

# **The Atlantic Council of the United States**

## **NATO in a New Security Landscape – Welcome and Global Trends: New Threats And New Opportunities**

### **Welcome:**

**Frederick Kempe,  
President and CEO,  
Atlantic Council;  
Line Tresselt,  
Political Adviser to the Norwegian Minister of Defense**

### **Speakers:**

**Daniel Chiu,  
Deputy Assistant Secretary of Defense for Strategy,  
U.S. Department of Defense;  
Barry Pavel,  
Director, Brent Scowcroft Center on International Security,  
Atlantic Council;  
Johannes Rø,  
Head, Centre for Transatlantic Studies,  
Norwegian Institute for Defense Studies (IFS)**

### **Location:**

**Park Hyatt Hotel  
1201 24th Street NW,  
Washington, D.C.**

**Time: 10:15 a.m. EDT**

**Date: Wednesday, June 5, 2013**

*Transcript by  
Federal News Service  
Washington, D.C.*

FREDERICK KEMPE: Good morning and welcome. I'm Fred Kempe. I'm president and CEO of the Atlantic Council. I think the turnout today underscores what an important topic we're talking about and also how much it's in play – I mean, how much these questions are in play. It's just a great pleasure to welcome you all this morning to this conference, which marks really the beginning of a very significant project that we've undertaken with our Norwegian friends at the council's Brent Scowcroft Center on International Security, entitled NATO in an Era of Global Competition. It's organized together with the Norwegian Institute for Defense Studies and generously supported by the Ministry of Defense in Norway.

I remember – I see Frank Kramer here – three or four years ago, we started talking about this term, era of global competition, and what it meant and how we weren't so much in global conflict any longer, but we were in global competition economically and security in terms of model, et cetera, et cetera. And this is really, within that, how do we chart a new course for the North Atlantic alliance? We recently completed a quadrennial report where we partnered with the National Intelligence Council on their global trends. And they talked about how this was an inflection point as important as 1918, 1945, and you know, things didn't turn out so well after 1918, somewhat better after 1945.

But what really made a difference was leadership, and particularly, U.S. leadership with its closest allies. General Odierno, the chief of staff of the Army, was with us last week. He said this is the most uncertain security situation that we have faced or he has seen in his 37 years in the military. He also worried that he was seeing trends that could lead toward a hollowing-out of the Army over time that was reminiscent to him of what he saw when he first came in at the end of Vietnam. So these are really interesting questions.

We all know the operation in Afghanistan is winding down, the U.S. rebalancing to the Asia-Pacific, NATO trying to define an appropriate strategic orientation, and I hope this day will really help lead us in that direction – in the context of unprecedented changes in the world order, probably the biggest changes since the – since the late 19<sup>th</sup>, perhaps 18<sup>th</sup> century, in terms of shifts of political and economic influence and power, and of course, global fiscal uncertainty and sequestration austerity here.

So with this evolving landscape in mind, we decided to build this effort on the successes of two Brent Scowcroft Center core initiatives. One of them is our traditional programming on trans-Atlantic security, where I really think we're best in class, and then secondarily, the relatively new strategic foresight initiative, which is really looking out at global trends and what sort of strategies. And so we're trying to connect these two initiatives with purpose to come up with some out-of-the-box ideas because I think this isn't the time for just traditional straight-line sort of thinking but out-of-the-box ideas for the future of NATO.

We're very grateful to be undertaking this challenging task with our Norwegian partners, traditionally, one of the most committed and capable allies. And if there's ever been a country that hits above its weight, it's Norway. The fact they're leading this effort only underscores their remarkable activity and engagement in the – in the trans-Atlantic alliance.

So first of all, I want to start off by thanking our partners here in Washington, Ambassador Wegger Strommen of Norway – who really is not here this morning, he'll be here at lunch – but really is one of the top diplomats I've met anywhere. And we're going to be very sad to see him going this summer, but we'll make sure to stay engaged with him. Our thanks also go to the whole team at the embassy, and specifically, to Defense Counselor Keith Eikenes, who we've worked very closely from the beginning of this. And, Keith, it really is just a great pleasure to have worked with you on this. And I remember still the first lunch where we started brainstorming all of these ideas with Wegger Strommen.

At the same time, our gratitude goes to the Ministry of Defense, to Deputy Director General Harald Ikelent (sp) and Political Adviser to the Minister of Defense, Line Tresselt, who is with us today, and will address this audience in just a moment.

And last, but not least, I want to acknowledge our partners at the Norwegian Institute for Defense Studies, senior fellow Michael Mayer and his colleagues at the IFS, who will be on the stage later today to present their policy briefs, which you can find in your conference folders alongside other conference materials.

Before I turn over the floor to Line Tresselt, I would like to express my gratitude to Barry Pavel. Barry's just done a magnificent job after leaving the Pentagon and the White House to – as director of the Brent Scowcroft on International Security, really a terrific leader over all sorts of program areas. And I also want to tip my hat to Simona Kordosova, who had a lot to do, really bringing all of this together, and then Ashley Stuart, who you'll see, the organization and the logistics of today – probably shouldn't speak so soon, but traditionally, she just does a magnificent job.

After the welcome remarks on behalf of the Norwegian Ministry of Defense, we will start a panel discussion on global trends and the opportunities they bring for the trans-Atlantic community. And we're particularly delighted that over lunch Julie Smith, deputy national security adviser to Vice President Joe Biden, will join us for a luncheon conversation and to provide a White House perspective on this issue.

And then we'll look more closely at NATO's role and purpose in this – in this security environment in the late afternoon session.

So without any further ado, it's my pleasure to turn the floor to Line Tresselt, political adviser to the Norwegian minister of defense, to welcome you all on behalf of our Norwegian partners. The floor is yours.

LINE TRESSELT: Thank you, Frederick, for those very kind words.

Ambassadors, ladies and gentlemen, it is a great pleasure to be here in Washington and address this distinguished audience. I look forward to this conference and to discuss security issues and strategic importance with you. The Norwegian Ministry of Defense is very pleased to have entered into this cooperation on trans-Atlantic security relations with the Atlantic Council.

We also appreciate the efforts of the Norwegian Institute for Defense Studies in supporting this event.

This is a topic of great importance to us. The trans-Atlantic relationship has been the cornerstone of Norwegian security since the second world war and it still is. It is also an important pillar of NATO. It is therefore vital for us to continue this close relationship.

I would like to use this opportunity to highlight three global developments that we should have at the front of our minds when we engage in discussions on a trans-Atlantic relationship. Firstly, the global power structure is gradually changing. The Asia-Pacific region is becoming more important economically, politically, militarily and as a potential conflict area. And as a result, the American focus is shifting too. From a European perspective, this means that we're no longer at the center of the American attention. And to some Europeans, this is a bit worrying.

Another factor is the global economic crisis. The economic turmoil has forced many allies, especially in Europe, to make great cuts in their defense expenditures. Since 2008, all but four NATO countries have cut their defense budgets. This has an impact both on the European ability to execute the full spectrum of missions and on trans-Atlantic burden-sharing. And at the same time, we observe heavy investment and modernization of capabilities and forces in other places of the world.

Thirdly, I would also like to add that we increasingly need to closely follow developments in areas close to the borders of allies. In the south, NATO has already been engaged in Libya. The turmoil in Syria has resulted in a forward deployment of air defense units from the U.S., the Netherlands, Germany and Turkey. The situation in Iran remains worrying. In the east, we observe a resurgent Russia. We do not currently regard Russia as a threat, but it is a situation that needs monitoring and engagement from NATO and allies.

These developments challenge the unity of the alliance and calls for close dialogue and cooperation between the member states. But the common history, the common values and the common interest we share should not be underestimated. The fact that the trans-Atlantic relationship is institutionalized through NATO also makes it more robust. The geopolitical changes also challenges the status of both the U.S. and Europe in the new power structure. And in this regard, I believe that it is in our common interest to continue our close partnership.

However, ensuring the political relevance and public legitimacy of NATO in all member states remains vital. To bolster support for NATO, we need to adopt a more regional approach. This means that NATO should increase its focus and competence on its own territory and periphery in order to be perceived as relevant to the threats and challenges we are facing closer to home.

Using Norway as an example, we have a special interest in the challenges in the High North. A few weeks ago, the secretary-general of NATO and the North Atlantic Council visited the north of Norway and our national joint headquarters in Bodø. We wanted to demonstrate how the alliance can benefit from our situational awareness and regional expertise in a crisis situation in our part of the world. To do this successfully, we have established a link between

our operational headquarters and the NATO command structure already in peacetime. In addition, we facilitated NATO exercises on our territory. We work actively in the alliance to establish generic and flexible operational plans for our region.

Nationally, we increase spending on our armed forces and get in place national contingency plans. We do not expect to be engaged in a war in our part of the world tomorrow, but we believe in being prepared for the full specter (ph) of contingencies.

The commitment to Article 5 needs to be firm, and the ability to execute deployable high-intensity operations must remain robust. Together with the permanent political and military structures and the close trans-Atlantic ties, this is what makes NATO unique and underpins its credibility as a defense alliance for all its members.

When it comes to handling the challenging economic situation, Europe and NATO must play its cards wisely, or as, Ernest Rutherford once said, we haven't got the money, so we have to think. More focus on expenses, smaller budgets and smaller defense structures make it even more important to make the right priorities.

This should not be led by short-term operational-specific defense, but it should focus on the longer-term strategic needs. Although it is easy to focus on the most likely threats, it is crucial not to forget the most severe threats the defense alliance may face. If allies begin to question NATO's ability to offer collective security and defense, this may result in a renationalization of their security policy. And they may seek bilateral alternatives, which will undermine the alliance.

I do not believe that increased American focus on Asia will weaken U.S. commitment to trans-Atlantic security and defense cooperation. Instead of worrying about getting irrelevant, European countries should focus on defining their role in the Asia-Pacific region. In today's interconnected world, the developments in Asia are also interests to Europe.

A more active European engagement in the region is therefore desirable. The purpose should not be to build a global NATO, but to help other states doing more for their own security. It is important to stress that in order for this to be realistic, the (errors ?) of cooperation should be low-cost. Lastly, to make sure that the trans-Atlantic ties remain relevant to both Europeans and Americans, we have to continue to invest in it.

The main purpose of being in politics for me is to strive for the values and ideals that we together believe in – freedom, justice, democracy and solidarity. Tony Blair once said, when Europe and America stand together, the world is a more prosperous place. This is why we believe in events like this. I really would like to thank the Atlantic Council in particular for organizing this conference. I wish you all fruitful discussions and the best for the rest of the conference.

Thank you for your attention. (Applause.)

(Pause.)

PETER ENGELKE: All right, well, thank you very much. Thank you all for coming today. My name is Peter Engelke. I am with the Atlantic Council's Strategic Foresight Initiative. And I am going to be the moderator for this morning's panel. And the theme today is global trends, challenges and opportunities, or new threats and opportunities. Hopefully, we'll be doing a little bit of conversation about the actual opportunities that might exist, and not just talking about the things that we worry about in this context.

We're delighted today to have three esteemed panelists for this discussion. To my immediate right is Daniel Chiu, who is the deputy assistant secretary of defense for strategy at U.S. DOD. In the middle is Johannes Rø, who is the head of the Center for Trans-Atlantic Studies at the Norwegian Institute for Defense Studies. And to my far right is Barry Pavel, who is the director of the Brent Scowcroft Center on International Security here at the Atlantic Council.

And I think what we're going to do in terms of format today is just go with some brief presentations by each one of our panelists and then a back and forth discussion. And then we'll open it up for Q-and-A.

So, Barry, perhaps we could start with you. You have – as director of BSC, you've got the vantage point of looking at both the hard security landscape, NATO included, as well as, as Fred mentioned earlier, the shop that I work in, basically, strategic foresight, global trends. So you have a unique perspective on both of these areas. So if you would do us perhaps the favor of how you would go about answering the question of NATO in the context of long-range global trends.

BARRY PAVEL: Thanks very much, Peter. And thanks also to our Norwegian partners, and in particular, I thought the introductory remarks were very helpful already for framing some of the key issues that I see. And also, thanks to Magnus Nordenmen who co-authored an issue brief from which I'll draw for my initial remarks. So let me just sort of go into it.

I think the history of NATO, since the end of the Cold War, is really a history of people saying, NATO would never do X and then it does it. And so in the immediate aftermath of the Cold War, NATO went out of area after a pretty healthy debate where there were a lot of people saying it shouldn't do so. Right after 9/11, NATO declared Article 5 and conducted operations in the United States unheard of beforehand. Right after that, NATO conducted operations in Afghanistan – which, by the way, is in Asia, although south Asia in this case, so the question of whether NATO would ever operate in Asia has already been answered.

And then NATO conducted more recently an operation – an air campaign over a country in North Africa: Libya.

So I think the key question for this entire endeavor – which will be a sustained effort over an 18-month period – is really there are some plausible and important challenges that we are anticipating, some of which were already touched upon? But really the most important thing here is we need to sort of use our imagination to try to figure out, where will NATO be operating

next where we don't think it will be operating. And so the purpose of sort of my remarks today are to sort of try to provoke and elicit those suggestions, because that's really the nature of – I think of the analytic question that we're dealing with.

As Fred Kempe said, we think we're at an inflection point in history. There is a number of turbulent changes going on that I thought were outlined very well in the National Intelligence Council's "Global Trends 2030" report. I'll go through a few of those. There are more. And perhaps in the ones that I don't touch upon may be some of the answers. So I would really welcome a strong discussion on these questions. There's about a half-dozen key trends that I'll just go through very briefly, and then I'll suggest about a half-dozen implications for NATO at a very sort of high level of analysis.

This is the beginning of our project. Today we'll talk about sort of the future of the world and what it means for NATO broadly and NATO's role in the world. And then over the rest of this effort with our partners, and hopefully with you, we'll go through, OK, what do those things mean for NATO's strategy? What does that mean for NATO'S required capabilities and force structure? And what does that mean for NATO's exercises, training, daily activities and global partnerships? So this is a long-term effort that will build upon each of these discussions.

And this is the very first one and a very exciting one for me, so let me dive into the few trends that I think are most critical. And I think it's really important to start first of all with the massive shift of power that's currently underway back to Asia, really focused on the economic activity that centers on China and, to a degree, India. And this is going on right now.

Many of you are well versed in a lot of the corollaries – China's urbanization. They're building the equivalent of one new Chicago every year over the next 10 or 15 years, under any economic scenario. There's a number of just eye-watering statistics that are accompanying this shift in locus of activity.

But to me what it means for this discussion is that if the 20<sup>th</sup> century history of international security was about trans-Atlantic security, then the 21<sup>st</sup> century almost certainly will be about trans-Pacific security, because following this shift of economic power is the concomitant buildup of military power that's happening as we speak. And it is – in light of some of the even near-term tensions that we're seeing in the headlines in 2013, these will continue in 2015 and 2020, unfortunately, so I am reasonably certain that sort of the security issues of the day for the next couple of decades will be trans-Pacific.

Second, there's a very large trend that has been called "individual empowerment." And this is undergirded by the rise of the global middle class, particularly in Asia, and in addition the development of several technologies that some call disruptive that are enabling individuals and groups to be able to take action on a strategic scale, either in their nations or regionally or globally. We saw it in 9/11. We've seen it in the "Arab awakening."

And if we think that the information and communications technologies have had the power – have given power to groups to organize and take action, we haven't seen anything yet,

because on top of that revolution is coming a biotech revolution, which is not just for biology but some technologists in Silicon Valley are using biotech for computing power.

So we have biotech revolution. We have a manufacturing revolution, which is underway right now, which will put the production capabilities in the hands of individuals and small groups – 3D printing is one aspect of that. We have a robotics revolution underway, which will be at least as epical as the Internet for the way we live and the way we think about security. We have big data, which is being hyped a little bit but I do think there's a lot of truth in it. This too will have significant implications, I think, for our society and security. And then in the out years, the 2020-2-25 time frame, the technologists tell me we'll have quantum computing, which has itself very, very significant implications.

But the main point of all of this is we are in a post-Westphalian world. It's not only – it's not only individuals and small groups that have power, but the power of nonstate actors is increasing exponentially, and NATO has to take account of this. And undoubtedly we will be surprised by how some of it plays out. But I have no doubt that it will play out. It will affect NATO. And we should talk about the ways that it might do so.

Third, there's a food, water, sort of energy nexus, the main point of which is there will be significant new scarcities in food and water and key resources. This will cause tensions in new places, in some old places, but probably the source of additional conflict and rivalries.

Fourth, there's a global energy revolution underway that is shifting geopolitics. I'll talk about that a little bit in a couple of minutes, but it certainly will – looks likely to enable the United States to achieve energy self-sufficiency and will also cause some other winners but other losers in geopolitics.

And fifth – Fred Kempe talked about this a little bit – I think a key question is, what is the role of the United States in this coming international order? This is a question of individual leadership and of national will, and thereby is rather unpredictable. But I think it's important for us to keep this in mind, and sort of how the U.S. chooses to engage in the world, what level and in what ways, does it take this opportunity to, in a sense, shape the international order for a second time, which is a rare chance for a superpower, or does it focus domestically on reconstituting our power base, rebuilding our infrastructure and our economy?

This is a key question for the issues that we're dealing with. I'd say a corollary also is that the U.S.-China relationship may be the most important bilateral relationship between now and 2030. How that relationship goes – cooperative – elements of cooperation, elements of competition, potentially elements of conflict, this is a key variable that I think is important for NATO's future orientation.

Now let me go through sort of six broad implications of those trends. Undoubtedly it will be unsatisfying because I'll leave things off. These are big issues. But I'm sensitive to the time constraints that we're under.



I'd say first, it's really impossible to predict some of the future permutations of some of these massive trends that are underway, and in particular their specific impacts on the alliance. But what that means to me is that NATO needs to start thinking about these issues in a more structural fashion. NATO needs to start engaging in strategic foresight. NATO needs to start thinking more about Asia. I've been pleasantly surprised by some of the initial efforts that are going on, but this has to become a core aspect of NATO's planning portfolio.

Second, as I said before, Asia will be an important security arena. It won't be the only one but it will be a very attentive one, no doubt. And to me it's not a question; it's a fact. NATO's interests will be at stake in Asia. They'll be at stake, at minimum, because the global economy could be disrupted by a major conflict or crisis that breaks out in Asia. And also it's important to remind people the west coast of two NATO members is actually on the Pacific Ocean – the United States and Canada. And so the proximity of those two important NATO members to the Asian region should not be forgotten.

So to me it's very clear: NATO's interests are invoked in Asia. The question is how does NATO engage, not whether NATO will engage. And I think because of the rise of Asia also, Asia will be in Europe, either over time across the Arctic, but there are other interests that a rising Asia will have in Europe that will make it even clearer that NATO will have to engage in a constructive and appropriate fashion with Asian powers.

Third, I talked about resource scarcity. I didn't mention demographics, but my main implication here is that the Middle East is going to be unstable for a very long time to come, and I think it's the challenge of our generation to try to integrate and stabilize the Middle East into the economic – international economic and security order. But in the meantime, I think NATO's southern flank will continue to be very, very important for real-world contingency planning and operations.

And then the second sort of aspect of that is Asia has new interests in the Middle East, partly because of the changing energy trends where we have China getting most of its oil from the Middle East by 2015, two years from now. And so one question for NATO is, how do we work – how does NATO work with China if NATO is engaging in the Middle East and China is engaging in the Middle East because of its energy interests?

Fourth, because of demographic trends within the West, within the U.S. and Europe, it's likely that the pressures on our defense spending and our defense budgets will remain very significant for the next decade or more. Our populations generally are aging. Baby boomers like me are going to need some help.

And for that reason I don't think – even if the U.S. realizes an economic resurgence due to the energy revolution and other things, I think there still will be pressures on our defense spending. So we should not count on, you know, a significant uptick necessarily anytime soon. That doesn't mean you can rule it out, but it does mean that we shouldn't count on it.

Fifth, I mentioned the energy revolution and the U.S. There are some losers. Russia almost certainly will be a loser by what's going on with the shale gas revolution. How does

Russia react to that? Many of you are expert in this area – would welcome your views – but I don't think it will be necessarily constructive. But there is an opportunity embedded in that challenge that I think NATO potentially is up to the task to try to realize.

And then last, in terms of big implications at the operational level, I talked about the diffusion of power associated with technology. The alliance for a long time has been enjoying a strong advantage in military capabilities based on its technological advantages. But with this diffusion of power and technology to other actors, both state and nonstate actors, you know, we're going to be surprised and our advantages will not be as dominant across a wide range of areas as it has been for the last 60 years or so.

Take UAVs. It's going to be a matter of time before other countries are using UAVs against us. I can go to a Radio Shack today, buy a UAV for \$100, put a paint gun on it, probably put a different kind of gun on it, and surprise a few people. Imagine the almost zero barriers to entry for using technologies like this or technologies like 3D printing, which will greatly lower the costs of even state actors for developing military capabilities that are useful against us.

And then we haven't mentioned the word "cyber" yet, but I think all of you know how this too can manifest threats to NATO. And I think these threats potentially could surprise us within NATO territory and also outside of NATO territory. And so that's the one area – and we heard a remark that NATO territory needs to be focused on again. I think that's true. I also think, though, that the possibility of a small group threat in NATO territory is significant.

A few last points – I've gone a little bit longer than I wanted to – and then I'll end. Just sort of my conclusions.

I think it's really important for the alliance, in light of all this, to devise a thoughtful approach to both emerging powers as well as declining powers on a global scale. How do we handle China, Russia, India, these nonstate actors is very, very important for safeguarding alliance interests.

Second, because of all these regions that I've already talked about, it's very important for the United States to remain clearly committed to European security, and it's also very important I think for Europe to find ways to work with the U.S. on these global security issues in Asia and elsewhere.

And then last – I'm sorry; two more points. At the operational level I think it's very important for NATO to try to stay at the forefront of the technological changes that are going on.

And then finally, lastly, NATO needs to assume a very proactive stance. We've sort of maintained – sort of had a maintenance approach since the end of the Cold War. We've dealt with crises when they've popped up. We've dealt with the Balkans in the '90s. We dealt with Afghanistan. We've dealt with – starting to deal with the "Arab awakening."

I think because of all of these changes that I've talked about – and I haven't even mentioned some significant ones – a sort of maintenance approach, a stability approach, will fail, because there's nothing stable about what's going on in the world.

And what NATO needs to do is try to take a proactive approach, get ahead of these changes that are coming, and build a portfolio that enables us to develop strategies and capabilities for dealing with the threats that we think are coming that are traditional – Russian challenges, Iran, et cetera – but we also need to build a hedge into our portfolio to account for the unexpected and the types of challenges that require us to take a leap today and to imagine a future that seems implausible but is almost certainly going to come our way.

That's it.

MR. ENGELKE: All right, great. Thank you very much, Barry.

Let's turn to Johannes now. And, Johannes, you're our European panelist. So how do you see the – how do you see the global trends and NATO in the context of your work, in the context of the long-range future? And how would you assess NATO, European and the trans-Atlantic alliance futures?

JOHANNES RO: Well, that's important but difficult questions. I'll try to answer it. But before I do that, let me just mention that I work as a political scientist in Norway. We're completely detached from day-to-day decision making, which means that I'm cut off from all the information that you got, Barry. (Laughter.) So some of my views might be a bit incomplete to you, or I would at least be happy to be corrected by someone with more tangible –

MR. PAVEL: I doubt that. (Chuckles.)

(Cross talk.)

MR. RO: – knowledge than I have.

And I would also like to thank for the opportunity to contribute here today, because in Norway the group of people grappling with the issues of today's conference is rather limited, to put it mildly. So it's really exciting for us to be part of this much larger conversation going on here. I can assure that we'll bring back everything we learned to our few like-minded Norwegians across the pond.

But to return to your question, let me sort of swap the order of it a little bit and start with an assessment of the strategic landscapes, as you call it, and then move on to talk about how I as a European view the situation.

And I really – I totally agree with what you said, Barry, about the importance of the global power shifts. And I think this trend – all of the trends pales in comparison with this one. And I'm obviously aware that it can change rapidly and that China's current trajectory cannot be

projected into the future. But it's still difficult to find a historical precedent of such a rapid rise on the world stage as we've seen in the past 30 years.

And I know you're familiar with all these details, but think about it: In the year 2000, China's share of the world domestic product was 4 percent, and the United States' share was 31 (percent). And today, or in 2012 at least, China's share was 15 percent and the United States' share was 18 (percent). And some forecasts suggest that China will pass the United States very soon. And in terms of military expenditures, in 2000 the U.S. military budget was 10 times higher than China's, but today it's probably only about three times higher.

So I would clearly say that no matter what numbers you use, China's rise has already sort of affected the security landscape, and the distribution of power in the international system since the end of the Cold War, as we're accustomed to, is about to be upset, as you said – perhaps not so much militarily yet but clearly economically.

And while political scientists continue to debate whether the international system is still unipolar or whether it is on the verge of multipolarity, the basic fact is that United States and China, measured on commonly used indicators of power, are to become in a league of their own, suggesting to me at least that we'll see a bipolar system in the offing, a very different bipolar system from what we knew from the Cold War.

And luckily, this immense growth of Chinese power has been peaceful so far. This is both remarkable and something we should commend the Chinese for. But even this remarkable achievement cannot be projected into the future or be taken for granted, which leads me to the second trend affecting the strategic landscape, which you touched upon, that tensions in the Asia-Pacific involving China but also the United States are growing.

And I might be a bit too pessimistic here, but I'm not one of those fatalists who think that the conflict patterns of the past will re-emerge with necessity, but still there is no doubt in my mind that China's growing power at some point will impact its conduct in the region, and this will eventually also affect Washington's ability to pursue its own interests in the region. And if history is any guide, this will cause friction. I think we've already seen enough signs of this friction to call it a trend.

So when I sort of observed changing U.S. priorities, I interpret them on the backdrop of these two trends. And clearly the United States is positioning itself in Asia both to stand by allies in the region and to pursue its own interests. And to a European outsider this is no mystery at all. It's simply a rational adjustment to the most pressing challenges.

Nevertheless, I think that this adjustment is bound to impact the rest of the international system, and including what interests me most, namely NATO. And that brings me to the first part of your question about the European concerns about these trends. And let me mention three of these concerns that applies to NATO.

First, if you read recent U.S. strategy documents, there is no doubt that Asia-Pacific looms large. But if you read NATO's Strategic Concept, on the other hand, the Asia-Pacific

isn't even mentioned. I mean, these strategy documents are beyond comparison, but it still says something important about the different strategic outlooks across the Atlantic. Asia simply matters more to the United States than to Europe.

And in contrast to what appears to be the case in the United States, the rise of Asia does not at all influence European defense priorities. So this is another way of saying that the perceptions of challenges across the Atlantic differs, which means that a very important glue for the alliances is not there.

And what is more, in the two previous decades, European NATO members have contributed significantly to U.S. efforts on the world stage, for example in Afghanistan and in Libya. For the most part, this is something that Europeans appreciate, because it's a simple way of gratifying the United States. But providing the same kind of support in the Asian theater is, in my opinion, almost inconceivable. It's hard to foresee any role for NATO in Asia whatsoever. And, I mean, this new situation illustrates then, to me, Europe's strategic inadequacy, and that's a real concern.

The second observation – and I think Barry might have a different view on this, but European NATO members now have to take into account that the United States, in its new strategy, amends its traditional force planning construct, this so-called two-war paradigm. And to quote from this recent strategy paper, it says, “Reduced force structure will result in less capacity to conduct operations in multiple regions. Accordingly, the Strategic Guidance calls for a fresh approach to the traditional two-war force sizing construct that had shaped defense planning since the end of the Cold War.” So to repeat: less capacity to operate in more regions and a new approach to the two-war paradigm.

In practice, this shift may not cause any serious consequences. The U.S. will still be able to operate or wage a war in one region and be able to impose significant costs to an additional aggressor. But in theory, this shift may have implications for the continued credibility of U.S. security guarantees, including those established in the Atlantic Charter, because in the unlikely event that U.S. gets involved in a major contingency in Asia, this policy shift introduces somewhat higher uncertainty about U.S. capacity to aid Europe simultaneously.

And as long as NATO's military effectiveness relies so heavily on U.S. contributions, it affects the credibility of the conventional deterrent of NATO that the U.S. now admits less capacity to assist if military engaged elsewhere. So this is unlikely to unfold, but I think European NATO members would have to take this into account, either by investing in compensating measures or by sort of accepting the increased vulnerability. And I think the latter is more likely.

I have another concern yet. I'll have time for another concern?

MR. ENGELKE: One minute.

MR. RO: One minute. One minute, OK.

So, I mean, the third concern, that the reduction of U.S. military footprint in Europe is also significant because this is the most visible sign of U.S. support to NATO, and the undeniable signal of the reductions the last two decades is it's strategically harmless for the United States to be less involved in Europe, and this even at a time when we know that Europe, due to austerity measures and, importantly, lack of political will, will be unable to fill this gap.

And what's more, Europe is also accustomed to that the United States steps up and bears a disproportionate burden whenever NATO contemplates military action. And I'm pretty confident that this willingness is still there, even when such operations are peripheral to U.S. core national interests, but the emerging pattern from Libya and Mali suggests that Washington's sort of reflexive impulse to shoulder the cost whenever NATO contemplates military action is not there anymore.

Rather, I think the Europeans would have to prepare for more leading from behind. And the most plausible implication of this is, in my opinion, not that NATO gets involved in Asian security politics, but that NATO will contribute less to global security in the near-term future.

Just let me just finally say that I don't think these challenges should be exaggerated. I like to interpret it as a sort of a ritual trans-Atlantic quarrel. So I think NATO would cope, but still the severeness of these challenges may be affected by the second trend I mentioned, that relations across the Pacific deteriorates, because I think in that case I think the challenges will only multiply for NATO – just to elaborate on that point and then I'll finish.

I mean, if the U.S. somehow ends up in a security competition in Asia, NATO's inadequacy and Europe's inability to contribute to U.S. security efforts would be even more evident and other non-European allies would be more important to the United States and we would probably see more military assets removed from Europe. And the need for capacity in the Asian theater would further affect U.S. capacity to come to Europe's aid if that should be necessary. And I think it would be even more unlikely to see the United States lead crisis management operations or R2P missions if Europeans – that the Europeans would opt for.

So I'll end on this somewhat Chamberlainish note, and add that it is a European concern that some aspects of the U.S. rebalancing appears a bit too heavy-handed for the European taste. It's not at all that the diplomatic initiatives are not there. They have bound us, as the summit the day after tomorrow nicely illustrates. But still from a cautious European perspective, some of the Obama administration's initiatives in Asia are not quite sensitive enough to the possibility that its own conduct in the region provokes the mistrust that one hopes to prevent.

I think I'll leave it there.

MR. ENGELKE: Thank you very much, Johannes.

So turning now to Dan, in the context of what we've heard from the other two speakers thus far, and in the context of the question for this panel, how do you see NATO's role in the context of U.S. strategy?

DANIEL CHIU: Thanks, Peter. Let me start by saying good morning to everyone, and thank you to Barry in particular but the organizers of this conference for inviting me to speak here. I think I've said to everyone already my only disappointment is I won't be able to stay for the day. I think the agenda looks extremely good. And I appreciate you all having me this morning.

The title of this conference I think is important, and I want to use that to anchor my comments, both to answer your question, Peter, but also to touch on a couple of points that have already been raised.

You know, we're talking about NATO in a global era. And I'm going to use the word "global" a lot. And it's on purpose. So to me this really is about thinking more broadly about national security in a number of different ways. I think, for example, Barry did a great job laying out what I would call global trends that affect all of us, and quite frankly are at work around the world, affecting the way we all think about security.

And I even hesitate to use the term "national" or "international" security. I'll just say – as I said, I'm going to use this word a lot – global security in particular, because I see not so much a question of polarity – so I'll put my political science hat on for a moment – not so much a question of whether we're going to a bipolar or a multipolar, but I see much more of what I can best describe as a multifaceted context that we're facing.

And what I mean by that is I can no longer look at our outlook with regard to the future security environment in terms of what I would call traditional defense and military lenses. To me it is not just about balance of powers, either between militaries or between economies. There are so many multifaceted issues that all intersect with each other, that all affect our security as a whole, that that's really the framework that I've been trying to use a little bit more. And it's driven very much by the types of trends that Barry has been talking about.

When you think about the economic, the demographic, the technology, the energy and resource trends, none of those fall in the very traditional kind of military defense lanes, but all of them have very, very significant implications from a U.S. perspective for our national security, and then again for us together for our global security.

I will add to that, that it's not just these trends and it's not just adding of issues to our agenda; it is the intersection and the interplay between these that to me is quite – well, it's interesting but it's complicated and very, very challenging. And I'll pull three aspects of that out just to highlight a few challenges that I see that I think are important to think about as we think about how the U.S. and NATO think about the future.

One is this greater – and Barry mentioned this a little bit, and I'll pull this further – intersection between what I would call types of actors. So we're not just talking about state actors. The international – this is why I have trouble using the term "international" – system is not just about nation states anymore.

There's a proliferation of actors, from individual, independent actors – everything from nonstate actors in the sense that we've come to know it these days, of terrorists, but also to the nonstate actors in the sense that – again, from a political science perspective, is probably more encompassing of all sorts of nonstate entities, from corporations to social groups to international organizations to cultural affinities and identifications.

These sorts of things, as we can see in the Middle East and North Africa, throughout the world, are playing a much, much greater role in terms of stability and dynamics in regions than we've – I don't want to say than we've seen in the past, but they certainly seem to be accentuated and much more rapidly affecting events than we've seen in the past.

I just talked about regions. I think there is a much greater interaction and interplay between regions now, such that it's very difficult for any issue, challenge or opportunity to be viewed as purely regional. Frankly, again, I think most issues of the type that we think about here as we think about the security environment either are already or can very quickly become global or globalized in nature, and as such kind of this usual way of dividing up regions and saying that I'm going to think about one region versus another region, quite frankly is unrealistic and unconstructive in the current context. We need to think about the interactions between all of these all the time. That's really critical for us.

And finally I'll just throw in one that confounds me a little bit as a planner – a strategic planner, as well as a lot of functional cross-cuts as well. We can no longer, as I said before, just think about military in the realm of military. Obviously there are key diplomatic and developmental aspects to any kind of security concern or even operation. We can no longer, even in the military, think about the more traditional lanes of military action. Cyber and space, having significant impacts on military operations, have now brought in a plethora of other types of functional issues and concerns for us.

So if you take that as just the beginnings of a depiction of what I consider an extremely complex and extremely rapidly changing – and as a result an extremely uncertain situation for us to deal with. From a U.S. perspective, to me this says a number of things.

One is we need to get better at doing our whole-of-government work. And quite frankly, the way I put this – so that complex mess that I just described to you all to me is not particularly new but it is increasing in prominence. And frankly, inasmuch as this has been increasing in prominence over very many years now, we structurally have changed, frankly, not at all, and that's completely unacceptable. We need to find ways to manage that complexity much better as a governmental entity. And I'll say we're working on that. I can say we're making progress to it. But I still see a significant gap that we need to address.

The other I'll mention is – and I think this is a challenge for all of us – is the public-private divide. Again, there's much greater blurring now as we see international corporations acting on their own behalf around the world, as we see international organizations acting in ways that have significant influence over domestic and international politics. And our ability to engage there appropriately and constructively has been fairly limited. In the Department of



Defense I know well how to reach out to my counterparts either in foreign militaries or foreign ministries of defense.

My friends in the State Department know very well how to reach out to fellow diplomats. We don't know quite as well how to reach out to and work with, again, corporate entities – business interests, cultural groups, these sorts of entities. Again, I think we're getting better. I think you can see a number of efforts pointed in those directions, but I think those are really critical things to do going forward.

So if you take that as a going-in statement of the complexity that I see as we think about the future looking forward, including from a defense perspective but from a broader foreign policy perspective, as you can imagine my concern is, again, about the uncertainty, the ranges of uncertainty.

From a DOD perspective, we've been taking a number of steps in our strategic planning approaches to try and plan for broader ranges of both challenges and opportunities in order to try and account for that complexity. And if there are any other planning geeks in the room, I'd be glad to go into that in more detail, because I think what we're doing there is important and fascinating work, and it's making some advances.

What we probably didn't anticipate sufficiently is the level of what I'm just going to call internal uncertainty. And as you can imagine, these days what I'm talking about, at least for us, is our budget situation. While I could very – and I don't know that I could well do it, but I could talk a lot about external uncertainties. This internal part was clearly something that, especially at the level of uncertainty we have now about not only our budget this year but about certainly future budgets, bringing those two together – because obviously you can't think about the future without having some idea what your resource availability is – is really a critical challenge for us in the U.S., and I would suggest for all of us, as we face these kinds of choices.

But again, I'm going to put this in the context of the interrelatedness of these issues. These are not separate issues. They are interrelated issues. Our domestic strength, our domestic economies, our internal ability to manage our resources is inextricably linked to our ability to manage our security concerns in this globalized context. So we need to bring these together, and quite frankly that's where, in DOD at least, we are treading on new ground in terms of thinking about these internal uncertainties, and thinking about that going forward.

But as we do, a few things become clear. One is that – again, using the word “global” more times than I should – in this globalized context, that global leadership for the United States will continue to be an absolute priority. But as we think about that, we need to think about it in this new context. It is not simply in the old, therefore we're going to have the most military of anyone in the world, or we're going to have the most of this of anyone in the world. It's going to be about leading initiatives, leading groups, leading common interests and shared values.

And not surprisingly, that means it's going to be a lot about how we work with allies and partners around the world. Again, I'll just say, in a globalized context, the idea that any one entity is ever going to operate entirely unilaterally is quite frankly fairly unrealistic.

And working with common – with groups of allies and partners – and I use that term very broadly again to include the fact that we may be thinking beyond the traditional just alliances and state-based partners, but thinking very broadly about partnerships – for example, public-private partnerships, for cybersecurity issues, and other types of partnerships to promote broader social and human rights stability around the world.

These types of allies and partners' efforts writ large are going to be really what are going to be critical, not only from a U.S. perspective and from a global leadership perspective, but I think from a collective perspective, from all of our perspectives in terms of working towards our common interests in terms of global security.

On that note, to me this is where NATO comes in. I just said that I'm not just talking about traditional alliances, but I'm also talking about traditional alliances. And the U.S.-NATO relationship is probably one of the most significant alliance relationships one could look at, both historically and currently. And as such, I think it will continue to be so in the future.

But if can use some words that have been already raised, I don't think this is so much about creating a global NATO. So again, don't think in traditional military defense terms. It's not about whether NATO can field an aircraft carrier in Asia Pacific or a battalion in some other part of the world that's fairly nontraditional for NATO. This is about NATO operating in a globalized context.

And here I'll agree with Barry – and again, it's a little bit because I'm – I have a strategic planning bias, but I think this means NATO needs to think about how it does planning, its strategic planning. It has to think about not only foresight for NATO in its traditional areas, whether that's regional or functional, but it has to think beyond those, again, because of – because as I said, I see these – the future security environment as being much broader and much more interrelated than in the way we traditionally think about them.

I think, from a planning perspective, NATO has to think about its role in this globalized context – and again, remembering that as much as the globalized context is multifaceted, NATO can think about its role and the U.S. is certainly thinking about its role as multifaceted as well. So again, it's not just what NATO can just do with its own military forces or operations, but perhaps with its relationships with different parts of the world, with its interactions with different parts of the world, how it can leverage member states, other interactions, economic, political, social, et cetera as well to affect global security. Those, to me, are really the critical elements. And as we in the United States think harder about how to do that, we certainly reach out to NATO to do that together, but I think very importantly, look to NATO to be able to help lead that to some extent in Europe as well.

I'll just end on two specific notes that have been raised. One is the Arctic was raised earlier, and my office oversees our strategic thinking on the Arctic in the Department of Defense. And I think it is a great example of an important issue for NATO. But I also happen to think it's another great example of how you cannot simply looking it as a regional issue. Arctic, at least from our perspective, is by definition going to be a global issue as well. There are many – just from a U.S. perspective, many of our own geographic areas of responsibility, so to speak, that

are involved in the Arctic. Events, precedents, initiatives in one part of Arctic will invariably affect those types of concerns in other parts of the Arctic. So we view these, again, as very interrelated. It doesn't mean there aren't special or specific interests that will be more regionally specific, but we do think it's important to think about this holistically.

More importantly, we think it's important to think about the Arctic both as certainly there are some challenges there, but there are some major opportunities for collaboration and cooperation in the Arctic. Norway has led the way, frankly, on that in many respects. We think those are excellent examples, and certainly hope to be able to expand on those in other parts of the Arctic as well.

Finally, I just wanted to address this issue of the 2012 defense strategic guidance and the two-war construct. And again, I'm going to go back to my argument that we have to stop thinking about things in what I would call traditional military and defense terms. So the quotation is exactly accurate. I won't dispute that. I know it very well. But let me emphasize the wording that was used and make a few points here.

Capacity is one thing, capability is another. Capacity is certainly an issue, especially given our budget constraints. That is going to be challenging for us, particularly because elsewhere in that defense strategic guidance, you will see that the secretary of defense at the time, Leon Panetta, and certainly our current secretary of defense, are committed to not hollowing out the force. And let me just make sure everybody understands exactly what we mean by that. We've had some historic experiences with budget cuts in the Department of Defense, and there is a tendency sometimes to maintain force structure but hollow out the things that maintain capability in that force structure – training, readiness, operations, these sorts of things. Our commitment is not to do that under these budgetary constraints because our view is simply maintaining capacity without maintaining capability is, at best, a very, very short-term, and at worst a very, very dangerous position to be in. So our emphasis is on capability.

As a result, in terms of two-war construct, I think you will see and I think you've heard very many times, not just from the secretary but from the chairman of the Joint Chiefs of Staff and the vice chairman, from the deputy secretary, even from the president that our ability to address more than one adversary or potential adversary or operation in more than one part of the world at any given time will remain a part of our commitment. That absolutely is, from our perspective, a necessity because we certainly don't want anybody to either perceive or worry that we will be unable to respond, should we be involved in a military operation at any particular part of the world.

When it comes to Europe, we think that's particularly important. And I know there's been a lot of discussion about the rebalance or the pivot and what that means for Europe. I will tell you, I've spent a lot of the past year and a half now, I think, talking to people about why we chose the word "rebalance," even though admittedly my ultimate boss the president likes to use the word "pivot," but we have purposely chosen this to emphasize a rebalancing of commitments and priorities and focus, not a pivot or a turning away from commitments, priorities and focus.

And as a result, our commitments to, for example, Article 5 in NATO remain – and I think you've heard this many times from, again, our leadership – a top priority for the United States. Our commitment to the capabilities to ensure we can maintain that commitment also

remains. But let me emphasize that we should not get into what I would at least call a bean-counting drill here. Our capability to maintain that commitment is not entirely based on boots on the ground counts or the number of vehicles in a given – on a given base or even the number of bases, per se. Let's remember where all of that started. All of that started in a very different time, a very different context from now. I think it's very important – and this gets back to how we and NATO start to think together – that we think about what the capabilities are required for us to maintain those commitments and gains, globalized context and really think about what the future of that should be, rather than counting from a legacy posture and inferring direction from that. I think where we end up will be much more important than just the, you know, pluses and minuses of specific deployments in the time between. So those are my comments. Thanks.

MR. : Very good. Thank you very much, Dan.

Well, we have about half an hour or so. Instead of me posing a series of questions, I think I'm going to open it up to the audience. But before I do, just a very quick remark. I think that all three of our panelists have laid out, in different ways, yet in interconnected ways about, I think, really the premise of this – of this entire initiative, which is that we're looking at a world in which is changing not just in terms of sort of traditional metrics of power from one nation state to another, or one set of nation states to other set of nation states, but also this diffusion of power from state to nonstate actors and how that is creating a world that is frankly unprecedented, qualitatively unprecedented as well as in some ways quantitatively unprecedented. And that this question about how we go about governing this complexity, which Dan so eloquently discussed in his remarks, I think is at the heart of what it is we're trying to do here and – which includes the question of a more diverse set of challenges as well as opportunities and more – far more diverse set of actors that are relevant, of technologies that are relevant to this equation, positively and negatively, as well as a time of – frankly of limited resources. And so the question of how well we can govern that I think is really the point of what we're all talking about.

So why don't we go ahead and shoot for questions here? This gentleman here, and please, since I don't think everyone knows everyone else – I'm sure of that – please give your name and your affiliation.

Q: (Inaudible.) First I'd like to thank the panel for your comments. I have a more basic question, I think, that needs to be answered. This was put to Madeline Albright four years ago, when she had the council of experts, without necessarily a good answer to it. My question is this: What makes you think NATO is still relevant today? It is a military alliance which the military threat disappeared nearly a quarter of a century ago, and it seems to me that we have to really establish some degree of relevance, or is it a relic? Is it something that we can keep around because it makes a good insurance policy? And if indeed it is a relic of the 20<sup>th</sup> century, is there anything we can do to rejuvenate it? Dan says NATO has to think. NATO is not capable of thinking: Its members are. And given the different divergence of members – the east, the north, the south and so forth, and the divergence of threats between Article 5, or as Dick Lugar used to say, out of area, out of business – it seems to me that really turning NATO around and making it more relevant – which I believe it needs to be – is going to be very difficult. So how would you approach that question? Tell me why it's relevant. And if it is something of a relic, how would you transform it to suit the 21st century in, I think, this very accurate discussion about diffusion of power and what it has meant for a more uncertain environment?

MR. : Anyone in particular? Barry?

MR. PAVEL: Sure. I think that, to answer the two parts of the question, in my view the history of NATO in the post-Cold War era sort of demonstrates that it's an adaptable instrument. And that adaptability has proven itself, not just in military operations – you know, albeit in some cases, as Ivo Daalder famously said on the Balkans, winning ugly, nevertheless won – but also as a mechanism for political-military consultations on a broad range of issues. And so that traditional sort of trans-Atlantic link between North American and European allies, I think, is a very important axis, so to speak, for continuing into a very uncertain and complex and much more muddled world.

And so I'd say its performance has sort of demonstrated that it's – even though it was designed in a very different era – like the other United States alliance relationships, very different era – it's proven already its adaptability, unlike some other relationships. (Chuckles.) And so in light of that, I think it's worth preserving. The question you raise is the ultimate question of this entire effort which is what is NATO – what should NATO look like, how should it be adapted to deal with this very different era?

That might call for different models of consultation. That might call for nonconsensus-based approaches to certain types of operations. It might call for very different command and – command and control structures, different military postures, different forms of exercises, different relationships with partners who, in many cases, might contribute more capabilities than most NATO members to either security cooperation or to military contingencies. So sort of the – your second question is why we're all sitting here now and why we'll be sitting here in early 2014 and later this year. It's the key one.

I think there are pieces – once we work through this global landscape and what NATO's key role is, there are pieces that might come together. I thought Dan's – for example – Dan's really interesting discussion of public-private partnerships – maybe NATO's comprehensive approach takes a very different forms in light of the challenges that we take. And maybe it starts to address some of these new actors in different ways, or maybe it doesn't. Maybe there's an offshoot of NATO that does – that handles certain pieces. But anyway, that's sort of the intellectual ferment that I think – that I think we're engaged in now.

MR. ENGELKE: Either Johannes or Dan?

MR. RØ: I mean, from a European perspective, again, I would say that the – NATO has – is a – is a great function for European allies because it secure – it's our security guarantee. And to retain NATO's regional focus would be important even in the next 10 years. And I also think that NATO has an – or proved to be an important actor to also handle issues that – in the European neighborhood, a Libya nicely illustrates. I mean, it's a – it's a regional question that NATO solves, more or less. So I think NATO is not a relic, but I – it's – I think it should retain its regional focus.

MR. CHIU: I'll just say I agree – I agree with aspects of both. Barry, in particular, I agree – makes a good point of the track history of NATO's adaptation since the end of the Cold War. But, Harlan (sp), it's a – it's a good question. Let me – let me just give you another way

that I think of it, which is: So NATO made a lot of sense for a lot of years because there was a very well-identified threat that we all felt that we had common interest in managing.

Here's what I would say, is if you now, again, take as a given this kind of shift from that more traditional military threat-based view to the current more complex context. I think we all still face a very good – very common set of challenges. I think if we sat down with NATO members – and you're correct. I mean, we tend to personify NATO in a way that's probably not appropriate.

But if we sat down with NATO members and went through our common interests vis-à-vis these global challenges, we'd come up with more commonalities with our NATO member – with our NATO members than with – than with many other states around the world. That, I think, can be the basis for not only continued relevance but for a focus for NATO going forward. So again, while I respect the point that NATO's first priorities will be regional, I think again that, by definition, these are going to involve global issues.

So you're correct also in pointing out – and when you asked the question: How do you change it – it's probably through the members rather than through some sort of institutional approach. But I would argue again – this is just my institutional/strategic planner's bias – is I think you can do both at the same time. For example, I think, frankly, even if you got all the members to agree on some shift, if you did not change the institutional approach to how NATO manages its strategic planning, you're going to run into a little bit of a friction there.

So my suspicion is you would have to do both. But I did not mean to suggest that you could kind of somehow fix or change NATO and that would just kind of permeate all the way through the member states.

MR. ENGELKE: Yes, sir.

Q: Hi. I'm Tim Persons. I'm with the U.S. Government Accountability Office. Let me add my thanks to the panelists for their time, Peter, for your moderating them. Peter, as you wrapped up the session you mentioned against about addressing technological challenges. And I know Barry mentioned this, so maybe this question starts with him.

But it's – the comment was, from Barry, the idea that NATO as the alliance needs to stay at the forefront of these technologies. And of course, as we all know, that's sort of easy to conceive of, maybe very hard to do. What are some things that you believe the alliance should be doing in that regard? What does that look like, to stay at the forefront of technology? Thank you.

MR. PAVEL: Well, that's – I'll just give a brief answer. I mean, it's a little bit related to the – to the dynamics of the previous answer which is – NATO's members sort of are cauldrons for innovation in various ways and in various areas. The United States certainly, but also a number of European NATO members have a very strong technological and sort of innovation base that's starting to drive increasing segments of their economies. So that just needs to continue.

You know, how they come together then in NATO, what forms, what committees, how does that get driven into strategic planning, including contingency planning, I think are very interesting and important questions. But I think, you know, we should sort of take these national efforts and then start talking about them – about the opportunities, about the potential challenges and about – maybe it's another vehicle for NATO's partnerships.

Maybe NATO starts talking to other countries who are non-NATO members about these technologies. Where do you see them headed? Here's where we see them headed. Where do you see the threats? Where do you see the opportunities? Some of the emerging powers, some of the declining powers might be – might be good counterparts for these types of discussions.

But I think the – my basic point is that as national members, we're working on these and we're aware of them, but I think we should start talking about them in the strategic planning fora at NATO so that we can start exchanging notes and start to appropriately hedge our portfolios, both in terms of strategies and in terms of planning.

MR. RØ: I'll simply add that, as important as being at the forefront technologically, I would say that it – to remain the NATO's interoperability, which is perhaps easier because it requires only NATO to sustain the training and exercises that they already do.

MR. CHIU: Let me just pile on that point. That, to me, is really quite critical. I think we have become so accustomed to NATO interoperability that we have, to some extent, assumed it's always going to be there. It has to be worked on to maintain that capability. A lot of the more ad hoc operations activities we undertake essentially benefit from a level of interoperability we have taken many, many decades to establish with each other.

If we don't work as hard to maintain those levels of interoperability into the – in the future, I think we will begin to find a number of areas where collaboration and cooperation becomes much, much more difficult for us, even when we want to and completely agree on doing it. So I think that's an extremely important point.

MR. ENGELKE: Yes, sir.

Q: Mike Mosettig, PBS Online NewsHour. Is NATO, at the moment, capable of doing in Syria what two of its European members, the British and the French, seem to be itching to do, which is to create a no-fly zone, which the American administration is resisting pretty fiercely? And you know, there's been all this talk about a pivot, but that's based on what's – (inaudible) – to be the wishful assumption that we can somehow skip over the Middle East. But meanwhile, all these countries in the Middle East that were artificial creations of the British and the French at the end of World War II – World War I, are all coming apart. So where do the Europeans and the Americans sort of get their act together in this part of the world?

MR. CHIU (?): May I just hit the pivot point, because it's been something I've been spending a lot of time talking about. I know that that's how the pivot has been characterized, but if you look at the document in particular, we went to pains to do this. It was about a rebalance

while maintaining our focus on the Middle East because of exactly these issues, and particularly because of – and not just Syria, but the broader upheaval throughout the Middle East and North Africa. This has been extremely challenging for us, particularly during these budget times, and this is exactly what we need to be able to work with our allies and partners with, such as with NATO going forward.

MR. ENGELKE (?): Barry or Johannes?

MR. RØ: I mean, the experience in Libya suggests that NATO is capable of enforcing a no-fly zone over Syria as well. But it would require American commitment, because we would, for example, need air refueling capacities that the Europeans don't have a sufficient amount of. I would say yes, but as long as the political will is not there, it won't happen. The British and the French are – frankly, I don't know, but I would assume they wouldn't be capable of doing it alone.

MR. ENGELKE (?): Yes, sir. Here.

Q: Ken Myak (ph) with – (name inaudible) – with regard to nonstate actors, it seems the less powerful, less aggressive members of NATO are endangering their own security by being associated with the more powerful, more aggressive members, to just mention Britain and France, but I'll toss in the United States as countries that are prone to intervene as they are doing in countries around the world. The Subway attack in Spain a few years back would be an example of the consequences of countries that are not really leading the parade suffering the consequences. So is there any feeling amongst the smaller, less-involved NATO countries that maybe they should disassociate themselves from these more aggressive members?

MR. RØ: I guess that's directed to me. (Laughter.) At least from a Norwegian perspective, the answer is a clear no. I don't think Norway perceives Great Britain and France and the United States as interventionists, and I think whenever Norway sees sound reasons to support the interventions that they eventually end up doing, that's something we sort of – we don't have trouble with that at all. If – I mean, I don't think we would like to detach from NATO because – in order not to get sort of bogged down in Libya, for example.

MR. : I would just say – you know, the beauty of collective defense is the commitment to come to each other's defense when one feels threatened and to do so by consensus and by a sense of solidarity and commitment to shared values. So when Spain – you know, regardless of what one thinks of the ostensible cause for that attack in Spain, you know, to – I think Spain's reaction was appropriate, which is – you know, if Spain had reacted otherwise, that would have actually made the world a lot more dangerous for all of NATO's members.

And so, you know, the idea is shared security across a range of challenges, and some NATO members feel more – feel such challenges more severely than others, but it's the beauty of this sort of enterprise that I think has stood the test of time and has adapted.

MR. ENGELKE (?): Very good. Yes, in the front – lady in the front, please.



Q: (Name inaudible) – from the Norwegian Institute for Defense Studies. We haven't touched much upon the topic of climate change. You – or you mentioned, of course, the problems with resource scarcity, the problems with water in the future, but the topic of climate change – disruptive weather, increasing sea levels – (inaudible) – massive migrations, and increase in human assistance and disaster relief. How those kind of challenges will impact the NATO?

MR. ENGELKE (?): Anyone?

MR. : I'll just – I want to answer the NATO part, although I'll opine on that a little bit. From the U.S. perspective, I completely agree. Climate change is an important trend that we are tracking as we think about the future security environment. And you highlighted very well the kinds of manifestations that are of great concern to us. Obviously, there are impacts – and Barry mentioned the food and water issues – impacts on food and water scarcity issues. We are very concerned about how that could lead to instability, mass migration, humanitarian crises. I think your issue on weather severity – again, also leading to the potential for increased need for humanitarian assistance, disaster-relief type of activities also are of concern to us.

And then, sea rise, to be honest, is something – sea level rise is something we're already dealing with on an installations basis. I have colleagues in our – in another part of the office of secretary of defense that are working hard on installations management to anticipate and mitigate against the effects of sea level rise just at our own installations in the United States as well as abroad. So these are all issues that we think about.

Again, I'll put those in the category of issues that, while they may have kind of a localized manifestation, can have globalized effects. And from a U.S. perspective, that means those are things that we have to pay attention to, and try and manage as best we can. From a U.S. perspective, again, I would say – and the only way to do that effectively is with significant collaboration and cooperation with allies and partners, and I would argue, NATO certainly should be a part of that, again, in that globalized context.

MR. ENGELKE (?): Barry, did you have something like that? OK. We have about 10 minutes left, and there are a number of hands, so I was going to start collecting, maybe, the questions, two at a time. We had Ian – I saw your hand up earlier if you had a question, and also this gentleman next, and then I'll gather more thereafter.

Q: You spent this morning talking about global dynamics, technologies, climate change, infusion of power versus – (inaudible) – define globalization. Taking a very top-down look on the globe, how do these dynamics affect the relevancy and unity of regional organizations, be it in Europe, be it in Asia, be it in Africa? Do they strengthen the relevance – increased relevance of these organizations? Do they decrease them? Are they unifying dynamics within those regional organizations, or are they disunifying, diluting dynamics in those – in those organizations?

MR. ENGELKE (?): OK, and this gentleman here – could we get a mic here too?

Q: Thank you. Stephen Shapiro, an Atlantic Council member from New York. I just would be grateful if the panel could drill down a little bit on the nontraditional threats – the emerging – what I call non-kinetic or soft power threats, certainly, found in the Russian context. There seems – I’ve had conversations with three different NATO commanders about these sorts of things, whether they be energy or, finally, cyber rising to the top or – I can list all sorts of other things which NATO doesn’t put in its traditional basket of defending against – for example, General Craddock thought that energy was a weapon of mass destruction. Admiral Stavridis thought that was a silly idea. So there seems to be a confusion about this concept, and yet these are very real things. One can bring an adversary or a NATO member to its knees through non-kinetic means, and I just wondered if – certainly, from a planning perspective, what your reaction to that is. Thanks.

MR. ENGELKE (?): OK, so first question on effects – unifying and diluting dynamics on different regions.

MR. PAVEL (?): I can take a shot at that. I think it’s a really important question. I think Dan’s – some of Dan’s points address some of that, but I think it’ll be both unifying as well as disintegrating, the challenges that we’ve talked about. In some cases, as they manifest, they’ll bring regional organizations a certain coherence, because they’ll come home to roost in the region, but like 9/11, they may be borne, you know, in distant regions. So – but in other cases, there will – there will be some challenges that are far afield and that may appear, you know, not to be relevant to these regional organizations.

So I think in some cases, it’s going to bring coherence. I mean, it sorts of gets back to Dan’s multifaceted description. And in some cases, it’s going to sort of rend them apart, because some of these challenges will affect certain members of these regional organizations to a greater or lesser degree than others. So I think it’s a case-by-case – a case-by-case question, and it’ll test – you know, in the case of NATO, it’ll test alliance solidarity to a degree when there is this sort of differentiated impact on members. So I think we should – you know, part of the art of strategic foresight and planning will be to look across some of these potential challenges and opportunities and try to be talking about them in NATO for a so that when they do come – when they do become real, there will already have been some sense of shared assumptions and shared approaches to dealing with them.

MR. : I think that –

MR. : Go ahead.

MR. CHIU (?): I think that’s right, but I think there’s another aspect, and I know it’s kind of implicit, but it’s worth saying. It depends on what the reaction of the regional organization is. So, you know, if it’s unstoppable force against immovable object, the chances for failure are high. But if there is adaptability in order to accommodate – not accommodate as much as consider those global challenges, I think there can be quite a – quite a strengthening of these regional alliances. And this is why I was saying – and I don’t mean to sound antagonistic on this – so NATO, I think, is obviously going to have a regional focus, but I don’t think it stops

there. I think, again, it can operate in a global context. I think that's true for other regional organizations as well.

And again, I think you can almost go region-by-region around the world and say, if you think your security issues stop at the edges of your regional border, that's just demonstrably untrue these days, so they will all need to consider and react to this. I think some of this goes to the second question as well, if I can weave them together and try and answer.

So, you know, some of these non-kinetic, non-traditional threats, likewise, don't respect geographic borders too well. Cyber is a very good example of that. Not only do the threats not have to come from one specific geographic region – and you may not even know where that is, but they certainly don't have to go to an adjacent region or a nearby region. They are, by definition, global. The energy challenges that we face as well – we've tended to talk about kind of more discreet uses of kind of shutting off of energy flows from one party to another. That is certainly a feature that we have to continue to be concerned about, because again, this is another aspect of security that we need to consider.

These are going to affect the security of key partners of ours. But the broader global resource availability and usage issues – and again, this is not so much – necessarily somebody consciously turning off or on a top, but dynamics that are going to affect, again, the security of many countries around the world, and Barry mentioned, especially during a time where energy markets are shifting rather significantly. I think it's going to have to be something that we all pay attention to going forward.

MR. ENGELKE (?): OK, we have about five more minutes, so I'm going to take two more questions. So this gentleman over here against the wall and the far back as well.

Q: Thank you. Rob Colorina, AIAC investment. Question to Dan's presentation. You talked more on the potential for better cooperation with the business community in certain areas. Could you speak a little bit more to that? Are there certain sectors that you see, or regions? And maybe one of the other panelists can comment as well.

(Off mic.)

MR. : I didn't get the last sentence.

MR. ENGELKE (?): We didn't – we didn't quite get the last sentence. Please, if you could repeat the last sentence?

Q: I was just – I was just saying that on the – on the potential for greater business collaboration, if you could speak more to that? Is there specific sectors or regions, and if any of the panelists wanted to add more to that – as to their thoughts to that statement.

MR. ENGELKE (?): OK. And yes, please.

Q: Good morning. My name is Paul Tenet; I work as an exchange officer in the Pentagon. I'd just like to ask about export controls as a means of improving interoperability – the perennial problem of trying to help other NATO members to help out more and to slot in more seamlessly into often U.S.-led coalition operations. Thank you.

MR. : (Off mic.)

MR. : I'll take a quick stab at those – I'll do them in reverse order, if that's OK, just because I – so yes – the short answer is yes, export controls are an important consideration not only in (interoperability ?), but I'd argue to the point that was raised earlier in terms of collectively staying on the edge of kind of technological trends with regard to – certainly, at least, military issues.

I think you know it's been a high priority, certainly, of DOD and of the White House to work on our export controls so that we can better involve our allies and partners and to address exactly that issue of interoperability. So I think the short answer to your question is yes.

On the – on the first question, some examples. I'll give you some obvious ones, but I'll be honest with you – part of what I'm looking for, for some less obvious ones, because I think this is an area that – and I don't want to condemn my colleagues, but I'll just say for myself that in government, it's tough to think about sometimes, because we don't always know what's possible and what's feasible.

I think the most obvious areas for public-private cooperation and collaboration involving, in particular, businesses and corporations is in the cyber realm. And you've already seen quite a bit of evidence of that activity, both domestically here in the United States but internationally as well. That's absolutely critical to try and gain a better handle on the cyber challenges, because it is, by definition, that kind of public-private domain. It's not going to be something that governments can solve alone.

I think there may be other areas. As you know, we have a lot of concerns with resource exploration in areas where there might be contested territorial disputes. I think enlisting the support of corporations, for example, in respecting codes of conducts and norms of behavior in those areas that are consistent, for example, with international norms and treaties, I think, would be extremely helpful. And I say that speculatively – corporations may already pledge to do that, but I would just argue, from a governmental standpoint, that's kind of an obvious thing to do.

I'm not positive that from a corporate standpoint, that's always necessarily something that is taken into account when these types of investment opportunities are looked at. So there may be areas there to explore further, but quite frankly, my suspicion is there may be a lot of other areas that I haven't thought about yet that I would appreciate inputs not only from others at this type of gathering, but we are actively seeking – and this is another kind of public-private partnership – more dialogue and discussion of that nature, because again, we're used to talking to our governmental counterparts as opposed to necessarily talking with key corporate or other business interests in various regions around the world.

MR. : Other people – (inaudible) –

MR. : I just think this is very much related to Stephen Shapiro's question. And I don't have a good answer, but I do have a problem statement, which is, you know, if – and I'll be blunter than Steve was – if Russia is using a variety of these nonkinetic means to tear out the fabric of the Baltic states, covert operations, energy coercion, cyber, buying up – you know, throwing money at preferred mayoral candidates and provincial leaders – you know, if NATO – if they're part of an alliance, as the Baltics are – of the military alliance, and we promise to come to their defense when they're attacked by military forces, but we sit idly by as they get – their entire society gets attacked on multiple fronts in these ways, I'm not sure we're helping them much.

And so I think it's really incumbent upon us – I don't know if NATO is the vehicle to be helping to deal with these pressures, but I do know that there – something should be – should be done. It's a little bit like one hand clapping. I mean, if all we have is this sort of tool – this very singular tool, which is impressive but irrelevant to what some of our members are going through, I think it calls for some imagination and some alternative approaches that can complement the traditional tools for dealing with it.

MR. : (Off mic) – foreign ministers – they actually asked the question, when does Article V kick in? If my city is under assault from X, Y, or Z, and it's not a tank or a missile, does that count as an Article V assault – threat?

MR. ENGELKE (?): OK. Very good. Well we have, I think, one of the great success stories of this – of this panel, besides the – I think the brilliant discussion that we've had from our panelists and from the audience is that we've ended about on time. So I am – have been handed a note that I should announce that lunch is next. You should all be, I'm assuming, very happy to hear that, and that all of you should come back in here to eat. And if we could all thank our panelists for joining us here today and for giving us the – (inaudible) – (applause) –

(END)