HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on National Defence

NDDN • NUMBER 020 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Thursday, April 10, 2014

Chair

Mr. Rick Norlock

Standing Committee on National Defence

Thursday, April 10, 2014

● (1105)

[*English*]

The Clerk of the Committee (Ms. Evelyn Lukyniuk): Honourable members of the committee,

[*Translation*]

I see a quorum.

I must inform members of the committee that the clerk can only receive motions for the election of the chair. The clerk cannot receive other types of motions, cannot entertain points of order nor participate in debate.

[*English*]

We can now proceed to the election of the chair, pursuant to Standing Order 106(2). The chair must be a member of the government party.

I am ready to receive motions for the chair.

Mr. John Williamson (New Brunswick Southwest, CPC): I'd like to nominate Mr. Rick Norlock as chair, please.

The Clerk: It has been moved by Mr. Williamson that Mr. Norlock be elected chair of the committee.

Are there any further motions?

Mr. Jack Harris (St. John's East, NDP): I was offering to nominate Mr. Joe Daniel. I'm not sure he's prepared to accept, though.

Voices: Oh, oh!

The Clerk: Is it the pleasure of the committee to adopt the motion?

(Motion agreed to)

The Clerk: I declare the motion carried and Mr. Norlock duly elected chair of the committee.

Some hon. members: Hear, hear!

The Chair (Mr. Rick Norlock (Northumberland—Quinte West, CPC)): Thank you very much.

I'll call the meeting back to order.

Thank you very much for your support and for your faith in my ability to assist in the guidance of this committee as we continue on an important study.

In the interest of making sure we get as much evidence as possible before the committee from our two distinguished witnesses, we'll start with the introductions.

Members, we have before us today Mr. Ferry de Kerckhove, the executive vice-president and co-author of "The Strategic Outlook for Canada 2014: The Search for Leadership". Our second witness is George Petrolekas, the director of the board of directors and the co-author of "The Strategic Outlook for Canada 2014: The Search for Leadership".

Thank you very much for appearing before us, gentlemen.

In the interest of time and to get as much evidence as possible, we'll begin with the questioning from—

Sorry. We want to hear from our witnesses first, before we start with the questioning. I'm just so anxious for questioning.

Witnesses, as usual you have about 10 minutes.

Please start, Mr. de Kerckhove.

Mr. Ferry de Kerckhove (Executive Vice-President, Co-author, Strategic Outlook for Canada 2014: A Search for Leadership, Conference of Defence Associations Institute): Thank you very much, Mr. Chair.

My name is Ferry de Kerckhove. I am the executive vice-president of the Conference of Defence Associations and the co-author, with my great colleague George Petrolekas, of that institute document I carried on my shoulder coming in. Hence, I have a bit of sweat and am falling apart. That was issued on February 20 on the occasion of the Ottawa Conference on Defence and Security.

I wish to add that George and I have had very diversified careers and various experience in more than 75 countries. I've had 38 years in the foreign service, including some 20 years in nations abroad that do not qualify as Club Med destinations—Iran, Russia, Pakistan, Indonesia, and Egypt, among others.

I will provide a brief overview of Canada on the international stage. My co-author will focus more specifically on Canada's defence requirements, and also whatever his imagination, very fertile, will produce for you.

I would like to start with a few broad trends we identified in the international system that have very significant implications for Canada.

One is a growing realization that unipolarity is coming to an end and is accompanied by a profoundly counterintuitive partial retrenchment on the part of the United States, except possibly in its cautious rebalancing towards Asia.

Second is a pervasive atmosphere of quasi-neoisolation in the west, with an even more pronounced desire to avoid any further engagement overseas.

Third is a dearth of leadership and absence of strategies. The Ukraine is but one example of the latter even more than the former.

Another is that China will to continue to incrementally test international resolve.

Another is an increased pressure to deal with cybersecurity, but with an unclear perspective on how to go about it. I think Revenue Canada is aware of that.

As well, Ukraine notwithstanding, there is an increasing risk of NATO becoming a two-tiered and somewhat regional alliance, threatening solidarity of the alliance.

[*Translation*]

The backtracking we are seeing on all commitments is causing greater insecurity. Here are just a few examples of it, but there are many others.

● (1110)

The west has experienced a series of serious failures in its recent commitments or attempts to manage crises. This is true for Iraq, Afghanistan, Libya and Syria, despite the protests against those decisions. None of the countries or regions where the interventions and diplomatic efforts took place have come out in a better state than before the involvement. Perhaps that is difficult to admit, given the human lives that were sacrificed and the money that was spent, but the reality is indisputable.

Iraq is slowly but surely returning to a dictatorship, not to mention that it is the country with the most terrorist acts in the world.

The post-Karzai era in Afghanistan does not inspire confidence in terms of its future stability. It remains to be seen whether the new president will even agree to sign an agreement with the United States to allow American forces to remain in the country.

The situation in Libya is a disaster, which could end up breaking up the country.

Syria is hell on earth and the Arab Spring has led to even more instability in the region. No real, substantial and lasting progress will be seen for at least a decade.

Sadly, Egypt seems to be backsliding from its progress toward democracy and inclusion, even if the next man in power is strong and can bring a degree of stability, which will unfortunately be undermined by terrorist acts.

In Africa, the commendable referendum and peaceful separation of South Sudan from its neighbour to the north was followed by conflict in South Sudan and in the neighbouring Central African Republic.

The Israeli-Palestinian peace process is at a stalemate, despite John Kerry's efforts to free the United States from the mess in that region in order to be able to focus on Asia.

China, which, from every point of view, should be a partner of choice, is seen at best as a potential threat, despite its unifying trade ties around the world. That being said, China is not making things easier with its behaviour, particularly in the South China Sea and the East China Sea.

The domestic political deadlock in the United States is adding to the indecision of the U.S. executive branch, thereby diminishing American power in the eyes of many countries. We can see that Japan is already worried about the indolence of the Obama administration with respect to Ukraine.

Europe is a great and tremendous economic power, but remains a political dwarf.

As we can see in Ukraine, Putin's Russia is taking advantage of western weakness and is correcting Nikita Khrouchtchev's 1954 mistake with a power grab, without shedding a drop of blood. A new version of the cold war is being created, and the whole thing is far from being over.

North Korea continues to be dangerous and unpredictable. And if the agreement being negotiated with Iran is signed, we would not feel any less anxious about it, far from it. In addition, there is always the risk of an Israeli strike.

In the meantime, multilateral institutions are being ignored and weakened while threats without borders are spreading all over the world: climate change, pollution, resource depletion, and so on.

[*English*]

So where is Canada in all this, and is it even a player?

Well, despite the appearance of an energetic pursuit of clearly defined foreign policy objectives, the government has failed to articulate a broad vision for Canada on the international stage, and as a consequence, Canada's credibility in the world has suffered.

In the post-Afghanistan amnesia, there is an ad hoc and often adversarial approach to international issues, particularly toward multilateral diplomacy, which often makes Canada a non-player in times of crisis, yet, as we have just seen, there is no shortage of crises, and each one of these would or might call for an engagement on the part of Canada. The government, in the Speech from the Throne, puts the security of Israel as a top priority and hammers unendingly the slogan “We don't go along to get along”, which seems to be slightly out of touch with most of the real issues of the world. Deploring and condemning is not a substitute for policies.

We contend that absent an articulated vision of its role in the world and the provision of the right means to achieve it, Canada risks doing little and mattering less in world affairs, which might compromise fundamental interests. As George will demonstrate, absent a better financial structure, the Canadian Armed Forces risks becoming limited to continental defence with reduced, if not non-existent, expeditionary capacity.

Canada has major security interests internationally, starting with its unique relationship with the United States in continental perimeter defence and ballistic missiles, which I addressed two months ago at a Senate hearing, and cybersecurity, etc. Canada has a stake in the fight against drugs in Latin America. It has a crucial interest in stability in the Asia-Pacific region, as its trade with the region is expanding, and a broad interest in peace and development in the Middle East and North Africa beyond the security of Israel.

The same applies to Africa as a whole, inasmuch as multilateral efforts to limit crises in various regions of Africa are consonant with Canada's growing investment in that continent.

This government has never undertaken a full foreign policy that includes trade and development, nor a defence review pursued across government in order to present a unified vision of Canada's role in the world and of its means to exercise it if it wishes to face its multi-faceted challenges.

What all this means, very simply, is that a real whole-of-government approach is required to ensure a seamless analysis of the risks faced by Canada, the extent to which our interests are affected, the response or range of possible responses required, and the options and capabilities available to allow our political masters to take the best possible decisions in the circumstances.

Thank you.

● (1115)

The Chair: Thank you very much, sir.

Go ahead, Mr. Petrolekas.

Mr. George Petrolekas (Director of the Board of Directors, Co-author, Strategic Outlook for Canada 2014: A Search for Leadership, Conference of Defence Associations Institute): Thank you.

I'll follow through with a couple of points. Ferry didn't go to Club Meds; neither did I. I did tours in Cypress and Bosnia in NATO and made several trips into Afghanistan over the last decade, as well as dealing with a number of business interests, particularly in South America and Indonesia. I did serve as an adviser to General Rick Hillier for pretty much most of his time as both commander of ISAF and Chief of the Defence Staff.

Ferry has outlined a number of things that are trends, and I want to focus over the next four minutes on those things.

One of the critical influencers of policy right now on the global stage—and this is not just for Canada, but for other nations in the alliance—is literally a war-weariness of the last 10 years.

Part of it has been a great questioning by our public. Was it worth it, and to what end, and what did we deliver in a number of engagements? In the United States, it was specifically about Iraq, and then Afghanistan, for most of the western alliance. There was Libya, which I would argue has been left in worse shape post-Gadhafi than it was pre-Gadhafi. At least at that point, as Ferry often says, we had an enemy we could trust.

This has led to policy applications that are led by one consideration: that of having no boots on the ground, which therefore limits the flexibility of leaders and of nations to react to crisis.

The second thing is the fiscal crisis of 2008. Certainly deficits are a national security problem, and nations should not live in deficit. Therefore, reducing deficit is one of the prime functions of government, for certain. However, that also has to be balanced with enormous cuts made to the armed forces that reduce capability, and that's exactly what is happening now in almost every single nation in NATO.

There are deep cuts also in the United States, which are a combination of budget cuts and the effects of sequestration. They have a tremendous effect on the operational readiness of forces, so when we come to issues such as Ukraine, we start scrambling for solutions because we just don't have forces that are ready to go.

The combination of the two—weariness and the fiscal crisis—have also led to a bit of a reshaping in the interpretation of what is the national interest. I would say to you that for most nations, it has now become the primacy of economic interest, and therefore issues dealing with the security of the world order and the safety and security of its citizens are not necessarily based on projection of values and creating a value-based global system but on protecting national economic interest.

Those trends, as a policy effect, result in the desire to contain and to almost reflect through problems, as opposed to acting. To quote the Prime Minister in his speech in Calgary during the Conservative Party convention, we will "...deal with problems as they arise". That's not unique to Canada. It's a trend we're seeing throughout the rest of the alliance as well.

That really becomes a fundamental problem of what we divine as the search for leadership, particularly as led by the United States. I will use a more proximate example, which is the western reaction to the takeover of Crimea in which NATO, the European Union, and the transatlantic link to that alliance are scrambling to find pertinent responses to the Russian move into Crimea.

The problem, not just from a military standpoint but also in Foreign Affairs and in CIDA and in all agencies of government that are involved internationally, is that it creates a particular problem because there is a lack of vision and we're not particularly certain of the ground we're occupying.

For the military, the problem then becomes knowing what kind of forces you need. The answer can only come from a vision that says what you wish Canada to do. It is not difficult to design forces. It is not difficult to design levels of readiness, the types of airplanes, the types of ships, but tell me what it is you want me to do.

● (1120)

Do you want to concentrate on continental defence, or does Canada have a role throughout the world? Are there emerging areas of the world that are more important than others with respect to Canadian interests? Those decisions and that guidance affect the shape of the tool that we create.

Is it a Pacific focus? Do we focus on full-spectrum warfare or primarily on peacekeeping? How large will the forces be? What are the no-fail priority missions here in Canada?

The answer to each one of those questions relates not only to structure but also to the procurement of equipment and capital expenditures for the forces. If your number one no-fail mission is search and rescue in Canada, fixed-wing search and rescue aircraft would not still be waiting 10 years for an acquisition.

With the emergence of the northern gateway pipeline and almost 300 supertankers per year visiting the coast of British Columbia and with Vancouver being the fourth-largest port in North America, our trade patterns are shifting, and security follows trade. Therefore, the types of ships and things we would wish to acquire have to dovetail with where Canada's emerging trade and therefore security interests lie. That's not to mention the demographic changes in the country, which are led by Asian immigration.

Finally, having that particular vision enunciated—having a clear, strategic view of Canada's national interests and in what regions of the world they reside—helps us in times of fiscal austerity. Then we can actually decide where we're cutting, as opposed to simply shaving ice cubes, which I think is the situation we find ourselves in now.

Ferry and I have almost jokingly called it “cuts by stealth”. Cuts are happening because of budget reductions, since we can no longer afford certain things that we wish to do or maintain things that we have, but we're not cutting those things based on clear strategic direction and a vision for the country going forward.

With that, unless Ferry wants to add something else, I think we're open to questions.

The Chair: Thank you very much for your introduction.

The first questioner will be Ms. Gallant.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman.

Mr. de Kerckhove, with the global economic downturn, NATO's Secretary General has warned that members must not let a financial crisis become a security crisis. Do you see the boldness of the Russians' flagrant disregard for international law and its treaty obligations as a function of the west's reduction in defence spending?

● (1125)

Mr. Ferry de Kerckhove: Thank you for that.

The answer could be a very flat “yes” and we could move to the next question, but I think it deserves a bit more than that. With what we are talking about, I think retrenchment doesn't enhance security; it's quite to the contrary.

I think George put it very well. If you're doing just an across-the-board shaving of defence expenditure without having a sense of your priorities, you're debilitating your capacity even more than if you were doing a very strategic assessment of where you want to cut and where not. The British Chief of the Defence Staff said that he could have a smaller armed force that is much more effective than the one he has now.

I think that's part of the problem that you've identified so well. The focus on the finance side and not on the strategic requirement of the nation and of the west is partly responsible for the boldness of Mr. Putin.

Mr. George Petrolekas: If I could add, that's also an example of leadership. You can look at it in their reactions. I wonder whether Margaret Thatcher or Ronald Reagan would have responded in the same way. We're sitting here debating whether we put sanctions on 21 oligarchs in order to put pressure on Putin that way, but there's nothing that has made President Putin blink or think twice.

Mrs. Cheryl Gallant: Thank you.

There has been criticism of NATO for not engaging when the invasion of Crimea was imminent. We have learned that there had been quite an anti-NATO campaign going on for some time in Ukraine on the part of the Yanukovych government, and it was felt that it would cause more bloodshed to invite NATO at that time. In addition to NATO on the European continent, the EU that has its own stand-up force. I'm interested in your opinion on whether it would have been more appropriate to engage that institution or command, if any.

Mr. Ferry de Kerckhove: It's interesting, because I was posted to NATO from 1981 to 1985, and they were already talking about the European stand-up force and all of that. Unfortunately, it has been much more a paper exercise than anything else. That's why I called the European Union a political dwarf, which was how we labelled Germany in the past. Now it's extended to the whole of the European Union.

It's very unfortunate, because, as we said, NATO has been debilitated of its capacity, and at the same time the EU has absolutely not picked up the role it should. Look, for instance, at the weakness of the EU's support for French efforts in the Sahara, where just recently it took the Secretary-General of the United Nations going to central Africa to try to bolster, in the face of the crisis, the international community's role in supporting what the French have done single-handedly. There are still a few powers in Europe that are prepared to make an effort, but unfortunately they have a very hard time getting their colleagues to chime in.

I'm sorry to say it, but the EU is not a major player on the military side, on the defence side. However, it has a major role on the political side, although I don't think it has come up to what we would be expecting in terms of leadership.

Mrs. Cheryl Gallant: You mentioned the very topical issue of Heartbleed and its impact. NATO parliamentarians were advised during their briefings that there are two kinds of computer users or online users: those who've been hacked and those who know they've been hacked.

With that in mind, you said that in terms of cybersecurity, the west seems unsure of how to deal with it. I know that in Europe, Estonia has its centre of excellence. The United States has its Cyber Command. Canada has Public Safety as its lead agency. What would you envision in terms of a coordinated, if not integrated, defence or offence? I'm interested in hearing your position on whether or not we should be offensive in terms of cybersecurity.

● (1130)

Mr. Ferry de Kerckhove: I'll ask George to go a bit further into that one.

What we have recommended in the strategic outlook is that some kind of code of conduct be established in terms of cybersecurity. I'm intrigued to see that Chuck Hagel has started a discussion with the Chinese on that one. It's going to take quite a long while.

George, do you want add a bit on some of the substantive stuff that we've covered?

Mr. George Petrolekas: You mentioned particularly some of the Baltic states and some of the cybersecurity issues. What became a problem at that time was whether that was considered an attack on the state. In NATO, during that particular time, there was an enormous discussion on whether that constituted an attack and whether that would trigger article 5 for defence of Lithuania at the time.

The United States, first of all, is far ahead of us in terms of thinking that through from a policy standpoint. Certainly President Obama has spoken about it. It recognizes the cyberworld as one of five domains of warfare, meaning that if air is a domain of warfare, if land is a domain of warfare, if sea is a domain of warfare, then so is space and so is cyberspace. The Americans are becoming quite clear that there is a certain amplitude of a state-sponsored attack—as opposed to a criminal attack or as opposed to hacking, which are different things—that could potentially affect either the economic or energy infrastructure of the United States. Those things are also cyber-controlled, and that would be a considered an attack against the state.

Really, that's the genesis of where Ferry and I started to speak about codes of conduct. We have Geneva conventions to govern warfare and other domains and we have limitations on what we do, or at least understandings between nation states, but that has not yet emerged in cyberspace.

The Chair: Thank you, sir.

We have to head on to another round of questioning.

Mr. Harris is next.

Mr. Jack Harris: Thank you, Chair, and congratulations on your election as chair. I look forward to working with you.

Thank you to our witnesses. Thank you for your presentation and your report. I would actually love to have you back to talk about that in some greater detail, particularly the world involvement. I agree with you in terms of the articulation of a vision and your recommendation that there should be an overarching white paper to talk about all these strategic issues. I think it's overdue. However, we're doing the defence of North America, and if I may, I'll focus on some issues associated with that aspect.

Part of the overriding criticism of Canada in terms of defence policy is that we're spending a lot of money. It may be the right amount, it may be too little, it may be too much, but we're spending a lot of money. The question is this: what are we getting for it, and are we spending the money on so many different things that it's not clear whether we have our priorities right?

We had Assistant Deputy Minister Jill Sinclair tell us that as far as she was concerned from the departmental policy point of view, Canada faces no current state threats. The DG of the Department of Foreign Affairs for intelligence security told us the same thing. That leaves some of the other ones—terrorism, narcotics, etc.

First of all, do you agree with that first statement? Second, if we're going to focus on, say, Canada's defence needs within that context, where would you focus? Do you think there are four or five areas we should take as a priority and make sure we get done first?

Mr. Ferry de Kerckhove: That's an interesting question. We cannot get caught in definition. There is no state threat, of course, because of our neighbour to the south. Today we don't face any threat from the United States; maybe 20 years later, when they'll be short of water, we will face a threat, but let's focus on the immediate.

Of course you have Russia on the north. I don't think there will be a war with Russia, but this doesn't mean that we should not consider that there is a threat coming from Russia, given the present circumstance, given who we are and what we are within NATO in terms of article 5 and article 2.

I think it's a bit diminutive to just say that we don't face a state threat. In this day and age, the threats are really from ills and evils that know no frontier. They also relate much more to insurgent threats that can come up in another region and make it very dangerous for us. We have been immune from terrorist attack in Canada out of luck and out of good work from our intelligence service.

I'm not sure, if there was an al-Nusra from Syria coming to Canada.... I don't care whether it's state or not state. What I know is that we have to be ready to face those kinds of threats, and it does involve cooperation with other states. It involves a much more complex and difficult network of cooperation than we had when it was just state threats.

I know where Jill Sinclair is coming from in terms of the DND perspective, but in fact it does call on all of us to look much more globally at the threats out there. If there is an attack, for instance, if there is something happening in Iraq—

Sorry.

● (1135)

Mr. Jack Harris: Okay. The wording is one thing, but what we do about it is another.

Mr. Ferry de Kerckhove: Yes.

Mr. Jack Harris: I'll give you an example. Mr. Petrolekas, you mentioned SAR as a priority. How can we be in a situation where we have, for example, record defence spending, yet the Auditor General says we don't have enough aircraft for search and rescue, we don't have enough personnel, we don't have enough equipment, and we maybe don't have enough bases? We have a recent report even from the department itself acknowledging these problems. We also have an Arctic strategy for which at the moment we're incapable of providing search and rescue capability in the Arctic or of even getting there fast enough.

How can that be, with record defence spending and a problem that strikes me as being something pretty significant for a country the size of Canada?

Mr. Ferry de Kerckhove: George will go into the details, but he said it very simply, and it's what we've written: tell me what you want to do and I'll tell you what you need to do it. I think that's where the general failure on the part of this government is so far in not having spelled it out.

George, do you want to go into more detail on the specifics?

Mr. George Petrolekas: First of all, to correct a misimpression, right now we are spending less than we did in 2008. We're spending less right now since the inception of the CFDS. We're down to about $17.1 billion, and we were spending somewhere around $17.4 billion to $17.6 billion at the start of CFDS in 2008.

I'll get right to some of your questions, and they're excellent.

First, and here's the linkage to strategy, if it is ultimately in Canada's interest to prevent a thickening of the border and trade with the U.S., and if the freedom of citizens and the movement in trade across that border is primary, then you design slightly different Canadian Forces and a slightly different focus for what your Canadian Forces do from what they do right now.

Equally, when we're talking about threats, threats are not only state threats. There are also environmental threats. What I mean by environmental threats is that ice storms occur, forest fires happen, snowstorms occur, and power outages occur. At -30° in December, I assure you, those are a national crisis in this country.

Therefore, what do we do with reserves that are scattered throughout our communities? Do we better equip them? Do we create the policy conditions for them to be better used by provinces and the like? Those are some of the areas where I would go.

With respect to SAR and the other spending priorities, this is again why I talked about having a defence white paper or some sort of strategic guidance. That way, when you're in a period of economic pressure, you can decide what you're going to focus on. Do I need to spend on tanks, or do I reduce those and then focus my money on fixed-wing SAR and so forth?

The Chair: That's it, John.

That will be the questioning. We're at seven and a half minutes.

Go ahead, Mr. Williamson.

Mr. John Williamson: Thank you, Chair. Congratulations on your appointment.

Gentlemen, it's very interesting to hear from you both today.

I've got a number of questions. I think you emphasized the study and focus on the defence of North America. As for the situation around the world, as Mr. Harris was saying, we would be very interested to discuss your views on that another time. We'll try to focus on the task at hand.

Mr. Petrolekas, in a recent article in *The Globe and Mail*, you wrote that “Afghanistan is far better off than what it was in 2001 by almost every possible metric” and “there is no longer ethnic repression on the scale there once was, health care has improved and there remains a sense of hope.”

That's all well and good, but I'm curious to get your thoughts on how the improved situation in Afghanistan affects the defence of North America. Can you discuss this in regard to the threat we face from terrorism?

● (1140)

Mr. George Petrolekas: At its most base level, I think no one can dispute the fact that al-Qaeda, which clearly launched the attacks of 9/11 and schemed a number of other attacks afterwards, has been, if not decisively defeated, certainly spread out, and is now on the run. It has morphed into a different kind of threat, if you will, but it certainly does not represent the geographic locus and nexus of planning, capability, and fundraising that it once did. That action in particular, in that limited sense, absolutely has affected the defence of North America.

Mr. John Williamson: You both said, “Tell us what you want to do, and we'll tell you how to get there”, in so many words. How should we integrate with NORAD, whether it's in terms of protecting the continent itself or otherwise? How does the relationship with NORAD need to change? I'll leave it at that.

Mr. George Petrolekas: It's funny. Every time I travel in the States, I always have to tell people that the person who was on duty on 9/11 and triggered the evacuation of North American airspace was a Canadian, and that Canadian fighters routinely will go across the border, as we permit U.S. fighters to cross. We use integrated border enforcement teams on the Great Lakes and in the waterways with the RCMP and the Coast Guard and everything else.

All of those things add back to that strategic goal of having the confidence of the Americans that we are doing our share in continental defence, which is one of the things that makes them treat the northern border maybe differently than the southern border. As I tell my American friends when I'm joking with some of them, and I hope I don't offend anybody, “There are not 13 million Canadians looking for a legal path to citizenship in the United States, and we're not your problem.”

However, with respect to NORAD and to Mr. Harris's point—and I think Ferry and I both have mentioned this—we are a continental resident, and this continent, aside from just parochial Canadian interests, has continent-wide concerns. To Ms. Gallant's point, our computer networks are entirely tied and do not recognize a border. Our hydroelectric facilities and the power grid do not recognize a border. Those things pass transparently across borders, so we both have an interest in that security. We would argue to expand NORAD into even the maritime domain and other domains.

Mr. Ferry de Kerckhove: I was just going to add that we strongly recommend that we expand it to the maritime issues. In fact, were it not for some of the major sovereignty concerns the U.S. seems to have that are greater than ours, we could even integrate further, but I think we're already on the right track.

In the same way, I'll give you just a quick word on ballistic missile defence, which I have been very supportive of. I think that Canada should not be playing *à la carte*: a participant in Europe in the ballistic missile and not have it in North America. I think our interests and even our sovereignty would be better served by joining the U.S. on CBM rather than staying aloof.

Mr. John Williamson: You mentioned American sovereignty concerns. What is—

Mr. Ferry de Kerckhove: Yes. I mentioned that because of the Beyond the Border theme, which is I think a very solid policy of the Canadian government. I applaud the efforts. I teach Canadian foreign policy at the University of Ottawa and I've worked very hard and spend a lot of time with my students on that, because I think Canada is on the right track, and we could go much further if the Americans had this automatic instinct of "I want to be able to cross your border, but you don't cross mine".

● (1145)

Mr. John Williamson: Very good.

How does our sovereignty interest in the north affect that relationship with America? I believe that in your report you note that the Americans insist on American passage, and they question our right to that territory and our sovereignty up there. How does their view differ from our view on that point? Also, importantly, how will that impact any cooperation in the north?

Mr. Ferry de Kerckhove: I think the famous argument over the Northwest Passage is that we claim they are internal waters for the most part, but for a small part of it, given the distance in it—and America will never recognize it—we've agreed to disagree. One of the aspects that is important to remember in the north is that any activity in the north is more an expeditionary than a conventional kind of operation.

I'll just quote you what the Norwegian foreign minister told me one day when I was fortunate enough to meet him. He said, "You know, we've managed to agree on the delimitation of boundaries with the Russians, and the more military Russians come to the north, the more happy we are." That is because, first of all, there's so much on the SNR and on SAR and on all these other issues. The more we have to cooperate with, the better it is. In fact, the level of cooperation in the north between those countries is without comparison to the conflicts we have in the south.

The issue of the Northwest Passage will be treated on its own and will stay in a kind of disagreement. We'll agree to disagree for the foreseeable future, but we also have to remember that most of the traffic we're talking about for the future will be in the northeast passage rather than the northwest one. It's the Russians we'll have to deal with, which might be a bit more difficult.

The Chair: Thank you, sir.

Go ahead, Mr. Regan.

Hon. Geoff Regan (Halifax West, Lib.): Thank you very much, Mr. Chair. Congratulations.

Thank you very much to our witnesses.

Page 45 of your report says:

> Though certain projects materialized primarily due to the pressures of the war in Afghanistan, broad recapitalization, particularly of the RCN and less so of the RCAF, has been the subject of incessant delay and the inevitability of equipment rust out.

I can tell you that as a member of Parliament from the Halifax area with a lot of constituents who either have ties to the navy or are in the navy, or who are in the armed forces in other ways, this is very concerning. I'd like to ask you to elaborate on the particular pressures facing navy procurement and the effect you think it has on navy capability.

Mr. Ferry de Kerckhove: I've been to Halifax; I know the feeling. I feel the pain.

Mr. George Petrolekas: You know the events of last month in the south Pacific with HMCS *Protecteur* and the fire. It is a single-hulled ship—and we've known this for a very long time; that ship is older than some of you—so it can't go into half of the harbours in the world because it doesn't meet MARPOL regulations. We've known this. It costs millions and millions in upkeep, and that it caught on fire and is now being towed back and probably can't be repaired should be almost a source of national embarrassment.

I'm not here necessarily to talk about the speed of procurement, but clearly it has taken far too long to replace the joint support ship. The unfortunate thing is that in each iteration where we look to buy the joint support ship, we find we just can't afford it, so we reduce its capability. Then we start the cycle all over again. The problem is that every single year you wait to buy a ship, you lose something in the vicinity of $200 million to $250 million in purchasing power. Delay that over five years, and there goes another ship you might have had. There goes another frigate you might have had. The speed of the procurement process has everything to do with the net effect that we're going to deliver.

However, to go back to two things about the navy, if we have aspirations to having a global presence, those joint support ships are critical because what gives us independence of action as a country is that we can support our frigates or our ships overseas. If we don't want to do that, then we don't have to buy them. It's back to the strategic consideration.

I would even suggest to you that in the foreseeable future, when the French are bringing an amphibious vessel called the *Mistral* to Halifax, I would strongly advise your committee to visit. It would be, I think, an eye-opener in terms of the capability that Canada could have.

Are 12 frigates enough, given that we also have a cycle of things that have to go into refit every five years? In net effect, what we have at this moment is maybe nine or ten capable frigates. The Tribal class destroyers, also at close to 40 years old, are being tested beyond their endurance. Quite frankly, while they're potentially capable as a training vessel, I don't think they're capable anymore as a war-fighting vessel.

Then you look at a country like Canada in the Caribbean, in our contribution to the counter-narcotics effort, we see it's all being driven by MCDVs. It's not being driven by first-line ships. Why? Because we just don't have enough or ones modern enough—

● (1150)

Mr. Ferry de Kerckhove: Mr. Chair, can I add a quick comment?

I'll confess to you that in writing this document, we had a lot of consultation with other people, and we've always faced—and I'll be very candid about it—a problem with some of the leaders on the navy's side, precisely because there hasn't been a fundamental political decision as to where it matters. Thus you have the Atlantic side versus the Pacific side. I think it has also had a role in slowing down the process of acquisition. What should we do? What do we need?

That's why it's so critical that we have the political guidance and overarching vision: so that the navy doesn't feel itself somewhere in between and, at the same time, we delay the acquisition that is essential.

Hon. Geoff Regan: You also wrote that, “There is some question whether the NSPS—”

—that's the national shipbuilding procurement strategy, for those who might be listening—

“—will actually be able to deliver 15 warships within its announced funding envelope, informed observers commenting that this might be scaled back to between 10 to 12 vessels”.

You referred to 12 a moment ago, as a matter of fact.

You also likely know that the Auditor General, in his November 2013 report on the NSPS, called the government's cost estimates “inadequate”, “insufficient”, “very imprecise”, and “at most, placeholders”. He said this is because budgets in the NSPS were set early in the options analysis phase and were based on rough estimates.

Could you talk more about navy procurement issues and the resulting affordability concerns in this context?

Mr. George Petrolekas: I think the Parliamentary Budget Officer has talked about that as well. We did mention that as you delay an acquisition, you lose $200 to $250 million of purchasing power. You just cannot avoid those inflationary pressures, so even though you might have given in 2006—let's just pick a date—$2 billion or $2.6 billion, which seems sufficient to produce that, it's not sufficient anymore.

I think we should also be quite honest with ourselves that part of the NSPS is to build those ships in Canada. There will be a premium of some sort that will be paid in order to start up or reanimate that industry. That's fine, because that's what we're there to do; the development of the nation is part and parcel of it. However, there is an erosion that we have to recognize either in capability or inflationary pressures by year, which diminishes either the capability that you put into a ship or the number of ships that you are going to acquire.

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

Mr. Leung is next.

Mr. Chungsen Leung (Willowdale, CPC): Thank you, Chair, and also congratulations on your election.

The issues that we're discussing today do not seem to be new issues, because I've heard them in the 1960s, post-Vietnam, and I heard them again in the 1980s in relation to the ill-fated Iran rescue.

I think from this level we need to look at security in two ways. Are we talking about internal security—what is within the borders of North America, between the borders of Canada—or are we talking about international security? International security has to do with this messianic complex that we have in saying “Listen, if we make the whole world safe, then we will be safe.” I think that's the U.S. strategy, but we have to also look at security in terms of whether this is for Canadians or whether for our position as a world citizen.

Now, as for our position as a world citizen, we can do one or two things. One is to do what we do well, and that is in areas of disaster mitigation, such as deployment of military assets to solve natural disasters or other man-made disasters. More specifically, it seems that from this tradition of Canada as the smallest of the G-7 powers, we should be looking back to our roots in peacekeeping, but we're also moving into other areas. Are we doing peacekeeping, peace-making, or peace-building? All these impact, ultimately, on what kinds of assets we want to deploy and what kind of investment we want to make for first-strike capability, combat readiness, and mitigation of human conflicts.

I must say that this whole question of security is like crystal ball gazing. You cannot predict where the next flashpoint will be. We were not able to predict Crimea, we were not able to predict World War I—well, World War I was Archduke Ferdinand—and then we had inklings of Hitler coming on, and we had no idea that the Japanese were going to bomb Pearl Harbour. On that basis, I want to hear your comments regarding the overarching question of security. How do we put the assets into preparing for that?

● (1155)

The Chair: The chair just wants to remind members that this study is the defence of North America, so the question will go ahead, but I just want to try to narrow this down to the defence of North America.

Mr. Chungsen Leung: That's how I framed the question.

The Chair: Thank you very much.

Mr. George Petrolekas: I have one thing on that, and I'll let Ferry, obviously, go on this one.

When you were talking about security and whether we should be doing peacemaking, peace-building, or whatever the case might be, one of the no-fail missions for the Government of Canada and for the Canadian Forces is that if Canadians get into trouble overseas or if something breaks up, you will require us to go and do a non-combatant evacuation. Whether that be in Libya or whether that be in Syria or wherever that might be, that is something we have to do, and that is related to combat power and that is related to projecting force.

Mr. Ferry de Kerckhove: In fact, I was going to say, having done the Egyptian evacuation mandated by the Prime Minister and having sent half of my staff to Libya to do the evacuation of Canadians from Libya, I can tell you that I agree entirely. This is something that we have to have the capability to do. There have been a lot of lessons learned from the experiences in both Egypt and Libya, and we've managed to come out of it unscathed, but in terms of the effectiveness of how we did it, I have some solid questions. I will let the government respond to those.

You've covered a very wide waterfront. I think one of the big issues is, first of all, that the internal security of Canada in the broad defence and security sense is definitely through the defence perimeter with the United States. That's no question, and I think it remains a fundamental priority.

However, Canada cannot afford not to have what we refer to as an expeditionary capability. That's where some of the choices have to be made. For instance, we've been reasonably successful after the events in the Philippines with DART and all of that, but there are greater capabilities that have to be built around that.

As well, today peacekeeping has become increasingly somewhat of an older concept as opposed to peace-building—

The Chair: Sir, we'll have to wait until the next question, because we go over to Madam Michaud.

[*Translation*]

Ms. Élaine Michaud (Portneuf—Jacques-Cartier, NDP): Thank you very much and congratulations on being elected as chair of this committee, Mr. Norlock.

I thank the witnesses for their presentations, which were very interesting. I greatly appreciated your comments on the military ship procurement process. I represent the riding of Portneuf—Jacques-Cartier, right next to Quebec City. The Lévis shipyards were not included in that procurement process. So we were penalized as well.

I would like to talk a bit more about the delays in the military procurement process and on how prepared our Canadian Armed Forces are. You talked about one of the main risks for Canada in 2014. The first page of your report says: “Absent a better financial structure, the Canadian Armed Forces risk becoming limited to continental defence with reduced expeditionary capability”.

You started talking about the issue, but I would like you to elaborate on it, because we know that all three of our services have problems. I am referring to ships, army trucks and fighter jets, which have not been replaced yet and who knows when they will be.

Could you talk about the concrete impacts of all those delays on the military procurement process and the state of preparedness of our armed forces?

● (1200)

Mr. Ferry de Kerckhove: I think there is a fundamental issue. The more the procurement is delayed, the more expensive it will be for us to buy the equipment and the fewer resources we will have to prepare our forces, in terms of training, staffing and basic equipment. That is the tragedy. The more we wait to make major purchases, the less we will be able to train our people and make decisions. As George said earlier, how can we use our reservists? Our reserve force could be used much more effectively, which we have described in detail in our report. In fact, the reserve is one of the fundamental components of our defence capability. In my view, that is where the government's decisions are lacking.

Let us be clear. Decisions related to equipment spending are very difficult to manage around the world. There are always delays. However, I see that other countries seem to do a better job than we are. Take, for instance, France and Australia. I think they have a well-defined policy. Why is it effective and why is it more profitable when their resources are only slightly better than ours? Because they had white papers and in-depth studies that enabled them to make real choices. That is the shortcoming I criticize our government for.

Mr. George Petrolekas: I can give you two concrete examples.

This year, the number of flying hours for F-18 planes is being limited. I forget the exact number, but it is about 6,000 or 7,000 hours per plane. Since there is no specific date for the purchase of the new generation of fighters, we are trying to extend the lifespan of the existing F-18 planes. The only way to do so is to reduce the flying hours and to take the pressure off the planes themselves. As a result, we avoid manoeuvres under heavy acceleration.

Furthermore, the army has withdrawn approximately 50% of the B fleet, the support trucks, because there is no specific date for the purchase of new trucks. Fifty per cent of the trucks have been withdrawn, leaving only the other half in operation.

Ms. Élaine Michaud: Thank you.

Based on your testimony and clarifications, my understanding is that the most significant recommendation that you would make to the government and that could be included in our report is that a white paper be produced and a strategy be determined quickly.

Mr. Ferry de Kerckhove: That is the first recommendation we listed. It is our first fundamental recommendation. It reiterates what we previously said last year.

Mr. George Petrolekas: Tell us what you want.

Ms. Élaine Michaud: Thank you.

How much time do I still have, Mr. Chair?

The Chair: You have 15 seconds.

Ms. Élaine Michaud: I hope I will be able to ask you other questions. In 15 seconds, I will not be able to address the topics I would like to cover, but I thank you. The information was very complete.

Mr. George Petrolekas: As Mr. Harris said, perhaps next time.

Mr. Ferry de Kerckhove: Feel free to call on us any time.

[*English*]

The Chair: Thank you very much.

Go ahead, Mr. Daniel, for five minutes.

Mr. Joe Daniel (Don Valley East, CPC): Thank you, Chair.

I'm pleased to see that you're in the chair and we're not voting to do that. Thank you, witnesses, for being here.

My question is related to the Arctic. In your report on the strategic outlook for Canada, you indicated that Putin's 104-point foreign policy doctrine is a declaration of difference bent on establishing Russia as one of the influential and competitive poles of the modern world.

As Russia is an Arctic state, do you believe that Russia's recent foreign policy moves should be a cause for concern for Canada and Canada's interests in the Arctic? How do you think the CAF and the Government of Canada should be reacting in the Arctic?

● (1205)

Mr. Ferry de Kerckhove: First of all, with regard to this foreign policy document, I've served in Russia, so I know Russia and I still speak the language.

It only underscored what I had always thought, even when I was there. I can tell you that with regard to what happened in Crimea, I actually wrote—and it must have been classified at the time—that it was going to happen, but Yeltsin didn't do it, and he was very heavily criticized. Putin has seized the opportunity to do so.

There are some concerns over how far Russia will go, but there is no question that a man who deplores the downfall of the Soviet Union and is putting pressure at the frontier is trying to establish as much control as he can on the "stan" republics—Kazakhstan, Kyrgyzstan,Turkmenistan, and the lot. It's a worry. It depends how you go about it, and if it's economic, but the way Putin does it is very worrisome.

Russia, in my view, in a perspective over the next five to ten years, will do more so because it is a waning power, and it's dangerous. It's a bit like a sun becoming a red star and in fact it multiplies its distance. I'm worried about that, because there is a sense that demographically and otherwise, other than its hydrocarbon capacity, it's not a full-service superpower. Because of that, I'm worried about its reaction, and I'm also worried about the Putin approach to it.

Suprisingly, I'm much less worried about the Arctic itself, because I think that's an area where there is no choice but to cooperate.

Mr. Joe Daniel: Okay.

Are there any other comments?

Mr. George Petrolekas: I think Ferry has covered everything.

The only thing I would wish to add is that we have to be very careful how we encounter him. He's certainly played the best of a bad hand that he's been dealt.

The only thing I would ask all of you to consider is how we, as the west, respond. It has everything to do with how other nations will take our security guarantees in the future. I'm certain the Israelis are looking very carefully. I think the Chinese are looking very carefully. The value of our word and the value of our guarantees have much to do with what is to come.

Mr. Joe Daniel: Okay. Thank you.

I'm still on the Arctic here a little bit.

Obviously the Arctic has huge natural resources that are available, and that aspect has to be an attraction to anybody to try to get into that position there.

Through the national shipbuilding procurement strategy, we will be making major investments in the Arctic, namely the Arctic offshore patrol ships. Do you feel this is an important investment for our Arctic capabilities?

Mr. George Petrolekas: There are a couple of things, and I'll let Ferry get in on this, too, obviously with the Russian stuff.

I do not think there is a military threat to the Arctic, even though there are natural resources there. There might be points of friction, but I don't think there is a military threat there. I believe I'd be quoting him accurately, but I think General Natynczyk once testified that if he ever got a phone call that there were Russians in the Arctic, it would probably be a phone call to send search and rescue, so let's not create a military gap in the Arctic that really doesn't exist.

There is an importance to whether those ships reside in the navy or in the Coast Guard. There is an importance of that investment to present Canadian sovereignty in the Arctic, if for nothing else but to enforce our pollution regulations, to enforce the pristine nature of that place and not have it destroyed.

The Chair: Thank you very much, sir. We'll have to cut you off there for later.

Go ahead, Monsieur Larose.

Mr. Jean-François Larose (Repentigny, NDP): Thank you, Mr. Chair, and congratulations on your nomination.

Thank you to our witnesses.

I would also have about a million questions. I've read quite a bit on the future of G-Zero in international politics. My question is more about our ground defence and our sovereignty concerning reserves.

If we step back to before deployment in Afghanistan, we were already in a poor position of equipment and deployment. I've looked a lot at what goes on in the States with the governors and the relationships that they have on deployment, which is state forces, but also what replaces them and all the laws that exist.

How do you perceive the transformation of our reserves here? What direction could it take to be more efficient in procurement, equipment, deployment, and training, and what kind of impact would it have? On an international scale, before you answer all those questions, what is the perception in our relationship, on our disorganization? I'm sure we're not the only ones noticing that we don't have a white book on decisions, so that is projection?

● (1210)

Mr. Ferry de Kerckhove: I'll just speak on the perception, because I think George knows far more about the reserves, and we've made some very specific recommendations.

I talk to a lot of analysts from abroad, and they're perplexed. They're perplexed that a country of our size, a country of our importance and a country of our geography, is not a country that really does produce that kind of document.

We look at Australia, to which we compare ourselves very often. The Australians, I'm sorry to say, have it right. They have it right and they've had some trying choices. They've had some difficulty and all that, and they have really bitten the bullet. They've had a white paper. They've got a full defence policy and all that, and you know what? Thanks to that, they're much more effective.

People do ask us why our government, particularly with our huge geography and our presence and our past contribution, can't do that. That's the perception that they have outside. I can't change their perception until our government does it.

With regard to reserves, George, maybe you want to speak, because we've been very vocal on our reserve forces.

Mr. George Petrolekas: As you've read, obviously, the air defence of North America is primarily conducted by reserve squadrons in the United States, the Air National Guard squadrons. The primary disaster response resides in national guards, which are controlled by the states but can be federalized at any particular time. It is really political willpower at some point, and the history of this country of late has almost institutionalized a disrespect of the reserves. They are there when we need them, and they make up 20% of missions when we go overseas, but that roughly 24,000-person force, also equipped, could deliver far more effect in this country.

When we look at the United States as a comparison, the argument has always been why we can't do it. There's always an argument: we don't have enough money, we don't have enough troops, reservists don't have enough time to train, and so on and so forth. Well, we should turn that around, and instead of saying why we cannot adopt that model, we should just find a way that we can. That's actually political willpower, and it has to be driven into the department from outside.

Mr. Jean-François Larose: In that sense, the relationship of equipment and training should also change, correct? Right now, the majority of the time, the reserves end up with basically nothing. Budgets are not always there, nor the flexibility, as you mentioned, to use them in case of environmental disasters. For example, as we've seen, deployment is complex. Is it red tape?

Mr. George Petrolekas: Well, the nature is different in Canada than it is in the United States. In the United States, guards or reserves belong to the governors of the states, and the governors of the states have the ability to trigger their mobilization.

In Canada provincial premiers have that capability through their solicitors general, and the request is made to the Chief of the Defence Staff, who at that point has to respond in some way, shape, or form, and it's up to the Chief of Defence Staff to decide. That could also work well.

My whole point is that in designing a white paper, these are some of the things that we need to consider, and equally, what is the enabling legislation that lets reservists be more effective for national —

The Chair: Thank you very much, sir.

Go ahead, Mr. Bezan.

Mr. James Bezan (Selkirk—Interlake, CPC): Thank you, Mr. Chair. Congratulations.

It's great to have our witnesses here.

I just wanted to go back to Mr. Petrolekas' comments...more need to cooperate in the Arctic with Russia. If we get into a situation where Russia continues to push the boundaries of having more expansion within the European context, how is that going to play out in having cooperation within our shared territory in the Arctic?

● (1215)

Mr. George Petrolekas: We cooperate because of necessity. I can't remember the figure off the top of my head, I don't know if you remember, Ferry. But it's about 150,000 flights that do the polar route every year. So irrespective of the things that occur in Europe, and I understand that influences the relationship and the dialogue, we still share space in the Arctic that may require search and rescue. I don't see the Russian hordes advancing across the Arctic to attack our part of the claim of the Lomonosov Ridge. It is a very inhospitable environment, I really just don't see a clear and present danger from a military standpoint.

Mr. James Bezan: But at the same time, George, they have been very provocative in what they're doing along NATO territory, along the Ukrainian territory, amassing troops. There's nothing to say that they won't fly a bunch of Russian bears into our territory just to be provocative, just to be who they are under the current leadership.

Mr. Ferry de Kerckhove: I'll just add to that. You realize that what Putin is doing is in a region of undefined geography of his vision of a Eurasian continent, the third pole as he wants it to be. Whilst in the Arctic other than the delimitation of the continental shelf and planting a little flag at the bottom of the sea and all of that, in fact there is no contest. In fact the only litigation remains between Canada and the U.S. Between Norway and Russia it has already been defined and we have our own delimitation process to go through.

So there is no area to be claimed for the Russians and the Russians control an overwhelming majority of the whole area. It is not as it was, an expansionary place where you would want to make mischief. And I really agree entirely and I think we say exactly the same thing, that in the Arctic it's not an area where you want to have a problem with your neighbours.

Mr. George Petrolekas: Will he test us? Yes. But for different reasons than a military conflict in the Arctic....

It's just another area where he can test reaction, he can test resolve —

Mr. Ferry de Kerckhove: —he can send a few bears—

Mr. George Petrolekas: —which he does everywhere else. But absolutely there will be—

Mr. James Bezan: I know our study here is on the defence of North America. But because of what's happening in Eurasia at this point in time with the moves being taken by Russia and as someone of Ukrainian descent, I've been following this extremely closely. I'm on the sanction list from Putin himself, so I'm one of the 13 Canadians.

But the reality is as you said it. They're going to continue to push the limits. And you said the west needs a very concerted response. Now I think Putin—and Mr. de Kerckhove, you've been there, you know the man—I think the only thing he understands is power versus power. So are you suggesting we need to continue to demonstrate power, although every time President Obama starts a sentence he says we won't put boots on the ground.

Mr. George Petrolekas: You have to have some ability to prevent power. Let me give you a hypothetical scenario from Crimea.

At about day four, day five—we knew they were within reach because they were pre-deployed for Sochi—had a NATO vessel sailed into the Ukrainian part of the naval harbour at Sevastopol, I think he would have thought twice about sinking three hulks at the entry to that harbour and in essence, eliminating the Ukrainian navy from consideration. And he has now gained for free however many ships the Ukrainian navy had based there. There was nothing in the playbook that even made him think twice.

Mr. James Bezan: If you guys could make a quick comment.... One of the things we have invested in is the ability to do heavy lift so that we can project more power and get Canadians around the world faster, as well as across Canada quicker. Do you believe those investments are enough? And I see in your tables of Australia versus Canada forces, they have six C-17s, we have four. Do you believe we need more?

● (1220)

The Chair: A yes or no would be good.

Mr. George Petrolekas: Yes.

The Chair: Thank you very much.

Mr. George Petrolekas: Two more, and I think they're available.

The Chair: Mr. Harris, please.

Mr. Jack Harris: Thank you, Chair.

I'll go back to the specific defence of North America. We have the issue of our own sovereignty, domain awareness as an extension of North America, but also, of course...Canadian air space to be patrolled, domain awareness, and potentially defended if interception is required. How important is that? What effect might the need for that have on, perhaps, a choice of a new fighter aircraft to replace the CF-18s? Is that something that could be given a priority in terms of that? I know you talk about expeditionary capability, but is there a mix of those two? If there is, should one be given priority? Would that lead to a different result?

Mr. Ferry de Kerckhove: It's interesting because in last year's edition of the *Strategic Outlook*, we had proffered the idea of a mixed fleet, emphasizing on the one hand interoperability, and on the other emphasizing that since we would not be able to afford as many F-35s, assuming it would be F-35s, that maybe we would be better served by having a mixed fleet. I think that proposal got a lot of people out of joint, and I think we've approached it in a slightly more balanced way today.

Interoperability is key, but then you have to define "interoperability", and that's where interoperability between Canada and the U.S...no problem. But the moment you go outside of that realm, interoperability is very much in the eye of the beholder. I always give the example of the Saudi air force, which is very much the same as we have ourselves, but there is no interoperability between the Saudi air force and ours, or the U.S. one. That's one part of the element.

The mixed fleet...George, I don't know where we are today on that one, but since the debate on the F-35 is not resolved, we have made proposals that the F-18 Super Hornet might be an option, might be a solution. But the sovereignty aspect in our view is essential.

Mr. Jack Harris: That is more important, to ensure that this is done within our means.

In terms, again, of a decision made now by this government and the military to extend the life of the Auroras into 2030, at this point, I don't know what implications that may have for other things. Some, including General Blondin of the RCAF, have suggested the possibility of perhaps having a Canadian project to look at UAVs designed to meet the specific conditions of Canada's coastline, the Arctic, the proper heights, etc., with Canadian industry. From my books, we're focused on the domain awareness aspect. Is that something that would fit into your view of the future in terms of Canada protecting the outer limits of its sovereignty, as well as domain awareness and surveillance?

Mr. George Petrolekas: I think one of the things we mentioned quite clearly in the five options, which is fairly consistent on most of them, is how that surveillance is done. We're almost platform agnostic, whether it's a maritime patrol aircraft, or larger UAVs. The ability is to patrol our own airspace. The ability to patrol our own airspace is not limited to hunting other nations' submarines that might be encroaching. It has a fisheries application. It has an environmental application. It has a SAR application. If you don't see what's going on in your territory, how do you know you have a problem? So we're almost platform agnostic, but capability supportive, if you will, of some platform that creates domain awareness.

Mr. Jack Harris: Would you call that a key priority—domain awareness, sovereignty...?

Mr. George Petrolekas: Absolutely, in my mind. Which one is much more important than others? That's again one of the reasons for a white paper that we've been asking for, because that's where the things are weighed.

● (1225)

Mr. Ferry de Kerckhove: I think that Canadians will always reply that they want sovereignty to be assured in the north.

The Chair: Thank you.

Mr. Williamson, please....

Mr. John Williamson: I have two lines of questioning, but on the first one, I don't want to dwell on it too long. I'm a bit perplexed by your statement on cooperation with Russia, at a time when they're literally seizing territory in Europe, and alluding to positions that Ronald Reagan or Margaret Thatcher might have taken. We cooperate because it's mutually beneficial, but it's difficult to cooperate with a state that is threatening our allies and operating in a manner that is not civilized.

Mr. Ferry de Kerckhove: Let me just give you a clear example of that. Lavrov and Kerry are still talking daily when it comes to negotiations on Iran because there is no choice but to have it. In fact it's absolutely essential because what has happened, sadly, in Crimea and in Ukraine generally, could have thwarted that kind of negotiation, which is essential for world peace. Here I'm not talking about the actors. I'm talking about the really fundamental issue of the Iranian nuclear capacity.

To me, there is no contradiction. The problem is that it's very annoying to meet the guy who's doing mischief there. You want to punch him in the nose, but at the same time you still have to smile, and that's what diplomacy is all about. You have to talk to those with whom you have major difficulty because at the end of the day there are some even higher objectives that have to continue to be pursued.

Mr. John Williamson: I disagree. I'm going to leave it at that because I don't want to get into the sanctions and the reviews we're taking, but to me, to be effective, they have to be thorough.

I actually want to move on to the issue you raised about sovereignty and the importance of sovereignty. In your early comments about BMD...and the CDAI report indicates that a "full review is in order" for the BMD program. You also indicated that "a joint BMD program with the United States might be a strong expression of our sovereignty in our participation in the defence in our airspace."

Can you elaborate on how joining this program would be an expression of our sovereignty? We often hear, for example, opposing arguments that joining BMD would in fact be a loss of sovereignty for Canada.

Mr. Ferry de Kerckhove: To me, the answer is very simple. If you have some missile coming above our territory, the Americans won't ask our permission to bring it down, and that will be an aggression against our sovereignty, but at the same time it might save us and save the Americans by doing so. To me, it's a very simple answer. We are in it together. We are doing North American defence together, and we participate in the means that are available to do so. It is utterly contradictory to do it in Europe and not to do it within our own territory, and it's an expression of our sovereignty. We take a fundamental decision in sharing our sovereignty on an issue of fundamental defence.

Mr. George Petrolekas: It's no different from what we do with NORAD right now, and I would even go so far as to say that de facto we're getting a free lunch because one of the U.S. missile sites is in Fort Greely, Alaska, 70 miles from the Canadian border.

Mr. John Williamson: Why then change our stance? I like a free lunch as much as the next guy.

Mr. George Petrolekas: It's precisely because of what Ferry just told you.

Mr. John Williamson: If they're going to do it, they're going to do it.

Mr. Ferry de Kerckhove: I would find it horrifyingly offensive to not be sharing with the Americans something that they would be doing anyway. There you are just a pawn. If you exercise your sovereignty by saying we'll do it together, then you feel you are a participant and the free lunch will come anyway, as you said, with the Alaska base, but it will also involve us sharing the decision the way we do with NORAD. We share the command. To me, it's a no-brainer. That's why I also want a maritime expansion in NORAD.

Mr. George Petrolekas: If we are a freeloader, I guess they'll have to take care of the border on their own, won't they? Therefore it is self-defeating in terms of other strategic aims of the country, which involve being an equal partner with them in order to free up things that are in Canada's strategic interest, like trade across that border.

Mr. John Williamson: Thank you.

Thank you, Chair, for the questions.

The Chair: Thank you.

Madam Michaud.

[*Translation*]

Ms. Élaine Michaud: Thank you, Mr. Chair.

I have several questions on the missile defence system and Canada's participation in it

On March 25, 2014, Philippe Lagassé from the University of Ottawa said the following when he appeared before the committee:

> If we maintain the condition whereby Canada's participation does not involve any costs, the staff already on site is used and no facilities are planned on Canadian soil, we would just be using the existing resources.

In your view, is it a realistic idea to simply use existing resources to increase Canada's participation in such a system?

● (1230)

Mr. Ferry de Kerckhove: In my view, if we work with the Americans, I would find it surprising if we were not called on to contribute in one way or another, whether on a technical and financial level or in terms of staffing, the same way we do with NORAD. Clearly, the relationship would be asymmetrical, given the dominant American presence.

In terms of choosing long-term sites in other parts of Canada, I must say that I do not have enough expertise in that area. I do not like this free-market concept in which we would contribute nothing. There will certainly be a specific way to contribute, so let's talk about it with the Americans.

Ms. Élaine Michaud: I believe the idea of maintaining the position taken in the past by Prime Minister Paul Martin, which was to make no additional contribution and to still benefit from all the advantages of fully participating in the system, is quite unrealistic. It is rather unrealistic to think that we could operate like that in the future.

Mr. Ferry de Kerckhove: It is funny that you are asking me this question because I wrote many speeches for Mr. Martin, when I was with the Department of Foreign Affairs and when Canada released its international policy statement. That debate was quite difficult.

Honestly, I think there was a political dimension. It was a political decision and I was a simple public servant. In other words, it is up to politicians to make their decisions, and good for them, but I don't think that position is realistic in the long term.

Ms. Élaine Michaud: Do you have an idea of how much it could cost Canada to join the missile defence program with the United States, both financially and in terms of human and materiel resources? Have you assessed those costs?

Mr. Ferry de Kerckhove: I have not, personally. We will try to give you an answer later. I know that studies have been done, in particular the one by Philippe Lagassé. In terms of determining whether the assessment he did is realistic, I think we should ask the people with more expertise in the area.

Mr. George Petrolekas: I will answer your first question.

In terms of the number of bases and the personnel needed, it all depends on the source of the threat, the magnitude and the number of missiles. Right now, as mentioned, the system is designed to defend itself against rogue missiles launched by rogue states. So the system is not intended to defend itself against large-scale attack. Countries that represent such a threat, especially North Korea, do not have missiles of that range. At present, there are no such missiles in Iran.

I think the existing facilities are sufficient, but that might change in the future.

Mr. Ferry de Kerckhove: The Patriot system—

Ms. Élaine Michaud: My understanding is that it depends on the threats and everything that can happen internationally.

Thank you for your clarifications.

At a previous meeting, Professor Elinor Sloan, from Carleton University, told the committee that Canada should consider having an armed coast guard, like the United States, first, in an attempt to save money, but also to ensure security in our territorial waters.

Could you comment on that option, which was submitted to the committee?

Mr. George Petrolekas: I agree with that. I am not sure what Ferry thinks, but I am completely influenced by the American model. We must make good use of resources.

Coast Guard vessels patrol some Canadian coasts and northern Canada. If we could arm the Coast Guard, that would be an effective use of resources.

Mr. Ferry de Kerckhove: I remember when we wanted to board Spanish vessels that were fishing illegally off the coast of Newfoundland. At the time, I said to myself that if we had had an armed coast guard, perhaps we could have been able to manage the situation more effectively.

[*English*]

The Chair: Thank you very much, sir.

Ms. Gallant.

Mrs. Cheryl Gallant: To our witnesses, now that Canada has successfully negotiated a free trade agreement with South Korea, we have even more of a vested interest in its well-being. Indeed, our cattle producers are certainly pleased and looking forward to reaping the benefits of this.

I'd like to ask a question about its neighbour, North Korea. The Americans take the threats of Kim Jong-un very seriously and they're consistently preparing for a possible incursion by sea, with respect to missiles.

In terms of Canada, I don't see that as a key threat that's being listed, but I'd like you to expand on whether or not you see North Korea as being as great a threat as some of our neighbours do.

● (1235)

Mr. Ferry de Kerckhove: It is a threat for Canada, to the extent that, were there to be some action by North Korea against South Korea, we have some treaty obligations that would bring us into some way of a support for the American efforts in countering what North Korea does. I think there's an issue out there that is real. However, in the broad scheme of things, I think the dialogue on what should be done with North Korea continues despite its unpredictability. What we are really trying to look at is to what extent we can convince our Chinese friends to do a bit more in controlling the young and unpredictable leader.

George, do you have a point?

Mr. George Petrolekas: Going back to strategic papers and white papers and acquiring naval vessels, do you put a ballistic missile defence capability on to the new generation of ships that we buy? Some of the American response to that has been sending Aegis-class ships and ballistic missile radar-equipped ships to contribute to the defence of the entire Pacific Rim, which are our allies too.

Is that a game we want to get into, or not? It has an implication on what we buy. It has an implication on cost, on capability. That's why we would like to hold that kind of strategic discussion.

Mrs. Cheryl Gallant: Okay.

In your report, it mentions that terrorism seems to be less of a threat, although al-Qaeda still exists. Yet we see it metastasizing in different areas of Africa, and indeed Syria. There's nothing more that al-Qaeda would like than to have a homeland.

I guess terrorism isn't really a defence issue, until it is. Would you please explain...?

Mr. Ferry de Kerckhove: It's interesting. We've had a very lively debate on that issue. We've concluded that terrorism is still a threat, but it is no longer a strategic threat because it tends to happen more in the countries where there is some counter-insurgency, like Syria, Libya, and where you have different attempts by different players to take control.

We've had the case of Sahara, which was probably the closest to terrorism actually becoming a means to full control of a territory. That's why we should all applaud the French intervention. All of a sudden the counter-insurgency became an attempt to control the country of Mali, and not just northern Mali, because they were going full steam ahead.

I think that's really the key question. Terrorism will continue to always be a serious threat to the western world. I think that is something we should continue to be prepared for. That's why cooperation between the various agencies is absolutely essential.

Mr. George Petrolekas: Ferry and I have a bit of a disagreement there. I think we've overused the word “terrorism”. I think terrorism has become a word for which we're prepared to trade off an awful lot of liberties. I think it was Thomas Jefferson who said that those who would be willing to trade their civil rights or liberties for security actually deserve neither. I think it's overstated.

There is a threat. Is it a strategic threat? I don't think so. Was the Boston bombing an act of terror? Certainly. But in that sense, so was Sandy Hook, with 26 kids being killed. Are we making the distinction because somebody was just self-radicalized, or somebody became self-deluded and killed 26 kids?

I think we use that word far too sparingly. If you look in our report, you'll actually see a diminution of terrorist threats, let's say, in the last 15 years—

● (1240)

The Chair: Thank you very much, sir. We'll have to move on.

Mr. Regan, you have five minutes.

Hon. Geoff Regan: Thank you very much, Mr. Chair.

In the section of your report, “2013 in Retrospect”, you said:

> ...the defence budget was affected to such an extent that one is left wondering what, if anything, will come out of the announced [Canada First defence strategy] review other than nice words and more cuts.

You go on to say that one would have thought that this fiscal restraint would have provided an opportunity for reflection on the size, capability, and capital program of the Canadian Armed Forces.

Why do you think this wasn't done? What do you believe the impact of this review will be?

Mr. George Petrolekas: It's difficult to tell.

Again, it's back to what Ferry and I have been arguing from the start. Tell us what you want to do within the fiscal framework you have, and we'll tell you what the forces can deliver for the nation.

We've seen no indication, in terms of announcements, that say this is what Canada wants to do in the world, these are the naval forces that will pivot to the Pacific, or not, or other things we will do in the Arctic, or this is what we will do with our friends and allies elsewhere.

I personally think it will be more of something that will be designed to reflect constrained fiscal circumstances as opposed to necessarily an articulated vision.

Ferry...?

Mr. Ferry de Kerckhove: I would just say I was very harsh in my comments when I referred to the post-Afghanistan amnesia. I think we've done some stellar work in Afghanistan. I think we've created a bit of a legend, and I think there's a deliberate desire on the part of the government to move on and try not to be overly influenced by the Afghanistan lessons in today's decision on defence.

That's why they have this strange lag. Whether a white paper would create difficulties from a political perspective, I'm not qualified to judge. But I think there's really something missing out there, and it's been deliberate.

Hon. Geoff Regan: I'll come back to the strategy in a moment, but let me ask you something. Do you think it's rational to look at the defence of North America without examining the capacity for force projection?

Mr. Ferry de Kerckhove: No.

Mr. George Petrolekas: Ferry mentioned something that might have just slid by, and I told this to the French when I was with them in the South Pacific two years ago and they talked about strategic distance. Caracas, Venezuela, is closer to Toronto than Alert is. So every time we do something in Canada, it is expeditionary. The distance of the country makes everything we do expeditionary.

So it's very difficult to draw a division between those two things given the expanse of the nation and the responsibilities that we have.

Hon. Geoff Regan: I guess what I'm asking is how important to our security is what happens in the rest of the world?

Mr. George Petrolekas: I think Mr. Bezan asked the question. Did we defeat al-Qaeda in Afghanistan? Did that stop another terrorist threat in North America? I certainly believe so.

Mr. Ferry de Kerckhove: We've said it time and again. Canada relies for 40% of its GDP on trade, and if you can't provide your country with the means to defend the trade routes, to project a certain amount of power, or as George and I have said, a ship going into the area of difficulty.... But also if you can't support the international community's effort in trying to resolve some of the lingering conflict —and that's where I'm very worried about the kinds of dismissive attitudes towards what I call the political multilateral organization. Whether it's the General Assembly or the UN Security Council, we all know there are vetos being exercised.

But at the same time, some of those efforts of the United Nations, which is a gathering of countries—it's not the UN itself that decides something. We have to rely on the UN to help us out whether in Africa, where we have some mining interests, or in Latin America, where there is the drug war and where we have even more mining interests. We are a global country because of our trade, despite the smallness of our population.

Hon. Geoff Regan: Defence against North Korean missiles would be an example.

● (1245)

Mr. George Petrolekas: Yes. Thank you.

The Chair: Thank you very much.

Mr. Bezan.

Mr. James Bezan: Thank you, Mr. Chair.

It's been a really interesting discussion today.

We started off this committee study over a year ago. A number of us went down and visited with some of our professional counterparts in Washington. Going back to the ballistic missile defence, the one concern they expressed was over the lack of presence on the Atlantic coastline and really in the Arctic. As capabilities evolve from state and non-state players in ballistic missile defence, they are scared that the flank is open on the east and on the north.

What are your comments on it? I know you guys are supportive, but based upon your analysis.... We talked about North Korea, but if Iran acquires intercontinental capabilities—

Mr. George Petrolekas: It's a technical issue quite frankly. They don't decide to put something down just because is seems like a good place to put it down. It really is based on technology.

Mr. Ferry de Kerckhove: If we participated, it would be part of the discussion we would have with the Americans. If we collectively thought it was required, a decision would be made accordingly.

Mr. James Bezan: In the context of North American defence and looking to our neighbour to the south, we talked about U.S. budget restraints, cuts, and sequestration. How are those things affecting their capabilities in defence and ultimately affecting us here in Canada?

Mr. George Petrolekas: They're making more global strategic choices. So if you recall reading the U.S. strategic guidance of January 2012, which was the so-called pivot guidance, it clearly articulated a diminished appetite for what American contributions would be, or how they would morph. So for example, in areas of Africa where they recognize terrorism as still extant or terrorist groups, they wouldn't deploy large forces but they would still meet the problem with either special forces, direct actions, drones, or whatever the case might be.

With respect to Europe they were also very clear that they were not abandoning NATO, but they were going to reduce their contributions to NATO in the expectation that the European allies —many of them also G-7, G-8 nations—would contribute more of their fair share as opposed to the United States funding NATO from 50% to 60%. So it has had an impact, but they have a much more global view than we do.

Ferry, I don't know if you want to add to that.

Mr. Ferry de Kerckhove: No, I'm fine.

Mr. James Bezan: Now the one thing that's made NATO partners successful in force projection, in having power, is the power in the skies. Air superiority has been I think the telling tale as to the success of providing global stabilization and peace and security. So as we look forward to the replacement of our fighter aircraft, I know you guys have some recommendations. What would they be out of the ones that we've looked at so far?

Mr. George Petrolekas: It comes back down to.... Look, the F-35 is an incredible airplane and one of the reasons that Ferry and I were talking about potentially a dual fleet was this. Does all of it have to be F-35 level of capability for the defence of Canada? Or could you do with a diminished F-35 purchase and buy something else? That's a discussion that we need to have. I'm not there to suggest to you what platform it should be.

One of the other things in the preamble to your question, it's not just air power. I'm a great fan of the old Napoleonic quote that amateurs talk tactics and professionals talk logistics. One of the things that has made our air power successful is tanker fleets, C-17s. It's all that support infrastructure that comes with it.

The Chair: Thank you very much, sir.

These are four-minute rounds. The next questioner is Mr. Larose.

Mr. Jean-François Larose: Thank you, Mr. Chair.

We talked about power projection and the white paper.

[*Translation*]

There is an increasing vacuum internationally. Commitments are being broken, budgets reduced and there is a dearth of international leadership, which seems to be increasingly felt. That is what you said.

Is this not an opportunity for us to defend our country right now? Canada could increase its contribution.

[*English*]

For us to be more present and to contribute on a strategic level internationally as a leader, and at the same time

[*Translation*]

would that not influence our white paper? We could reposition ourselves, make up for the delay that we are facing and should not have had to face, and move forward, thereby having an impact on the way we are seen internationally.

● (1250)

Mr. Ferry de Kerckhove: I don't have a problem with your question, but once again it is up to the government to determine what it wants to do internationally. We are not on the international stage to participate in a beauty contest. We are there to act based on specific interests.

Mr. Jean-François Larose: Yes, but that increases our defence.

Mr. Ferry de Kerckhove: Yes, and I believe that, if the Government of Canada were to define our interests in terms of a leading position in some areas of the international stage, it could serve us well. But, as long as we do not know what the government wants, I have no answer for you. I do not disagree with you at all. We might be able to take advantage of the vacuum created in order to make a place for ourselves, but what would we do with it? It takes us back to square one, which was: tell me what you want to do and I will tell you whether it would be better for you to take a position a little this way, or a little that way.

For example, the Canadian government is very closely tied to the security of Israel. George and I already mentioned it and I believe that it is in the document. As a principle, therefore, we should be very much engaged, much more so than we actually are at the moment, in all aspects of the conversation on the Middle East peace process. This is not just about some possible contribution to things going on along the Jordan basin. It is also about determining to what extent we as Canadians should become more committed to a dialogue with the countries in the area, instead of just ignoring them completely.

Egypt, the most populous country in the region, is right in the middle of a process that still remains to be defined. But, since March 2011, not a single Canadian minister has gone to that country to start a dialogue with the countries involved. If we really want to contribute to improved security for Israel, we must, exactly as you said, be a lot more proactive.

Mr. Jean-François Larose: However, we recognize that defending our territory depends more and more on the role that our country plays internationally, whether during a natural disaster like the one that happened in Japan, through specific actions shared around the world, or when reactors break down. We no longer have any choice.

Defending our territory absolutely depends on the role that our country plays internationally. Given our limited financial capability, we will never be able to have an incredibly strong army. So, automatically, we depend on our neighbours a lot.

Mr. Ferry de Kerckhove: That is why we are saying that Canada cannot do without an expeditionary capability, though it must be well defined. It is exactly related to what you said. It may be to fight an epidemic, or to deal with the aftermath of an earthquake, but we cannot allow ourselves not to have that capability.

Mr. Jean-François Larose: That brings us back to ballistic missiles. It is premature to take a firm support position when we have yet to define our own strategic role. That would come down to deciding to participate in something that is not clearly defined.

Establishing better relations with the Americans on a number of issues is a positive thing because they are our neighbours. However, we must not speculate on a danger that does not exist when there is no international leadership on it. Leadership like that could have a lot more influence—

[*English*]

The Chair: The question will have to go unanswered, and you can respond to it in writing to the committee, if you wish.

Mr. Leung, you have four minutes.

Mr. Chungsen Leung: Thank you, Mr. Chair.

There's an impressive list of 17 recommendations made here, and I think a lot of it impacts on how the federal government needs to make a decision and prioritize. In your opinion, which one do you consider to be the most urgent for us as parliamentarians to ask government to implement as soon as possible? All these ultimately impact on the types of assets we need, the type of manpower we need, and the funding that goes with it.

Then I also want to ask if it is possible in the funding model to have long-term, strategic, consistent funding, either as a percentage of national expenditure, or I guess as straight long-term funding.

Mr. George Petrolekas: I'd say a national strategic study and a defence white paper.

Ferry has mentioned to you several times about the Australians. One of the things I would highly recommend that you read is a very clear articulation of their strategic vision, both in near horizons and far horizons, which would encompass continental or domestic defence and what their contributions would be to the international order.

One fantastic thing about the Australian white paper is that it was signed across ministries. So it's not signed by just the defence minister. It's signed by the finance minister, the Prime Minister, the defence minister, and it actually has all-party support. The defence white paper is not an election issue. The defence of Australia is not an election issue. It may be on the margins a little bit, but there is cross-party consensus on what is good for the country, and I think that's one of the things you could do as a committee from a non-partisan basis, because I think one of the things that unites us is that we are Canadian and we love this country, and we seek its best interests. That's one of the things that the Australian example provides.

● (1255)

Mr. Chungsen Leung: But out of those 17 recommendations, which recommendation is that in there?

Mr. George Petrolekas: That's the first.

Mr. Ferry de Kerckhove: I think it's the first one. You know it's funny, because the way we've put them out is precisely that we focused on the essential from a Canadian perspective, and then we offered options about whether we want to have a greater role in this region, and if that is so, this is what we should be doing. But of course fundamentally—and don't forget this is all entirely focused on defence and security—the first one is the one that is the *sine qua non* to the continuation of the others.

Mr. Chungsen Leung: My past experience also has involved military procurement, and it seems as if everything you buy, the day that you buy it, it is also obsolete. Therefore you need to actually plan 20 or 30 years down the road to have a sort of evolving type of procurement.

Mr. George Petrolekas: There is some of that, but it is also the types of things. I think several of you mentioned disaster relief, and everything else.

For example, we mentioned an amphibious vessel, and imagine the effect Canada would have had, had there been an amphibious vessel with a 70-bed hospital on board, and the ability to take close to 2,000 on board if you needed to move them. Imagine the effect Canada would have had in Haiti, the effect Canada would have had in the Philippines. So it's planning not just the long-term budget, which I think you do have to do, but the type of capabilities directly related to what you want to do in the world.

The Chair: Thank you very much, sir.

Mr. Regan, for a little under four minutes....

Hon. Geoff Regan: Thank you, Mr. Chair.

Getting back to the Canada First defence strategy discussion we were having, you also noted that:

> What is expected from the CFDS reset is both fluff and further downsizing with minimum real debate as to how go about either reducing force levels or overhead without debating what reducing capabilities, manpower and or readiness means....

Could you expand on that?

Mr. George Petrolekas: I gave you the example of the RCAF and the F-18s and the reduction of flying hours. There are things that are being reduced in order to preserve capability because the fiscal framework isn't there. We talked about trucks. Those are pieces of equipment, but we are unable to train to the degree that we wish to, which affects readiness, because much of the fiscal effect is being felt in the operations and maintenance budget, which funds daily operations. Those are the kinds of things that we're saying are the functional impacts.

Mr. Ferry de Kerckhove: I'd just add that CFDS was never fully funded, so how can you expect, at a time of further restrictions, the budget, and the postponement of some major procurement decisions in order to get to a balanced budget next year.... How can you expect anything else than fluff and reduction?

Mr. George Petrolekas: We're $3.1 billion under the projected CFDS spending line currently.

Mr. Ferry de Kerckhove: I would add, because it's a way to answer the previous question as well, that in this "Strategic Outlook", you've noticed that instead of fully going to every single recommendation budget-wide, we've provided options. The five options are actually to assist the government in looking at how to approach budget and how to approach procurement and defence decisions. So what do you want to do? This is what you might need as a budget, but within it, try to be smart, try to make some specific decisions based on your broad outlook.

A voice: Yes, and here are the effects.

Mr. Ferry de Kerckhove: Yes.

Hon. Geoff Regan: You also wrote:

> ...throughout 2013, there was a sense that there was very little space for debate on defence issues with and by the government. On procurement, the only concern was to get out of the F-35 procurement embarrassment, not to engage in a full, open and inclusive review, nor, more broadly, of Canada's posture in a post-Afghanistan world. Afghanistan itself is barely mentioned in the Speech from the Throne, as opposed to being a lightning rod for the defence review.

What brought you to that conclusion?

● (1300)

The Chair: A 30-second response, please....

Mr. Ferry de Kerckhove: Very simply, even the funding by the Canadian government of the DND program outreach program has been cut completely. There is no appetite for advice from the outside world to this government. There is no interest in expert advice in the government. That's why we're so delighted to be here.

The Chair: Thank you very much, gentlemen, for your insight and your response to the questions. I think they were very in-depth and much appreciated.

This meeting is adjourned.