



NATO DEFENSE COLLEGE FOUNDATION

SECURITY IN A NO ONE'S WORLD?

GAME CHANGERS

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Security in a no one's world?

Game changers

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INDEX

Foreword	7
AMBASSADOR ALESSANDRO MINUTO-RIZZO <i>PRESIDENT NDCF</i>	
Keynote speech: The game changer is us	9
LORD ROBERTSON OF PORT ELLEN <i>HONORARY CHAIRMAN, NATO DEFENSE COLLEGE FOUNDATION</i>	
Political Summary	11
ALESSANDRO POLITI <i>DIRECTOR NDCF</i>	
Session 1	
<u>Strategic Game Changers: The Redeployment from Central Asia</u>	
1.1. Avoiding misunderstandings: China's emerging strategy towards a changed Afghanistan/Central Asia	15
ZHONGYING PANG	
1.2. India's redefined strategic picture and perspective	19
RAJIV SIKRI	
1.3. Afghanistan: failing as a game changer	23
IVAN SAFRANCIUK	
1.4. Redeployment from Central Asia	27
UGO ASTUTO	
Session 2	
<u>Political game changers: the Arab region in trouble</u>	
2.1. The GCC states and political game changers: the arab region in trouble	33
ABDULAZIZ SAGER	
2.2. Bahrein: managing political change	39
MOHAMMED ABDUL GHAFAR	

2.3. Egypt three years after, and two revolutions 43
AMBASSADOR MAHMOUD KAREM

2.4. The critical changes of the Arab Awakenings 49
KHALAF MASA'DEH AMAD

Session 3

Economic game changers: energy revolutions?

3.1. Energy Outlook: economic and security implications 55
FATIH BIROL

3.2. Shale gas: the role of Norway 59
RUNE RESALAND

3.3. Shale gas and its impact on Europe 63
MARCO ARCELLI

3.4. Unconventional Gas: Hype or Reality for the Euro-Mediterranean Region? 73
HOUDA BEN JANNET ALLAL

Session 4

Cross-cutting game changers: defence industry and power

4.1. Deregulation, outsourcing and the future of defence industry 79
MASSIMO PUGNALI

4.2. The development of stealth technology and
its integration into the global aerospace industrial base 83
STEVE O'BRYAN

4.3. Defence Industry as a game changer 93
MARC CATHELINÉAU

4.4. NATO and the shifts in defence industry 99
TIMOTHY J. HARP

Session 5

Political game changers: pivot to Europe or to Asia?

5.1. The EU-USA relationship reset 105
ENNIO CARETTO

5.2. The fifth chapter of a wider NATO 107
DAMON WILSON

5.3. Pivots Shmivots? 111
STEPHAN DE SPIEGELEIRE

5.4. Transatlantic approaches to a complex and wicked world 115
MARK JACOBSON

FOREWORD

AMBASSADOR ALESSANDRO MINUTO-RIZZO
President NDCF

We live in an international environment with many actors and many voices. As a consequence we are often understandably confused. We think that the primary duty of a Foundation with a natural vocation towards strategic problems on a large scale is to try to put things in perspective. In order to do so, it is necessary to choose the right issues and to ask the best specialists to discuss them, aiming at the cutting edge of international expertise.

The ambition of this conference was to draw public attention on a global picture, clarifying cross-cutting issues and their impact on political and strategic scenarios.

We have chosen, among many, those game changers that seemed to us to be more relevant from an overall point of view. Therefore: the Arab revolutions with their implications; the energy revolution associated with shale gas; the future of the transatlantic relationship; Afghanistan after 2014; the changing roles in defense industry.

Each of them could be the subject of a full conference. We have made the choice to present a general scenario for discussion, thinking that a larger picture could be a better presentation of the present state of affairs.

Today the name of the game seems to be “change” and the world is shaped by an accelerating change of all kinds. The complexity of this set of challenges requires new tools and methodologies for understanding and for deciding. Perhaps it also requires a new frame of mind.

The fast evolution taking place before our eyes has brought with it an almost universal larger degree of freedom. As a matter of fact we now live in an “everybody’s world” and no power is a true hegemon. More actors can participate with different influences, values and interests; I mean states and non-state actors, even individuals.

The other side of the coin is that it has become more difficult than ever to give a direction to the international community. Another thing comes out more clearly than in the past: It has become impossible to look at things in isolation. Our planet has to see itself as one entity. A concept not easy to grasp in its novelty.

The conference on “game changers” attempts to shed more light on the big picture and on possible consequences for the existing alliances and security arrangements. In a way it is an experiment.

This volume edited by the NATO Defense College Foundation puts together a large number of interesting interventions by well-known international experts of many nationalities. It is meant as a scientific contribution for better understanding some relevant topics of our time.

KEYNOTE SPEECH: THE GAME CHANGER IS US

LORD ROBERTSON OF PORT ELLEN

Honorary Chairman, NATO Defense College Foundation

“These are powerful times in which the world will create its own streets”. This has been said by a little think tank based in Scotland, the International Future Forum, and it is quite wise. But we cannot talk about game changers without understanding that we are in a state of change. This is the dilemma. We first need to know what is going on in the complex world we live in today.

NATO is going to withdraw from Afghanistan, relations with Russia have come to a stop, despite early promises, interventions have been halted by austerity measures and the alliance itself is experiencing its physical and political limits in terms of enlargement. The year 2014 will bring about a re-organization of the whole NATO structure to fit into a world dominated by global problems. Today’s agenda is looking to Iran, Iraq, Bosnia, Libya, Pakistan, Afghanistan, North Korea, East China and the Central African Republic, just to name a few. What will the role of NATO be in this new complicated and difficult world?

A few years ago, NATO’s role was clearly defined and delimited. It was the end of the cold war, and ex-soviet countries were in need for help to shift from military control to civil control, from a command economy to an open market economy. They needed support to democratize and the only organization able to help was NATO. Then the Balkans, Bosnia specifically, happened. Unprecedented violence took place in countries at our doorstep. NATO saved the situation. And Kosovo and Macedonia followed, with the 9/11, Afghanistan, the displacement of Al Qaeda, non-stop to Libya. Meanwhile, new capabilities have been built to face new threats, such as biological, chemical and radiological attacks. But this is the past. What will the future be?

A dangerous world is out there, with direct threats to people and their lives. Those people need to know what the defence community is going to do about

both internal and external terrorism, religious fanaticism and political scepticism. But security is also about energy, food and water, desertification, climate change more generally and epidemics, with virus travelling four continents in 12 hours. Then, cyber security and financial volatility are systemic risks to be fixed. The biggest organization in the world is organized crime, exploiting migration waves to illegal and often inhuman ends. More delimited threats put national and international security structures under pressure, too. An example may be piracy in west Africa or chemical weapons of the Assad regime. Moreover, most of those events, such as the Arab springs and the Tsunami, happened suddenly, without warning.

In this scenario, what are the game changers in security? The first game changer may be the United States. However, the pillar of the western alliance, the biggest military spender in the world and the leader of the free world, is not at the helm any more. American domestic stall-mate and economic preoccupations triggered uncertainty in the world and general un-readiness for the events to come. The increased defence expenditure in Russia, China and Brazil entered the picture as destabilizing factors.

The second potential game changer is Germany, the biggest European economy. During a speech at the Security Council, the German president confirmed the intention to give a more substantial contribution on the international scenario. Germany has just arrived, but is well-intentioned and firmly convinced to have a say in what the future will look like.

Syria could be the third game changer. People are dying every day in the country and six millions, among which women and children, are displaced. Jordan, Iran, Iraq and Saudi Arabia are all swamped with Syrian refugees. And all this is happening really close to us. It is worth turning our minds to it.

The last game changer is the enemy-issue. The Russian defence minister once asked me: "What is NATO for? What is the enemy?". The enemy is us, the distracted us, the short-sided us, the comfortable us. And there is no easy answer to that, we have to make it out. As the first Secretary General of NATO, General Hastings Ismay, puts it "We have always been convinced that NATO is the best, if not the only, hope for peace. After five years at the top of NATO, I am more than convinced this is the truth. But there is no room for wishful thinking, there is no easy path for our role, we must be vigilant and resolute, we must uphold each other future, we must be united". Ladies and Gentlemen, if we want a world that is more secure and more safe, we need to believe in it.

POLITICAL SUMMARY

ALESSANDRO POLITI
Director NDCF

REDEPLOYMENT FROM CENTRAL ASIA

The presentations and the debate showed that the great unknown remains the development of Afghan domestic political dynamics and the key role of Pakistan, so that the success of the current exit strategy cannot be fully assured. The elections are considered the touchstone for the future of political transition. It remains quite clear that the military correlation of forces alone between the Afghan National Army and armed opposition groups cannot guarantee a political outcome and hence a viable strategic result.

THE ARAB REGION IN TROUBLE

The panel showed in unambiguous terms that, notwithstanding different outcomes in different countries, a significant social and political rift has occurred in a region that is very important in global terms. A number of actors estimate that, despite significant disadvantages, change will continue and will be inevitable. Others underline the risks of uncertainty and instability, addressing the security needs in the Region. A gradual political reconfiguration of internal and external arrangements is however possible, enhancing the great untapped potential of the area.

ENERGY REVOLUTION?

The situation sketched by the speakers and the discussion with the public was more policy oriented than usual, in the current debate. It emerged that: US shale production should not significantly affect European prices; production in the EU will be more difficult and costly than in the USA; dependence from Russia until now is increasing taking into account a future 30% gap in supply. France, Poland,

Romania and Ukraine have significant technically recoverable shale gas resources. The same is true for Algeria, Egypt and Libya in North Africa.

DEFENCE INDUSTRY AND POWER

Although defence industry is considered an innovative, but well-structured sector, the double impact of military inflation and budget cuts have induced major industries on both sides of the Atlantic to consider unprecedented approaches. On the one hand, they are struggling to improve their economic performance not following production cycles but on a permanent basis; on the other, technology monopolists are experimenting forms of controlled production and sharing in the less crucial sectors. The result is that industry carries on but it is still lacking a transatlantic integrated approach. Other ambitious competitors emerge and the global centre of gravity is shifting to Asia where defense budgets are generally on the rise.

PIVOT TO EUROPE OR ASIA?

Unusually for the current set piece discussions on transatlantic subjects, the panel presented a quite subtle and sophisticated view of a much discussed game changer. First of all the US approach is much more nuanced than the stark political alternatives often debated in public: Washington intends to balance and rejuvenate different networks of partnerships and alliances, not necessarily at the same speed, secondly the pivot metaphor is ill suited to represent a fluid, multidimensional and constantly balancing diplomatic and political reality, typical of the contemporary complexity that the world is experiencing. Finally, it is recognized that Europe continues to remain a natural partner for America.

Session 1

STRATEGIC GAME CHANGERS:
THE REDEPLOYMENT
FROM CENTRAL ASIA

1.1.

AVOIDING MISUNDERSTANDINGS: CHINA'S EMERGING STRATEGY TOWARDS A CHANGED AFGHANISTAN/CENTRAL ASIA

ZHONGYING PANG



It is my great honour and pleasure to be invited. It is a historic moment to discuss an important topic.

China's renewed "good neighbouring policy"

China is a part of the Central Asian region. China's emerging neighbouring policy under the new Chinese political leadership in Beijing covers the region of Central Asia.

What is China's new Asia policy? China is moving to the centre of Asian regional economy and security. Therefore, China seeks its unprecedented indispensable role in Asia. Not only China's economic role is central, but also, China wants to provide more public goods to keep regional stability, peace and security.

On Sept. 7, 2013, President Xi Jinping made a speech titled "Promote People-to-People "Friendship and Create a Better Future" at Kazakhstan's Nazarbayev University. He spoke highly of the traditional friendship between China and Kazakhstan, and gave a comprehensive elaboration of China's policy of good-neigh-

bourly and friendly cooperation toward countries in Central Asia. He proposed to join hands building a “Silk Road economic belt” with innovative cooperation mode and to make it a grand cause benefiting people in regional countries along the belt.

Chinese Foreign Minister Wang Yi on January 16, 2014, when jointly meeting the press after his talks in Beijing with visiting Foreign Minister Luvsanvandan Bold of Mongolia, summarizes up China’s revised good neighbouring policy as below:

“China is the country with the largest number of neighbouring countries in the world. We always attach great importance to friendly relations with neighbouring countries and always regard it as the priority for China’s foreign policy. Last year, we held for the first time the national conference on China’s relations with neighbouring countries. President Xi, on the basis of the policy of good-neighbourly friendship, brought forward the new concept of intimacy, sincerity, mutual benefit and inclusiveness. It sent out a strong message that China will be with sincere efforts in its relations with the neighbouring countries. China is willing to deepen mutually beneficial and mutual trust with neighbouring countries and bringing tangible benefits to the neighbouring countries and peoples. China owns the will, the ability, and the confidence to open up a new chapter of good-neighbourly friendship with the neighbouring countries”.

Afghanistan is China’s bordering neighbour. A strategic partnership was announced in 2012 between China and Afghanistan. China supported Afghanistan as an observer in the Shanghai Cooperation Organization. In Chinese views, Afghanistan is a key for Central Asian security, stability, and development. As a leading state actor to Afghanistan’s reconstruction, China is an investor not an invader.

Regionally, China has been coordinating its Afghanistan policy with Russia, India and other regional stakeholders bilaterally and multilaterally. After 2014, this coordination among regional actors is more crucial.

Chinese foreign ministry spokesperson Hong Lei said on 16 January 2014: *“The development of the situation in Afghanistan has a bearing on regional peace and stability. As a close neighbour of Afghanistan, China stands ready to work with countries in this region and the international community to support the peaceful reconstruction and reconciliation process of Afghanistan and jointly uphold Afghan and regional peace, stability and development”.*

“Relevant meetings with parties concerned are held with the purpose of jointly maintaining regional peace and stability. We always respect the sovereignty, independence and territorial integrity of Afghanistan, respect the development path chosen by the Afghan people based on their own national conditions and support Afghanistan in realizing

steady transition and improving and growing relations with other countries in the region. We hope that substantive progress could be made in the Afghan-led and Afghan-owned reconciliation process at an early date. Relevant parties should honour their commitment to the peaceful reconstruction of Afghanistan, respect and accommodate the legitimate concerns of countries in the region on relevant issues”.

The spokesman said that *“The year 2014 China will hold the 4th Foreign Ministers’ Conference of the Istanbul Process. China will continue to play a positive and constructive role in the reconstruction and reconciliation process of Afghanistan”.*

Concert of powers, not games of power politics: China’s evolving strategy towards Central Asia

Professor Wang Jisi of Peking University writes that Central Asia is prioritised by China’s new foreign policy strategy, which can be branded as “Marching West” (Xi Jin) or westward¹. In a wider sense, the above mentioned President Xi Jinping’s speech in Kazakhstan and his initiative the Silk Road economic belt have the objective of implementing the “westward” strategy.

According to another Chinese professor Yang Cheng of Shanghai, this “marching west” idea is misunderstood or misinterpreted as below: *“First of all, China’s Eurasian policies in 2013, especially the notion of the Silk Road economic belt, indicate that China is carrying out a ‘westward’ strategy. Second, the ‘marching west’ strategy is a set of arrangements that are aggressive and hard-hitting and aimed at balancing the ‘rebalancing strategy’ of the US in the Asia-Pacific region. Third, the Silk Road economic belt is in fact aimed at geopolitical purposes under the disguise of economic cooperation. It is paving the way for China to redefine its sphere of influence and then rise as a global power. Fourth, China’s new Eurasia diplomacy poses threats to other powers’ integration projects such as Russia’s Eurasian Union, the New Silk Road Strategy of the US, EU’s strategy towards Central Asia, and Japan’s ‘arc of freedom and prosperity’ strategy. Last, other powers, especially Russia, should reconsider their power structure in Eurasia and redefine their ties with the US, Europe and Japan based on their common concerns towards a rising China”.*

Professor Yang Cheng argues that *“China’s new Eurasia initiative is by no means trying to replace other Asian systems”².*

My observation is, taking into full account the discussions about China’s role in Central Asia and the lessons learned from the three imperial or hegemonic involvements by the British Empire, the Soviet Union/Russian and the US, that

¹ Wang Jisi, “Marching Westwards: The Rebalancing of China’s Geostrategy”, Peking University Center for International and Strategic Studies, 2012; <http://www.ciss.pku.edu.cn/Code/Accessories-Maker.aspx?id=2270> (15/6/2014).

² Yang Cheng, “China’s westward strategy not part of Central Asia’s ‘Great Game’”, Beijing: *Global Times* (English edition), 23 January, 2014. Accessed at www.globaltimes.cn/content/838911.shtml.

China will try to avoid strategic concerns, tensions and rivalry by not playing a similar role in the post-2014 Afghanistan. In order to avoid the new round of strategic games over Afghanistan, the SCO and the new trilateral coordination among China, India and Russia as well as other regional states can be seen as a much needed concert of powers/regional multilateralist security governance in Central Asia. Thus, with the intent of facilitating regional cooperation, China began to act as a leading provider of the regional public goods.

CONCLUSIONS

China's foreign policy is changing in order to not only to better adapt to the new situation after the NATO withdrawal but also to shape co-operatively the future regional politics, security and economics in Central Asia. We can expect that the substance of China's foreign policy remains unchanged to commit to several principles including non-interference and not seeking hegemony/leadership. Therefore, China will not fill a possible strategic vacuum left by the NATO. But, today's Chinese diplomacy is getting more dynamic, positive with conditional and constructive initiatives to further influence the directions and options of the regional countries including Afghanistan.

1.2.

INDIA'S REDEFINED STRATEGIC PICTURE AND PERSPECTIVE

RAJIV SIKRI

Despite overwhelming global support post-9/11 for the ISAF presence in Afghanistan (with even Russia agreeing to US military bases in Central Asia), within a few years the situation changed as follows:

- Russia and China began working towards the removal of US bases in Central Asia, which were seen as detrimental to their respective national interests; Among the Central Asian countries there was a growing perception that the US agenda was not just counter-terrorism but also regime change;
- In both Afghanistan and Pakistan, sentiment strongly turned against any foreign military presence;
- Most NATO countries became increasingly reluctant participants in ISAF;
- Even the US grew distinctly war-weary under the Obama Administration.

Yet Afghanistan has undoubtedly benefited from the foreign military presence. It has brought relative peace and stability to large parts of Afghanistan. Significant steps have been taken to rebuild the war-torn nation – from institutions of governance and physical infrastructure to tangible gains in education, health and women's rights. Today, Afghanistan has a sizeable reasonably competent military and police force and is attracting foreign investments.

At the same time, some fundamental problems do remain and may even have been exacerbated. Drug production and narcotics trade has zoomed, and is adversely affecting neighbouring countries like Pakistan, India, Iran and Russia, even Europe. Secondly, despite Osama bin Laden's elimination, the al-Qaeda, Taliban and other fundamentalist and jihadi groups remain firmly entrenched in large parts of Afghanistan and have spread their tentacles deep into Pakistan to the east as well as found new fertile ground in Iraq and Syria to the west. There is legitimate apprehension about what might happen once foreign troops leave Afghan-

istan. Continued foreign military and economic support will remain essential, but inadequate, to ensure a peaceful and stable Afghanistan.

Where do we go from here? I believe that there should be two fundamental guiding principles. The first is that Afghanistan's neighbours must be involved more closely – and constructively – in solving Afghanistan's problems. The second is that in the Central Asian geostrategic space, there will be peace and stability only if all players eschew the notion of a zero-sum game.

Let me take Afghanistan first. If after more than twelve years ISAF has not managed to stabilize Afghanistan – and its permanent presence was never a viable option, either logistically or financially – then it is only Afghanistan's neighbours who must in their own interests cooperate with the Afghans to stabilize Afghanistan. That is the logic behind the Istanbul/Heart of Asia Process. Regrettably, that is not moving fast enough.

Geography has made Pakistan Afghanistan's most important neighbour. Pakistan was critical for Afghanistan operations because, with Iran deliberately isolated and sanctioned, it enjoys virtual monopoly of access to Afghanistan. But Afghans completely reject the idea that Afghanistan should be Pakistan's backyard. In any case, Pakistan neither has the economic ballast nor the political trust of the Afghans to be able to manage Afghanistan on its own. Moreover, given their bitter historical experience, Afghanistan's other neighbours will not let Pakistan have a free hand in Afghanistan.

A big gap in the Afghanistan strategy has been an effective approach to Pakistan. Conceptually, an "Af-Pak" strategy was a sound idea. Practically, it could not be successfully implemented because Pakistan was not on board the international community's overall objective and strategy. Pakistan's fundamental goal was not to eliminate terrorism but to dominate Afghanistan and to seek so-called 'strategic depth.' Thus, tackling Pakistan was always going to be difficult. The irony, and the tragedy for Pakistan, is that the jihadi groups who have gained 'strategic depth' in Pakistan!

Iran is the other key neighbour of Afghanistan. If, as we all hope, the on-going nuclear talks succeed and Iran is able to once again play its legitimate role in the region, it could provide an alternative transit route for Afghanistan and thereby reduce the latter's dependence on Pakistan. India has done its bit by constructing the Zaranj-Delaram road, and is in talks with Iran on the development of Chabahar port in Iran that could provide road and rail access to landlocked Afghanistan.

India, I believe, is also critically important for Afghanistan. It enjoys considerable goodwill among Afghans and has made significant investments in rebuilding Af-

ghanistan's infrastructure and institutions and in training Afghans. Ideally, India and Pakistan should work together to stabilize Afghanistan. Once foreign troops leave Afghanistan, Pakistan and India will have to jointly deal with possible security threats to the Indian subcontinent emanating from a potentially weak, unstable and divided Afghanistan.

There is an economic imperative too. Afghanistan cannot indefinitely count on large-scale foreign aid. It must become an economically viable state if it is not to be a failed one. Traditionally, the Pashtun belt has been economically anchored to the Indian sub-continent. International conferences on Afghanistan envisage Afghanistan as a "bridge" or "crossroads". True, but logically one end of the bridge has to be India; one of the arterial roads has to lead to India. It is only if Pakistan cooperates in restoring Afghanistan's traditional economic and transport links to India that Afghanistan can become a regional trading and economic hub. This would bring Afghanistan huge benefits – from India's large and growing market that can absorb high-value agricultural products that Afghan farmers should be persuaded to cultivate instead of poppy; from investments to develop its mineral riches and hydropower resources; from transit fees for Central Asian energy feeding the growing South Asian market; and from trade between India and countries to Afghanistan's west, including Russia and Europe. Needless to say, Pakistan too would immensely benefit.

Unfortunately, Pakistan goes out of its way to keep India out of Afghanistan. India is having discussions with the US, Russia and China on Afghanistan, but not with Pakistan since Pakistan flatly, and somewhat illogically, dismisses such suggestions. Perhaps Pakistan's influential friends like the US, China and Saudi Arabia might ponder whether they should try harder to mould Pakistan's thinking in a more constructive direction.

Turning to Central Asia, I consider it as a geographical area on to which the back doors, metaphorically speaking, of major Asian powers open. Central Asia has always attracted, and will continue to attract, the presence of outside powers. It is what I call a '**negative security space**', in other words an area where the major powers cannot afford to let competing major powers or forces exercise a dominating influence because of the potential threat this would pose to their own security. Fortunately, today all major powers share some common interests in the region, such as countering fundamentalism, terrorism and secessionism. Wisdom lies in building on this commonality of interests to nudge all countries towards a cooperative rather than a competitive approach.

Central Asia is a tinderbox. Political institutions in the Central Asian Republics remain fragile more than two decades after their independence. Uncertain-

ties loom about how successfully these countries will handle impending political transitions. Ethnic and national divides have widened. People have become more impatient and radicalized. Neighbouring Xinjiang also remains restive. Competing interests are at play. China's economic dynamism has drawn the Central Asian Republics closer to China, but their umbilical cord to Russia through military ties, economic integration mechanisms and employment opportunities remains intact. Conspicuously and unnaturally absent are substantial relationships with India and Iran, traditionally the region's closest partners, principally because of Iran's deliberate isolation and Pakistan's obstructionist policies towards India.

India is keen to get more involved in Central Asia, including via transport and energy corridors between Eurasia and the Indian Ocean. India has already signed on to the TAPI pipeline project and is discussing with both Russia and Kazakhstan plans to import natural gas via Turkmenistan, Afghanistan and Pakistan. Then there is the CASA 1000 electricity transmission project that could be extended to India. I believe we should also explore an energy corridor via Xinjiang to India and Pakistan. Given political will, there is the tantalizing possibility of Eurasian gas flowing to India and Pakistan via Xinjiang, and of Persian Gulf oil in the opposite direction to China. All sides will gain from such projects. Apart from obvious energy benefits to India, Pakistan and China, they will help to create a more stable India-China-Pakistan strategic equilibrium. China could earn substantial pipeline transit fees. Investments for pipeline projects would also provide employment opportunities and stimulate the development and stabilization of local economies of the Central Asian Republics, Afghanistan, Pakistan, Xinjiang Province in China, and Jammu and Kashmir State in India. There would be significant all-round environmental benefits too.

If all sides engage in bold and innovative thinking, such projects could become a reality. They would provide a much-needed stimulus for the global economy. Instead of being the battlefield of a new 'Great Game', Eurasia could become the crossroads of a 21st century version of the 'Silk Route' with gas and oil pipelines, power transmission lines, roads and railways replacing caravan convoys. Hopefully, such economic interdependence could lead to new, lasting and stable inter-state relationships and overall security in this part of the world.

Now that would be a true – and positive – game-changer!

1.3.

AFGHANISTAN: FAILING AS A GAME CHANGER

IVAN SAFRANCIUK

Foreign policy makes fun when you are not constrained by any official position. This is why I am very pleased to share my views today. I left my position at the Russian ministry of Foreign Affairs less than a month ago and I am absolutely free in my remarks. Starting with the sunny side, changes, happened in Afghanistan in the last 12 years, are extraordinary and clearly visible. However, those changes are not sustainable. Afghanistan is not self-sufficient and needs continuing massive support in the security, economic and administrative fields. Unfortunately, given the high costs, in financial terms as well as soldiers' lives, commitment is shrinking within political circles and among the public opinion. Afghanistan could have become a real big game changer in central Asia, but the window of opportunity is about to close irreversibly, with many consequences for the region as a whole.

The first problem to highlight is the lack of a common strategy towards Afghanistan. A slight agreement exists at a very broad and rhetorical level, sufficient to pass some resolutions in regional forums, but not enough to act in a coordinated or at least parallel way. There are many examples of how regional countries are showing completely different attitudes towards Afghanistan. Looking at the northern borders, i.e. the very central Asian countries, Uzbekistan keeps the borders with Afghanistan very much closed, including all economic relations. That is a wasted opportunity, since the only railway available from and to Afghanistan goes through Uzbekistan. The reason behind are Uzbek political concerns about security. On the contrary, Tajikistan keeps the borders with Afghanistan absolutely open to business as well as illegal activities. Those may include drug trafficking but also illegal movements of people, sometimes peaceful migrants, sometimes armed groups. Turkmenistan has found a middle way, keeping borders open for economic activities but impeding movements of people. In sum, strategies differ not only from a theoretical point of view, but also at a very practical level of policy implementation.

In my opinion, the big dream of Afghanistan becoming a bridge between central Asia and south Asia is fading away. The window of opportunity is closing, if it is not closed already. By the way, it is not the first grand project on central Asia which is inexorably failing. Twenty years ago Europe was dreaming about including central Asia in a bigger Europe, through the Caucasus corridor. The project has been abandoned after the Caucasus crisis of 2008. Then, Turkey promoted a new project for central Asia, in the mid and late nineties which failed almost one decade later. Nowadays, only two grand projects have been left on the table, the Russian project of regional integration and the newly stated Chinese project for the silk road economic belt. To this regards, my impression is that the western world and the US in particular, prefer the Chinese option rather than the Russian one.

The bland reality to face is that central Asia is a landlocked region in which only two opportunities of development are possible. One is to open economic borders to the world, i.e. south Asia, Europe and the far East. That is only possible in a truly globalized world. However, the 2007/8 financial and economic crisis has shown that globalization is losing momentum while regionalization and stronger economic borders are emerging. That leads us directly to the second option available: regional integration. Central Asian countries are very small in absolute figures. Uzbekistan, for instance, is the most populated country of the region and it only counts 26 million people, with unofficial estimates reaching 32 millions. That figure, in my opinion, is not big enough to stimulate economic development. Moving on to Kazakhstan, absolute figures seem more positive. The total GDP reaches about 200 billion US dollars, while the GDP of the rest of central Asia is only half of it. However, it is a country of only 16 million people. In sum, the total central Asian population is about 55/60 millions and the region's GDP is around 300 billion US dollars. However, even if small in absolute figures, central Asian republics are provided with quite huge territories and a lot of resources. Unfortunately, those resources cannot be developed without technology, investments and human capital, which is very much underdeveloped in the region. Since they are not self-sufficient they need to be integrated into bigger economies. In the region, the only two viable option are China and Russia. At least in the years to come. Also security concerns drive regional integration. To this regard, China and Russia, are ready to assist central Asian republics without imposing many political conditions, for example in the human rights field.

To sum up, three are the possible scenarios for Central Asia. First, it could become nobody's land. In other words, an independent region, able to implement both political and economic reforms, stimulating growth and development, laying down the conditions for security and stability. However, this option can come true only in a globalized world and the bland reality is showing underdevelopment, millions of hungry people, unemployed and dissatisfied. The second scenario fol-

lows. If the worst were to happen, 55 million of people, many of which infected with extremism and Islamic radicalism, would flee out of the region across all borders available. That is unacceptable to China and Russia. The third scenario for central Asia is to become somebody's land, integrated into a bigger economic system in the region, China, Russia, South Asia or Middle East. I suggest that the debate among China, Russia, the US and, to some extent, the EU is going to revolve around whether central Asia has still a hope to be a successful and independent nobody's land, or whether it is doomed to become somebody's land, in order not to fail.

1.4.

REDEPLOYMENT FROM CENTRAL ASIA

UGO ASTUTO

Afghanistan is facing a critical year in 2014. NATO will largely withdraw and Afghan national forces will be asked to provide the security umbrella necessary for the further development of the state-building in the Country.

The progress achieved in Afghanistan in the past decade is all too often lost in the smoke of dramatic, recurrent violence. But it is nonetheless real and precious. I was in Kabul last summer and I met some members of the “1400 Movement”. I was struck by their passionate attachment to these nascent democratic institutions and by their sense of ownership of the future of their country. A free Afghanistan, ruled by representative institutions, where human rights and women’s rights are respected: this is what they wanted. Not political analysts in the West: Afghan citizens, who do not want to be disenfranchised.

I think that the international community must try and help these young people. We need to focus on human reality, on the aspirations of common people for a decent life, rather than on abstract geo-political calculations.

The forthcoming elections offer the opportunity for the first peaceful transition in Afghanistan, from civilian government to civilian government. It is essential that the vote is felt as credible by all Afghans. It will serve as a first step towards re-building trust towards a shared future for all Afghans.

The EU is in Afghanistan for the long-haul. Irrespective of the geo-political calculus, the EU’s championing of human development and its full panoply of soft security tools, make it an important player in the years ahead.

We are supporting the development of democratic institutions. We are training civilian police. We are currently planning a new seven year cycle of development

aid, with a level of support that will not fall short of expectations.

But security will be a prerequisite: for the vote and after the elections. Afghan forces must be at the forefront of the effort. An early signature of the BSA would provide the necessary framework for both US and international forces to remain engaged. That is why the present delay is particularly regrettable.

The Afghan authorities must help themselves. The international community will then be in a position to support. This is also the meaning of the Tokyo Mutual Accountability Framework. It is not just the political transition. Also the economic challenge will be huge: the leadership of the country must be up to the magnitude of the task.

Countries in the region also bear a special responsibility. That is why the EU has supported the Heart of Asia initiative, the only process that potentially binds together all regional players. We also look with interest to regional infrastructure programmes. But the process still limps: there is still a lack of sufficient commitment to focus on the benefits of joint development. Too many years of conflict and too much diffidence have marked the region.

This is where the EU can offer an inspiration, in the redefinition of international crisis management. The EU is a unique model of conflict management through regional cooperation. The Nobel Peace Prize awarded in 2012 is a recognition of this spectacular success.

Not all regions can or should follow the same path. But I feel encouraged by the steps forward taken – for instance – by ASEAN in South East Asia, another region that can greatly benefit from a new, rule-based, security architecture.

Stefan Zweig used to refer with nostalgia to the days before 1914, when one could travel almost anywhere in the world without passport or visas. He visited the Far East and beyond without anyone asking. WW1 put an end to it. In the past few decades, the EU has been trying to rebuild on more solid grounds an open space for all citizens, such as the one Stefan Zweig and his contemporaries could only dream about.

In the EU we have created institutions to safeguard the *acquis* and bind together Member states, making war impossible. In the Schengen area we can again travel without passports.

If a lesson can be drawn from the European experience, a lesson broad enough to cover the world's new political scene, I believe that "connectivity" should be

the key word. Connectivity in terms of infrastructure, trade, investment, labour, exchange of students, professionals.

The redeployment of international forces must not mean a re-descent into chaos. Much progress has been achieved: it is worth preserving. For the sake of all the victims of war in the past decades - today's Afghans and, indeed, tomorrow's Afghans. To do that, the first responsibility falls on Afghan leaders and people: they will have to come together and find a way ahead.

We should support them. The EU is ready to do so. But progress and development can only come via reconciliation and growing connectivity. Afghanistan must become part of the new globalized world.

It would be a mistake to look at the world merely in terms of a power game, a zero-sum game. The European experience demonstrates the importance of a rule-based architecture - promoting cooperative solutions. As George Santayana put it: "Those who cannot learn from history are doomed to repeat it".

Session 2

POLITICAL GAME CHANGERS:
THE ARAB REGION IN TROUBLE

2.1.

THE GCC STATES AND POLITICAL GAME CHANGERS: THE ARAB REGION IN TROUBLE

ABDULAZIZ SAGER

The regional strategic environment as being seen from the Arab Gulf region and its capitals at the outset of 2014 is unsettling and disquieting. Not in recent memory have the challenges that have emerged in recent years been so numerous, complicated or has the outlook for a potential resolution been so unclear. The direct impact on a country like the Kingdom of Saudi Arabia has been the almost forced abandonment of its traditional quiet, behind-the-scenes approach to foreign policy to a more activist and public role in an attempt to respond to the dangerous new developments taking place. This represents uncharted territory for all of the GCC states and portends a period of continued uncertainty and instability.

Within this new environment, it could be argued that the member states of the GCC themselves lack a unified policy toward many of the existing and emerging issues in international politics. However, it would be inaccurate to assume that these same GCC states have been unable to adopt or coordinate their policy toward the major and important issues and challenges facing the region. Since the GCC comprises six independent and sovereign states, different perspectives naturally develop as a result of diverse interests, or due to different geographical locations, or even disparate cultural and historic developments. Yet, the GCC states are unified by the common threats and challenges emerging at the regional and international levels and understand fully the necessity of a collective stand.

This short paper will provide a perspective of the main regional challenges as seen from the GCC countries. This includes the impact of the Arab Spring, the current state of relations with Iran as well as the developments in Iraq and Yemen and their relevant impact.

THE ARAB SPRING

From its very outset, the Arab Spring phenomenon presented the GCC with multiple challenges. The first task was to adopt all necessary steps to prevent the spreading of the spring effect to the GCC states themselves. This was not a major challenge due to a number of reasons which contributed to maintaining stability in most of these countries. They included the continued legitimacy of the ruling families, the ability and flexibility of the monarchical system to respond quickly to potential domestic demands, and the favourable economic position that the oil-producing states of the Arab Gulf continue to find themselves in.

Outside of the limited domestic impact of the Arab revolutions so far, the Arab Spring also extended to the GCC states a prominence in regional politics. From the early days, it can be said that the GCC states adopted a “non-opposition” attitude toward the developments occurring elsewhere in the Middle East. This approach included adaptation in the case of Tunisia, Egypt and Yemen; promoting and favouring regime change in Libya and Syria; consolidation with the monarchies in Jordan and Morocco; and solidarity with their fellow GCC member of Bahrain. Overall, the GCC states developed a welcoming as well as supportive attitude which include offers of political, economic, financial, and even military support to impacted countries. All of this contributed to the eventual success of the Arab Spring uprising. The GCC states have continued to offer help and support even after the establishment of the new regimes.

There is no doubt that the attitude and reaction of the GCC states to the Arab Spring remain at one level controversial and open to different speculations and interpretations. At the same time, the GCC’s leadership did have a clear vision that reflected its understanding of the larger implications, the facts of history and the rapidly changing realities on the ground. Even though the GCC states lost a number of reliable allies in the process of the Arab Spring such as the leadership in Egypt and Tunisia, the GCC states fully realized that the popular uprisings in these countries could not be stopped or reversed and therefore must be respected.

The GCC attitude towards the on-going revolution in Syria stems from the same principle. Seen from this context, the GCC policy toward the Arab Spring phenomenon represents a good example of the adaptability and flexibility of the GCC regimes as well as their ability to response to the new and emerging challenges. This political philosophy must also been seen as a driving force that prevented the Arab Spring from spreading to the Gulf region and pose a threat the stability of the Gulf region itself.

IRAN

In considering the current state of relations between the GCC and Iran, a number of issues need to be examined in order to be able to put the position of both parties in their proper context.

First, all GCC states, without hesitation or delay, have expressed their support for the interim 5+1 agreement with Iran over that country's nuclear program. The GCC governments, individually and collectively, have issued statements approving the deal and expressing the hope that a final diplomatic settlement could be reached after this first and preliminary agreement and step. The success of the nuclear deal is seen as essential for the GCC states as only through such a deal will it be able to prevent the breakout of another war or military confrontation in the Gulf region. This part of the world has already suffered considerably from the negative impact of three major wars that took place between 1980 and 2003. At the same time, the nuclear deal, if successful, will prevent Iran from developing a nuclear military capability, a development that could carry significant consequences for the entire region and international security and stability. The GCC states has adopted, from the very beginning, a clear stand toward the issue of the Iranian nuclear file by asserting that the violations by Iran of its NPT treaty obligations is a global rather than only a regional issue or challenge. As such, it is the responsibility of the international community to deal with this very serious problem.

Second, the main issue influencing GCC relations with Iran at the outset of 2014 is the on-going crisis in Syria. The GCC states (except Oman) are fully committed to the objective of changing the regime in Syria and put an end to forty years of Ba'ath party rule and the dominance of the Assad family in Syria. Iran equally is committed to oppose the GCC objective by investing its political and military assets to maintain the Syrian regime in power as long as possible and at any cost. This conflicting interest and incomparable national commitments have placed the GCC and Iran in a proxy conflict. The GCC view the Iranian intervention in support of the Syrian regime as another example of Iran's interventionist strategy throughout internal Arab affairs.

Third, due to the influence of a number of factors and developments that emerged in recent years, the GCC policy toward Iran is now passing through a process of re-assessment and re-evaluation. Factors that play a role in this regard include:

- A noticeable change in the political landscape of Iran that has been produced by the recent Presidential election. The new administration of President Rouhani has conveyed a number of friendly messages and declared its intention to establish

cordial relations with the GCC states based on mutual respect. Nevertheless, no major or meaningful steps have so far been taken by the Iranians to lay the foundations for such a new era in the GCC–Iran relation. It therefore remains to be seen what the exact approach by the new Iranian administration will be.

- The deal over the Iranian nuclear program aimed at achieving a diplomatic settlement to the conflict is a second input into the GCC's strategic calculus. The possible rehabilitation of Iran politically and economically could have a mixed impact on GCC interests. While the rehabilitation of Iran is inevitable, at one stage, the eradication of all restrictions on Iran could result in an even stronger Iran that is ready to undertake more forceful interventionist policies throughout the region.
- The Syrian crisis, which both side GCC and Iran are heavily involved in but which is facing a stalemate, represent the third input. After three years since the outbreak of the Syrian revolution, the GCC states seek a diplomatic settlement for the Syrian conflict to end the bloodbath and the deadlock. At one stage, an understanding with Iran over the Syrian conflict could be necessary.

IRAQ

The GCC policy toward Iraq is in a confused state. The general scene is dominated by an uneasy set of relations. Two factors are influencing the GCC relation with Iraq. The first is the perception that the Iraqi government is under the strong influence of Iran. Therefore lacking any national Iraqi identification and outlook, Iraq cannot be considered as an independent state that takes decision according to national interest. The second is the sectarian nature and identity of the Iraqi government. The GCC leaderships perceive the Iraqi government as a Shi'a government which do not represent the wide and multi-ethnic and multi-faith Iraqi society. Furthermore, the Iraq government has adopted an anti-Arab, and in many instances an anti-GCC attitude in spite of its Arab identity.

The above is supported by the largely pessimistic view as far as Iraq's current trajectory is concerned. The concerns voiced by the GCC states that the US withdrew its forces before ensuring that the gaps in terms of lack of governance and institution-building inside Iraq were sufficiently filled have been validated. There is a growing frustration that the views or concerns repeatedly put forward by the GCC states when it comes to Iraq are not listened to or taken seriously.

The GCC are also concerned that if the domestic environment continues to deteriorate with the rise of militias and extremist movements inside the country then these developments hold the potential for causing serious blowback in the GCC countries themselves. It is already apparent that the civil war in Syria is also having its impact on neighbouring countries with Iraq directly affected.

YEMEN

The GCC policy toward the crisis in Yemen is considered to be the most effective one. The GCC sponsored the roadmap for a compromise settlement of the crisis and despite all the difficulties and obstacles, the agreement on the transfer of power has been implemented. In addition, the Yemeni National Dialogue has produced an agreement that removed the risk of a renewal of the widespread internal fighting leading to a civil war like situation which could potential lead to a collapse of the state.

Among all Arab Spring developments, the Yemeni experience has proven the ability of regional diplomacy (Gulf and Arab diplomacy) to deal with regional problems. A combination of UN and GCC pressure has convinced the old regime to relinquish power peacefully and open the way to a new government to manage the transitional period. Yet, the road ahead is filled with difficulties, in particular the formidable economic challenges that require political stability and major financial support from donor countries. Given the tremendous challenges being faced by Yemen, it is far too early to adopt a more relaxing attitude by the GCC states.

CONCLUSION

The above assessment pertain to the imminent challenges being faced by the GCC states when the face their immediate neighbourhood. The concerns are heightened by the troubling developments being confronted in other key Arab states including Egypt, Libya and Lebanon as well as the reactions and policies being adopted by key international powers which are seen as either counterproductive or unaware of the urgency of the situation and its wider consequences. In the end, these are indeed worrying times as far as the GCC states are concerned.

2.2.

BAHREIN: MANAGING POLITICAL CHANGE

MOHAMMED ABDUL GHAFAR

In the aftermath of the Arab awakening, I believe it is of primary importance to investigate how current problems in the Arab region are rooted in history. When nation states emerged in the Arab world, nationalist and Islamic currents dominated politics. The national-Islamic ideology transcended borders, drawn by British and French mandates, with the aim of unifying all Arab nations into one political entity. At the time, trans-border ideologies revolved around the Arab socialist path, but this was soon replaced by Islam. The 1967 six-day war defeat deeply shocked the Arab peoples, leaving the necessity to regain dignity after humiliation. Islam was the mean to recover the Arab pride and glory. Post-1949, the region experienced a series of military coups, with the military becoming the ruling institution. However, those regimes proved to be ineffective and inefficient, missing political and social development. Time passing by, the democratic quality of major Arab countries, in terms of rights and freedoms, deteriorated quickly. Economic problems worsened with rising unemployment rates and declining role and size of the middle class. Although social justice was a leading principle, it has never been implemented and corruption reached unprecedented peaks. Moreover, young generations felt unrepresented by the ruling class, unable and unwilling to care for them. Those are some of the many reasons, all deeply rooted in history, behind the Arab awakening.

Now I would like to go a little bit deeper into the specific case of Bahrain and explore why it distinguish itself from the other Arab countries. After 9.11, the United States imposed reforms on a number of Arab countries. This is not the case of Bahrain, which started the political reform process before, in 1999, with King Hamad bin Isa Al Khalifa assuming power. I firmly believe that the protests and turmoil of February 2011 in Bahrain cannot be considered part of the Arab awakening. First of all, because Bahrain is provided with an elected representative council, in which the opposition dominates 48 parliamentary seats and therefore represents

a considerable force. Moreover, demonstrations and protests are allowed by the constitution, i.e. demands for political reform have always been structured within the constitutional framework. Second, as I have already mentioned, unrest in most Arab countries had economic roots, such as unemployment. Economic reasons do not apply to Bahrain. Indeed, despite the global economic crisis, the unemployment rate in 2011 was 3.7% and economic growth reached 4.3% the same year. It is also worthy to mention the commitment taken by the Bahraini minister of labour to further reduce the number of unemployed from 9022 to 8468. Last but not least, the Bahraini government has been able to deal with the demands of the youngest generations, channelling all claims into political stands through methods fully exposed in the constitution.

The question that follows is why events precipitated in 2011. Most of the articles and the studies to which I have referred until now, portray all protest movements as democratic in nature, missing the real issue. To get the point, the historical background is once again pivotal. King Hamad bin Isa Al Khalifa's liberal reform initiatives created an open political atmosphere in which political groups were able to reorganize themselves in cross-political societies³. However, they failed to get away from a radical ideological and theocratic mind-set. Radical societies, such as Al Wefaq National Islamic Society, boycotted the referendum of February 2001, which approved, with an overwhelming majority of 98.4%, the national action charter. In other words, they refused to engage into a political process aiming at gradually developing a civil and democratic state. During the first parliamentary elections, those groups returned to the use of violence, with frequent rallies, damaging public properties. After the first legislative session, Al Wefaq started to lose ground in favour of other political groups. Therefore, it decided to participate to the 2006 elections, becoming the biggest opposition group. Consequently, radical groups seceded from the coalition and went back again to violent ways. Since the split, they continue to create chaos and turmoil, destroying and burning down the neighbourhood. The Bahraini security authorities found out they were provided, and still are, with explosives and munitions, some of Iranian origin.

It is important to point out that all the radical groups originate from two Shia political organizations. One is the Islamic Dawa Party, founded in Iraq in 1958. The other is the Shirazi movement, founded by Ayatollah Mohammad Al Shirazi, of Iranian origin. The latter is supporting a very radical ideology, with revolutionary aims. Both parties recruit and organize Shia movements across the Arab region, including Bahrain. More in detail, seven extremist theocratic groups are present in Bahrain. They believe in the theocratic revolution and reject the idea of a democratic civil state. The Bahrain Freedom Movement, headed by Said Al

³ In Bahrain political societies means political parties.

Shehabi, is affiliated to Iran since 1982. The Islamic Action Society and the Islamic Mission Society are both part of the Shirazi organization. The Haq Movement for Liberty and Democracy, founded by Hasan Mushaima officially calls for a state on the Iranian model. Other three more movements add up to what could easily be misread as Sunni versus Shia dispute. But this is completely wrong. Shiites and Sunnis have lived together for centuries in a peaceful neighbourhood. Neither it is true that those groups represent all the Shiites, they only stand for a minority view. In short, the problem in Bahrain is not a religious problem, with Shiites and Sunnis not able to live together, but it is rather a problem of political projects, with some societies promoting, through violent means, the guardianship of the Islamic clergyman over state and society.

Bahrain resorted to two mechanisms, in order to face the delicate situation. First of all, the government promoted national dialogue, resulted in a number of constitutional changes. Secondly, a commission of inquiry was established, and most of the recommendations made have already been implemented, only seven waiting to be put into practice. In sum, chaos and unrest in Bahrain cannot be considered part of the Arab awakening, due to the very different reasons behind the protests, and the effectiveness of Bahraini authorities to deal with them.

2.3.

EGYPT THREE YEARS AFTER, AND TWO REVOLUTIONS

AMBASSADOR MAHMOUD KAREM

Three years after two revolutions, the Egyptian people remain held in a state of acute polarization with the primary objectives of the January 2011 revolution unfulfilled. Political forces and political parties remain weak, incapable of offering a wide coherent political program across the nation especially establishing significant political platforms. Youth, the driving force of both revolutions, stand confused, moving towards political withdrawal.

To elucidate, two revolutions one in January 2011 that removed Mubarak, the other in June 30, 2013 that toppled Morsi, remain placed in adversarial rather than complementary mode, resulting in confrontation not cooperation when in reality the uniting forces and objectives of both revolutions should have been geared towards building a stronger nation.

The pertinent question here is why this troublesome outcome compared to a story of success in Tunisia? What really transpired?

To elucidate, the spontaneity of 2011 January revolution remains crucial. This popular revolt in 2011, had no leader, and was protected by the military. Here we must state that if the military would have chosen to take the path of Syria, Egypt would have slipped into a disastrous path, but the military stood next to democracy and the will of Egyptians forcing Mubarak to resign, placing him on trial and implementing a court decision to incarcerate him with his sons.

However, this spontaneity had serious consequences, including leading to an unclear political agenda and a dilemma in the early part of 2011. Take for instance the constitutional declaration of March 2011, when and where no one exactly knew what we Egyptians were voting on? The amendments were not clear, lead to a political dilemma, resulting in a situation of political uncertainty as to whether

we should first vote on parliament or presidential elections. This led the most organized political party at the time the Muslim Brotherhood (MB); Freedom and Justice Party, to capitalize on this confused scene, rise to and capture power despite their repeated assertions that they will not run for presidential elections, do not want the post of Prime Minister, and do not seek a parliamentary majority. The MB wide political gain reflected their wide spread social, charity, health programs, and beneficiary non-governmental societal impact. It also reflected a societal dissent and refusal of the masses against the return of the old Mubarak guards to power.

A democratic presidential election took place in summer 2012 and resulted in the defeat of the other candidate Mr. Shafik, and winning of the second candidate of the Muslim Brotherhood, Dr. Mohamed Morsi. People accepted the results.

But his year in power revealed several mistakes:

- A Proxy President ruling on behalf of the Supreme MB Guidance leader or Grand Mourshid. It became evidently clear that the MB president was not a President for all Egyptians. He was President for his own clan, serving their interests, and realizing their objectives.
- A presidential attempt towards a quick consolidation of power in November 2012 by a Presidential decree, resulting in an imperial presidency immunizing himself and consolidating power in his hands.
- The killing of protestors in Itahadiya, the presidential palace, when protestors peacefully took to the streets to denounce this rapid making of a “new dictator”, who sought the destruction of the Justice, Army and Police with this November Presidential decree.
- A rapid albeit lightning transformation of the economy towards political Islamists interest, serving the economic monopolization interests of friends and cronies of the regime. The identity of an economy as well as a nation became at stake, with major project including the rights over the Suez Canal came under question.
- Presidential decrees to free convicted criminal jailed jihadists, underlining a regime attempt to align itself with a jihadist fundamentalist front and orientation, using them as a back bone and support for the regime against the army and the people. Morsi wanted to follow suit by emulating the revolutionary guard in Iran.
- Controlling all wakes of life by MB representatives including total control of syndicates.
- Drafting a weak constitution in 2012, ignoring, inter alia, human rights, rights of women, children, Copts and minorities in Egypt.

All these events created a conducive atmosphere for the eruption of another

revolution on June 30th 2013 that brought about the downfall of Mohamed Morsi, and also ushered grave differences with the west. Until today, some consider that the toppling of a President should have been by a democratic ballot, while other believe that such salient methods would not have worked for a regime that did not believe in “alternation of power” and other necessary UN based criterion for a sound democracy. Election ballot is just one of many criterions. In all cases it would have been difficult for anyone to neglect the historical pouring of millions in the streets requesting the down fall of Dr. Morsi.

In this vain we can simply highlight some of these differences with those who believe that June 30th is a coup brought about by the military.

- Until today Egyptians feel betrayed by these strong assertions appearing daily in US and other media that reduce, minimize, or downplay such a justifiable popular revolt to a simple military coup d'état, when in reality the 30 million and more Egyptians who took to the streets asserted that they did not remove a dictator in 2011 to replace him with another. This point is important to justify the origins of this revolution and its reasons. Once again the military may have played a role in protecting the masses, but could not have instigated a popular and fervent desire by millions of Egyptians seeking a better way of life.
- Ignoring the fact that Egypt, at present, is in a state of war against terrorist forces. Combating terrorism may have started in Sinai but is now quickly spilling over to the mainland. Some assert that NATO's operation “unified protector” unleashed formidable security challenges, weapons smuggling against Egypt. It was expected that operation “Unified Protector” would have secured army barracks especially those in Tripoli with 6 million weapons stockpiles, rocket launch pads, and different sorts of small to medium sized weapons, before withdrawal. These same analysts assert that Operation “Active Endeavour” in the Mediterranean is ignoring its primary objective of detecting and interdicting any smuggling of weapons and possible pre cursors of weapons of mass destruction. Egyptians continue to combat illicit smuggling of weapons by ships and vessels in the Mediterranean reaching Sinai without any boarding or interception or even information sharing by operation “Active Endeavour”. What is needed at this stage is strong cooperative security measures with better cooperation in areas such as border control and aerial monitoring, where NATO can assist in such operations including widening the benefit from trust funds.

The inability to understand the international dimension and the wide presence of the Muslim Brotherhood in more than 68 states, relying on foreign remittances and extra territorial support. This foreign agenda includes a temporary portrayal of the movement as a moderate Islamist organization. What needs to be underscored is that the clash with the West would have been inevitable since the West is deal-

ing with an organization that knows no boundaries and is not state centric. This would also mean that a persistent dichotomy of interests and an aggressive policy towards the national security of Israel was bound to happen. It was only going to be a matter of time to realize and reveal the true intentions of this international movement.

Consonant with this point there may have been an amplification or perhaps an over exaggeration of the actual size of the voting power of the Muslim Brotherhood in the political scene in Egypt. The highest recorded supportive vote for the Presidential candidate Dr. Mohamed Morsi was around 13 million votes in 2012. Political analysts assert that this voting bloc could not be attributed solely to the strengths of the MB but also to the sympathetic supportive vote by the Salafi's and Islamises, as well as the anti Mubarak voters who refused to vote for the presidential candidate Ahmed Shafik, who incidentally scored less than 13 million with a deficit of 400,000 votes separating him from victory.

In 2012 the results of the vote for the Morsi constitution was 10 million in favour, with 6 million against. Yet in 2014 after removing Morsi and the redraft of a new Constitution, the vote was 20 million in favour, with less than 1 million against.

Although these results still indicate weak political participation in 2014, with 38.6% from the registered voters, it is still higher, if not double, the positive votes for the Morsi constitution. Some people assert that the 2014 constitution avoided and corrected many mistakes of the 2012 constitution. Take for instance declaring "emergency laws". The 2014 constitution limited the authority of the President and even the Parliament to declare a "state of emergency", for more than 3 months. This is a notable achievement given the fact that under Mubarak the state of emergency was repeatedly renewed for more than 30 years, without any contestation.

With these positive developments and the present will and desire by the people not to be ruled again by the military or religious fundamentalist group, Egyptians fail to understand why some still consider the 2012 constitution a better legal instrument than the 2014 document. We still read these assertions every day in western media and broadcasts.

In conclusion the upcoming challenges before Egypt could be summarized in the following points.

Achieving stability and security.

Economic recovery, encouraging Foreign Direct Investment, Tourism, Productivity, Talks with the IMF, and reducing subsidies for energy that consume more

than 30% of Egypt's budget.

Upholding the sanctity of law and primacy of human rights while conducting war on terror.

Achieving a media code of ethics that would allow for a wider freedom of expression, a wider space for opposition, defeating any incitement for hatred.

Reconciliation, reintegration, and an inclusive political process that would prevent polarization and ensure freedom of expression, right for peaceful demonstration, a vibrant and viable law for the civil society that would not curtail their important role, unleash their potential to better serve their society, the rehabilitation of the security forces, preventing unjustifiable political arrests, detentions, illegal imprisonment, and the adoption of new anti torture tenants in Egyptian law.

One note needs to be underscored at this stage relevant to any future reconciliation initiative. Namely that efforts must be also geared to explain to the MB that political participation cannot be anchored on party secrecy, lack of transparency in divulging sources of funding, names of political cadres and activists in different regions, the need to renounce violence, resort to and funding militias, incubating terrorism, rebuilding a better Egypt by self reliance and not full reliance on extra territorial solutions. Operating hidden or sleeping cells is different from open political party activities.

Ladies and Gentlemen,

Our conference concentrated on shifting stakeholders and new game changers. In our region I can identify several new game changers.

A rising role for important factors that may include Germany and Russia in our region. With the US, following a policy of "wait and see", throwing more policy emphasis on Asia, these two countries may emerge with stronger interests in our part of the world.

Additionally the Iran nuclear deal is creating anxiety in the GCC nations, given the fact that the deal touches upon high political security policies achieved without any role or consultations with GCC nations. How then can extra regional powers decide on a future gulf security system by excluding GCC nations?

A paradigm shift from sectarianism, a Shia/Sunni arch, to federalism, that may incubate the roots for a new political map of the Arab world.

Finally the realization that western attempts to implant pure notions of democracy without adaptability to intrinsic socio economic basic needs, has resulted in

cases of failure in Iraq where bombs and suicide bombers threaten democratic transition efforts. Efforts for democracy must be launched bottom up, with better education, less illiteracy, realization of basic needs and sound institutional reforms and institutional building including those in the field of elections. To all those I add political participation and wide multi political party representations. This is all possible if a concerted effort is launched to assist and not punish or impose sanctions against nations in democratic transition.

Before leaving you I need to answer the question posed in the very early beginning: the differences between Tunisia and Egypt?

In the early part of the revolution Tunisia started with a civilian and not a military route. This shielded the military from the labyrinth of political and civilian rule dilemma. Armies are best suited for the battlefield, not for civilian rule but when necessary they must protect national security imperatives. Additionally the Tunisian ruling MB party resorted to avoiding all the mistakes committed by the Morsi regime. They reached out to reconciliation, gave a wide space for opposition, formed a national unity government, and capitalized on the western exposure of Mr. Ghanoushi who is in essence, French educated. All these advices were presented several times to President Morsi when he was in office by crucial European interlocutors. One such advice was given to him a few days before the June 30th, revolution explaining to him: "Mr. President you are running out of time". He chose to refuse.

Let's wish both revolutions the best to realize the true aspirations of our peoples.

2.4.

THE CRITICAL CHANGES OF THE ARAB AWAKENINGS

KHALAF MASA'DEH AMAD

After a brief picture of the Arab region and its criticalities, I will discuss the EU Mediterranean cooperation and the role of NATO and the EU. Then, I will move on to the five game changers I identify for the next couple of years. Last, I will go deeper into the Iranian and Syrian case, investigating consequences for the other countries in the region. The problem in the Arab world, from the point of view of a liberal and democratic Arab citizen, as I am, is the lack of pluralism, social justice and rule of law. And this is true for all Arab countries, across borders, including Morocco, Yemen and Jordan, my country. The fact that the rule of law has not been fully implemented, along with missing pluralism and the failure to put into practice the much proclaimed principle of social justice, triggered the unrest we have experienced over the past 4 years. Old generations have tried to be an advocate of young generations, without any legitimacy to do so and failing in the attempt. It is up to the young to shape their future with their own hands, unfortunately, as I said, in the lack of social justice, pluralism and rule of law.

Many critics argue that the Arab spring has failed, bringing only dismay and disorder to Arab countries. I disagree. First of all I would like to refer to it as the "Arab awakening" and not the "Arab spring". Indeed, what is going on in the Arab region is a real awakening, and as such, it is going to take a long time to reach its ultimate outcomes. Transformation processes are not one-time events, they develop time passing by, step by step. For what concerns the 2014-2015 time-frame, I suggest to focus on 5 specific game changers, not specific entities, institutions or states, but rather situations which may play a pivotal role in the years to come.

First of all, the disintegration of national states will lead to the emergence and growing importance of non-state players. Secondly, a bigger divide on the geopolitical level, between Shia and Sunni, will follow. The regional settlement plays as third game changer, revolving around two pivots: the Iran-West deal and the

Palestinian-Israeli peace process. The fourth point is the possible shift of US interest out of the region to the far East, beyond Iran. That could impact the US-Saudi Arabia relations, with consequences on the Saudi sphere of influence in the region, first of all the Gulf monarchies. Last, the necessity to give up unilateral security measures for a multilateral system of security, is essential for any step forward to be taken for the stability of the region. For what concerns this last point, Israel, over the past 5 years, has adopted the so called "castle philosophy", closing borders and raising walls. Moving away from the controversial nature of the measures, they simply are no more effective as states around Israel are disintegrating and non-state players, such as Al-Qaida groups, are spreading. In a collective security system there could be place also for NATO, the US and the EU, not any more in military terms but rather in social and political terms.

Moving on to the concept of political Islam, a short historical excursus is necessary. During the fifties and the sixties, the new regimes tried to put an end to Arab nationalism, included the Ba'ath parties which eventually turned to be very far away from original Pan-Arabism. In the shift of political paradigm, away from nationalism, the Islamic component became the most organized force in all Arab societies. Authoritarian regimes have always used the so called "Islamic threat" to halt democratization. Indeed, there is some truth in that. The Islamic philosophy of democracy could be synthesized in the words "one man, one vote, one time". This was the case in Iran, in Gaza and, more recently, in Egypt, where President Morsi included only the Muslim Brotherhood in the policy-making process. Now, with the Arab awakening, Islamic forces are coming back to scene, being, once again, the most organized. Mohammed Morsi in Egypt was not able to give up the slogan "Islam is the solution" while completely failing to meet socioeconomic needs of the people. Consequently, public support for Islam started to dwindle away and the situation radicalized. It is not sure whether the Islamic groups in Egypt will be capable to integrate in the system or if they will move to the left, radicalizing the political scene even more. Tunisia may provide a new sustainable model, with a President and an Islamic party, the Ennahda party, agreeing to reform processes towards a more secular direction. The Tunisian constitution is very progressive, with strong elements of freedom of both conscience and religion.

Syria, on the other side, is portraying a much gloomier picture, in terms of which role Islamic political parties are going to play in the region. The situation in Syria is a catastrophe, with non-state actors popping up everywhere. Damascus will be the gateway for the regional settlement. The latter, as I said before, is made up of two distinct elements. On the one hand, Iran's ambition to get a hegemonic position in the region. Iran is about to close a deal with the US, which will bring about more cooperation and possibly the integration of Hezbollah in the Lebanese political system. This comes at a price, Iran will have to look away from the other element,

constituting the regional settlement, i.e. the Palestinian-Israeli peace agreement. On the other hand, I do not see any chance for peace to be reached. However, a common ground could be found in practical terms to the disadvantage of Palestinians and Jordan. Egypt is busy with the internal crisis, Iraq is disintegrating and Syria is in a catastrophe. In this framework, a Palestinian-Israeli deal will not play any good but for Israel.

Session 3

ECONOMIC GAME CHANGERS:
ENERGY REVOLUTIONS?

3.1.

ENERGY OUTLOOK: ECONOMIC AND SECURITY IMPLICATIONS

FATIH BIROL

Recent developments in the energy sector will reshuffle the geopolitics of energy, as well as countries' economic powers, with long lasting implications. Before looking at the future, it is important to know where we are today. Three recent developments mark the direction of future trends, namely, the oil and shale gas revolution, post-Fukushima nuclear policies and subsidies policies. Those three elements, taken together, reshape the energy scene. Indeed, in the energy theatre, roles actors were playing until very recently have been newly rewritten. On the one hand, some of the traditional energy importers such as the US for what concerns gas, turn to be major exporters. Also Brazil is entering oil markets as a major oil exporter. On the other hand, some of the countries identified as the big exporters, i.e. Middle East countries, are going to experience a huge increase in energy demand. As a matter of fact, energy consumption in the Middle East is becoming second only to China, thus affecting the global energy demand. New strategies are being explored. Canada, for instance, used to send its production of oil and gas to the south. Nowadays, the south does not need Canadian oil and gas any more, or at least, not in big quantity. Consequently, the entire Canadian trade policy, and therefore the foreign policy, is moving to east, in an effort to build new connections in Asia. The number of visits paid by high Canadian officials is a clear indicator of the willingness to find new consumers over the sea.

One of the most pressing problems, the energy sector has to face is the emission question. Most of the carbon dioxide emissions present in the atmosphere, are caused directly energy production, with consequences on the life of every individual. In many countries in the world today, in particular in the Middle East, China, Russia and India, fossil fuels, i.e. oil, coal and gas, are artificially subsidized by governments. As a consequence, prices are too low and people do not use energy efficiently, causing more and more carbon dioxide emissions and hanging upon public budgets. Moreover, subsidies to fossil fuels hinder the chances of renewable

energies to compete effectively against them. Another issue worthy to mention, is that about 1/3 of global population has no access to electricity at all, mainly in sub-Saharan Africa, India, Pakistan and Bangladesh. That means that parents cannot keep medications for their children in the refrigerator. It is as simple as it is dramatic, and numbers will not change in the years to come.

Moving on to the energy market, prices are worrying for energy consuming countries. In the last three years, oil prices ranged around 100 USD/bbl on average and they are not expected to drop again to old prices. Moreover, prices are diverging among regions. European natural gas prices are three times higher than American prices and Asian prices are nothing short of five times higher. No other strategic good, all over the world, reports such a big price differential. Natural gas prices also affect electricity, since gas is the major input for electricity generation. Consequently, Europe, Japan and Asia, generally, will remain, for many years to come, high energy costs regions, when compared to the Middle East and some emerging country. And this, of course, will have important repercussion, in terms of industries' competitiveness.

Moving on, from the present to the future, it is important to identify from where the energy demand growth comes from. The contribution of the western world, i.e. the US, the EU, Japan and others, is almost negligible, close to zero. Asian countries make up 2/3 of the global energy demand growth and China is the driving force. However, around 2020 India will take China's leading position. As I mentioned before, also the Middle East is becoming one of the major energy consumer region. Indeed, in the next twenty years, the number of power plants that are going to be built in the Middle East, will equal the current Japanese and Korean plants together. The very fact, resulting from economic and demographic reasons, highlights the importance of the region also in terms of business opportunity.

Drawing some conclusions, a question comes to mind and it is whether future trends will see renewable energies gaining ground on fuels or vice-versa. In 1987, the Brundtland Report on sustainable development recommended to reduce the share of fossil fuels in the global energy mix. Since 25 years, European countries, Japan and the US engaged in policies to reduce fossil fuels consumption. At the time, fossil fuels accounted for 82% of the energy mix. Today, 25 years later, the share has not changed at all. That means, on the one hand, that economic facts may diverge consistently from political intentions if the latter are not based on concretely implemented policies. On the other hand, it is also true that if those policies had not existed, fossil fuels would have dominated even more. Looking at the future, renewable energies will most probably increase their shares, but always in a minority position if compared to fossil fuels. Another critical point is the fact that the production and consumption of renewable energy is often increasing as a

result of government subsidies to them. The EU, for examples, provides 60 billion USD for subsidies to renewable energies.

The last point I will touch upon is the role of US in the energy scenario. Last year, the IEA announced that the US will overtake Saudi Arabia as the largest oil producer of the world, either next year (2015) or the year after (2016). However, the news could be misleading and, indeed, it has been misunderstood. To be the largest oil producer is completely different than being oil exporter. All depends on national consumption. In the US, oil production is going to increase in the next years, due to shale oil, and the national demand will not need any more Middle East supply. However, that does not mean that American oil will be exported massively. Nor it diminishes the role of the Middle East, since there are many other countries, all over the world, needing oil supply as well. The misinterpretation which leads to think about the US as an exporter and not a producer, is very risky because it could lead to a reduction in investments in the Middle East energy sector. There will be a huge supply problem if the energy production of the Middle East will not increase significantly. In sum, it is important to understand that the Middle East will remain critical in global oil markets for many years to come and policies questioning that fact are counterproductive for the global economy and energy, in terms of stability.

3.2.

SHALE GAS: THE ROLE OF NORWAY

RUNE RESALAND

After some reflection on the energy scenario, I am going to profile the role that Norway plays in this picture. Very briefly, I will start with some basic observations. First of all, the world needs more energy and it will need more energy in the future. By 2035, global energy demand is estimated to rise by a third. Most of this growth will take place in non-OECD countries and in Asia. Secondly, the global energy mix has not changed over the last years and it will take time to change. It is a complex system, which will be dominated by fossil fuels for the years to come. Third, there will be an increase of global coal consumption in the next decades. From an environmental perspective this is a worrying trend, given that today China already consumes more coal than the rest of the world combined. Estimates prospect an increase of 15-20% in the next 20 years, also due to the massive American production of cheap natural shale gas. This situation gives cause for concerns in terms of carbon dioxide emissions. Coal emits double the emissions natural gas does, in power production. From a regional perspective, Europe should use more natural gas to replace coal consumption, buy it from Norway and reduce its emissions.

Indeed, Norway is the third largest gas exporter in the world, provided with a complex pipeline system, since 1977. Gas exports to Europe reached 109 billion m³, while UK and Russia account for a third each of the European imports. Norway is also the seventh largest oil exporter in the world, with large part of its continental shelf yet to be explored. There are three main areas of oil and gas exploration: the North Sea, the Norway Sea and the Barents Sea. In a first moment oil and gas production has been concentrated in the North Sea, with plants still in work after 40 years of exploitation. Then, activities have expanded north west to the Norwegian Sea and currently to the Barents Sea. All of them are provided with ample reserves. The great potential of the Barents Sea, for example, is reflected in the wide participation at the last licensing round in the area.

For what concerns the legal framework under which activities in the Arctic are carried out, I would like to first mention the agreement between Norway and Russia, very important for both the parties. The delimitation and cooperation agreement has been negotiated for almost 40 years, before being signed, together with two annexes, in 2010. One of the annexes is on fisheries and builds on a tradition of successful fisheries cooperation, dating back to the Cold War period, in the Eighties. In case of deposits or oilfields crossing the delimitation lines, the agreement goes back to the law of the sea for regulating the exploitation of such resources. I believe it is very important, both from the political and economic point of view, to show that it is possible to solve difficult issues, such as jurisdiction controversies, under the framework of the agreement. Of course, international companies are free to compete for licensing on equal terms. Russian companies, for instance, are already there.

The next point I would like to touch upon is the so called “race to the North Pole”. Let me make it crystal clear: all resources are within the boundaries of coastal states’ economic zones. Therefore, no jurisdiction controversy may rise and indeed, activities in the field have always been characterized by cooperation rather than conflict. To this regard, it is worthy to mention the declaration of 2009, when the five arctic coastal states confirmed their commitment to the existing legal framework, in particular the law of the sea. In other words, they renewed their intention to cooperate and resolve any issue peacefully, in accordance with the rules and regulation of the law of the sea. Some years ago, the possibility of an Arctic treaty, modelled on the Antarctic treaty, was discussed. However, there is general consensus, nowadays, that a legal framework already exists and, as I have just mentioned, it is the law of the sea, which applies to the Arctic Ocean as to any other ocean. In addition, the Arctic is also provided with a political framework, namely the Arctic Council, founded in 1996 in order to take care of environmental issues related to the area. Now its functions have been expanded and new observers joined the eight Council members. Last year, for example, India, Japan and South Korea entered the Council with the status of observers, showing the importance of the region even for countries further away.

Arctic countries take their responsibility very seriously and, under the observance of the Council, they negotiated and signed two international agreements, one on rescue cooperation, the other on oil spill reduction cooperation. In short, the area is characterized by peaceful cooperation and not by conflict. Arctic governance does not only include energy issues but also fisheries, climate, shipping and security. Also jurisdiction issues arise from time to time. Russia, Canada and Denmark are going to submit claims for outer continental shelves to the appropriate UN commission and probably some bilateral agreement on delimitation will be necessary. However, as I already said, the general assumption is that all resources

are within existing economic zones. Therefore, there is no room for controversies.

The last relevant issue is the enormous reduction of the ice coverage. There are very huge variations within the Arctic area. Norwegian waters, for instance, are always ice-free, thanks to the Gulf stream. However, ice and climate conditions in other areas of the Arctic are extremely complicated. In the last 20 or 30 years ice has been melting quickly. There is now less ice, and the coverage is thinner, with impacts on human activities. For example, ice melting will make the Arctic ocean more accessible for shipping. In the future it may connect three continents, namely, Europe, America and Asia, but not in the years to come. However, many of the new observers may certainly be interested in the shipping opportunity.

To sum up, more energy is needed and huge energy resources are available in the Arctic. There are variations in terms of ice conditions in the area which may affect the exploitation of those resources. The latter will also depend on other conditions, such as infrastructures and market conditions. There is no race to the Arctic since all resources are within exclusive national jurisdictions and international legal frameworks grant peaceful cooperation. Last, the great potential of the Barents sea guarantees that Norway will remain, for many years to come, a stable gas supplier to Europe and all other consumers.

3.3.

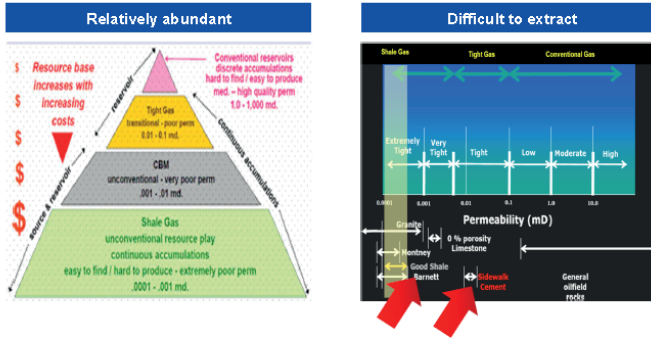
SHALE GAS AND ITS IMPACT ON EUROPE

MARCO ARCELLI

The disengagement of the West from Middle East and North Africa is going to deliver Europe in the hands of Russia in the next 20 years. To explain the reasons why this will happen I have to begin with shale gas. I personally started to research on the topic five years ago, in the attempt to learn more about costs and impacts, aside from media hype. Professionals, and people more generally, have either a very positive or a very negative attitude towards shale gas.

Let me start to address optimists, who see in shale gas an inexhaustible resource to be exploited. Indeed, there are significant more resources of shale gas than any other. However, a distinction has to be made between technically recoverable resources and commercially recoverable resources. Let me make an analogy: even if huge hydrogen resources are available, the energy problem is not going to be solved by oceans, at least not in the next several years. Similarly, while there is a lot of unconventional gas, it does not mean that it can be produced at a reasonable cost.

100 wells needed to prove commerciality of a basin and the US is the only place where it has been proved so far



Technically recoverable does not imply that they will ever be recovered

Source: TransCanada, Sept 2009



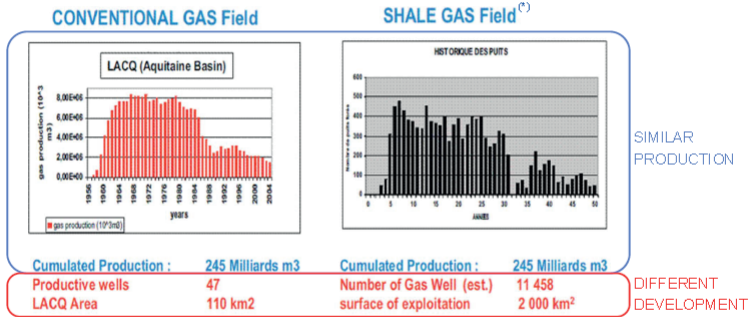
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The reason is that rock formations from which shale gas and oil can be extracted are very tight. If compared with a block of cement, for example, those formations are about 100 times more compact. Thus, fracking is needed to break rocks and produce gas and costs are high.

Regarding the pessimists, environmental concerns such as pollution caused by shale gas is the key critic that is made. However, technologies to produce in a sustainable way exist. Indeed, also the IEA, last year, published a report about sustainability in shale gas production.

Yet, comparing conventional gas fields and shale gas fields, some important differences arise.

Technologies exist to develop unconventional in an environmentally sustainable manner, but water and traffic remain limiting factors



(*) Based on average Barnett Shale horizontal well Estimated Ultimate Recovery (1.4 bof) and decline rates (after WEO 2009)

Source: Institute Français du Pétrole, July 2010



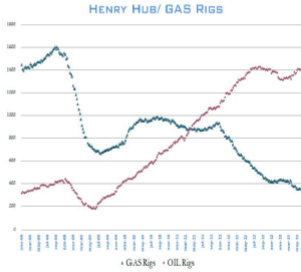
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The LACQ Aquitaine Basin, in France, produced conventional gas, almost 250 billion m³, with 47 wells, drilled in about five years on a area of 110 km². Should this be produced using as an analogy average data from Barnett Shale in the USA, over 11.000 horizontal wells and a surface of 2.000 km² would be required for the same production. That means more years to drill the wells, a huge water consumption and truckloads of materials. In short, even if a sustainable production is possible, considering traffic and water consumption the impact on local communities is significant and long-lasting. This consideration, along with the observation that not all technically recoverable resources will ever be recovered, allow the following conclusions.

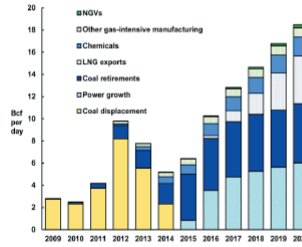
First, the United States has a sustainable competitive advantage that will result in re-shoring and economic growth. However, prices are going to increase in the next years, since current prices are not sufficient to ensure proper profitability.

1. USA have a sustainable competitive advantage that will result in reshoring and CO2 reduction

USA DRILLING ACTIVITY



GAS DEMAND TREND



USA growth may drive or sink European recovery with the new Transatlantic Economic Treaty

Source: IHS, April 2013



4

Indeed, if the price drops under 4 USD/MMbtu, we have seen that drilling drops to almost zero on dry gas wells. We estimate the equilibrium price to be around 5 to 6 USD/MMbtu in the mid-term, with some seasonal variations. Considering that oil ranges around 100 USD/barrel, at these prices demand will shift to gas. The transportation sector may be an example, but also new activities are expected in the petrochemical field and LNG. In other words, there is a driver both on the supply and on the demand side, leading to higher prices in the United States. Yet, American prices are half what they are in Europe today and a third of Asian prices. Thus, the US will continue to have an important competitive advantage.

Second, it is popular belief that the shale gas revolution brought down gas prices in Europe. This is not true. European prices dropped because of the decreasing demand, due to the economic crisis and energy efficiency. Italian consumption, for example, fell down from 85 billion m³ to 70-75 billion m³. Thus, European importers of LNG have shipped gas to the Far East and Latin America to reduce supplies into the market. Indeed, LNG imports into Europe dropped by 25% from 2010 to 2012.

2. US shale has not resulted so far in lower gas prices in Europe, but rather in higher CO₂ emissions

2012/2010

Import LNG -25%



LNG was diverted to Asia and Latin America that pay prices 30-50% higher than Europe

Ott. 2012/Ott. 2010

Coal API2 -24%
Power D -15%
Power I -16%
Gas NBP +15%
Gas TTF +19%



Coal prices dropped due to low US demand and coal imports into Europe increased

European gas price alignment and decoupling from long term contracts were driven by a drop in demand

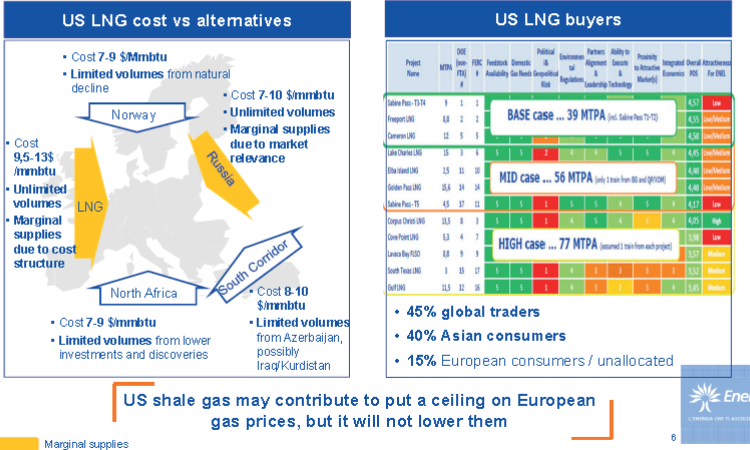


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Consequently, LNG exports have been headed towards Asia and the emerging countries, such as Brazil and Argentina. European power prices have mostly been influenced by the drop in coal prices, due to the fact that the US is not consuming coal anymore but exporting it. The USA have become the largest exporter of coal to Europe. The increase of supply lowered prices in Europe, raising coal-fired power production, and also CO₂ emissions.

Third, looking at the future, shale gas exports from the USA are often seen as the solution to the European energy problem. However, if we add to the American hub gas price the cost to liquefy, ship and re-gassify, from 5 or 6 USD/MMbtu we arrive to 11 or 12 USD/MMbtu. This is the price currently paid to Algeria and Russia. Thus, there will be no revolution, at least in term of lower prices. Perhaps this will still help to put a price cap on alternative gas supplies. Another evidence is worrisome. Looking at export contracts from the USA, 40% of the volumes have been contracted by Asian buyers and 45% by global traders and they look only for the best market, i.e. with the biggest and most stable demand and the highest prices.

3. Future US LNG exports may lower gas prices in Asia but the impact in Europe will be limited



Those markets, today, are not in the European Union but in China, Japan, Korea, India and in Latin America.

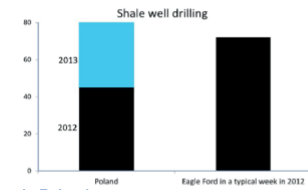
Some others see the stability of European energy supply in a sort of domestic shale gas revolution. Political consensus on shale gas and fracking activity is indeed increasing, mainly in the UK. However, Germany along with France, Romania and other countries still have moratoria or strong debates. Indeed, the Greens in Germany said more than once that there is no point to leave nuclear to shift to fracking. Moreover, even if resistance could be overcome, results are not guaranteed, certainly not in the short term. Poland is the example.

4. European activity has not taken off yet, while costs are expected to be significantly higher than the US

Political support may be increasing

- After moratoria introduced in Germany, France, UK, Ireland, Romania and Bulgaria
- In September **UE** voted against a European regulation, devolving to single States
- In December **UK** reversed the moratorium and improved fiscal terms
- In December **Germany** voted against the stop to fracking, but the debate remains open particularly at Lander level
- In January **Romania** reversed moratorium
- In the **Netherlands** the Government spoke in favor

But activity has not picked up



- **In Poland**
 - **42 wells** to date, well behind plan
 - **Costs** are triple the US
 - Still **no commercial success**
 - Some players **have started to exit**
- Activity suspended in Sweden, Austria, Czech

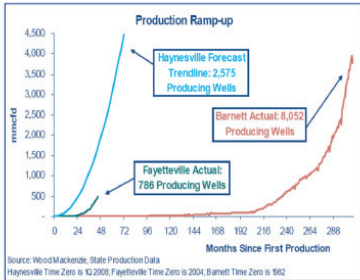


Sources: IHS, April 2013

In five years it managed to drill less wells than Eagle Ford, one of the smallest small basins in the US, drills in one week. This is mainly due to local opposition, permitting lead time, regulatory delays and higher costs, almost triple as in America, because of more complex and deeper rock formations. In short, the activity has not moved fast enough and has not resulted in any commercial conclusion, yet. As a consequence, operators are starting to leave Poland, exactly as Shell left Sweden, due to local opposition and Exxon left Hungary for geological reasons.

Now, let's suppose a big technological advancement that will cut down production costs in Europe happens in the next few years. About 100 wells are necessary to understand whether a formation is profitable or not. Development can then take off. In Barnett, for instance, it took almost 20 years to get production to material levels. Let's assume Europe would be able to get there in only 10 years, a meaningful production will be reached only within 15 years. Meanwhile, European domestic production declines by 28-30 billion m³ by 2020. To make that up, 1.000 unconventional wells per years would be necessary, while currently in Europe only 20 to 30 onshore wells are drilled every year.

5. Any production will not be material before 2025 and will barely offset the natural decline of conventional production



- TO COVER NATURAL DECLINE BY 2020**
- About **28 BCM** annual production
 - About **700-1000 wells** per year
 - **10x increase** in rigs in Europe
 - **30-50x increase** in permitting activity
 - About **500,000-1 Mn truckloads** per year
 - Water consumption of a **1 Mn people city**

Europe is not even at the starting block yet

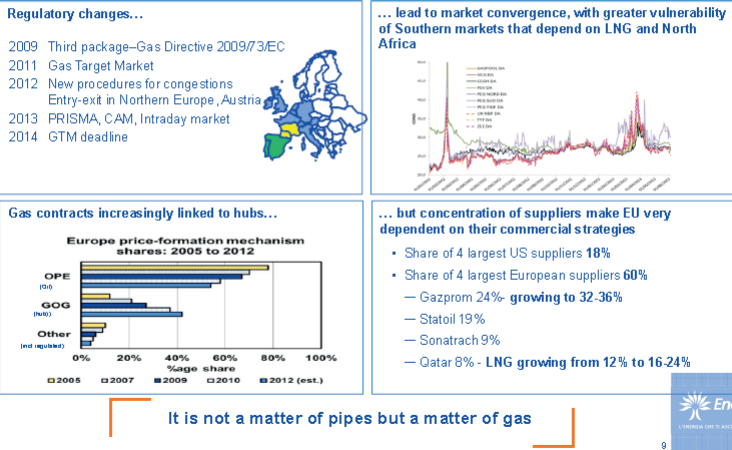


Therefore, an industry should be mobilized with about 10 times more rigs, and the regulatory process would need to be significantly accelerated and strengthened to permit more than 30 times more wells every year, requiring significant human capital hired by ministries and agencies. But governments, with their budget under pressure, today are not hiring. Moreover, about one million truckloads per year would be needed for the next 20 or 30 years. Taking into consideration that rock formations are in Provence, under Vienna and Paris, and similarly attractive areas, that is rather difficult to conceive. Besides, drilling operations need water like a city of one million people and water resources in Europe are already constrained. Solutions exist, but they would add to the cost. The reason why shale gas will not likely be a material solution for Europe is now clear.

The United States will benefit from the shale gas revolution. Also Asia and some emerging countries may profit, but Europe will likely not.

It has been observed that perhaps increased competition would have contributed to lower prices in Europe. The result so far has been positive, with markets throughout the continent more or less aligned, but now we face another issue. Today, in the US the four largest suppliers account for 18% of the market.

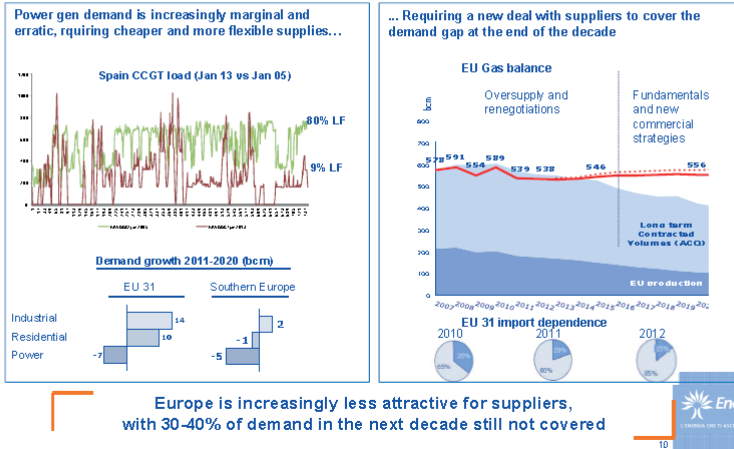
6. Europe pursued competition over security, but volatility will increase, together with dependence from Russia



In Europe, the four largest suppliers account for 60-70%. Here you can read the growing importance of Russia in the European markets, that had already reached in 2013 the highest percentage of gas supplied to Europe compared with consumption, considering the decline in domestic European production. Their share of the market is expected to further increase in the next 20 years up to 36% of the total market.

Today, there is enough gas, even more than needed, and nobody is concerned about where it will come from in the next few years. However, the picture may change. About 30 to 40% of the European demand by 2020 is yet to be covered under new contractual agreement, following decline in production and the expiration of some contracts. International markets look for stable, possibly growing, and profitable demand. The European demand, observing data from 2005 to 2013, has become more volatile and erratic, with load factor of gas-fired CCGTs dropping from about 80% to less than 10%.

7. Changes in demand patterns require new solutions to cover a significant gap by the end of the decade



Moreover, European prices are lower than Asian prices and all the demand growth is concentrated in the Far East, the USA and in some emerging countries. Big sellers will first go to Japan, China, Korea, Taiwan, India, Argentina, Pakistan, Brazil. Then, if any gas is left, they would come to Europe. And this could become worrisome. Within this context, I would like to conclude mentioning a significant potential that we have in Italy to address these risks, lower our energy costs and strengthen our economy. Italy is not Norway, nor the Middle East. But it has significant oil and gas resources that could be easily and sustainably produced to cover 20% of demand for the next 20 years.

The result would be more than 2 billion of additional tax revenues, a trade balance lowered by 6 billion, with direct impacts on the country's rating and cost of debt, and 25.000 new jobs. A very positive scenario, contrasted by the reality of short-sighted political measures that increased fiscal take (unlike all Northern European countries who are providing new incentives to the industry to stimulate domestic hydrocarbon production) and a lengthy permitting process that require more than twice the time of the rest of Europe to obtain permits to carry out the activity.

Following this, Italian production dropped by 50% since the late Nineties and exploration activity almost disappeared, dropping from 15-20 wells per year to 1-2. That is the reason why taxes in Italy continue to increase and why Italy, but also Europe, will be more and more in Russian hands.

3.4.

UNCONVENTIONAL GAS: HYPE OR REALITY FOR THE EURO-MEDITERRANEAN REGION?

HOUDA BEN JANNET ALLAL

I would like to discuss the shale gas issue extending it to the whole Euro-Mediterranean region. The shale gas revolution that is happening in the United States is not likely to be replicated in this area. Shale gas may play a role in the region's energy mix, but I will try to draw a quick picture explaining the reasons why this role will be rather modest and why we cannot expect a shale gas revolution in the Euro-Mediterranean region.

First of all, it is necessary to understand what happened in the US. In 1990, American shale gas production was less than 5 bcm per year. In 2012 the production reached 275 bcm and the US Energy Information Administration expects it to double by 2040. By the same year, shale gas will represent more than 50% of the total American natural gas production. Moreover, this year, the US EIA revised up its projection for 2040 by 13%. In the Annual Energy Outlook 2014, the US is expected to become a net LNG exporter by 2016, and a net exporter of natural gas in general, by 2018. That is two years earlier than it was forecasted in the 2013 edition of the same publication. Also energy exports from liquefaction capacity are forecast to exceed 50 bcm by 2020 and increase to 100 bcm the next 10 years.

Of course, all that has important consequences on the European energy sector. The abundance of cheap gas in the States entailed a decrease in domestic coal demand and contributed to an increase of coal exports to Europe. Indeed, coal becomes the choice for power generation in several European countries. American petrochemical industry is also benefiting and becomes more and more competitive on the international market to the disadvantage of European industries.

However, what is happening in the US is unique. The same shale gas revolution cannot be replicated in the Euro-Mediterranean region. Geographically, the

Euro-Mediterranean area includes all European countries and the territory from Morocco up to Turkey.

From a geological point of view, European shales are still not well understood but studies carried out so far indicate that they are more complex than those in the US and therefore, drilling costs will be higher. As a result, break-even prices are expected to be at least twice as in the US. Moreover, the regulatory framework has not been defined yet in several countries and there is no uniform fiscal regime. In addition, further criticalities arise when it comes to access to transportation, technological and operational know-how, environmental concerns, public opinion resistance, e.g. the so called “not in my backyard” phenomenon, ownership of mineral rights and probability of occurrence of earthquakes. Another big problem is speculation on production potential. Most of the available estimates are based on data showing the volume of source rock in the subsoil. However, the existence of source rock does not imply that gas is in there.

Preliminary geological estimates indicate small and deep shale gas fields, located in relatively urbanized areas (for Europe). However, for accurate estimates, drilling is necessary. This is why assessments on the resource potential must be taken with precaution.

On January 22, 2014, the European Union adopted a recommendation rejecting the ban on fracking techniques, but inviting all member states to follow some minimum principle on the matter. Member states have different views on shale gas exploitation. The United Kingdom and Poland are supportive but many other states are reluctant. France has been the first country to explicitly outlaw hydraulic fracking, in July 2011. Recently, the Netherlands, Luxembourg, the Czech Republic and Bulgaria suspended shale gas drilling.

In the south Mediterranean region activities are at the early stage of exploration, and focus on assessing the available resource potential. Finding new gas resources has become pivotal, given the growing domestic demand and export opportunities on the international market. Most of the region’s resources are concentrated in Algeria. However, other Mediterranean countries, such as Tunisia, may be able to find enough resources to satisfy their domestic demand.

Energy needs, together with new technologies able to unlock unconventional gas, are spurring exploration in the region. Algeria is the example. It is big natural gas producer, however energy demand is growing exponentially. Consequently, it is interested a lot in shale gas. In 2013, the USGS revised Algeria’s gas potential and now it ranks the country 4th in the world, in terms of technically recoverable shale gas resources.

Moving on to European gas production, OME forecasts have in general been considered pessimistic. However, time has shown that those forecasts at least since 2007 have been quite accurate. There is no shale gas production in Europe, yet. Currently, its development is rather speculative and shale gas is expected to contribute to the total production, with 16 bcm of additional gas in 2030. In any case, OME expects EU natural gas production, including shale gas, in 2030 to be half of today's level. The EU Commission however is very optimistic in its previous outlooks while the IEA estimates are somewhere in the middle.

The issue is not who is right and who is wrong. But significant implications arise from different outlooks, with impact on how energy policies are conducted in the European Union. The decline in European gas production translates into growing gas deficit, which implies a higher dependence on gas imports. To conclude, there will not be any shale gas revolution in the Euro-Mediterranean region. Most of the countries are still assessing their potential and despite the opportunities its developments could provide there are still plenty of barriers to be overcome. However, for some countries unconventional gas may become a game changer.

Session 4

CROSS-CUTTING GAME CHANGERS:
DEFENCE INDUSTRY AND POWER

4.1.

DEREGULATION, OUTSOURCING AND THE FUTURE OF DEFENCE INDUSTRY

MASSIMO PUGNALI

It is now more than twenty years that I have been working for Finmeccanica. I have always taken care of a blurred area somewhere in-between business development, marketing and sales with the aim to expand the international reach of our companies, enabling them to catch the opportunities of a growing global market. Something is changing on the international scene, in terms of political, economic and geographic balance of power. But it is important not to be taken in by appearances. In the last thirty years economic wealth has been shifting from the west to the east. The Asia-Pacific area in particular, took advantage of an enormous economic growth. Indeed, most Asian countries, during the eighties and the nineties, grew at two-digit numbers rates. Today their growth is slowing down, however it remains by far higher than Europe's growth. Consequently, the gap between the economic development of European countries and the Asia-Pacific area, is bound to grow. It is estimated that very soon one third of global wealth will be concentrated in the east.

One explanation may be that globalization efforts worldwide have been misinterpreted and misused. As a matter of fact, governments' global strategies often induced outsourcing of industrial capabilities, eventually depriving countries of important skills and competitive advantages. Clearly, not all countries acted the same way. Some, however, such as the United Kingdom, supported outsourcing so intensively to be deprived of any significant industry on the territory. Now that companies are coming back home, UK is becoming again a leader in a number of industrial sectors, like automobiles.

In short, outsourcing means to reduce capabilities and therefore the potential leading role of Europe in technology. Undoubtedly the economic crisis worsened the picture. Unemployment has raised, factories have been closed, in other words, the economy is in depression. However Europe continues to accumulate about

50% of the total spending worldwide in terms of welfare and social security, despite it accounts for only 7% of the global population and 25% of the global economy. With those figures, Europe cannot be expected to play a leading role in the global economic scenario. Some serious political measures are necessary, if the total European output is not to be halved by 2030. Meanwhile, countries such as India and China have been experiencing an impressive growth. The gap has become greater and it will most probably continue to widen in the years to come.

However, let me say that not everything is lost, on the contrary. Europe has still got strategic assets to play with, above all from the technological and industrial point of view. First, Europe is leader in automotive, aeronautics, engineering, space, chemicals and pharmaceuticals. These technological capabilities are a competitive advantage destined to drive European exports. Indeed, about 4/5 of the total exports are driven by technology.

Second, Europe is developing a number of game changing technologies, with great potentials in the intelligence sector, in manufacturing, green economy and engineering. Those new technologies have very significant, even if indirect, impact on economies in terms of smart systems, for example, or clean vehicles. Last but not least, Europe still invests a lot in research and development, providing for progress in micro and nanotechnologies, biotechnology, photonics and advanced manufacturing systems. The latter alone, for instance, accounts for 35% of the global market share.

Moreover, Europe holds 15% of patents registered worldwide. Those elements are significant and positive and allow for hopes in the future. Europe cannot afford to lose these strategic advantages but, provided we are able to nurture properly these capabilities, the future will be bright.

Along with the shift of economic wealth from the Euro-Atlantic area towards the Asia-Pacific zone, also military capabilities seems to be moving more east. However, it is not as clear as it may appear. Since 2000 military spending in Asia has been doubling. Countries like China, India, Japan and South-Korea almost reached European spending levels.

The whole world is looking to China while it has undoubtedly increased its defence capabilities. Important breakthroughs in advanced sectors, such as space, cyber-security and cyber-attack have been made with some concerns by NATO and the Euro-Atlantic countries more generally. China also improved in more traditional sectors, like aviation and defence related electronics. However, not all that glitters is gold. Chinese progress is mainly developed copying western products and apart from some exception in aeronautics, their military might is made up of

old Soviet equipment. In sum, expenditure is shifting to the east and some progress has been made in the area, yet their actual military might cannot be compared with those of western countries.

In any case, what certainly has been moving to new markets is procurement spending. New markets include all BRICS countries, along with Turkey and the Middle East. Those countries, due to security threats but mainly to their need to increase technological capability enabling them to develop their own industries, have invested a lot in military procurement. The Euro-Atlantic area still profits from more advanced capabilities. However, its industrial and military superiority is quickly being reduced, as a consequence of the massive investment in the defence sector promoted by the BRICS countries and the Asia-Pacific area. Europe can only remain competitive if it continues to invest in advanced key technologies able to provide for a leading role in technological breakthrough.

A critical point for Europe is its incapability to streamline spending in defence. European institutions are not able to provide clear instructions of what has to be done. There is less money to be spent, therefore it has to be spent more efficiently. But it is still unclear how this will come true. What is certainly pressing is the necessity to stop duplicating investments. Europe cannot afford to have two sophisticated systems, like the Eurofighter Typhoon and the Rafale multirole combat aircraft, competing one with another, plus the Swedish Gripen. Unfortunately, in this case, I believe Europe is doomed to make the same mistakes again. Another necessary measure is to be ready to reduce spending on those technologies which do not represent a concrete breakthrough. If they are at the reach of competitors they should be left aside in order to privilege spending in areas which really make a difference. Indeed, only very advanced and strategic technologies will keep Europe in a leading position worldwide.

But, what can the industry do in this picture? I would like to make the example of Finmeccanica. We invest about 12% of the annual revenue in research and development. It is much but by far not enough to gain a concrete competitive advantage. Either the public sector, i.e. governments, the European Union and NATO, understand that more investments are needed to bolster R&D, or private companies have to make up for them. However, for a company like Finmeccanica, in order to invest more, it has first to grow in economic terms. That means to conquer new market shares in order to increase the value of that 12% investment, thanks to higher revenues. There is a last option already mentioned. Both, the private and the public must be ready to relinquish non-strategic technologies, provided that they are exchanged with facilitated access to market shares in growing countries. One of the three outlined measures is necessary for Europe to profit from competitive advantages on the international market and be a leader in defence.

4.2.

THE DEVELOPMENT OF STEALTH TECHNOLOGY AND ITS INTEGRATION INTO THE GLOBAL AEROSPACE INDUSTRIAL BASE

STEVE O'BRYAN

The lineage of aviation can be traced back thousands of years. One of the earliest accounts of man's fascination with flight is found in the Greek legend of Daedalus and Icarus. We find this dream of soaring higher and higher in the words and works of Leonardo da Vinci. We've seen its presence in ancient China. But it was in Kitty Hawk, North Carolina where the dream of powered human flight was first realized on December 17, 1903.

After enduring weeks of delays due to technical setbacks and mechanical failures, Orville and Wilbur Wright did what no one else had done before. Just after 10:35 in the morning, Orville Wright took to the skies in their simple airplane for a total of 12 seconds. His flight spanned just 37 meters and achieved a top speed of only 10 kilometres per hour. But, that short flight would have long lasting impacts on our world for years to come.

In taking to the skies that day, the Wright Brothers did more than just fly for the first time. They, in fact, launched a new industry, the implications of which are still not fully understood. What is for certain is that the burgeoning aerospace industry nearly immediately split in to two distinct major markets – commercial and defence. Our discussion today will focus on the defence sector.

The defence market has been a driving force for innovation in the aerospace industry. The need to protect borders and project power for the sake of national security and sovereignty has necessitated the development of new technologies that are at times both divergent and convergent. Governments around the globe have invested billions in aviation to advance their native capabilities and enhance their technological expertise. Once matured, these advancements are often applied to the commercial sector. One obvious example of this point is advent of the

jet engine. First developed in England, the jet engine is now a mainstay of modern aviation and is responsible for generating untold billions in economic impact and creating literally millions of jobs.

The “go it alone” strategy of technological escalation for the sake of national security reached its height during the Cold War, as the poles of Democracy and Communism underscored the world’s geopolitical landscape. During this period, defence spending reached an all-time high. Several aerospace technology breakthroughs were generated a result of this large scale investment, but perhaps none had more of an impact than the emergence of stealth capability.

Since airplanes were first militarized, their practitioners have constantly sought out an advantage over their competition. In the early years, this concept manifested itself in the form of speed. Later, altitude would play a key role in holding an edge over adversaries. Flying faster and higher would give pilots a higher mission success rate as it allowed them to avoid detection. But, the advantages found in those two characteristics would be largely mitigated by the development of advanced radars. Now, to be clear, altitude and speed will always been important to and necessary for mission success. But, the need for something more was becoming apparent.

That something more is now known as stealth. The term stealth is used to describe the characteristics of low observability. More specifically, stealth in this instance refers to how an aircraft appears on radar. This concept is known as radar signature. The smaller an aircraft’s radar signature, the less observable it is. Stealth allows pilots to operate in denied airspace environments with a high probability of mission success since they can largely carry out their tasks undetected by the enemy. Achieving stealth is accomplished in two methods. The first is to create material capable of absorbing radar. The second is to reflect radar signals with flat surfaces, sharp edges, and titled facets.

In the 1960s, Lockheed engineer Kelly Johnson began working on a bold new concept that combined high altitude operation, supersonic speed with the application of geometric design elements and radar absorbing material to produce an early example of a stealth aircraft, known as the SR-71 Blackbird. The Blackbird was revolutionary. It was able to fly at speeds greater than Mach 3 and at an altitude of nearly 80,000 feet. The Blackbird was coated in a radar absorbing material which coupled with its speed and altitude put it out of reach of many defence systems.

Producing a single Blackbird was a tedious, almost handcrafted process. Consequently, it was extremely expensive. Also, the technology was very young and the aircraft’s mission readiness was quite low. As a result, only about 30 SR-71s were

produced. The entire project and subsequent program was shrouded in secrecy. Industrial participation was extremely limited, and in light of the political dynamics of the time with regards to the Cold War, the U.S. government determined that the asset and the processes used to create it must be protected. Therefore technology transfer to even Allied nations was strictly prohibited. The SR-71 stands as a clear example of a divergent technological advance.

Around the same time, Soviet mathematician Pyotr Ufimtsev, published *Method of Edge Waves in the Physical Theory of Diffraction*. His paper appeared in *Moscow Institute for Radio Engineering* journal. Ufimtsev asserted that radar return was most affected by the edge configuration of an object and not simply by its size. By building upon this principle, an aircraft could be made stealthy. Unfortunately, computer modelling and supporting software was not yet advanced enough to facilitate the development an aircraft that held these characteristics while maintaining airworthiness. The need for operational stealth would become even more urgent in the years to come.

Radar-guided surface-to-air missiles (SAM) and anti-aircraft artillery (AAA) posed serious threats to Vietnam-era U.S. aircraft. The 1973 Yom Kippur War exposed the vulnerability of current aircraft to advanced air defence systems. In just 18 days, the Israeli Air Force lost 109 aircraft to SAMs and AAAs. Recognizing the seriousness of this new threat, the Defense Advanced Research Projects Agency, known as DARPA, solicited input from major defence contractors regarding the development of stealth technology to offset the gains made in air defence systems in the mid-1970s.

In 1975, Lockheed formally began work on what was then known as the Have Blue project, paving the way for the first true stealth aircraft, the F-117A Night-hawk. Here was a technological breakthrough that was strategic in nature yet did not permit any type of industrial convergence, domestically or internationally given its classification level. The number of U.S. companies that were even aware or much less involved in F-117A production was extremely limited.

As stealth technology was maturing, the U.S. government launched a program to develop a new, affordable, agile lightweight fighter in the 1970's that excelled in aerial combat. The program was envisioned from the beginning to leverage the economies of scale and commonality while enhancing the global aerospace defence industry base. The F-16 program started as the United States Air Force's new Light Weight Fighter (LWF) in 1970's. This aircraft was destined to become the backbone of the USAF. Shortly after its initial development, four European countries chose the F-16 as their next principle fighter – Belgium, Denmark, Netherlands, and Norway. But, unlike previous programs, the F-16 would rely on mul-

multiple production sites. Final Assembly and Check-Out facilities were built in both Belgium and the Netherlands. Both of these FACO's acquired a significant number of components from around Europe.

In the Netherlands, the main landing gear, doors, centre fuselage, and other parts were built while in Belgium, the aft fuselage, wingbox, and vertical fin box were constructed. Norway built the underwing fuel tanks, and Denmark built the pylons. Over 200 F-16s were built in each plant. The Belgium FACO went on to assemble F-16s for Denmark, itself and even the USAF. The FACO in the Netherlands would eventually assemble F-16s for Egypt, Denmark, Norway, itself, and the USAF.

As the F-16's prowess and low cost due from economies of scale became known, the platform gained popularity and secured business from several other nations around the world, including Turkey. In Turkey another FACO was built that produced more than 300 F-16s for domestic forces and Egypt. The continued international presence of this aircraft becomes a testament of not only its sustainability and necessity, but also the ability of nations to produce economies of scale and production on a large scale.

Stealth development continued concurrently as the F-16 program expanded to new markets. The F-117A Nighthawk built on the lessons learned from the Have Blue program and proved to be a game-changer in tactical warfare. While the SR-71 had certain stealth characteristics, the Nighthawk was the first operational aircraft to be fully developed on stealth concepts. The program originally called for 20 aircraft, but after the Nighthawk was proven effective, officials increased the order to 59 planes. Again, like its predecessors, the F-117A was developed in secrecy. Its first flight occurred in 1981 but it would be eight years until the U.S. Air Force even acknowledged the aircraft's existence.

The Nighthawk gained notoriety and proved its effectiveness in the first Gulf War (1991), during which it flew roughly 1,300 sorties for nearly 7,000 flight hours and achieved direct hits on 1,600 high-value targets in Iraq. The F-117A made it clear to the world that stealth was an imperative for the future of air dominance.

But, the Nighthawk was not without its flaws. The aircraft was sub-supersonic and primarily only effective in night time operations. Its stealth coatings were quite sensitive and its manoeuvrability was very limited. The F-117A would hold offer little economic impact given the program's scale and the fact that it was developed as a U.S.-only asset. The technology that made the Nighthawk one of the most revolutionary and recognizable aircraft in history would remain largely a secret. However, it kick started stealth aircraft production techniques that would

transform over the years, eventually setting the stage for mass production of a stealth fighter. The same year the Nighthawk proved its worth, the world would watch in awe as the Soviet Union dissolved into 15 separate countries. The fall of the Soviet Union marked a turning point in foreign policy and defence strategy, the ramifications of which are still being felt today.

In the 1990s, the U.S. made deep cuts to its defence budgets, as there was no longer a “bear in the woods”. Without a clear adversary in the Soviet Union, American policy-makers determined funds once used on defence could be reallocated elsewhere. This is not to say that advances in technology were halted. A clear example of Pentagon development programs to emerge from this timeframe is the F-22 Raptor.

At the program’s outset, the Pentagon envisioned acquiring nearly 800 F-22s. What’s notable about the F-22 is the fact that it combined stealth with extreme manoeuvrability and unprecedented sensor capability, making it the world’s first 5th generation fighter. Unlike the F-117A, the F-22 was made for aerial combat and it excels at it. The F-22 is by all accounts the most dominant air superiority fighter ever made. It remains pivotal to the U.S. air dominance strategy and it is constantly undergoing upgrades and modernization.

It is also worth noting that the F-22 was developed using a much broader supply chain, marking a clear shift in defence production strategy. 1,100 suppliers in 40 U.S. states contributed to the program, allowing primary contractors, like Lockheed Martin, Boeing and General Dynamics, to leverage the economies of scale in specializing component, system and sub-system production. Unfortunately, by the time the program ended production in 2012, fewer than 200 Raptors were ever made. One also should note that it was never made available for foreign export, given the U.S. Governments desire to protect the stealth technology. This fact is more indicative of the current political and economic environment than an indictment of the aircraft itself.

In response to the modern reality of contracting defence budgets, new development, procurement and production models emerged that emphasized affordability as much as capability. Additionally, following the fall of the Soviet Union a paradigm shift occurred among Allied nations that put a greater value on global participation in defence asset development and production, joint operations and coalition warfare. Future defence programs would need to conform to these new-found global requirements, and it is here where the Joint Strike Fighter (JSF) finds its roots.

The need for a new air system is clear. The deep defence budget cuts of the

1990s severely impacted U.S. and Allied fleets. Today, the average U.S. Air Force fighter jet is more than 24 years old and the fleet size since the 1990s has been reduced by nearly half. Meanwhile, advanced air defences continued to evolve, further challenging non-stealth aircraft freedom of manoeuvrability. Additionally, China's J-20 and J-31 as well as the Russian-made PAK FA represent serious threats to western fighter fleets.

Essentially, the JSF would be built on the industrial, trans-Atlantic foundation of the F-16 program, while incorporating stealth technology and building on the 5th generation capabilities found only in the F-22. From its outset, the F-35 was designed to be different. Participating nations had input into aircraft requirements and performance parameters, and their nation's industries would play a pivotal role in the aircraft's production.

A key requirement of the program was to perform the mission from any base and at a lower cost than legacy programs. "At a lower cost than legacy systems" drives a unique focus on capturing economies of commonality and scale in both production and sustainment, which makes industry convergence a necessity. The game changing dimension of stealth, coupled with the revolutionary information gathering, data fusion, interpretation and distribution capability of the mission sensors and computers on the F-35 opens new ways of performing traditional warfighting tasks. The ability to package this capability in a stealthy platform operated in large numbers by all three U.S. Services and coalition allies dramatically expands the potential effective and useful exploitation of battle space information among all warfighting elements. All legacy participants will be more effectively employed and far fewer support assets will be required to conduct these operations. The sharing of this capability with allied nations implies that future coalition combat operations will be much more synergistic and much less expensive from a logistics perspective.

To create true cost savings and achieve the goals above, the F-35 program must build and enhance its partner coalition. In order to capture this aspect, the F-35 program created industrial participation through implied government to government agreements for a participating nation and was a critical factor in achieving political support and financial business case justification for the substantial outlay of national funding resources to acquire the airplane and transform operating systems. The affordability dimension of the program, however, did not allow traditional offset mentalities, which some see as inefficient, costly and historically limited to only those airplanes being purchased by that specific nation. The JSF program introduced a new economic model based on "competitive best value" where industrial concerns in each of the partner countries were allowed to compete and win work on F-35. As long as competitive cost and quality standards are

maintained, the industries are allowed to participate in the complete buy of the United States and the allied nations. This philosophy, in essence, drives a convergence of industries that are willing to compete for production opportunities.

To reduce the complexities of U.S. export licensing and National Disclosure Policy significant outreach work was done by the U.S. industry team supported by the various U.S. agencies to help align world class capabilities with F-35 opportunities. All eight partner countries had components flying on the first JSF test airplane. Detailed and comprehensive industrial plans have been developed for each country and are captured in industry to industry Letters of Agreement.

Additionally, the prime contractor has overarching agreements with each partner country's Ministry of Defence which compile all of the individual industrial plans. These plans form the basis for business case support by respective Ministries of Finance and Economic Affairs. Program scale will be a significant positive contributor to future Balance of Trade accounts. The current production projections for the U.S., eight partner nations and Foreign Military Sales customers are in excess of 3,000 airplanes. The integrated global production infrastructure, coupled with a Performance Based Logistics concept which will integrate national industries into the lifetime sustainment of the operational forces will provide significant maturation of the global economic industrial base.

These partnerships are emblematic of the new global aerospace industry; an industry where oceans no longer separate companies and where the sky is truly the limit. Every supplier on the F-35 program – no matter where they are in the world – is interconnected... woven together by a digital thread that enables each of them to leverage their unique talents and technological know-how to drive best value solutions for the warfighter. What has become clear is that this program is not simply about building the next great jet, but about building opportunities – opportunities for hard working men and women to earn a living in these challenging times.

A good case in point of the F-35 creating convergence in industries rather than divergence resides here in Italy. The Italian government committed to building the only F-35 Final Assembly and Checkout facility in Europe, located in Cameri outside Milan. It is there that Alenia is assembling Italy's F-35s (and is projected to build Dutch F-35s), but also manufactures full wing and wing carry-through sections for all JSF partners. Numerous other Italian companies provide components for production that support both Cameri and other F-35 Original Equipment Manufacturers internationally.

The Cameri FACO is multipurpose – while it contains stations for electronic mate and assembly, final aircraft finishing and aircraft flight acceptance support, it also has the capacity for F-35 Maintenance, Repair, Overhaul and Upgrades

(MRO&U), making it the obvious choice as the F-35 MRO&U centre for the European and Mediterranean region.

Across Europe, the program is building opportunities for businesses, in the face of unprecedented financial pressures, to grow and expand and invest and position themselves for future success. The program is creating opportunities to enhance long-established partnerships while forging new ones. In doing so, the F-35 program is generating and will generate significant economic benefits, export revenue and Gross Domestic Product growth for its partners for years to come.

SUMMARY

While tracing through the evolution of stealth technology and the implementation of just one multinational defence program, the true worth and future of defence budgets can be determined. The global climate is no longer one that each sovereign state can carry individually. Each nation and continent is closely combined together through vast networks of economic trade and expansion. However, tensions can still rise over economic, political, and geographic concerns.

To counteract these tensions, nations produce treaties and alliances that foster growth in national priorities and relations whether that is across a border or across an ocean. However, within the last decade, severe economic tensions and constraints have arisen both in North America and Europe. To reduce the economic burden among their people, states have begun to tighten budgets and reduce discretionary funding, specifically in the area of defence.

Draconian cuts to defence budgets could have an adverse effect. One must always keep in mind that it is from the investment in defence and the industrial base that technological advances are created. These advances spur opportunity and prosperity while protecting national security interests.

Stealth is an example of the time and funds required to develop such advanced technology. It has taken well over a decade to mass produce stealth technology. While stealth technology may not be directly applicable to the commercial market, the precision processes and heightened manufacturing techniques will surely hold advantages for those nations with participating industrial partners.

In today's defence environment, NATO nations no longer lead the world in defence spending. The growing economies of Asia and South America have begun to realize the importance of investing in defence and thus their industrial base. These growing economies are not only investing directly in their own industrial base, but are requiring international firms to invest heavily into their economies in order

to win their business. As NATO nations, it is no longer a single nation strategy to reduce defence and industrial base spending, but it must become a strategy to share resources and invest together into emerging technologies through defence budgets.

4.3.

DEFENCE INDUSTRY AS A GAME CHANGER

MARC CATHELINÉAU

Good morning,

Your question is about the role of defence industry as a game changer in terms of industrial integration and technology breakthroughs. May I remind, first, that industry is a supplier. Nations are the decision makers. Industry adapts itself to bring the most appropriate solutions for the decision makers. Consortia, mergers, consolidation and innovation are ways for industry to bring the best and most efficient solutions to their clients.

This being said, let's have a look to the general context:

First, the economic perspective in Defence

After 2020, Defence spending in non-NATO Nations will exceed that of NATO Nations. This is not due to the USA which will remain the first power in the world and will maintain by far the highest defence budget worldwide.

This is linked, on the one hand, to the increase of Defence budgets in China, Russia, Middle East and Africa and, on the other hand, to budgets decrease in Europe.

Next year the cumulative Defence budgets of China and Russia will exceed those of the whole European Union. Next year, China will spend more in Defence than the UK, France and Germany together.

Second, the political and strategic perspective in NATO

In this respect, I would like to quote 2 unquestionable gentlemen. President Barak Obama said, at the occasion of NATO 60th Anniversary in Strasbourg in April 2009:

"We want strong allies. We would like to see Europe have much more robust defense capabilities. That's not something we discourage. We're not looking to be the patron of Europe. We're looking to be partners with Europe. And the more capable they are defensively, the more we can act in concert on the shared challenges that we face".

Robert Gates added, during his last speech as US Secretary of Defense in Brussels in June 2011, that *“European Nations must assume their share of the security burden”*.

My analysis is accordingly that:

- Europe is the weak element & should play its proper role in NATO,
- Our American friends do expect European Nations to play their role facing their security challenges in Europe and in their neighbourhood,
- European defence industry is a key component in that respect.

1. EUROPE MUST PLAY ITS PROPER ROLE IN NATO

It seems clear to me that Europe must face its security challenges not least at a time when the US is shifting its priorities to Asia-Pacific. Europe must address their fragmented defence market and declining defence budgets which are the causes of European weakness.

NATO will only remain a strong Alliance if it has strong partners on both sides of the Atlantic. It will only be a sustainable Alliance if we maintain a long term balanced cooperation between us.

Europe needs to create its own capabilities so that it can act autonomously when needed. Europe must work in conjunction with the USA to ensure that NATO also has the required capabilities. We need a strong European defence industry to achieve this. It must be complementary to the US defence industry and we need to ensure that transatlantic defence cooperation is maintained.

Having said that, two actions are needed:

- It is the role of governments to set priorities, requirements and to launch programmes,
- It is the role of industry to develop solutions, to achieve the necessary partnerships and consolidation and to provide the best value for money.

2. WE NEED A CLEAR VISION TO FACE OUR CHALLENGES

We are here today because we started investing 60 years ago in our defence and security. The question today: is where will we be in 20/30/40 years from now? What do we need to do now? Where to invest in order to live in a secure & stable world tomorrow?

Defence and security are built on a long term perspective. If we abandon a capability now, it would take too long and it would be too expensive to re-create it tomorrow.

Further and sustained reductions in defence and security-related expenditure would damage our ability to respond to danger.

3. WE NEED A STRONG EUROPEAN DEFENCE INDUSTRY

European defence industry is facing fragmented markets and budget cuts, which threaten our technology and industrial base. We know that US defence industry, which has the advantage to address a much larger & unified national market, is also facing budget cuts.

But if we were to abandon European R&D and solutions and just buying off-the-shelf, we would kill off a precious asset, one which guarantees our future security.

I tell our American friends: *“Help Europe to maintain a strong defence industry, it is an element of your security”*.

I tell Europeans: *“Defence investments are profitable because they allow us to live in a secure and peaceful world allowing economic prosperity. They are valuable because they lead to high tech design, production and jobs on our territories”*.

This is why we need to invest in defence R&D and programmes in order to maintain a strong European defence industry. Industry needs programmes to survive. In this period of falling defence spending in NATO, it is inevitable that industry will seek to fill the void by finding other customers. Typically we will go to the countries with growing defence spending.

There are two possible game changing issues for discussion here:

Most of these countries require some transfer of technology. By doing this do we mortgage our future by creating competitors?

Nations cooperate within NATO. But what shall we do outside NATO? Are we going to compete or to cooperate (respecting competitive rules for individual contracts)? But we could cooperate for example by putting together facilities or involving cross border industrial cooperation.

In the global perspective, new threats are also global. For instance the concept of cyber is difficult to limit to conventional national boundaries. It implies a new paradigm for information sharing between Nations to ensure a globally secure internet.

Cyber also gives enemies a new way of attacking our countries, by attacking critical infrastructures, most of which are owned or managed by industry. This implies that the industry/government relationship has to develop significantly. Network owners, data storage companies and service providers become key players, but few of them are part of the traditional defence industry.

Moreover, the business model of procuring equipment is no longer the only game in town. We need to consider new legal frameworks for contracting (for example in services). We need to consider partnerships as we seek to protect assets owned and managed by industry.

Finally, I think it is worth looking at technology itself as a game changer. We have watched the internet change our lives over the last 20 years. What will be next? We already have UAVs flying all over the world controlled back in our own country (for example Global Hawk is flown from Kansas). Where will we be in 20 years? Will ships and road vehicles be robotic? How many military personnel will we need in operations? These are game changers; industry and technology will lead the way in this respect.

4. TO CONCLUDE: WHAT ARE THE CONCRETE ACTIONS IN THIS CONTEXT?

First, actions at EU level

As a European industrialist, I think that we need to consolidate the European defence market. There are several initiatives aimed at helping: the Directives from the Commission, regional partnerships, the EDA pooling and sharing initiative.

Consolidation of European defence industry has yet to progress. It will lead to an increase of mutual dependency between European countries which should not be seen as a danger or a loss of autonomy but as an opportunity to improve the contribution of this side of the Atlantic to NATO and thus enhance the overall capability of the alliance.

Second, actions at NATO/transatlantic level

We need a good transatlantic cooperation on defence topics. In particular a good defence industry cooperation so that NATO has a firm supply base internally.

Third, actions linked to globalization of defence markets

We need to work on how to develop the defence industry globally and ensure that the balance of imports to exports is acceptable. I anticipate that this will change over the coming years in line with the evolution of defence expenditure, technology and threats.

Fourth, evolutions on relationships, contracting, partnership

Pursuant to what I just said, new defence industry entrants will appear. There will be a change in the relations between governments and industry and new legal frameworks and contracting arrangements.

Fifth: technology will continue to develop fast

This will have a profound and as yet unknown effect on the world of defence – both government, military and industry. Anticipate the technological trends, encourage and support innovation today is of the essence to maintain superiority in 15 years from now.

These are the key factors to take into account in the game change and industrial integration we are looking at.

IN CONCLUSION

There is no simple answer to your complex question but many aspects to take into account.

Whatever they are, I think that we need a smart cooperation between NATO, Allied Nations and industry to achieve a better security and economic growth which will be mutually beneficial to all of us.

Thank you for attention.

4.4.

NATO AND THE SHIFTS IN DEFENCE INDUSTRY

TIMOTHY J. HARP

Recent global changes in terms of economic growth seem to forecast a shift of defense expenditure away from NATO, within the next decade. However, NATO's ambition in defense is continuing in spite of any strategic change. Now the question is how to bridge the gap. My focus will be on defense industry, a relatively narrow discussion but an important enabler to larger issues.

An overall picture has been provided by General Sir Nicholas Houghton, chief of the defense staff for the UK Ministry of Defense, with the speech he gave to the Royal United Services Institute this past December. In that speech he highlighted some of the micro-game changers in an international security context characterized by uncertainty, instability, the advent of threats which are more diverse, more asymmetrical in a framework of increasing interdependence among nations worldwide. General Houghton noted that, in the face of a changing security environment, nations depend on other nations. For NATO this has always been the case and as the security environment changes in the future, it renews the logic for North America and Europe to work together and rely to each other through the NATO system. Part of this working together comes from the former transatlantic defense and industrial cooperation. Tiny budget are realities, not only for the United States but also for our allies. International cooperation will need to be a part of the solution. The US and all NATO nations must depend on fellow members, now more than ever, to share the burden of protecting common interests.

NATO has always recognized the importance of defense industry in defense industrial cooperation. In the Chicago summit declaration it was stated that both maintaining a strong defense industry in Europe and making as full as possible use of the potential of defense industrial cooperation across the alliance remain essential conditions for bolstering the capability needed in the years to come. Coherently, the United States fully supports a strong European defense and believes

that transatlantic industrial solutions can and should play a key role in bolstering Europe's capabilities. We also believe that transatlantic solutions offer an optimal approach. One that brings together the technological strengths of the US and Canada's defense industries with the competencies of partner European defense industries. Transatlantic defense industrial cooperation helps allies to build capabilities and leveraging the most advanced technologies available on both sides of the Atlantic. By controlling costs, cooperation maximizes economies of scale. All cooperative efforts demonstrate the value of the United States in European defense industry activities.

Another quote from the Chicago summit defense package states that even if NATO has no direct leverage on industry or market regulations, it has a role to play through the harmonization of national and international capabilities requirements. In this regard, interoperability is a key objective. One important example may be the collaboration, which includes Turkey, in the weapon system. Of course, interoperability of national systems is critical to provide a comprehensive and integrated missile defense coverage for the protection of the allies. But there is more in the story than just interoperability. Whatever interoperable system, plugged in the NATO backbone, is safe in terms of systems and cyber security. That last guarantee is just as important as security system integration.

Moving on to the defense industry, the latter is pivotal within the alliance and provides added value to our societies, with high skill jobs and technological advancement. To this regard, a lesson to be learned is that defense industries are healthier when companies can partner and compete with each other, as freely as possible. That is why, both sides strive and struggle to promote defense trade and not impose barriers of any kind. Within the US acquisition system there are multiple opportunities to use international participation in defense programs in order to enhance interoperability and reduce costs in all phases. First, during technology maturation, access to foreign technology can reduce costs risks. Second, during engineering and manufacturing development, research and development costs can be shared, as we have done on several systems in the past. Third, for testing, foreign facilities can be used to reduce costs. Indeed, we have negotiated test and evaluation agreements with several countries. Then, during production and deployment, non-recurring production costs can be shared and economies in scale can be realized through defense sales or co-production, the F-35 is a good example of that. Last, during operations sustainment, supportability can be improved by maintaining a high production base and cooperative actions can reduce sustainment costs of oversea support.

I believe that under the current administration the US is making good progress in facilitating transatlantic solutions to the alliance's military requirements. Our

well advanced export control reform revises controls and streamlines licensing processes to facilitate transfers to and among allies and partners. We have made significant progress in rewriting control list to enable the US government to make a clear distinction between items used distinctively for military purposes, which therefore need to be protected, and items that can have clear civilian applications, but are generally of lesser significance. This is resolving in better coordination but also in more efficient and timely responses to requests coming from allies and coalition partners.

We have also introduced a targeted program to promote exportability of American weapon systems. The defense exportability program focuses on the need to assess design development and incorporate defense exportability features in the system during the early development phase. This will benefit both government and industry by reducing costs of adding exportability features later in the program development phases. Of course it will also facilitate the transfer of systems to our allies. The program is currently being implemented and we are looking to expand it by obtaining legislative authority to enable private programs to move behind the assessment stage in the actual development and production of the export variance.

We are confident that our European partners will continue to do their part to maintain transatlantic cooperation. Goes without saying that we constantly follow the European Council and we particularly welcome the Council's call for member states to do more to develop defense capabilities and to maintain a sufficient level of investment. We appreciated the Council conclusions affirming that the NATO-EU partnership calls for coherence and cooperation in many areas, such as cyber, energy, security, military and supports to third states. The call is for bolstering interoperability and non-duplication, while widening efforts in defense planning processes and defense industrial standards. NATO and the EU are working together to avoid conflicts and ensure harmonization. I like to point out the constructive relationship that has been developed on the Caesar Program, i.e. the single European sky air traffic management research program. Recently, European nations have agreed to undertake some significant projects to increase their capabilities the, such us the Multi-role Tanker Transport initiative. As we move forwards on projects it will be important to ensure transatlantic solutions and a fair opportunity to compete.

Turning back to the more focused point about transatlantic industrial cooperation in the NATO context, I would like to conclude by noting that NATO is fortunate to have a unique party, which is able to naturally bring together industries representatives of both sides of the Atlantic. I am referring to the NATO Industrial Advisory Group, which has effectively performed its role by bringing together industries to work for common purposes and fulfilling the alliances requirements,

since 1968. As NATO explores new ideas to interact within industries, the US underlines that the NIAG is essential and central for NATO engagement with the defense industry. One key message highlighted by the Group last week was the importance to continue to remove barriers to impede enhancing transatlantic cooperation on both sides of the alliance. I believe this is a correct message to hand on and we must continue to do all we can to promote the transatlantic industrial cooperation.

Session 5

POLITICAL GAME CHANGERS: PIVOT
TO EUROPE OR TO ASIA?

5.1.

THE EU-USA RELATIONSHIP RESET

ENNIO CARETTO

I began my career as a foreign correspondent in the Soviet Russia in 1960. I was soon expelled for anti-Soviet activities, since I associated with the dissidents. I travelled a lot and eventually I settled to the United States. I never taught to see the end of the Soviet union, although I dreamed of it so many times. At the time, international relations were in the hand of three very interesting figures, namely President Kennedy, Pope John XXIII and Nikita Khrushchev. As the Soviet empire began to collapse, other three eminent figures entered the international scene: President Reagan, John Paul II and Gorbachev. I saw all of them, coming and going. That background allows me to say, today, that the US foreign relations are not just a question of pivoting to Europe or to Asia. The point is that the United States has to reset its relations with the European Union. I expect the US and the EU proceeding side by side, as they have done since 1945, while engaging together in Asia.

First, I would like to make a brief overview of what happened between Washington and Brussels in recent times. The collapse of the Soviet Union, in 1991, triggered doubts and uncertainties in American foreign policy. I distinctly remember the White House Corps asking President George Herbert Walker Bush, what they were now supposed to do. Up to that time the guiding principle of American foreign policy had been containment. With the fall of the Soviet empire there was no need for containment any more. The Pentagon neglected the fact and came out with an analysis forecasting China as a similar threat to that of the Soviet Union, by 2015. To this regard, it is interesting to note that it did not foresee Islamic radicalism at all. With Bush sr., NATO and the European Union were meant to include as many members as possible. On the other hand, the aim in Asia was to build a dialogue with China, while containing it.

The new world order changed significantly with Clinton, the first president of the baby-boom generation. American foreign policy was not Eurocentric any

more. Indeed, President Clinton used to underline America's capability to have as many partners as it would have wanted, being the only indispensable nation on the global scenario. Therefore, there was no need to focus on Europe, at least, not exclusively. Moreover, Clinton was definitely more interested in business than in politics. Military and foreign policy suffered from that, since the Congress immediately profited from the void in those fields, bringing disorder into the system, as it always does. That is another of the reasons for which relations between Europe and America started to weaken. Certainly, faults are to be found on both sides, however, the U.S. contributed with many more mistakes.

Then, George Bush Junior came to power, shaking bilateral ties even more. Europe was not relevant any more to the Congress and the White house, while banks and corporations moved to Asia, considered far more profitable. Two mandates later, at the peak of the crisis of relations, Obama was elected President. Obama is the first President coming from an Asian culture, since he grew up in Indonesia. That makes the difference in a country like the United States, which has always been swinging back and forth between its Pacific vocation and its Atlantic vocation.

Initially, Obama attempted to reset the basis of relations to the European Union. Unfortunately, the National Security Agency scandal broke out, worsening the discrepancies already existing since the Iraqi war. Today, President Obama seems to be willing to go back to Europe. At least, because Russia and China did not satisfy his expectations, which were, in any case, far too ambitious. Moreover, not resetting good relations between old allies would play to Chinese, Russian and radical Islam's ends.

In sum, America has to reset its special relationship with Europe while reestablishing its presence in Asia. Those two objectives are not contradictory in any term. The U.S. needs Europe to do what it wants to do in Asia, as it always has been the case in every part of the world. Indeed, Problems in the Mediterranean and in the middle East cannot be solved without Europe. That means that Washington has to reset priorities and overcome the worrisome fringe of the Republican party which may cause serious problems to this regard. The American and the European cultures are one, united. And I firmly believe that the United States and the European Union are going to lead, together, mankind to social, political and economic progress. The world cannot do without them. The U.S. may not be the indispensable nation but NATO is the indispensable alliance. And the next century will not be China's century but it will be the century of the European Union and the United States together.

5.2.

THE FIFTH CHAPTER OF A WIDER NATO

DAMON WILSON

I am an Europeanist but I spent time both in Iraq and China because I realized that the work I was doing, namely transatlantic relationship, was going to be shaped by the challenges we, Europe and the United States, are facing together all around the world. Indeed, the problems we have, tend not to be in Europe but on the global scenario, for instance in the Middle East and in East Asia. That is the necessary premise to tackle the question of what the role of the Alliance, in terms of global competition in a fundamentally different global landscape, is going to be. The second premise is that the United States is, without any doubt, a game changer, with a role to be defined in a significantly changed world. First, I will explore the context we are in today. Second, I will investigate some of the implications in terms of transatlantic relationships, with a specific reference to the role of NATO. Then I will come back to put the discussion of the pivot to Asia in a little bit of context.

There is no common understanding of the American-European role in the new world. To catch the drift of the transatlantic relationship, we first need to step back and understand the underlining dynamics. From an American perspective, my first argument is that we are over-learning the lessons of Iraq and Afghanistan. The post 9/11 phase is concluding in American politics, with a clear backlash to the overstretched military commitment in a decade plus of global war on terror. That chapter is coming to be closed definitely. Indeed, President Obama fueled his election campaign by committing to end wars, a determinant factor we are seeing played out right now. Moreover, together with his administration, he is elaborating a vision of the future pivoted on Asia, which I believe to be a little bit oversold. Actually, the concept was not to pivot away from Europe but to rebalance forces out of the Middle East and the whole mess over there. Then, dynamism in the world and future economic growth is in Asia. We should be aware of that and engage consequently.

However, there are important risks looking out to the future. In global history, the rise of a great power, like China today, has inevitably led to conflict. Indeed, it is in Asia where we have to face the biggest challenge to security. The question is how to let China rise without ending in a state of war with the United States. Unfortunately what is happening in the Middle East keeps the administration away from this vision. In short, Asia is going to be the next century but the Middle East remains the next decade. From this perspective, there is a significant degree of ambivalence in the use of American power in the world. However, both republicans and democrats are pushing for a different approach. If you look at the leading contenders for presidency after Obama, for instance, they will be, for the most part, international figures, which are going to be internationally engaged. And I think this is a strength, which halts any chance to reopen a period of American isolation.

For what concerns global game changers, the U.S. National Intelligence Council is saying that by 2030 Asia will surpass North America and Europe combined in terms of a whole range of indicators of global power. It means that today we are in a really interesting historic juncture, where we have an opportunity to help shaping what we are going into. This is compounded by what we have laid out as a series of global megatrends, which change the nature of our whole discussion. Indeed, individual empowerment, the fusion of power, demographic changes, the food-water-energy nexus are leading to a whole set of titanic shifts, which our traditional security policy making at a national level is not able to manage. The growth of a global middle class, wider access to disruptive technologies by individuals, the definitive shift of economic power from the west to the east, the unprecedented widespread of engines across the world, extreme urbanization, its consequences in terms of pressures on food and water, are just a few examples to mention.

In this post-Westphalia world, we should figure out how our institutions and strategies are supposed to look like and what are the impacts for Europe and the NATO agenda. Since the fall of the Berlin world, American policy towards Europe has been rooted on three pillars. First, the idea of a united Europe, free and in peace, which got the U.S involved in the Balkans and has driven NATO enlargement. Second, the attempt to forge a partnership with an always suspicious and uncertain post-Soviet Russia. Third, especially since 2001, the joint engagement in a global agenda, to share common values and common interests. This strategy, strongly supported since 1989, has lost its momentum. It is not the animating force in Washington any more, on the backdrop of a double crisis of the West, both economic and political.

In short, the post-Western world is a complicated scenario for transatlantic relationships. On the one hand, Europe has been through the euro zone crisis,

economic stagnation, political leadership vacuum, skepticism and identity crisis. Moreover, defense budget have been cut down constantly, which is causing American concern. Last, the sentiment towards the U.S. is weakening in European populations. On the other hand, America is struggling as well and it does not see itself as a European power. At its origin the European project was an American project, but that is not anymore true. Indeed, also on the political scene, the tone towards Europe is becoming rude and dismissive. During our last presidential campaign, candidate Romney, for instance, clearly stated the need to avoid the socialism of Europe from infecting American economy. Also President Obama has been talking about the containment of the contagion of the Euro-zone crisis.

However, during Obama's second term, the administration realized that things cannot get done without Europe. Indeed, Washington is now calling for a transatlantic renaissance and Obama has been travelling to Europe as he never did before. It is possible to observe the same learning curve President Bush had himself. In short, if the U.S is going to get things done in the world, the end of the day is going to be with the Europeans. The pendulum came back to the core.

By 2030, we need a coherent and cohesive West and that means for the Americans to recognize the big stake they have in Europe's future. The United States cannot succeed without Europe. Consequently, it is an imperative to work with Europe, rather than an opportunity. We are going into an area of complexity and uncertainty, we need to work together as a coherent transatlantic community. The following is the offer the American administration is putting on the table these days: *"Today, as a transatlantic community we are staying at another vital point. Recovery should not be enough for us, what is required is a transatlantic renaissance a new boost of energy confidence, innovation and generosity, rooted in democratic values and ideals. When so much of the world around us is turbulent, together we must lead or we will see the things that we value and our global influence recede"*. That is a call for action.

It begins with the idea of transatlantic relations as a catalyst for global action, cornerstone for the U.S. engagement in the world, preparing for shaping the future. It rests on three new pillars, the first being the restoration of the economic foundation of international strength, put into practice with the transatlantic investment project and the energy revolution. The second pillar consists in completing the business of Europe, to make it stronger while preparing NATO to be fit for the future, supported by a long term strategy with Russia. Third, the value of what is going to be done has to be found in how global challenges with regional reach will be faced, together.

That last point opens up to the Alliance itself. We articulated a strategy and have

a summit coming up, which is an opportunity to ensure the Alliance can intervene in this historical flexion point. However, there are capabilities problem, coming from politics. NATO's health has always been determined by the U.S. leadership, together with political will and the capability to bear a lot. The Alliance has now to deal with its own transition, with the withdrawal from Afghanistan and the end of the war on terror, along with the aforementioned global shifts. Success is to be found in flexibility and adaption.

We knew what NATO was about in its first chapter, namely containing the Soviet threat. In its second chapter, NATO reached to the East. During its third chapter it became an operational alliance and faced post 9/11, Afghanistan and new threats in the fourth. Now, the question is about what will be written in chapter five. We know it will be about NATO in the era of global competition, shaping the world we are going into to maintain global competitiveness. Here we need a new narrative, involving a coherent American strategy on the first hand, able to restore the foundation of its strength, through an economic alliance with Europe. On the second hand, NATO should widen its reach, through a partnership approach with the alliance on the top of the global security network.

In sum, the question is not about Asia, but it is about how we get Europe and the United States to work together for shaping the global future we are going into. The goal is to ensure that if Asia rises, it does so on the basis of norms and standards that reflect our values and our interests, becoming a like-minded partner. Only this way, Europe and America will provide for their long-term global competitiveness. If Americans get that wrong and communicate it wrong, not taking Europe's security seriously, then we run the risk of being alone the next time we are in a crisis.

5.3.

PIVOTS SHMIVOTS?

STEPHAN DE SPIEGELEIRE

For most of my career, I have been stuck in a gap. In America they think I am a hopeless Europeanist and in Europe they consider me a hopeless American. Then, I have been stuck in the gap between policy and research. I have always admired the American system of revolving doors. We do not have it in Europe and, initially, I regretted since I truly admire the focus on policy which brings to think thanks and the focus on research which vice versa brings to policy. But now I look back and I realize I was fortunate to be in the gap. It made me think about this whole discussion on pivoting and pivots and I found out that it simply stands for an out-dated approach to strategy, not useful anymore.

What is a pivot? It is a strange word, meaning the point of rotation in a lever system. It comes from classical mechanics and more generally, it is the centre point of any rotational system. In other words, it is 'this little thing' that can swing back and forward. Indeed, the verb to pivot means literally to go back and forward. It is a particular linear conception which can obviously only work in a two dimensional world. If you have three dimensions, the pivot lose its sense. Moreover, there is a lot of talk about active and passive pivoting. My suggestion is that we have a lot more passive pivoting these days than active pivoting. Anyway, the point is simply that this paradigm, the whole idea of strategy as a purposive set of coherent reflection and implementation, is changing. The private sector has already come to grips with that, while the traditional policy community is still vacillating.

Strategy consists of different components. First, the intended strategy is what the CEO and its team, or the President and its team, think they want to do. Invariably, in both private and public sectors, most of the intended strategy, about 80% of intentions, ends up in the waste basket. The very small section left is deliberate strategy, i.e. the part of the intended strategy actually implemented. Consequently, strategy is increasingly about emergence, about responses to unforeseen events.

Policy men will be dismissive about that. Indeed they have been and all of a sudden Syria happens and we are stuck in the Middle East. The ability to navigate very emergent issues, that come up and may not be in line with the initial purposes, is strategy too. Indeed, I would suggest that most of what we do is emergent strategy and we do not manage it appropriately. In short, the realized strategy is always a combination of a part of the intended strategy and whatever sort of emergent strategy happens.

In this framework, the pivot is destined to end in the waste basket. When I look to the pivot history in both the U.S. and Europe, I see plenty of structural domestic issues. Europe deals with declining productivity, enormous indebtedness, growth without jobs and the changing nature of jobs. On the other side, I see a Congress, totally paralyzed by a loony fringe of the Republican party. Structural issues and political failures prevent a vision of the whole picture. And that is driving politics, rather than white papers and promulgated strategies. But also on the international level I can see far more emergence than purpose. Mali is just happening and the mujahedeen coming from Afghanistan closer to our borders require a response not present in our strategies.

Indeed, the matter was not part of the European security strategy, but it happened and it absorbed a lot of our focus. Still, the way in which we manage that emergent part of strategy is rather weak. However, not only negative events happen, also opportunities open up all of a sudden, such as South Korea – North Korea talking and the new hopes on Cyprus North (off. Turkish Republic of Northern Cyprus). In the last two decades, history has been incredibly positive, with fewer conflicts and less global poverty. However, it has less to do with purposes than with the reality of complex worlds, which, even if not manageable, often turn out to be quite positive.

Today, Europe is trying to find the right mix between soft and hard power, starting a quite promising emergent strategy, which learns from past mistakes. In the Horn of Africa, for instance, we started with a modest military operation, which we then recognized being not sufficient. Later, in Somalia, we realized the need to go broader from the beginning, winning strategically. However, also in Europe some will neglect the need for continuously updated strategies. I wonder how that is possible. When Europeans look at East Asia, they should see their own old 19th century and the same dynamics which brought Europe down from the top of the world to some medium limbo. Europeans are able to see what inflammatory politics look like and what it brings up. For example they should be able to read sea battles in the Pacific as inflammatory politics leading to more harm than good. However some realists are still convinced that an active U.S. in the Asian scenario may be very positive since it is able to calm down countries like Vietnam and Japan and their intentions to militarise.

Now, I would like to make a point about the paradigm that is underneath this whole pivoting story. When we talk about the world, the words we use are balance, equilibrium and so on. We borrowed, and economics did it first, from physics of the 18th century. Ironically, physics has long gone beyond that concepts. It is no longer about equilibrium but about complexity and chaos. A linear world is made up of control hubs that you can turn to get the flow reversed. In short, it is pivotable. Unfortunately, we rather live in a system like the internet, or computer modelling, or at least somewhere in-between the two. Even if a linear world is still observable in terms of borders, the world no longer make sense in a linear way. It implies a variety of actors that act interactively, interdependently and emerge as the reality we observe day by day. Comes without saying that the role of purposive pivoting looks quite different in this context.

Most of our national defence forces have emphasized this reality. Unfortunately, NATO is structured in a very different way and policies discussions are going in this direction. On the one hand, the fact that complexity is a reality becomes more and more accepted. On the other hand, the entire governance structure is stuck in a 19th century linear approach that is no longer adequate nor sufficient.

We did a piece of work on pivots and it came out that Europe's pivotability was a bit higher than that of the U.S., meaning that Europe has been one of the most dominant countries. However it has come down significantly in the last year while America stayed almost at the same level and Russia recovered with Putin's second term. China, of course, is rising systematically.

However, the very term "pivot" is a cry back to an era that is no longer ours. Indeed, pivoting behaviours happen at a lot more levels simultaneously. There is not just one hegemon on the scene, but a variety of actors engaging at the same time and continuously updating to complexity, coming to grips with a radically different world in which all conceptions of policy have changed.

In this scenario, my hope would be that NATO could embrace change, getting better at complexity. For what concerns Europe, I suggest it understands complexity more than anybody else. The U.S., on the other side, is still concentrated on a volitional attempt to steer events through a more traditional approach, which has shown its declining usefulness. As we come back from the Middle East, with the tail between our legs, we have to reflect if it is not time for a new approach towards policy, which is much more aligned with complexity than the old way. We live in a post-polar world in which politics has to come to grips with complexity. The private sector already has, I hope the public sector will soon.

5.4.

TRANSATLANTIC APPROACHES TO A COMPLEX AND WICKED WORLD

MARK JACOBSON

We live in a complex and wicked world. In Washington DC we often have visiting ministers from Europe and the first question they raise is always about the new pivot to Asia. The second questions sounds something like: “Has it come and gone? Have we missed it? Did it already happen?”. After all, it is true that secretary Kerry is spending much more time in the east now. However, I suppose that those ministers just want to know whether Europe matters to the United States. The answer is clearly positive. We have all realized, across the Atlantic, that America cannot get most things done in the world without European participation. Indeed, the senior director for European affairs is involved in almost every national security council meeting, as demonstration the U.S. cannot address problems around the world without consideration for what its European partners views are on every particular situation.

However, there has been a clear communication problem. Pivot was a poor choice in terms, and I’m not sure that the word “rebalance” does the issue justice, as well. There is no doubt that the way the U.S. presented this shift, or adjustment, was not as eloquent as it could have been. The plan to have the Secretary of State to discuss the rebalance in her foreign affairs article, was overshadowed by the 2012 strategic defense guidance. The result was the creation of a notion which seems to refer only to a shift in military priorities and military hardware and that is not what the relationship of the U.S. with either Asia, either Europe is about. Indeed, the issues involved are much broader, about values, economics, trade and many others.

Then, I think it is also important to understand that from 19th century on, the U.S. has always been a two ocean power. And Asia is important for America. Asian countries are U.S. traditional allies, they represent not only emerging powers but some of the world’s largest militaries, huge population centers and economic

growth centers, at least for now. Moreover, resources on both sides of the Atlantic are running out, above all when it comes to defense budgets.

It is important to understand all the debate about the pivot as an evolution, to be put into a global context. Then, the problem is also that it has often been depicted as a zero sum game, an either or proposition. In other words, an increased interest in Asia, should mean a decreased interest in Europe and that is a false dilemma. The game has changed. The first world war, 1945, 1989, these were all moment of uncertainty and 2014 is not different. It is the end of the post 9.11 era, who posed tremendous challenges. Nor America nor Europe will get the future exactly right, nor will Asia be able to get any closer. But there are different ways for looking at why the world is changing and what that means for NATO, for the E.U. and for the Euro-Atlantic partnership. I will now go deeper into three of the possible new ways.

First, we live in a world with global problems and those require global solutions. Unfortunately, there is no agreement on how to prioritize those problems. However, it is good to remember that we neither have agreement about how to prioritize traditional problems. There is no doubt that we need to face a number of threats without borders, such as trafficking, cyber migration, extremism realities and terrorism. In this picture, Europe, despite Ukraine now and Bosnia very recently, is relatively stable.

The real challenge is that nor the NATO partners nor the EU member states are in agreement about what the threat really is. Is it European focused territorial defense? Or is it time for a break from international engagement? And what about the problems on the southern sphere, across the Mediterranean and the Middle East? Then, there is the Arctic as well, where Asia comes in the play together with Europe, Russia and the U.S.

This lack of consensus in terms of what the threat is has impacts on what the future plans for the partnership are, in terms of security force assistance and defense capacity building. In other words, how the E.U. and North American nations work to strengthen militaries in Africa and in the Middle East, is going to be shaped by how serious we feel the threat coming from the instability in those nations. And it is not going to be easy to deal with problems out of the area, as the situation in Syria shows. However, there are good signs, as well. An example may be the participation of the E.U. in dealing with the destruction of chemical weapons in Syria.

The second point I would like to make is the fact that the debate we are in, is missing Asia's pivot to Europe. In other words, it is possible to observe an increase in Chinese trade and economic ties to Europe. The E.U. is China's second largest

export market, with 260 billion Euros export in 2012, accounting for 15% of total Chinese export market of the year. A clear example of the increased Chinese interest in investments in Europe is its presence in the main ports in Greece, Ukraine, Netherlands and France. Then we have Chinese – Russian cooperation in terms of naval exercises, to deal with. Indeed, one issue which is going to be discussed soon is how NATO missions in the Horn of Africa and in the Mediterranean are dealing with the presence of Chinese ships, both in terms of cooperation and antagonism.

We do not live any more in a bipolar or unipolar world. That means no single power can decide and solve a crisis on its own. A transatlantic approach to problems, included a transatlantic approach to Asia, is needed. Europe must look beyond tensions and risks, to get new opportunities and further develop regional framework, which also consists in helping Asian nations to deal with the security relationships.

The E.U. should not be involved in Asia more than the U.S. is involved in European issues. However, Europe has some useful architecture and decent models for the Asian strategic lookout. Unfortunately, security relationships between the E.U. and Asia go back to the Korean war. It is important to understand that Europe has not only a one-sided role in Asia. There is an economic role as well as a diplomatic role, consisting of soft power and meaning a continuous engagement. One very positive example may be the number of efforts of Norway, discussing with Japan on issues of mutual concerns. Another quite valuable start is the document outlining the guidelines of the E.U. foreign and security policy in East Asia, of summer 2012, on which is time to build. A lot can be done off-the records, informally. Indeed, low profile relationships and discussions will help to achieve important objectives, not less than formal discussions do.

It may be a statement of the obvious but I would like to conclude by saying that what happens everywhere in the world can matter in Europe. You can reach Europe within 13 hours from almost everywhere in the world. That means danger may come across continents in hours, not day, not weeks. And certainly we have a great deal of instability in the world. It is also important to remember that our values mandate that we take action whenever it comes to human rights violation, war crimes, crimes against humanity and many others.

Of course there is big debate for what concerns, for instance, continued instability in Central African republics. However, whenever we put geographical constraints we limit ourselves. The fact is that we live in one world. Even if to some extent the Westphalia system still exists, for now, I do think we must look much further than the traditional geographical boundaries.

NATO should assume greater responsibility and provide for a better understanding of the global context. I am not suggesting NATO should go out and looking after new missions, I am trying to say that those challenges are already here. If we do not face those challenges, through a transatlantic approach, we are going to give up a great opportunity to shape rather than to react to events in the world.

SPEAKERS' BIOGRAPHIES

AMB. SHEIKH ALI BIN JASSIM AL-THANI, *Ambassador of Qatar, Brussels*

His Excellency Sheikh Ali Bin Jassim Bin Thani Al Thani currently holds the position of Ambassador of the State of Qatar to the Kingdom of Belgium and the Grand-Duchy of Luxembourg as well as Head of Mission to the European. H.E. holds a Bachelor of Business Administration, with double major from school of Arts in political science from University of Arizona, USA, and a Master degree of International Service from the American University, Washington D.C., USA. He served at the Ministry of Foreign Affairs in Qatar, in charge of North America and South America's Affairs, since August 2008 till present; and he was Coordinator on the Seventh Forum for the future in Doha "Bridging the Gulf". H.E. attended various Summits and conferences representing the State of Qatar: OPEC, Organization of American State, US Debates and NATO.

HOUDA BEN JANNET ALLAL, *Director General, Observatoire Méditerranéen de l'Energie, Nanterre*

Dr. Allal joined OME in 1992 and is currently the General Director of OME. Her fields of expertise mainly relate to energy prospects, renewable energy, energy efficiency and sustainable development in the Mediterranean region. Dr. Allal occupied several functions within OME, most recent ones being successively Director of Renewable Energy and Sustainable Development and Director Strategy. She coordinated several large regional projects on renewable energy in the Mediterranean region and is the author of several publications.

Dr. Allal has a graduate degree in energy economics from Institut Français du Pétrole, the University of Paris 2-Assas and the University of Dijon (France). She also holds a Ph.D. from the Ecole des Mines de Paris.

MARCO ARCELLI, *Executive Vice President Upstream Gas Division, ENEL, Rome*

Mr Arcelli is Executive Vice President of the Upstream Gas Division, overseeing assets and investments in Russia, Egypt, Algeria and Italy, since June 2009. Previously he was Head of Business Development, M&A and Operations Support of the International Division from 2006 to 2009. From 2005 to 2006 he was General Director and Vice Chairman of the Board of Slovenske Elektrárne. Marco's experience in Slovakia was the subject of a IESE management case study published in 2010. From 2003 to 2005 he was President and CEO of ENEL North America, a leading renewable energy company with over 70 renewable energy plants in the US and Canada. From 2001 to 2003 he was Executive Assistant of the CEO of ENEL. Before joining ENEL he held several positions with General Electric in the US and Italy, and was a project manager and a dispute resolution manager in London, San Francisco and Copenhagen. Marco Arcelli is a graduate from the University of Genoa in Mechanical Engineering and of Harvard (AMP167), a peer reviewer of the International Energy Agency and an Advisory Board Member of Eucers at the King's College in London.

UGO ASTUTO, *Director of Southern and Southeast Asia, European External Action Service, Brussels*

Ugo Astuto was most recently Deputy Italian Ambassador to India. His diplomatic career includes positions in the Italian Embassies in Nairobi and London (including as alternate Director for Italy in the European Bank for Reconstruction and Development), and in the Italian Permanent Representation in Brussels.

FATIH BIROL, *Chief Economist, International Energy Agency, Paris*

Dr. Birol has been named by Forbes Magazine among the most powerful people in terms of influence on the world's energy scene. He is the Chairman of the World Economic Forum's (Davos) Energy Advisory Board and has served as a member of the UN Secretary-General's 'High-level Group on Sustainable Energy for All'. He is the recipient of numerous awards from government and industry for his contribution to energy and climate economics. Most recently, in 2013, he received the Japanese Emperor's Order of the Rising Sun, the country's highest honour. He has also been decorated by the governments of Austria (Golden Honour Medal), France (Chevalier dans l'Ordre des Palmes Académiques), Germany (Federal Cross of Merit), Iraq, Italy (Order of Merit of the Republic), the Netherlands, Poland, Turkey, the United States and the Russian Academy of Sciences. He is a past winner of the International Association of Energy Economics' award for outstanding contribution to the profession. Prior to joining the IEA in

1995, Dr. Birol worked at the Organisation of the Petroleum Exporting Countries (OPEC) in Vienna. A Turkish citizen, Dr. Birol was born in Ankara in 1958. He earned a BSc degree in power engineering from the Technical University of Istanbul. He received his MSc and Ph.D. in energy economics from the Technical University of Vienna. In 2013, Dr. Birol was awarded a Doctorate of Science honoris causa by Imperial College London. He was made an honorary life member of Galatasaray Football Club in 2013.

ENNIO CARETTO, *Journalist, Corriere della Sera*

Born in the Italian city of Alessandria (16/5/1937), he is a senior journalist of the *Corriere della Sera* (one of the biggest Italian dailies, based in Milan), where he was Washington correspondent until 2011. He has been correspondent for *La Stampa* from Moscow (where he was expelled in 1970 because he did not comply with Soviet censorship rules) and London. He has directed *Stampa Sera* and has been head of the American desk in *La Stampa* and *La Repubblica* (two other major dailies, respectively based in Turin and Rome). Among the books published: *Il Volga*; *La caduta di Saigon*; *Quando l'America s'innamorò di Mussolini*; *Made in USA. Le origini americane della Repubblica Italiana*; *Presidente Clinton*; *Le due torri - I 10 anni che hanno sconvolto l'America*; *Se vuoi far l'americano. Come si entra in politica negli Usa e come la si fa: una lezione per gli italiani*; *Il Welfare State nell'antica Roma – Lo stato sociale da Augusto a Obama*.

NICOLA CASARINI, *European Union Institute for Security Studies, Paris*

Nicola Casarini is currently Associate Fellow at the European Union Institute for Security Studies (EUISS) in Paris, after having been a Senior Analyst at the EUISS between September 2010 and December 2013 dealing with EU-China and EU-East Asia relations, Chinese foreign policy and East Asia's security and transatlantic relations. Before joining the EUISS, Nicola was Marie Curie Research Fellow (2008-2010) and Jean Monnet post-doctoral Fellow (2006-2007) in the Robert Schuman Centre for Advanced Studies at the European University Institute (Florence), as well as Associate Fellow for East Asia at the Istituto Affari Internazionali (Rome). He holds a PhD in international relations from the London School of Economics and Political Science; a Diplôme d'Études Supérieures from the Graduate Institute of International Studies (Geneva); and a BA in political science from Bologna University. He has published works on EU-China and EU-East Asia relations, European foreign policy, Chinese foreign policy, and East Asia's security. He is the author of: *Remaking Global Order: The Evolution of Europe-China Relations and its Implications for East Asia and the United States* (Oxford: Oxford University Press, 2009).

MARC CATHELINEAU, *Senior Vice President for EU, NATO and UN affairs, Thales, Paris*

An engineer from ENSAM (Ecole Nationale Supérieure des Arts et Métiers) in France, holding a MBA degree from HEC, Marc Cathelineau has spent 25 years with Thales holding various management positions. He is currently Vice President, European Union & NATO Affairs of Thales International.

Marc Cathelineau regularly shares his experience and expertise in negotiation and international affairs at HEC and Thomson Campus.

He is the author of two books on negotiation: *Nous sommes tous des négociateurs* (Village Mondial, 2007) and *Négociateur gagnant* (Intereditions, 1991) which was awarded the Dauphine Prize in 1992.

STEPHAN DE SPIEGELEIRE, *Senior Analyst at The Hague Centre for Strategic Studies, The Hague*

Stephan de Spiegeleire is senior scientist at HCSS. He has Master's degrees from the Graduate Institute in Geneva and Columbia University in New York, as well as a C.Phil. degree in Political Science from UCLA. He worked for the RAND Corporation for nearly ten years, interrupted by stints at the Stiftung Wissenschaft und Politik and the WEU's Institute for Security Studies. Mr de Spiegeleire started out as a Soviet specialist, but has since branched out into several fields of international security and defence policy. His current work at HCSS focuses on strategic defence management, security resilience, network-centrism, capabilities-based planning, and the transformation of defence planning. He is particularly active in HCSS's security foresight efforts to inform national and European security policy planning in the broader sense. He also teaches at Webster University in Leiden. Mr. de Spiegeleire keeps a personal blog, where he records his reflections on his fields of expertise.

MOHAMMED ABDUL GHAFAR, *President, Bahrain Center for Strategic, International and Energy Studies, Manama*

In December, 2009, H.E. Dr. Muhammad Abdul Ghaffar was appointed by Royal Decree as Chairman of the Board of Trustees for the Bahrain Center for Strategic, International and Energy Studies in addition to his appointment by Royal Decree in June, 2009, as Advisor to His Majesty the King for Diplomatic Affairs.

Since 2008, H.E. served as the Ambassador of the Kingdom of Bahrain to Belgium and as the non-resident Ambassador to Luxemburg from 2009.

In 2001, H.E. served as Minister of State for Foreign Affairs and was reappointed in the same position following national elections in 2002. Dr. Abdul Ghaffar was appointed as a Member of Cabinet in 2005, where he held the portfolios of Minister of Information and Minister of State for Foreign Affairs.

Previously from 1994, H.E. Dr. Abdul Ghaffar served as Ambassador of Bahrain to the United States of America in addition to being non-resident Ambassador to Canada from 1996 and to Argentina from 1998.

Prior to his 1990 appointment as Ambassador and Permanent Representative of Bahrain to the United Nations, H.E. was Head of International Affairs and International Organizations of Bahrain's Mission to the United Nation. During that period, 1979 until 1994, he participated in most Sessions of the UN General Assembly and has taken part in Gulf Cooperation Council Summit Conferences, and in those of the Arab League and Non-Aligned Nations.

H.E. had also worked in the Ministry of Foreign Affairs in Bahrain, responsible for economic and development issues, as well as international affairs.

Dr. Abdul Ghaffar's first diplomatic appointment was at the Embassy of Bahrain in Jordan in 1977, after having been a journalist and political affairs writer for several years.

H.E. obtained a Bachelor's Degree in Political Science from Poona University in India in 1974, was awarded a Master's Degree in Political Science in 1981 from the New School for Social Research in New York, and in 1991, a Ph.D., also in Political Science, from the State University of New York at Binghamton.

AMB. KOLINDA GRABAR-KITAROVIC, Assistant Secretary General for Public Diplomacy, NATO, Brussels

Ambassador Kolinda Grabar-Kitarović took up her position as NATO's Assistant Secretary General for Public Diplomacy on 4 July 2011. Having previously served as Croatia's Minister of Foreign Affairs and European Integration and, more recently, as Ambassador of Croatia to the United States (2008-2011), Ambassador Grabar-Kitarović is well-versed in Euro-Atlantic diplomacy and security issues. Born in Rijeka, Croatia, Ambassador Grabar-Kitarović holds a master degree in international relations from the Faculty of Political Science, University of Zagreb. She was also a Fulbright Scholar at the George Washington University, a Luksic Fellow at Harvard's Kennedy School of Government and a visiting scholar at the Paul H. Nitze School of Advanced International Studies (SAIS) of the Johns Hopkins University in Washington, D.C. She began her career in 1992 as an advisor to the International Cooperation Department of Croatia's Ministry of Science and Technology, moving on to become an advisor in the Foreign Ministry. In 1995, Ambassador Grabar-Kitarović became director of the Foreign Ministry's North American Department, and from 1997 to 2000, she worked as a diplomatic counsellor and DCM at the Croatian Embassy in Canada. She then returned to the Foreign Ministry as Minister-Counsellor. In November 2003, Ambassador Grabar-Kitarović was elected to the Croatian Parliament and in December 2003, she became the Minister of European Integration. She was sworn in as Croatia's Foreign Minister in February 2005, her central task being to guide the country into the European

Union and NATO. Ambassador Grabar-Kitarović speaks Croatian, English, Spanish and Portuguese fluently. She is the first woman ever to be appointed Assistant Secretary General of NATO.

TIMOTHY J. HARP, *Director, Armaments and Communications-Electronics, US Mission to NATO, Brussels*

Mr Harp provides direction and oversight regarding US participation in the development of armaments, communications, and electronics activities for NATO; represents US and Alliance acquisition and development programs; and provides assistance to US industry in pursuing NATO business opportunities. As Chairman of the Agency Supervisory Board, he is responsible for directing, administering, and controlling the NATO Communications and Information Agency - NATO's principal Consultation, Command, and Control capability deliverer and Communications and Information Systems service provider. Prior to joining NATO he served for over 20 years in acquisition, logistics, and financial positions at all echelons of the U.S. Navy and the Department of Defense.

MARK JACOBSON, *Senior Transatlantic Fellow, The German Marshall Fund US, Washington DC*

Mark R. Jacobson is a Senior Transatlantic Fellow at The German Marshall Fund of the United States (GMF) where he focuses on a wide range of security and defence issues, particularly with regards to emerging threats and the politics of national security. Prior to joining GMF, Jacobson served from 2009 – 2011 at the NATO International Security Assistance Force (ISAF) Headquarters in Kabul, Afghanistan, including as a Strategic Advisor to General Stanley McChrystal and then as the Deputy NATO Senior Civilian Representative (SCR). In this capacity Jacobson also served as a principal foreign policy advisor to General David Petraeus. During his two years in Afghanistan, Jacobson worked closely with the international community to find solutions to diplomatic crises that could derail the comprehensive campaign in support of the Government of Afghanistan. Jacobson previously served in various roles at the Department of Defense from 1998-2003, including as a Presidential Management Intern and a Special Assistant to the Under Secretary for Policy. In 2003-2005 Jacobson was the Visiting Scholar for International Security and Public Policy at The Mershon Center and after returning to government work, he served on the staff of the Senate Armed Services Committee where he was part of the Chairman Carl Levin's oversight and investigations team. Jacobson's 20 years of military service includes eight years enlisted in the U.S. Army Reserve and he currently holds a commission as an intelligence officer in the U.S. Navy Reserve. He has mobilized on active duty in Bosnia (1996) and in Afghanistan (2006) where he supported a variety of Special Operations missions. Jacobson

is a frequent speaker and lecturer on national security issues, provides expert on-air commentary, and his Op-Ed's include 5 Myths About Obama's Drone Wars (Washington Post). In addition to his role at GMF, Jacobson is also Senior Advisor to the Truman Project, an adjunct professor at The George Washington University and a life-member of the Council on Foreign Relations. Education: Jacobson received his B.A. in history from the University of Michigan, an M.A. in War Studies, from King's College, University of London and in 2005 he was awarded his Ph.D. in Military History and Strategic Studies from The Ohio State University.

MAHMOUD JIBRIL EL-WARFALLY, *Former Prime Minister of Libya, Tripoli*

Mahmoud Jibril was born on 1952 in Benghazi, Libya. He received a bachelor's degree in economics and political science with honours from Egypt's Cairo University in 1975. He then earned both his master's and PhD degrees in political science and strategic planning and foreign policy from the University of Pittsburgh in 1980 and 1985, respectively. He served as a teaching assistant for undergraduate courses on foreign policy. Following completion of his doctorate, he served as a professor at the university of Pittsburgh for two years. His career after that focused on the field of development, where he led and developed many national strategic programmes and executive leadership capacity development programmes across the globe. He entered politics in 2007, where he was pressed by the previous government and appointed as the Secretary General of the National Planning Council in Libya. He led the work on Libya Vision 2025 and during that period he also presided over the National Economic Development Board which instigated a number of key socio-economic structural reform initiatives. He tried to resign on more than one occasion due to his doubts about realizing the opportunity for change and finally did so in 2010. At the end of the year 2010 he apologised for accepting the Alfatah Award in recognition of his economic and strategic studies, and invoked personal reasons to apologise for not accepting the award. Mahmoud Jibril joined the Libyan revolution in 2011 since its early days and was the lead architect of the Interim National Transitional Council of Libya (INTC). He also led the team that began securing the recognition of the INTC as the true and sole representative of the Libyan people acting as the Interim Premier and Foreign Minister from 5th of March, 2011, until he announced his resignation from that post following the national liberation proclamation of the country on the 23rd of October 2011. On March, 2012 Mahmoud Jibril was elected president of the National Forces Alliance (NFA), a grouping which he cofounded with a wide range of national forces working to build the foundations of a democratic civil state. The NFA success was achieved on July 7th 2012 elections for the General National Congress winning over 60% of the votes contested by other political parties. Mahmoud Jibril continues to deliver a series of lectures in various renowned international universities regarding his views on Development and the recent Arab Spring.

AMB. MAHMOUD KAREM, *Egyptian Council for Foreign Affairs, Cairo*

H.E. Ambassador Dr. Mahmoud Karem served as the Ambassador of the Arab Republic of Egypt to the Kingdom of Belgium and the Grand-Duchy of Luxembourg, Head of Mission of Egypt to the European Communities, and Permanent Representative of Egypt to NATO till 2009. He is an active contributor to the Mediterranean NAC +7 Dialogue in NATO since 2005. Member of the Advisory Board of the Secretary General of the United Nations for Disarmament Matters for six years ending 2009, as well as member of the International Commission formed by the Director General of the IAEA on Nuclear Fuel Cycle and numerous Secretary General appointed Group of Experts in the United Nations on various peace and security issues. Dr Karem's latest publication was released this December 2012 entitled: "The Conference for a ME Zone Free from Weapons of Mass Destruction". His chapter dealt with the role of the League of the Arab States in preparing a Draft Treaty. Ambassador Karem is also an elected Board member of the Egyptian Council for Foreign Affairs (ECFA).

AHMAD KHALAF MASA'DEH, *Former Secretary General of the Union for the Mediterranean, Amman*

Ahmad Masa'deh is a Jordanian politician and international diplomat who served in the past as minister, ambassador and chief of an international institution. Ahmad Masa'deh belongs to the progressive centre school of political thinking. He believes in the liberal values of the civil state including, inter alia, the power of people, freedom, justice, citizenship rights, and pluralism in political governing. He is also a voice for Arab cooperation based on pluralism, democracy and greater interactive economical interests. Ahmad Masa'deh's political career began in 2004 when he held the position of Minister for Public Sector Reform. As Minister, he articulated and supervised a national program for reforming public administrations and civil service, and was member in numerous reform and privatization steering committees. Assisted by the Government of Denmark in 2005, he was behind the establishment of the Jordanian Ombudsman, which is key today in Jordan's political and administrative reform. Between 2006 and 2010, Ahmad Masa'deh was the 7th Ambassador of the Hashemite Kingdom of Jordan to the European Union, Belgium, Norway and Luxembourg. He was also the Jordanian Coordinator to the Union for the Mediterranean and Jordan's Representative to NATO. As Ambassador, Masa'deh focused on increasing relations between Jordan and the member states of the European Union as well as Jordan-Atlantic relations. He was behind the establishment of the 1st Group of Friends of Jordan at the European Parliament. He was the Jordanian official to firstly initiate dialogue with the EU aiming at allowing Jordan to benefit from an 'advanced status.' He also helped placing Jordan as a trustworthy and active partner in the Union for the Mediterranean.

Apart from his political career, Ahmad Masa'deh is an attorney at law and the Chief Executive Partner managing Khalaf Masa'deh & Partners Ltd. in Amman, one of the leading Jordanian law firm established over forty years ago. He has been practising and lecturing in law since 1993, and was from 2000 to 2004 the Managing Partner of Khalaf Masa'deh & Partners. He became recognized as one of the leading business lawyers in the Middle East in projects and infrastructure, corporate law, foreign investment, international trade, restructuring and privatization, and energy law, while his long list of clientele included prestigious local entities and international conglomerates. Ahmad Masa'deh was born in Amman, Jordan on 19 May 1969. After passing the baccalaureate at College De La Salle Amman in 1987, he studied law at the University of Jordan, graduating (LL.B. with honours) in 1991. He thereafter pursued higher education, graduating (Diploma in the US Legal System) from Georgetown Law Center in 1991, (Master of Laws LL.M.) from the University of Virginia in Charlottesville USA in 1992, and (PhD) from King's College London in 2000.

STEPHEN "STEVE" O'BRYAN, *Vice President of Program Integration and Business Development, Lockheed Martin Corporation, Washington DC*

Stephen "Steve" O'Bryan is the Vice President of Program Integration and Business Development, for Lockheed Martin Corporation's Aeronautics Company. In this capacity, he is responsible for leading coordination across F-35 Joint Strike Fighter business activities, including the U.S. Air Force, U.S. Navy, U.S. Marine Corps, the Office of the Secretary of Defense and all International countries. He is also responsible for the communications activities, international industrial strategy as well as improvements and derivatives of the F-35. Previously, Mr. O'Bryan was Director, F-35 Domestic Business Development for Lockheed Martin Corporation's Aeronautics Company. In that role, he was responsible for all aspects of F-35 Domestic strategy from October 2007 to February 2009. He previously served as Manager of U.S. Navy F-35 Business Development for Lockheed Martin Corporation's Aeronautics Company. In that role, he was responsible for all aspects of F-35 U.S. Navy strategy from July 2005 to July 2007. Throughout his career, Mr. O'Bryan has led several critical initiatives for Lockheed Martin Corporation Aeronautics Company, including Systems Engineering positions on the F-35. Prior to joining Lockheed Martin, Mr. O'Bryan served in a variety of increasingly responsible positions in the U.S. Navy as a Surface Warfare Officer and then an F/A-18 pilot. These include tours at Top Gun, the Navy Fighter Weapons School, and with the U.S. Marine Corps. In 2003 as a naval reservist, he was activated in support of Operation Iraqi Freedom flying the F/A-18 and led ten large force strikes during the campaign including the first U.S. Navy mission of the conflict. Mr. O'Bryan is a graduate of Colgate University and the Naval War College. He received his MBA with honours from the Cox School of Business at Southern Methodist University.

He serves on the board of directors of the Association of Naval Aviation and Fort Worth Navy League.

ZHONGYING PANG, *Director, Centre for the Study of Global Governance, Renmin University of China, Beijing*

Dr Pang, Zhongying is Professor of International Relations and Director, China Center for the Study of Global Governance at Renmin University of China (RUC) in Beijing and is currently teaching Chinese Foreign Policy: Theory and Practice at the Goethe University Frankfurt, Germany as a guest professor invited by the IZO/Sinology and HSFK (PRIF). This visiting position at the GU Frankfurt is strongly supported by the Office of Chinese Language Council International (HANBAN) headquartered in Beijing at the same time. Since 2011, he has been a Senior Participant in the international research project "21st Century Concert of Powers" organized by the HSFK. Previously, Professor Pang taught International Relations at China's Nankai University in Tianjin. He was posted as a temporary political diplomat at the Chinese Embassy Jakarta Indonesia from 1999 to 2001. He held a number of visiting fellowships to research and teach in New Zealand, England, America, South Korea and Singapore. He holds a PhD in International Relations from Peking University, Beijing and a MA in Politics from University of Warwick, England.

RUNE RESALAND, *Director, Ministry of Foreign Affairs, Oslo*

Rune Resaland is Deputy Director General at the Department of Security Policy and the High North, Norwegian Ministry of Foreign Affairs.

- 2008 International Law Advisor, Legal Department, Ministry of Foreign Affairs, Oslo
- 2003-2007 Minister, Deputy Chief of Mission, Royal Norwegian Embassy, Washington D.C.
- 1999-2003 Head of the International Department of Stortinget and Permanent Secretary of the Foreign Relations Committee, Oslo
- 1994-1999 Positions as Adviser, Head of Treaty Section and Assistant Director General, Legal Department, Ministry of Foreign Affairs, Oslo
- 1991-1994 First Secretary, Royal Norwegian Embassy, Madrid
- 1988-1991 Second Secretary/Vice Consul, Royal Norwegian Embassy/Royal Norwegian Consulate General, Berlin
- 1986-1988 Foreign Service Trainee, Ministry of Foreign Affairs, Oslo
- 1985-1986 Executive Officer, Ministry of Oil and Energy, Oslo
- 1984-1985 Interpreter (Russian), Office of the Governor of Svalbard, Longyearbyen
- 1982 Guard assistant (and translator), Royal Norwegian Embassy, Moscow

Mr. Rune Resaland was born on 4 May 1956, is married to Ms. Ann Ingeborg Hjetland and has three sons.

LORD ROBERTSON OF PORT ELLEN, *Honorary Chairman, NATO Defense College Foundation*

Lord (George Islay MacNeill) Robertson is Special Adviser to BP and Senior International Adviser to Cable and Wireless Communications plc, where he served as Deputy Chairman 2004-2007. He was NATO Secretary General from 1999-2003 and UK Defence Secretary from 1997-1999. He was Member of Parliament for Hamilton and Hamilton South from 1978-1999. He was born in Port Ellen, Isle of Islay, Scotland and educated at Dunoon Grammar School and the University of Dundee. From 1969-1978 he was Scottish Organiser with the GMB trade union. From 1979-1993 he held senior parliamentary Opposition roles including 11 years on Foreign Affairs and in particular Europe. In 1993 he was elected to the Shadow Cabinet and served as Principal Opposition Spokesman on Scotland (Shadow Secretary of State for Scotland). He was appointed the United Kingdom Secretary of State for Defence in 1997. In October 1999 he was appointed 10th Secretary General of NATO and elevated to the House of Lords. Lord Robertson was appointed to Her Majesty's Privy Council in 1997, personally appointed by the Queen as one of the sixteen Knight of the Thistle (KT), and awarded the GCMG (Knight Grand Cross of the Order of St Michael and St George) in 2004. In 2011 he was appointed Chancellor of the Order of St. Michael and St. George. He was awarded the US Presidential Medal of Freedom, America's top civilian honour, in 2003, and has been awarded the highest national honours from many countries. He was elected an Honorary Fellow of the Royal Society of Edinburgh in 2003 and has fourteen Honorary Doctorates. He is Honorary Professor of Politics at the University of Stirling. He is a Non Executive Director of The Weir Group plc and Western Ferries (Clyde) Ltd., and Senior Counselor at The Cohen Group (USA). He was Deputy Chairman of TNK-BP from 2006-2013. He served on the Board of the Smiths Group plc, and Monaco Telecom SA. He is Chairman of the Ditchley Foundation, an Elder Brother of Trinity House, Chairman of the Commission on Global Road Safety and Co-Chairman of the UK/Russia Round Table. He is on the Council of the International Institute for Strategic Studies, the Centre for European Reform and the European Council on Foreign Relations. He served as Joint President of Chatham House 2001-2011. He is Honorary Regimental Colonel of the London Scottish (Volunteers). He is married to Sandra, has three grown-up children, four grandchildren and lives in Dunblane, Scotland. He plays golf, and takes photographs (a book of them has been published by Birlinn; "Islay and Jura: Photographs by George Robertson").

MASSIMO PUGNALI, *Senior Vice President Global Market Development, Finmeccanica SpA, Rome*

Massimo Pugnali is a graduate of the Turin Polytechnic University where he earned a master degree in electromechanical engineering. Present in Finmeccanica corporation since July 2011, he serves as Senior Vice President Global Market Development, reporting to the Group's CEO. He is responsible for increasing the Group's capability to compete and generate business worldwide by expanding the international footprint in strategic markets, coordinating the commercial activities of the Operating Companies in all business sectors (Helicopters, Defence and Security Electronics, Aeronautics, Defence Systems, Space, Energy, and Transportation), and strengthening the Group's Corporate Governance. From July 2006 he was the Senior Vice President Business Development & International Network Coordination for Agusta Westland, the leading helicopter company wholly owned by Finmeccanica. In January 2003, he was appointed Executive Vice President Business Development and Operations for Agusta Aerospace Corporation in Philadelphia (PA), USA. In November 2001 he was appointed Head of Region Civil Sales, South America & Australasia for AgustaWestland. In January 1994, he joined the Italian helicopter OEM Agusta S.p.A. as Regional Sales Director for Central and South America. He opened a representative office in Buenos Aires, Argentina, from where he established a network of dealers, representatives and service centers in the region.

IVAN SAFRANCIUK, *Publisher "Great Game: politics, business, security in Central Asia", Moscow*

Ivan has a PhD in Political Science. In 1998, he graduated from MGIMO (University) of the MFA of Russia. From 1997 to 2001 he was a research staff member of PIR Center and PIR Center "Nuclear Arms Control" project director. From 2001 to 2006 served as a head of Moscow office of the Center for Defense Information. Since 2003 he has taught at MGIMO (currently assistant professor of international political processes of MGIMO). Since 2007, publishes "The Great Game: politics, business, security in Central Asia" journal. Author of more than 40 scientific and methodical works in Russian and more than 20 scientific papers in foreign languages, published in Russia, USA, Germany, Great Britain, Italy, Norway and Sweden on the Russian-American and Russian-Chinese relations, nuclear policy, nuclear disarmament, non-proliferation of weapons of mass destruction, European security, Central Asia, Afghanistan, private military companies, and energy.

ABDUL AZIZ SAGER, *Chairman of the Gulf Research Council, Jeddah*

Born in Makkah, Saudi Arabia in 1959, Dr Abdulaziz Sager is chairman and founder of the Gulf Research Center. He is also President of Sager Group Holding

in the Kingdom of Saudi Arabia which is active in the fields of information technology, aviation services and investments. In November 2003, Dr Sager was appointed as a member of the Makkah Province Council. In addition, he serves as a member on the advisory board of the Arab Thought Foundation; the Geneva Centre for the Democratic Control of Armed Forces (DCAF); the Faculty of Economics and Administration of King Abdulaziz University; the Ministry of Higher Education, Saudi Arabia; the Geneva Centre for Security Policy (GCSP); the German Orient Foundation; and on the advisory group for the 4th Arab Human Development Report for the United Nations Development Programme (UNDP). Dr Sager has special research interest in Gulf strategic issues and is a regular contributor and commentator to international and regional media. He also regularly participates in regional and international forums and conferences held on issues relevant to the Gulf region. He is the author of numerous publications including *Combating Violence & Terrorism in the Kingdom of Saudi Arabia* (Gulf Research Center, May 2004); *GCC Political & Economic Strategy towards Post-War Iraq* (GRC, April 2004); *Reforms in Saudi Arabia: Challenges and Feasible Solutions* (GRC, September 2003); "Political Reform Measures from a Domestic GCC Perspective", in *Constitutional Reform and Political Participation in the Gulf*, Abdulhadi Khalaf and Giacomo Luciani, eds. (Dubai: Gulf Research Center, 2006); "Political Opposition in Saudi Arabia" in *Saudi Arabia in the Balance: Political Economy, Society, Foreign Affairs*, Paul Aarts and Gerd Nonneman, eds. (London: Hurst & Company, 2005); *Energy Shapes new Gulf Security Architecture*, *Journal of Middle Eastern Geopolitics* (2006); and "Why for all its problems, the EU is still a model for the Arab world", *Europe's World*, no. 14, Spring 2010. He has also been the chief editor for the *Gulf Yearbook* (2003 to 2009 editions). Dr. Sager holds a Ph.D. in Politics and International Relations from Lancaster University and an M.A. from the University of Kent, United Kingdom.

AMB. RAJIV SIKRI, *Vivekananda International Foundation, New Delhi*

Ambassador Rajiv Sikri joined the Indian Foreign Service in 1970. He retired as Secretary (East) in India's Ministry of External Affairs (MEA), handling East Asia, ASEAN, Pacific region, Arab world, Israel, Iran, and Central Asia (2004-06). Earlier he was Additional/Special Secretary for Economic Relations supervising India's foreign economic relations, including India's external technical and economic assistance programmes to developing countries in Asia, Africa and Latin America (2002-04). With a wide experience of Russia and Central Asia as well as the West, Mr. Sikri was India's Ambassador to Kazakhstan (1995-99) and has served twice in Moscow, including as Political Counsellor (1984-88). He has been Head of the Soviet and East European Department (1991-92), Deputy Chief of Mission in Paris (1992-95), and Deputy Consul General and Commercial Consul in New York (1977-81). In India's immediate neighbourhood, he was posted as Political

First Secretary in Kathmandu (1981-84). Mr. Sikri has been Additional Secretary for Strategic Policy and Research (2001-02) and Director (Policy Planning) in MEA (1984), and Senior Fellow at the Institute for Defence Studies and Analyses in New Delhi (2000-2001). He was a Consultant with the Institute of South Asian Studies, NUS in 2007-2008 and member of the IISS, London; and the Royal Institute for International Affairs (Chatham House), London. He has recently published a book on India's foreign policy titled *Challenge and Strategy: Rethinking India's Foreign Policy* (Sage, New Delhi, 2009).

STEFANO SILVESTRI, *Former President, Istituto Affari Internazionali, Rome*

Stefano Silvestri has been President of the International Affairs Institute from 2001 to 2013. He has been a lead writer for *Il Sole 24 Ore* since 1985. Between January 1995 and May 1996 he served as Under Secretary of State for Defence, having been an advisor to the Under Secretary of Foreign Affairs, for European matters, in 1975, and a consultant to the Prime Minister's Office under various Governments. He continues to act as a consultant for the Ministry of Foreign Affairs, of Defence and of Industry. As a professional journalist, he has been a special correspondent and columnist for *Globo* (1982), member of the Policy Committee of *Europeo* (1979), and has contributed articles on foreign and defence policy to numerous national daily papers. He was Professor for Mediterranean Security Issues at the Bologna Centre of Johns Hopkins University (1972-76), and has worked at the International Institute for Strategic Studies in London (1971-1972). He is currently a member of administrative council of the Italian Industries Federation for Aerospace, Defence and Security (AIAD), and of the Trilateral Commission.

DAMON WILSON, *Vice President, The Atlantic Council, Washington DC*

Damon Wilson is executive vice president of the Atlantic Council, serving as both a thought leader and manager with responsibility for strategy and strategic initiatives, program development and integration, and institutional development and organizational effectiveness. His work is committed to advancing a Europe whole, free, and at peace to include Europe's East, the Western Balkans, and the Black Sea region; to strengthening the NATO Alliance; and to fostering a transatlantic partnership capable of tackling global challenges and promoting its common values. His areas of expertise include NATO, transatlantic relations, Central and Eastern Europe, and national security issues. From 2007 to 2009, Wilson served as special assistant to the president and senior director for European affairs at the National Security Council. He played a leading role in developing and coordinating US government efforts to work with Europe on global challenges. He managed interagency policy on NATO, the European Union, Georgia, Ukraine, the Balkans, Eurasian energy security, and Turkey, and planned numerous presidential visits to Europe,


including US-European Union and NATO summits. Previously, Wilson served at the US embassy in Baghdad as the executive secretary and chief of staff, where he helped manage one of the largest US embassies, implementing a reorganization plan that strengthened coordination, accountability, and effectiveness, and played a key role in overseeing the embassy's effort to design and implement a civilian surge throughout Iraq. Prior to this posting, he worked at the National Security Council as the director for Central, Eastern, and Northern European affairs from 2004 to 2006. During this time, Wilson strengthened ties with the German Chancellery, coordinated interagency policy in support of reform in Ukraine, directed efforts to deepen engagement with America's allies in Central and Eastern Europe—including beginning the expansion of more secure visa-free travel—and promoted close consultations with coalition partners in Iraq and Afghanistan. From 2001 to 2004, Wilson served as deputy director of the Private Office of the NATO Secretary General, assisting Lord George Robertson in his drive to transform the Alliance by enlarging NATO membership, conducting operations beyond Europe particularly in Afghanistan, and adapting Allied capabilities to face modern threats. Wilson also supported the secretary general's role in the successful effort to avert civil war in Macedonia. Prior to serving in Brussels, Wilson worked in the US Department of State's Office of European Security and Political Affairs, where he was responsible for cooperation with NATO Allies on missile defence, nuclear policy, and preventing the spread of weapons of mass destruction. He also worked on the State Department's China desk and at the US embassy in Beijing as a Presidential Management Fellow. Wilson began his service at the State Department by helping coordinate policy to adapt NATO to modern security challenges and planning for the Alliance's 50th anniversary summit in Washington during the Kosovo conflict. Wilson completed his master's degree at Princeton University's Woodrow Wilson School for Public and International Affairs, where he also taught an undergraduate policy workshop on implementing NATO expansion.

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