Korea, ever a major concern for the world at large, which finally succeeded in launching a rocket carrying an earth observation satellite into space and confirmed the country's long range missile capability.

U.S. relations with Russia on strategic issues remained on an even keel, but the ideological divide widened following the heavily protested re–election of Vladimir Putin to the Russian Presidency and the re–election of his stalwart henchman Dmitri Medvedev to the post of Prime Minister. The Magnitsky–adoption spat with the U.S. blacklisting any Russian deemed to be a human rights violator on the one hand, and Russia barring American couples from adopting Russian children, on the other, has to be one of the most sordid examples of posturing in 2012.

Finally, while the war in Afghanistan is far from over, the participation of NATO and non–NATO nations is coming to an end. In 2012, the U.S. and Afghan governments signed the "Enduring Strategic Partnership Agreement between the Islamic Republic of Afghanistan and the United States of America" which defines what the long–term framework for the relationship between Afghanistan and the U.S. will be after the drawdown of U.S. forces. At the same time, an exit strategy from Afghanistan was endorsed at the NATO Summit in Chicago, confirming that NATO–led ISAF Forces will hand over command of all combat missions to Afghan forces by the middle of 2013. The strategy provides for a shift from combat to a support role of advising, training and assisting the Afghan security forces, a role Canada is involved in until early 2014. Withdrawal of most of the 130,000 foreign troops begun in 2012 would conclude by the end of December 2014; however, there are indications this will come sooner.

The Pakistan side of the war has been equally disquieting. Tensions between Pakistan and the United States in 2012, due to both drone strikes and the aftermath of the killing of Osama Bin Laden, took time to abate. However, some accommodation occurred between Pakistan and Afghanistan with rumors of joint overtures to the Taliban. Yet Pakistan, a nuclear state, remained as close to a failed state as it gets, with terrorist attacks, Islamic fundamentalism on the rise, an unstable polity, poverty, illiteracy, stark income inequalities, over–population and a permanent humanitarian crisis made all the more harsh by three successive years of devastating floods. From a security perspective, the Afghanistan–Pakistan–India–Iran nexus is one of the most worrisome in the world.

Canada in 2012

Despite Canada being in a better economic position relative to most of its partners, the Government of Canada approached the year's problems from a similar perspective as that of many Western governments, i.e. with an emphasis on domestic issues and the economy; deficit reduction, public–sector layoffs, and changes to retirement benefits reflecting aging populations. The Federal Budget introduced on 29 March reflected this emphasis of fiscal concerns as pan–government initiatives such as the Deficit Reduction Action Plan (DRAP) made their way into the Budget in terms of defence budget cuts. Reports by the Parliamentary Budget Officer and the Auditor-General provoked a government response which further embedded an ad–hoc defence procurement process which was most visible in the CF-18 replacement program.

Yet, in international matters, the Government was quite assertive, be it at the U.N. with Minister Baird's famous "Canada does not just 'go along' in order to 'get along', or on the Keystone pipeline debate in the U.S. provoking the Prime Minister to say that he would look elsewhere to export Canada's oil, or Canada's strong condemnation of the Palestinian Authority's efforts to obtain observer status at the U.N.

The decision to break diplomatic relations with Iran is a clear example of the Government's blending pragmatism and a principled approach by taking a measure which would further express its support for its Israeli ally and friend, while reinforcing its condemnation of Iran on its human rights record and its nuclear policy. Finally, despite war weariness over Afghanistan, Canada remained true to its almost forgotten Afghan army and police training commitment.

6: 2013 – A WORLD IN UNCERTAIN TRANSITION

Trends and predictors

The major undercurrents observed in 2012 will continue into 2013 but will now fully become trends. Fiscal realities combined with what has been recognized last year as "war weariness", including a general societal malaise, will permeate 2013 and have an immeasurable impact on policy. How these will be reflected on the international scene will depend on how national interests are interpreted. Despite the inter–relationship between the domestic and the international, domestic interests will prevail along four major strands which define the national interest:

1. Safety and security of citizens: Since 9/11, and as a reaction to it, the focus of safety and security has been on physical security. In foreign policy and military terms, governments were more activist and more inclined toward seeking means of intervention to redress perceived threats. However, after long overseas engagements, without perceivable positive effect in the face of mounting fiscal imbalances throughout the Western world and a questioning by citizens of the validity of engaging in foreign interstate or internecine conflicts (the main staple, these days where the distinction between the "good" and the "bad" guys is often blurred), safety and security have come to be defined more from an economic than from just a physical security standpoint.

2. Economic well–being: This is beginning to trump all other national interest considerations and even touches upon what constitutes a threat to the security and safety of citizens. The CNOOC/Nexen deal in Canada is an example, as investment at home overrides human rights concerns or commitments abroad. It is interesting to note that the Prime Minister's policy statement about future takeovers was strictly couched in economic terms, i.e. the capacity of a foreign state entity to dictate economic decisions, not in terms of human rights. The reduction of the debt and the deficit overshadows engagement overseas with respect to what kind of world order we seek. In short, national economic well–being at this juncture in time eclipses almost all other considerations.

3. Stability of the world order: Our wish is for stability in the international order. In the past, stability was thought to be achievable more through the promotion of values, the rule of law initiatives and stabilization efforts (through poverty reduction, social justice, democratic reforms or other good works). While these tools have not been set aside, the greater trend is to look for stability in the world order as a means of enhancing domestic economic well–being. Stability and predictability in the movement of goods, services, ideas and capital are key indicators of international stability. Paradoxically, our retreat from values–based efforts aimed at achieving stability promises to increase instability, given that most conflicts (with the exception of religious, sectarian or power competition conflict) can be traced to immutable social, economic and governance gaps.

4. Promotion of values and the rule of law: At one time, these notions underwrote efforts designed to achieve stability, and though "good works" are still thought of as a responsibility of developed nations, they are no longer near the hierarchical top of national considerations. Charity begins at home for many nations nowadays, and nations in need of assistance will have to achieve their own outcomes without previous levels of western nation–building assistance. While we would like to see liberal democratic states with a commitment to the rule of law emerge elsewhere, we will not invest in those efforts unless they contribute to narrower definitions of our direct national interests or provide for an apparent and calculable return on investment.

In short, one could define these trends in a couple of phrases which serve as predictors of actions on the international security front:

- Pragmatism over Principle;
- Containment over involvement; and,
- Reflection over engagement.

While Canada had allowed itself a certain amount of smugness in the years following the 2008 financial crisis (notably due to its regulated, resilient and inherently conservative financial sector), it is far from immune to the vagaries of the world economy. Reliant as we are on international trade, Canada is certainly even less immune to the political and security commotions on the international stage. There has been no shortage of uncertainties and anxieties in 2012, from a divisive U.S. presidential election to the disappointing twists and turns of the Arab Spring, the raging civil war in Syria, and continued concerns about the potential trouble spots of Iran and North Korea. The year 2013 could be even more troublesome, and Canada needs to be ever more concerned about the outside world. As global economies limp along and as the tide towards a more multipolar world picks up strength; as conflicts, crises, and civil strife continue; and as the fundamentals of a future–defining U.S.–China relationship are being redrawn, continued tumult is forecast in a climate of increased caution by most governments.

Canada's strategic outlook, to the extent it is articulated as such, must be based on the intermeshing of our interests and our values, as well as on a clear appreciation of our means and capabilities. However, it must also be grounded on a clear understanding of the international framework within which it will evolve.

In an increasingly globalized world, the essential security challenge for the 21st century is no longer just the territorial integrity of States, but also the integrity of the untidy and complex mix of interrelationships on which a global economic system depends.

In today's increasingly multidimensional international system characterized by blurred reference lines and linkages, our collective security is as much at risk from a face-off on Iran as it is from a Euro meltdown or an unpredicted flare-up in Asia. And while the world cries for leadership from that "indispensable" country, it sees that the U.S. is divided ideologically along stark economic and sociological lines as it struggles with the fallout from its "fiscal cliff" and related mortgage, tax, spending and debt reduction issues, and seriously re-evaluating its ability and willingness to come to anyone's rescue.

What is indeed striking is how much, in a globalized world, international cooperation has waned. The focus on domestic and fiscal issues has undermined the collegiality of leadership of earlier days which looked for broad common solutions to issues rather than narrower solutions based wholly on national interests. This has contributed to the dysfunctional nature of many international organizations beyond their role as "meet and greet" stations. That phenomenon is most pronounced in the case of the United Nations, and to a lesser degree G–8 and G–20, not to mention fairly impotent regional/functional organizations like the Commonwealth, Francophonie, APEC, and even NATO to a degree.

As Klaus Schwab, the chairman and founder of the World Economic Forum once said: "our global institutions and governance structures were built on the concept of nation states, mainly designed to protect national interests but fostering no sense of global trusteeship."

In fact, while the ongoing crises occupy capitals, organizations and embassies all over the world, there is a growing sense that these are very much legacies of the past and that, however dangerous each of them might be, they blind us to the much more fundamental problems that loom in the future but whose contours we can already perceive or recognize.

Of the "megatrends" which the National Intelligence Council of the United States has identified in its December 2012 report (www.dni.gov/nic/globaltrends), most are societal or economic as opposed to power based. Yet they do contain the seeds of conflicts unless leaders "think and plan for the long term," something that electoral politics, short term by definition, often prevents.

A strategic outlook cannot ignore megatrends even if its focus is on either their causes or only on their early impacts. Of these megatrends, the power of social media has already either altered patterns of expression and institutional penetration, or underlined gaps in governance. Changes in demography allied with economic progress have propelled some emerging countries into economic giants and modified the distribution of power among nations while forcing countries to reconsider existing policies on immigration and integration. Not only is the food, water and energy nexus in a constant evolution – who would have spoken of potential U.S. energy self–sufficiency even 5 years ago – but, unless properly managed, will be a major source of future conflicts, notwithstanding denials of the "growing environmental damage to the planet's habitability for human civilization," as former U.S. Vice–President Al Gore put it.

Without becoming enmeshed or embroiled in the causes of climate change, its effects on the planet cannot be denied and, by extension, nor can the security implications of such change. Competition for resources, the movement of populations as a result of flooding or drought, the costs of increasingly violent storm activity, changing trade patterns made possible by sea ice retraction and even global pandemics are not issues that can be continually punted down the road. The fact that the Maldives, a tiny island state, is actively planning for its extinction through an ark–like migration or exodus should give all leaders reason to pause for reflection.

Major interstate conflicts are mostly a characteristic of the past. Although maritime boundary delimitations, as evidenced in the South China Sea, remain sources of potential serious bilateral conflicts when they are not settled either by the International Court of Justice or by an independent tribunal jointly agreed by the parties. For instance, the arbitration between Canada and France on the Maritime Boundary delimitation off St. Pierre & Miquelon which was settled in 1992 but which is still being questioned by France as the Exclusive Economic Zones are being extended. A growing phenomenon which has its roots in the history of time but which manifests itself in new and often unpredictable forms is the ethnicity–religion–identity nexus. In the disquieting era of globalization, that nexus is at the root of much regional instability. Of course, liberation movements can also be sources of regional instability, in their early stages or for more extensive periods as they mature, as evidenced by the rise of the Arc of Islamism in the wake of the Arab Spring.

In this respect, if 2012 was not a great year after the hopes generated by the Arab Spring, 2013 is unlikely to be much better. Most of the region's countries are grappling with issues of legitimacy now that the revolutionary unifying fervour or spirit has withered away. Their economies are in a tailspin, their earlier police state–imposed security has disintegrated, and the "lids" imposed by previous dictatorial regimes over societal, ethnic and religious issues have blown away. These issues are coming back to the fore, exacerbated by expectations of early solution, with no established mechanisms of governance to deal with them. In the process, religious extremism will be on the rise. As Edward Lucas put it starkly, "For an Islamist party, there are few votes in religious tolerance." This is an issue which will have a strong influence on the Government of Canada's policy towards these countries, as is evidenced by its establishment of an Office on Religious Freedoms.

In the more immediate future, the nature of the relationship between a re–elected American President and his new Chinese counterpart, Xi Jinping, will be the factor that will have the greatest impact on Canadian defence and security policy. While the U.S. economy will most likely continue to limp upwards – the resolution of the fiscal cliff will not change the fact that the U.S. deficit is unlikely to show a downward trend for quite some time to come – it can be safely assumed that the Chinese economy is likely to grow at a pace around 7%. Yet, unless President Obama's decision to put more focus on U.S. security interests in Asia is managed with consideration for the various interests and concerns of the countries of the region, fallout might range from foreign policy tensions to trade irritants.

On the other hand, there is room for the President to exercise his diplomatic talent in cooling the disputes involving China, Japan, South Korea, Vietnam and Taiwan at sea. However, the return to power in Japan of right–wing nationalist Prime Minister Shinzō Abe and his Liberal Democratic Party could make these efforts more difficult. These issues may appear far from our shores, but they could have quite an impact on our trade flows and our security.

Europe's role in the evolving security architecture of the Western World will continue to be lessened by the financial crisis of which the future of the Euro and the Eurozone is but an aspect. Indeed, the whole European experiment is under duress although no one in Europe wants to lose the formidable political, security, and economic advantages that accrued from integration. Europe has been at the crossroads on many occasions. The Maastricht Treaty of 1992 fundamentally changed the European landscape. Yet today, the crisis has once again placed on the altar of sovereignty two diametrically opposed visions of the economic union: Some countries resist any strengthening of the Union's role in fiscal and monetary policy and the establishment of a joint banking and financial systems, while others are unwilling to bail out indebted countries unless they agree to submit to a unified fiscal and financial framework. Angela Merkel's economically dominant Germany cannot envision one without the other.

In Canadian terminology, there cannot be equalization payments without a common fiscal and monetary policy. Europe's woes only weaken further its Common Foreign and Security Policy pillar which, beyond the territorial defence of Europe assured by NATO, will remain pretty much in its infancy when it comes to crises. It is of considerable interest to Canada and particularly to the U.S. inasmuch as the debate cuts to the heart of the role and contribution of Europe to peace and security in the world. Canada's ongoing trade negotiations with the EU should bring economic benefits, but it will also ensure our continuing attention to the "European front".

When it comes to values and interests, Russia poses a conundrum for Canada. There is the continuing competition in the Arctic, the affinity of climate, the passion for hockey, the quizzical G–8 partnership, and unfulfilled trade and investment opportunities. But there is also real concern about a decaying democracy which is unlikely to show progress in years to come. In fact, other than a "pouvoir de nuisance" (a capacity to cause trouble), there is less interest in Russia's influence in the world. Yet, Russia remains either a critical partner or a potential foe in security terms. On the occasion of the 50th anniversary of the end of the Second World War, in 1995, François Mitterrand said "one should never humiliate Russia." Whilst there is no sympathy for the growing authoritarianism of Vladimir Putin, further nuclear arms reductions will only happen if Russia and the U.S. pursue it in a climate of trust. As to Syria, there are signs that with more talks between these two countries and a realization that there is no way for Assad to win the war against his own population, Russia could actually play a more useful role in the transition. In any event, for the world security, Russia remains an indispensable player and Canada cannot ignore it.

The Middle East will remain a powder–keg. Egypt's new Constitution has been adopted but the whole process was marred by a confluence of President Morsi's power grab, a hasty write–up of the new Charter of the country, a judiciary playing politics and a revolution going nowhere with the original occupants of Tahrir Square having been basically robbed of the fruits of their actions and sacrifices. While there is little chance of Egypt renouncing its Peace Treaty with Israel, the relationship will be difficult. Cooperation in the Sinai to rout terrorists will be ad–hoc.

Israel's continued occupation of the West Bank and the continued construction and expansion of settlements (deemed as far back as 1979 through U.N. Security Council Resolution 446 to be of "no legal validity," and later confirmed by a 2004 International Court of Justice Advisory Opinion) will will ensure a continued absence of progress in the peace process with the Palestinians and will make it difficult for Egypt to reign in Hamas in Gaza. Due to increasing religious radicalism, the streets of the Arab World will become even more hostile to Israel than before.

Syria's Assad will eventually be removed one way or another, but in all likelihood an Islamist regime will emerge and there will be Iraq–style ethnic strife and retribution despite all the pledges to the contrary by the present loose Coalition (of which the powerful al–Qaeda sponsored opposition groups are not a member). Though Syria was on the list of conflict scenarios last year, the likelihood of any international intervention – barring some spillover of the civil war, arms trafficking or the use by Assad of chemical weapons – is unlikely. However, the impact of massive population displacements and associated refugee issues on neigbouring states such as Jordan will no doubt be felt in the coming years.

Iraq itself does not present a reassuring picture either as it is still struggling to emerge from years of political crisis with its fractious communities and little chance for democratic governance. Indeed, Iraq may very likely slip back into civil war if Prime Minister Nouri al–Maliki continues to overplay his hand in attempts to consolidate his political power and neutralize his political enemies.

As to Iran, there is limited hope to see sanctions and diplomacy win the day. President Obama will resist as long as possible in approving or allowing a surgical strike against the theocratic regime's nuclear facilities. The only way out would be through a face–saving dialogue which may happen via the IAEA. Israel's Prime Minister's statements about his country taking unilateral action will be resisted by an American President who sees limited gain in such an operation; however, the United States does not control Israeli perceptions and may have to face the strategic dilemma of supporting Israel even though the U.S. would oppose unilateral Israeli action. As a possible result, 2013 might also see a resumption of efforts to create a nuclear free–zone of the Middle–East, something Israel has resisted all along and is unlikely to agree to any such initiative even if it produces a verifiable end to the presumed Iranian nuclear program as the unfortunate reality is that Israeli nuclear weapons are the ultimate guarantor of its existence. Canada will be following all these developments with close attention given its deep commitments towards Israel.

The story of Africa will remain one of a glass half–full, half empty: while many countries have experienced remarkable growth rates—unevenly distributed wealth both between countries and within countries—and the effects of massive Chinese investment in resource–rich areas will only heighten the disparities between haves and have nots.

70% of U.N. peacekeeping operations and humanitarian interventions in the world are deployed in Africa. Failed and failing states will continue to imperil stability, peace and security in Sub–Saharan Africa. North Africa, particularly in Northern Mali, has revealed the vast expansion of the Islamists' influence from the coast of West Africa across the Sahel and all the way to the Horn of Africa. Today, that territory has a name: "The Arc of Instability". Canada has considerable trade and investment interests in Africa that are on par with our investments in Latin America. The Europeans are equally concerned by the risk of the kind of insurgency which took place in Mali extending throughout the Arc in an inferno of religious extremism and political violence, fueled, among other things, by weapons inherited from the Libyan operation.

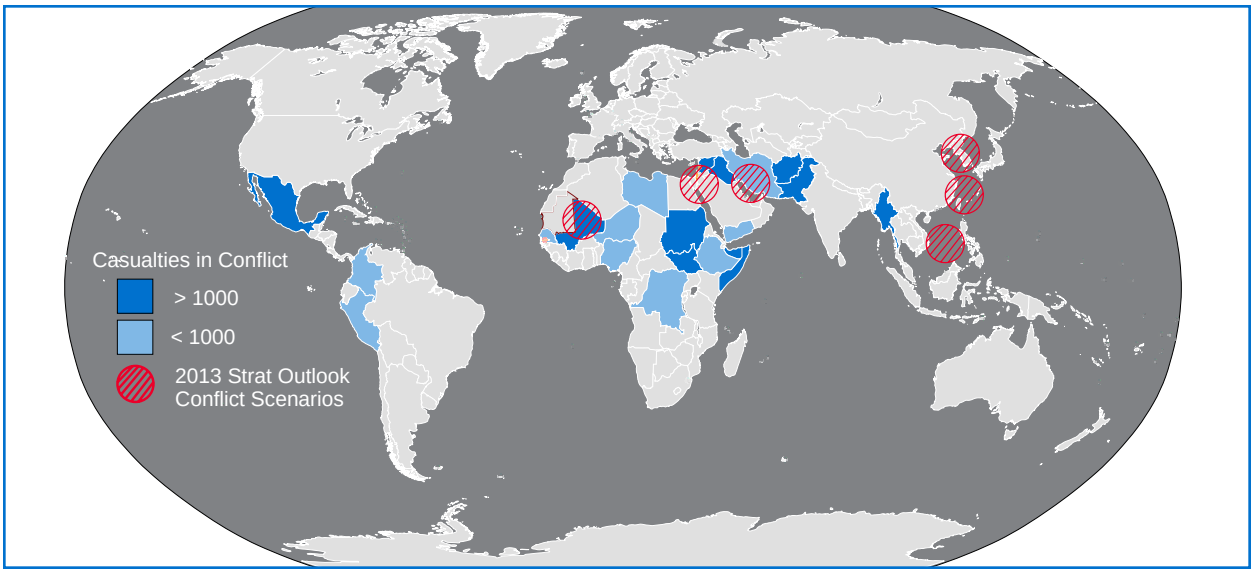
Finally, with the limitless expansion of information technology come equally limitless concerns about cyber security. In this day and age, with competition fiercer than ever before, cyber–attacks to garner information have become the ultimate tool of commercial spying. Of course, cyber–attacks for military intelligence purposes have taken on a new dimension, as evidenced by the disabling of Iran's nuclear centrifuges by the highly sophisticated Stuxnet computer worm. The head of the U.S. Department of Homeland Security has warned of the potential for a "Cyber Pearl Harbor". Such an event, if it occurs, would undoubtedly affect Canada as well given the permeability of cyber networks.

7: THE INTERNATIONAL SECURITY AGENDA AND ITS SIGNIFICANT PLAYERS

Some 50 years ago, President Dwight Eisenhower said that "unlimited war in the nuclear age was unthinkable and limited war unwinnable." Since that time, global wars such as World War II have become improbable if not unthinkable and our (western) success in limited wars is very much open to debate.

Yet, paradoxically, while international conflict is down from a highpoint immediately after the Cold War, the past few years have seen an increase in both overall levels of armed conflict, and an increase in the numbers of conflicts between states. More generally, in many ways, much of the world today seems less stable and more dangerous than it has been for quite a while; indeed today's world is punctuated by any number of intra–state conflicts which in many cases are inter–state conflicts by proxy, reminiscent of Cuban proxy interventions in Africa decades ago. Shifts in economic clout and flux in military power and political influence are creating new unanticipated points of friction and no security architecture is in place to address them.

It is also a world replete with failing or failed states in which governance vacuums present opportunities for extremist groups to flourish. Their inability to shed these characterizations (failed states) has numbed western reactions to them and relegated their problems and potential solutions to the bottom tier of western concerns, all the more so when economic fragility makes states less likely, able or inclined to respond.



The map is dotted with areas of conflict for 2013. In most cases these are intra–state conflicts, though some, such as in the Sahel region of Africa, if not contained, can spill across borders and engulf other states. In most of these cases, the sources of conflict have much to do with the absence of viable governance. This suggests that the application of soft power and institution building by western states could play a role in preventing these conflicts. Alternatively, sanctions can be imposed to cut off supplies of arms and ammunition. But if arms and subsequent economic sanctions do not have an effect early on in imposing changes to behavior or circumstances, prolonged sanctions never do. As a last resort, armed intervention can be employed. The situation in Algeria and Mali is a case in point. Unfortunately, in considering which of these methods the international community might believe is most appropriate and wish to employ, economic challenges have, in some cases, hampered many potential interveners.

In addition to numerous states in seemingly perpetual crisis, the international environment has become more complex than ever before. In the bi–polar world of the Cold War, prevention, de–escalation and competition were comparably easy for leaders to navigate. There was a clear distinction on economic, political and military lines between adversaries that made the process of conflict resolution easier to understand and each side's "red lines" easier to comprehend.

Today, with globalization and multi–polar centres of power, navigating through a crisis is not a single issue consideration. There are complex webs of inter–relationships to navigate in deciding on an appropriate response. The following key players in this new environment are trying to adjust to the new realities.

The United States

With a divided, cantankerous and almost dysfunctional federal government at home, America has become quite adept at punting problems down the road. In such an atmosphere, domestic partisanship and inherently political considerations will affect foreign and defence policy issues. The Benghazi crisis took on a life of its own due to the timing of the U.S Presidential election.

The sense of international disengagement, brought upon by war weariness and the enormous national debt, appears to be on the rise. It is difficult to justify indefinitely the sacrifice of thousands for a few hundred schools, women's rights in faraway places, and some limited democratic resurgence overseas when the bills back home accumulate and America sees itself as having carried most of the burden in Afghanistan, Iraq and other places. In this context, the rest of the world can expect to be asked to share a much greater part of the burden, but these calls will likely remain unanswered. "Nation building at home" will be the catch–phrase, at least for the next four years.

As a consequence, 2013 will see an accelerated drawdown of American Forces in Afghanistan as the U.S. Administration tries to put the best face on what it will leave behind. Financially and with some troops, the U.S. will have to remain committed – more than it would like to be – given that it cannot responsibly reduce beyond what is needed to prevent a wholesale collapse of the Afghan government. The Obama administration will tell the Afghan government that it is their turn to step up to the plate, rather than relying on others to fight their war for them.

With its domestic house in some form of disorder, there is no reason to expect the U.S. to send forces abroad unless its security interests are directly challenged or humanitarian issues are simply overwhelming. The moment the conflict in Syria became identified as a civil war, the humanitarian dimension, however horrific, could no longer be the defining criterion. Based on current thinking, there are only two regions in the world which seem to pass the strategic interests test – the Asia–Pacific region and the Middle East (more specifically the Persian Gulf). For other regions such as Africa, the U.S. will pass the baton to the U.K. and France.

If Washington chooses to send forces into harm's way in 2013, it will likely only do so where national interests are directly threatened and engagements are planned to be of short duration and strategic in nature. The U.S. would likely not intervene with a ground force against al–Qaeda in the Sahel, for example, nor is it likely to insert operational–level ground forces relying instead on less entangling use of naval and air power. However, the Asia–Pacific and Gulf regions might constitute an exception, in this regard. The use of U.S. Special Forces to shape the international environment, on the other hand, will increase in coming years and the use of drones to attack terrorist targets will also be a mainstay of Obama administration policy.

It would appear, therefore, that the strategic undercurrents which have carried over from 2012 will become trends in 2013, namely that those instruments of persuasion, diplomacy and sanctions will be favoured over military intervention.

Nevertheless, the U.S. will remain the cornerstone of international peace and security simply because it is the only nation that can, on a large scale, exert influence in every corner of globe, should that become necessary. This situation is reminiscent of the World War II period when, in a quote attributed to him, Admiral Yamamoto cautioned the Imperial Japanese government to not "awaken the sleeping giant". America is not asleep, but its attention is sharply focused on its economic difficulties which, if not carefully managed, can presage a strategic decline.

Getting its economic house in order in what is clearly a divided polity will be a challenge. The U.S. system of checks and balances which has served it so well in the past, as the framers of the U.S. Constitution intended, has become the very barrier to progress on a number of legislative and budgetary fronts. Faced with a self–styled "fiscal cliff" at the end of 2012, the compromise which was reached protected the middle class from sequestration related tax increases but has not addressed the core issue which is that U.S. spending exceeds its revenue. More comprehensive debt reduction legislation might yet emerge, but the process will be long and agonizingly difficult. As a result, there are some evolving trends that policy makers should recognize:

- The military and intelligence focus on terrorism as a strategic threat will diminish somewhat as the U.S. takes a broader view on what constitutes a menace to its interests. As a consequence, the size of military forces and their type of employment will be revisited. Terrorist attacks involving U.S. citizens could lead to short, powerful interventions by U.S. Special Forces, particularly in countries that do not fully exercise sovereignty over their territory. Beyond that, logistical and intelligence support would likely be provided to the host nation;

- The days of long term stabilization operations, nation building and counter–insurgency are over (at least for the near term). As a consequence, U.S. overseas basing will likely be reviewed;

- U.S. ground forces (the Army and the Marines ground component) will likely shrink in size, as this may be seen as one of the easiest and most palatable ways to address constraints of fewer resources while remaining able to cope with existing national security challenges. "Exquisite technologies", as former Secretary of Defence Robert Gates put it, will be reduced or pushed to a point in the future where economic conditions will better permit their development;

- U.S. strategic nuclear forces may well be reduced, given the costs borne by the American public to maintain them at present levels. Relations with Russia at the strategic level will not be encumbered in any major way by marginal spats here and there; and

- Increased demand for equitable "burden sharing" will be made at various collective security forums by the U.S. to its allies. There is a movement in this regard with respect to certain regions of the world. Africa, for example, has achieved greater emphasis in U.K. and French pronouncements where instability in the Sahel may provoke effects in Europe, as compared to U.S. pronouncements which have focused on the Middle East and Asia.

With respect to the U.S. Economy, there are some encouraging signs on the horizon.

The Carter Doctrine which articulated U.S. strategic interests in the Persian Gulf as associated with the production of oil in the Gulf and movement of oil through the straits of Hormuz ("An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.") indicated the degree to which, at the time, the U.S. economy depended on foreign sources of oil to the point that it necessitated the articulation of a strategic doctrine. However, there are strong indications that the U.S. will, wholly on its own or through integration of a continental energy strategy in conjunction with Canada and Mexico, be able to achieve energy self–sufficiency within this decade. The U.S. will still retain vital national security interests in the Middle East, in part because of its allies (particularly Israel), but the Achilles heel of Middle–East energy dependency might soon be over, which will have deep strategic effect.

Growth, however tentative, has returned in the United States. Corporations are moving jobs back to the United States because transportation costs are rising, wages and demands for improved working conditions in other parts of the world have risen to the point where domestic production is again competitive, and they see the downsides of working in places such as China where the governing system does not provide the rule of law needed to ensure their property rights. America still maintains a significant capacity for invention, innovation and education, all of which augers well for future competitiveness and economic growth.

Finally, driven by U.S. leadership, cyberspace is being recognized as the fifth domain of warfare and doctrines are being developed to address national interests within this domain. 2013 may indeed become the year that the world seriously addresses issues dealing with cyber security.

China

No geopolitical trends hold as much potential to transform the international security agenda as those in the Asia–Pacific region. Not only does the region have the world's fastest growing population, but the bulk of the world's economic growth is occurring there, in turn generating increased financial activity and trade. Some 60% of maritime shipping, including 70% of the world's LNG carriers, transits the region. These trade and energy sectors of the "global commons" (the earth's unowned natural resources, such as the oceans, Earth's atmosphere, and outer space) are highlighted in NATO's Strategic Concept of 2010. It is an area that affects the entire world.

A key challenge is to shed light on China's intentions with respect to territorial disputes on its periphery, a matter of no small consequence. Concern over the ambiguous nature of China's policy has increased as the pace and scale of Chinese military modernization proceeds without a fully coherent explanation. China has emphasized the idea of a peaceful rise; yet, China appears dedicated to maintaining the past decade's increases in military spending. In 20 to 30 years, if present trends continue, it will likely achieve parity with the United States in military spending.

The U.S. strategic pivot towards the Asia–Pacific region reflects a combination of trade, security and stability considerations. For Canada, similar considerations exist. Canada's economic interests are also shifting across the Pacific Ocean—four of its 10 largest trading partners are in Asia and that shift is expected to continue as commercial ventures such as the Asia Pacific Gateway and Corridors Initiative begin to realize their potential— possibly eclipsing Canada's economic stake in other regions of the world. Canada's trans–Pacific sources of immigration exceed those other regions.

The Century of Humiliation

Today, Chinese textbooks record history in two distinct segments: pre–1839 Today, Chinese textbooks record history in two distinct segments: pre-1839 (the first Opium War - the beginning of the century of humiliation when the western international system sought to subjugate and humiliate weaker nations) and post-1949. While this period ostensibly ended in 1949, for many it continues to the present day and represents weaknesses that must be eliminated or prevented from being exploited by foreigners. To Chinese leaders and the wider general population, this experience of subjugation and humiliation has become a central element of Chinese identity today, and provides guidelines for what is to be avoided in China's relationships with the west. It is also a constant cautionary reminder of China's past which often eclipses a more positive view of the achievements of Chinese civilization.

1839–1949
The Treaties of Nanjing, Bogue, Wanghia, Whampoa and Canton and The treaty of Aigun
The second Opium War
Destruction of the Palaces
Sino–French war and treaty of Tientsin
The first Sino–Japanese War
The Japanese 21 demands
The MU.K.den Incident – ManchU.K.o/ Manchuria
The second Sino–Japanese War
The Rape of Nanking

Post 1949
The first, second and third Taiwan Straits Crises
Chinese Embassy Bombing in Belgrade
The Hainan Island Incident
Western support of Tibetan Independence
Taiwan
Island Disputes

In all cases, the Chinese perception is that foreign military power imposed settlements on China. Post 1949 and particularly in the three Taiwan Straits Crises, US Military (particularly US Naval power based on carrier groups) power played a pivotal role in "containing" Chinese actions. The modernization of the Chinese Navy and Chinese Air Force can be directly traced to the aftermath of the Third Straits Crisis and Chinese Area Denial and Anti–Access tactics developed as a result.

The U.S. pivot (which U.S. military leaders now term a rebalancing) in very many ways represents a return to Asia, not a discovery of Asia. Since the Second World War, the overarching guarantor of security in the Pacific has been the United States. It rebuilt the post–war Japanese economy; it contained the spread of communism; it guaranteed the freedom of many nation states and the adoption of liberal democratic political systems and free market economies – although sometimes imperfectly; and it fought two wars in the area to do so. Island states in the South Pacific shed their colonial bonds and states which formerly had strongmen in charge adopted democratic values in time. America guaranteed that the oceans and seas of the region and beyond would be free to the commerce of all nations.

The emergence of the Asian tiger economies owes much to the efforts of America in the years since the Second World War. Following the Deng Xiaoping reforms, American influence had much to do with China becoming a leading member of the global economy, but the counter–point of doing so has been that it has become more aware of its position and role globally and as such is in the midst of also defining its interests both regionally and globally – something it never had to do before.

Unlike the former Soviet Union, China has a place in the world economic order; it has demonstrated no interest in exporting ideology; it has assiduously avoided comment or position on the internal affairs of other states; and it does not understand why others would comment on her own internal affairs. As a consequence China is often suspicious of western pronouncements on human rights and on Tibet. By extension, it is equally suspicious of many western institutions against which it responds, as it did with Canada over human rights issues, by denying access to its markets. And its assertiveness, particularly in maritime territorial disputes, has grown with its new economic role and expanding military might. China's positions are in parts for security or resource advantage and in other cases serve to stoke nationalist reactions which camouflages China's domestic divisions. Notwithstanding China's (re)emergence on the world stage, it still interprets events around her as a continuation of the policies of containment and humiliation which marked her last century. The principle figure in this antagonistic world view is the United States, whether it is in its role as a military power, a competing economic power or a torch bearer for liberal democratic ideology.

In guaranteeing post–war peace, America's strategy of containment meant that it would inevitably collide with other countries in the region. It fought against China in Korea, felt the Chinese and Soviet hand in Vietnam, and most certainly clashed with China on three occasions over Taiwan. America's "pivot" towards Asia provides a clear signal that America will still guarantee its allies' security and that America's interests in Asia–Pacific are to maintain the liberal international order on which economic prosperity in the region and in the United States depends.

But old memories die hard. Even though China is a very different state now than under Mao, it is still burdened with a perception of the past that transcends the logic of the present. This may very well be a deeply ingrained cultural reaction on China's part. By comparison, the thought process in the west tends to look forward rather than backwards. In China, it looks backwards as a guide to the future and the concepts of time and redress can span decades, compared to the west which is driven by a shorter term business cycle and frequently shorter strategic horizons. The Chinese conception of time is summed up by former Premier Chou En–Lai's response to a question put to him on what he thought of the results of the French Revolution. "Too early to tell," he replied.

As Beijing looks around its periphery, it sees four nuclear–armed states on China's borders, three of which have been hostile to her ambitions in the past and could be yet again. China also has or has had border disputes with three of these nuclear states – Russia, Pakistan and India – not forgetting that her border disputes have also had an effect on Chinese internal issues. Immediately beyond Beijing's peripheral view are U.S. bases and troops in Afghanistan, Kyrgyzstan, Japan and South Korea, and close U.S. allies in Australia, Thailand, the Philippines and Taiwan. And China also sees a U.S. hand in the tensions it is experiencing in the surrounding seas. China's relationship with the U.S., as partner and competitor, and the U.S. perception of what China is and is not underlie the tensions that exist between these two giants.

Beijing will not allow a repeat of the humiliations of the past, now that it has the wherewithal to prevent them from happening. China increasingly brooks little or no input from the world on what it views as internal issues which included its human rights record, its actions in Tibet and its view that Taiwan is an errant province to be re–incorporated into China. She equally sees the area of the seas off her coastlines as historical, traditional and legitimate parts of China as she did with the earlier reunification and reincorporation of Hong Kong and Macau. The only nation which can thwart her national ambitions is the United States.

Based on lessons it learned over the three Taiwan Straits crises, China's short term effort is aimed at keeping America from intervening in a future and almost inevitable crisis over Taiwan and in other disputes in areas China considers within its immediate sphere of interest. Unable to field the requisite power in the short to medium term, China is investing heavily in "asymmetric capabilities" to deny America's capacity to project power in the region. This "anti–access/area denial" strategy, primarily built on missile technology, is intended to keep America's carrier groups beyond what it calls the "first island chain", giving China freedom of action in the Yellow Sea, South China and East China Seas.

But China is far less formidable than most are led to believe. The simple fact is that there are more (in both qualitative and quantitative terms) fighter aircrafts in the U.S. Naval carrier arsenal than in the entire Chinese Air Force. Her Naval Forces have a limited capability to project power, given that logistically they are still tied to support from the shore. However, she is expanding her fleet of tanker ships and overseas arrangements which in time will give her global reach. Within the next ten years, more aircraft carriers might be commissioned, but carrier operations and ancillary amphibious operations are complex and many years will pass before China develops the joint capabilities and logistics means necessary to challenge America beyond its coastal areas. China is also vulnerable to the disruption of its energy resources, a strategic fact that will act as a limiting factor for Chinese ambitions until it finds a way to diversify its energy sources.

There therefore is little or no prospect for any form of direct super–power confrontation with China at this time – at least by design. China is still a regional security power and cannot project forces yet in pursuit of other national interests and, to be fair, she has not demonstrated an expansionist military agenda other than in her immediate periphery in areas she considers her own.

The greatest threat to global stability is an accidental escalation triggered by territorial disputes, particularly but not exclusively with Japan. Chinese nationalist reaction, coast guard activities and fishing fleet actions and, in turn, Japanese reaction (which has most recently included a muscular air response over the Senkaku Islands) can at any time, spiral beyond the political will to contain. In that sense, the East and South China seas and their related maritime disputes have the potential to be this century's Sarajevo of 1914.

These frictions may be the reason a conflict starts and escalates, but they are not the underlying causes of potential conflict. The danger comes from how China might act in a bilateral dispute in order to set the tone or example for other players in its various maritime disputes. To avoid accidental confrontation, it is critical that regional bodies, as the loci for dialogue, be strengthened and replace the patchwork quilt of bilateral agreements and alliances which characterize the Pacific at present and which increase the danger of bilateral relationships sucking many into their vortex, as Austrian ultimatums against Serbia drew in the Russians, the Germans and finally the United Kingdom and France in 1914.

The Middle East and Beyond

It is worth underscoring why the region is so critical to the world. In the words of Professor Musu, "The region matters because of its potential impact on political and social instability, the uncontrolled migration flows generated by the scarcity of jobs and by economic underdevelopment, the presence of vast energy resources, the possibility that countries in the area might prove to be a fertile breeding ground for terrorism, and, the unresolved Arab–Israeli conflict, which is a constant source of tension and instability." Several factors in the Middle East and North Africa have a bearing on Canada's policy:

a. *What has become of the Arab Spring:* There was a real amount of early support on the part of the Canadian Government for the aspirations of the Arab youth who initiated the Arab Spring: for what the young Bouazizi represented in Tunisia when he immolated himself, for the early urbane and educated revolutionaries in Tahrir Square, for the smart reform process launched by the King of Morocco, and of course for the civilians of Libya fighting the dictatorship of the abhorred Ghadaffi. But other considerations were also in play. Canada was an active member of the Group of Friends of Yemen when it was created in 2010. Its purpose was to provide support to the Yemeni authorities, even under the Saleh regime which was facing Huthi rebels in the North and al–Qaeda in the Arab Peninsula (AQAP), and to end Saudi–Yemen clashes at their common border. Canada recently withdrew from the Group, most likely out of general concern over the direction of change in the country despite large outlays of development assistance. While Saudi Arabia provided early on certain indications of a more responsive approach to events in the region, with, for example a commitment to allow women to serve in the 150–member Majlis al–Shura, the official advisory body to the monarchy, the country remains fairly impervious to tectonic shifts. Bahrain's response to demonstrations has also proven to be reactionary.

   Indeed, the initial euphoria for the Arab Spring has waned and appears to have turned into an Islamist Winter. There is little sympathy today on the part of the Government of Canada for the lack of inclusiveness which is displayed by most of the new regimes of the Arab World towards minorities. Foreign Minister Baird refused to follow his allied colleagues who recognized the Syrian National Council as the legitimate Government of Syria, as he was not reassured that the Alawite minority from which the Assad family hails would be treated fairly. Of course there is also the concern about radical Islamists and future terrorists holding sway in the future regime of Syria. The increasing role that Islam, as the region's dominant religion, plays in the political system worries the Canadian Government. The worry stems not from an inherent anti–Islamic bent, but because these countries face the risk of state–sanctioned Islam dictating public policy at an early stage in institution building as well as the subsequent governance transformation or creation. No one would deny that religion is occupying considerable space in the public sphere in most, if not all countries of the world. The issue however is the extent to which religious intolerance in political life could infringe on issues of accommodation, pluralism and basic human rights. The experience of dealing with a theocratic regime such as that of Iran offers little solace. Egypt's recent constitutional developments do not inspire the full confidence that would foster the Canadian government's engagement beyond a wary watch. Of course, the Government is seriously concerned about the potential impact of the evolving situation in the region on regional stability and more specifically Israel's security.

b. *Wither the Middle–East Peace Process (MEPP):* The year 2012 saw no progress at all as far as the MEPP is concerned. The U.S. administration having failed to achieve any significant advance in the years preceding found itself spending more time sparring with its key ally, Israel, on how to handle Iran than moving closer to a deal based on a two–state solution – with the two countries of Israel and Palestine living in peace side by side. The two pillars of Canada's official policy have never veered from the commitment to a negotiated settlement of the conflict through direct, bilateral peace negotiations leading to an independent Palestinian state on the one hand, and the absolute right of the Israeli state to exist free from threat. However, in practical terms, since 2006, the Government of Canada has put much more emphasis on its relations with Israel, its priorities and concerns, and far less on the Palestinian–Israeli conflict. As such, Canada has lost a great deal of credibility as a balanced actor within the Arab World and is therefore unlikely to be able to influence the process further down the road, despite our commitment to help if asked, notably on the refugee issue. Yet, as the Syrian crisis unfolds, as the aftermath of the Arab Spring sails into unchartered waters, as tensions with Iran grow, as the Arab street puts pressure on Egypt and Jordan to alter if not denounce outright their peace treaties with Israel, a more even keel approach to the area from Canada might be essential to a more forceful engagement.

c. *Iran:* Iran matters for many reasons, few in a positive way other than through its role as a major energy producer. It otherwise plays a nefarious role in the MEPP, supports terrorism and appears to call for the disappearance of Israel. Its nuclear program is shrouded with uncertainties even though, as of now, she has not started producing nuclear weapons. The world is ill at ease with a theocratic regime with which there is no common language. The situation today is increasingly dangerous as Israel threatens to attack Iran's nuclear facilities and the U.S. affirms it would not allow Iran to acquire nuclear weapons, all the while hoping sanctions, not a military strike, will do the job. While Canada has severed its diplomatic relations with the regime, there is a need to try to better understand – not accept – the rationalities underlying Iran's behavior, one of these possibly being regime preservation insofar as no nuclear armed state has ever been attacked. Engagement, under strict conditions, including the recognition of a mutual interest in changed relationships, might better lead to long term stability. Negotiations must be conducted on an equal footing, irrespective of our profound dislike for the regime at the helm of the country.

Pakistan & Afghanistan

Even though Pakistani leaders have loathed the "habit" in the West of grouping the two countries together, it is nearly impossible not to do so when it comes to security, both internal to each state and to the outside world. Yet, after nearly 12 years of combat in Afghanistan, with very little to account for all the sacrifices made by Canada and the other members of ISAF, it is Pakistan that occupies a strategic position in the region and thus matters most. Indeed, Pakistan, a nuclear power, is key to security in South Asia, and even to the Middle East and somewhat beyond. It is Pakistan's inability to control terrorist activities from within its own borders – al–Qaeda, Taliban, Lashkar–e–Tayyiba, Haqqani – which continuously threatened our collective interests in Afghanistan, India and elsewhere. Pakistan today is the main issue and will remain as such for a long time after the last foreign soldier leaves Afghanistan. And the more we turn our eyes towards India as a key economic partner, the more we need to encourage Pakistan to move away from its "survival strategy" of depending on active military involvement in all facets of the country's economy and society. Pakistan is captive to its geography in a volatile region and not only is it shaped by its tribal and cultural history but its creation on religious as opposed to ethnic grounds has not provided the identity or, at least, the loyalty that is essential for a common vision, a commitment to nation–building and ultimately a lasting unity. The only national psychological fervor is hostility towards India and even that is waning while Kashmir remains the military's pot of gold. Deep and durable amity between Pakistan and Afghanistan is difficult to imagine inasmuch as the latter never accepted the Durand line separating the two countries and splitting the Pashtun and Balochi tribes. Conflict is a way of life in many parts of the country. The weakness of democratic institutions is responsible for the lack of peaceful dialogue between opposing groups and interests. And the central government holds little sway in the famous and ironically titled Federally Administered Tribal Areas (FATA).

Most of the efforts of the international community to help Pakistan have failed. Pakistan has some of the lowest socio-economic indicators in all of South Asia, including high rates of unemployment, widespread poverty and high illiteracy, all exacerbated by a bulging population of over 170 million and 60% of these which are under 24 years of age. Gender inequality is a scourge which hampers social progress and economic growth. Public education is a gigantic failure and is the reason why so many Madrassas or religious schools have spawned and fomented extremism. Still today there are nearly a million Afghan refugees calling on Pakistan's social services, to the extent these exist. Meanwhile the military and the intelligence services of Pakistan remain as powerful as ever and politically totally unaccountable to civilian control, pretense otherwise notwithstanding. Yet they either cannot, or do not want to control the terrorist threats, even condoning some of it for their own purpose. More importantly, ever since it became a nuclear power, restrictions on defence cooperation with Pakistan in the last decades has impacted negatively on the West's ability to influence the Pakistani military. There is no choice for Canada and like-minded countries but to engage with Pakistan. In this regard, Canada should take advantage of its long-standing relationship with "the Land of the Pure".

The other side of this grouping is Afghanistan where so much effort has been expended this last decade.

As we enter now into late winter of 2013, the situation in Afghanistan is problematic and the outcome remains in doubt. On the positive side, security operations against insurgents have produced some good results and development assistance has helped transform parts of the country. But governance remains weak and corruption is still rampant.

International support is waning and with it the likelihood that without continued support beyond 2014, Afghanistan risks a plunge into anarchy and the civil war that raged in the 1990's. There are several threats to the ISAF mission's exit strategy which bear watching between now and 2014:

a. The United States will continue to progressively reduce the number of combat forces in Afghanistan between now and the end of 2014. It is possible that the zero – option (no residual U.S. forces) will be exercised irrespective of a SOFA agreement. Afghanistan has truly become the soon-to-be-forgotten war;

b. Other contributing nations might also not be willing to stay until the end of 2014. Fiscal pressures, war weariness and additional casualties could compel any number of NATO governments to accelerate their withdrawal from a war that has lost public interest and support; and finally

c. The Afghan government and the ANSF cannot survive in the short to medium term without heavy financial support from donor nations, support that is difficult to mobilize because of the fiscal state of many economies. Examples can be seen throughout Afghanistan's history of similar abandonment, and of the potential for insecurity, rampant unemployment and a crash in the Afghan economy after the withdrawal of NATO forces.

All these possible effects lead us to the beginning. The Afghan National Army is likely to be just good enough to stand on its own against the Taliban for several years, yet without adequate funding there appears to be no other outcome than a balkanization of Afghanistan along ethnic lines, a possible civil war or a return to Taliban rule.

Africa

Africa has become a major construction site and the income levels are rising accordingly. Reports indicate that Africa's consumer–facing industries are expected to grow by $400 billion by 2020, representing the continent's largest business opportunity. Regionally disparate and containing 54 countries and more than 2000 dialects, Africa is a complex, nuanced market. Consumers in the north have very different preferences and needs than those of the sub–Saharan countries, while southern Africa seems a world apart from the North. All too often, observers of Africa look at it as a monolith and fail to appreciate and understand the complexity of this huge continent of 54 countries and a total population of over 1 billion people. Average growth rates for the past 10 years hovered around 5% (with a dip to 3.5 in 2011 due to the turmoil associated with the Arab Spring). Sub–Saharan Africa is doing better, according to the IMF, and will achieve 5.5% in 2013. Some high flying economies like Gambia, Zambia, Mozambique and Ghana were growing at around 8%, exceeding growth rates in China. Therefore a growing number of companies are flocking to the "African Lions" to take advantage of the opportunities represented by high rates of growth and an abundance of natural resources. China and Latin American countries have come in force. Natural resources are the principal targets of inbound investment. The banking sector is following suit. A new "frontier" is being created.

However, resource based growth, well known in Canada, is not immune to severe price fluctuations. Indeed, a country like Zambia relies to a considerable extent on copper for its growth and is therefore deeply vulnerable to international demand and price changes. Inasmuch as foreign direct investment is mostly in the resources sector, the industrialization of Africa is currently at a relative standstill. Furthermore, with an unbridled population growth – over half of it below 20 years of age – the forecast for Africa for the next 15 years is for 330 million new entrants on the labour market, threatening to eviscerate all employment gains through massive youth unemployment, social unrest and political instability in areas of low governance.

Canada has considerable interest and investment in Africa, notably in the mining sector. Yet, our political credibility has suffered in the last few years due to the overall reduction in aid flows and the diminution in the number of aid recipients in favour of a limited number of countries of concentration, notwithstanding the logic of making a real difference in these as opposed to sprinkling aid in every country with no substantial impact. African traditional friends of Canada resent the government's shift of focus from Africa to Latin America, and North African Arab countries are increasingly concerned about the perceived Canadian government's bias in favour of Israel to the detriment of Arab and/or Muslim countries in a continent where Islam is expanding at a staggering pace.

While democracy has progressed to a certain extent in Africa, authoritarian regimes dominate many African countries. Corruption is endemic and corporate social responsibility remains an exception in many cases. Food dependency is high and income and wealth inequalities are growing. Politically, most of the world's instabilities and internal conflicts occur in Africa. The mess in the Democratic Republic of Congo is 50 years old and it affects the whole of Central Africa and South Africa as well. Often benefiting from tacit state support, Kony's Lord Resistance Army continues to threaten the region in quasi impunity despite huge efforts and forces sent after it. The Great Lakes region displays more signs than ever of division and confrontation, shrinking political space and fragmentation. According to expert Judith Vorrath, the international community's "preference for stable leadership, economic performance, and security considerations regardless of political conduct has been a fatal miscalculation before in the Great Lakes region." There is no end in sight as to conflicts in the Horn of Africa, involving at one time or another Djibouti, Eritrea, Ethiopia, Kenya, Somalia, North and South Sudan, and Uganda. It seems that the more the region acquires strategic importance, the more its components are subject to crises. Canada's role in that region is limited, except for CIDA's contribution, in 1999, to the Nile Basin Initiative (NBI) which was followed up, in 2008, with the Nile Basin Initiative Institutional Strengthening Project to the tune of $10 million over 8 years.

And then there is Mali and the broader region of the Sahel which could become the next world's powder keg and poster boys for a growing, Islamist/terrorist area of instability from the most western point in the Maghreb, all the way to the Pamir in Afghanistan. In late December, the U.N. Security Council passed a resolution calling for a purely military operation (not a peacekeeping mission) by African troops to help Mali combat Islamist forces occupying the northern part of the country. As the Islamist forces advanced further south, the French intervened at the request of President Dioncounda Traoré to stem their progress. While French forces can prevent an Islamist takeover of Mali, the insurgents will merely melt back into the population. Only a concerted counterinsurgency campaign by the Malian government, supported by France and other African states, can end the long–term threat. However, doing so will take years, and there appears to be little appetite to do so at present.

The Americas and the Caribbean

The Americas and the Caribbean has become a region of considerable importance for Canada. While there is no contagion in Canada from the region's issues on par with other regions this Strategic Outlook examines, and while the problems leading to failures of governance within some of these middle and southern Western Hemisphere states are mostly related to criminality rather than religious or ideological strife, some of these issues and problems could impact Canada in the long term.

General stability:

With the Middle East in flux and the Persian Gulf remaining an area of unresolved contention, and while Canada's strategic attention has shifted to Asia, it is no wonder that backyard hemispheric issues are often eclipsed by issues elsewhere in the World or even lost sight of. Equally, we seem oblivious to the fact that the "B" in BRIC economies, i.e. Brazil and, closer to home, Mexico, are respectively, Canada's 10th and 3rd largest trading partners.

It says much of the general political stability of the region that it does not dominate headlines. The Latin American – Caribbean region has the lowest ratio of defence spending/GDP of any region. Inter–state tensions and intra–state conflicts have been muted and unlikely to emerge as issues requiring regional or global attention. Of the eleven or so border or maritime boundary disputes in the America's, all (with the exception of the Falklands) are being resolved bilaterally or through submission of claims to the International Court of Justice.

Even the most publicized conflict areas such as those between Venezuela and Colombia have largely vanished. With the exception of narcotics–based conflict, intra–state conflict has also largely disappeared or is being addressed by various means. And except for the F.A.R.C. in Colombia which has, in the past year, renounced its earlier disruptive tactic of kidnapping for ransom and officially joined peace talks with the Colombian government, revolutionary movements which once dotted the landscape in the America's have largely disappeared.

Unorganized but identifiable conflict areas remain revolving around the lawless shantytowns (favelas) of the heavily economically disadvantaged; however, these are also being addressed in several countries through a variety of approaches.

The Falklands are an exception and will remain an irritant between the Argentineans and the United Kingdom, both of whom have learned to live with it.

Though Venezuela is not a source of conflict or instability at present, a close watch should be maintained as the probable transition occurs to a future without President Chavez is in the offing. The fading of Chavez from the scene is significant; not only because of the internal instability it will create in Venezuela, but because the 'ALBA' movement he created was the closest thing in the hemisphere to a real ideological clash. Indeed, within Venezuela, without Chavez the aims and effects of his Bolivarian Revolution may come apart and externally, his charismatic effect in leading regional groupings as an opposite to U.S. power may not survive his passing. Given that he has dominated Venezuelan life and policies for the last decade, and not much is known about his possible successors what might come next is difficult to divine. There is as well an outside risk that Chavez's demise could derail the on–going Colombia–FARC talks. Another outlier, somewhat constant, is the impact of possible change in the Cuba–US relationship. Canada, given its past relationship with Cuba and its current links is well positioned to be a partner in Cuba's eventual post–Castro transformation if pragmatism can supersede ideological principle.

The scourge of narcotics:

Notwithstanding the relative stability of the hemisphere and the fact that democracy has taken hold in most countries of the Latin American region (except where is can arguably be said that this process has led to some quasi–elected autocracies), the region does have serious problems due, notably, to narcotics and the uneven success of the fledgling war against this scourge in countries such as in Mexico, Bolivia, Colombia and Guatemala as well as Peru where it is blended with terrorism. We must also add to the list of problems the perpetual state of under–development of countries like Haiti and Honduras.

The ongoing counter–narcotics war continues unabated in Mexico. Since the Armed Forces were deployed against the cartels in 2006, some 55,000 people have been killed; 12,000 in 2012 alone. The cartels continue to operate simply because the profits associated with the narcotics industry are too great to abandon (estimated by some to be in excess of $30 billion per year) regardless of the more difficult operating environment created by Mexican security operations.

While the Mexican government has had some success in attacking the cartels, its efforts have forced increased consolidation between various cartel groups either because leadership groups have come under pressure or have sought better economy of force ratios and more cohesive strategies to respond to Mexican government successes. The second effect has been that, like business which seeks paths of least resistance in the flow of capital, cartel activities have begun to migrate to neighbouring Guatemala which does not have the same institutional resilience that Mexico has demonstrated these past few years. Guatemala has yet to receive the kind of support from abroad that Columbia and Mexico have benefitted from, which includes the sale of military equipment. Notwithstanding a war in its midst, Mexico successfully conducted a free election in 2012 and the new government of Enrique Peña Nieto has pledged to continue if not expand the former Calderon administration's security policies.

The case of Guatemala is interesting and different from Mexico. Even though the current President Otto Molina is a former general of the army, he has not been able to take on the cartels operating in Northern Guatemala who seek safer sanctuary there from the cartel wars in Mexico. In fact, President Molina is the first sitting official to have openly questioned the validity of the war on drugs and to ponder alternative solutions such as decriminalization. As a consequence, the northern regions of Guatemala have become hubs of narcotics transshipment, production and increasing money laundering. The narco–cartels have taken advantage of the pre–existing corruption of state institutions. The army has been reduced to a third of its original size and, having gone through a cleanup of its ranks as part of the end of the Guatemalan civil war, is less effective. The national police are reputed to be corrupt and inefficient. Even if the situation in the nation's security forces could be resolved and could be transformed, the judicial system has also been targeted by the cartels. Though some parts of Guatemala have demonstrated advancement through economic progress and the nation was able to surmount the issues of the civil war, address human rights abuses and conduct democratic elections, the principal institutions of the state, while improving, remain fragile.

Aside from the direct influence of the narco–cartels in Mexico and Guatemala, the distribution network and the trails running through various Caribbean island states as transshipment points towards the major markets of the United States and Canada remain a concern, notably due to the leech–like effect that cartel presence can have on the governing institutions of Caribbean states fearing they might be weakened. Given the direct effect of gangs, distribution networks and narcotics in Canada, it can be expected that military advisory roles and operational deployments will increase in the region.

For both Mexico and Guatemala, the possibility of a continuing economic downturn globally does not augur well for improvements, much like the lack of economic development in Afghanistan made poppy eradication and alternative livelihood programs difficult to implement. A continuing downturn in the economy will only cement allegiance to narco–cartels that in their own right are an employer and an economic force.

Haiti:

Finally, there is Haiti - the truly failed state of the region. There is a saying in the investment world that once the cab driver starts talking about what stock to buy, it is time to get out. Recently, in Canada, a well-known hockey commentator remarked that Canada's development and aid investments in Haiti were a waste of money and that charity should begin at home. These comments were coming on the heels of the minister in charge of CIDA expressing dismay at the lack of effectiveness of Canadian aid to Haiti three years after the 2010 earthquake. Without discussing whether these statements are right or wrong, they are reflective of the trends earlier in this paper, that pragmatism would prevail for the most part over principle and that all nations would begin to look internally more than they have externally. For Haiti, assuming that this trend is reflected amongst other major donor countries, the future for 2013 promises to be bleak indeed. At the very least, this might provoke another wave of illegal immigration attempts, especially towards the United States.

What it certainly does illustrate is how much the way in which we provide aid or try to raise nations from failure has been a failure in itself. It is no wonder that the emerging perception is that all we are doing is throwing good money after bad. We do need to find a way to alter this paradigm. Could we not consider, in Haiti's case, a period of international receivership or create a U.N. mandated territory, as was done for Timor Leste for a few years, as the only way to get off the treadmill of failure that Haiti has become.

The Arctic: the final, frozen frontier

In its remarkable course on the Geopolitics of the Arctic, the Center for Strategic and International Studies (CSIS) summarizes the present state of affairs in this huge region of the North whose Canadian area alone equals 25% of the global Arctic regions landmass: "The Arctic is experiencing rapid and extraordinary economic, environmental, political, and security transformation, presenting new opportunities for international cooperation but also the potential for regional competition and even conflict."

The melting of the Arctic ice cap is now exceeding previous scientific and climatic predictions. The increasingly ice-free Arctic waters and technological advancements have created greater accessibility to the Arctic region. New commercial opportunities for natural and mineral resource extraction, destination and transshipment of goods and materials, fisheries activities, and eco-tourism will fuel economic growth in the Arctic. Increased human and commercial activity in this remote region, however, is on a direct collision course with the fragile Arctic ecosystem and poses a daunting array of security challenges, including search and rescue, oil-spill prevention and response, environmental remediation, and border protection. Regulations with respect to these challenges are hollow without a presence – military and constabulary to enforce or enable them. And to know where problems might arise and be able to respond in a timely and effective fashion throughout the Arctic, requires that governmental, military and constabulary presence must enjoy a greater situational awareness than it presently does.

The Canadian Arctic includes the entire Arctic Archipelago which altogether comprises 40 per cent of Canada's landmass and includes more than 19,000 islands and 162,000 kilometers of coastline. With an area of 3,921,739 sq/km it is larger in size than India and almost the size of Europe

Eight nations have territory within the Arctic Circle: Canada, Denmark (Greenland), Finland, Iceland, Norway, the Russian Federation, Sweden, and the United States all with interest in the Arctic similar to Canada's. There is a general consensus among the states in the Arctic Council on the broad collective agenda of northerners well–being, ecosystem–based management and environmentally sensitive transportation, sustainable approach to oil and gas and mineral resources exploration and development, and the creation of a network of safety and security capabilities such as search and rescue, spill mitigation, etc. And while the challenges in the North are significant, the level of international cooperation between the countries in the area trumps the occasional flamboyant or bombastic acts such as planting a flag at the bottom of the sea, which change nothing in terms of the substantial legal frameworks or debates and ongoing negotiations.

The recent maritime boundary agreement between Norway and Russia beyond their northern coasts is a clear example of what is considered a highly civilized and cooperative regime between governments and subordinate institutions dealing with the Arctic. Furthermore, the Arctic Council, which until just a few years ago was a somewhat inconsequential organization until evidence of climate change became glaring as ice receded, is now a critical instrument of cooperation and circumpolar dialogue. Another example of international cooperation is the strengthening of the internationally legally binding instruments on Search and Rescue. (aside from an expected increase in maritime traffic, 115,000 commercial flights transit the Arctic per year on great circle routes)

Yet, the issue of sovereignty remains in the forefront of Canadian and other coastal countries' concerns. Indeed, in Canada's Arctic foreign policy, "the first and most important pillar towards recognizing the potential of Canada's Arctic is the exercise of our sovereignty over the Far North." But we should be under no illusion: the country with which negotiations will be most difficult will be the United States, if only for simple reasons of geography and the U.S. rejection of Canada's claim of dominion over the constitutive straits of the Northwest Passage.

More than resource exploitation, it is the efficiency of the northern sea trade route that promises to increase the number of transits through the North West Passage – more than 20 in 2012 and which are bound to increase as sea ice recedes – as the transit time from Asia to Europe is reduced by 3500 nautical miles or ten days of shipping time and without the fees incurred from transiting the Panama Canal. Consequently the issues of control and sovereignty are becoming more critical as the passage opens to navigation and for Canada, not being able to regulate, control and monitor shipping through the passage means the rest of Canada's security and environmental objectives are endangered.

And to provide a modest level of military or constabulary presence through the Arctic will not come cheaply. Distances are daunting and they are, in military parlance, strategic. For example; Guatemala is closer to Trenton, Ontario where Canada's C-17 transports are based, than Resolute Bay where an Army Northern Training Centre is being planned. RCN ships operate in the Arctic only with extensive logistical planning and then only in the summer months - and the RCAF does not have enough resources to provide the level of situational awareness that the government's sovereignty aspirations require.

It is clear that if we wish to continue to exercise our sovereignty in the Arctic, Canada must continue to invest in expanding our capacity to act and intervene in our extended waters and the Arctic Archipelago.

Beyond any specific region:

Terrorism

Terrorism is not a movement or confined to a specific geographic place, it is a tool or tactic of groups or movements. It nevertheless is a phenomenon that has had an impact on international security considerations for the past decade. Terrorism in one shape or another has been with us for a very long time, as activities of the IRA, Shining Path, FARC and ETA demonstrate. But their activities were, for the most part, tactical rather than strategic in nature until the terrorism acts perpetrated on 9/11 in New York and later in London, Madrid, Bali and elsewhere, most recently including south of Algeria. If there is a strategic effect of terrorism, it is not in the physical damage it causes or in the threat it poses to security forces but in the doubts it raises about the capacity of governments to provide security for its citizens and governments' ability to enforce the rule of law.

Because the public tends to focus on those unfortunately successful terrorist attacks, too little recognition is accorded the successes achieved in fighting terrorism. We should remember that "fortress USA" has successfully thwarted attacks on its territory since 9/11 and, in 2012, drones or missile strikes have accounted for the demise of dozens of top terrorist leaders such as Badruddin Haqqani of Pakistan and Zulkifli bin Hir of the Philippines. More importantly, the logistics, communications and coordination networks have been degraded to such a degree that terrorism, as an international weapon conducted a broad scale by a non–state actor, no longer presents a strategic threat. But, as evidenced by daily suicides, IED and other types of bombings in Afghanistan, Pakistan, Iraq and elsewhere, terrorism remains a threat that, more often than not, victimizes local populations. Yet, the branches of Al–Qaeda in the Maghreb and in the Arab Peninsula represent a growing threat to the African continent already beset by development problems and religious tensions. The Sahel, a 7000km^2 area of instability, has become the locus "par excellence" for al–Qaeda's expansion in Africa.

Terrorist activity in Canada mostly takes the form of fundraising activities for terrorist or extremist groups abroad. However Canada is far from immune to terrorist action as several terrorist groups are known to be present and penetration by these groups of Canadian communities for recruitment and policy influence cannot be ignored. And it is increasingly clear that the Government's unconditional support of Israel is creating amongst these groups a fertile ground to breed terrorists, imported or home grown, who could eventually launch operations in Canada. Iran and Syria are labeled state supporters of terrorism but many other states are unwitting hosts to terrorist groups. While there is a need for balance between counter–terrorism measures and the protection of human rights, there is no question that vigilance and international cooperation are essential components of the continuing fight against the scourge of terror.

Cyber Security

U.S. President Obama, writing in the *Wall Street Journal* on July 12, 2012, called the cyber threat "one of the most serious economic and national security challenges we face."

In testimony before the Senate Select Committee on Intelligence on 31 January 2012, FBI Director Robert Mueller said that "…down the road, the cyber threat, which cuts across all [FBI] programs, will be the number one threat to our country." He went on to point out that threats from cyber espionage, computer crime and attacks on critical infrastructure will surpass terrorism as the number one threat facing the United States.

In the past several years, there has been a growing list of complex computer breaches that highlight the wide array of threats:

- The high profile intrusions of Google's Gmail in 2009 which also targeted as many as 30 other high-tech companies;
- China is believed to have hacked into computer systems run by NASDAQ-OMX, the parent company of the NASDAQ stock exchange;
- Last year, RSA, the security division of the EMC Corporation, suffered a breach of the firm's intellectual property, Secure ID, which provides encrypted authentication services to defence contractors and the U.S. Government, including the FBI;
- In 2007, Russia is suspected of having engaged in a Distributed Denial of Services (DDOS) attack against computer systems in Estonia and again in 2008 against Georgia; and
- And cybercrime against persons is about much more than money or identity theft, considering the use of Internet chat sites to groom children as a precursor to real-life abuse, pedophilia, abduction and murder.

Cyber security systems and techniques have been developed in order to protect existing cyber systems from the threat of cyber–attack with cybercrime, cyber terrorism, cyber espionage and cyber war being 'the big four'. These threats are difficult to define because they not only are very complex in nature (they are technically multi–layered, employ a host of means and are perpetrated by a wide variety of practitioners whose goals vary widely), they also are aimed at any and all cyber systems ranging from personal, through corporate, commercial and industrial to state systems all of which are multi–layered and occupy different (from lower to higher) levels of complexity and security needs. All too often, they are discussed as a collective as though they were connected. This, quite frankly, is not helpful as we must disaggregate these if we are to establish priorities and outline policy options.

When reporting on cyber threats, the media tend to focus on threats to private systems containing personal (financial, medical and other) information, the criminal use of that information and on the use of cyber means for political action. At this level, cyber–attacks have ostensibly criminal aims; identity theft, fraud, access to personal finances and plain maliciousness. Hacking (perpetrating cyber–attacks) for political action by defacing or shutting down web sites is also a feature of threats to these private–level systems.

The boundaries between cyber system layers are somewhat porous and defy clear definition and at times, criminal or political hacking will be felt in the higher layers where hacking may intrude into banking or corporate systems, again with criminal intent; and not in an attempt to cripple a state. Equally, politically or activist motivated hacking will affect higher layers but, in most cases, hacks are issue specific and seek to achieve specific goals rather than the complete disruption of a system or the state. For example, hacks by the group Anonymous against credit card firms who refused to accept donations on behalf of "Wikileaks" were not intended to destroy the ability of the world to operate on credit or to destroy that system but to force a change in policy.

Cyber–attacks against the mid–layer of cyber systems, those of industry, business and corporations, can have many intended effects. These can include theft of intellectual property, trade secrets and secrets that might betray a competitive position (i.e. what a bid value might look like in order to obtain a competitive advantage). These all also considered criminal hacks, but the fruits of these types of attacks are far more complex and long term than simple "phishing" type attacks that aim to steal a few thousand dollars. Most often, they are industrially sponsored but can be accomplished in collaboration with criminal low–level hackers or in concert with state sponsored espionage, depending on the secrets to be gained.

Cyber–attacks against the top layer of cyber systems, those that are integral to the physical and economic security of a state, are far more problematic, in part because their provenance is difficult to discern. Hacks into a state's financial system (banks, stock exchanges, trading systems, to name a few) could threaten the day to day operations on which its economic security depends. Hacks into the national electrical, rail, traffic and telecommunications infrastructure could cripple the ability of a state to function, and hackers like terrorists can be state sponsored. Political "hacktivism" and sheer maliciousness can also manifest themselves on this top layer of cyber systems, giving policy makers a two–fold challenge: how to protect critical infrastructure from cyber–attack; and from a collective security and doctrinal standpoint – defining what constitutes an attack against a state?

But there is more to consider!

State and other physical infrastructure that hosts cyber systems must be protected from any form of disruption or attack if the security of these systems is to be maintained. Buildings in the United States and elsewhere which house server farms, routing centres or co–location facilities where all major phone companies, cable networks, telecommunication providers and long–haul fibre providers meet to exchange data between systems, are all open to physical attack. And with the advent of cloud computing where more and more data is centralized, the potential damaging effects of physical attack cannot be overstated.

Finally, and related to physical threats, are the suspicions that network equipment providers acting on behalf of states, are manufacturing equipment which include chipsets and circuit board architectures which will provide backdoor access into networks where that equipment is installed. Though not proven, Huawei has been targeted in media and in government circles as a company that may act as such a state intelligence enabler. Equally, the Chinese have had their suspicions over equipment supplied by U.S. equipment providers. It is easy to envision a future where telecoms technology becomes a national strategic resource and increasingly regulated. During the Cold War, certain processors and technologies were restricted from international sale and we appear to be embarking on a repetition of that regulatory regime.

Cyber security is one issue which is likely to define the relationship between the western world and Russia, China, as well as, on a lesser scale, India and Iran. Growing distrust in this regard is already affecting the emerging strategic relationship between China and the U.S. Yet managing that issue presents some nearly insurmountable problems because of the very nature of the "beast". Even the definition of what constitutes a "cyber–attack" is as hazy as is the identification of the perpetrator of a malicious cyber action.

The very nature of connected intelligence through the Internet puts a premium on sharing information, not on protecting it, thus making attack prevention a complex issue, encryption systems notwithstanding. Innovations in communications technology seem to foster the development of new cyber–attack techniques more than they generate defence mechanisms. This suggests that to manage cyber security, state governments must accept the fact that all advanced states will use cyber capabilities to carry out espionage against which they have a right and an obligation to protect themselves.

In doing so, they must recognize variations in the views and policies of states with respect to freedom of information, especially in cyber space, and define, if at all possible, the limit of acceptability of these variations as a basis for a relationship, e.g. between China, the U.S. and Canada. This calls for arriving at a common vocabulary among experts on what is considered criminal activity (somewhat akin to the agreement on terminology in arms control and disarmament negotiations), and at a minimum red lines, if cooperation is to be achieved in fighting cyber–terrorism and cyber–crime through agreement.

One would hope that Canada, as a prime target of cyber–attack, takes the issue as seriously as President Obama. U.S. policy decisions include establishing a front line of defence against today's immediate threats, defending against the full spectrum of threats, and strengthening the future cyber security environment. Canada must be part of the action.

8: CONFLICT SCENARIOS

As noted in the 2012 Strategic Outlook, any direct intervention contemplated by Western states, particularly in failed or failing states, will be driven by humanitarian concerns rather than by any fear that conflicts might escalate with global effect. The driving motivation will be to avoid entanglement in situations which are deemed unwinnable. Indirect interventions may indeed occur through provision of training assistance or logistical support primarily to and through proxies but, with the possible exception of specific scenarios, direct intervention will be avoided.

Conflict Scenario One – Iran

In 2013, the most probable and most dangerous conflict scenario would involve a strike by Israel, unilaterally or jointly with the United States, against Iran's nuclear facilities. The degree of U.S. participation and the size and nature of what might be targeted would have much to do with determining whether a limited, wider and more protracted conflict would result. In such a scenario, the aim of most Western nations would likely be to limit and contain the conflict as much as possible. But what are we to make of Israel's own strategic calculus regarding this issue given that its leadership has defined Iran's nuclear program as an "existential threat"?

For years now, some have suggested that an attack against Iran's nuclear program facilities would be the best way of denying it nuclear weapon capability, while others have advocated against the use of military force. An acceptable compromise that would satisfy both sides of this seemingly intractable issue does not currently seem to be achievable.

As a sovereign state, Iran believes it has the right to develop nuclear and ancillary supporting technologies for what it describes as legitimate and peaceful uses in the health and energy fields. This claim might be seen as credible were it not for Iran's public posturing and lack of transparency which has led many to believe that the aim of its nuclear program is to achieve nuclear weapon capability.

Iran's theocratic leadership has also uttered profoundly egregious statements: It has denied the existence of the Holocaust; has made anti–Israeli/anti–Jewish comments; it has expressed the desire to rid the world of the Israeli state; and it has threatened to target western facilities in response to any perceived threat to its sovereignty. Sadly, these statements and the Iran–linked assassinations and other terrorist actions around the world provide little comfort.

However, as a signatory to the Nuclear Proliferation Treaty, Iran has an obligation to allow full and unfettered inspection of its facilities by the IAEA and to accept limitations to enrichment programs which, in the opinion of the IAEA, currently go beyond what is required for peaceful uses of nuclear technology. In addition, the all too frequent discovery of laboratories, other facilities and locations which Iran seemingly tries to hide, has eroded any confidence in the eyes of the international community that anything Iran has to say can be believed. Therefore, question marks on its nuclear ambitions, coupled with its stance on issues dealing with Israel and other nations, provide no confidence in anything the Iranian government has to say.

In response, the United States has gathered together a coalition of concerned states that have imposed an increasingly tough array of sanctions aimed at containing Iran's access to technology, limiting its ability to finance further research, and damaging its economy to a point where Iran might be persuaded to change course or rendered unable to finance its nuclear program. In some quarters, it has been hoped that the effect of sanctions would be so severe as to prompt a regime change.

Sanctions have been extensive and cumulative in effect, touching not only technology sectors but the country's banking, shipping and energy sectors. They have also targeted over 30 Iranian firms, restricting their ability to trade. They have also targeted a host of oil and gas companies, and severely restricted the Central Bank's access to trading and credit instruments.

Additionally, individuals have been targeted and their access to international banking systems frozen. This is on top of an already existing regime of sanctions that has been in place for over 20 years.

The effects on Iran have been serious. Iranian oil exports have declined by one million barrels per day resulting in a 60% drop in revenue, with oil output, the main source of foreign revenue, declining to its lowest level in 23 years. The crippling effect on oil exports is amplified by the fact that Iran's refinery capacity is limited, forcing it to import petroleum products and to face the risk of domestic oil and gas shortages. Inflation is between 20 to 25 per cent and the Iranian currency, the Rial, has lost much of its value.

While sanctions have had a punishing and dramatic effect on the general Iranian population, they appear to have had little to no effect on the Iranian government and will not, on their own, cause the regime to topple or force it to change course anytime soon. It therefore appears increasingly likely that, at best, only a direct, credible and unequivocal military threat might cause Iran to make nuclear program concessions and, at worst, recourse to direct military action cause it to alter its nuclear program to an extent that would satisfy Israeli expectations. There nevertheless appears to be little support in the West for such an approach. All eyes will be on Mr. Netanyahu's weakened coalition government's policy in this regard and on U.S. President Obama's reaction to it. Israel's recent elections seem to have moved the Atomic Clock somewhat backwards.

By some accounts, Iran is still years away from being able to produce a rudimentary nuclear weapon though U.S. and particularly Israeli intelligence services differ on what that timeline is. Nevertheless, the steps yet to be taken include the production of sufficient fissile material, the development of a nuclear trigger and the assembly of a bomb and its components and its subsequent testing. It should be noted that a successful test (the only way to prove that a viable weapon exists and, de facto, create a casus belli for many nations) would be followed by additional technical challenges requiring miniaturization and the adaptation of the evolving weapon onto a delivery platform which also imposes another level of technical challenges.

However, the time by which Iran may be able to produce a nuclear weapon no longer matters, as differing perceptions of the Iranian threat, the calculus of the "window of immunity" to arrest or militarily target development and the lack of any progress in dissuasion have overtaken events. Perceptions form their own realities, particularly for the Israelis, and there is no reason to think that Israel will simply stand by and let events unfold on their own. This issue will be the major point of contention between the Unites States and Israel in 2013.

In his inauguration speech, President Obama left no doubt where he stood: "We will show the courage to try and resolve our differences with other nations peacefully…no one has a greater stake in a peaceful world than its most powerful nation."

In 2012, direct action against Iran was averted for a series of reasons that are no longer impediments to action in 2013. First, the world needed to be convinced that all peaceful means to bring Iran to the table had been exhausted – and these means included direct contact and dialogue and the coercive effect of an increasingly punitive set of sanctions. Second, unilateral action by Israel was likely prevented as a result of U.S. pressure made necessary because of the American election cycle. Thirdly, there was some debate within Israel on the nature and extent of the Iranian threat

In 2013, these impediments no longer exist. Sanctions clearly have not produced the hoped for results, the U.S. election cycle has abated, but in re–electing Netanyahu, Israel has given him a minority government which will require him to seek allies in other political parties who share his right wing views, especially in regard to Iran views he clearly articulated in his Red line speech at the U.N. General Assembly in 2012. Time will tell.

Despite all the reservations and objections surrounding a military strike on Iran, such an action remains a definite possibility and one that must worry foreign offices more than any other issue at the moment. The shock wave of such an attack would have serious repercussions in Afghanistan, Pakistan and much of the Middle–East region in the immediate term. This worst–case scenarios demands very close study:

a. Notwithstanding America's reluctance to engage in yet another Middle–East military action, any action could in the end likely involve combined U.S./Israel attacks on multiple target areas. An Israel–only attack would likely be limited to a small number of Iranian nuclear facilities, given that the Israeli Air Force has partial strike and sustainability capability;

b. With U.S. backing and participation, the target list would likely expand and provide the breadth of strikes needed to arrest nuclear development and ensure that Iran does not close the Straits of Hormuz. Judging by targeting conducted by the U.S. in Libya, Iraq and Kosovo, targeting would likely not be limited to nuclear facilities alone but would include Iranian air defence, intelligence and command and communications nodes, anti-ship missile sites, and naval targets. A limited objectives attack similar to the one Israel launched in 1981 against Iraq's Osirak nuclear reactor would raise the level of anti-Israeli rhetoric but would probably avoid a wider escalation, though the overall effect would be somewhat questionable;

c. If attacked in this limited fashion Iran might see no strategic disadvantage to responding as violently as possible beyond its borders either in an attempt to get leverage in any ceasefire or to obtain a moral advantage over the longer term. It would expect, and likely receive, widespread sympathy and be viewed as victim in Muslim streets everywhere, although Sunni Arab governments would hedge positions;

d. Iran's response would likely be fast, well–rehearsed and asymmetric in the main. Perhaps more dangerous and destabilizing than the expected attack on shipping in the Straits of Hormuz would be the often threatened large numbers of separate attacks of Middle Eastern oil facilities, and U.S./Israeli military and civilian and religious targets wherever possible, directly or by proxies, even beyond the Middle–East and Mediterranean zones. Depending on their severity, such retaliatory attacks could spark calls for a broader military campaign against Iran and perhaps even some support for regime change in Tehran; and

e. A renewed global economic crisis is almost a given should attacks flare up in the heart of the Gulf region. Oil prices would almost certainly spike and impact a U.S. and world economy already under pressure.

Should Iran show signs of buckling early on, the world would quickly right itself; but should Iran display a willingness to hit back regardless of cost, then the crisis could be prolonged and profoundly damaging. With the exception of the 1991 Gulf War, all modern conflicts have lasted far longer than first anticipated. And one should not expect an early regime change in Iran as most of the population would rally around its leaders at a time of adversity. If anything, the Iranians are a proud nation. Brinksmanship, if not action, will continue throughout 2013.

Conflict Scenario Two – North Korea

In 2012, the Iranian nuclear issue and its progression dominated many headlines. We have as much to worry about with North Korea if not moreso, as the Iranian regime by comparison, whilst worrisome, is at least somewhat constrained by domestic circumstances. North Korea has no such internal impediment to its actions.

Kim Jong-un, the new and very young leader of the country, took an initially aggressive stand, if only to consolidate his grip on power, not only alienating the Obama Administration by reinforcing the decision to put North Korea on the road to developing a nuclear weapon capable of reaching the U.S. in the next few years but by also turning down China when the latter asked it not to test a ballistic missile. The result was closer coordination between the U.S. and China and a condemnation at the U.N. notwithstanding the results questionable results of its ballistic missile test (the missile did deliver a payload to orbit though with stability issues), Mr. Kim formalized, in his country's Constitution, North Korea as a "nuclear armed state"; another signal that the government has no intention of giving up its nuclear program. And it is pretty clear that, as for earlier transitions, there are no indications of any opposition to the transfer of power within the ruling elite. The actual detonation of the recent underground nuclear test in the several kilotons range, officially aimed at giving North Korea a weapon capable of harming the U.S. indicates that the unholy alliance between the old die-hard military and their young stooge is rock solid. Walking on his father's footsteps, Kim Jong-Un seems committed to leave his own mark on his country's nuclear program. It also calls into question the degree of influence that china has been willing or able to exercise over the regime.

Thus, while Iran has not yet achieved the status of a nuclear weapon state and the debate is over levels of enrichment leading to and making weaponization possible, North Korea has demonstrably passed that threshold and possesses at least five to seven weapons and, with the construction of new facilities, may be able to boast of a nuclear arsenal of up to 25 weapons by 2016. The use of its existing nuclear arsenal is currently hampered by a lack of adequate delivery systems, likely limited at present to gravity bombs on aircraft that are not modern enough to survive an attempt to penetrate South Korea's air defence network. However, given that it has been nuclear capable since 2006, it has been able to work on advances necessary for fulsome and effective weaponization such as miniaturization, delivery systems (missiles), re-entry vehicle technology and missile targeting accuracy. Therefore, the recent underground test can only be seen as an attempt to advance its technology to a level of sophistication where it is not only a regional danger, but a wider international threat.

Clearly, sanctions have not worked, and every new round of sanctions is but window–dressing, giving the appearance of action while actually achieving nothing. It is unlikely that North Korea would use these weapons other than as a now more formidable bargaining chip to gain economic concessions to prop up its failing economy. But to give the bargaining chip weight, it must be more bellicose. Unlike Iran, it has a recent record of provocation, through the shelling of South Korean islands and the sinking of a South Korean ship. The danger of escalation is therefore great.

Finally, notwithstanding its protestations to the contrary, it is also worth considering the degree to which China benefits from having the North Korea card as a counter and diversionary issue in respect to its own increasingly authoritative stances in the maritime dispute areas in the East and South China Seas. It is no wonder that China is keeping the economy of North Korea from collapsing. Chinese scholars admit that a collapse of the North Korean government could result in a united Korea allied with the United States, which is a potentially unpalatable scenario for China. And the more the U.S. expands its military capability "around" China, the less China will be inclined to make life easier for the U.S. with North Korea. The result is that while China will try to restrain North Korea from doing anything beyond U.S. red lines, preventing North Korea from further progress in its nuclear weapons program is not in the cards. Referencing memories of both the Korean War and the Japanese use of the Korean peninsula to launch its invasion and occupation of much of China from 1937 to 1945, J. Stapleton Roy, a former U.S. Ambassador to China, wrote recently that: "China's opposition to Pyongyang's nuclear weapons program is as strong as our own. But unlike us, Beijing has an overriding security interest in maintaining influence in Pyongyang and in not permitting other powers to gain the upper hand there."

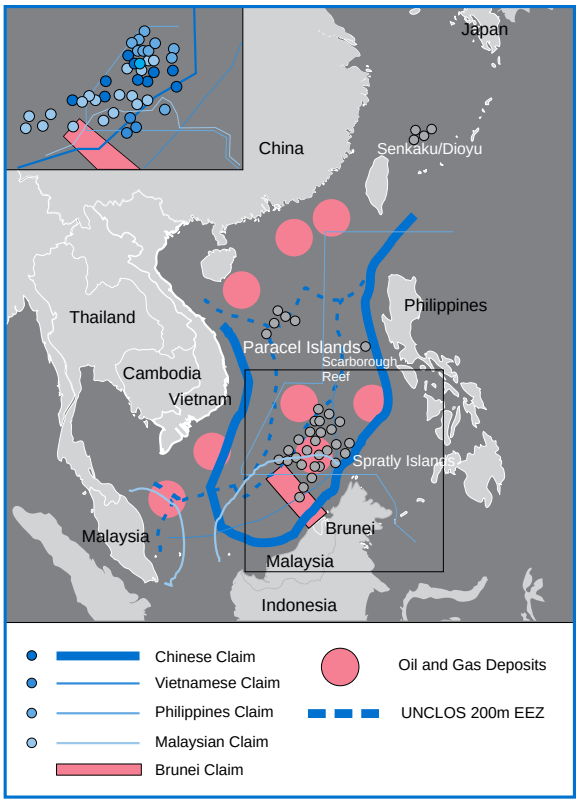
From a Western point of view, notwithstanding the "soft" New Year speech of the new leader of North Korea, that country has not become less dangerous since his assumption of power. And the economic situation in the country is not improving. Any unexpected collapse could even be more dangerous and trigger all kinds of security, political and economic challenges, calling for multi–country contingency planning. President Obama's pivot turn towards Asia is in itself a reaffirmation of the U.S. commitment to defending both South Korea and Japan. U.S. military retrenchment is therefore unlikely to happen in the region and will therefore likely add fuel to China's worries in what could be described as an infernal vicious circle.

Conflict Scenario Three – East/South China Seas

While Iran and the Middle East offer the most dangerous conflict scenarios for 2013, the most unpredictable scenario in terms of effects is an accidental conflict in the seas surrounding China. To most observers, the causes are well known and relate to China's claims over vast swaths of maritime territory which conflict with competing claims by surrounding states. If this were simply a maritime dispute, the potential for accidental conflict would be diminished somewhat, but within the disputed areas are found dozens of tiny islands, reefs and shoals which, in support of their claims, have been occupied by competing claimants. This is particularly true in the areas of the Scarborough Reef and Spratly Islands in the South China Sea and the Senkaku/Diaoyu Islands in the East China Sea.

The Senkaku/Diaoyu dispute has its origins in various interpretations of sovereignty through a host of 19th century, World War II and post–World War II treaties between China and Japan. Yet neither the treaties nor their judicial contestations in front of world bodies such as the International Court of Justice seem to matter anymore as both sides emphatically claim sovereignty.

In addition to the burden of history, the increasingly entrenched positions of the two claimants and the lack of any form of agreed–upon dispute resolution mechanism have resulted in an increase of posturing by both sides. Throughout 2012, both sides exchanged protest landings on the islands, planting flags and asserting claims. Chinese ships have patrolled the region, as have maritime patrol aircraft. The Japanese have responded with over flights by fighters and with the designation of amphibious forces for the defence of the islands. Japanese ships have collided with Chinese ships carrying activists and, on two occasions, detained them for a period of days.



China calls these actions provocations. Japan is emboldened to a degree as the islands and their prospective defence fall under the auspices of the treaty with the United States on Mutual Cooperation and Security, and in late November, the U.S. Senate unanimously endorsed the Webb amendment to the National Defense Authorization Act for 2013, which states that the Japanese administered Senkaku Islands fall within the scope of the Mutual Cooperation Treaty. As such, the U.S. would defend Japan against armed attack. The recent (December 2012) election of Japanese Prime Minister Shinzō Abe, promoter of a strong nationalist platform, occurs at a time when similar nationalist sentiments have increased in China.

Given the number of incidents which have occurred between China and Japan, including collisions at sea, detainments, the summoning of ambassadors and the like, the risk of an accidental exchange quickly spiraling out of control and involving the United States cannot be underplayed. Furthermore, given the stakes in the South China Sea, the Chinese may consider actions in the East China Sea against Japan, their most formidable opponent in the region, as a pattern or a warning to be used against other lesser states.

In the South China Sea, the area of the Spratly Islands is the second area of potential accidental conflict, but one that presents a lower risk than do frictions between China and Japan. China has had one standoff with the Philippine Navy/Coast Guard in 2012 which resulted in the Philippines ordering more warships from the United States, part of a growing re–armament in the immediate region.

The Spratly Islands and the surrounding sea have become important because of the probable reserves of oil and gas, the competition for control of fishing rights and the volume of commercial shipping which transits the South China Sea, all of which underlines the maritime and territorial disputes. Unlike the Senkaku/Diaoyu dispute, many of the islands and reefs are inhabited by small civilian populations or military garrisons in an attempt to underline sovereignty. All claimants (China, Vietnam, Malaysia, the Philippines, and Taiwan) except for Brunei have occupied islands in the chain and in some cases differing claimants are separated by only a few miles distance.

In 2011, Chinese patrol boats attacked and cut the cables of Vietnamese oil exploration ships in the area, sparking anti–Chinese protests in Vietnam. In 2012, China and Vietnam both conducted live fire exercises using both air and naval power ostensibly as a warning to each other.

The United States has not been as categorical with respect to the South China Sea as it has with the Senkaku/Diaoyu dispute, but in 2010 Secretary of State Hillary Clinton declared that the U.S. had a national interest in the area on top of its support for Taiwan and the Philippines. This prompted Chinese Foreign Minister Yang Jiechi to respond that U.S. Secretary of State Hillary Clinton “talked big about the relation of the South China Sea to

American interests, talked big about the pressing importance of preserving freedom of navigation in the South China Sea, talked big about opposing "threats" in the South China Sea...This seemingly impartial talk was actually an attack on China."

No one wishes to see an open conflict erupt in the seas off China, but absent mature fora for discussion, the threat of an accidental conflict is great and wholly unpredictable as intractable claims on historical territorial rights and perceptions of containment play out under the wider landscape of emerging power competition.

Conflict Scenario Four – Israel/Palestine/Gaza

While the Prime Minister of Israel has managed to use Iran as a major diversion from the Middle East Peace Process (MEPP), events have nonetheless caught up with him, as evidenced by the last Gaza crisis. This region will remain a potential tinder box until such time as some long term solution to the Israeli–Palestinian conundrum is found. Nevertheless, it is safe to assume that there is no risk of a major conflict in the immediate area given Israel's military superiority and the lack of appetite on the part of the neighboring Arab countries, struggling as they are with their own domestic problems, to launch any major operation. Besides, there are no real tensions between Israel and her state neighbours; what exists at the present—assuming that the decaying situation in Syria does not provoke an incident—is only muffled hostility,

Officially, Canada subscribes to all the international mantras of the MEPP, but the Government's quasi–unconditional and unwavering support for Israel, its rejection of most U.N. resolutions dealing with the plight of Palestinians suffering under occupation, and its muted reaction to the continued expansion of the illegal settlements in the West Bank and East Jerusalem, has not only served to increasingly estrange Canada from Arab governments and the Arab street – more vocal and representative today than heretofore, it could eventually squeeze Canada out of Middle East markets and prevent it from playing an effective intervener role in the region. At worse, we might be identified as an aggressive adjunct to historical U.S. positions and face security challenges that label may portend.

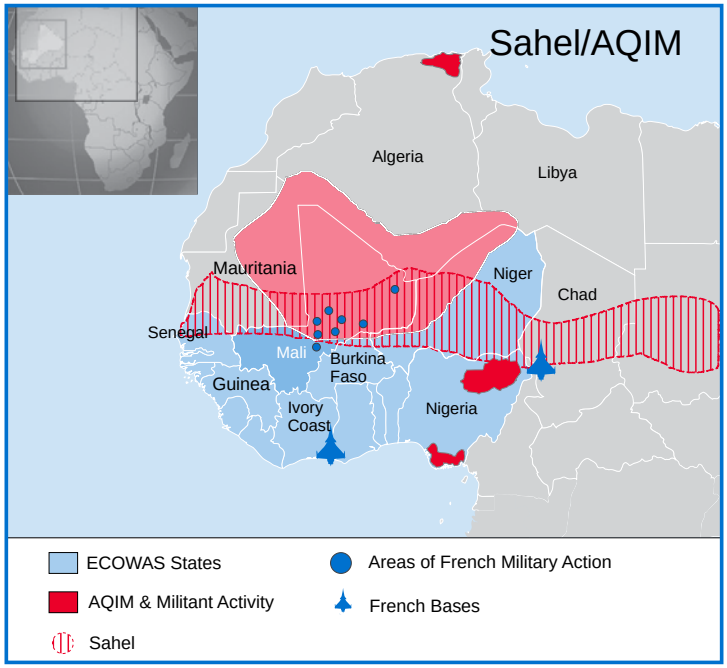
What is of greater concern, beyond the periodic eruptions which have characterized relationships in the region, is the possible demise of the two–state solution.

In the view of many experts, new Israeli settlements planned across the so called E5 corridor render the possibility of a viable contiguous Palestinian state as unlikely. Compounding this geographical reality is the incorporation, for the first time in recent memory, of right wing parties in the Netanyahu coalition which openly discard the notion of a two–state solution. The prospect of a single state in which a majority Palestinian population is ruled by a minority Jewish population pledged to denying it its long promised dream of an independent state would surely result in rebellion. Equally and possibly more vexing is what might occur with Gaza. Already estranged from the mainline Palestinian government due to its Hamas connection, Gaza is a strategic outlier sitting as a wart on the western border of Israel and in the middle of an Israeli strategic dilemma. Does Israel remove it and risk the inevitable counter–reaction from many regional states? Does it let it exist through contained neglect? Or does it seek some other solution? Until a solution is found, there is little doubt that Gaza will be the scene of more armed and deadly outbursts and retaliations.

There is no guarantee that a final agreement between Israelis and Palestinians on a Palestinian state existing alongside Israel would result in a significant cooling off in the region and a rapid abatement of terrorism in the world. However, there is no doubt that Israel's continued settlement expansion and the fundamental injustice meted out to the Palestinians (to whom the international community promised a state in 1948) add fodder to the Islamists' stridency and deeply undermine the potential influence of the moderate forces who are accused of betraying the only cause that unites Arabs. A great deal of blood has been shed in the Middle East on the altar of the Israeli–Palestinian conflict. Ariel Sharon's decision for the unilateral withdrawal from Gaza while maintaining and control over its borders, airspace and maritime access failed to be a stepping stone towards a general agreement.

The result has been Hamas' terrorizing rockets, suffering and deaths in Gaza, and growing insecurity for Israeli. It is odd that the terms of an agreement are known to all. Yet, its implementation continues to lack political will, particularly on the part of the occupying power. There are, however, three incontrovertible points that bear noting. First, for too long, what little amount of dialogue opponents have engaged in has been held by or through outside nations or interlocutors. Second, absent a holistic approach, as the Gaza experiment demonstrated, there is no hope for durable peace. Third, as long as certain states and movements deny the right of Israel to exist, no Israeli concessions can be expected.

Conflict Scenario Five – Sahel



The conflict in Mali is a wider war waiting to happen and the French intervention on 12 January is an indication of what is to come.

Since 9/11, the fundamental elements of counter–terrorism strategies have been the denial to terrorist organizations of safe havens, training camps and armaments. Yet, in Mali, Al–Qaeda in the Islamic Maghreb (AQIM) and its Tuareg allies have had access to all of these and, until the Franco–African intervention, were controlling an area the size of the United Kingdom. Their geographic control was not limited to Mali and despite the French intervention it still affects surrounding states because of porous borders. So far unmolested safe havens are becoming a magnet for fellow travellers from further afield. Furthermore, lying in the middle of a well–established cocaine transit route, AQIM is well financed and, thanks to the Tuareg, well–armed and by all accounts experienced.

Following the military coup in Mali in March of 2012, the collapse of the Malian government and the disintegration of the Malian military, AQIM faced no opposition and it is a fiction to believe that what remains of the Malian Forces can be trained and equipped in the short term to take on AQIM. Northern Mali is a de–facto functioning al–Qaeda state. In July 2012, in recognition of this situation, the U.N. passed SCR 2056 and, subsequently, SCR 2071 permitting the intervention in the region by a newly raised regional African force based on contributions from the Economic Community of West African States (ECOWAS).

Although recent events have accelerated preparations for the ECOWAS force (which was originally not expected to be ready to fully intervene before sometime in mid–2013), it will take time to get it in full gear. It is untried, untested and, like any cobbled coalition force, will face coordination, command and logistics obstacles. In the meantime, AQIM will not stay idle and, as events of early January revealed, will be looking to expand its territorial reach and control which is one of the reasons France, at the request of Malian President Traoré, decided to intervene.

However, the lack of NATO or western contributions to counter this de–facto al–Qaeda state is symbolic of the trends that we have pointed out throughout this Strategic Outlook that major nations, pre–occupied with fiscal issues, are avoiding entanglements.

France, exceptionally, has been a leading voice in alerting the West to the danger of AQIM in the wider Sahel and clearly did not wish to intervene alone. However, France's historical links, her forefront position, and her ability to project power from existing bases in central and West Africa, made her the only force which could counter the advance of AQIM forces southward. Based on its statements in the past concerning Africa, it is not surprising that the U.K. would be the most likely European country to offer support to France.

For the moment, this is only the opening round of a probable wider conflict. While France has arrested the progress of AQIM forces southward, re–taken territory under AQIM control and bought time for the Malian Army to be retrained and re–equipped, the root of the problem (Islamist influence in the wider Sahel and a possible AQ state in Northern Mali) will, sooner or later, need to be addressed.

With the possible exception of training assistance to ECOWAS and the Malian Army, and given that Mali is not top of mind with the U.S., it is unlikely that the NATO Alliance will contribute as it did in Libya and Afghanistan. The U.S. will likely provide intelligence and technical support but will not engage boots on the ground. However, a terrorist act traced to AQIM somewhere in Europe (France's major concern) or elsewhere, will force the West to confront the danger of an AQ state.

The situation is eerily similar to pre–2001 Afghanistan. The world knew Osama bin Laden had set up training camps in Afghanistan and knew he was responsible for several terrorist acts against western interests in Africa and elsewhere, yet the response was limited to cruise missile attacks and a general policy of containment. At a certain point in time, containment is no longer sustainable.

Like Afghanistan, there are several considerations stemming from this conclusion. Initially, as recent events have shown, the conventional force battle eliminating overt AQIM strongholds will eventually mutate into a counter–insurgency battle as AQIM insurgents/terrorists will inevitably blend into the population or find sanctuary beyond Mali's borders. The question that needs to be asked is clear: has the West embraced the lessons of Afghanistan, including resolving the issues of multinational military engagement and sharpening its counter–insurgency doctrine, or is it doomed (notwithstanding its reluctance to do so) to be forced by events to involve itself into yet another long term engagement?

There is enough fragility in the area, as well as North and South of Mali, for Islamists to turn the African mini–miracle into a road to hell. The means employed by AQIM are nothing short of organized crime, often with the complicity of regional governments. Very few of the efforts of political engagement will have an impact on smuggling of weapons and drug trafficking unless local governments are prepared to act to thwart the growth of the illicit economy.

In the longer term, a U.N. force is unlikely to produce this type of commitment, given that its aim will be to end a conflict, not building capacity and political leadership. Regional cooperation through the African Union is a start but achieving results will require donor commitments beyond what is currently on offer. And while the region looks for a rescue, the AQIM/Organized Crime coalition diligently nibbles away at the region's clay foundations.

NATO and the Defence Consequences of Fiscal Constraint

Meanwhile, NATO members attempt to hold the line on their current military capabilities. In October 2008, in one of its banner headlines, the *Times of London* wrote that NATO defence chiefs were fighting on three fronts: in Afghanistan, in Iraq, and on the economic front as the effects of the global financial crisis and the subsequent recession kicked in. Both the U.S. Chairman of the Joint Chiefs of Staff and the U.K. Chief of the Defence Staff voiced concerns that were widespread within the Alliance. U.S. Admiral Mike Mullen was quoted as saying that "The national debt is the greatest threat to our nation's security." The U.K.'s General Sir David Richards was no less blunt: "I am clear that the single biggest strategic risk facing the U.K. today is economic rather than military. Over time, a thriving economy must be the central ingredient in any U.K. grand strategy." The contraction of economies had begun to constrain defence budgets as early as 2008, but it was not until the results of the various national defence budget reviews surfaced in 2011 that the full impact on member states of sovereign debt, years of deficit financing, the Euro zone crisis, and the political impasse in the United States over budget cuts began to be felt.

For the first time in many years, fiscal considerations became the main driver of defence spending and of defence doctrine, aided in no small way by the feeling among political leaders and publics alike, that little benefit was being derived from the enormous financial and human expenditures made in Afghanistan and Iraq. By the end of 2011, most NATO defence forces were dealing with wholesale cuts to their military capabilities and to their budgets ranging from lows of 9% to highs of up to 28%.

What seems certain is that states will be considerably less ambitious than they have been in promoting their democratic values and in nation–building in "non–permissive" environments

A Refocus of National Interests

The attacks of 9/11 and the realization that organized Islamic fundamentalism represented a serious security threat triggered a multinational response aimed at preventing future attacks and restoring global stability. Ten years later, war–weariness and the high price paid in blood and treasure have caused a re–evaluation of the dangers that truly menace Western states and of the benefits that accrue from investments made in waging the "war on terrorism" and in attempting "nation–building" in war torn societies. Underpinning this re–evaluation was the growing realization that limits existed on what western states were capable of.

Allied Trends

A national strategy, in part and in priority, must define national interests and elaborate on the means to defend them. In an ideal world, this process is divorced from economic, financial and other considerations. To state the obvious, such a world does not exist. The real world we live in today is one in which the international landscape is ever changing and beset by severe fiscal pressures; it is a world in which all of Canada's allies have been forced to re–examine their national interests.

Since 9/11, a military approach to security has dominated Western national security policy as a whole and consumed a disproportionate share of resources in combating terrorism. In the early years of the decade, terrorism was understood to be the most serious security threat to western nations. However, fiscal pressures have driven them to develop a more unified concept of security.

In France, the most recent White Paper uses an overarching national security strategy as its foundation where "French security interests are appraised globally without restricting the analysis to defence issues…to provide responses to all the risks and threats which could endanger the life of the Nation." The scope of this foundation includes defence policy but is not limited to it. It includes the interplay between the use of military forces abroad, the defence of the nation and the elements of conflict prevention through non–military engagement.

In the United Kingdom, the Strategic Defence and Security Review and corresponding articulation of a national security strategy lead to a Foreign and Commonwealth Office and Defence–developed defence engagement strategy which underscored that Britain's interests would be affected by a more partnership–dependent role in the world with regional focus in conflict prevention. As a consequence, notions of deterrence, dissuasion and the interrelationship and application of both hard and soft power, all within the delivery of joint effect, now guide force structures and employment.

In the United States, spurred by the twin realities of budgetary challenges and the high costs of defence investment when there are few clearly identifiable strategic threats to the United States - has driven reflections on the type and size of forces needed for the future. For example, Russia does not pose, and is unlikely to pose, the threat it once did. China, though growing in economic and military might, has a complex relationship with the United States, which offers as much reason for hope as fear. The U.S. is also ending a decade of involvement in the Middle East and South Asia, in wars that cost trillions of dollars and more than 7,000 American lives. At the same time, however, civil wars and unstable political situations remain in the Middle East, Africa and South Asia. Terrorist attacks also continue to unsettle these regions. Still, these threats of instability are ones to be managed rather than solved through prolonged military engagement.

At the same time, U.S. capabilities to fight unconventional wars on the ground, to defeat insurgencies, to stabilize governance, and to ensure security for societies in distant regions are limited, at best. This is not because of any deficiencies in, nor malpractices by, the U.S. armed forces. The task of imposing order, providing good governance, and inculcating democratic values in foreign, undeveloped societies riven by internal conflicts is simply too difficult a task, and not one for which military forces are particularly well-suited.

Thematically, defence reviews in all of these countries share some of the following characteristics:

- Information warfare/dominance, sometimes colloquially grouped under the term cyberspace, has emerged as a priority. Importantly, there is now a holistic understanding of this space as a security domain beyond the narrow definitions that have been ascribed to it;

- Paradoxically, all defence reviews see the world as less likely to erupt in open inter–state warfare. They do however see the world as a less stable, less predictable and altogether more uncertain and dangerous because of intra–state conflict and the possibility that many of these conflicts are, or could become, proxies for inter–state conflicts;

- There is a general acknowledgment of the fact that soft power is the hand–maiden of hard power and that the two are inextricably linked; a nation's national interests are best served by a variable and symbiotic application of diplomacy, development, humanitarian aid, intervention and military response appropriate to circumstances. Hard power, in the delivery of military force, is best achieved by joint effect across the traditional domains of land, sea and air, and the new domains of space and cyberspace;

- All recognize the impact of economic and fiscal circumstances on their respective nations. The latter has invoked serious thinking around the benefits of what Robert Gates, the former U.S. Secretary of Defense, termed exquisite technology;

- All reconsiderations of interest have also provoked a closer look at what geographic areas of the world are of greatest importance to each individual nation. But what is common to all is that they require an ability to "project" forces; and finally

- Beyond war fighting, in all four key allied nations, their respective navies have grown in importance relative to the other services. Since direct involvement in conflict consumes only a percentage of a nation's international defence efforts, there are other considerations to the design of armed forces other than just war fighting as armed forces are expected to deliver both hard and soft power in pursuit of national objectives. Equally, a common aspect of allied defence reviews has been the projection of soft power, in conjunction with comprehensive approaches. Navies enjoy a particular advantage in this regard as every time a ship sails to foreign waters it represents a projection of national interest. Depending on the ships used, and their mission, a naval ship can deliver soft power effects (dissuasion, protection, or enforcement or the delivery of humanitarian aid or disaster relief) and can do so as an military asset alone or as a platform for a wider national comprehensive engagement. No other service enjoys that ability to the same degree. Yet Mali, like Afghanistan, demonstrates that an investment in one service cannot necessarily be made at the expense of another service because, as is clear, ridding Mali of AQIM will be a task heavily dependent on ground forces. Each decision on force structure implies some form of risk.

9: CANADIAN INTERESTS

Canadian interests ought to be based on a clear understanding of the strategic environment in which the nation finds itself. These interests define how it conducts its relations with others, deploys its armed forces and uses it foreign policy assets. Alongside Canada's foreign policy and development efforts, this nexus is at the heart of how to articulate the mission of the Canadian Forces and in turn the choices to be made in the acquisition of platforms.

There is little promise that the future will suddenly be characterized by international peace and security. In fact, the outlook suggests conditions will be more like those of the 19th rather than the 20th century: diffusion of power among states; unrest in politically sensitive regions; energy insecurities; potential disruption of maritime commerce; globalized criminal networks; and the continuing scourge of terrorism and fanaticism.

Lessons for Canada from the Conflict Scenarios – 2013

One of the key points flowing through all of the possible conflict scenarios, with the possible exception of Korea and Palestine, is how much the element of surprise could play a role. Strategically, the probable areas of conflict can be predicted with a reasonable amount of certainty. What is impossible to predict is the exact shape and form in which the conflicts will materialize. A conflict scenario involving Iran, for example, could generate a variety of sub scenarios or outcomes, depending on what triggers the conflict and how Iran reacts. In Mali, the need to remove the al–Qaeda state was predictable, but few predicted that AQIM would so rapidly provoke a French response. In the East and South China Seas, a number of events could lead to a confrontation either on the high seas or over islands, but what sort of event would actually trigger a conflict remains unknown.

What this means for planners and policy makers, especially in these times of fiscal restraint, is that if, say, Canada were to decide to play a role in a conflict that unpredictably, surprisingly and suddenly erupted, little time would be available to mobilize, train, and deploy resources to the area unless a force were already available at a sufficient level of readiness (i.e. already mobilized and trained) to respond. In Libya for example, HMCS Charlottetown was initially dispatched to assist in a limited non–combatant evacuation operation (NEO). Once in theatre, however, its mission evolved substantially to one of directly assisting the air campaign and Misrata ground forces. This experience demonstrates that in today's complex security environment, CF members must be prepared for the widest possible range of contingencies. If defence cutbacks force a choice between readiness and other priorities, high readiness should be given priority. At a minimum, a range of units capable of performing a spectrum of international operations such as disaster assistance, NEO, naval and air interdiction and hostage rescue operations, among others, should be on call.

Where we are today…

In 2005, the *Economist* wrote "Canada has everything, except perhaps ambition." This quotation, masquerading as a cliché, purported to encapsulate how Canada was viewed on the international stage. The question is whether it still applies. Although it is true that many did at times view Canada as geopolitically bound by its geography, in light of the extraordinary challenges affecting our planet, Canada has had to respond to these challenges through a more committed projection of its hard and soft power. However, today one would expect an even greater sense of urgency in light of the revolutionary changes taking place around the world, because of the inter–relationship between our interests and the world at large. But recent political, economic and security decisions suggest that Canada will be looking towards containment and limited involvement.

While the expression of Canadian values is not in antinomy with our interests, it is clear as well that a sense of responsibility for solving global problems, be they of a security or environmental nature, is no longer a dominating variable. It is not just a case of "war weariness". Canada may not have renounced its core values of commitment to open and democratic societies, but it is a fact that our traditional practice of dialogue, tolerance and compromise as well as our commitment to international human rights, social justice and economic fairness (i.e. human security), may not be as vibrant or front and centre as it once was.

Working for international peace and fighting poverty is now subordinate to what is needed domestically. The human and economic sacrifices made in Afghanistan have been set aside as many nations feel they have done enough and now begin to look inwards. A values–based foreign policy remains in place, but with much less resource commitments. Policies are defined more in pragmatic than in principled or idealistic terms. For instance, projecting Canadian culture abroad is no longer part of our value–driven arsenal and the promotion of Canadian learning abroad is strictly viewed in economic terms.

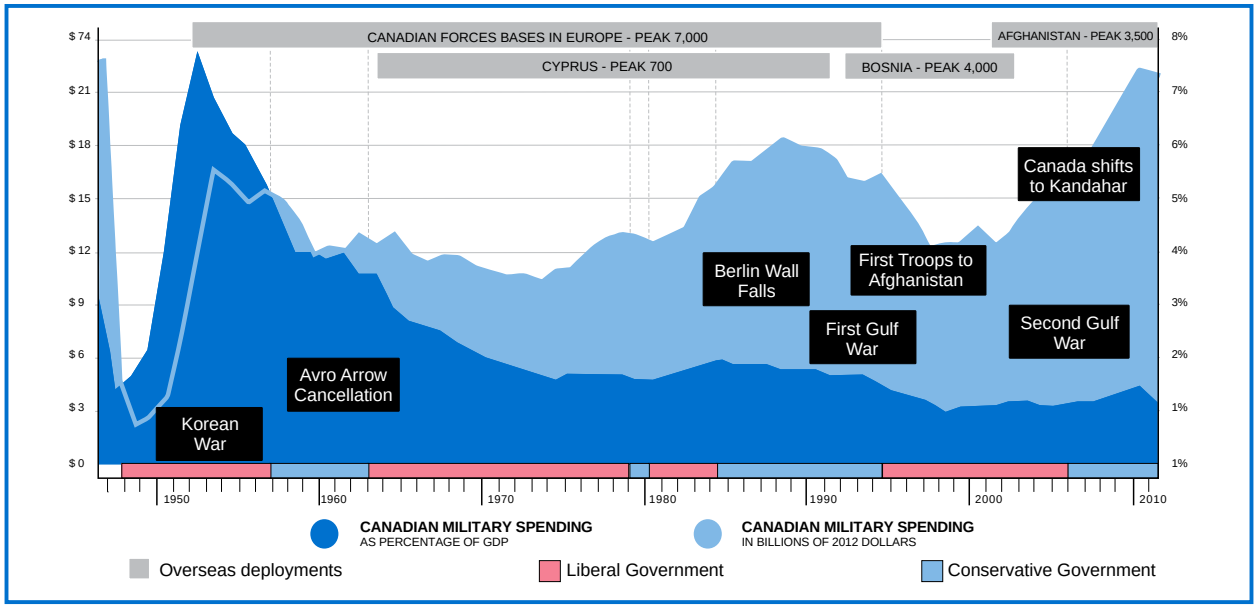
Where we should be…

The wars of the last 20 years have demonstrated to Canadians the importance of highly capable military forces to deal with aggression, to counter insurgency, to help rebuild the self–reliance capacity of failing states, and to deliver humanitarian and disaster relief. Canadians have learned the value of being able to deploy and sustain forces at great distances for such purposes; forces which combine the strengths of its three services and can cooperate effectively with civilian arms of government rest at the core of Canadian expeditionary capabilities. Nothing in the strategic outlook suggests such abilities will be less important in the future.

For all that, there is absolutely no question that Canadians will expect governments, of whatever political persuasion, to be able to send the Canadian Forces abroad in support of worthy causes and to protect and advance Canada's national interests. Nothing in Canada's history hints at anything else.

It is also becoming increasingly evident that, beyond North America, the strategic focus of Canada's national interests has shifted from Europe to the Asia-Pacific region and that Canada's international security policy will have to adjust accordingly. Immigration flows across the Pacific now exceed those across the Atlantic and Canada's trade with partners in Asia collectively surpasses its trade with every other region except the United States. There might be some balancing were we to conclude and exploit to the maximum the Canada-E.U./Comprehensive Economic and Trade Agreement (CETA).

All this should lead to a vibrant discourse on the strategic outlook for Canada. Yet, compared to the deeper reflections amongst our closest allies on national security and defence issues, Canada has done little more than shave ice–cubes. There is little evidence of strategic thinking, cohesion and effect, and even less evidence of comprehensive approaches to national security. The risk in shaving ice cubes and not critically examining what abilities to focus on creates a hollow force.



Across the board reductions create the impression that all units, their equipment and ancillary capabilities have been retained, when in fact some become excess to what can be effectively supported and lack the resources to adequately man, train and maintain them, or to keep up with advancing technologies. To avoid a hollow force and preserve core capabilities, it is sometimes wiser to reduce the number of units or capacity.

Transformation and the Canadian Forces

The word transformation (a change from one state to another) has been in the Canadian Forces lexicon for more than a decade. Except for the Defence Policy Statement of 2005 on the subject, there has been little clarity in regard to its aim.

The word has been applied to various activities of the Canadian Forces, to administrative transformation, and to operational transformation, for example, both of which rely on procurement of weapon and other systems that are to last for 40 years on average. Under such circumstances, it is difficult to imagine how transformation of a particular activity could be achieved in an effective way.

To illustrate, once in power, the Harper Government articulated a very clear concern for northern sovereignty. This thinking was based on anticipated future Law of the Sea claims, the opening of the Arctic Seas to navigation, resource competition and environmental stewardship and increasing Search and Rescue requirements over both land and sea areas of the North.

This clear view precipitated the search for, and eventual acquisition of, an Arctic Offshore Patrol Vessel, even though traditionally the Canadian Forces had never anticipated such a role and in fact actively avoided it. And so, government direction and interpretation of how it strategically views the world is the absolute bedrock on which foreign affairs directions and military capability are built. The 2008 Canada First Defence Strategy (CFDS) provides some of this direction but not enough and is currently being reviewed.

Budgetary Issues

Due to deficit reduction measures, DND faces a fiscal position very different from the one envisioned under CFDS. A significant portion of the capabilities planned for under CFDS are not affordable. Recent procurement history gives no reason to believe that it will be. Given this fiscal reality, tough choices will have to be made as CFDS capabilities are abandoned or substantially reduced in scope. The addition of new capability to the acquisition plan will also clearly have to come at the expense of a previously planned purchase.

This review must be undertaken first, using the suggested strategic review process. Second, it should also be underpinned by a comprehensive assessment of how DND currently spends its existing finances, and how this spending will be adjusted to meet deficit reduction targets. The Report on Transformation (ROT) produced one such snap–shot that can serve as a template. Its data is now two years old, and preceded reductions which will remove in excess of $2.1 billion in defence spending. A comprehensive assessment of how and where DND spends existing funds should be used to inform the needed changes in the capital program. One of the revelations brought forward by the ROT is that DND possessed a very weak understanding of how it spends its money, or even how many people are in its own employ. This is both inexcusable and a serious impediment to making tough strategic assessments about divesting planned capabilities.

Furthermore, while delay within DND is not the only source of project slippage, it is the only source of delay that is likely to be fixed. None of the other players in the defence acquisition team have a strong incentive to ensure that DND receive the equipment it needs, when it needs it.

Critically, the CFDS was never affordable to begin with, prompting, in part, the creation of a Transformation Team in 2010 to make up for a roughly$1B shortfall in CFDS affordability by finding savings elsewhere in the defence establishment. The CFDS is now five years old, and since it was announced, we have seen the global recession, the rise of China, an Arab Spring (and now winter), the end of the war in Iraq, the beginning of the end in Afghanistan and the experiences of Libya and now Mali. CFDS was aimed at a very different world. It contained 11.5% more funding than is currently available, and counting. It outlined a 20-year capital plan in Budget Year dollars that are not being inflated as projects slip, which is eroding purchasing power massively. The ultimate challenge, however, is that entirely independent from these two points the plan was not affordable in the first place.

On top of this, for a number of reasons, the capital program outlined in the CFDS has not progressed on schedule, and billions of dollars have not been spent in the years intended. In some cases, these funds were lost outright; in others they were re–profiled into the future.

In both cases, the purchasing power of the CFDS Capital plan has been eroded significantly, as every year of delay exposes capital investment funds to the deleterious effects of annual, compounding, Defence inflation that averages 7%.

In a speech at the CDS Change of Command Ceremony in October 2012, the Prime Minister was more explicit than usual in providing direction to the new Chief of Defence staff, noting that the CF would be subject to the same pressures of an uncertain global economy and therefore would need to restructure in order to reduce administrative burdens in the search for more “teeth” and less “tail”. In his speech, the Prime Minister provided little information concerning Canada’s international role.

The “very real budgetary constraints” mentioned by the Prime Minister can be viewed as negatives. They could also be viewed as providing greater lucidity, creativity and focus in defining strategic roles. Yet, within the CF, rather than carrying out a critical self–examination of core functions with a view to the possible elimination of some of these, every function has been maintained at lower financial and consequently lower viability levels.

The only noticeable change has been the amalgamation of certain headquarters and a reduction in the number of reservists employed on full–time service. There has been little discussion on capital programs and their impact on future budgets or on whether the equipment we are presently scheduled to acquire fully serves the future purposes of the Canadian Forces.

Unfortunately, CF-18 replacement debate is almost entirely focused on the issues of affordability and technical superiority when it should, in priority, be about which aircraft would best serve Canada’s domestic and international (expeditionary) needs, both of which entail joint navy, army and air force operations.

A similar sign of trouble seems to be plaguing the National Shipbuilding Procurement Strategy. It would appear that the Joint Support Ship (JSS) naval resupply capabilities requirement may have been reduced to minimum levels, thereby reducing the Navy’s joint operational effectiveness. Meanwhile, the question of the mix and number and type of surface combatants and Arctic Offshore Patrol Vessels has not been evaluated particularly in consequence of geostrategic shifts and Prime Ministerial direction which appears to focus on domestic sovereignty issues.

To add to what can only be described as a less than ideal mix of capabilities for joint expeditionary operations, the Army is acquiring vehicles and upgrades to fleets whose characteristics correspond to those required in an Afghanistan–type theatre of operations, thereby limiting the government’s options in regard to future expeditionary deployments.

The decisions the Government must make in regard to equipment acquisitions for the three services is made even more complex by a yet to be articulated Asia–Pacific policy and what defence and security effects this may have. The potential complexities result because of the possible need to consider changing the relative size of each of the three services and to modify the operational capabilities of each. All the while, this must be done while also introducing new capabilities such as UAVs and potentially military cyber defence within existing budgets.

While the difficult process of transformation of the Canadian Forces continues, the government has yet to institutionalize the many lessons learned from the inter–relationships that were developed or seen to be wanting between the Canadian Forces and other ministries of government during Canada's involvement in Afghanistan and other theatres of combat and non–combat operations, many of which have been the subject of much research and many papers in the recent past. In this vein, miscommunication and ineffective coordination of the sort that occurred during the short–notice evacuation of Canadians from both Egypt and Libya in 2011 needs to be ironed out. Furthermore, lessons from our Afghanistan Whole of Government experience, which point to the need for the integration of efforts by different agencies and ministries prior to deployment if operations are to be effecive and friction is to be reduced, need to be incorporated in standard operating procedures.

For decades, two alliance commitments, NATO and NORAD, have served as the backbone of Canada's collective security interests. Though these will likely continue to serve as key pillars of security for the future, there has been little discussion, in the context of a changing world, as to what Canada formally would wish these alliances to be. Despite recent and demanding out-of-area engagements, NATO risks reverting to its previous and more limited role as regional security grouping than a more global alliance of liberal democratic states. As far as NORAD is concerned, it could transform from the current North American Aerospace Defence alliance to a continental defence alliance responsible for perimeter security in the maritime and airspace domains.

While Asia–Pacific has not been at the centre of NATO's attention, the allies need to be reminded by their North American partners that the Alliance does not end in the Bay of Biscay but off the Western shores of the United States and Canada, not forgetting the vast expanses of French territory in the South Pacific. With trade swings towards Asia also being felt by the European members of the alliance, Asia Pacific issues are NATO issues as well.

Beyond these formal alliances, Canada seems to be relying more and more on its Five Eyes community relationships, given that most areas of possible conflict would likely fall outside the areas of responsibility of traditional alliances (this is particularly true in the case of NATO). In future operations, Canada will likely be part of a coalition of the willing built around the Five Eyes nations, France and a select group of willing NATO nations. To better prepare for likely multilateral operations, Canada should focus on improving its operational and strategic relationships with these countries with a view to developing more globally oriented security architectures.

An increased defence dialogue with France would also be in Canada's interest. France is one of the few countries with a global view and due to her overseas possessions has a foot in every ocean of the world. France's position in the South Pacific and France's existing defence cooperation in the region with New Zealand, Australia and the United States would form a complementary adjunct to Canada's own initiatives to establish operational support hubs and a greater presence in the region. Canada's bilingual nature could provide a bridge between France and the traditionally Anglophone Five Eyes community.

Canada and Cyber Security

Acts of espionage to clandestinely access the secrets of others is nothing new. The use of spies or various forms of intelligence to access a state's political, military and economic secrets or a company's industrial and business secrets have been practiced since time immemorial. Cyber espionage is ultimately the same as traditional espionage: the covert access of information of national interest belonging to others, only accessed electronically.

The threat to Canada's security, and to the security of our allies, is much greater than it might appear to be at first glance and the situation in Canada is discouraging and getting worse. For example the number of malicious websites hosted in Canada has ballooned 239% since last year. Canada currently ranks 6th in the world in cybercrime events.

More than 100 countries are capable of conducting cyber operations against technologically advanced countries such as Canada. The attempts are constant and relentless. Many countries' capabilities are prolific, unconstrained by resource, legal or policy limitations. With our advanced economy, connected government services, important international role and our proximity to the United States, Canada is an extremely attractive target. And as we experienced in January/February 2011 in the case of Treasury Board and the Department of Finance, undetected compromises can be both expensive and time consuming to address, to say nothing of lost productivity in the meantime.

Cyber terrorism, much like cyber war, is out there as a possibility but to date it has not manifested itself as a weapon that would instill terror or strategic effect on an adversary. Its use by terrorists has been in an enabling capacity and to date there has been no indication that the terrorists have the capacity to make it an offensive threat.

In contrast to cyber war and cyber terrorism, cybercrime and cyber espionage are offensive weapons that are doing considerable harm to our way of life and economic interests today and their upside for harm is seemingly unlimited. Consequently they warrant increased attention on an urgent basis.

Engagement with Canadians

All of the issues outlined in this section argue for increased dialogue with Canadians on the type of national security and defence efforts they would wish – and paramount to this is an increased openness and debate about defence and security issues. Outlets for academic discussion such as the modest funding for the Security and Defence Forum (SDF) have been casualties of fiscal restraint resulting in little public or academic discussion about a Defence Policy review or a CFDS reset – though all parties acknowledge the present CFDS is unaffordable. Defence procurement is in disarray begging reformation and the new Chief of Defence Staff (CDS) needs to be seen more often in public if he is to help government shape the national debate. Quite simply, increased dialogue with Canadians with respect to defence and security issues is in the long term interest of government.

10: RECOMMENDATIONS

National Strategy

The Government has gone through considerable security and economic challenges in the last six years and is facing a changed environment at home and abroad. This has led to retrenchment and new financial pressures at home and an international landscape considerably different from the one the Government faced during its early years in power when many current policies where designed.

> **Recommendation 1** – The Government needs to undertake a full foreign policy, trade and development, as well as defence review pursued across government in order to present a unified vision of Canada's role in the world and of its means to exercise it to the satisfaction of Canadians.

National Defence

Given the changing environments (fiscal, strategic and security) outlined in the Outlook so far, the government needs to articulate a renewed vision for the armed forces that goes beyond levels of readiness. This articulation should include areas of the world that are of security import to Canada, as well as what level of ambition the Canadian Forces pursue in planning for independent deployment or within a coalition framework, not only in times of war but in time of peace as well.

> **Recommendation 2** – The Government needs to consider a new Defence White Paper under the aegis of the wider reviews detailed above or a complete reset of the Canada First Defence Strategy. Policy clarity in the following areas would assist in the operational transformation of the Forces.
>
> a. What missions are the Forces expected to do independently and which missions will only be conducted within a coalition or alliance? And of these, what level of readiness is expected?
>
> b. The Canadian Forces routinely carry out domestic operations for which they have always maintained a high readiness level. The Forces equally provide a regulatory enforcement/ constabulary function domestically. Given its emphasis on expanding Arctic sovereignty, the Government should clarify and set its priorities and intended balance between domestic and expeditionary capabilities and roles.
>
> **Recommendation 3 –** In international operations other than war, what does the government envision in terms of defence contribution to the following areas, and are there particular areas of the world that Canada should focus on more than others? This determination should include guidance on what level of defence and financial resources it intends to assign to the following activies:
>
> a. Canada's broad diplomacy;
>
> b. peacekeeping;
>
> c. capacity building; and
>
> d. humanitarian/disaster relief roles.
>
> **Recommendation 4 –** The Prime Minister confirmed the observation in the Leslie Report on Transformation that the administration of the Department of National Defence and the Canadian Forces is bloated and is diverting monies which might be better used to achieve operational effect. It is strongly recommended that NDHQ structure and departmental processes be re–aligned and trimmed whenever required.
>
> **Recommendation 5 –** As part of the defence review, the balance of, and inter–relationship between services needs to be underpinned by doctrine and articulated accordingly. The concept of jointness needs to form the basis for all decision–making processes across services, with an emphasis on policy, training, procurement and the operational employment of forces.

The Services

a. The landscape that the Outlook has described places a premium on land forces capable of rapid deployment which affects both readiness and equipment considerations and the symbiotic relationship, often formed by equipment considerations, between the land forces and air and naval forces. The Army should streamline and re–balance its force mix and be prepared to modestly downsize its levels in order to optimize its ability to provide light, agile and deployable forces in support of national, continental and expeditionary force capability requirements;

b. The defence review should also consider the Navy's ability to better function in the vast expanses of the Pacific and Asia vice its more traditional areas of deployment. Equally, this review should consider how Naval Forces might better contribute to projecting and supporting land and air forces from the sea to achieve strategic leverage. In light of the above, the overall defence review will influence procurement decisions for a generation. The Navy should review the mix and numbers of surface combatants required to execute its missions at home and abroad, and ensure that its future force structure can satisfy its littoral, expeditionary, combat, re–supply and amphibious capability requirements; and

c. A fifth generation fighter is likely to provide the best operational benefits to Canada over the long term life of such an aircraft. However, as there is a real risk that fiscal constraints may restrict the ability to procure a full, single advanced technology fleet, alternative options should be considered, including mixed fleets, with complementary but separate expeditionary and domestic roles, if the economics and operational benefits allow it. The fundamental objective, however, remains to continue to upgrade, modernize and/or replace the RCAF's various fleets so that it can effectively fulfill its continental, coalition and alliance missions. As expeditionary environments present the highest level of challenge, in as much as possible the first choice would be for a single fleet which answers the highest level of requirement and provides for interoperability with NATO allies but principally with the United States. The RCAF should also consider the air capabilities required to ensure Arctic sovereignty and the surveillance of our territory through unmanned aerial vehicles (UAVs) and satellite capabilities.

Recommendation 6 – Given that fiscal constraints will likely continue, the concept of employment of the Reserves should be reassessed and refined to provide for more stable and predictable terms of service and training & employment principles, with a focus on territorial defence tasks. This includes using the Reserves for dedicated tasks rather than simply being an individual manpower resource for the Regular Force. This would entail a fundamental reconsideration of operational employment particularly for the land reserve and the air reserve.

Recommendation 7 – The Government should consider the creation of a dedicated professional civil military procurement organization. The current system within DND relies on officers and bureaucrats who have little if any specific training and education in procurement and who are rotated through project offices as part of their career assignments. In the lifetime of a project office, staff rotations can be well in excess of 100%. This impinges on continuity and retention of knowledge. The present Canadian system has evolved (due to procurement difficulties in the recent past) into an ad-hoc, layered and binary system all at the same time. As just one series of examples, the contracting process for the CF-18 replacement program is different from the one used for ship acquisition within the National Shipbuilding Procurement Strategy and both of these differ with the process used to procure armoured vehicles. PWGSC's and Industry Canada's participation in the current procurement process, assessing a project after requirements have been set instead of harmonizing requirements, industrial benefits and cost efficiencies at inception, has only served to add delay to procurements. A separate organization staffed by military specialist officers whose careers would focus on technology, future trends and capability and bureaucrats whose careers would be dedicated to efficient procurement and industrial benefit for Canada, would, in a separate organization be far more productive and efficient in comparison to the present disjointed system. Best practices adopted from key allies who acquire equipment through separate acquisition agencies should be the goal of government.

Crisis response

During Operation *Mobile* a Skylink charter flew home from Libya empty after finding no Canadians waiting for it at the airport. The ineffective coordination and miscommunication between DND and DFAIT was a significant setback during the evacuation. These operations remain challenging for the government, and increased intelligence about Canadians living abroad is required. To the extent lives are not in danger, priority in times of crisis should be given to Canadians who have registered with Canadian Embassies overseas. A more effective online registration process would simplify the process.

Recommendation 8 – Efforts should be made to refine coordination measures between DFAIT and DND. In this vein, the Canadian government should continue developing a Whole of Government response to Non–Combatant Evacuation Operations.

Recommendation 9 – Crisis response tends to develop on an ad–hoc basis as crises materialize and government response is crafted. It is recommended that relationships between stakeholder departments be better institutionalized either within PCO as a central coordinating agency or under the purview of the National Security Advisor modeled on best practices from the U.S. National Security Council or the U.K.'s COBRA committee.

Recommendation 10 – If Canada wishes to play a useful and meaningful role responding to crises, it must have highly trained troops available to deploy on a moment's notice. For crises requiring a less-than-immediate response, it needs to develop contingency plans to mobilize, train, and deploy the number of appropriately trained personnel to the crisis area. If defence cutbacks force a choice between readiness and other priorities, high readiness should be prioritized. At a minimum, the government should always maintain some units capable of performing a full range of required international operations, which may include disaster assistance, Non-Combatant Evacuation Operations, naval and air interdiction and hostage rescue, amongst others.

The United States

There are few if any security and defence issues between the U.S. and Canada and most issues between the two nations surround trade and the movement of people, goods and services across our common border. The contrasting view of the Arctic Archipelago will have to be addressed at some time in the future but it is not an issue that threatens the generally close relationship between the two countries.

Recommendation 11 – There are initiatives that should be strengthened if not expanded as follows:

a. Further strengthen coordination of cross–border law enforcement and counterterrorism programs;

b. Strengthen common infrastructure including the security of common electrical and communications networks and the resilience of networks to intrusion;

c. Expand NORAD to encompass maritime security and approaches; and,

d. Review ballistic missile defence within the context of a NORAD update.

China and Asia Pacific

The more we engage in the region diplomatically, economically, developmentally, in security dialogue and defence cooperation the more we will be a part of what is emerging as the Asian future.

Recommendation 12 – Within the reviews suggested in our recommendations a specific section should address how Canada will pivot or rebalance resources towards the Asia–Pacific region. Specifically, these considerations should include:

a. A Canadian engagement strategy similar to the Arctic and America's strategy needs to be articulated encompassing all government intentions in the region. For defence this should include direction on the equipment, relationships and presence required to protect Canadian interests in the region;

b. Canadian Forces' posture, forward basing agreements and equipment considerations given the differing operating conditions of the region need review;

c. Canadian diplomatic representation not only with states but within key forums of dialogue in the region should be expanded and enjoy a certain primacy within Foreign Affairs; and

d. The expansion of diplomatic and military linkages with particular states in the region namely Australia, New Zealand, France, the United States, Singapore and Japan.

Afghanistan

Given Canada's undertakings to provide sustained funding to Afghanistan beyond 2014, these commitments should be conditional on quantifiable improvements throughout the Afghan government. These obligations should be subject to Canadian review starting in 2013.

Recommendation 13

a. Establish more transparent financial management practices with respect to future Canadian financial contributions to the Afghan government and assist the Afghan government in establishing these practices;

b. Assist the Afghan government in enacting firmer measures to combat corruption in both the government and its security forces; and

c. Require the Afghan government to demonstrate commitments that better safeguard democratic processes, the rule of law and human rights.

Pakistan

Pakistan remains one of the greatest security concerns which cannot be resolved strictly through military assistance and diplomatic interactions. Pakistan requires a global commitment in institutional, social, economic and human development terms while respecting the country's protracted history and identity as well as its own, legitimate, security concerns.

Recommendation 14 – Canada should prepare for the post–Afghanistan transition in terms of its relationship with Pakistan which will require renewed investment across the board. Track Two diplomacy with India has to be rekindled, while all efforts to strengthen democratic development and institution building in Pakistan should be renewed in a single, unified plan involving the donor community, U.N. agencies and NGO's working together under a single leadership. Canada should take a leadership position in unifying the efforts in conjunction with the civilian government of Pakistan taking advantage of long–standing cultural, military and economic relationships.

The Middle East

Canada's capacity to broadly influence events or to play a mediating role across divides in the region has been constrained by the breakdown of diplomatic relations with Iran and Canada's perceived biased support for Israel. However, the Canadian stance does provide the ability to exercise greater moral suasion with its now principal ally in the region.

Recommendation 15 – Canada should use its relationship with Israel to recommend that it allow the continuation of the sanctions regime against Iran and not act unilaterally against the Iranian nuclear programme.

Recommendation 16 – Canada should strongly emphasize its commitment to a negotiated two state solution for Palestine based on the 1967 borders, and as a commitment to Israel's security offer peacekeeping forces to assist in the event of an agreed demarcation of territory. Equally, Canada should express its condemnation of the expansion of settlements in East Jerusalem and into the West Bank which could well render a two state solution unviable.

Recommendation 17 – Syria will continue in 2013 as a nation in crisis and in transition. As the civil war draws to a close the humanitarian and potential regional crisis it will have engendered will need to be addressed . Within the U.N. and with its partners in NATO, Canada should promote:

a. international control of Syria's chemical and other advanced weaponry;

b. rapid repatriation of displaced populations; and

c. diplomatic and capacity building assistance in the transition to a post–Assad government.

Africa and notably the Sahel

It is likely that at some point in the future Canada will be asked to join a coalition of states involved in ridding Mali—along with regional states—of AQIM influence. Initially this will likely be a conflict fought on conventional lines but in time will likely transform into an insurgency campaign.

Recommendation 18 – Prior to an involvement in Mali, Canada and preferably with its key prospective allies in the region (the U.S., France and the U.K.) should define their aims, capacities and end–state based on lessons which have been learned from Afghanistan. Amongst others, key questions to be asked are:

a. Are the aims limited to the physical destruction of AQIM within the territorial confines of Mali or beyond?

b. Will Canada limit its involvement to the aforementioned aims or consider Whole of Government approaches to build Malian capacity for governance once the immediate AQIM threat has been blunted?

c. What time or conditions based consideration is given to terminating a potential involvement?

Americas

Canada has invested substantially in developing a whole of government approach towards Latin America and can actually make a difference in terms of the region's overall development.

Recommendation 19 – Canada should continue to support Haiti's reconstruction, all the while insisting on full accountability from the Haitian authorities as a means of encouraging domestic empowerment and further assistance from the donor community. Canada should also recommend that a period of international receivership be established or that Haiti be declared a U.N. mandated territory.

Recommendation 20 – Canada should expand its support to the war on narco–trafficking and engage the region's countries in a broad dialogue on the best policies to fight this scourge.

Nuclear Proliferation

Nuclear proliferation is becoming one of the most ominous threats requiring more systematic action. Two of the conflict scenarios feature nuclear proliferation as core issues that make them potential conflicts. Other areas of friction such as India and Pakistan, though not probable conflicts for 2013, feature the nuclear undercurrent as a part of the strategic calculus.

Recommendation 21 – Canada must be far more engaged by:

a. Participating fully in the Proliferation Security Initiative;

b. Maintaining our commitment to, and delivering on, the G–8 Global Partnership Program;

c. Engaging fully in the preparation leading to the 2015 NPT review conference and fostering progress on the creation of a Middle–East WMD free zone (Noting that Israel will never acknowledge or official renounce its stockpile of weapons); and

d. Developing and providing technology to enhance WMD compliance and verification mechanisms.

NATO

Canada should reaffirm its commitment to NATO as democratic states' most valuable political and military organization for the preservation of international peace and security while recognizing that NATO is not the only means by which Canada's security interests are to be met.

Recommendation 22– Canada should encourage NATO to take the next step in expanding its partnerships with democratic states through putting institutional mechanisms in place to allow selected partners (i.e. Australia, New Zealand, South Korea and Japan) to attend NATO Council sessions and participate fully in deliberations on international security issues engaging their interests.

Recommendation 23 – While Asia–Pacific has not been at the centre of NATO's attention, allies are aware of the growing importance of the region and its potential impact on world affairs and NATO itself has initiated informal contacts with China. Canada should encourage a broadening of NATO's relations with China and other influential countries in the region. The establishment of a NATO liaison office in Beijing akin to that in Moscow should be the aspiration.

Recommendation 24 – There is a clear risk that NATO is evolving into a tiered alliance of have and have–not nations, and of allies with more global views and greater willingness to use NATO's capabilities to achieve international effects and those who embrace only a close–distance and regional perspective. Canada should draw attention to these trends and reinforce the importance of common vision, collective effort, and equitable burden sharing to ensure the long–term viability of the organization.

Cyber Issues

Cyber espionage and cybercrime in all its permutations are today's threats and should be addressed with urgency. The latter is essentially a police matter but the former is a security issue for government, industry and key partners such as the United States. Cyber war and cyber terrorism, on the other hand, are not immediate threats and, for the moment, states should remain wary and stay on top of developments. However, both of these are areas that lack policy clarity, and the international understandings that underpin relationships between states need to be better codified.

Recommendation 25 – Review both physical and digital protection of critical infrastructure networks.

Recommendation 26 – Expand cooperation with the United States on cyber protection given that infrastructure (including electrical, pipeline and telecommunications to name only a few) spans across national borders.

Recommendation 27 – Require business and industry to report network intrusions and create a national cyber protection office to coordinate national response.

Recommendation 28 – Develop policy to define what constitutes an attack on Canada and work with allies to develop doctrine on collective security response to cyber–attacks.

11: CONCLUSION

Beyond broad–brush self–evident commonplaces to which many countries aspire, such as sovereignty and independence, justice and democracy, peace, security and economic prosperity, a country cannot define its interests in a vacuum. These choices, at their most fundamental, might be teleologically inspired. But without deciding what its position should be within the global commons and what role it wishes to play in it, a nation cannot adequately identify its interest nor hope to achieve its destiny.

Canada has contributed to the defeat of its enemies in two World Wars and the Korean Conflict, participated in the rebuilding of Europe post–1945, committed itself to the defensive arrangements within the NATO alliance and, more recently, extended its expeditionary capabilities to Afghanistan and Libya. In the process, Canada has become an independent and fully sovereign nation, a successful member of the G–8, the G–20 and APEC and, of course, an important actor within the United Nations family of organizations as well as the Commonwealth and La Francophonie.

Canada's foreign policy has always been the expression of the aspirations, principles, beliefs, convictions, and calls for action abroad of an overwhelming majority of Canadians, united in a strong desire to do good and to work towards the improvement of humanity. That has always been the "Canadian Way in the World" and Canadians have always been proud of their collective achievements.

The world is ever changing and this calls for regular and hard looks at how best to project Canadian values and interests in it. Despite these changes, Canada's fundamental objective has not changed, and that is to make a difference in the lives of people who are struggling to achieve what we, Canadians, have worked hard at and been fortunate in achieving. We have had to adjust to the global transformations of the last few decades in order to sustain our prosperity and security and we know how much other peoples of the world want to reach similar goals, such as in the Middle East where the Arab Spring has offered both hope and disillusion, in Asia where the opportunities for immense progress are being seized but where political structures are still in flux, in Latin America where democracy is spreading but where governance remains frail, and in Africa where growth and poverty are involuntary bedfellows.

In reviewing where we stand today, as we are doing in this Strategic Outlook, the first question we must ask is: Are we still making a difference?

The next question we must ask ourselves is: Are we going to be observers or will we choose to be participants in the global rebalancing of power?

To ask and answer such questions, we have often relied on foreign policy reviews which have sometimes been carried out in tandem with defence reviews. As useful as such reviews might be, they tend to be means by which we assess change and develop responses to it. But they tend to be of little use in guiding us into the future unless they are based on a clear vision of what Canada is today, on a clear understanding of our interests and on an indication of what position and role Canada wishes to occupy and play in the world. This Strategic Outlook has been prepared with a view to generating informed discussion on each of the elements needed to answer those fundamental questions.

We owe it to ourselves and to generations of Canadians to come to carry out such reviews on a regular basis. Our interests are best served not by shyness and retrenchment but by boldness of purpose.

12: NOTABLE EVENTS FOR 2013

Month yet to be Determined

Lebanon – General election.

Egypt – A Parliamentary election is scheduled to be held less than two months after the country's new constitution comes into force.

Zimbabwe – Presidential election.

NATO Summit (Budapest, Hungary). The Summit will be held sometime in the autumn.

January

The U.S. Fiscal Cliff: Over the course of January and February a policy of 'sequestration', resulting in quick and drastic tax hikes and spending cuts will reduce the U.S. deficit by roughly half. Economists have expressed concern that such an eventuality would plunge the U.S. back into a recession.

21 – 28: 20th African Union Summit (Addis Ababa, Ethiopia).

22: Israel – Legislative election.

23 – 27: World Economic Forum Annual Meeting (Davos, Switzerland).

25–27: Ontario Liberal Party Leadership Convention.

February

1 – 3: 49th Munich Security Conference.

17: Ecuador – General election (run–offs will be held on 7 April, if necessary).

25: The 20th Session of the U.N. Human Rights Council begins (Geneva, Switzerland).

March

Date to be Determined: Arab League Summit (Qatar).

4: Kenya – General elections.

16 – 17: Quebec Liberal Party Leadership Convention.

18: On or before this date, the Pakistani National Assembly will be dissolved. Following thereafter will be a General election.

25–27: ASEAN Annual Summit (Cambodia)

26 – 27: 5th Annual BRICS Summit (Durban, South Africa).

April

Date to be Determined: Italy – General election.

14: The new leader of the Federal Liberal Party will be announced.

20: Iraq – Governorate (Provincial) elections.

21: Paraguay – General election.

May

Date to be Determined: Canada becomes chair–nation of the Arctic Council for 2013–2015.

14: British Columbia – Provincial General election.

June

5: Democratic Republic of Congo – Senate election.

14: Iran – Presidential election.

17/18: 39th G–8 Summit (Enniskillen, North Ireland)

22: Democratic Republic of Congo – Gubernatorial election.

27 – 29: IAEA International Ministerial Conference on Nuclear Power in the 21st Century.

July

Date to be Determined: Japan – House of Councilors (upper legislative house) election.

1 – 5: IAEA International Conference on Nuclear Security: Enhancing Global Efforts.

August

September

Date to be Determined: Germany – Federal election

5/6: 8th G–20 Summit (Saint Petersburg, Russia).

14: Australia – Federal election.

24 – 29: 68th U.N. General Assembly Meeting (New York, U.S.)

October

1–8: APEC Economic Leaders' Week (Bali, Indonesia).

11–13: 2013 Annual Meetings of the World Bank Group and the International Monetary Fund (Washington, U.S.).

November

Date to be Determined: Honduras – General election.

Date to be Determined: Halifax Security Forum.

17: Chile – Presidential election (if none of the candidates receive an absolute majority, a run–off will be held on 15 December).

30: Australia – Federal election (the voting must take place by this date at the latest).

December

3 – 6: 9th WTO Ministerial Conference (Bali, Indonesia).

ENDNOTES

[1] This comment does not signify the authors of this paper endorse the decision of the Government to break relations with Iran.

[2] While the international community considers the establishment of Israeli settlements in the Israeli–occupied territories illegal under international law, Israel does not agree that article 49 of the Fourth Geneva Convention applies to its settlements in occupied territory subsequent to the 1967 war. Yet on April 21, 1978, Legal Adviser of the Department of State Herbert J. Hansel issued an opinion, on request from Congress, that creating the settlements "is inconsistent with international law", and against Article 49 of the Fourth Geneva Convention. The Johnson, Nixon, Ford, and Carter administrations all publicly characterized the settlements as illegal. Subsequent administrations did not echo these statements. In February 2011 the U.S. vetoed a Security Council resolution that would have declared the settlements illegal.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