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Chair

Mr. Dean Allison

Standing Committee on Foreign Affairs and International Development

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● (1530)

[*English*]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Pursuant to Standing Order 108(2), our study is on the situation in Ukraine.

We have a couple of witnesses today. Unfortunately, one of our witnesses from Ukraine is not on the screen yet, but they're seven hours ahead so maybe there's a little challenge with timing.

However, we do have Ms. Janice Stein, who is the director of the Munk School of Global Affairs. Welcome. It's great to have you with us today. Thank you for rescheduling with us because of conflicts during the last couple of weeks.

Ms. Stein, since you're the only witness we have right now, we're going to turn it over to you. You have an opening statement. I will let you know if our other witness appears. Then I would also encourage the members to address the questions to the individuals.

Ms. Stein, thank you for taking the time to be with us. We're looking forward to your testimony. I'll turn it over to you now.

Prof. Janice Stein (Director, Munk School of Global Affairs, As an Individual): Thank you very much. It's my pleasure to be with the committee.

I don't have a formal opening statement, but what I would like to do is make a few remarks to set the scene, and then I would invite your questions so I can address issues that are top of mind to you.

To take a brief step back from the events of the last several weeks, there are some hard facts that confront us, the most important of which is the borders of Ukraine have been changed unilaterally by the Government of Russia. That is a fact we all have to deal with.

What is in dispute are the motives the Russian government has for acting unilaterally to absorb Crimea into the Russian Federation. I think it's important to recognize that we can only speculate. There is no hard, good evidence that we have at this point in time which would distinguish some fairly benign interpretations of Russia's motives from much darker interpretations of Russia's motives. I think this makes it very difficult to deal in an optimal way with the challenge we now face.

I think it's important, given this uncertainty, that we craft strategies that still leave room for a range of interpretations of Russia's motives, and we have the capacity to respond quickly and nimbly to events as they unfold on the ground.

This morning, clearly, there were concerning developments in the region of Donetsk, developments that look very familiar to what happened in Crimea. From that perspective, clearly there is cause for alarm, but again I want to assert that we do not have good evidence that can enable any of us to say with confidence at this moment in time what motives are driving Russian behaviour toward Ukraine.

Now I would invite your questions.

● (1535)

The Chair: Thank you very much.

To the committee, in the event our witness from Ukraine comes online, we'll give them an opportunity to present. I would ask the members to identify themselves with their questions to Ms. Stein at this point in time.

I'm going to start with Mr. Dewar. The floor is yours, sir.

Mr. Paul Dewar (Ottawa Centre, NDP): Thank you, Ms. Stein. I was glad to be hosted by your school more than a week ago, with friends from Germany. I appreciated the opportunity to discuss foreign policy there.

You identified the most recent activities. It is difficult to understand the inner workings, if I can use that phrase, of what's motivating these actions. You put the key question out there, how to respond.

Could you go over some of the tools, if you will, in our diplomatic tool kit? We're doing a report, and we would like to have recommendations to put forward to government. What we're all trying to do is get the attention of Moscow to reconsider, obviously, Crimea, but also there's concern about, as you just mentioned, the events of yesterday.

Can you enumerate from your expertise some of the diplomatic tools available to us that we should consider for our tool kit?

Prof. Janice Stein: Thank you very much, Mr. Dewar, and it was a pleasure to have you at the Munk School. It's always a pleasure to welcome members of Parliament.

I think we have quite a broad tool kit which we want to use in a calibrated way to send a very strong message to Russia that this country opposes any unilateral change in borders, which is fundamentally what did happen in Crimea. The referendum that occurred did not, in fact, embody a process which any Canadian would really recognize as legitimate, and I think that's a position that crosses all of the different interpretations right now.

What then can we do? Well, we want to preserve the capacity to move forward and increase sanctions should events on the ground in fact worsen from our perspective. So the place where we've started is in fact the correct place to start. That is what we'd call now smart or targeted sanctions. We've learned a lot over the last decade about how we make sanctions smart. The fundamental part of smart sanctions is that they punish individuals who we think are making decisions that are illegitimate from our perspective, but we try to avoid for as long as possible inflicting punishment on the broader population. Why do we do that? There are two reasons. One is we've learned that broad sanctions often punish the most vulnerable in a society and that's not something which I think Canadians would want to do. The second reason is when we do that, that actually strengthens the support of a population behind a beleaguered government.

Very broad sanctions and broad embargoes are not effective tools of foreign policy. We began, as did most of our allies, with a very narrow set of sanctions. Should events for instance in Donetsk deteriorate over the next 24 to 48 hours in ways that would create alarm, there is the capacity, first of all, to lengthen the list of those who are sanctioned. As we move forward, we could include heads of many of the state-owned enterprises on a targeted sanctions list, for example. It's reasonable to expect that these people who do a great deal of business outside of Russia's borders and who are dependent on hard currency to transact their business will become increasingly disconcerted by the foreign policy their government is pursuing.

First of all, we can broaden the list. Second, we can deepen the list. These are all options we have not yet used that are still available to us. There is a whole series of steps we can take down that road.

I think the message we should be sending to the Government of Russia is that we will respond to their behaviour and we have the capacity to do so, obviously not alone, but in concert with our allies, particularly our allies in the United States and in Europe.

Also, should the situation become significantly worse, there are a series of political sanctions as well. Some of these have been talked about. We have not used them. There is of course the membership in the G-7/G8. There are, in fact, diplomatic sanctions that we can impose. Those kinds of sanctions are much further down the road.

We would want to stay diplomatically engaged for as long as we can, because we would want to be sending a message over and over to the Russian government, in as many ways as we can, that the key issue for us is respect for the territorial integrity and sovereignty of Ukraine, and that we've passed the moment in European history where borders are changed unilaterally or through illegitimate processes.

● (1540)

Mr. Paul Dewar: I have a couple of quick questions.

One is with regard to that engagement you speak of. I agree it's a balancing act, really. It's about having the smart sanctions—and I couldn't agree with you more about what we've learned and why we should apply them in the way you've suggested—but also figuring out ways that we can stay engaged.

Would you send our ambassador back to Moscow to stay engaged and to keep our voice heard directly by the government there?

You had mentioned recently that you don't want to back a bear into a corner, an apt metaphor. What did you mean by that?

Also, there's that balance I spoke of between on the one hand very clear language, absolute clarity in terms of the transgressions as not acceptable, but on the other hand, this form of engagement that we require.

Prof. Janice Stein: You're quite right that it is in fact a careful balance that we're looking for.

With respect to your first question, whether this is the moment to send our ambassador back to Moscow, we want to do that, clearly, in a context where we're rewarding some kind of behaviour from the Government of Russia, where we see some progress, some willingness to recognize that we need a political solution to Crimea, and that we want a referendum process, an election process, that is genuinely open and fair and doesn't take place under the shadow of guns. From listening to the news last night and this morning, I don't think we've arrived at that moment. If anything, events seem to be going the other way.

If it were up to me, I probably would not right now send our ambassador back, because I think that message would be misinterpreted.

I do think, though, that there is a danger of poking the bear in the eye, as I said. Here we're going to get into some question of interpretation of Russia's motives. As I said, there are some very dark interpretations, and some of those are credible, frankly, and they deal with the group of people who are most closely advising President Putin right now. Many of them have come from a similar background in the security services and are not particularly open to the west, and these are the stories that concern.

There is also a second theme, and we're manoeuvring between the two here, of a Russia that was humiliated by the loss of the Soviet Union; that was angered as a result of the UN action over Libya, where the government feels, rightly or wrongly, that it was misled; and that is deeply uncomfortable, despite all the reassurance they've been given, and they have been given reassurance, with the extension of NATO very close to Russia's borders.

Those two explanations don't have to be mutually exclusive; in fact, both can be true at the same time.

A good strategy would do two things, it seems to me. One, it would try to avoid any additional humiliation of Russia, because governments react very much like people: when they're humiliated, they lash out. But we also have to send a very clear, firm message that this is unacceptable to Canadians. across the board, in a non-partisan way, that the behaviour, regardless of what the motive is, is simply unacceptable, and that Russia can have its interests, which is the protection of the Russian-speaking population in Ukraine, and those interests can be met through peaceful means.

● (1545)

The Chair: Thank you very much.

We're going to move to Mr. Anderson, for seven minutes.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, Ms. Stein, for being with us today.

I'm glad you started talking a little bit about motives. I was actually going to ask you what would be the benign motive behind basically disrupting someone's country, annexing it, invading it, and then using your Parliament to declare it part of your country. I don't think there are a lot of benign motives. We might talk a little bit about protection for the Russian language there, but I don't think any of us would suggest that justifies the kinds of actions that Russia has taken.

I don't know if you have any comments on that.

The other question I was going to ask you is if there is a difference in how we should act, between motives that are benign or motives that are much more aggressive than that.

Prof. Janice Stein: Let me make clear that there is absolutely no justification for the actions Russia has taken with respect to Ukraine. I think that has to be the starting point for any strategy we develop in concert with our allies. The behaviour of the Government of Russia toward Crimea and toward Ukraine more generally is simply unacceptable and illegitimate. We consider it illegitimate and unacceptable, regardless of what was driving that decision. That's why I started with the behaviour, not the motives.

Is it credible, Mr. Anderson, that there are in fact...? We in the academic community who study this kind of behaviour would talk about defensive motives versus offensive motives. And yes, that is credible. I can't tell you it's true, and it doesn't justify the behaviour, but it is credible.

We heard from the Government of Russia, especially after the operation in Libya, that the Russian government felt misled, that it had authorized an operation that then went far beyond what was authorized, that it felt the promises that were made were not kept. This has been a consistent theme, along with a significant proportion of the Russian elite who look back to the Soviet Union with nostalgia and bemoan the break up of the Soviet Union.

Those currents are present in Russia; there's no doubt about it. Again, they don't justify the behaviour, but once we understand that they're present—they're present in the press, they're present among people who are advising the current President of Russia—I think it's important we avoid any unnecessary humiliation as we move forward with sanctions if this behaviour continues. It's that point that I'm making.

Mr. David Anderson: Part of that seems as though there's an ability to humiliate the Ukrainian people or an interest in doing that, and taking part of their territory certainly would fit into that category. I understand what you're saying, but I'm also concerned that we don't think that somehow trying to deal with the aggressor is in fact humiliating them at all.

You talked earlier about the necessity to have the capacity to respond quickly. You talked a bit to Mr. Dewar's questions about what some of the possible moves might be. What does the capacity to respond quickly in this situation look like internationally? I think there's been a certain amount of frustration among people or nations who maybe should have been organized a little bit better than they have been to deal with this. Could you just talk about your perception on what that would look like?

● (1550)

Prof. Janice Stein: Let me reiterate that Ukraine is the victim in this situation, that is, Ukrainians who have borne the price of this, and that what is happening in Ukraine is illegitimate, wrong, alarming, and a terrible precedent for Europe, where we thought this period of European history had come to an end. I think, as I said, that's indisputable.

Coordination with our allies; sanctions really only work when they're strongly concerted with others. No one country, even a country far more powerful than we, can have an impact through sanctions if it acts alone. The big challenge is to concert with the United States and with the European Union a series of sanctions that increase in breadth and depth if events on the ground change in ways that we consider even more unacceptable than those that have happened.

I think, frankly, were there to be any Russian movement in eastern Ukraine or southern Ukraine, any referenda that were sponsored within a period of two weeks, again under the pretext of protecting Russians, would be such an alarming development, such a flashing red light that certainly NATO, the United States, the European Union would probably, unfortunately, find it easier to work together than they have up until now.

There are, however, differences, as you well know, inside the European Union, and of particular importance here is Germany. Germany is a large trading partner with Russia; it imports gas and it exports heavy machinery to Russia. There's a significant economic relationship there. Chancellor Merkel has been the one who has held back beyond the first round of sanctions. She has been in constant contact with President Putin. But thus far, frankly, her efforts to urge restraint on the Russian government, to urge a diplomatic solution have not been effective. So the critical government we will have to work with is the government of Angela Merkel.

Mr. David Anderson: At what point do you think that those disparate interests on this side of the equation come together? Is it when Russia moves further into Ukraine, because they're clearly trying to disrupt the eastern part of the country right now, especially over the weekend. At what point will the west, NATO, and the EU come together? Will they do you think?

The Chair: Ms. Stein, just a quick response because we're out of time, but I do want you to answer the question.

Prof. Janice Stein: I certainly think that there is growing concern in Europe and in Washington, and I'm sure that our diplomats are now working together very actively with those governments so that if any of what we've talked about occurs, they are ready to go on a dime with broader and deeper sanctions than we've currently seen. And if they're not doing it, they certainly should be.

The Chair: Thank you.

Thank you very much, Mr. Anderson.

We're going to Mr. Garneau, for seven minutes please.

Mr. Marc Garneau (Westmount—Ville-Marie, Lib.): Good afternoon, Ms. Stein. I'm Marc Garneau from the Liberal Party.

I take your point about Libya. I believe that the Russians felt that they had been misled, and I think that certainly played into the position they took in Syria. I'm not 100% sure that it translates onwards into Ukraine, but of course the whole issue here, as you raised it yourself, is what is their motivation for doing what they have done so far.

I would like to have your opinion on whether you think that part of this could be Mr. Putin's aspirations to grow Russia's sphere of influence and that he's looking at Ukraine in a sense as a test case where he must show himself to be strong because of other countries where he has interests, such as Moldova and Belarus, and other adjoining countries.

● (1555)

Prof. Janice Stein: Thank you very much for the question, Mr. Garneau.

This is a really difficult question to answer, as I said. Let me say again we have no evidence. Evidence matters, and we have no evidence.

Let me just say there is a dark and then there is a darker interpretation. The interpretation you just put forward is dark in the sense that it's that President Putin has never accepted the loss of Ukraine and Belarus from the greater Russian sphere of influence, and that this is an opportunistic moment to reassert Russian influence, to construct a greater economic zone, particularly to keep Ukraine from joining or affiliating with the European Union, and that he seized the opportunity when it became apparent.

A darker version even than the one you just put forward is about the so-called Eurasianists, who are increasingly prominent in the Russian media, and if you're prominent in the Russian media today that's because you are allowed to be prominent by the government. There is in fact a group who articulate a position that Russia needs to reassert and re-establish its borders. It needs to turn its back on the west, the western model of democratic government, human rights, that these are all strategies used as spheres to undermine the Russian government and to inflict further damage on Russia. These are voices actually that we're hearing. There's no question we're hearing these voices inside Russia.

The big question is how influential are they, how much access do they have to the president, and is this in fact the strategy that he's following?

For us as Canadians I think we have to stay focused on what Russia is doing rather than on the why of what they're doing. We have to be unambiguous in demonstrating our own resolve and in underlying that this unilateral change of Ukraine's borders is unacceptable, that any further dismemberment of Ukraine, south and eastern Ukraine, would in fact provoke a new round of much broader and much deeper sanctions, and that this crosses all party lines within this country.

Mr. Marc Garneau: Thank you.

Given what has happened in Donetsk and to a lesser extent in Luhansk and Kharkiv in the last 24 hours, to what extent do you think this is ethnic Russians in east Ukraine, perhaps emboldened by what's happened in Crimea, expressing their desire also to join Russia, and to what extent do you think it's being fed by Russia itself?

Prof. Janice Stein: One of the things that we know, for instance, from studying even the recent history of Yugoslavia in the 1990s is that your friends are sometimes the most difficult people to control. So it's not inconceivable that those in eastern Ukraine see the opportunity, understand that they can destabilize, and create an opportunity where the pressure inside Russia on President Putin from some of the groups that I've talked about will grow and they will [*Inaudible—Editor*]. You know, you can ensnare a government in this way, and we've seen it done in the past. That certainly was done in the Serbian part of Bosnia with respect to the Government of Serbia, so what you're describing is not unknown.

I think in this case, though, what we're seeing is a concerted action that the process starts by the engagement of Russians. There are some 150 in Donetsk right now who are agitating for a referendum, and what we really need.... Again the message that we need Angela Merkel to convey and that all of us need to say is that any referenda of that sort are unacceptable; they are not legitimate; there is not a fair process; they are being undertaken in a shadow of insecurity, and we would utterly reject any such referenda. We need to be saying that now, frankly. I think our governments are saying that in the west.

● (1600)

Mr. Marc Garneau: On the issue of economic sanctions, is it your sense that as we progress, if need be, the European Union and Germany in particular have the resolve to get tougher on this one?

Prof. Janice Stein: I hope so. I understand that there are dilemmas that Angela Merkel faces. I know our Prime Minister has been in touch with her on this subject. She will be pivotal; she will be absolutely pivotal in this next stage. I think she is shocked by what has happened. Anybody watching the news over the last 24 hours has to be alarmed, frankly, at what might unfold in the next 48 to 72 hours. Unfortunately, the more alarming the situation gets, the more likely the European Union will come together.

One of the unfortunate facts of life is that there are 27 governments in the European Union and it takes time to coordinate action together. That can prove beyond frustrating in an environment that is changing rapidly.

The Chair: Thank you.

Thank you, Mr. Garneau.

We're going to start our second round, and I think we'll have time for a full round.

We'll start with Ms. Brown, for five minutes, please.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Ms. Stein, for your insights into this.

Following up on the question that Mr. Garneau posed, you talked a little bit about political sanctions, the G-7, the G-8. I know we don't want to poke the bear, as you said, but is there a point that we come to and say that we can't go any further?

My time for questions is not long, but I have a second question.

Over the last while, Canada has contributed election observers. In the last election in Ukraine we sent 500 observers. I wonder if you could talk a little bit about how we prepare for that. I don't know how many we will send this time, but I'm sure we will send a robust contingent. My question really is, how do we prepare them? The situation is so complex there now, maybe it's not quantity, but it's quality. Are there things we should be doing to be preparing those observers for the May election?

Prof. Janice Stein: There are two questions. Is there a point beyond which we say, "No more"? I think that point would be any authorized referendums in parts of eastern Ukraine or southern Ukraine that would allow a vote on whether to break away from Ukraine and join Russia.

In other words, were there to be a referendum of the kind that was held in Crimea in any other part of Ukraine, that would be a point at which we would say, "No more". We'd move much more forcefully with respect to the G-7 and the G-8, for example. As you know, right now Russia is suspended but not excluded. Again, I support a strategy that allows us to move forward step by step.

With respect to the training of our election observers, we have very skilled election observers. They are trained by Elections Canada. We have a superb record of performance and I am sure that we will be sending a [*Technical Difficulty—Editor*].

We seem to have been disconnected there.

As I was saying, with respect to election observers, they are trained by Elections Canada. We have a large community of Ukrainian speakers who will staff this. I think we will send a team of the highest quality. I have no worries whatsoever about the quality of the observers that we will be sending.

● (1605)

The Chair: Thank you very much.

We're going back to Mr. Dewar, for five minutes.

Mr. Paul Dewar: Thanks again, Ms. Stein.

I want to talk about sanctions again. One of the questions that is important to raise, just to get your take on it, is that if we put in sanctions, as we all agree around the table, they have to be targeted. They have to be focused. They have to be smart, as you said, but they also have to have goals. If you don't lay out what your goals are for the sanctions, it becomes very confusing, not only for you but for the people with whom you are trying to engage.

What do you think our goals should be when it comes to sanctions? Should it be to get out of Crimea? Should it be to sit down at the table? What do you think is the best message to be sending because, I'll be frank with you, that might be a little lost at this point because events have taken over. I'm not being critical of any one actor, but some people have asked what the goals are for these sanctions. I'd like your take on that.

Prof. Janice Stein: That's an excellent question.

Just to take us back for one moment, the Ukrainian government has the right to feel an enormous sense of betrayal, because when it gave up nuclear weapons, to put this in the broader context of security challenges in the world, Russia, the United States, and Britain guaranteed the integrity of Ukraine in the Budapest Memorandum in 1994.

The reason I bring this up, Mr. Dewar, is that it's so important that we all understand the significance of this as we ask other powers not to develop nuclear weapons. This in many ways is a case that is obviously important to Ukrainians, but whose importance goes way beyond Ukraine as a result of the international guarantees it received. That then affects my view of appropriate goals for the sanctions.

I think the first goal is that Russia come to the table and enter into a diplomatic process with the Government of Ukraine, helped by others in which there is some agreement on a fair and appropriate political process to canvass the opinion of Crimeans that the process we saw was unacceptable. That's to me an important goal because we in a sense gave our word to the Government of Ukraine. We can't simply turn our back and legitimate the dismemberment of any part of Crimea without a fair political process. That to me is the core goal.

Obviously the events of the last 24 hours are alarming. Here we need to send a clear message again that any engineered referenda in any other part of Ukraine would inflame the situation past the point of no return. The more strongly we say that over the next 48 hours—not only we, but the United States and the leaders of the European Union—the more likely we are to avert behaviour that will push people beyond the point of no return.

● (1610)

Mr. Paul Dewar: Thank you.

We've just received information that Russian diplomats or officials are being barred access to NATO headquarters. That's something that has just transpired. I put that on the record for people's information.

I want to touch on the importance of pre-election observers. We've talked here about having election observers and the government has supported that in the past and put in some significant dollars to help with that. Do you think there's a benefit and need for pre-election observers, and what would that be, in light of what's happening right now leading up to the election?

Prof. Janice Stein: Certainly if we could deploy election observers 10 days or two weeks before the election, they'd get a better sense of what's happening on the ground. They establish contact with the people that they need to. What I would not recommend right now, given the uncertainty in southern and eastern Ukraine, is that we deploy any civilian personnel into an environment that is frankly explosive, where they would not be able to secure their own safety. That is not something which I think the Government of Canada should do.

I think it's important that we not put Canadians in a vulnerable position because should their security be compromised, the Government of Canada would find itself frankly in a dreadfully difficult position.

Mr. Paul Dewar: So would you recommend a multilateral approach, in which we and all our partners agree where we should go and go that route?

Prof. Janice Stein: The more we can coordinate with our allies, the more our impact would be. There's no question about it.

The Chair: Thank you.

We're going to finish up with Mr. Goldring. Sir, you have five minutes.

Mr. Peter Goldring (Edmonton East, CPC): Thank you for appearing here, Ms. Stein.

I understand from my many visits to Ukraine that religion is supported by, they say, in the area of 80% of Ukrainians who would declare themselves as being somewhat religious or very religious. We know that among the major churches in Ukraine, one of them is the Russian Orthodox religion. They have a council of churches in Kiev that includes all of the major churches, Jewish and Russian and that. It's being chaired by a person of the Russian Orthodox church.

Given the scenario and circumstances particularly in the Russian border areas and the unsettlement through there, could the churches play a role in this? I'm thinking that if the council of churches, if they do have that power and sway, could put out a proclamation for every single church, every single parish, to support the concept of linguistic and cultural inclusivity. That might have, I think, some calming effect. As well, with the upcoming presidential election, if that were initiated, that would give the upcoming candidates for the presidential election...to reinforce and to be taken into the Rada by whoever was successful in the election.

What do you think? Do you think there could be a role for the churches if this were able to be put together?

Prof. Janice Stein: The role of any multi-religious or multi-faith or multilinguistic group is absolutely critical in these kinds of situations. What normally happens under these conditions, and we see it everywhere, is polarizing, where communities, able to live together in peaceful terms, as security is threatened and as passions are heightened will break apart. Neighbours who were formerly able to go to church together will all of a sudden look at each other with suspicion. The “us” and “they” kind of divisions deepen.

In Kiev right now, there is still time, with courageous leadership, for the council of churches to take a strong position. That would be deeply reassuring, especially to those who find themselves as minorities. Ukraine has minorities in different parts of the country, so were they able to summon that kind of leadership, that would be, I think, very reassuring.

Is there a role for church leaders in this country, in Canada, to be in contact with their fellow leaders in Ukraine and to urge that kind of action on them? Very, very much so; very much so.

● (1615)

Mr. Peter Goldring: We see in regular elections the various churches marching with their candidates of choice, and they're actually campaigning there. We know that the Russian Orthodox is predominantly the blue and white, and the other orthodoxies are for the various other candidates too.

So if they campaign with them there, my feeling is that at a local church level their message to defuse the situation or bring about calm would be taken very, very strongly and would give the assurance in the regions themselves.

Prof. Janice Stein: Again, what's important to avoid is that Russian Orthodox church leaders campaign only in Russian neighbourhoods, among Russian populations, because if that happens, the signal is exactly the reverse of what you're talking about: it's divisive and it aligns church with language and ethnicity.

What you're looking to preserve is that multi-faith, multi-language forum that welcomes everybody and sends a message that they, as religious leaders in Ukraine, see the future of Ukraine as multilingual, multi-religious, multi-ethnic. That's the reassuring message.

Mr. Peter Goldring: That goes back to the council of churches, then.

Prof. Janice Stein: Yes, and out of the campaigns, actually.

The Chair: You have 30 seconds left. Do you have a quick question?

Mr. Peter Goldring: No, I'll let it go at that.

Thank you very much.

The Chair: Thank you.

Ms. Stein, thank you very much for taking the time to be with us today. We also appreciate your flexibility in terms of rescheduling from the other week.

Thank you very much.

Prof. Janice Stein: I invite you all to come and visit Munk School in Toronto and spend some time with our students. They always benefit from meeting with members of Parliament.

The Chair: Thank you for the invitation.

I'm going to suspend the meeting until we get our next couple of witnesses up. We'll come back in about five or so minutes.

● _____ (Pause) _____

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● (1625)

The Chair: Welcome back everyone.

Welcome to our two witnesses who are joining us via video conference from Washington.

We have with us David Kramer, president, Freedom House. Welcome, David. We're glad to have you here today.

Also from Washington via video conference we have, from the McCain Institute for International Leadership, Kurt Volker, who is the executive director.

Kurt, welcome to you too, sir.

Why don't we start with you, Kurt. We'll start with your opening testimony. Then once we have both opening testimonies presented, we'll go back around the room with the members of Parliament to ask some questions.

Mr. Volker, we'll turn the floor over to you, sir. You have the floor for 10 minutes, please.

Mr. Kurt Volker (Executive Director, McCain Institute for International Leadership): Thank you very much for inviting me. It's an honour for me to be here.

I want to walk through a few framing points about how I think we need to be looking at the situation in Ukraine, and how we need to be looking at the options we as a transatlantic community, as a democratic community, should be pursuing.

The first thing I would say, and I had planned to say this before getting the news this morning, but it's even more relevant now, is that we have to be very clear that the crisis in Ukraine and the crisis in eastern Europe is not over.

There has been a tendency in the past week to think, oh well, we lost Crimea, but now that's it, and things will calm down again. I think it's quite the contrary.

I think President Putin in Russia has put a lot of tools on the table now. He has taken the military out of the box. He has put his special operations forces to work at agitating demonstrations. He has poked in Transnistria in eastern Ukraine, in Crimea of course, in South Ossetia in Georgia, even a demonstration in Tblisi in favour of Russia which had been unheard of a year ago. He's put a lot of chips on the table now, and I don't think he's going to put them away very lightly, particularly if he feels there is no penalty for him to continue to try to push. This is not a crisis behind us that we now analyze. This is a crisis that is still unfolding in front of us.

The second point I would make is that the approach we have taken as a western community through the G-7, through the United States, the European Union, has been one of incremental escalation of sanctions or travel bans in response to Russian actions. Thus far, the level of sanction or the level of pain we've been willing to inflict has not been commensurate with the steps Russia has taken, and they are in no way strong enough to provide a deterrent.

In fact, I think a proper approach would be to do exactly the opposite, which is to immediately put enough painful sanctions, and travel bans, and sanctions upon companies, sectors, and energy on the table, before Russia takes the next step, so there is then an incentive for President Putin and Russia to negotiate away from those sanctions and penalties, rather than feeling, “There is nothing here now. I'll take another step, and then see what happens.” He can always back down a little bit from that further step, although we have already ceded every step he has taken to this point.

The third point I wanted to make is that this is not only about Ukraine. It is about the order of Europe we helped to construct together after the fall of the Berlin wall. You can see pressure points emerging already in the Caucasus, in the Baltic States, of course in Ukraine, in Moldova, even in the Balkans. Everything we had done to build freedom, democracy, and market economy, rule of law, and human rights in a secure zone for a wider transatlantic community is being put under test right now to see how committed we are to advancing that vision—and right now Putin is concluding we're not committed—and how committed we are even to maintaining what has already been achieved. I think that is something we need to be very conscious of.

The fourth point I would make is that we should not take military instruments off the table. Putin has taken the military out of the box already and he has used it. He has used it to acquire territory, and the absence of any resistance has made it a relatively smooth process, just one Ukrainian soldier killed today, and I think there was one injured previously, but there has been no real military resistance.

As long as President Putin feels there is no military pushback and no potential military pushback, he's going to see an imbalance in the forces at work here, with our being willing perhaps to put on economic sanctions or travel bans, which he'll view as temporary, negotiable, and eventually they will be lifted, versus the physical acquisition of territory geography which will become permanent, a permanent part of the Russian empire, and an asset to Russia in the long term. He's willing to risk the temporary sanctions in order to make these long-term gains. We need to put into his mind some doubt that maybe, in fact, there would be some military pushback at some point.

Now, I would separate the military question into two categories, defence and deterrents.

On the defence side we have to be absolute. There can be no encroachment on the territory of any NATO member, and we should put in place every mechanism at NATO's disposal today to send the signals to make clear we will protect that territory and protect that country.

● (1630)

We've done some of that already. I want to give some credit to NATO thus far, but we do need to go further.

We need to complete all the contingency plans for the defence of every NATO member state, and we haven't done that yet. We need to increase air defences along the area bordering Russia, particularly in the Baltic States. We made some progress in air policing in the Baltic States, but we also need some ground-based air defences.

We need to do exercises with countries bordering on the territory of Ukraine and Russia, particularly Poland and Romania. These exercises need to include ground forces that would be ready in the case of a decision to use them, so that Putin would know that there is a capability there, because at this point, he doubts that we have both the capability and the will.

We need to put an arms embargo in place against Russia. We also need to be doing everything we can to support the Ukrainian Ministry of Defence and the Ukrainian armed forces by providing, for example, better intelligence, advisers to the Ministry of Defence, and additional equipment, perhaps even on the basis of loan guarantees, so that we are increasing the potential pain that Russia would feel if there were to be any military incursion into Ukraine and to raise doubts about what the further western response would be should that happen.

That is a long list of steps that could be taken today, both on the non-military side, on sanctions, as well as on the military side. At this point, I believe that President Putin believes that he faces no real consequences and no real pushback, and that most of the steps I've just outlined will not be taken. As long as that's the case, I think we face a very dangerous window right now where Putin, having put all these pieces on the table, is going to be willing to use them to see how far he can get before he really needs to back down on something. Thus far, I think he thinks he can go very, very far.

I'll pause with those remarks. I would be delighted to take part in the questions and answers.

● (1635)

The Chair: Thank you very much, Mr. Volker.

I'll now turn it over to David Kramer from Freedom House.

Mr. Kramer, the floor is yours, sir.

Mr. David Kramer (President, Freedom House): Thank you very much, Mr. Chairman. It is an honour for me as well to appear before the committee. I do want to pay tribute to the steps your government has taken in response to the crisis in Ukraine involving Russia and also your interest in holding this hearing. We appreciate it very much.

The democratic community of the nations, I would argue, has never faced a graver threat since the end of the Cold War, and we might even have to go back as far as the Cuban missile crisis to find something which I think is as much of a threat as we are seeing unfold with Putin's Russia and the invasion and annexation of Crimea. Now it's the threats we see in the eastern parts of Ukraine, but also beyond the borders of Ukraine: the threats that Kurt mentioned with Moldova and Transnistria; the problems that Russia is able to stir up in Latvia with its ethnic Russian population, as well as in Estonia. In the latter two cases we're talking about countries that are members of NATO, that would invoke article 5 should the situation get uglier than what we've seen so far.

I would agree with Kurt when he said that so far Putin has not seen enough disincentive to stop the kind of behaviour in policies and actions that he has engaged in. I would also say it is now a mistake on the part of the west to withhold any further sanctions and make them conditional on Russian troop movements across into Ukraine's eastern and southern borders.

The point should be to pre-empt any possibility that Putin would send forces across the border into further parts of Ukraine, not to react to that step should it happen. So I would argue that the west needs to go forward and as soon as possible with what we call stage three sanctions that would include more individuals close to Putin. It would include state-owned enterprises, Russian banks. Start going after the Russian economy itself. I think anything short of that is unlikely to get Mr. Putin's attention.

Let me offer, if I may, a few thoughts about Putin's Russia, because I think that is central to what we're talking about, and about how to respond to the threat that Putin's Russia poses, and then how we should be helping Ukraine. I'll try to complement what Kurt said because I agree with virtually everything that he had offered.

Vladimir Putin, I would argue, oversees a thoroughly corrupt authoritarian regime and also combines a paradoxical if not dangerous combination of paranoia and insecurity along with arrogance, assertiveness, and self-confidence. We saw this paranoia really come to the fore after the colour revolutions starting in Georgia in 2003, and then in Ukraine in 2004.

Then if we look to events in the Arab world in 2011, Putin once again got rather spooked by these popular movements that were calling for and demanding better governance, transparency, rule of law, dignity, respect for human rights, all of those concepts alien to the system of government that Putin has put in place in Russia.

Fast forward to November 2013 on through to today and we see what has been happening in Ukraine as a further challenge to Putin, not only to his efforts and goals to try to establish an economic union, a Eurasian economic union, but also as a model for Slavic people demanding a more transparent, accountable government based on rule of law. That is a threat not only for the kind of government Putin would like to see in Kiev, but it also could pose a threat to Russia itself should Russians decide, if Ukrainians can do that and demand that, then shouldn't they be demanding the same thing from their own government?

The irony is that Putin has justified his actions in Crimea by saying he's going to the defence of Russian-speaking populations there. In reality, Putin shows no interest or concern for the welfare of Russians inside Russia itself; so he only uses this excuse for politically expedient purposes in order to fabricate a reason for sending Russian forces in. Putin, we have to remember, thinks in zero-sum terms, and what is good for Ukraine or what is good for the west must ipso facto be bad for Russia and bad for him. That's why he tries to block efforts by Ukraine, Georgia, Moldova, and other countries to westernize and democratize, because he sees those trends and those movements as a threat to what he's trying to establish in Russia itself.

His foreign policy, I would argue, is in many ways an extension of his domestic politics.

● (1640)

Essentially, he tries to justify his way of governing in Russia by perpetuating the absurd notion that the west, particularly the U.S., is a threat to Russia.

If we look at the reality, Russia has the most secure, stable borders with those countries, namely, Lithuania, Estonia, Latvia, and Poland, that are members of NATO and members of the EU. Therefore, NATO enlargement really does not pose any threat whatsoever in real concrete terms to Russia, though Putin likes to perpetuate the psychology that it does.

Let's also not forget that while I've been talking a lot about Putin, Viktor Yanukovych also deserves a lot of blame for what happened in Ukraine.

I was there in Ukraine for both the January and February 2010 elections. He was elected democratically, but a democratically elected leader is not endowed with permanent legitimacy. I would argue that over the months and years that Yanukovych served, he forfeited that legitimacy through massive corruption on a scale much greater than we had seen in Ukraine in the past, through unconstitutional moves, and then not least by using force against peaceful protestors as early as November 30 and December 1 last year, and then of course with the killing of close to 100 people in February this year.

How should the west respond? I do give credit to the west for imposing sanctions in a rather short period of time. Ratcheting up the sanctions has been helpful. But I also agree with Kurt when he points out that we can't simply be in reactive mode; we actually have to be proactive and try to pre-empt the aggression and assertiveness that we've seen from Putin. That's why I feel it is important to move ahead now with more sanctions, and not simply to wait for Russian forces to trip a wire by crossing into Ukrainian territory.

I would say that the Russian economy is vulnerable to tough hard-hitting sanctions. We've seen the ruble fall and the stock market drop, and we've seen capital flight reach a level beyond all of last year's numbers, estimated at some $70 billion. Russia is much more integrated in the global and western economies than it has been in the past, and therefore, it is much more vulnerable and exposed to tough measures by the west.

I do commend Canada, the United States, and the EU for what they have done, but they need to do a lot more and they need to do it now.

Last, there is of course the issue of helping Ukraine. Aside from the measures that Kurt has identified, I would argue that there are a few issues we need to keep a focus on.

First, we should continue the policy of non-recognition of Russia's annexation of Crimea. We should not simply accept it as a *fait accompli* and think there is nothing we can do about it. We took this position with Russia's absorption of the Baltic States in the 1940s, and it turned out to be the right position. We should not simply write off Crimea and say that all is lost.

We need to move as quickly as possible with disbursing funds to help Ukraine's poor economic situation. I am heartened to see the fast progress in negotiations between the IMF and Ukraine and also by western governments in providing assistance.

I would say that it's equally important to help Ukraine recover the estimated tens of billions of stolen assets that Yanukovych and his circle took from the country.

It's also important to help Ukraine with energy reforms, and also for the west itself to re-examine its energy dependence on Russia, which I tend to think is exaggerated and can be rather quickly changed.

We should look out for the welfare of the Crimean Tartars and the ethnic Ukrainians in Crimea itself. Essentially we have close to 800,000 people in Crimea who have been disenfranchised as a result of Russia's annexation of Crimea, and their welfare is, I think, something we should keep on our radar screens.

We should insist that May 25 be the date of presidential elections in Ukraine. There are efforts both inside Ukraine by certain political forces and by Russia to postpone these elections so that Russia can argue that there continues to be, in its mind, an illegitimate government in Ukraine. May 25 is the date that has been targeted for elections. That's when elections should be held. We should be doing everything we can to help Ukraine conduct an election that will be deemed free and fair so that they can have a legitimately elected president leading them into the future.

We should also work with independent media in Ukraine and with civil society groups, all of whom have played a really key role in developments in the past few months and even in the past few years. When all hope looked lost, I would argue that civil society in Ukraine really stepped up and showed that it is a very powerful force in the country.

● (1645)

Last, I would say that we need to do everything we can to assist development of real democratic institutions in Ukraine so that the country does not squander yet another opportunity to move in a more positive direction. We saw this after the Orange Revolution of 2004, when the orange forces blew an opportunity to really solidify Ukraine in a more democratic, westernized direction. We have to do everything we can to make sure Ukrainians don't miss yet another opportunity.

In closing, Mr. Chairman, it's remarkable to me that so many Ukrainians churn down the streets in Kiev and elsewhere throughout the country demanding democracy, dignity, rule of law, human rights, a western orientation, not to the exclusion of good ties with Russia. So many people did it again, and in the worst of all weather, after they did it almost a decade ago. That they continue to persevere and demand that for their country is impressive to me. It also makes it incumbent upon all of us in the west to help them as much as we can.

Thank you very much.

The Chair: Thank you, Mr. Kramer.

We're going to start questions now, and we're going to start with Mr. Dewar for seven minutes, please.

Mr. Paul Dewar: Thank you to both our guests.

I want to start off with a question for both of you. I had asked a previous guest today what are the goals for sanctions. As you know, we've all supported sanctions—Canada, the U.S., and the EU—and that they be smart, targeted sanctions, but the question which I think we have to focus on is to what end. In your opinion, what should the sanctions be for? Is it for immediate withdrawal from Crimea? Is it to get the Russians to the table? In your opinion, what should be the clear message we put out vis-à-vis the sanctions and what we're putting them in place for? Sometimes that message gets lost.

I'll start with Mr. Kramer, and then Mr. Volker.

Mr. David Kramer: Sir, I think sanctions need to be both punitive and pre-emptive: punitive for the steps that Putin and Russia have already engaged in, such as the invasion of Crimea and its annexation, but also pre-emptive to try to prevent further aggression on Russia's part, further meddling, further efforts to destabilize the situation in Ukraine. I would argue that both of those have to be part of the goal. Return to the status quo, as difficult and almost impossible as it may seem today, I think has to remain our goal.

Last, I would say that sanctions are as much psychological as they are anything else. I worked in the state department along with Kurt for a number of years, and I was involved in sanctions on Belarus. As long as Lukashenko knew that there were going to be more sanctions if he did not release political prisoners, he was more likely to at least release political prisoners. We did ratchet up sanctions against Lukashenko in Belarus. Russia is much more integrated than Belarus is, and therefore is much more vulnerable to sanctions. If people wonder if they're going to be next on the list, then it might influence their behaviour and actions.

Mr. Kurt Volker: Mr. Dewar, thank you for the question.

I think you raise a fundamentally important question because, like you, I have not heard a clear goal from the United States government, the G-7 governments, or the European Union. What is it that we are trying to achieve? We are, as David said, in a reactive mode, seeking perhaps to penalize, but we ought to have a clear goal ourselves of what we want to achieve.

Like David, I agree the goal should be to return to the status quo before Russia annexed Crimea. We need to put in place sufficient sanctions that will cause Russia to want to negotiate to get back to that outcome. That would be a heavy mix of sanctions, and it would take some time because Putin believes he can hold out, that he can outlast us.

I think among ourselves we may recognize that we may not get that. We may need to settle for Crimea is gone and we prevent anything else. But I don't think we start there. I think we start with a clear goal of saying it needs to be rolled back. In doing so, we have the virtuous effect of stopping the momentum that Putin has now gathered. If you think about where we were in February, with demonstrations in Crimea, it's now marched on to occupation, to annexation, to demonstrations now in other parts of Ukraine, and talk about referenda in Transnistria. We have to go for the rollback, blunt the momentum, and then be prepared to negotiate an outcome.

● (1650)

Mr. Paul Dewar: You've both touched on the importance of civil society. I couldn't agree with you more. If you look at those who were the agents of change there and were the brave actors, you see that it was the civil society members. The ones who I've talked to were not members of political parties per se. They were genuine actors who wanted to see an end to corruption. They wanted to see more freedoms and more democratic participation being allowed.

Who do you see as the key civil society actors? If you don't have that today, it would be helpful if you were to send it to the committee. We're making recommendations, as you know, in our report, and it would be helpful if you could tell us from your knowledge who you think are the key civil society actors to help foment and support democratic growth and stability in the Ukraine.

Mr. Kurt Volker: Go ahead, David.

Mr. David Kramer: If I can, I will send you a list of some suggested organizations.

Freedom House does programming in Ukraine with journalists. We work with various organizations to help journalists look at issues of corruption, but also at how to do their job professionally and safely. Journalists also played a very key role in events of the past few months.

There are a number of very worthy organizations that we can pass on to you as a follow-up to this hearing.

Mr. Kurt Volker: If I may add one thought to what David said, it's that I would include in your outreach Russian ethnic organizations and all political parties, including the Party of Regions, because I think that one of the things we want to foster is Ukraine staying together and being a Ukraine for all Ukrainians.

Mr. Paul Dewar: Thank you.

On that last point, the elections are coming up. You mentioned that you want to see them go ahead. What's your opinion about sending in pre-election observers? Are you supportive of that, and if so, why? Do you know of any pre-election observers who will be sent from the United States, and if so, who?

That's for both of you.

Mr. David Kramer: I think it's critical to send both long- and short-term observers. This is largely the responsibility of the Organization for Security and Co-operation in Europe and its Office for Democratic Institutions and Human Rights, ODIHR. They are putting together observer missions.

The United States, I know, will be participating. I know that some of our sister organizations, the National Democratic Institute and the International Republican Institute, will be sending observers for the elections and ensuring that these elections are credible and meet international standards, because there are going to be efforts to undermine these elections, not least those coming from Russia. Russia will do everything it can to try to discredit these elections. To the extent that we can have credible observers on the ground giving either a thumbs-up or a thumbs-down—I don't want to prejudge the elections—I think it's critically important.

The Chair: Thank you very much.

We're now going to Mr. Anderson, for seven minutes.

Mr. David Anderson: Thank you, gentlemen, for being with us today.

Mr. Volker, you made the comment, “he can go very, very far”. You were talking about Putin's enthusiasm for continuing this. One of the things that we haven't talked a lot about is the fact that this isn't the first.... He's had influence in other areas, including to the southeast and in Belarus, in Georgia.... This is one more step. I'm just wondering, without scaremongering or whatever, where you see it going from here if there isn't concerted action to stop it.

Also, in terms of sanctions, several countries want to put on sanctions, but it seems like everybody wants to put on sanctions that impact somebody else's economy. If you're strong in banking, you want to go after aerospace, and if you're strong in aerospace, you want to go after tech or whatever. I'm just wondering if it's possible for what I would call the disparate interests to unite in sanctions that will be effective.

I'll give you those two questions first, and then we can go on to other things.

● (1655)

Mr. Kurt Volker: Sure. I'll get my thoughts here, and David, I'm sure you'll chime in.

First off, on your first question, Mr. Anderson, on how far he wants to go, I don't believe that Putin has in mind a particular geography that is his maximum limit or his minimum limit. I think he is playing a long game of rebuilding the Russian empire. I think some things drive him, however. One of them is bringing Russian ethnic populations, Russian speakers, into Russia. Another is exercising determinative influence over any states that are part of the former Soviet Union and that are now bordering Russia. Then he wants to be able to project power from the Russian empire that he has rebuilt into Europe, into the Middle East, into south Asia, wherever he feels that Russian interests can be advanced. I don't think there's a firm line on a map at which he's prepared to say, “this yes, this no”, but those are the drivers that are pushing him.

We see things like the demonstrations over the weekend in eastern Ukraine, where there are Russian ethnic communities. We've seen the same thing in Transnistria. We see the same thing, the kind of propaganda, being directed at Russian ethnic populations in the Baltic States. As I mentioned earlier, we saw this past week a pro-Russian demonstration in Georgia that was the kind of thing we would never have seen a year ago, and where they're not known for a terribly pro-Russian population. I think you see again evidence that Russia is trying to raise the stakes and exert influence in various ways across this wider post-Soviet space.

I'm also worried about the nature of governments that are looking at accommodating themselves with Russia in some way, seeing perhaps weakness or indifference on the part of the west, and perhaps seeing that maybe opportunities are going to be better for them if they join the Eurasian union or if they align with Russia in some way.

That's the scope. Those are the stakes that I think are out there with Russia if we do nothing. That's why I think it is so terribly important that we don't wait, that we don't wait the way we have in Syria. We have to act at the early stages to prevent that gradually creeping ambition on Putin's part.

On your sanctions question, and I'll just be brief about it, I think it's all a question of will. You're absolutely right that somebody will hurt somewhere, based on putting in place economic sanctions. It's a question that leaders of countries need to decide, which is more important for their country and the future of their people: the economic benefit they have today, or living with an aggressive, expansionist Russia in the eastern part of Europe that may swallow more territory, and then may eventually lead to war? I think in order to avoid that latter outcome, our leaders do need to talk seriously with each other about banding together to put in place the toughest measures possible today.

Mr. David Anderson: Thank you.

Do you think, on this disruption in eastern Ukraine, that he actually thinks he can move into Ukraine, or do you think he believes that he can actually move right through it? Where do you think he considers that the west is going to say no?

Mr. Kurt Volker: I think at this point he doesn't believe the west is going to say no. We've heard various western senior officials or government leaders say that there is no military option, that there's no military solution, so don't talk about military responses to this. As long as Putin hears that—and I know that he not only hears it; he believes it—then he thinks he can do what he wants.

Now, he's going to be careful about doing this. I think he may have learned a few lessons from his invasion of Georgia six years ago. He's looking to create appearances of legitimacy through referenda, through popular movements, people calling for Russian peacekeepers to come in, accusations that the government in Kiev is fascist. He's looking to create these veneers of legitimacy and legality that create a demand for Russian troops to come in.

I also think that he's going to try—and this is very World War II-ish—a pincer movement, where you have Transnistria in the west saying that it wants to be part of the Russian Federation, the eastern provinces in Ukraine saying they want to be part of the Russian Federation, and probably you'll see some demonstrations agitated in Odessa, which will demand some kind of Russian security presence there. I think you could see a very quick marrying up of Russian forces to, what Russia would say, restore order and protect the rights of Russian minorities in Ukraine.

● (1700)

Mr. David Anderson: Can I change direction a bit? I don't think I have too much time left.

[*Technical difficulty—Editor*]

The Chair: David, you still only have a minute left.

Mr. David Anderson: Gentlemen, it's a very short time I have here, but I wanted to ask what influence are the leaders of Maidan having in Ukraine right now?

Also, and you talked a bit about this, do you see any particularly meaningful technical assistance that we can provide to train political parties, and perhaps independent media in Ukraine, understanding some of the restrictions that they're facing right now?

Either one of you or both of you can answer.

Mr. David Kramer: Mr. Anderson, I would say that players in Maidan are playing both a positive and negative role.

On the negative side, the Pravy Sektor, the Right Sector, forces and some from Svoboda, the Freedom Party, have been given three government positions. I do think there has been an inflation of the concerns about the role of these parties. Their polling is very low, so they're not likely to do well in the upcoming elections, but it is worth keeping an eye on, also to help ensure that inflammatory statements and extremist measures are condemned as quickly as possible.

On the positive side, I think we've seen the interim government step up in very difficult circumstances. Let's keep in mind that they inherited the leadership rather unexpectedly; Yanukovych departed rather quickly, and then within a week they were faced with a Russian invasion. So their challenge is made doubly difficult.

I do worry that parties in Ukraine have been too dependent on personalities and not on platforms. That's where I think Canada, the U.S., and Europeans could provide some assistance.

Mr. David Anderson: Will that continue this time?

The Chair: That's all the time we have. We're going to have to come back.

Mr. Garneau, for seven minutes please.

Mr. Marc Garneau: I'd like to pursue, perhaps in more specific terms, what Mr. Volker, and I think Mr. Kramer agreed with him, referred to as keeping military options on the table.

I'd like to get down to something specific. Obviously there are NATO countries—and that's the context in which you spoke about it—who are nearby, but Ukraine itself is not a NATO country. What were you specifically suggesting in terms of messaging that appears to have been taken off the table that should be put back on the table? Does it go as far as to say that if Russians go into eastern Ukraine some kind of action could be triggered by NATO countries? I'd like to have something more specific based on what you've said.

Perhaps we can start with Mr. Volker, and then Mr. Kramer, please.

Mr. Kurt Volker: To be clear, I do draw a very clear distinction between NATO allies and non-allies. For NATO allies, it has to be absolute: we will defend each other. For non-allies, I think it is fair to say that we have an interest in their sovereignty, their territorial integrity, and that we will provide assistance to them because we believe that provides for the long-term stability and security of Europe.

In order for the second part of that to be credible, and to have a deterrent effect—which is the second part, defence for the allies and deter Russian aggression elsewhere—we have to have some pieces on the table. At the moment we really don't. We have started to put a few in place, but not many.

Putin has quite substantial pieces on the table: tens of thousands of troops on the eastern border of Ukraine, special operations forces in Crimea and probably now in eastern Ukraine as well. So he has a lot out there. What we need to do on the political level, and we have to mean it if we say it, is make clear that we are not indifferent to further territorial aggression by Russia and that we reserve a right to respond.

Also, we need to put in place the forces that would be necessary to make that threat credible, which is why I suggested a ground exercise in Poland or in Romania, some additional air defence assets, perhaps in the Baltic States or Romania. A naval exercise with Romania was already planned. We could extend that. We could put a number of things on the table surrounding the area to show that we have some capability.

The other thing I would do is give immediate and substantial assistance to the Ukrainian military and Ministry of Defence so that they are in a better position to fight back against Russia, which would raise the costs to Russia in direct terms. This would be Ukrainians fighting for their own territory to a point that might cause Russia to pause. And if such a conflict did break out because Russia did go further and invade Ukraine, I think we'd have to then discuss what further steps we would want to take to provide additional assistance to Ukraine.

● (1705)

Mr. David Kramer: Very quickly, I would say Secretary of State Kerry had it right on March 2 when he appeared on a number of talk shows here and said that all options are on the table.

None of us wants the military option. I'm not advocating it, and I realize there's a need not to raise false expectations among Ukrainians that the United States or Canada or Europe is going to come running to their rescue militarily. But I also think we should not be telegraphing our limitations to Putin. We shouldn't be drawing the line saying that we'll do up to this point. Otherwise, frankly, I don't see a reason to send ships to the Black Sea if we're already telling Putin we're not going to use them. It seems to me we want to keep Putin guessing as to what we might do, not to escalate the situation, but just the opposite, to try to de-escalate it so he thinks there could be other ways we would respond.

Mr. Marc Garneau: Thank you.

Again, I have a question for both of you, starting with Mr. Kramer.

On the issue of economic sanctions and acting not just reactively but proactively, it seems to me that by far the most disproportionately important resource in all of this is what people have been talking about, which is the oil and gas that comes from Russia. There's no question this is a very important source of income for the Russian economy. It's also very clear that it would inflict a lot of pain on many European countries, some of whom depend 100% at this point.

Do you think that if the European Union, because they're the ones that are going to be involved here, has the resolve to play tough, and we have a situation that develops whereby these supplies are cut off, that Russia will blink before the European Union does? Do you think a winner can come out of this? It seems to me that this one, notwithstanding other sanctions that we've talked about, is the biggest elephant in the tent. I'd like your opinion on that.

Mr. David Kramer: There are a few things.

One, Russia has already nearly doubled the price it's charging Ukraine for gas, so Ukraine is now facing a crisis as a result of Russia's extortionist efforts.

Two, Russia needs the price of oil to be at about $108 to $110 a barrel. If we are able to increase the supplies of oil to the global community, but particularly to Europe, and drive the price down, that will cause economic problems for Russia. Russia already has economic problems that I identified, so I think it is vulnerable to this.

Moreover, we can help Ukraine reduce its energy dependence on Russia. Ukraine is a tremendously inefficient user of energy. I think it has roughly six to eight times the use of energy that Germany has, even though Germany has twice the population and is much more productive. We can also work with a number of the European countries that you indicated are heavily dependent on Russia to come up with alternatives.

None of these steps will be quick, but they're steps we should have been taking before and we absolutely have to be taking now.

The last point I would mention is that all too often it's cited that Russia has this leverage over the west because of the west's dependence on Russia for energy. If the west reduces its dependence on Russia for energy, that oil and gas that Europe doesn't buy isn't going to be worth anything to Russia. Russia can't simply flip a switch and send all the oil and gas to the east. It takes a lot of investment. China's already getting quite a bit of it from Turkmenistan. China also may have shale gas possibilities, so we have leverage if we choose to exercise it.

As Kurt mentioned earlier, it's a matter of political will, and I think the Europeans in particular, as you identified, sir, are the critical players on this.

● (1710)

Mr. Marc Garneau: Thank you.

Mr. Volker, I'd like your thoughts, and I'll perhaps throw in an additional question, which is—

The Chair: No, no other questions, but that was a good try, though.

Mr. Volker, I'll give you a chance to answer the question quickly.

Mr. Kurt Volker: Thank you. I'll be very brief.

I agree with what David Kramer said, but I would stress one particular point, and that is while western European governments are naturally sensitive to the economic pressures because their democracies and their publics would feel them, Russia is willing to play games with this because it is run as a top-down authoritarian state.

That being said, Europe has more options when it comes to diversifying gas supply and should it pursue that aggressively, I think it could weather a standoff with Russia on energy. Russia has many fewer options, so while, yes, it would be painful, I think Europe also comes out of that ahead.

The Chair: Thank you, Mr. Garneau.

We're going to start our second round with five minutes for each MP. We'll start with Ms. Grewal, for five minutes please.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Mr. Volker and Mr. Kramer, thank you very much for your presentations.

Mr. Volker, there are currently several kinds of situations of extreme political unrest in the world that demand our attention, such as Syria and of course Ukraine. To what extent do you believe that Canada and her allies should respond to this situation in Ukraine? What kinds of short-term and long-term consequences do you see resulting from various levels of intervention?

Mr. Kurt Volker: If I may, I want to give that a very broad context, because I agree with you that it's around the world, and I'm glad you mentioned Syria, because that is fundamentally important as well.

What we have done over the last 60 years—Canada, the United States, western Europe—is we have built a global, democratic, market economic and secure community of nations. It's not universal, although it'd be great if it were, but certainly substantial and one that has provided great benefit, great value to hundreds and hundreds and hundreds of millions of people around the world.

What we are seeing today is the deliberate rolling back of the edges of that system; whether it is Russia seeking to reassert authoritarian rule inside Russia, dominate its neighbours, and acquire territory by use of force, or whether it is by religious extremists, in the case of al-Qaeda and what we see in the Sahel, or whether it is petty dictators such as we have in Assad, who is fighting to control his territory and actually stimulating some of the religious blowback that we're getting.

All of these are assaults on the kind of human development that we have all been sponsoring and have been beneficiaries of for so many years. I don't think any of us can sit idly by as these challenges to this way of life, this order that has developed in the world, are being played out. We can throw into this mixture authoritarian capitalism coming from China, or even democratic nationalist economies such as we see in the case of Brazil with, for example, a neo-mercantilist approach to some industries. So I think we have to invest in this world order and promote it.

That all being said, the most acute crisis today, because it is live, it involves substantial numbers of military forces potentially, and it involves all of our allies in Europe, is the crisis in Ukraine, because it can expand, as we talked about earlier, with Putin's ambitions.

The second most important one is Syria. I think it is on a humanitarian level far graver, far worse: over 140,000 people killed, a third of the country now refugees, spilling into a regional conflict, and fueling ideological hatred that's going to be with us for a generation. That also is something we need to deal with. From day to day, I'm more worried about what's going to happen in Ukraine tomorrow, whereas Syria is at a low burn, but we can't ignore Syria either.

● (1715)

Mrs. Nina Grewal: Mr. Kramer, as our global society is becoming increasingly interconnected, we know that political decisions made in distant parts of the world can still have a profound impact on us here in Canada. In what ways do you see Russia's aggression towards Ukraine impacting its various neighbours, including Canada?

Mr. David Kramer: If I'm not mistaken, Canada has the largest ethnic Ukrainian population outside of Ukraine itself, so what's happening in Ukraine is obviously of enormous interest to your people and your constituents, as it is to many people here in the United States and to Europe.

It represents an assault not only against Ukraine's sovereignty and territorial integrity, but it's also an assault against freedom, against human rights, and against universal values. Putin is trying to redraw the map of Europe that was accepted with the collapse of the Soviet Union, the fall of the Warsaw Pact, and this is essentially in the heart of Europe. For the vision that was laid out several decades ago of a Europe whole, free, and at peace, what Putin is doing to Ukraine right now matters tremendously.

I think it's critically important for Canada, the U.S., and Europe to join forces. I think weighing in with the German chancellor, as your Prime Minister has done, was very helpful, given that there had been some tensions, as you may know, between the U.S. and Germany over the past few months. I think this is a test of the G-7, of the democratic community of nations, to see how we're going to respond to this threat, and it is a threat. What we now can at least stop doing is pretending that we have the possibility of a strategic partnership with Russia, that we can really work together, and that we have common values. Nothing could be further from the truth.

Under Putin, Russia has gone down the road where we have the worst crackdown in human rights since the collapse of the Soviet Union, and it's getting worse. It's not getting better. As long as that's the case.... How a regime treats its own people is often indicative of how it will act in foreign policy, and since Putin shows no respect for the human rights of his own people, we shouldn't assume that he's going to show any interest in the human rights of others. It's why, for example, Putin has not only blocked resolutions in the UN Security Council on Syria, but he's been arming, aiding, and abetting Assad's slaughter of the Syrian people.

The Chair: Thank you very much.

We're going to turn it back to Mr. Dewar, for five minutes.

Mr. Paul Dewar: Thank you again to our guests.

I wanted to touch on the energy issues for a second. It was interesting that just a week ago I had someone contact my office with a very serious proposal around having Canada and others help invest in energy efficiencies in Ukraine. It's interesting to hear you comment about the importance of energy because—well, the obvious link to Russia—of that disparity between Germany and Ukraine. We're looking at recommendations. Does it make sense to you to have some key investments in energy efficiencies, as well as, obviously, looking at alternative supply? Is that something that's been raised in the U.S. in terms of how you can help support Ukraine?

Mr. David Kramer: Back when Kurt and I were in the state department, the U.S. put a lot of emphasis on advising the orange government at that time, Yushchenko and Tymoshenko, on energy reform, and we didn't get anywhere, I'm sorry to say. I do think investment in Ukraine can be very helpful and positive, but it has to be accompanied by genuine reform in the energy sector, which is the most corrupt sector in Ukraine's economy.

Now, it's influenced by Russia. There's a middleman company, RosUkrEnergo, that has played a role in Russian exports to Ukraine. One of the heads of it, Mr. Firtash, was recently arrested in Austria. Ukraine has to really clean out the huge corruption in the energy sector so that Canadian, American, and European companies can actually do business there. It's not lack of interest; it's frustration of trying to do business in Ukraine that I would argue has been the biggest problem.

● (1720)

Mr. Kurt Volker: I completely agree with David on that. As he said, we worked a little bit on this together. A word that he did not mention that I want to stress is transparency. I don't believe that Ukraine can have a functioning good government without transparency in the energy sector, because this has been where all of the Ukrainian elites who have governed Ukraine since its independence have gone awry. They have found it too compelling to get rents out of the energy industry, which has compromised their integrity and tied them to Russia, and has kept Ukraine from really developing in a way that Poland has, for example. I think that both efficiency, as you say, and transparency in the energy sector is going to be key.

I'm going to throw something on the table, which is not popular in liberal western economies: it may be that the sector needs to be re-nationalized and reorganized in order to create confidence and transparency, and to help free Ukraine.

Mr. Paul Dewar: My last question is on Russia. Gauging the comments about Putin wanting to control the population, and duly noted, he's certainly put my name on a list and the Chair and I are no longer welcome in Russia. I've been critical about the anti-gay laws before, so I guess it's not a surprise.

The issue around the population and civil society, there have been some reports of Russians going into the streets in opposition to Putin's actions in Ukraine. Can you inform us at all about what you're hearing from civil society in Russia? We're obviously not hearing much and it would be appreciative if you had any information around civil society and protest against Putin in Russia.

Mr. David Kramer: First of all, congratulations. It's a badge of honour to be on that list, I would say.

On civil society, roughly two or maybe it was three weeks ago, there was a sizable protest in Moscow opposing the Russian moves into Crimea. And if you think about the risks that Russians face if they engage in what is deemed to be illegal protest—arrest, getting beaten up—that's an impressive turnout. I think it surprised Putin as well as many others.

The level of support for Putin has risen to about 80%, so people are saying what he's done is very popular. I would argue the reason for that is what he did in Crimea was quite easy. Had it been bloody, I'm not sure Putin's numbers would have gone up. I also think that boost in his support is rather ephemeral. I don't think it's long lasting. I think what Putin is trying to do is to distract people's attention from what had been a stagnating economy that is now likely going into recession. So the people don't focus on the problems at home, he deflects their attention and focuses on the threats that come from the outside world.

Just today by the way, he made references to non-governmental organizations and the threats that they can pose inside Russia. That suggests to me we're going to see what has already been a bad situation get worse in civil society, and that's going to be bad news for all of us.

The Chair: Thank you.

Thank you very much, Mr. Dewar.

We're going to finish off with Ms. Brown. I believe you're going to share your time with Mr. Goldring.

Ms. Lois Brown: I am, Mr. Chair.

I don't have very much time, gentlemen, and I wish I had more time to pursue that whole issue of Syria, because Mr. Putin has been absolutely truculent, I think is the word to use, in that situation and is I think one of the ones who's standing in the way of seeing anything move forward on that.

Gentlemen, I wonder if you could just comment further on the economic situation. I can't believe that Mr. Putin, who is a very calculating man has not calculated the sanctions into his go-forward plan. Where does he see his market? He has to sell his gas and his oil in order to maintain the economy in Russia. Where does he see his market if he can't sell it to Europe? Is he going to look east? Is it going to go to China? They're developing their own resources so they may not need it, but where will the market be for him?

● (1725)

Mr. Kurt Volker: I'll just say quickly, he doesn't believe that western Europe will really apply very tough sanctions against Russia. So he thinks that his market is Europe, but that they are so dependent upon Russia and so cowardly or so lacking in political will that they won't take the steps necessary to really push hard, and if they do, then he can negotiate them back while still keeping Crimea and whatever else he's taken up to that point. I think he is calculating this, as you say, but very aggressively.

Mr. David Kramer: I agree that he is counting on a lack of resolve on the part of the west, that he feels he has us over a barrel. We need to disabuse him of that notion very, very quickly.

Ms. Lois Brown: Mr. Goldring, I'll pass it to you.

Mr. Peter Goldring: Thank you very much.

Thank you for appearing here today, gentlemen.

I'd also like to touch on the gas and oil, and particularly the shale gas reserves. I understand Ukraine has a considerable amount of reserves and possibly some of the other European countries do too. But given that they can find a way to clean up and bring transparency to the industry, should that not be a priority to develop as quickly as possible?

When I was visiting Africa once, Ghana, I could see what they're doing on it. They virtually mortgaged their reserves for building infrastructure now on the expectation that this...because the reserves...I would think it's money in the ground and there are ways to ascertain the value of that money.

I have two questions. Can it not be used and mortgaged for funding now, and how quickly can that be brought on stream? Also, is there enough reserve there to cause Russia concern? In other words, they would no longer need to bring gas from Russia, they could produce their own.

Mr. David Kramer: There has been a theory that the possibilities of Ukraine and potential shale gas were part of Putin's thinking in terms of moving into Ukraine. I'm not sure that's the case. I think it had more to do with Yanukovych's fall from power than anything else, and concern that it might reverberate into Russia.

Development of shale gas in Ukraine and Poland, there's tremendous potential there, and other countries in Europe. As you indicated, sir, I do think it has serious potential and could do some harm to the Russian economy. I don't want to cause harm to the Russian economy unless the Russian economy threatens the west. Right now under Putin, I would say that's the case.

Mr. Kurt Volker: I'll just jump in quickly. I think in order for Europe.... Europe has not been joining the global gas revolution. Prices here in North America have gone down substantially. We're benefiting from that. We're switching more to natural gas. We have LNG import and export, as do other parts of the world. Europe has not really taken advantage of this. That would require the construction of LNG terminals for import, and the development of gas reserves inside Europe, as you're suggesting, through fracking.

The LNG side could be done fairly quickly. I think we're looking at, within a couple of years potentially, two or three new LNG terminals in Europe coming online. That then requires the interconnectivity of gas pipelines across Europe to link eastern Europe, central Europe, and western Europe better than they now do. This is an area that has been thwarted by Russia over the past several years because they've been able to manipulate investor confidence to prevent the investment in those pipelines. So the second thing is to get the pipelines there.

The third, which would probably take the longest, is in fact the development of the shale gas that's in Ukraine. Poland has already had a head start, but on that I think you're probably looking five years down the road and after reforming the energy sector, as David already talked about.

The Chair: Thank you very much, gentlemen, for your time. We enjoyed you as witnesses today.

This concludes the meeting for today.

With that, the meeting is adjourned.