



NATO PARLIAMENTARY ASSEMBLY

SUMMARY

OF THE MEETING OF THE

ECONOMICS AND SECURITY COMMITTEE (ESC)

9 October 2021

Lisbon, Portugal

172 ESC 21 E | Original: English | 21 October 2021

ATTENDANCE LIST

Economic and Security Committee

Chairperson	Philippe FOLLIOU (France)
Vice-Chairpersons	Neal Patrick DUNN (United States) Jean-Luc REITZER (France)
General Rapporteur	Christian TYBRING-GJEDDE (Norway)

Sub-Committee on Transition and development

Chairperson	John SPELLAR (United Kingdom)
Vice-Chairperson	Maria Da Luz ROSINHA (Portugal)
Rapporteur	Michal SZCZERBA (Poland)

Sub-Committee on Transatlantic Economic Relations

Chairperson	Ivans KLEMENTJEVS (Latvia)
Vice-Chairpersons	Harriett BALDWIN (United Kingdom) Gregory Weldon MEEKS (United States)
Rapporteur	Faik OZTRAK (Turkey)

NATO PA Bureau Members

President	Gerald E. CONNOLLY (United States)
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Member Delegations

Belgium	Annick PONTHER
Bulgaria	Andrey MIHAYLOV
Canada	Cheryl GALLANT
France	Nicole Monique DURANTON (France) Séverine GIPSON
Germany	Dagmar FREITAG Jürgen TRITTIN
Greece	Marios SALMAS
Hungary	Laszlo György LUKACS Andrea VARGA-DAMM
Italy	Adriano PAROLI Guglielmo PICCHI Michele SODANO
Lithuania	Tomas BICIUNAS
Luxembourg	Nancy ARENDT KEMP
Montenegro	Danilo SARANOVIC
Netherlands	Derk BOSWIJK
Poland	Wojciech ZUBOWSKI
Romania	Attila LASZLO Gheorghita MINDRUTA
Slovenia	Monika GREGORCIC
Spain	Ana María BOTELLA Miguel DALMAU
Turkey	Nurettin CANIKLI Mevlut KARAKAYA
United Kingdom	Alun CAIRNS Dave DOOGAN

United States Jenniffer GONZALEZ-COLON
Brett GUTHRIE

Associate Delegations

Armenia Arusyak JULHAKYAN
Azerbaijan Kamran BAYRAMOV
Georgia Irakli BERAIA
Sweden Karin ENSTRÖM
Ukraine Solomiia BOBROVSKA
Yehor CHERNIEV

Parliamentary Observers

Assembly of Kosovo Driton HYSENI

Speakers**Professor Jose Manuel BARROSO**

Chairman of the Board, GAVI-The Vaccine Alliance,
former President of the European Commission

Vladimir KARA-MURZA

Russian opposition politician and former deputy leader of the
People's Freedom Party

Susana PERALTA

Associate Professor, Nova School of Business and Economics

International Secretariat

Paul COOK Assistant Secretary General and Director Economics and
Security Committee
Matthew JABLONSKI Coordinator, Economics and Security Committee

I. Opening remarks by Philippe FOLLIOT (France), Chairperson of the Economics and Security Committee

1. Chairperson **Philippe Folliot** (FR) thanked the Portuguese delegation for an outstanding job in preparing for and hosting the 2021 Annual Session under challenging circumstances.

II. Adoption of the draft agenda

2. **The draft agenda [121 ESC 21 E] was adopted.**

III. Adoption of the Summary of the Meeting of the Economics and Security Committee on Saturday 15 May 2021

3. [The summary of the previous ESC meeting \[103 ESC 21 E\] was adopted.](#)

IV. Procedures for amendments to the draft resolution

4. The Chairperson announced the hybrid procedure to submit amendments to the draft resolution *Allied Defence Spending and Capabilities Development* [122 ESC 21 E].

V. Presentation by Susana PERALTA, Associate Professor, Nova School of Business and Economics, on *Portugal and the pandemic crisis: what next?*

5. **Susana Peralta** listed several elements of economic fragility in Portugal that pre-dated the pandemic and thus shaped the way Portugal coped with the crisis: First, a poverty rate of 17.2 percent which ranked Portugal amongst the poorer countries in the EU and, second, a labour market that paid relatively low wages and salaries. Even those individuals and households operating at a higher “work intensity”¹ could potentially be threatened by poverty. In addition, Portugal ranked third amongst OECD economies in terms of percentage of labour force working under temporary contracts. Fourth, a large share of the population also lived with significant liquidity issues and were poorly positioned to cover unexpected costs. During times of crisis, this vulnerability resulted in difficulties to cover even regular expenses. This factor was compounded by the low level of education across age groups ranging from 25 to 64 years old, which means that a significant share of the population lacks the skillset needed for the digital economy. Ms Peralta also listed the economic sectors most affected by the pandemic, including tourism, restauration, and transportation. She then stressed that, unsurprisingly, these unstable and low paying sectors are among those employing the highest percentage of temporary workers.

6. Before presenting the primary obstacles to economic recovery, Ms Peralta pointed out that Portugal’s economy is now enjoying strong growth. Compared to Q2, 2020, the economy grew by 15.5 percent in Q2, 2021. Through increased tourism, Portugal expects further growth in the export of services, approximately by 37 percent compared to 2020. However, long-term challenges remain, such as child poverty, inequality in education, food

¹ Ratio of the total number of months that all working-age household members have worked during the income reference year and the total number of months the same household members theoretically could have worked in the same period.

insecurity, unstable employment amongst young people, poor access to housing for those below 30, and over-reliance on credit. Ms Peralta highlighted the importance of the Recovery and Resilience Plan designed by the European Commission through which Portugal will spend approximately EUR 16.7 billion. Ms Peralta concluded by stressing that solving these challenges would require better institutions, capacity building, better information, and better accountability.

7. **Harriet Baldwin** (UK) asked a question about defence spending in light of economic challenges caused by the pandemic. Ms Peralta pointed out that Portugal has undergone a continuous depreciation of its public capital (e.g., defence, public health, infrastructure) since the sovereign debt crisis. She linked increased defence spending to a broader effort to reinvest in Portugal's public capital. Ms Peralta then addressed the Chairperson's question about Portugal's capacity to attract foreigners, particularly youth. She suggested that Portugal remains an attractive destination for tourism and said that the country will be able to diversify its economy (e.g., skills). Lastly, she discussed the need for countries to provide support to the most vulnerable populations, in particular children, women, and youth. Ms Peralta underlined the importance of the European Resilience and Recovery Facility and urged the Portuguese government as well as that of other countries to exercise greater vigilance in their spending. Supporting children, the younger generation, and the public education system are essential investments that require adequate funding.

VI. Presentation by Professor Jose Manuel BARROSO, Chairman of the Board, GAVI-The Vaccine Alliance, former President of the European Commission, on the *Preliminary lessons learned since the start of the COVID-19 pandemic*

8. **Jose Manuel Barroso** stated that infectious diseases belong on the global security agenda and stressed the importance of pandemic preparedness, prevention, and response. Solutions to a health crisis would require new approaches such as scientific collaboration and long-term investment in resilient health systems. The COVID-19 pandemic represented a new form of globalised crisis which could only be solved by global strategic cooperation and multilateralism. Mr Barroso explained that COVAX and GAVI were both created for that exact reason and have helped deliver more than 341 million doses of the COVID-19 vaccine in 144 economies. He reminded members, however, that access to the vaccine is still not equitable. While 46.1 percent of the global population has received at least one dose of the COVID-19 vaccine and 30 percent is fully vaccinated, only 2.4 percent of people in low-income countries have received at least one dose. For example, just 4.6 percent of the African population is now vaccinated.

9. Mr Barroso expressed his regret that COVAX continues to confront a wide range of challenges including supply issues and export restrictions, which hinder the free flow of vaccines, many of which were implemented by wealthy nations which, according to Mr Barroso, at times hoarded five to six times more vaccines than needed in their countries. He called the unequitable distribution unethical and short-sighted, seeing that the total cumulative economic impact of the COVID-19 pandemic between 2020 and 2021 amounts to 12 trillion USD. Mr Barroso pointed out that during that time, extreme poverty increased by 7 percent, helping fuel resentment for the "West". Mr Barroso, therefore, urged Assembly members to act in solidarity with other countries beyond the Alliance and underlined the importance of support for multilateral initiatives such as COVAX and GAVI.

10. The Chairperson asked about Mr Barroso's view on delivering "booster" shots before some countries have yet to start vaccinating their population and do not have adequate access to the vaccine. Mr Barroso made clear that he supports the equitable dissemination of the vaccine and is in favour of first protecting the most vulnerable parts of the population such as higher age groups and health workers around the world. **John Spellar** (UK) inquired

if countries should not be making a stronger case to convince people to get vaccinated, countering conspiracy theorists. Mr Barroso agreed, stating that many developing countries record much higher support for vaccines among the population than developed countries in Europe, as many people, especially in Africa, have recent experience with infectious diseases and the positive effect of vaccines. He called it a “tragic irony” that countries which are struggling with vaccine hesitancy tend to benefit from an oversupply of vaccines.

11. **Dave Doogan** (UK) asked how the international community can work collectively along regional and global lines to prepare for the next pandemic. Mr Barroso highlighted the need to create global mechanisms, for example a Pandemic Observatory comprised of Health and Finance Ministers as well as global funds centralised at the World Bank. He emphasised the important work of the Reform for Resilience Commission – an institutional collaboration between universities globally—which is developing a model to reinforce health resilience as a requisite for companies. **Christian Tybring-Gjedde** (NO) commented that when looking through an historical lens, we see that pandemics will invariably reoccur. Mr Barroso pointed out that due to international travel as well as humans’ increasing interference with nature, future viruses are more likely to spread rapidly, suggesting that countries should introduce measures to deal with this threat. Lastly, **Nicole Durantou** (FR) asked why the inequality between countries is so profound in terms of access to the vaccine and what should be done to counteract this trend. Mr Barroso stressed that the work of international organisations depends on the governance of individual countries. He thus appealed to nations to share their resources based on the principles of solidarity and justice to avoid growing resentment for our value-based community – for ethical reasons as much as for our national and global security.

VII. Consideration and vote on the draft report of the Sub-Committee on *Transition and Development Belarus: economic, political and diplomatic challenges* [019 ESCTD 21 E] presented by Michal SZCZERBA (Poland), Rapporteur

12. **Michal Szczerba** (PO) expressed his concern that the level of repression since the rigged Belarusian Elections in 2020 has significantly deepened. Leaders of the protests against the illegitimate president Alexander Lukashenko have been given lengthy prison sentences, and many have been subject to torture. In a grave violation of international law, the Belarusian state further orchestrated the hijacking of a commercial flight to arrest a young Belarusian dissident. The report suggests that the prospect of ever-closer links between the Kremlin and Lukashenko’s regime will have important diplomatic, political, economic, and military consequences that threaten the democratic freedoms of the Belarusian people, Belarusian independence, and Allied security.

13. The current crisis, therefore, has compelling geopolitical implications for the Alliance. Mr Szczerba highlighted that the Kremlin has managed to gain important military concessions from Lukashenko. If Russian troops begin to operate inside the territory of Belarus, it will complicate NATO planning and possibly require additional deployments to the region. At the same time, the Lukashenko regime, likely with the support of Russia, has enhanced hybrid activities against Alliance members, for example, by manufacturing a migrant crisis at the borders of Lithuania and Poland. The report, therefore, recommends that Belarus, as a sovereign nation whose territorial integrity must be upheld, remains a priority for the international community. Tough but targeted sanctions against Belarusian officials and enterprises engaged in orchestrating the oppression should be kept in place, and any political dialogue would have to engage the leaders of the legitimate opposition.

14. **Gerald Connolly** (US) called the situation in Belarus a “moment of truth” in how the community of Western democracies responds to grave human rights violations perpetrated by the Belarusian government. He mentioned previous discussions and resolutions within the NATO PA that draw firm lines against Russian interference in that country, and he called on the Alliance to reassert its democratic values. Ms Baldwin underlined the egregious hijacking of a commercial plane to capture a political prisoner and queried Mr Szczerba about what other measures might be introduced to further sanction Belarus. **Alun Cairns** (UK) asked what leverage Allies can draw upon to help resolve the situation in Belarus. Mr Szczerba responded that President Lukashenko has manufactured the migrant crisis as part of a hybrid war to distract attention from the more than 800 political prisoners he has put in prison. He emphasised that the Alliance should remain focused on Belarus while enhancing situational awareness and monitoring Russian behaviour.

15. [The draft report \[019 ESCTD 21 E rev. 1\] was adopted.](#)

VIII. Presentation of the activities of the Sub-Committee on Transition and Development and the Subcommittee on Transatlantic Economic Relations

15. The Chairperson gave the floor to Ms Baldwin to present the activities of the Sub-Committee on Transatlantic Economic Relations. The Sub-Committee participated in the OECD Parliamentary Forum this year and will be travelling to the United States from the 25th to the 29th of October where members will visit the IMF and the World Bank, Congress and a number of research institutes. Ms Baldwin thanked the American delegation for helping put together the itinerary for this visit. In 2022, the Sub-Committee further plans to visit Australia and the UK, focusing on strategic trade challenges as well as the overreliance on certain key suppliers. The General Report will address how to secure strategic industries and supply lines.

16. Mr Spellar presented the activities of the Sub-Committee on Transition and Development. The Sub-Committee plans a visit to Lithuania in November, which will include a visit to the border with Belarus. Next year, the Sub-Committee will focus on the Western Balkans, with a potential visit to Bosnia and Herzegovina as well as a Rose-Roth seminar in the Western Balkans or Armenia.

IX. Presentation by Vladimir KARA-MURZA, Russian opposition politician and former deputy leader of the People's Freedom Party, on *Russia: politics, economics, and corruption*

17. **Vladimir Kara-Murza** opened his remarks by recalling one of President Putin’s late political opponents Boris Nemtsov who on the 27th of February 2015 was gunned down on the streets of Moscow. He reiterated Nemtsov’s saying that, in the 90s, while corruption constituted a problem in Russia, under President Putin it has become the system. Mr Kara-Murza highlighted that the enrichment of the Russian political elite (“the Kremlin wallets”) stands in stark contrast to the economic situation in Russia generally: Over the past decade the Russian GDP has declined by a third; inflation has risen to 11 percent; real disposable income of Russian citizens has decreased for eight years in a row and fallen by 10 to 13 percent in the past decade; and economic growth has been stagnating for years - a trend that precedes international sanctions linked to Russia’s illegal annexation of Crimea.

18. Mr Kara-Murza further cited Transparency International’s latest Corruptions Perception Index which places Russia in 129th place in global rankings. Mr Kara-Murza

stressed the public fatigue that is setting in after 22 years of Putin's rule and drew parallels to the Lukashenko regime in Belarus where mass protests in the beginning of 2021 might represent a foretaste of what the Kremlin might anticipate. Mr Kara-Murza stressed the importance of parliamentary elections in 2024. After the recent fraudulent 2021 parliamentary elections, he urged the Western community of democracies to deny formal recognition of Putin should he stay in power beyond the end of his current and final presidential mandate on 7 May 2024, which would occur on the basis of the 2020 constitutional amendments that were illegally enacted. Lastly, Mr Kara-Murza urged Western democracies to enforce the (European) Magnitsky Act.

19. Mr Szczerba asked about Putin's priorities in Belarus, to which Mr Kara-Murza replied that losing Lukashenko would present Putin with an "existential nightmare". Due to the historical, cultural, and linguistic connections between Ukraine, Belarus, and Russia, Putin perceives democratic movements in those countries as a direct threat to his own regime and will thus do everything in his power to help Lukashenko survive. Mr Tybring-Gjedde raised the question of who would replace Putin in the future. Mr Kara-Murza responded that political change in Russia will be sudden and unexpected, which is why it would be more important to ask about the type of system that would replace him. He rejected cultural stereotypes that negate the possibility of democracy in Russia and stressed the need for a genuine parliamentary system. He also welcomed the European Parliament's recent recommendation, which lays out a roadmap for strategic cooperation between the EU and a possibly more democratic Russia after Putin. Mr Kara-Murza then addressed a question posed by **Neil Dunn** (US) concerning the beneficiaries of the Nord Stream II pipeline. He suggested that the pipeline benefits neither Russia nor the population but contributes to upholding the kleptocratic system of Putin's inner circle as well as his Western enablers.

20. Responding to UK members Mr Cairns and Mr Doogan about the impact of sanctions on the Kremlin and the Russian population, Mr Kara-Murza reiterated his support for sanctions targeting high-profile, wealthy Russian government officials and oligarchs, specifically referring to a list of 35 Russian citizens which was published by Navalny's team after his arrest. **Andrey Mihalyov** (BG) inquired about the prospects of Russian interference in Eastern Europe. Mr Kara-Murza responded by highlighting the impact of pro-Kremlin parties across Europe, suggesting that those parties receive significant funding from the Russian government.

X. Vote on the revised draft report of the Sub-Committee on Transition and Development on *Belarus: economic, political and diplomatic challenges* [019 ESCTD 21 E] presented by Michal SZCZERBA (Poland), Rapporteur

21. [The draft report \[019 ESCTD 21 E rev. 1\] was adopted.](#)

XI. Consideration and vote on the revised draft report of the Sub-Committee on Transatlantic Economic Relations, *The Global Economic Crisis: Implications and Prospects* [018 ESCTER 21 E rev. 1] presented by Faik ÖZTRAK (Turkey), Rapporteur

22. **Faik Öztrak** (TR) presented the revised draft report on the global economic crisis. He noted that there are now signs of recovery from the pandemic-induced recession and said that there are now good reasons for cautious optimism. After an estimated contraction of 3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.9 percent in 2022. However, governments have to find the right moment to begin easing off expansionary fiscal and monetary policies in order to avoid sustained inflation. At the same time, Mr Öztrak stressed that the economic costs of managing the

pandemic's consequences threaten long-term financial stability in many countries that have amassed extraordinary levels of public debt to keep national economies afloat. Solutions to finance this debt will require delicate bargaining processes and deeper multilateral cooperation, such as coordinated fiscal and monetary responses. Mr Öztrak pointed out that differences in economic growth have clear implications for security. He also raised the issue of systemic competition more broadly, noting that authoritarian actors have instrumentalised the pandemic both to denigrate democratic governance and to challenge economic norms that have historically underpinned global prosperity. Responses to the pandemic must simultaneously demonstrate a willingness to reform liberal market systems in order to broaden opportunity, reinforce democracy, and minimise corruption.

23. Mr Dunn underscored three critical lessons from the pandemic, including: the need for robust pandemic preparedness as a national security priority, the development of a high-tech biotechnology sector, and securing essential global supply chains. Mr Öztrak reiterated the findings of the G7 Summit in Cornwall which underlined the importance of better governance, social solidarity, improved risk management, and sustainable supply chains.

24. [The draft report \[018 ESC 21 E rev. 1\] was adopted.](#)

XII. Consideration of the draft general report *Allied defence spending: continuing threats and new constraints* [017 ESC 21 F] submitted by Christian TYBRING-GJEDDE (Norway), General Rapporteur

25. Mr Tybring-Gjedde suggested that the pressures the COVID-19 pandemic and ensuing global recession have placed on national budgets will have long-lasting repercussions. As governments allocate scarce public resources, they may be tempted to sacrifice defence spending in order to meet other pressing priorities. He stressed, however, that security itself is a prerequisite for long-term economic welfare and recovery. Mr Tybring-Gjedde highlighted the need for continued military spending and investment, especially in light of Russia's recent military build-up, a fragile MENA region, China's aggressive foreign and economic policies that place new pressures on the rules-based international order, and the Alliance's aim to maintain its technological edge. Despite important progress on Allied defence commitments in the years before the pandemic, increases in real spending will be necessary as economies return to growth. Mr Tybring-Gjedde stressed that Allied governments should use the NATO 2030 process and the revision of the Strategic Concept to galvanise political will to meet these core security commitments.

26. **Séverine Gipson (FR)** highlighted the White Book on France's major strategic orientations as well as its Military Budget Programme that lays out milestones in terms of military financing and innovation between 2019 and 2025. She emphasised that transparency brings about trust. NATO and Member States should act in a sustainable, responsible, and accountable way. She further emphasised the importance of innovation and the key role that DIANA could play in the future. Ms Durantou welcomed the report's mention of the need to ensure that military spending and investments are sufficiently maintained despite the health crisis.

27. [The draft general report \[017 ESC 21 E rev. 1\] was adopted.](#)

XIII. Consideration of the draft resolution, *Allied defence spending and capability development* presented by Christian TYBRING-GJEDDE (Norway), General Rapporteur

28. Eight amendments were submitted to the draft Resolution but one amendment submitted by Turkey was subsequently withdrawn. Five amendments were adopted, the seventh amendment submitted by the Lithuanian delegation as well as the eighth amendment presented by the US delegation were rejected.

29. [The draft Resolution \[122 ESC 21 E rev. 1\] was adopted as amended.](#)

XIV. Election of Committee and Sub-Committee Officers

30. **The Committee and Sub-Committee officers eligible for re-election were re-elected by acclamation.** Ms Baldwin was elected as General Rapporteur, Ms Duranton was elected as Vice-Chairperson of the Sub-Committee on Transition and Development, and Mr Szczerba was elected as member of the Ukraine-NATO Interparliamentary Council (UNIC)– all by acclamation. The mandates of all other Committee officers were renewed by acclamation.

XV. Any other business

31. No other business was raised.

XVI. Date and place of next meeting

32. The next meeting of the Committee will take place at the Spring Session on 27-30 May 2022 in Kyiv, Ukraine.

XVII. Closing remarks

33. The Chairperson closed the meeting of the ESC.
