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THE FUTURE OF NATO: NEW CHALLENGES AND OPPORTUNITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON EUROPE, EURASIA, ENERGY, AND THE ENVIRONMENT

OF THE

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THE FUTURE OF NATO: NEW CHALLENGES AND OPPORTUNITIES

TUESDAY, APRIL 2, 2019

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE, EURASIA, ENERGY, AND THE ENVIRONMENT,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC

The subcommittee met, pursuant to notice, at 3 p.m., in Room 2172, Rayburn House Office Building, Hon. William Keating (chairman of the subcommittee) presiding.

Mr. KEATING [presiding]. This hearing will come to order.

The subcommittee is meeting today to hear testimony on the future of NATO and our American commitment to it.

Without objection, all members may have 5 days to submit statements, questions, extraneous materials for the record, subject to the length limitation in the rules.

Mr. KEATING. I will now make an opening statement, and then, turn it over to the ranking member for his opening statement.

This Thursday marks the 70th anniversary of our NATO alliance. We recently reflected on the importance of NATO in a hearing last month held by the full committee. Today, I would like to follow on that by discussing and examining the future of NATO and America's commitment to it over the next 70 years.

We have watched NATO evolve in significant ways since its inception. And looking at the different threats we now face today, we must anticipate that it will again evolve in new ways to address this changing landscape. This evolution is important because NATO has long been, and will continue to be, a cornerstone of our security and defense policies. Our strategic advantage over our competitors is that we have a coalition. Russia and China cannot say the same. And that is something we cannot lose sight of nor ever take for granted.

However, to maintain this advantage, we need strong American leadership along two fronts. The first is by making it clear that we are committed to NATO and that the alliance cannot be broken or undermined by our adversaries. The second, and the focus of this hearing today, is America's role in leading NATO and its member States and partners through this unique period of change, as new members join and as we face new threats that challenge NATO's readiness and ability to respond in an effective and a timely manner.

NATO expansion has meant new and often smaller States are being integrated into the alliance, and this presents questions for

how best to coordinate this integration, their contributions, and the strengths and the vulnerabilities that they bring with them.

Further, NATO must adapt in order to address new and emerging threats from China, Russia, cyber, hybrid warfare, terrorism, and climate change, among others. This means contemplating possible changes in NATO's structure and thinking strategically, not only about how NATO should adapt to this landscape, but also how the U.S. and other member States must work together, now more closely than ever, to strengthen the alliance and their own capabilities. We addressed our shared values in our previous subcommittee hearing last week, and NATO is one example where our shared values really matter.

There is no disagreement over commitment to reach the 2 percent benchmark that has been the case since at least 2014, and that was the continued understanding as recently as 4 weeks ago when I was in Brussels. And that is the understanding as NATO members gather this week in Washington. As more members meet the 2 percent and the 20 percent thresholds for defense spending, I would like to examine in this hearing how member States should prioritize their investments within the context of new threats NATO members are facing.

As I take stock of the threats we are facing, it could not be clearer to me that this is what we need and this is the time we need to be standing shoulder to shoulder with no daylight between us. Our friends and allies must stand together, defending our shared values that are most sacred to our security and that are under attack, values of freedom and democracy.

We need NATO allies who are equally committed to those values as we are and who we can trust completely, because our NATO alliance is about our security. Lives are on the line. We must hold new and aspiring members to the standard, but, perhaps more importantly, we must hold current members accountable to upholding these values that are at the very core of our NATO alliance. We should look at what our new member countries are ready to bring to the table as well as democratic backsliding among our current members, as well as possible action like Turkey's purchase from Russia of S–400's and working with China on FG networks in Europe.

I, therefore, look forward to addressing these important issues today and hearing from our witnesses. We have incredible insight into how we should go planning in the next 70 years as a country, and we have that same insight as allies. And it is a pleasure to hear from our witnesses today with their opinions about which direction we should go.

With that, I yield to the ranking member, Mr. Kinzinger.

Mr. KINZINGER. Thank you, Mr. Chairman.

And thank you to the panel for being here with us today.

Look, NATO is not just an ally; they are our most important group of allies. We understand that strong alliances protect us from aggressors and guard our shared values.

We appreciate you guys all being here. If you wonder why there may not be a huge turnout today, it is because this is the third hearing in 3 weeks that we have had on our friendship with NATO and Europe. We understand it is very important.

Tomorrow morning, we are going to have the NATO Secretary General Stoltenberg address our Congress in advance of the 70th anniversary of our security cooperation, 70 years of working together to face down oppression. It is sufficient to say that our alliance is strong.

That being said, there are a lot of other issues we need to actually finally address on this committee has well. In the past week, we saw the first round of elections in Ukraine, Brexit's status changing on a nearly hourly basis, and Russia landed soldiers in our own backyard to prop up the corrupt Maduro regime.

And Ukraine exit polls show that the political newcomer and the comedian won about 30 percent of the vote, while current President Poroshenko won about 18 percent. These two candidates will now face off on April 21st. By all accounts, it is likely that both candidates will support Ukraine's move toward NATO and EU accession. It is a good thing for our alliance and the United States. We also need to be having a hearing on what we saw in that first round of elections and what we can expect from the runoff.

In the U.K., Prime Minister Theresa May has indicated that she will resign following a successful Brexit. However, we are now seeing a coalition formed to push for a soft Brexit where the U.K. retains its membership of the European economic area. We could be having a hearing on how this would affect transatlantic trade and security with Great Britain, with whom we have the most special bilateral relationships.

Russia, the largest focus of this subcommittee, is not only responsible for the death of thousands of Syrians, but now has entrenched themselves to protect Venezuelan dictator Maduro as he starves his own people, a firsthand example of how socialism never works. There was once a time when this committee cared about Russia's activity in our own backyard, and we need to continue to do that, instead of trying to handcuff the Trump administration from having a military option on the table during diplomatic negotiations. Had Congress threatened to block President Kennedy's strategy to militarily quarantine Cuba from receiving Soviet ICBMs during the Cuban missile crisis and use military force, if necessary, to protect our Nation, I do not know if our negotiations would have gone as well as they did.

I believe that some on this committee are being blinded by their opposition of the current administration, resulting in the same hearing 3 weeks running. The only reason, because the administration is telling our NATO allies the hard truth, that you can do more. And I would agree at the beginning. We can say it differently, but it is a message that needs to be said.

So, I reiterate my support for NATO, this committee's support, and the Congress' support for NATO and Europe. I just think it is time to begin to move on to other pressing issues in this world as well.

With that, Mr. Chairman, I thank you, and I yield back.

Mr. KEATING. I thank the ranking member.

And I thank our witnesses for being here today. I realize that your schedules are greatly under strain, and we really appreciate your offering your thoughts here.

I will now introduce our witnesses. General James Jones served as Commander of the U.S.-European Command and Supreme Allied Commander in Europe. He also served as President Obama's National Security Advisor and the State Department's Special Envoy for the Middle East Regional Security. He is currently the chairman of Snowcroft Center for Strategy and Security at the Atlantic Council.

Dr. Evelyn Farkas is a Resident Senior Fellow at the German Marshall Fund of the United States. Previously, she served as Deputy Assistant Secretary of Defense for Russia, Ukraine, and Eurasia, and as a Senior Advisor to the Supreme Allied Command of Europe and Special Advisor to the Secretary of Defense for the NATO summit. Welcome.

Mr. Damon Wilson is the executive vice president of the Atlantic Council covering Europe and NATO. He previously served as Special Assistant to President George W. Bush and Senior Director for European Affairs at the National Security Council, and Deputy Director of the Private Office of the NATO Secretary.

We appreciate hearing you today, and please limit your testimony to 5 minutes. And without objection, your prepared written statements will be made part of the record.

I will now go to General Jones for his statement. Thank you very much, General, for being here. Thank you for your service.

STATEMENT OF JAMES L. JONES, USMC, RETIRED, JONES GROUP INTERNATIONAL

General JONES. Thank you, Mr. Chairman and Ranking Member Kinzinger.

I am honored to be here, in part, to celebrate the 70th birthday of the North Atlantic Treaty Organization. I was privileged to serve as the 14th Supreme Allied Commander from 2003 until 2006. I was honored to be in NATO when we went from 19 to 26 countries in 2004, and I am delighted to see that North Macedonia will be joining us, to bring the total membership of NATO to 30 members in the near future.

One of the things that NATO has to deal with, and has dealt with I think and is doing quite well at, is understanding that there is a great difference between the 20th century and the 21st century in terms of what NATO does. Without going into too much detail, NATO is undergoing, in my view, a transformation that needs to continue from being a reactive defensive alliance to a more proactive, engaged alliance to actually prevent future conflict.

Projecting influence in the face of new threats, in a way we are going back to the future to face the rise of autocrats, and intelligent autocrats that have the economic capability to cause us great harm. Dominant among those challenges is China's quest for influence, not only total control inside its borders, but also the most control as it can gain outside of its borders, and it is moving into the European land mass with alarming speed.

Russia, not too much needs to be said about that. Mr. Putin is very clear on what he thinks about NATO, and his most cherished ambition is to do anything he can to bring about disruption and, in fact, ultimately, the demise of NATO.

Iran continues to be the world's greatest exporter of terror. Africa remains a challenge for the European land mass that NATO has to be involved in, non-State actors and hybrid warfare, just to name a few.

Gentlemen and ladies, the defense of Europe has shifted from Germany to the Black Sea and to the Baltic States in the east, and certainly to the North African coastline to the south. And that fact brings with it a number of threats that our friends and allies are concerned with.

NATO is relevant today I think in real terms. It is active outside of its borders in many ways that not many of our countrymen really understand. In Afghanistan, Operation Resolute Support is underway since January 2015. In Kosovo, 4,000 troops are deployed. In the Mediterranean, Active Endeavour has been replaced by Sea Guardian, again, a very important operation to counter terrorism. In Iraq, the NATO mission is underway since 2018 to help with training. And the African Union peacekeeping operations, going back to 2007 in Somalia, air policing in 2014 in the NATO land space where countries do not have adequate air forces to protect themselves. In short, this is a different world that we live in. It is a world that demands a very proactive and engaged NATO. And it also demands American leadership and participation.

The financial picture is looking better. We have not arrived where we need to be, but we are getting there. NATO is buying the right type of equipment, in my view, and is partnering with the economic reality and the economic threats that countries like China and Russia, in particular, bring to the European land mass.

In my view, peace and stability can only be maintained in the European land mass and elsewhere with American leadership, with involvement in three areas: security, economic development, and governance and rule of law. If you combine those three things, particularly I might bring to the attention of the committee the Three Seas Initiative, which was brought about by the Atlantic Council in 2014, which is to help the Central and Eastern Europeans with their own type of Marshall Plan, if you will, a north-south corridor from the Baltics to the Adriatic involving energy, telecommunications, and transportation renovation. Everything during the cold war was built east to west. Twelve countries are now involved in this project, and over 50 projects are underway. The U.S. Government has supported it very well. And this, combined with the military posture of NATO, which is encouraging, I think will contribute measurably to peace and stability in the European land mass.

Thank you very much.

[The prepared statement of General Jones follows:]

Testimony before
The House Committee on Foreign Affairs
Subcommittee on Europe, Eurasia, Energy, and the Environment

Hearing on the Future of NATO: New Challenges and Opportunities
April 2, 2019

General James L. Jones, USMC (Ret.)
Executive Chairman Emeritus, Atlantic Council
Views are those of my own

Chairman Keating, Ranking Member Kinzinger, and distinguished members of this Committee, thank you for the opportunity to testify before you today on the future of NATO.

Thursday marks the seventieth anniversary of the NATO Alliance. While it is worth reflecting on what NATO has achieved over its history, it is also worth examining what the future holds for the Alliance. The most successful military alliance ever, NATO kept the peace in Europe and triumphed in the Cold War, essentially without without firing a shot. NATO's role adapted with the collapse of the Soviet Union, as it helped to end a humanitarian crisis and defeated fascism in the Balkans. After the United States was attacked on September 11, 2001, our Allies and partners rallied to our side and around the mission in Afghanistan.

It's also worth noting that NATO's seventieth anniversary is not the only occasion we are celebrating this year. This November marks thirty years since the fall of the Berlin Wall and the beginning of the end of communist rule in Central and Eastern Europe. Last month we celebrated twenty years of NATO membership for Poland, Hungary, and the Czech Republic, the fifteenth anniversary of NATO's "big bang" expansion that brought seven other formerly communist states into the Alliance in 2004, and yesterday marked ten years since Albania and Croatia joined NATO. This year we can also look forward to the accession of the Alliance's thirtieth member, North Macedonia.

And it is precisely to look forward that we are here today. I believe NATO today is as relevant to US security as ever. But to stay relevant for the next 70 years, NATO, as it did in the 20th century, must proactively meet 21st century challenges rather than simply react to them. A proactive NATO will always be driven by US leadership. Without it, NATO will never be the fullest version of itself and could, conceivably, unravel entirely. We should not delude ourselves into believing that this is not President Vladimir Putin's most cherished strategic goal.

As a Marine and former Supreme Allied Commander (2003-2007), I am of course concerned with the military dimension of NATO. In that sense, we have arrived at a "back to the future moment." US leadership and the European and global security architecture is again challenged by a Russia intent on changing the security environment to advance its power and place in the world. What is required again is a common US and Allied approach to strategically competing and defending ourselves with our allies against Putin's Russia intent on fracturing the Alliance and willing to threaten and damage the security of its neighbors. Make no mistake, Putin's ambitions would be emboldened by US and Allied weakness and division within the Alliance (and the EU) and the erosion of democratic values within some member states; we must remain vigilant on all fronts against Putin's aims, and proactively meet the challenge.

The Alliance has responded, and is responding, to Putin's challenge in effective ways. Decisions by the Alliance to forward station forces in the Baltics and Poland, to dramatically improve the readiness of its forces at tactical, operational, and strategic levels across all services, to step up efforts to counter hybrid threats and disinformation in peacetime, to ramp up training and exercising, and to call out Russia's INF violations, show a clear willingness of Allies to stand up with the US to Russian interference outside of its borders. Congress's decision to consistently and decisively fund the European Deterrence Initiative is critical – both in practical terms and as a clear signal of US leadership to Putin, and one that strengthened Allied resolve as well.

However, the Alliance cannot stand still or ignore some of the real challenges it faces with respect to deterring Russia. As General Scaparrotti testified last month, more needs to be done to ensure adequate deterrence for the Alliance. Many nations in northeastern Europe and along the Black Sea have responded to this reality with investments in defense budgets and capabilities and are pursuing innovative collaboration. Indeed, as Secretary General Stoltenberg recently reported, progress has been made by our Canadian and European Allies to meet their spending commitments. We have had four consecutive years of real increases in defense spending among Canada and European NATO, including $41 billion to defense budgets. Allies have also made progress in meeting the pledge to spend 20% of defense budgets on major equipment; a majority of Allies are spending above the 20% mark now and twenty-four Allies are on track to meet or exceed that goal by 2024. We should recognize progress in these critical areas.

There are other ways in which European Allies are working innovatively to improve deterrence. The Three Seas Initiative is a geo-strategically critical effort by the nations situated between the Baltic, Black, and Adriatic Seas to accelerate the development of essential cross border transportation, energy and telecommunications infrastructure linking them and their region to wider Europe. The Three Seas nations have identified 48 transboundary projects core to regional and continental economic development. Collective prosperity, of course, is instrumental for assuring the transatlantic alliance's collective defense and sustaining the resilience of a Europe undivided, free, and secure. Strategically, full implementation will fortify the alliance's eastern periphery and blunt Putin's ability to wield energy as a weapon in the region. Operationally, modernized and integrated transportation corridors, energy linkages, and communications networks will directly benefit NATO's capabilities. The Three Seas Initiative enjoys the strong backing of the administration, and it merits Congress fullest endorsement and support. I would be happy to submit for the record a fuller description of the Initiative, its status, and requirements.

Yet, despite aggressive and innovative efforts by some countries in Europe, some nations, consumed by other priorities or feeling otherwise secure, have barely responded to Russian interventions and aggression. Unfortunately, the level of concern about the threat Russia poses to NATO is uneven across the Alliance. Part of this has to do with the fact that the defense of Europe has moved east to the Baltic States and Black Sea, where during the Cold War, defending Europe started further west. Complacency by nations who do not feel directly threatened has weakened our ability to deter further Russian action. In fact, some Allied leaders have appeared sympathetic to Moscow while others have simply been naïve about Russian intentions. This plays into Putin's strategy and must be reversed for the good of all of Europe. It is especially important in the face of Russian military modernization and activities outside their border that are destabilizing for the Euro-Atlantic area.

At the same time, the anti-access and area denial challenges posed by Russia in Europe's east – and by China elsewhere – require aggressive responses and combining new and old ways of thinking about deterrence. For instance, NATO should consider making an aggressive effort to preposition equipment forward, consider a permanent forward headquarters, and leave no doubt that we have an adequate number of rotational troops to counter the threat. Moreover, and let me blunt, withdrawing troops from contested areas, which parts of Europe are today, is a bad idea. Security vacuums will be filled – and not by actors who share the same perspectives or values we do. Where forward presence is concerned, virtual presence is actual absence.

And while I noted some progress on defense spending, I recognize the debate around burden-sharing is increasingly tense and politicized. Make no mistake, there is merit to the debate. When Allies make commitments – like the Defense Investment Pledge in Wales or in Prague in 2002 – with no visible actions that follow-through on their commitments, the credibility of the Alliance suffers, the solidarity of the Alliance is strained, and ability of the Alliance to deter is weakened. Equally, when targets that were set to improve readiness or increase capabilities are not implemented, there are legitimate questions about the political willingness of Europe to take our collective security seriously.

To that end, we should recognize the EU is an important security actor, even as our preference will always be to work through NATO in the first instance. Refusing to engage bilaterally with the EU, or prohibiting cooperation between NATO and the EU, is counterproductive and fails to recognize and empower genuine efforts to increase European capabilities.

The United States is right in asking that Europe do more. But that imperative is not credible without a genuine conviction that United States is invested in NATO for the long run and willing to fulfill its Article 5 obligations. Statements to the contrary are counterproductive to the leadership role the United States must play to move the Alliance forward. Such statements also damage the perception of NATO among the American public, something I know members of Congress must think about with respect to constituent opinions.

I hope that all of you believe as I do that NATO is an indispensable strategic asset to the United States, that we have an economic imperative to ensure the peaceful integrity of the Euro-Atlantic for fundamental economic reasons, and that we have a security imperative to meet threats forward and to protect the community of democratic nations in an increasingly unstable world drifting toward authoritarianism in some quarters. We recognize that having like-minded friends with common values, invested in the US-led global security architecture, makes us safer in general while also giving us more options when confronting a crisis. Institutions like NATO help normalize expectations around rule of law, collective security, and free and open economies in ways that promote enduring stability for the US – as the last 70 years have shown. NATO is a significant investment, but it is an investment in ourselves, and one that provides us with these practical advantages. We must all do our part to ensure the American people understand this – because the threats of the future will require NATO more than ever.

I'd like to address two ways in which NATO must act to be prepared for the future. First, as has been well-documented, activities to Europe's south in the form of war, civil unrest, migration, terrorism, and trafficking have significant implications for European security. The Alliance is making progress in addressing such issues, but in relative terms, NATO's southern strategy remains hollow and under-resourced. NATO must be active in addressing these threats, for instance, in terms of training and capacity building in Africa to shore up security and governance as a means of preventing crises that affect European security. The same might be said of NATO's role in the Middle East. Creating security

conditions in neighboring regions as a means to enable better governance and increased commerce is a component of NATO's southern strategy that must be further developed.

To that end, NATO's network of partnerships globally is a source of its vitality and something the Alliance must pursue with focus. Of course, NATO's door should remain open to any democracy willing to meet the requirements of membership and I am gratified by the agreement between Greece and North Macedonia that has the latter on the path to join the Alliance. NATO's foundational partnerships in Europe, as well as those in other regions of the globe, provide the Alliance with insights and options in an uncertain world. I find recent speculation about NATO partnerships in Latin America worth discussing and, in light of indicators signaling the centrality of the Indo-Pacific region to the global economy, NATO's partnerships in Asia are growing in importance. I believe that NATO could be of great assistance to our Arab friends as they consider ways to offset Iran's strategic ambitions in that region.

This brings me to the second action NATO must take to effectively navigate the coming decades. Simply put, our European allies must come to grips the global ambition of China. While Europe is just awakening to the strategic implications of Chinese investments in everything from transportation infrastructure to digital technology, the approach to China across the region is uneven and muddled. Italy's recent decision to accept a significant Chinese investment in maritime infrastructure ignores the reality of Chinese ambitions. Skepticism across Europe about the dangers of Chinese technology for 5G networks should be a wake-up call for those of us concerned about transatlantic security and the interoperability of the Alliance. Ceding access to China to key Italian ports is a mistake of strategic proportions, one that Italy will regret.

Since divergent approaches to China across the Atlantic have the potential to unravel Alliance unity, NATO should start serious consultations about the short- and long-term security implications of Chinese investments and actions immediately. At a moment when the United States is demanding more resources from Allies, China is investing liberally across the continent. This is a dynamic that can exacerbate the existing divergence of views and shadow over the fact that China does not share the values that bind the community of free nations nor does it abide by global commercial norms and standards. Trying to appease our "competition" is a very flawed strategy.

What should NATO do? It should deepen in its existing partnerships in the Indo-Pacific, including those with India, Japan, South Korea, New Zealand and Australia and work an Asian presence mission into its repertoire of NATO exercises. While China does not present an immediate military threat to Europe, Beijing's challenges to the rules-based international order is a transatlantic concern. It stands among the more significant long-term challenges in a world that is increasingly globalized.

Let me finish my underscoring that for NATO to be as relevant to the 21st century as it was to the 20th, US leadership remains the essential ingredient. If the US is not committed to NATO, if it does not invest in NATO, if does not set the agenda for what NATO should do, NATO will gradually fade into irrelevance...full stop! Members of Congress have a heavy responsibility, to be sure, in ensuring that our commitments and investments are executed. We all have a critical role in explaining the value of NATO to the American public. If we do that effectively, NATO will remain active, adaptive, and indispensable to the advancement of American interests and security.

Thank you for inviting me to appear today to offer my thoughts on the future essentiality of America's commitment to NATO, and NATO's essentiality to our national security. I look forward to your questions.

James L. Jones
General, US Marines (Ret)
Executive Chairman Emeritus, The Atlantic Council

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Mr. KEATING. Thank you, General Jones.
Dr. Farkas?

STATEMENT OF EVELYN N. FARKAS, GERMAN MARSHALL FUND OF THE UNITED STATES

Ms. FARKAS. Thank you. It has been a while since I have been on the House side, though I worked for 7 years on the Senate side. But I started here with this committee as a fellow in 1992, and they had me sitting in that anteroom there. So, it is nice to be back, but I do not have familiarity with the buttons.

Thank you, Mr. Chairman, Ranking Member Kinzinger, all of you members, for taking the time today, I know for now the third hearing on NATO. It is important because today our international system, NATO, and democracy around the world have never been in graver danger than they are today since the cold war.

Today, Americans and our democratic allies in Europe, Asia, and elsewhere, are in a standoff against autocratic dictators working to destroy our democracy and to thwart our domestic and international objectives.

First and foremost among these adversaries, as the ranking member mentioned, is the Russian government, led by Vladimir Putin. Russia is our greatest threat. The Kremlin is not satisfied solely by threatening our international interests, it seeks also a corrupt, weak, and undemocratic America.

Russia, together with China, which seems to co-opt rather than destroy the international order, aims to return us to a 19th century sphere-of-influence system. Now we know from history that this alternative to the current global order leads to great power military competition, economic protectionism, and, ultimately, war.

Russia would like nothing more than a United States uncoupled from the alliances that have brought us unprecedented success. NATO, our only operational collective security alliance, is in the sights of Putin's Russia. Yet, in this moment of danger, NATO is strong. In the decades since 1991, NATO expanded in territory and mission, as the general mentioned, and the recent historic agreement between Greece and North Macedonia means the latter will become the 30th alliance member. Countries want to join, and when they qualify, we welcome them.

NATO did not grow in size, however, solely to deter Russia, though that was a motivation. NATO primarily enlarged to strengthen democracy and free markets. Today, deterring Russia is, however, once again at the top of the NATO agenda. And I would prioritize that. Russia violated the sovereignty of Georgia and Ukraine with invasions and occupations and the sovereignty of almost all, if not all, NATO neighbors with cyber and information operations.

Meanwhile, China hopes to develop 3G communications networks in Europe, which would leave NATO members more susceptible to Chinese espionage. This comes on top of Chinese Belt and Road Initiative infrastructure projects which have threatened to put European countries into debt traps, beholden to Chinese entities for decades.

NATO must focus on countering autocracies like Russia and China. And again, that is where I would put the priority. First,

NATO must provide military support and advice to Ukraine, Georgia, and Moldova. NATO should seek a way to bring Georgia into NATO, perhaps temporarily carving out the occupied areas, as we did with East Berlin during the cold war. And I am sort of stealing this idea from my colleague, Damon Wilson, who once set it forth in an Atlantic Council paper several years ago. Maybe it will catch on now.

Second, NATO must prepare the two remaining Balkan aspirants, Bosnia and Kosovo, for membership and neutralize the threat posed by Russian influence and presence in the Balkan region.

Third, NATO members must contribute more to building military conventional and asymmetric capabilities. Allies, of course, should meet their pledge to spend 2 percent of their GDP on defense and to invest 20 percent on real capabilities by 2024, but NATO should also establish, among other things—and I have listed a bunch more in the written testimony—a fund to help Eastern European allies and partners who still have legacy Soviet and Russian equipment. This was something that we did not have money for under the Obama Administration, but I would have liked to have done it dearly.

Fourth, NATO must protect its military cutting edge and competitiveness vis-a-vis China.

Fifth, finally, and most importantly, NATO members must renew their vows to democracy. Democratic backsliding cannot be ignored, especially when Russia works every day to cripple NATO's cohesion and resolve. The governments of Hungary, Poland, and Turkey must be held accountable.

In the United States as well, we must heed the warning of the authors of How Democracies Die. Democracies die when leaders do four things. One, refuse to play by the democratic rules. Two, delegitimize their opponents. Three, tolerate or encourage violence. Four, prepare to curtail the civil rights of political opponents and the media.

We must shore up our democracy and improve the processes and functionings of its institutions. We must ensure civility and democratic culture. We must fight corruption and improve our capitalist system to provide transparency, opportunity, and basic well-being for all Americans. Any alliance is only as good as the sum of its parts.

Thank you.

[The prepared statement of Ms. Farkas follows:]

Prepared Statement
By
Dr. Evelyn N. Farkas

Resident Senior Fellow, German Marshall Fund of the United States of America

Before
Subcommittee on Europe, Eurasia, Energy and the Environment of the Committee on Foreign Affairs, United States House of Representatives

Hearing on "The Future of NATO: New Challenges and Opportunities," April 2, 2019

Chairman Keating, Ranking Member Kinzinger, distinguished members of the Committee, thank you for holding this hearing and giving us the opportunity to consider with you the challenges, threats and opportunities facing NATO within the context of its Open Door policy.

This year, 2019, is a milestone year. In two days we will celebrate the 70th anniversary of the founding of NATO with a meeting of foreign ministers here in Washington DC. And in October we will mark 30 years since the Berlin Wall -- the physical barrier dividing East and West Berlin, and the communist East Bloc from the democratic West – was breached by people eager for democracy and freedom. And yet, our international system, NATO, and democracy in America and around the world have never been in graver danger since the Cold War than they are today.

Today, the United States, we Americans, and our democratic allies worldwide, are in a standoff against autocratic dictators working to destroy our democracy and to thwart our domestic and international objectives. First and foremost among these adversaries is the Russian government led by Vladimir Putin. Russia is our greatest threat; the Kremlin is not satisfied solely by threatening our international interests. It also seeks a corrupt, weak and undemocratic America.

The Threat

Russian President Vladimir Putin and his Kremlin have one main objective – to stay in power, to maintain the corrupt, autocratic, Kleptocracy running Russia today. To achieve this objective, Putin has determined he must demonstrate to the Russian people that he is making Russia great again; indeed, after Russia's economic growth tapered off in 2011, he has found it useful to distract Russians with military adventurism abroad. Putin seeks to re-establish a sphere of influence for Russia, which includes the territory that comprised the former Soviet Union, and if

he can get away with it, the former East Bloc as well. He and his Kremlin cronies don't want an international order based on existing multilateral institutions which have served democracy, human rights and the United States so well. Instead, Moscow seeks the old 19th century balance of power system, where nations live in a state of mistrust, arms races and cycles of protectionism and war.

Meanwhile, Putin believes that the United States, the strongest diplomatic, economic and military power in the world, continues to seek to spread democracy, including to the Russian Federation. Therefore, Putin is determined to make America weak, unable and unwilling to support democracy for oppressed peoples. This incidentally, is a major component of what is at stake in Syria and Venezuela. (The other dimension, again, is Putin's strategic interest in global influence, an operational need for bases and ports for his military.)

In order to achieve his objectives, Putin and his government have repeatedly violated international law and norms and human rights. They invaded neighboring Republic of Georgia in 2008, and continue to occupy 20 percent of its territory. In 2014 Russian invaded Ukraine, illegally annexing Crimea, and igniting a separatist war in another part of eastern Ukraine. The Kremlin has murdered a list of its enemies in other countries including the United Kingdom, France, Ukraine and likely the United States[1] and has used chemical and nuclear materials to do so. Russian fighters shot down Malaysian Airlines Flight 17 over Ukraine, killing 298 innocent persons. Russia has interfered in elections in Western and Eastern Europe and the United States and continues to conduct information operations aimed at sowing discord and division and eroding confidence in democracy. We learned last year, Russian cyber actors have infiltrated our energy and water grids and have inserted malware to facilitate potential future attacks.

Russia has violated the Intermediate Nuclear Forces Treaty and several conventional arms control agreements. Its military continues to conduct unprofessional risky air operations, buzzing U.S. and allied ships and aircraft. Russian military jets have encroached upon U.S., European and Japanese airspace at levels not seen since the Cold War, necessitating defensive military maneuvers by our aircraft in response. And the Russian government and its forces have assisted the Syrian military in its deliberate bombing of hospitals, innocent civilians and a UN convoy.

Russia is no longer a status quo power. Together with China, which seeks to co-opt rather than destroy the international order, Moscow aims to return to a 19th century sphere of influence international disorder. We know from history that this alternative to the current global order leads to great power military competition, economic protectionism and ultimately, war. Russia would like nothing better than a United States uncoupled from the alliances that have brought us unprecedented economic, military and diplomatic success. NATO, our only operational collective security alliance is in the sights of Putin's Russia.

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[1] "Former Putin Advisor had Neck Fracture at Time of Death in Washington Hotel," *Associated Press*, March 16, 2019.

Yet, in this moment of danger, NATO remains strong.

In the decades since the collapse of the Soviet Union in 1991, NATO expanded in territory and mission. In 1999, the first former East Bloc members – the Czech Republic, Hungary and Poland-- joined the Alliance and five years later, in 2004, seven other Eastern European states joined. In 2009, the enlargement took a southern turn, admitting Albania and Croatia and two years ago Montenegro became the 29thNATO member. With the historic and courageous agreement between Greece and North Macedonia regarding heritage and names, the 30thmember will be the Balkan state previously known as Macedonia. I urge the administration and Congress to move expeditiously to approve North Macedonia's accession.

At a time when NATO is being directly challenged by the Russian government, both politically and militarily, and its value is publicly questioned by the president of the United States, the accession of these two new Balkan members is a dramatic endorsement of NATO's enduring attractiveness and value.

NATO's founding document the North Atlantic Treaty enshrined within its Article 10 the "Open Door" principle, declaring that NATO membership is open to any "European state in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area."[2] NATO membership – if states can meet the political and military criteria – will earn them security, stability and greater economic prosperity. In exchange, because new members must have resolved border or other disputes with neighbors and internal ethnic conflicts NATO allies can expand the European territory that is "free and at peace." Expanded peace and democracy means more commerce within Europe and across the Atlantic. Individual states, the region and all NATO allies benefit.

The threats have changed, but NATO has maintained its relevance because collective security is almost always better than going it alone, even for large politically, economically and militarily strong states like ours. As Secretary General Stoltenberg put it at a recent German Marshall Fund event, "Let us remember that alliances do not stand in the way of strong and independent nations...NATO exists precisely to ensure the freedom and prosperity in which sovereign countries and peoples can thrive."[3]

NATO did not grow in size solely to deter Russia, though for most initial members that was a motivation. NATO primarily enlarged to the East to strengthen democracy and free markets. New members demonstrated they were capable of managing domestic and regional ethnic and political tensions and committed to further democratic, economic and military reform. They accepted the responsibilities of Articles 3 (self-defense) and 5 (collective defense). They subsequently contributed to the NATO common budget and to deployments from Kosovo to Iraq, Afghanistan and to the Counter-ISIL effort focused in Iraq and Syria. And

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[2] NATO, *The North Atlantic Treaty*, signed April 4, 1949, Article 10.

[3] "NATO Alliance Marking 70 Years, Looks to Counter Threats". *US Department of Defense*, March 18, 2019,https://dod.defense.gov/News/Article/Article/1788045/nato-alliance-marking-70-years-looks-to-counter-threats/.

all members endorsed and participated in the effort to forge a new relationship with the Russian Federation, as enshrined in the 1997 NATO-Russia Founding Act, which included commitment to sovereign borders and a ban on "substantial and permanent" new deployments to NATO's new eastern members.

The New NATO Agenda

Today deterring Russia is, once again, at the top of the NATO agenda. Russia violated the Founding Act with its military invasions and occupations in Georgia and Ukraine and with its cyber and information operations against almost all, if not all, NATO members. NATO has responded with assistance to the aspirant countries on its periphery, and strong conventional deterrence on NATO territory. The U.S. contribution to this effort in the form of the European Deterrence Initiative (EDI) is invaluable. I commend the Trump administration for providing lethal defensive weapons to Ukraine and for increasing the amount of EDI. But I urge Congress to reconsider the proposed 2020 cut to that funding. Now – when Russian naval forces continue to violate Ukrainian freedom of navigation rights and to illegally hold 3 vessels and 23 sailors seized in November – is not the time to ease up on support to our eastern allies and partners.

Russia has consistently and aggressively worked to counter the efforts of Balkan countries to join NATO, including attempting to assassinate the Montenegrin prime minister and through disinformation operations in North Macedonia. Russia exerts influence in Serbia through energy and other business deals and its military intelligence presence at the south Serbian base in Nis. The Kremlin actively works to exacerbate ethnic division and encourage separatism in Bosnia and is encouraging the Serbian government to push for a dangerous, ill-considered land swap with Kosovo.

Meanwhile, China is also working to extend its economic and political influence to Europe, actively working to develop 5G communications networks in Europe, which would likely leave NATO members more susceptible to Chinese espionage, sabotage and blackmail. This comes on top of existing Chinese "Belt and Road Initiative" projects which have threatened to put European countries into "debt traps," where they are beholden to Chinese entities for decades.

NATO, its new and old members, must focus on countering threats from autocracies like Russia, and China and other threats, in the following fashion:

NATO as an institution must provide military support and advice to Ukraine, Georgia, and Moldova, partner nations located on Russia's periphery that are all subject to Russian military occupation. NATO exercises should continue in Georgia and Ukraine and these aspirant countries should continue to be invited to other exercises, including those with a hybrid or asymmetric warfare component. Military assistance should include lethal defensive ground, maritime and air systems; the prospect of potential losses is the best potential means to stop further Russian military aggression in the Black Sea and Caucasus regions. NATO assistance and

that of member states should come with requirements for accountability and transparency in defense spending, military procurement and personnel management.

NATO must work more actively to prepare the two remaining Balkan aspirants for membership: Bosnia and Kosovo, and to neutralize the threat posed by Russian influence and presence in the region. Bosnia has taken key steps to qualify for NATO membership, including registering some of its defense properties; the alliance has demonstrated flexibility by approving activation of a Membership Action Plan (MAP) of advice, assistance and targets for Bosnia to reach in order to quality for membership. Bosnia's political and ethnic fragmentation remains the obstacle to the state agreeing to the MAP. Resistance by the Bosnian Serb leadership is routinely strengthened by Moscow. NATO members must counteract those forces by supporting constitutional reform in Bosnia and providing assistance to combat corruption in the military and defense sector.

The refusal of Spain, Romania and Slovakia to recognize Kosovo's statehood, because they fear the separatist precedent is a NATO failure. The reasons for their stance have nothing to do with Kosovo's unique history and its UN-mandated and approved independence process. All NATO members must recognize Kosovo as it is – a sovereign state under international law, with a seat at the United Nations. NATO must maintain security in Kosovo through its Kosovo Force (KFOR) deployment, but must work with the European Union to bring a durable resolution to the conflict between Kosovo and Serbia. Given the ethnic map in Kosovo and Serbia, a land swap is unlikely to be the solution. Moreover, in light of Russian (and Chinese) challenges to territorial borders any alterations in the south Balkans will serve to encourage separatism in Budapest and elsewhere. Let's not forget that the first European leader to express sympathy for Russia's military operations in Ukraine was Hungarian prime minister Victor Orban, whose nationalist agenda exploits the issue of Hungarian minorities in Hungary's neighboring states. Separatism is exactly what the non-recognizers of Kosovo fear; Russia knows this and seeks to further inflame intra-NATO disagreement and to perpetuate Kosovo's status outside NATO, denied even aspirant member status.

Serbia is not a NATO aspirant, but it aims to join the European Union. Yet at the same time the Serbian government, plagued by nationalist politics, is an easy target for Russian manipulation. Serbia is beholden to Russia for energy and is a willing host to Russian intelligence operatives, allowing Kremlin influence in Serbia to increase. Belgrade continues to welcome European and American investment, but so long as the Kremlin targets the EU and its members Serbia's situation will remain untenable. Serbia must eventually chose democracy or go the route of autocracies like Belarus, firmly under the Kremlin's thumb. NATO and its members can encourage Serbia to pick democracy, by promoting military modernization; the Serbian armed forces know NATO is the military "gold standard." The U.S. should continue the robust exercise program it has with the Serbian military, but demand more publicity and acknowledgement of this work, at least to match the level of hoopla that accompanies the few bilateral engagements between Russia and Serbia.

NATO members must all contribute more to building military conventional and asymmetric capabilities. This means that all allies, including new allies, should honor their Wales Defense Investment Pledge to spend 2 percent of their GDP on defense and to invest 20 percent of that in "major capacities" (as opposed to personnel or other base operating expenditures) by 2024. All allies need to improve readiness by fully manning designated combat units, properly maintaining equipment and participating in more exercises. The Eastern European allies who still have legacy Soviet/Russian equipment in their inventory need to transition to NATO-interoperable platforms soonest. NATO should establish a fund to help the newest members achieve this objective. Continued reliance on Russian systems is a vulnerability Moscow is only too happy to continue to exploit.

NATO must do more to counter bad cyber-actors such as Russia, China, Iran and North Korea.[4] The Alliance should define cyber-attacks or hybrid ("little green men") operations that would trigger Article 5 in order to dispel the current ambiguity Russia and other adversaries can and do exploit. The Supreme Allied Commander must be directed to develop more exercises for defensive cyber operations and contingency plans for hybrid operations.

NATO must work more actively to protect its military cutting edge and competitiveness vis-à-vis China, in particular. The United States should devote more resources to the Committee on Foreign Investment in the United States (CFIUS) process, and help its allies establish similar procedures for vetting foreign investment for impact on national and collective security. Allies should increase coordination to prevent investments that could endanger national security and to prevent cyber-and other industrial espionage.

NATO members must all be required to "renew their vows" to liberal democracy, a free and fair market economy, and the alliance must be prepared to call out governments working counter to the bedrock principles of the North Atlantic Treaty. Democratic backsliding cannot be ignored, especially in the current environment where Russia works every day to cripple NATO's cohesion and resolve. The governments of Hungary, Poland and Turkey must be held accountable. The United States and other allies should increase funding for civil society, independent media and organizations focused on anti-corruption in all eastern European member states. Secretary Pompeo recently signaled an interest in doing so in Hungary.[5] Congress should ensure that the resources and resolve meet the challenge.

In the United States as well, we would be wise to heed the warning of the authors of How Democracies Die.[6] Democracies die when leaders: 1) refuse to play by the democratic rules; 2) delegitimize their opponents; 3) tolerate or encourage violence, and; 4) are prepared to curtail the civil rights of political opponents and the media. We must shore up our democracy, improve the processes and functioning of institutions and ensure civility and democratic culture. We

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[4] Sophie Arts, "Offense as the New Defense: New Life for NATO's Cyber Policy," *German Marshall Fund of the United States*, December 13, 2018.

[5] "Press Availability with Hungarian Foreign Minister Szijarto," Secretary of State's Remarks, *U.S. Department of State*, February, 11, 2019.

[6] Steven Levitsky and Daniel Ziblatt, *How Democracies Die,* (New York: Crown, 2018).

must also fight corruption and improve our capitalist system to increase transparency, opportunity and provide for a common basic health and wellbeing for all Americans.

Any alliance is only as good as the sum of the parts. So long as countries still want to join NATO we know we are doing something right, but we can't take the success of the Alliance for granted.

Thank you.

Mr. KEATING. Thank you, Dr. Farkas.
Mr. Wilson?

STATEMENT OF DAMON WILSON, EXECUTIVE VICE PRESIDENT, ATLANTIC COUNCIL

Mr. WILSON. Chairman Keating, Ranking Member Kinzinger, distinguished members of the committee, thank you for the opportunity to testify on the future of NATO, and thank you for your leadership on our alliance.

NATO is the most successful alliance in history, in large part because of its ability to adapt. So, as ministers gather in Washington today, it is appropriate that this committee focuses not on the past, but on the future. As our Nation prepares for a long period of strategic geopolitical competition, we need to put our alliances in NATO, in particular, at the core of our strategy. And to make them effective, U.S. leadership is the key ingredient.

The United States and its allies increasingly agree that the great challenge of the 21st century will be the competition between a free world and authoritarian, State-led capitalism, especially China and Russia. That means U.S. interests are best served when Washington and its allies act together. We need our allies as force multipliers of our interests and values when we face Moscow and Beijing. For NATO, this means responding to Russia's aggression today while preparing for the challenge posed by China's global reach.

With regard to Russia, in my view, this requires a significant continuous U.S. military presence in the Baltic States, Poland, in the Black Sea, and Balkan regions, together with our allies. Today, our allies are forward positioned in the Baltic States; the United States is not and should be.

The Russian challenge to us is likely to remain asymmetric. Therefore, we should double down on our support, working with the European Union to strengthen the resilience of democratic societies through efforts that range from diversifying energy routes and supplies to democratic defense of disinformation.

At the same time, we need a common approach with our allies on how to handle China's challenge, including by agreeing to common trade practices and approaches to set global standards, supporting our allies and establishing CFIUS-like review of foreign investment, and forging a concerted transatlantic effort to ensure the free world harnesses new technologies such as secure 5G before the authoritarians do.

In an era of great power competition, our goals should be to keep and expand our alliances. This means that we should stand by NATO's open-door policy, recognizing that welcoming new members is about expanding the zone of security and the community willing to defend freedom. Enlargement to those willing and able to accept the responsibility of membership should be seen as in our interest, not just in the interest of the aspirants. The Senate will have the next opportunity to act to welcome North Macedonia as NATO's 30th member, demonstrating that Russia's effort to disrupt our interest in the Balkans is failing.

Looking ahead, however, we should keep an open mind with regard to additional members, whether that be other Balkan nations,

Cyprus as part of a settlement, Ukraine and Georgia in a way that Article 5 would not apply to their occupied territories, or Sweden, Finland, or Malta, if their publics and governments opted for it.

While geopolitics have returned to Europe, today's competition is global. Russia is back in the Middle East and Latin America. Witness China's global reach.

Recognizing this reality, the United States should lead a more concerted effort to thicken the political bonds and operational ties between NATO and its global partners. Today, these partnerships are an under-invested asset at NATO Headquarters, and we should begin to change that. This means the United States could consider formalizing the links among U.S. treaty allies in Europe and those in Asia. And at the same time, we should begin fostering alliance-like links among our existing allies with strategic partners such as India and, in Latin America, Colombia, Brazil, and Mexico, as we consider what unfolds in Venezuela.

Beginning to build a network of alliances now with the United States at the center would provide a more capable and intentional global democratic response to the authoritarian challenge. It could also be a precursor to a more formal set of alliances among democracies who are committed to protecting their way of life and a democratic international order.

So, as NATO leaders being arriving here today, there is no doubt a lot of attention will focus on which allies are making strides toward their defense investment pledges, and rightly so. While much more remains to be done, we can recognize that, since 2016, European allies have spent an additional $41 billion and have plans through 2020 of an additional $100 billion.

That said, I am concerned about the current burden-sharing debate, that it can misplace the focus on what is strategically important inside the alliance. America's friends and allies are the United States' best competitive advantage. Indeed, Congress, the administration, and the American people can view our alliances as a national strategic asset. As such, each administration serves as a steward of these assets with a responsibility to defend, strengthen, and lead them. U.S. leadership, after all, is the decisive element in determining the success of NATO's future.

Thank you for the privilege to testify today. I look forward to your questions.

[The prepared statement of Mr. Wilson follows:]

Testimony before
The House Committee on Foreign Affairs
Subcommittee on Europe, Eurasia, Energy, and the Environment

Hearing on The Future of NATO: New Challenges and Opportunities
April 2, 2019

Damon M. Wilson
Executive Vice President, Atlantic Council
Views are those of my own.

Chairman Keating, Ranking Member Kinzinger, and distinguished members of this Committee, thank you for the opportunity to testify today on the future of NATO.

This week, we will commemorate the 70th anniversary of NATO, the most successful alliance in history. The Alliance has succeeded in ensuring the peace and security of its members in large part because of its ability to adapt. So as leaders gather in Washington, it's appropriate that this Committee focuses not on the past, but on NATO's future.

As our nation prepares for a long period of strategic geopolitical competition, we need to put our alliances, and NATO in particular, at the core, not the periphery, of our strategy. And to make them effective, US leadership remains the key ingredient.

The United States and its allies increasingly agree that the great challenge of the 21st century will be the competition between the free world and authoritarian, corrupt state-led capitalism, especially China and Russia. If you accept this premise, US interests are best served when Washington and its allies act together. We need our allies as force multipliers for US interests and values when we face Moscow and Beijing.

For NATO, this means responding to Russia's aggression today, while preparing for the challenge posed by China's growing global reach.

With regard to Russia, we need to continue the Alliance's efforts to bolster its deterrence and defense in response to a revanchist Kremlin seeking to threaten its neighbors and our allies. In my view, this requires a significant and continuous US military presence in the Baltic states, Poland, and in the Black Sea and Balkan regions, supplemented by our NATO allies. Today, our allies are forward positioned in the Baltics states; the United States is not and should be.

But the Russian challenge to us is likely to remain asymmetric. Therefore, we should double down on our support, working with the European Union, to strengthen the resilience of democratic societies through efforts that range from diversifying energy routes and supplies to democratic defense of disinformation.

At the same time, we need a common approach with our allies on how to handle China's challenge, including by agreeing to common trade practices and approaches to set global standards, supporting our allies in establishing CFIUS-like review of foreign investments, and forging a concerted transatlantic

effort to ensure the free world harnesses new technologies such as secure 5G before the authoritarians do.

In an era of great power competition, our goal should be to keep and expand our alliances.

If our aim is to keep our allies as allies, we should avoid policies that ostracize allies whether Turkey or Hungary, even as we raise tough issues. We should work to keep our allies anchored in an alliance structure that provides the security necessary for democracies to face their own difficult political issues at home.

Furthermore, this means that we should stand by NATO's open door policy, recognizing that welcoming new members is about expanding the zone of security and the community willing to defend freedom. Enlargement to those willing and able to accept the responsibility of membership should be seen as in our interests, not just in the interests of the aspirants.

The Senate will have the next opportunity to act to welcome North Macedonia as NATO's 30th member, demonstrating that Russia's effort to disrupt our interests in the Balkans is failing. Looking ahead, however, we should keep an open mind with regard to additional members, whether that be other Balkan nations; Cyprus as part of a settlement; Ukraine and Georgia in such a way that Article 5 would not apply to their occupied territories; or Sweden, Finland, or Malta if their publics and governments opted for it.

While geopolitics have returned to Europe, today's competition is global. Russia is back in the Middle East and Latin America. Witness China's global reach.

Recognizing this reality, the United States should lead a more concerted effort to thicken the political bonds and operational ties between NATO and its global partners. Today, these partnerships are an underinvested asset at NATO headquarters; we should begin to change that. Specifically, the United States should consider formalizing the links among US treaty allies in Europe and those in Asia, namely Japan, South Korea, Australia, and New Zealand. At the same time, we should begin fostering alliance-like links among our existing allies with strategic partners such as India and, in Latin America, Colombia, Brazil, and Mexico.

Beginning to build a network of alliances now with the United States at the center would provide a more capable and intentional global democratic response to the authoritarian challenge. Doing so could also be a precursor to a more formal alliance among democracies who are committed to protecting their way of life and a democratic international order.

As NATO leaders begin arriving in Washington today, no doubt much attention will focus on which allies are making strides toward their defense investment pledges. And rightly so. While much more remains to be done, since 2016, European allies have spent an additional $41 billion in defense; through 2020, they will spend an extra $100 billion; and their plans call for an additional $350 billion through 2024.

That said, I am concerned that the current burden-sharing debate misplaces the focus on what's strategically important and potentially undermines the Alliance's credibility.

The United States, the United Kingdom, France, and Germany account for 86 percent of total NATO defense spending. Given that the United States and United Kingdom spend over 2 percent of GDP on

defense and France is close, we are having a debate about what amounts to 14 percent of NATO's total defense expenditure plus Germany. The current political debate is outsized relative to its strategic importance, in terms of delivering the capabilities the alliance needs to act. Furthermore, excessive focus on burden-sharing risks perpetuating questions about the Alliance's credibility and stoking doubts among the US public about NATO. The United States is right in expecting its allies to do more; but we need to remember that our own efforts are in our interests; they are not acts of charity.

To conclude, in an era of geopolitical competition, America's friends and allies are the United States' best competitive advantage. Viewing our alliances that way would compel consistent policies to lead our alliances to ensure united fronts in standing up to Russian and Chinese aggression. Our defense strategy should inevitably drive Washington to bolster and expand its alliances.

Indeed, Congress, the administration, and the American people should view our alliances as national strategic assets. As such, each administration serves as a steward of these assets with a responsibility to defend, strengthen, and lead them.

US leadership after all is the decisive element in determining the success of NATO's future.

Thank you for the privilege to testify today. I look forward to your questions.

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Mr. KEATING. Thank you, Mr. Wilson.

I will now recognize myself for 5 minutes.

This week, we look back and celebrate NATO and look back at the history. But this hearing is about looking forward.

General Jones, you hit, I think, the theme of that hearing, talking about a new way of viewing, a much more proactive way. We will look at the 2 percent, the 20 percent, but, really, what is NATO's role in coordinating how that is going to be spent, how we are going to move in that direction, eliminating unnecessary redundancies and ensure improved deterrence and readiness in that regard? So, in that proactive sense that you spoke about, could you share some of your thoughts in that regard?

General JONES. Thank you, Mr. Chairman.

I think that this is really the moment for the alliance to really transform itself in its thinking philosophically in response to some very, very serious threats that are coming our way. NATO is included in all of these 5G discussions that are going on about China and the U.S. and Huawei, and the like. NATO can, and is showing signs of moving toward, buying the right type of equipment for the future. It is showing signs of moving into the countries that border the Black Sea and the Baltic States with expeditionary missions. There is even talk in Poland about encouraging the United States to establish fixed bases again in Poland.

China and Russia are devoting a large part of their weapons acquisition to area and access denial in terms of reinforcing NATO, the European land mass, or in the Pacific. That will cause us to have to think about how we are able to react quickly in times of emergency.

But I also really think that, as the example—and if you do not mind, Mr. Chairman, I would like to include this manual on the Three Seas Initiative as part of my testimony.

Mr. KEATING. Without objection.

[The information referred to follows:]

CHAIRMEN'S INTRODUCTION

One of the greatest successes of our new century has been the progress made in unifying Europe. The accession of Central Europe's countries to the European Union (EU)[1] has contributed to the end of division that wrought confrontations and conflicts. Yet this task is far from finished. Europe's economic woes, as well as new security challenges along the Union's eastern border add to the urgency of completing and consolidating the European integration project as part of our transatlantic vision of a Europe whole, free, and at peace.

One of the biggest challenges that must be met to complete European integration is the development of infrastructure networks that will bind together the economies of Central Europe with the rest of the European Union. Toward that end, this report is intended to give renewed priority to plans for a North-South Corridor of energy, transportation, and telecommunication routes linking the Baltic, Adriatic, and Black Seas. Reanimating, accelerating, and resourcing this project would initiate the next phase of completing Europe. The North-South Corridor must be a top priority for the European Union and its Member States, as well as the transatlantic community.

EUROPE'S INCOMPLETE INTEGRATION

Since the turn of the millennium, the EU's ranks have expanded with three rounds of enlargement featuring Central European democracies. This enlarged EU has also made great progress toward the completion of a truly single market. Through various instruments, the EU has invested billions of euros to build and upgrade Central Europe's infrastructure.

Yet, the integration of these Central European Member States remains unfinished, as the political and regulatory integration fostered by EU membership has yet to be fully complemented by infrastructural integration, both within Central Europe and of Central Europe into the broader European market space. Central European countries are still burdened by insufficient integration, unsatisfactory infrastructural connectivity with Western Europe, and weak North-South links. This is a legacy from the Soviet era, when Moscow actively prevented intraregional infrastructural integration in order to maintain high levels of dependency on the Soviet Union.

The detriments of this lack of integration are most evident in the energy sector. Central Europe remains a set of inadequately connected national energy markets, isolated from the rest of the EU and exposed to a supply monopoly. This dependence in Central Europe not only constitutes a supply-security risk; because of insufficiently diversified gas markets and monopoly pricing, it also increases prices in comparison with the Western European market, which is well diversified and more liquid.

The disadvantages of missing links are also manifest in the transportation and telecommunications sectors, in which Central European countries generally lag behind their western peers in terms of connectivity. Moreover, Central European nations that remain outside of the EU—most notably, Moldova and Ukraine—are further disconnected from the EU, and now find themselves vulnerable to economic and political pressure from an increasingly assertive and aggressive Russia.

In the past, Europe's leaders have emphasized development of the North-South Corridor. Real progress has been made in building the Baltic-Adriatic Corridor, a key road and railway network stretching from Poland's Baltic coast through Central Europe, south to the shores of Italy. In 2011, the European Commission identified the creation of the North-South Energy Corridor as a central priority in the effort to create a single European energy market. That year, the nations of the EU-10—with the active support of CEEP—signed a memorandum of understanding reaffirming the construction of that energy corridor as a shared objective.

However, the momentum behind these elements of a comprehensive North-South Corridor has since waned. Europe's weak economy and budgetary constraints have impeded multilateral, governmental, and commercial investment in infrastructure. This has contributed to the dilution of Central Europe's unified resolve, and diminished attention and commitment on the EU level. The EU no longer gives the corridor the political and policy priority it once did.

The need to reanimate the North-South Corridor has been given further urgency by the escalating tensions between Moscow and Europe—with special regard to Russia's invasion of Ukraine, as well as the North American energy boom and its impact on global and European energy markets. Russia's use of energy price

1 Throughout the report we use Central Europe as a geographic area encompassing the EU Member States from Visegrad Four countries (Czech Republic, Hungary, Poland, Slovakia), the Baltic countries (Estonia, Latvia, Lithuania) and Slovenia and Croatia. Eastern Europe refers to the EU Eastern Partnership Member States (Ukraine, Belarus, Moldova, Georgia, Armenia, and Azerbaijan).

hikes and cutoffs to cripple the Ukrainian economy and intimidate the rest of Europe bring back memories of previous energy cutoffs by Russia over the last decade. This further underscores the need to reinforce Europe's economic resilience, and strengthen its energy security by completing its internal energy market and diversifying its energy supplies.

The North-South Corridor serves the following strategic objectives, which are central to the vision of a united Europe with a single market:

- **Economic Integration**: The North-South Corridor would establish a powerful set of economic arteries including energy pipelines and power lines, highways and railways, and telecommunication links extending from Poland's Baltic coast through the Czech Republic, Slovakia, and Hungary, and to the coast of Croatia. Its spurs would span across the Baltic states and the Balkans, and reach into Moldova, Ukraine, and Turkey. This system would tie Central and Western Europe more tightly together by intersecting and complementing key existing and planned West-East infrastructure. It would increase the exchange of goods and services within Central Europe, and between Central and Western Europe.

- **Energy Security**: The North-South Corridor's liquefied natural gas (LNG) terminals and its networks of gas and oil lines and electricity grids would diversify the sources of energy for all Central European states. This is exemplified by the LNG terminal being completed in Świnoujście, Poland, and the one proposed for Krk Island, Croatia, which would enable Central Europe to tap into an increasingly global LNG market, including prospective shipments from the United States under the right set of regulatory and market conditions. The corridor is crucial to the completion of an effective single European energy market, one that can receive inputs of oil, gas, and electricity from a variety of current and prospective European and non-European suppliers, and distribute them throughout Europe on a competitive basis.

- **Competitiveness and Economic Resilience in a Global Economy**: Completion of the North-South Corridor represents an opportunity to increase competitiveness and resilience in Central and Eastern Europe, providing infrastructure of the type needed to ensure that Europe can compete effectively with economies elsewhere in the world. Furthermore, raising infrastructure-investment rates along the axis of the corridor provides an effective stimulus to economic growth. Thus, the process of corridor development represents an important contribution to solving Europe's current macroeconomic, fiscal, and monetary challenges, which include issues of competitiveness, the risk of deflation, high unemployment, and increasingly sensitive intra-EU migration trends. The North-South Corridor would foster smart, sustainable, and inclusive economic growth, and would drive the reindustrialization of Europe through lower energy prices, faster transportation links, and modern digital infrastructure.

- **Significant Contribution to Europe's Climate Goals**: The creation of a single market—featuring integrated and efficient infrastructure—is crucial to Europe's climate goals and in building a low-emission economy. The North-South Corridor would contribute significantly to the attainment of these goalsby increasing the efficiency of Europe's transportation system and enabling greater use of natural gas.

THE NORTH-SOUTH CORRIDOR AND THE TRANSATLANTIC RELATIONSHIP

Of course, the vision of a Europe that is whole, free, and secure is not solely a European concern. The United States has a vested interest in a strong, integrated, and competitive Europe, and thus should fully support the completion of the North-South Corridor.

Promoting the corridor is an important way for Washington to demonstrate continued commitment to peace and prosperity in Europe, particularly Central Europe. The corridor will also provide critical nodes to maximize benefits flowing from prospective energy trade liberalization in the context of the Transatlantic Trade and Investment Partnership (TTIP) treaty currently being negotiated by Brussels and Washington. For these reasons, it is absolutely essential to phase out outdated US restrictions on exports of crude oil and natural gas, in order to increase liquidity and enhance Europe's energy security.

Supporting the corridor is also a direct way for Washington to help strengthen Central Europe's resilience against Russian intimidation and aggression. It would lay the foundation for a more normalized and vibrant economic relationship between Europe and Russia. Indeed, a prosperous and secure Central Europe fully integrated into a single European market will no doubt be a more important and more valuable trade partner with Russia too.

The preconditions are there for a more active US role in the North-South Corridor. Energy security has long been a top priority of the US-EU relationship, and the US-EU Energy Council has been one of its most active intergovernmental bodies. A central priority of the Council has been to assist the EU in diversifying its energy sources away from an overdependence upon Russian oil and gas. This priority has been vigorously pursued by the US special envoy on Eurasian energy affairs, then by the special envoy and coordinator on international energy affairs and the Energy Bureau at State Department, as well as the US Department of Energy.

WITH A NEW EUROPEAN LEADERSHIP, A NEW OPPORTUNITY

The new European Parliament, European Commission, and European Council leadership presents an opportunity to give the North-South Corridor renewed priority in the European Union and the transatlantic community. This study is intended to provide the conceptual framework that will enable policymakers on both sides of the Atlantic to generate and focus the political and financial capital necessary to revitalize and complete this strategic project.

The research and findings of these chapters have reinforced our strong conviction that the implementation of the corridor can and should be accelerated. This requires renewed political momentum, sustained governmental and regulatory focus, and a stronger coordination of national and EU resources. With regional resolve, EU support, and American political commitment, the North-South Corridor can become a reality in the near future, preferably within the next five years.

Toward these ends, we submit the following strategic recommendations. Detailed recommendations can be found at the end of each chapter.

1. **We welcome the European Council Conclusions on October 24, 2014, declaring the North-South Corridor a critical infrastructure project.** Consequently, the European Commission should embed this priority into its key policy and budgetary directives and initiatives:

- The European Commission should highlight the corridor as a critical element of the €300 billion plan being developed to leverage public and private investment to strengthen Europe's infrastructure, drive forward economic growth and enhance energy security.
- The corridor should be reflected in the mandates of relevant European commissioners, including, among others: the vice president for jobs, growth, and investment; the vice president for the digital single market; the vice president for energy union; the commissioner for transport and space; and the commissioner for climate action and energy.

2. **The North-South Corridor should be approached holistically, guided by a vision that integrates gas and oil pipelines and infrastructure, electricity interconnections, rail and road networks, and telecommunications investments.** As a key artery in Europe's economy, the North-South Corridor will have greater impact if it leverages the synergies that can flow from the intersection and overlap of pipelines, power lines, railroads, highways, telecommunication links, and other communication networks.

3. The North-South Corridor should be prioritized in available public funding for infrastructure investment. The European Commission in 2011 found preliminary estimates for total infrastructure-investment needs up to 2020 in the range of €1.5-2 trillion, or an average of €150-200 billion annually. In the energy sector the Commission noted that "public and private entities in the Member States will need to spend around €400 billion on distribution networks and smart grids, another €200 billion on transmission networks and storage as well as €500 billion to upgrade and build new generation capacity between now and 2020."[2] Five hundred billion euros is estimated to be needed for the implementation of the Trans-European Transport Network (TEN-T) program. Last, but not least, between €38-58 billion and €181-268 billion capital investment is required to achieve the Commission's broadband targets. More recently, the European Commission[3] put "overall investment needs for transport, energy and telecom infrastructure networks of EU importance amount to EUR 1 trillion for the period up to 2020." For the European Union, the historical figure of 2.6 percent of GDP implies annual-investment amounts of nearly €500 billion for economic infrastructure until 2030.

Our report focuses specifically on critical infrastructure components that are needed to create the backbone of interconnected Central European energy, transportation and telecommunications markets along the North-South Corridor from the Baltic to the Adriatic and Black Seas. **We found that the total costs of the projects identified in this report as strategically important and critical to the completion of the corridor amount to an estimated €50.5 billion (€27 billion for energy, €20 billion for transport and €3.5 billion for telecommunications as as detailed in the respective chapters of this report)—a small portion of the enormous infrastructure investment needs outlined above especially in light of the strategic significance of the corridor.**

In these times of austerity, raising new public funds to invest in infrastructure is an unlikely prospect. **The European Union should reprogram and dedicate existing funds to promote and cofund the infrastructure projects most critical to the timely completion of the North-South Corridor as identified and outlined in this report, through the following actions:**

- Reprioritizing available funds in the Connecting Europe Facility–Energy (CEF-E) by tweaking the selection criteria for projects of common interest (PCI) to ensure that the top priorities—the twenty-seven projects in gas and six in electricity that

2 European Commission, press release, "The Europe 2020 Bond Initiative," February 28, 2011, http://europa.eu/ rapid/press-release_MEMO-11-121_en.htm?locale=en.

3 European Commission, "Long-Term Financing of the European Economy," Green Paper, March 23, 2013, http://eur-lex.europa.eu/resource.html?uri=cellar:9df9914f-6c89-48da-9c53-d9d6be7099fb.0009.03/DOC_1&format=PDF.

the European Commission's proposed European Energy Security Strategy identified as critical for the EU's energy security in the short and medium terms—enjoy priority access to CEF-E funding.

- Prioritizing infrastructure investments in the national development plans of the Member States in the framework of the EU's Multiannual Financial Framework for the period of 2014-2020. Member States in Central Europe should closely coordinate their cross-border infrastructure-development plans, to maximize the availability and efficiency of European funding.
- Earmarking €3.5 billion to a North-South Backbone Gas Pipeline from Lwówek to Sisak from combined sources from CEF-E, the Cohesion Fund and a regional infrastructure investment fund (see point 5 below).
- Streamlining access to the €11.305 billion of the Connecting Europe Facility-Transport (CEF-T) ringfenced for related transport-infrastructure investments in the Member States eligible under the Cohesion Fund to facilitate absorption capacity of Member States along the North-South Corridor.
- Doubling the percentage of Connecting Europe Facility funds allocated to telecommunications infrastructure and leveraging those funds for regional and national projects as opposed to solely pan-European projects. Today, only 3 percent of CEF funds, or some €1.14 billion are directed toward the telecommunications sector. Giving priority for CEF telecommunications funding to those Central European states lagging in digital literacy with the aim to foster public-private partnerships to further develop digital services infrastructure. Leverage the rails, roads, and pipelines of the North-South Corridor as venues through which to build an efficient access network of Central European broadband infrastructure.

Focusing EU resources on key corridor connectors would demonstrate the viability of the North-South Corridor as a whole, and thereby generate additional funding from national governments and commercial entities. In addition, **national governments of Central Europe should consider creating a €1 billion regional investment fund that pools resources to complement the funding provided by the European Union as outlined below.** European funding alone cannot provide for all public investment needs, and Central Europe is the most direct beneficiary of the North-South Corridor and the economic growth and resilience it promises to yield, along with the rest of the EU. A unified posture, backed by financial commitments by the concerned Member States, will be necessary to generate and sustain renewed support for the corridor in the European Commission and among Western European governments.

4. As outlined above, **infrastructure connectors whose acceleration and completion are most critical to completing the North-South Corridor and the integration of Central Europe with the rest of the EU should be prioritized.** Focusing on the corridor's most urgent missing links and bottlenecks is the best way to accelerate the project and to demonstrate the corridor's commercial viability.

Top priorities for the North-South Corridor in the energy sector:

- Development of a 15-billion-cubic-meters-per-year (bcm/y), bidirectional gas pipeline—the Backbone Pipeline—between Lwowek in from Świnoujście, Poland and Sisak in from Krk Island Croatia, through the Czech Republic, Slovakia, and Hungary, together with 6 bcm/y connections to Poland's new LNG regasification plant at Świnoujście and Croatia's planned LNG regas facility at Omišalj or Krk Island.
- Additional key elements include:
  - o development of linkages to Lithuania, Latvia, and Estonia, to strengthen open-market infrastructure in Northeastern Europe and end the isolation of the Baltics;
  - o development of the Ionian Adriatic Pipeline and bidirectional interconnectors with Romania and Bulgaria, as a means to tap into the Southern Gas Corridor currently under development and to further integrate the Balkans into the European energy market; and
  - o implementation of large-capacity flows to Ukraine to diversify energy supplies and enable Europe to leverage the country's extensive storage facilities.
- Physical reverse flow enabled on the interconnectors between Hungary and Romania, as well as Hungary and Croatia (the latter one being a prerequisite for the Adria Corridor that would provide an alternative suplly route into Ukraine from the Mediterranean);
- Strengthening the connection between the North-South Corridor and Western Europe (e.g., a new Polish-Germany bidirectional pipeline) in order to increase the potential number of gas sources for the corridor and its supply elasticity.
- Completing Europe's strategic oil infrastructure by building the Pan-European Oil Pipeline and the extension of the Odessa-Brody oil pipeline.
- New electricity connections between Nordic and continental European markets to adapt to changing generation portfolios in Central Europe and the Baltic region, as well as accommodating

Germany's nuclear phase out plan, as an important alternative route between Nordic and continental Europe, supporting the more efficient use of hydro potential in the North with the thermal and wind dominated RES in the Southern region. A more resilient, interconnected transmission facility will improve security of supply and the distribution of RES generation to meet Europe's 20-20-20 targets with an increasing focus on long-term projects looking toward 2030.

Top priorities for the North-South Corridor in the transportation sector:

- Accelerated completion of the Baltic-Adriatic Transportation Corridor, the North Sea-Baltic Corridor, and the Orient-East Med Corridor with special regard to:
    - Upgrading and improving multi-modal port interconnections in the Baltic region that integrate rail and road routes the Baltics with Central Europe, and accelerating the implementation of high capacity railway connections along the axis ("green transports"). A high-performance rail connection from West to East and North to South is a necessary precondition for sustainable economic development and cohesion in the regions along the North-South Corridor that has positive economic spill-over impacts over further regions along the interconnection stretches as well. The Rail Baltica Project, linking Helsinki-Tallinn-Riga-Kaunas-Warsaw will enable major regional freight transport to be shifted from road to rail.
    - Upgrading key intermodal transport connections linking the nations of Central Europe and the region to transportation routes through Austria. Completion of the Central European intersections of the North-South Corridor running from Vienna-Graz-Klagenfurt (including the Koralm line) to Udine-Venice-Ravenna, along with linkages connecting the landlocked "Visegrad capitals" along the North-South Corridor to multimodal ports of Romania and Bulgaria along the Ostrava/Prerov-Žilina-Košice-UA border, Vienna-Bratislava/Vienna-Budapest-Arad-Brašov-Bucurešti- Constanta routes.
    - Establishing and modernizing routes connecting the Baltic-Adriatic Transportation corridor to multi-modal ports in Romania and Bulgaria and beyond;
    - Modernizaton of the five North-Adriatic ports. These provide the cheapest naval route from the Far East via Suez to Central Europe with a distance that is about 2,000 nautical miles shorter than the route to Northern European ports. These ports form a perfect multimodal gateway to the key European markets. They will form a European logistics platform.

Top priorities for the North-South Corridor in the telecommunications sector:

- Creation of a backbone infrastructure along the corridor the cost of the necessary investments to efficiently upgrade the region's capacities and provide for the development of digital literacy and skills.
- Doubling the percentage of Connecting Europe Facility funds allocated to telecommunications infrastructure and leveraging those funds for regional and national projects as opposed to solely pan-European projects. Prioritizing CEF telecommunications funding to those Central European states lagging in digital literacy with the aim to foster public-private partnerships to further develop digital services infrastructure.
- Leveraging the rail, road and pipelines of the North-South corridor as venues through which to build an efficient access network of Central European broadband infrastructure.

5. **The European Central Bank (ECB) should permit limited exceptions to national budget restrictions when funds are to be spent on cross-border projects involving two or more Member States.** This would help fund projects whose commercial rationale may depend as much on their benefit to the consumer as to any commercial entity; it would help the ECB to ease spending restrictions by national governments without 'driving a coach and horses' through its current policy; and at a time of low growth and reduced employment prospects, it would help to allocate funds for construction projects that are relatively labour intensive.

6. **The North-South Corridor should be a key element of the US-EU agenda.** A Europe that is economically prosperous and integrated, and whose energy security is resilient, is a Europe that will be a more capable partner in an age of increasing global turmoil.

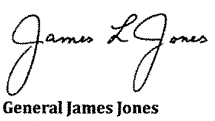
As has been the case in the Southern Corridor, the United States can leverage both its newfound energy prowess and its influence to help bring focus and unity to the complex, and often politically charged and controversial, resource decisions that are an inevitable part of vast and complex multinational projects, and create the preconditions for real energy supply diversification.

The North-South Corridor should be regarded as a critical piece of a "transatlantic energy alliance," and thus should become a priority of the US-EU relationship.

- The first meetings between Washington and the new European Commission—whether through the EU-US Energy Council, the initial engagement of the new EU high representative and the US secretary of state, or the next EU-US Summit—should be used to proclaim the North-South Corridor a shared priority.
- As part of its strategy to help drive forward the North-South Corridor, the United States should liberalize its energy markets to allow for the unfettered export of crude oil and LNG, particularly to Europe. The prospect of direct US energy sales to Europe, and the fact that expanded US exports to other regions of the world often push other LNG and crude oil to Europe, will enhance the commercial viability of the North-South Corridor.

7. **A North-South Corridor Forum should be established to foster regular consultations and to generate awareness, interest, funding, and political and commercial support.** Operating as an independent platform chaired by countries along the corridor on a rotating basis, convened regularly at senior (ministerial and ambassadorial) and working levels, the forum would facilitate intergovernmental coordination and collaboration among the countries along and adjacent to the corridor, as well as representatives from the EU and the United States. It should feature the robust engagement of the business community for advice and innovation, and serve as a platform to further improve the investment climate in the region. The forum should be used to exchange experience in the development of large-scale interstate infrastructure projects, with special regard to the United States, and foster private sector interest and public-private partnerships that should be key drivers in catalyzing essential elements of the North-South Corridor.

Completing the North-South Corridor offers a unique opportunity to further Europe's integration, enhance its energy security, increase its competitiveness in the global marketplace, and strengthen its economic resilience—all while furthering its climate change objectives. Accelerating the corridor is a critical step to initiating the next phase of completing Europe—and that should make the North-South Corridor both a European and a transatlantic priority.



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President of the Board and Chief Executive Officer, Grupa LOTOS S.A.
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1. THE ENERGY DIMENSION

This chapter attempts to furnish an overview of the requirements to create the critical interconnections that would constitute a North-South Energy Corridor, along with the various new or expanded connections that would provide access to the gas, electricity, and oil supplies required to diversify supply sources to improve Europe's energy security and competitiveness. The chapter focuses on the strategic rationale behind such a corridor; the potential supply anchors with special regard to the transatlantic dimensions; the missing links in the wider region; and concludes with a set of recommendations to speed up the development of the corridor.

THE NEED FOR A NORTH-SOUTH ENERGY CORRIDOR AND ITS STRATEGIC IMPORTANCE AND PRACTICAL IMPLICATIONS FOR ENERGY MARKETS

There are two main reasons for developing a North-South Energy Corridor. The most immediate is the role it would play in enhancing Europe's energy security by eliminating "energy islands" in the regions of the European Union that are currently not connected to mainstream European pipelines and grids, and which therefore remain vulnerable to potential single-source supply disruptions. This is particularly important in the case of the Baltic states, given their reliance on energy imported from Russia. However, it also applies to Bulgaria—which is wholly dependent on Russia for gas supplies—and to various countries in the Balkans that are members of the EU's energy affiliate, the European Energy Community (EEC). However, it should be noted that the term "North-South Corridor" is commonly used to refer to connections between the Baltic countries and Poland and countries with coastlines on the Adriatic and Black Seas, notably Croatia and Romania.

The second reason for developing the corridor is its potential role in helping to create an effective, single energy market for the EU—one that can receive oil, gas, and electricity from a variety of current and prospective suppliers and distribute them throughout the EU on a competitive, market basis.

The European Commission has drawn up a list of 248 projects of common interest (PCI)[1] intended to create the necessary connectivity between Member States. Moreover, in order to support projects that may not have an immediate commercial justification, the Commission has allocated €5.85 billion to the Connecting Europe Facility (CEF)—in effect, a fund to ensure the development of infrastructure that might otherwise be considered noncompetitive in the short term, but is critical for long-term energy security. In this context, "noncompetitive infrastructure" generally refers to projects with a strategic significance in terms of their ability to assure supply in the event of a failure along existing pipelines or electricity networks. It might, however, be worth considering whether some projects—notably national grids—should be considered noncompetitive, simply because no private company would voluntarily take them on without securing monopoly control. This is because grids prompt competition of a kind that reduces the profit levels available in areas where there are no effective grids.

The creation of a single energy market that is integrated, efficient, and flexible is considered crucial if the EU is to transform itself into a low-emission economy while maintaining secure supplies at the lowest cost. It is also considered vital if the EU is to maintain the competitiveness of its fully integrated energy market. Although the European Council in February 2011

1 European Commission, "Energy Infrastructure: Projects of Common Interest," http://ec.europa.eu/energy/infrastructure/pci/pci_en.htm.

committed the EU to completing the single energy market by 2014, and eliminating energy islands after 2015, these goals have not yet been fulfilled—and it is not clear when they will be achieved. The North-South Corridor is essential for completing the single energy market.

In May 2014, then-European Commission President José Manuel Durão Barroso, summarized the European Commission's immediate energy goals, which related more to energy security than to the completion of the single market. Barroso said that by the winter of 2014-15, the European Commission would coordinate an increase in gas-storage capacity with EU Member States, develop reverse-flow capacity, expand the potential for liquefied natural gas (LNG), and create plans for security of supply at both the regional and EU levels.

Three years earlier, after meeting with the then-Polish Prime Minister Donald Tusk, Barroso said that a common energy policy should be the next great European integration project. "We need a safe, secure, sustainable, and affordable energy supply," Barroso declared.[2] At this stage, the Barroso described this approach in largely commercial terms, as being "key to our economic interests, not only at the internal market level, but also for the European Union as a global player."[3]

Barroso then added: "This new policy has to ensure that no Member State is isolated from the rest of Europe. This is why we need to accelerate the pace of implementation of the internal market on energy."[4] He stressed the need for the European Council—the grouping of the EU's heads of government—to agree on key missing infrastructure links, and on how to remove all barriers to a truly European energy market. Barroso singled out one key element needed for this market to succeed—the creation of a North-South energy corridor.[5] Donald Tusk, then prime minister of Poland, advocated for a "European Energy Union" in an article in the *Financial Times* on April 21, 2014,[6] emphasizing that "whether in coal, steel, uranium, credit or gas, the principal idea of the EU has always been to bring Europe together, deepening our security and establishing fair rules where the free market is lacking. An energy union, too, would be based on solidarity and common economic interests."

Although this paper is essentially about Europe, there are key elements that involve major external players. In particular, the United States has four main roles to play:

- First, as a provider of energy, making LNG and crude oil available for commercial export to European customers. There is an increasing prospect of large-scale US LNG exports, as a by-product of the shale-gas boom in North America and the availability of gas at prices that are much lower than those in such key markets as Eastern Asia and the European Union. This issue is addressed below.
- Secondly, as a key provider of hard security for the protection of energy infrastructure. It is intensely relevant to European energy security—not least in the context of NATO policy, in the wake of Russian intervention in Ukraine—but that is beyond the scope of this paper.
- Thirdly, the United States can, and should, lend political and diplomatic support to pushing for the realization of the North-South Corridor. The United States should also assist these countries in developing their indigenous resources, and provide expertise on resolving inter-state challenges and disputes with transboundary energy infrastructure.
- Fourthly, US private investment could play a major role in the realization of the corridor, provided that the right investment climate can be created and sustained.

This paper largely focuses on gas. The reason is that, whereas oil is a fungible commodity that is traded globally, gas is still primarily marketed locally and regionally. Gas customers are not only linked to their supplier by pipe, but in many cases have no ability to secure an alternative supply in the event of a cutoff, which would impact heating and cooking as well as electricity. Moreover, Europe is particularly dependent on Russian gas. It typically relies on Russia for some 30 percent of actual consumption, and for a much higher proportion of imports. In 2013, EU consumption stood at 438.1 billion cubic meters (bcm), while Russian gas deliveries to Europe (excluding Turkey, but including non-EU nation Switzerland) amounted to 136.2 bcm (31 percent of total supplies).[7] In 2014, EU consumption is expected to fall to around 420 bcm.

THE EU'S VISION FOR GAS INTERCONNECTIONS FROM THE BALTIC TO THE MEDITERRANEAN

The European Commission set out its vision of energy interconnections within Europe on October 14, 2013. In a list updated January 9, 2014, it itemized 248 energy-related PCIs that are intended to benefit from faster and more efficient permit-granting procedures and regulatory treatment. Most strikingly, these are

2 José Manuel Durão Barroso, "Statement by President Barroso following his Following His Meeting with Donald Tusk, Prime Minister of Poland," speech delivered at the European Commission, January 31, 2011, http://europa.eu/rapid/press-release_SPEECH-11-55_en.htm.
3 Ibid.
4 Ibid.
5 Ibid.
6 Donald Tusk, "A United Europe Can End Russia's Energy Stranglehold," *Financial Times*, April 21, 2014, http://www.ft.com/intl/cms/s/0/91508464-c661-11e3-ba0e-00144feabdc0.html#axzz3HMunsOVX.

7 BP, *Statistical Review of World Energy* (June 2014), http://www.bp.com/en/global/corporate/about-bp/energy-economics/statistical-review-of-world-energy.html.

General JONES. Thank you.

Because it is the combination, I think—the future of NATO is not just a military future. It is about economic strength. It is about governance and rule of law, as Dr. Farkas pointed out. And it is about ways in which we can and must be successful against the rise of these new autocracies that are actually quite smart in terms of using——

Mr. KEATING. If I could, General, I would like to use that comment you just gave as a point to include our other witnesses on this question.

General JONES. Sure.

Mr. KEATING. Mr. Wilson mentioned a misplaced focus on just the percentages. It does not mean it is not important. It just means that it seems to be too much of a focus.

And going back to Dr. Farkas' comments in that regard, I was troubled when I was in the Munich Security Conference just about 4 weeks ago—there was a poll in Germany that said the view of the German people is 85 percent unfavorable to the United States.

Dr. Farkas, you were mentioning the role of the U.S. in NATO, particularly in terms of trying to stop democratic backsliding. And if you look at areas like civil rights and issues of autocracy in Hungary and Poland and Turkey, how can the U.S. do a better job assuming that mantle that we should have in this regard, given the current way the U.S. is being viewed? What can we do to perhaps resume being the mantle of all these civil rights, rule-of-law, democracy issues that you mentioned?

Your microphone. There you go. You are in the House again. All right.

Ms. FARKAS. So, first, Mr. Chairman, I would say, looking internationally, which is where most of my expertise is, we need to do more helping put pressure, helping the opposition, frankly speaking, in Hungary, in Poland, in Turkey, to put pressure on the government to do better, so to be more of a liberal democracy, if you will. If you recall the famous statement by Viktor Orban, the Prime Minister of Hungary, he very proudly said, we are not a liberal democracy, but without the liberal you are not really much of a democracy.

So, there needs to be more pressure put on these countries. But what we have found—and here we saw different types of approaches taken to Hungary under the administration. I worked for the Obama Administration and now the Trump administration. And I think we need kind of a mix of the two, where we speak frankly and directly to the Hungarians and to our allies, to the leadership, and we appreciate them for their military contributions, because those three countries are actually very strong contributors, with Turkey and Poland making the 2 percent cut and, also, having the highest—Turkey certainly has one of the highest numbers of people under arms. So, we recognize that, but at the same time we know that their democracies are weak; we know that they need help. We need to put more money into that through our foreign assistance programs to help the opposition, to help their democracy and their civil society.

Here at home. I would say the polls—and I think Damon is probably also familiar with these polls—the polls, I believe that they

tend to ask about our President and how the German public views our President, and then, America. But these two things obviously become intertwined. And President Trump is not popular in Europe because of how he has spoken out with regard to the German Chancellor and the Prime Minister of the U.K., so Prime Minister May, and other leaders. He is seen as not being respectful, and I think the push for increased assistance to NATO, while it is very consistent with all of the other Presidents who have come before our current President, he does it in a way that, obviously, is irritating not just to the leadership, but to the people.

With regard to what we have to do about shoring up our democracy——

Mr. KEATING. Appreciate that.

Ms. FARKAS. Yes, sorry. Obviously, more needs to be done there. And I would really just urge Congress to do what you do best. I love Congress, and Congress just needs to have a robust role in our democracy.

Mr. KEATING. Thank you, Dr. Farkas.

I yield to the ranking member, Mr. Kinzinger.

Mr. KINZINGER. Thank you, Mr. Chairman.

And just respectfully, on the polling front, as you were asking that, I looked up an old poll from 1983. And in Britain, Great Britain, in England, Ronald Reagan's popularity was 21 percent in 1983 in England. And I would argue that he was actually a pretty good President in hindsight.

Typically, I think if we look at Eastern Europe, there would probably be a much more popular, as we have always seen, view of the United States because they remember what it was like to live under oppression. And this is why I think this is so important to keep NATO together.

I am going to go 2 degrees of separation from NATO for a second and just say one of the challenges I think we face as a country is people think they are tired. I think they feel exhausted, even though they really are not. And we are fighting on an economic front in many cases, I think primarily China.

And so, I think this is part of the reason I came out and said that I think cutting off aid, for instance, to El Salvador, Honduras, and Guatemala was not smart, because as we back away from it, right now I think Central and South America are on the verge of, frankly, democratic governance, a major change. But every time we pull away, the Chinese will show up and they are going to ask how much money we were giving El Salvador, for instance, get that number and double it.

We saw, in fact, a few months ago El Salvador de-recognized Taiwan. And you wonder why that happened? Well, it was because they got money from China to do it. So, this is the battle we are in.

So, I think when we talk about, whether it is in Europe and NATO, and things like that, we have to keep in mind the importance of the economic side of what we do. And so, with that, I want to talk, because obviously Putin being a prime, I guess, adversary of the United States, I want to talk about his movement into Venezuela, even though this is not, again, specifically NATO.

Maduro has lost trust in his own armed forces. So, Putin has to come in and protect him. That is what is going on. We have seen this play out before when Russian forces entered Syria to protect Bashar al-Assad. And I remember Russia said they are just here for maintenance; they are here to take care of a base we have. The next thing we knew, there were thousands of them. Now they illegally occupied Georgia, Ukranian territory, and now they are in Venezuela.

So, Mr. Wilson, should we be concerned with Russia's strategy of illegally occupying land as well as propping up despot regimes around the world? And what would you recommend to this administration to do to counter Russia in that?

Mr. WILSON. Yes, thank you for that question.

I think the reality is we are facing a declining Russia which is seeking to disrupt our interests, and doing so pretty effectively. When your goal is disruption rather than building, it is actually an easier threshold to achieve. We have seen that close to their neighborhood. We are seeing it play out globally.

So, I think the twofold issue of an alliance that is transforming, to be focused more on defense and deterrence, is quite important. And I think the alliance has begun that process. I think it is still begun and playing out on the home front in Europe.

But I think we need to be a little bit more strategic about how we think of disrupting Russia's interests on a more global platform. We should have a strategy that thinks about how Beijing and Moscow do not become allied in their efforts, but that we drive that wedge. We should be paying attention to what Russian forces are doing in the Central African Republic and in Venezuela. It is pretty astonishing. So, I think thinking through a strategy of not just deterrence in Europe, but disruption of Russian interests on the global playing field is overdue.

We look at Venezuela, where Cuban intelligence, Russian military, and Chinese money, debt, is fueling this crisis. It is why I have suggested that we should not just support what is happening on the part of the Venezuelan people, but think about how we work with Colombia, Brazil, and back the regional countries, and bring our European allies into this kind of conversation, so that we can actually have a more intentional effort of disrupting this effort here in Venezuela.

A quick word on what you said at the beginning, the Chinese strategy. The economic piece is fundamental. We are never going to outspend the Belt and Road Initiative, and we should not. It is not how we play. We do need to recognize that U.S. capital markets, private sector investments, private equity dwarf what the Chinese government can do in BRI over time.

Part of it is that it is difficult. We do not want our government telling our private sector what to do. But how do we think of harnessing in a geo-economic term American capital markets to advance American interests and values in these places? At the end of the day, whether you are in Serbia or other countries, they will accept and take Chinese money, but usually a mother wants her child to study in the United States or Europe. And if a young person is competing for a job, they want the opportunity to work for a U.S. company, where they know there will be a meritocracy.

We can win this because we see individual decisions recognize the difference between their strategy and ours, but we need a stronger approach to a geo-economic——

Mr. KINZINGER. Thank you.

And I think Eximbank is a prime example. That is still languishing right now. And that is, I think, a very effective thing for our economy.

I had more questions for you, General, but I am out of time. So, I yield back.

Thank you, Chairman.

Mr. KEATING. Thank you.

The chair recognizes Mr. Costa of California.

Mr. COSTA. Thank you very much, Mr. Chairman, and I thank my colleague for yielding.

General, we appreciate your commitment and service to our country.

And you made a number of comments. I think we are all in agreement that the 2 percent goal for commitments by NATO countries is something that has been determined necessary. We need to continue to press them, especially some of our allies who have been backsliding. We know who they are. How we do that is critical.

You talked about their making the right choices on equipment. In terms of procurement, what do you mean by that?

General JONES. I am sorry, in terms of equipment?

Mr. COSTA. Procurement of equipment. You say they are making the right decisions.

General JONES. I am really talking about investing in real war-fighting capability and upgrading the systems that they have in terms of airplanes, ships, and war-fighting equipment, as opposed to——

Mr. COSTA. What about the notion that the European Union is talking about putting its own defensive capabilities? Do you think that is compatible? I know that is still being sorted out among the EU.

General JONES. Well, I think that whatever the alliance can do in the regard of organizing itself in such a way that they buy the right things and they do not all try to do the same thing——

Mr. COSTA. I think that is very important.

General JONES. It is very important.

Mr. COSTA. They do not all need—some of them have certain talents in certain areas.

General JONES. Exactly.

Mr. COSTA. And we should encourage them to pursue that instead of areas that are less effective.

General JONES. Exactly. You will find that some of the smaller countries in NATO are actually specializing in quite impressive special operations capability, abilities to make significant contributions in electronic warfare, and the like. So, there is some specialization going on.

And if you look at the graph that shows the equipment expenditure as a share of defense expenditures, well over half of the countries in NATO are approaching the NATO guideline of 20 percent of their purchasing power being spent on relevant equipment. And so, that is very encouraging.

Mr. COSTA. Because of my time situation, I do not know—I think General Gerasimov, who is, I guess, equivalent to the Joint Chiefs of Staff, talked about their asymmetrical potential. And, Mr. Wilson, you made reference to Russia playing a disruptive hand, but smartly—those are my words, not yours—but using democratic elections as a means to undermine not only NATO as a deterrent to peace, but also undermine the European Union as an economic force.

And frankly, if you look back to 2013–14, he gave that speech. They have done a fairly effective job. I mean, they have been undermining European elections even before 2016 with ours.

And so, I guess my question to you is, what is the best way, Mr. Wilson and Dr. Farkas, to combat this, this real threat? Because while this may be the third hearing on NATO, I think it is important, when we tomorrow hold the Joint Session of Congress, realize that not only has this been the safeguard of our common values and rule of law, but it is the longest peacetime period in Europe for the last 70 years in over 1,000 years. And that gets overlooked.

Mr. KEATING. And if you could—we are up against a roll call—if you could just keep that combined under a minute, that would be great.

Ms. FARKAS. I can be very quick.

I did cover this in my written testimony. I would just say one part is resilience, so strengthening our democracy and transparency. The second part is deterrence.

And then, I would say a little bit, based on the comments and question from the ranking member. We need to communicate very clearly to Russia what our expectations are, and if they cross a line, we need to be willing to take action. That was critical in Syria when the Russians attacked us, when their contract workers attacked us. And I think if we keep a firm line against Russia, keep the dialog open, hopefully, we will have a new regime at some point in the not-foreseeable future.

Mr. KEATING. General?

General JONES. If I could just add to that, to the ranking member's statement, there is a difference, I think, in Europe—and I noticed at the Munich Security Conference as well—between how Western Europeans feel about the United States and how Eastern Europeans feel about the United States. So, that is something that it is real and it has to be dealt with.

But what I have noticed in Western Europe is more of a trend toward appeasement against these autocrats in Russia and China. And that is a very dangerous thing. But the further east you go, the more you have solidarity with the U.S. philosophy, U.S. fears, U.S. identification of the threats that are coming toward us, be they military or economic or political.

So, we really need to shore up the Western Europeans, I think, more so than we have. And that is why I think these initiatives, like I mentioned the Three Seas Initiative, are important in righting the balance in Europe, where the Eastern Europeans' economies can rise and make Europe a more powerful entity to combat these——

Mr. KEATING. Thank you. Thank you, General.

The chair recognizes Mr. Wilson of South Carolina.

Mr. WILSON OF SOUTH CAROLINA. Thank you, Mr. Chairman.

And I thank all of you for being here today.

But, General Jones, your colleagues have already addressed this, and that is the admission of Georgia into NATO. I would be interested, because Georgia was promised in 2008 at the Bucharest summit that they would have the opportunity to join. Since then, the alliance has recognized Georgia already possesses all the practical tools for NATO membership. Georgia spends more than 2 percent of its GDP on defense, has committed the largest number of soldiers per capita of any allied nation in Afghanistan. How would you assess the potential for Georgia's admission to NATO?

General JONES. Speaking as a personal opinion, I think Georgia has demonstrated fight way beyond its weight in terms of its contribution to Afghanistan and the quality of their soldiers and their commitment. Of course, admission to NATO and accession to NATO is largely a political question, but on the basis of performance, I would say that Georgia deserves our admiration, our support, and our encouragement for whatever it is they want to do with their own future.

Mr. WILSON OF SOUTH CAROLINA. And I agree. Thank you to all three of you. It is amazing.

Mr. Wilson, Poland, which appreciates very much the temporary placement of troops, currently U.S. troops, in the country, has announced that they would support stationing a permanent U.S. brigade in the country and finance the infrastructure and basing. What would be your view of putting a permanent U.S.-NATO presence in Poland?

Mr. WILSON. I think we need to recognize that the challenge we are facing from the Kremlin today is not temporary and we should not plan as such. This is a long-term challenge. We need to have a continuous presence and be permanent as long as we face a Kremlin that is intimidating and threatening our allies.

Two other small things I would say is that we need to be comfortable with an uncomfortable relationship with Russia. And in response to some of the conversation, we should not be going through a political cycle that would consider any reset approach with Russia, for example.

And finally, to consider enlargement as a stabilizing force rather than a provocative one. And that is a way to reconceptualize how we think about Georgia's role.

Mr. WILSON OF SOUTH CAROLINA. And I an really grateful to serve as the co-chair of the Bulgaria Caucus. March the 29th marked the 15th year of Bulgaria being part of NATO. How would you assess, Mr. Wilson, the benefits of Bulgaria as a part of the NATO alliance?

Mr. WILSON. I think Bulgaria has been the fundamental story of how you create a Europe whole and free, where former adversaries become allies. That is the story from France-Germany to former Warsaw Pact countries, to Bulgaria itself. It has been an important ally, helping to anchor the southeast flank.

It also is where I have some concerns about Russian disinformation and penetration, where I think some of the Russian efforts are the most active and sometimes the most effective. I

think Bulgaria is underappreciated in terms of our ability to push back on those influences.

Mr. WILSON OF SOUTH CAROLINA. And, Dr. Farkas, you have already addressed this, but, again, Russia has described further NATO enlargement as provocation in a variety of efforts to intimidate. Again, what can we do to push back on the infringement by the Russian Federation?

Ms. FARKAS. Well, first, of course, the Russians themselves have been provocative, not us. And our enlargement, as Damon said, and as I said in the opening statement, was aimed at spreading stability, not at provoking Russia. However, we found out we really do need to deter Russia. We need to keep having a dialog with Russia. Unfortunately, it is not going to happen within the normal context that NATO used to have the dialog because of Russia's infringements, because of the things that they have done, first and foremost, of course, occupying and illegally annexing territory.

But I would argue that we have to hold the firm line on deterrence. For too long, we were hoping—and this spans multiple administrations and really the whole NATO alliance—there was a hope that somehow the Russians would realize that this was a bad policy. Unfortunately, this Kremlin, this leader of Russia is not going to realize that. So, we have to hold a firm line.

Mr. WILSON OF SOUTH CAROLINA. Thank you.

And a final question for the general. In regard to Turkey purchasing S–400's, should the United States still be providing, through NATO, F–35s?

General JONES. Yes, I believe that that topic is being discussed almost as we speak between Turkey and the United States. I also serve as the chairman of the American-Turkish Council, a venerable institution for over 40 years. We just returned from a big trip to Turkey where we were received by the President, the Vice President, and every cabinet minister we wanted to speak. They are very active and very desirous to rebalance the relationship with the United States, working on these difficult problems, but also some resurgence in the trade relationships between our two countries.

Mr. WILSON OF SOUTH CAROLINA. Well, thank you for your personal efforts.

Mr. KEATING. Thank you.

The chair recognizes the vice chairman of the committee, Ms. Spanberger from Virginia.

Ms. SPANBERGER. Thank you, Mr. Chair.

Thank you to our witnesses today.

So much of our national security relies on global telecommunications infrastructure, including military systems, diplomatic channels, intelligence reporting, not to mention the critical infrastructure for day-to-day uses across this country and the world. Several countries, in addition to the U.S., have barred the Chinese company Huawei from supplying components for 5G networks, citing national security concerns, including Australia, New Zealand, and Japan. Yet, European allies have not. As recently as February of this year, the head of Britain's cybersecurity agency, GCHQ, said they needed to better understand the opportunities and threats from China's technology. My question for you all today is, how

great of a risk do Chinese 5G network providers pose to NATO's security in your estimation?

General JONES. Thank you for that question.

5G represents to me one of the big challenges that the United States faces with its competition with China. It is up there with John F. Kennedy's man-on-the-moon project. It is up there with the Manhattan Project for the 1940's. When I was a teenager in Europe in 1957, I witnessed the Sputnik moment where the headlines of the newspapers around the world said, "Russia Beats the United States to Space". I do not want to see a headline where it says, "China Beats the United States in Technology of 5G".

5G is the most disruptive technology that is going to come our way. It is absolutely critical to our national security and economic future that the United States not cede control over the infrastructure required for 5G and, more importantly, secure 5G. NATO's interoperability will be affected if there are countries in NATO who are showing signs of forgiving China and believing the theology that they advocate, which is cheaper, more reliable, no strings attached, and, you know, back doors to Beijing. This is a very, very serious threat.

We are behind. And our private sector is going a pretty good job of developing the technology we need to ensure our security, but we need more government oversight and participation because this is really a moonshot for us. This is as important as anything we have ever done. If we lose this, we will lose a substantial portion of our ability to influence the world.

Ms. SPANBERGER. And in your assessment, is there a way for NATO to mitigate the risks from Chinese 5G technology or do you believe that the United States should continue to pressure our European allies to avoid any agreements with China altogether?

General JONES. So, there is 5G and there is secure 5G. By far the most important one is the secure 5G. On that score, I can tell you that our private sector is coming up with some very exciting technologies that would give us hope that we can prevail at least in the secure 5G world, technologies that are impenetrable, technologies that cannot be reverse-engineered.

You cannot have a smart city without a secure network. That is obvious. And the United States I think can prevail. There will be countries that will buy Huawei equipment. And by the way, a lot of them are thinking twice about that right now, and that is a good thing. But if they do not care about it, if they just want cheap equipment and they do not care about the back door or the ability of China to eavesdrop on what they are doing, then more power to them.

But it is absolutely incompatible, since we are talking about NATO, with the 30-nation alliance, that they would have a combination of Chinese technology and Western technology. That is just simply not going to happen.

Ms. SPANBERGER. OK. Thank you, General Jones.

I yield bak.

Mr. KEATING. Thank you.

We have Mr. Pence, Mr. Cicilline, Mr. Guest. Having called the roll call, those members can choose to cut their questions, if they so choose, to 3 minutes, so we can get them all in there.

The chair recognizes Mr. Pence from Indiana.

Mr. PENCE. Thank you, Chairman Keating, Ranking Member Kinzinger.

Thank you all for being here today.

Mr. Wilson, in your prepared testimony, you stated the following, and I quote: "But the Russian challenge to us is likely to remain asymmetric. Therefore, we should double down on our support, working with the European Union to strengthen resilience of democratic societies through efforts that range from diversifying energy routes and supplies to democratic defense of disinformation."

I am glad you mentioned energy security. In our hearing last week that Congressman Kinzinger mentioned, I brought up this very topic and would be interested in your thoughts. This is my question to you all: is NATO doing enough to enhance energy security in the alliance, and how might we encourage NATO to engage with the EU to address their collective energy security challenges?

Mr. WILSON. Thank you very much for that question.

I will sort of refer to, as General Jones noted, this Three Seas Initiative. I do not think NATO is doing enough, and I think the key is an integrated strategy between NATO and the European Union. If Russia uses energy and weaponizes it against our allies, we need to work with our allies in a common strategy to defend against that. That, obviously, requires work with the European Union. So, part of this effort is how can the European Union, with the United States, help diversify those energy routes and supplies, particularly into Central and Eastern Europe, so that they are not found in a vulnerable position.

And I think that is where the effort of the Three Seas Initiative is, how to build a cross-border infrastructure that is required, that is often not attractive to some private investment, but is quite necessary to give options to some of our more vulnerable allies. We have made progress on this agenda, but it has been too slow. We have not treated it as a first-order strategic priority of alignment between NATO and the EU on a common strategy, and I think it is an imperative one to add to that.

Ms. FARKAS. Yes, I would basically agree with all of the points that Damon made. NATO needs to get more actively involved, at a minimum, in a consultative fashion. But NATO members rely, their militaries rely on energy; they rely on fuel, and maybe to some extent on natural gas. So, there is a role for the defense ministries of these countries as well in putting pressure on their governments. But the EU largely has the lead on the issue. They took a while to become activated again, to become sufficiently alarmed to coordinate this, and they are doing a better job.

General JONES. Thank you for that question.

Philosophically, President Putin of Russia has shown that he is more than capable and willing of using energy as a weapon, and he has done so. The U.S., having catapulted itself into a position of global leadership on energy, has adopted a much more benevolent strategy. We care about military security, economic security, political security, and energy security.

And with the Three Seas Initiative, and what it does, it reduces the dependency of about 20 different countries in Central and Eastern Europe off of the Russian ability to manipulate the political

spectrum through threats to cutoff energy. It will effect better prices. It will effect the whole stability of the continent. And I think that arrival of the United States as a great power on energy should go beyond Europe. We should also compete with China aggressively in Africa on energy security as well, because energy is not the commodity that China can export. We can.

Mr. PENCE. Thank you, Mr. Chairman. I yield.

Mr. KEATING. The chair recognizes Mr. Cicilline of Rhode Island.

Mr. CICILLINE. Thank you, Mr. Chairman.

Thank you to our witnesses.

As you have all said, NATO is, obviously, rooted in a bedrock of shared democratic values. And I think, like many, you have expressed concern about democratic backsliding, particularly in Hungary and Poland, and, of course, Turkey is hardly democratic today. And I am just curious, maybe starting with you, Mr. Wilson, what can Congress do to kind of shore up these democracies in Europe and within the alliance? Some have suggested NATO should begin an annual report or review of democracy within the alliance. I wonder what you think of that and what Congress might do to support that.

And, Dr. Farkas, if you could follow? I know you said that these countries must be accountable. I think we all agree, but it is unclear exactly how we do that under the current kind of structure of NATO. How do we actually hold these countries accountable?

So, maybe start with you, Mr. Wilson.

Mr. WILSON. Thank you for that question.

My approach is a little bit different perhaps than as Dr. Farkas outlined. I think our premise should be to keep our allies as our allies. And if we look 10–20 years out, the last thing we want to see is an alliance in which Turkey is not aligned with us, but perhaps someone else. I think the openings there of the cleavages within our alliance are a strategic vulnerability that a country like Russia can exploit.

It does not mean that we do not have concerns about what is developing. But if you look at local elections in Poland, local elections in Turkey, there is a vibrancy to these civil societies, to these opposition parties, to their political class. And I think that, through engagement rather than isolation, rather than ostracizing our allies, being engaged, and I think that helps with the congressional body, with other parliaments, meeting cross-party—you know, as you are doing meetings, doing cross-party parliamentary meetings with your counterparts. Because my view of the alliance is to provide an architecture, an infrastructure, which provides a bedrock sense of security that our democracies, whether it is our own or others, can be self-correcting and help nurture this.

So, I am reluctant to go down the path of a NATO passing judgment on democracies within that club while trying to set the standards that we want to uphold, but understand that this isolating, calling out, or not meeting with, going 20 years without a head-of-State meeting with the Hungarian leadership, is not the best way to pursue democracy, in my view. I think it opens up opportunities for the Russians to play games and to potentially cause danger of peeling back our alliance.

Mr. CICILLINE. Dr. Farkas?

Ms. FARKAS. Yes, in my written testimony I also wrote a little bit more extensively on this. And I noted that, when Secretary Pompeo was recently in Budapest, he talked about a new fund, new funding to help boost the civil society, to boost the—he did not say the opposition, but the civil society in Hungary.

So, I think I would agree with Damon's approach, which is we do not need to set, certainly not another public litmus test like 2 percent, because I do not think it helps. And as he said, our adversaries will exploit it. But, behind closed doors, I think we have to speak frankly with the heads of State and the ministers, but, then, engage, as Damon said, not just in the meetings we hold, but our government needs to put more money back into those programs that we used to fund to help bolster civil society in Eastern Europe and elsewhere. So, I think those are very important, and media outreach programs, and Fulbrights, and all of these people-to-people things, so that, hopefully, we can help their societies evolve either back to where they were before or to a better place.

General JONES. Thank you for that question.

I would strongly encourage more congressional engagement with NATO. When I was over in SACEUR, the congressional visits were always well-received by our European partners. I would double down on those missions. I think they are very important.

I would recommend that our country reaffirm, without any question, our commitment to Article 5 and NATO. I think that has got to be—we should not ever dangle that as a negotiating tool because it makes everybody nervous. And by the way, Russia needs to hear that as well.

We should praise what the alliance has done. We criticize it quite a bit, but I do not see enough praise coming from this side of the Atlantic to what they are doing.

I think, frankly, I would champion a revamping of the partnership program and the membership program, which I think should be divided. There are countries like Brazil and countries all over the world that would like to have an interoperable mission with NATO, and I think we should encourage that. The membership side should be completely distinct. There should be a very rigid, step-by-step process where countries can become members. But, right now, the two are kind of in the same building, if you will, and it is unclear. The distinction between the two is unclear.

So, I think there is a lot more we can do. I just think we need to praise NATO when they deserve to be praised because we do not hesitate to criticize them.

Mr. CICILLINE. Thank you.

Mr. KEATING. Thank you, General.

The chair recognizes Mr. Guest from Mississippi.

Mr. GUEST. Thank you, Mr. Chairman.

NBC News reported earlier today that the United States has blocked turkey from receiving equipment related to the F–35 fighter jet until its NATO ally cancels an order of the Russian missile defense system, which we know to be the S–400. Assuming that that information is correct, General, do you agree with us canceling their receiving the F–35s?

General JONES. Before the hearing started, I saw another newsclip that said that Acting Secretary of Defense Shanahan said that

he believes that the S–400 issue will be resolved and that the F–35 will be included in Turkey's architecture. So, I am on the private sector. I cannot——

Mr. GUEST. Well, let me ask, as a former general and as a private citizen, would you agree with canceling the F–35 if Turkey does not agree to cancel the S–400 missile system? Do you think that is a prudent decision by the United States Government?

General JONES. My military friends tell me that the compatibility of the F–35 operating in the same vicinity as the S–400 gives away some of the technology of the F–35 that the S–400 system could not otherwise acquire. I am very hopeful that this is going to be resolved because this is really important for the alliance. It is important for the bilateral relationships.

I would like to remind the committee that years ago Greece bought the S–300 from Russia, and the alliance put so much pressure on Greece that they bought the system, but they never deployed it, and it averted a crisis.

I know from my Turkish friends that there is some willingness to consider the deployment options available to them. And so, I hope this thing is working out. I was very encouraged to see this clip before I appeared before you.

Mr. GUEST. And, Dr. Farkas, the same question to you. If Turkey refuses to cancel that order, do you agree that we should not sell them the F–35s?

Ms. FARKAS. Congressman, I am not sure whether I would link the two, just because I have not studied the issue. So, the kind of political scientist, policymaker, geek in me says I need to study it.

But I will tell you that it is deeply disturbing that Turkey is dangling this in front of us. I do not know how serious it is. And the reason I say that is because, when I was in the Pentagon, they also were toying with buying a Chinese system. And some of this plays into Turkey's desire to show that they are somehow independent of the United States, of our pressure. It is not helpful at this time in history.

It may also be part of their overall effort to put pressure on our government vis-a-vis Syria and what is happening there. So, I think I would look very closely at the macro picture. I am not sure I would, again, tie the F–35 directly to this S–400 deal, but the S–400 deal, I would say it cannot stand.

Mr. GUEST. And, Mr. Wilson, I will give you an opportunity to answer the question as well.

Mr. WILSON. I think, strategically, we want Turkey in the F–35 program. We need to recognize that we are in the Turkish bazaar negotiating right now. And I think even today's statements are playing out. There is a high-stakes negotiation.

Now that we are through Turkish elections, I hope they can be serious. We understand that the Russians put real pressure on Erdogan after the shootdown of a Russian jet over Syria in Turkish airspace to go through with this. I think we need to see it either canceled or deployed in such a way that it is actually deployed/mothballed at the same time, so that it does not provide a cleavage place, a vulnerability for the F–35, which has to be our No. 1 priority to protect that program's integrity.

Mr. GUEST. And would you agree, Mr. Wilson, as the general spoke of a few moments ago, that if the S–400 was deployed in Turkey at the same time our fighter jets were, that it would be able to give the Russians or our adversaries information about capabilities that they do not currently have?

Mr. WILSON. That is what I understand from people who have more technical expertise than I do. That is where this either comes in, do we either come out of a negotiation that leads to a cancellation or is there a saving-face option where the Turks end up paying for this and it is not deployed and used in such a way that it would cause that concern for us?

Mr. GUEST. Thank you.

Mr. Chairman, I yield back.

Mr. KEATING. Thank you, Mr. Guest.

I would like to thank our witnesses for being here and the subcommittee members as well, working around roll calls and hearings.

It is critical to have a strategy for NATO to grow and evolve and address the new and emerging threats. And I look forward to working with my colleagues on the committee this Congress to address it.

We appreciate the comments you have made about the role of Congress going forward. I think it is a very important role.

Members of the committee may have an additional time to ask questions of our witnesses in writing, and we ask our witnesses to please respond to those questions in writing as well. The record will be open for 10 more business days to receive those responses.

Mr. KEATING. Again, we thank all of you for being here and an important discussion about the future of NATO and where we are going, certainly an evolving one.

With that, this hearing is adjourned.

[Whereupon, at 4:09 p.m., the subcommittee was adjourned.]

APPENDIX

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Europe, Eurasia, Energy, and the Environment

William R. Keating (D-MA), Chairman

April 2, 2019

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Europe, Eurasia, Energy, and the Environment in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at https://foreignaffairs.house.gov/):

DATE: Tuesday, April 2, 2019

TIME: 3:00 pm

SUBJECT: The Future of NATO: New Challenges and Opportunities

WITNESS: General James L. Jones (USMC, ret.)
Jones Group International
(*Former National Security Advisor to the President of the United States, Former Supreme Allied Commander Europe and Combatant Commander USEUCOM*)

Evelyn N. Farkas, Ph.D.
Resident Senior Fellow
German Marshall Fund of the United States
(*Former Deputy Assistant Secretary of Defense for Russia/Ukraine/Eurasia*)

Mr. Damon Wilson
Executive Vice President
Atlantic Council

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Europe, Eurasia, Energy, and the Environment* HEARING

Day *Tuesday* **Date** *4/2/19* **Room** *2172*

Starting Time *3:00p* **Ending Time** *4:09p*

Recesses ____ (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Chairman Keating

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑
Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

The Future of NATO: New Challenges and Opportunites

SUBCOMMITTEE MEMBERS PRESENT:

Keating, Spanberger, Costa, Cicilline, Gonzalezs, Kinzinger, Wilson, Pence, Guest

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

General James L. Jones' statement
General Jones' addition "Completing Europe" Report (page 25 of the transcript)
Dr. Evelyn N. Farkas' statement
Mr. Damon Wilson's statement
Mr. Wilson's additions to truth in testimony - Atlantic Council Projects funded by NATO

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *4:09p*

Subcommittee Staff Associate

HOUSE COMMITTEE ON FOREIGN AFFAIRS

EUROPE, EURASIA, ENERGY, AND THE ENVIRONMENT SUBCOMMITTEE HEARING

PRESENT	*MEMBER*
X	William Keating, MA
X	Abigail Spanberger, VA
	Gregory W. Meeks, NY
	Albio Sires, NJ
	Theodore E. Deutch, FL
	David Cicilline, RI
	Joaquin Castro, TX
	Dina Titus, NV
	Susan Wild, PA
	David Trone, MD
X	Jim Costa, CA
X	Vicente Gonzalez, TX

PRESENT	*MEMBER*
X	Adam Kinzinger,IL
X	Joe Wilson, SC
	Ann Wagner, MO
	James F. Sensenbrenner, Jr., WI
	Francis Rooney, FL
	Brian K. Fitzpatrick, PA
X	Greg Pence, IN
	Ron Wright, TX
X	Michael Guest, MS
	Tim Burchett, TN

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