



NATO PARLIAMENTARY ASSEMBLY

# SUMMARY

OF THE MEETINGS OF THE

## ECONOMICS AND SECURITY COMMITTEE (ESC)

Friday 20 and Saturday 21 November 2020

*By videoconference*

205 ESC 20 E | Original: English | 2 December 2020

## ATTENDANCE LIST

<b>Chairperson</b>	Ivans KLEMENTJEVS (Latvia)
<b>General Rapporteur</b>	Christian TYBRING-GJEDDE (Norway)
<b>Rapporteur, Sub-Committee on Transition and Development</b>	Ausrine ARMONAITE (Lithuania)
<b>President of the NATO PA</b>	Attila MESTERHAZY (Hungary)
<b>Secretary General of the NATO PA</b>	Ruxandra POPA
<b>Member delegations</b>	
Albania	Myslim MURRIZI
Belgium	Leo PIETERS Annick PONTHER
Canada	Ziad ABOULTAIF Peter BOEHM Cheryl GALLANT Nelly SHIN
Croatia	Dario HREBAK
Czech Republic	Jan LIPAVSKY
Estonia	Jevgeni OSSINOVSKI
France	Hélène CONWAY-MOURET Nicole Monique DURANTON Philippe FOLLIOU Philippe MICHEL-KLEISBAUER Patricia MIRALLÈS Laurence TRASTOUR-ISNART Jürgen TRITTIN
Greece	Marietta GIANNAKOU Marios SALMAS Christos SPIRTZIS
Hungary	Laszlo György LUKACS
Iceland	Willum Thor THORSSON
Italy	Cristiano ANASTASI Giancarlo GIORGETTI Luca LOTTI Adriano PAROLI
Latvia	Ivans KLEMENTJEVS
Luxembourg	Semiray AHMEDOVA Nancy ARENDT KEMP Lydia MUTSCH
Norway	Christian TYBRING-GJEDDE
Poland	Joanna KLUZIK-ROSTKOWSKA Michal Roch SZCZERBA Wojciech ZUBOWSKI
Portugal	Maria Da Luz ROSINHA
Romania	Ion CUPA
Slovakia	Ludovit GOGA Peter KMEC

Slovenia	Monika GREGORCIC
Spain	Maria Jesús CASTRO
	Victor RUIZ
Turkey	Nurettin CANIKLI
	Mevlut KARAKAYA
	Faik OZTRAK
	Zehra TASKESENLIOGLU
	Ahmet YILDIZ
United Kingdom	Stuart ANDERSON
	Harriett BALDWIN
	Alun CAIRNS
	Angela CRAWLEY
	Nusrat GHANI
	Kevan JONES
	Lord JOPLING
	John SPELLAR
United States	Gerald E. CONNOLLY
	James COSTA
	Neal Patrick DUNN
	Brett GUTHRIE
	Gregory Weldon MEEKS
	Linda SANCHEZ

#### **Associate delegations**

Austria	Andreas MINNICH
Azerbaijan	Malahat IBRAHIMGIZI
Georgia	Irakli SESIASHVILI
Sweden	Kenneth G. FORSLUND
	Hans WALLMARK
Switzerland	Ida GLANZMANN-HUNKELER
Ukraine	Yehor CHERNIEV

#### **Parliamentary Observers**

Assembly of Kosovo	Arberie NAGAVCI
Australia	Andrew WALLACE
Kazakhstan	Abay TASBULATOV

#### **Speakers**

**Dr Stamatios KRIMIGIS**  
Head Emeritus of the Space Department  
Applied Physics Laboratory, Johns Hopkins  
University and Chair of "Science of Space",  
Academy of Athens

#### **International Secretariat**

Paul COOK, Director  
Anne-Laure BLEUSE, Coordinator  
Serafine DINKEL, Research Assistant

**Friday 20 November 2020**

**I. Opening remarks by Ivans KLEMENTJEVS (Latvia), Chairperson**

1. The Chairperson, **Ivans Klementjevs** (LV) called the meeting of the Economics and Security Committee (ESC) to order. He explained the structure of the meeting and noted that the second part of the meeting would be a joint meeting with the Science and Technology Committee (STC) featuring **Dr Stamatios Krimigis**. The ESC, he noted, would reconvene the following day. Mr Klementjevs then gave the floor to the Committee director, Paul Cook, who laid out the practicalities of the meeting including voting procedures.

2. The Chairperson recalled that elections of Committee and Sub-Committee officers would be held the following day and listed the candidates for Committee officer positions known to him. He reminded delegates interested in any open these positions to inform the Director.

**II. Adoption of the draft Agenda [182 ESC 20 E]**

3. **The draft Agenda [182 ESC 20 E] was adopted.**

**III. Adoption of the summaries of previous meetings of the Economics and Security Committee held in London, 12 October [224 ESC 19 E], and meetings held online on 6 July 2020 [121 ESC 20 E] and 17 September 2020 [192 ESC 20 E]**

4. **The summaries of the previous meetings of the ESC held in [London on 12 October 2019](#) [224 ESC 19 E], and meetings held [online on 6 July 2020](#) [121 ESC 20 E] and [16 September 2020](#) [192 ESC 20 E] were adopted.**

**IV. Consideration of the Comments of the Secretary General of NATO, Chairman of the North Atlantic Council, on the Policy Recommendations adopted in 2019 by the NATO Parliamentary Assembly [056 SESP 20 E]**

5. Mr Klementjevs then asked delegates to consider the comments of the NATO Secretary General on the Policy Recommendations adopted by the Assembly last year. Members had no further comments.

**V. Consideration of the revised draft Report of the Sub-Committee on Transition and Development *The Black Sea Region: Economic and Geo-Political Tensions* [035 ESCTD 20 E rev.1] presented by Ausrine ARMONAITE (Lithuania), Rapporteur**

6. Before giving the floor to the Rapporteur, Mr Klementjevs congratulated **Ausrine Armonaite** (LT) on her nomination to server as the Lithuanian Mister of Economy and Innovation. Ms Armonaite thanked the Chairperson for his congratulations and thanked the Committee members for their support.

7. Ms Armonaite then presented the revised report on *The Black Sea Region: Economic and Geo-Political Tensions*. She pointed out that the region is a crossroads for Europe, Asia and the Middle East and a vital route for the movement of energy to Europe. Despite its economic and political potential, the region remains hampered by international and civil

conflicts such as the ones in Ukraine and Georgia. However, the Rapporteur also highlighted important success stories within the region: Turkey is an important regional player and has seen substantial economic development over the past 20 years; and Bulgaria and Romania have joined both NATO and the EU, allowing them to enjoy greater security and higher levels of economic growth. Finally, Georgia and Ukraine have undertaken impressive democratic and market reforms although more progress is needed in both countries.

8. The Rapporteur described Russia's role in fomenting conflict throughout the region and pursuing a 'zero-sum' foreign policy, rather than fostering a 'win-win' outlook. She contrasted this approach with NATO Allies' pursuit of stability and a welcoming attitude towards confident, democratic, and prosperous states on their own borders. Ms Armonaite noted that Russia remains the most important supplier of natural gas to Europe, with exports to Western Europe accounting for roughly two fifths of total supplies. As a result of Russia's goal of increasing European dependence on its oil and gas to enhance its political and diplomatic leverage, Europe needs to work towards diversifying its energy supplies, according to Ms Armonaite.

9. Ms Armonaite suggested that enhancing regional cooperation will be essential to long-term development and prosperity. She highlighted that the Black Sea Economic Cooperation (BSEC), an international organisation engaging all countries of the region including Russia, is an ambitious and comprehensive initiative. However, she noted that there remained a gap between its stated goals and the reality on the ground.

10. The Rapporteur emphasised that NATO will remain critical to regional security. She noted that Allies agreed at the April 2020 NATO Foreign Ministers Meeting to support Georgia and Ukraine in exercises in the region, countering hybrid warfare and sharing air traffic data. Moreover, Ukraine has been accorded the status of Enhanced Opportunities Partner, which Georgia already enjoys, in June 2020. This status deepens cooperation between Allies and partners that have made significant contributions to NATO-led operations and missions. Finally, she stressed that maintaining NATO's Open Door Policy provides a roadmap for even deeper security integration in the region.

11. Ms Armonaite encouraged NATO member states to continue insisting upon respect for international law in the Black Sea region, including the principles of independence, sovereignty, and territorial integrity, as well as the respect of the United Nations Convention of the Law of Sea. The Rapporteur also called upon NATO member governments and parliaments to maintain the current sanctions regime on Russia while enhancing support for key partners like Georgia and Ukraine.

12. Ms Armonaite suggested that the energy diversification strategies of the NATO Allies should include ambitious efforts to move toward sustainable energy, the building of LNG port facilities, and nuclear power. Finally, she concluded that cooperation efforts in the Black Sea region should be upheld wherever possible. Therefore, Allies should support the BSEC in its efforts of fostering dialogue and achieving agreements on matters of shared concern among the countries of region.

13. **Irakli Sesiashvili** (GE) thanked the Rapporteur for highlighting the Black Sea Region and recalled Georgia's aspiration to achieve full membership in Euro-Atlantic institutions. He noted that the pandemic compelled Georgia to rethink its economic and security strategies. He then asked the Rapporteur to consider several amendments proposed by the Georgian delegation which related to Georgia's role as an Enhanced Opportunities Partner, its strategies in fighting the pandemic, and adjustment of wording related to the occupied territories of South Ossetia and Abkhazia.

14. **Yegor Cherniev** (UA) thanked the Rapporteur for her report and provided several suggestions from the Ukrainian delegation which primarily referred to Russian activities in the region. Notably, these changes related to terminology related to Russia's illegal activities in Ukraine. The Ukrainian delegation proposed to add details on other Russian practices with security implications in the region and suggested to insert references to further supporting its partners in the region.

15. **Zehra Taşkesenlioğlu** (TR) congratulated the Rapporteur for her new position and for her report. She offered several small amendments, in particular to specify the legal meaning of the Montreux Convention and revised figures related to Russian energy exports to Turkey.

16. The Rapporteur thanked member delegations for their comments and assured the Georgian and Turkish delegations that their amendments would be reflected in the final version of the report. She also accepted the Ukrainian delegation's amendments related to terminology. Although welcoming its further amendments which provide important information, she declined to integrate them into the full report as they were too long and detailed to be incorporated at the last moment.

17. **Mevlüt Karakaya** (TR) took the floor to add that Turkey plays an important role in the Black Sea and works to fulfil its role as a NATO member in those waters. He also noted that Turkey has seen a significant increase in energy demand in the past decades and that the diversification of energy supplies constitutes an important part of its energy security strategy. Moreover, he noted that recent natural gas discoveries in the Black Sea contribute to Turkey's and Europe's energy security.

18. **The draft Report [035 ESCTD 20 E], as amended, was adopted unanimously (17 votes).**

**VI. Consideration of the revised draft Report of the Sub-Committee on Transatlantic Economic Relations *The Gulf Crisis and Global Energy Markets* [034 ESCTER 20 E rev. 1] presented by Faik OZTRAK (Turkey), Rapporteur ad interim**

19. The Chairperson reminded delegations that the draft report had initially been presented by Jean-Marie Bockel (FR) who had since left the French Senate. The Rapporteur ad interim, **Faik Oztrak** (TR), thanked Jean-Marie Bockel for his work on the Committee.

20. Mr Oztrak opened this presentation on *The Gulf Crisis and Global Energy Markets* by describing the Gulf states as longstanding lynchpins of the global energy system. The Rapporteur noted that the Gulf states faced substantial external challenges even before the COVID-19 crisis. These include the falling cost of renewable energy, global concerns about climate change, and the rapid expansion of North American shale oil and gas production.

21. Mr Oztrak observed that the United States was poised to become a net energy exporter before the COVID-19 pandemic due to its increasing domestic oil and gas output. This would have been a shift with far-reaching geopolitical implications. However, Mr Oztrak noted that the COVID-19 crisis has altered this outlook. Falling oil prices have set back the formerly booming American shale industry and strengthened the hand of OPEC. As prices are now below breakeven rates for the unconventional oil industry, he argued that it has become more difficult for the United States to play the role of swing producer.

22. Mr Oztrak then assessed the shifting geostrategic landscape within the region. The social upheavals during the so-called Arab Spring, the wars in Iraq, Yemen, and Syria,

tensions over Iran's nuclear weapons programme, Iran's aggressive interventions in Syria, Iraq, Lebanon, and Yemen, the Saudi-Emirate-led intervention the Yemen war, and the rivalry between Qatar, on one side, and Saudi Arabia, the UAE, and Bahrain, on the other, all contribute to an image of a region in crisis.

23. The Rapporteur highlighted the recent breakthrough in some Gulf Arab states' relations with Israel. He pointed out that the foundations for this reconciliation lie in a shared interest of deterring Iran as well as broader regional stability and developing commercial ties.

24. Mr Oztrak remarked that the physical vulnerabilities of the Gulf energy sector were made apparent in September 2019, when the Iran-backed Houthi rebels attacked Saudi Arabia's oil fields and processing facilities. The attack demonstrated how relatively inexpensive missile and drone technology could be used to disrupt the global energy market. Moreover, the Houthi-Iranian strike also exposed the extent to which the Gulf's regional actors rely on the United States to reinforce stability in the region.

25. The Rapporteur then took stock of changing US and EU relations with Gulf countries and noted that Gulf stability is a shared transatlantic interest. Qatar's dispute with GCC partners as well as the Yemen war have become an issue of transatlantic concern. He also alluded to NATO's deepening cooperation and strategic dialogue with the Gulf countries through the Istanbul Cooperation Initiative (ICI) as a key vehicle for security dialogue.

26. Mr Oztrak highlighted how Russia's approach to the Gulf is shaped by its ambition to counter the United States and NATO globally. He maintained that Russia's goals in the Gulf cannot be separated from its energy interests. Russia has worked with the Gulf's regional energy exporters to stabilise oil prices, undermine European efforts to diversify their natural gas suppliers, and to attract Gulf investment into Russia's sanctions-hit economy. Russian foreign policy has not always been successful, as evidenced by the Saudi-Russian price war which began in March 2020. Mr Oztrak demonstrated how the fall in oil revenues caused by the Saudi-Russian dispute and a global recession has reverberated throughout the Gulf region. For example, the government of Saudi Arabia had to raise its debt ceiling while cutting spending.

27. Mr Oztrak also noted that China has sought to advance its interests in the Gulf without involving itself in domestic and regional security matters, driven by its growing need for imported energy and utilising its Belt and Road Initiative as a superstructure to advance its commercial and strategic interests. China's aspiration to minimise the capacity of the United States to interfere with its energy supply has also led it to build up its naval force and cautiously expand its own naval presence in the region.

28. Mr Oztrak informed Committee members that the revised version of the report includes an update of critical recent developments related to the COVID-19 crisis. He pointed out that the Gulf region is expected to suffer its worst recession in recent memory due to the pandemic and the related fall in energy prices. Moreover, the Gulf's labour markets have been adversely affected, and the large presence of migrant workers in the region presents challenges both from an economic and a human rights perspective. The region's travel and tourist sectors have also been impacted by the crisis. Finally, regional responses to the COVID-19 crisis had significant geopolitical implications. For instance, Qatar, Kuwait, and the UAE recently offered medical assistance to Iran. He argued that such overtures could be viewed as an attempt to mend ties amidst fears that the tense relationship with the Iranian regime could lead to conflict.

29. Mr Oztrak concluded by proposing that Europe and the United States should work together to lower tensions in the Gulf, foster reconciliation within the GCC and ensure that rivalry between Iran and the GCC member countries does not trigger higher levels of conflict.

He said that NATO has an important role to play in coordinating the approaches of the United States and its European Allies towards cooperating with their regional Allies and with important countries not formally linked to the ICI like Saudi Arabia and Oman. However, the Rapporteur was convinced that long-term stability in the Gulf would also demand domestic economic reform, a higher degree of tolerance, and a more equitable distribution of wealth.

30. **Neil Dunn** (US) then took the floor to welcome the recognition of the emerging importance of nuclear power in the Gulf in the report. He suggested that NATO members should consider that several Gulf countries have concrete plans to construct nuclear power plants. He cautioned that NATO Allies should consider supporting these projects to ensure that the construction of nuclear power plants would not tie these countries closer to Russia and China.

31. **The draft General Report [034 ESCTER 20 E] was adopted (18 votes).**

## VII. Sub-committee activities

32. The Chairperson first asked Faik Oztrak to present the planned activities of the Sub-Committee on Trans-Atlantic Economic Relations. Mr Oztrak explained that the ESCTER is planning to produce a report on *The Global Economic Crisis: Implications and Prospects* in 2021. He also informed committee members that the Sub-Committee was considering visits to the Netherlands or the United Kingdom and the United States. However, he cautioned that any travel would remain contingent upon the COVID-19 situation.

33. The Chairperson then asked **Michael Szczerba** (PL) to update delegates on the planned activities for the Sub-Committee on Transition and Development. Mr Szczerba first thanked Ausrine Armonaite for her important report and congratulated her on her new post in the Lithuanian government. He then informed delegates that the ESCTD will produce a report on *Belarus: Political, Economic and Diplomatic Challenges* in 2021. He noted that the Sub-Committee is tentatively planning visits to Lithuania and Poland to generate information for this report, but also affirmed that this would depend on the evolution of the pandemic situation.

## VIII. Closing remarks

34. The Chairperson closed the first part of the meeting of the ESC and reminded Committee members they would now welcome colleagues from the STC for the joint speaker. Mr Klementjevs passed the floor to Mr Kevan Jones (United Kingdom), Chairperson of the Science and Technology Committee for the Joint Session.

## IX. Opening remarks by Kevan JONES (United Kingdom), Chairperson of the Science and Technology Committee

35. **Kevan Jones** (UK) welcomed members to the meeting and thanked the International Secretariat of the NATO Parliamentary Assembly for organising the Annual Session. He then introduced the speaker.



**X. Presentation by Dr Stamatios KRIMIGIS, Head Emeritus and Principal Staff, Space Department, Applied Physics Laboratory, Johns Hopkins University, Chair of Science of Space, Academy of Athens, and Advisor, Minister of Digital Governance, the Hellenic Republic, on The Importance of Space in Security and Economy, followed by a discussion**

36. Dr Stamatios Krimigis introduced his presentation on “The Importance of Space in Security and Economy.”

37. Dr Krimigis suggested that the global space economy stood at roughly USD 360 billion in 2018. The United States alone spent roughly USD 50 billion in 2018 on the space economy, including funding for the National Aeronautics and Space Administration (NASA). The total budget of all other governments combined is USD 30.5 billion.

38. The Speaker noted, however, that only 22% of the space economy consists of government expenditures. The remainder consists of commercial satellite services and equipment, satellite manufacturing, and satellite ground equipment. He added that the rate of growth of space expenditures is about twice that of the economy as a whole.

39. Dr Krimigis outlined the European Union’s space-related investments. The most prominent programme is Galileo, which has consumed around EUR 22 billion since its inception in 1998. The next largest EU project is Copernicus, which collects climate change data. Copernicus has cost EUR 6.7 billion since its inception. Dr Krimigis explained how the Copernicus programme measures global temperatures and has thus become a critical tool for understanding climate change. The Copernicus programme also assess fire activity.

40. Dr Krimigis outlined the essential roles played by the European Space Agency (ESA). That body which rests on four pillars: science and exploration; safety and security; applications; enabling and support. Among other things, the ESA is responsible for tracking space weather events, which can have an impact on European space assets and ground-based infrastructure.

41. The Speaker argued that space is undergoing a powerful transformation. He pointed to several key innovations: signal intelligence and reconnaissance from multiple sources; geolocation and spoofing technology; satellite communications from low Earth orbit (LEO); the ‘small satellite’ revolution; and, responsive launchers. Finally, he discussed the growing importance of the private sector and the catalytic role now being played by investors such as Elon Musk and others. These entrepreneurs have driven the advance of game-changing space technology.

42. Dr Krimigis elaborated on changing optical communications in Low Earth Orbit. New technologies allow have exponentially increased data speeds, which have moved from megabytes-per-second (Mbs) to gigabytes-per-second (Gbps). He elaborated on the possibility of using space technology for creating “near-real-time Google Earth.” This means that scientist can now immediately gather, and monitor data related to Sea Surface Temperature, Chlorophyll Concentration, Cloud Fraction, and Snow Cover among others.

43. The Speaker also discussed the Euro SWARM programme, which is funded by the European Defence Agency (EDA). The programme seeks to generate perimeter security by using drones incorporating satellite communications, 5G technology, and various Intelligence, Surveillance and Reconnaissance (ISR) assets. He also mentioned how new technologies can facilitate persistent monitoring with small satellite constellations. These technology breakthroughs make it possible to persistently monitor points on the surface of the Earth in near-real-time.

44. The Speaker noted how many of these technological breakthroughs are transforming the defence sector and suggested several policies that might facilitate this process. First, he said that continued investment is needed in developing geolocation technologies and systems, including funding for the American Global Positioning System (GPS) and European Galileo. These systems make persistent terrestrial monitoring possible through satellites and advanced communications systems.

45. Dr Krimigis then spoke on the need for a European equivalent of the Defence Advanced Research Projects Agency (DARPA) in the United States. Such an agency would help more rapidly develop and deploy game-changing technologies that would help meet pressing capability needs. The Speaker finally recommended forging closer trans-Atlantic space defence links. He thanked the audience for their attention and welcomed questions.

46. **Marietta Giannakou** (GR) congratulated Dr Krimigis on the international recognition of his work and thanked him for briefing the members.

47. Ivans Klementjevs (LV) spoke on Latvia's participation in the space economy. He recalled previous ESC visits to space-related organisations. He enquired about NASA's Space Launch System (SLS) and the possibilities for future space travel.

48. Dr Krimigis claimed that SLS could theoretically facilitate Moon travel by 2024. However, he said that Mars travel would be exceptionally difficult and require high levels of funding. He stated that a human mission to Mars could require collaboration among the world's governments. He suggested that travel to Mars would not likely take place until the late 2030s, in his view.

49. **Philippe Michel-Kleisbauer** (FR) spoke on the increasing complexity of space threats. He also noted how important space technology has become to advance environmental protection and to address the challenge of climate change. He drew attention to France's activities in the space domain, including cooperation with its transatlantic and European partners. He inquired about the Greek perception on the importance of space in economic and security terms.

50. Dr Krimigis said that Greece had a late start in developing its space capabilities. The country is now building a small space-related industrial base, with assistance from other European countries, including France and Germany. He suggested that Greece would be positioned to focus on building small satellites.

51. Mr Jones asked about the proliferation of satellites. He inquired about the issue of "space trash" and asked about the risks of satellite collision? How could countries recover satellites and make sure that satellites re-enter safely?

52. Dr Krimigis drew attention to a recent United Kingdom programme, which has examined the possibility of de-orbiting space trash. In his view, space trash poses risks to the International Space Station (ISS) and other space-based systems. He said that the world's governments have so far failed to develop a common strategy on space trash. He expressed his hope for greater cooperation and suggested that a new US administration would likely take a leading role here.

53. Mr Jones also asked about the legal agreements governing both government and private sector use of space. He speculated that this could be a contentious matter given the proliferation of private satellites.

54. Dr Krimigis spoke about the increasing involvement of private sector actors – including Elon Musk's companies – in the space economy. This has triggered a degree of uncertainty,

with overlapping government interests and commercial stakes. There is clearly a need for more discussion on these matters, ultimately aiming for new international agreements.

#### **XI. Closing remarks by Ivans KLEMENTJEVS (Latvia), Chairperson of the Economics and Security Committee**

55. Mr Klementjevs expressed his gratitude to Dr Krimigis for his excellent presentation and thanked members for their participation.

56. After the Joint Session, Mr Klementjevs thanked Dr Krimigis for his intervention and thanked members for their constructive and thoughtful participation. He expressed his gratitude to the Greek Delegation for organising the sessions, thanked interpreters and closed the meeting.

**Saturday 21 November 2020**

#### **XII. Opening remarks by Ivans KLEMENTJEVS (Latvia), Chairperson**

57. The Chairperson welcomed delegates back to the session and recalled the agenda as well as practicalities related to voting.

#### **XIII. Consideration of the revised draft General Report *China's Belt and Road Initiative: A Strategic and Economic Assessment* [033 ESC 20 E rev.1] presented by Christian TYBRING-GJEDDE (Norway), General Rapporteur**

58. **Christian Tybring-Gjedde** (NO) began his presentation by explaining that China's Belt and Road Initiative (BRI) is a massive infrastructure investment programme and a cornerstone of Beijing's strategic ambitions. He noted that the BRI is reshaping the global geopolitical landscape in ways that the trans-Atlantic community cannot ignore. Whilst some NATO governments are cautious about China's ambitions, many countries, including several European Allies, have signed BRI cooperation agreements with Beijing.

59. Mr Tybring-Gjedde described the three related programmes of the BRI: the Silk Road Economic Belt, the Maritime Silk Road, and the Digital and Space Silk Road. He explained that the former two are based around economic corridors – both maritime and land – through which China aspires to connect to Central Asia, the Middle East, Eastern Africa, and Europe and alluded to China's Arctic ambitions. He said that Beijing envisions an ambitious network of oil pipelines, highways, railways, and ports. China has already signed a broad array of trade and transportation agreements, established special economic development zones, and facilitated people-to-people contacts.

60. Mr Tybring-Gjedde underlined that China's digital and outer space ambitions are substantial. Beijing seeks a dominant role in emerging and disruptive technologies, including quantum computing and artificial intelligence. He observed that China's aspirations for digital supremacy have elicited widespread concern about its technology transfer policies and intellectual property theft. These policies link directly to China's espionage programmes and domestic surveillance, both of which threaten democratic governance and human freedom.

61. Mr Tybring-Gjedde pointed out that Beijing is using the BRI in order to access new markets, expands its exports, and enhance the role of its currency to rival the dollar and euro, but also to achieve its geo-strategic ambitions. For example, the BRI has enhanced China's

port access and thus its maritime power; similarly, its commercial satellite policy should be seen in geo-strategic as well as in commercial terms.

62. The Rapporteur stressed that countries participating in the BRI face risks of financial, economic, and strategic dependence. For example, countries that have borrowed from China are less inclined to criticize Beijing's human rights abuses and its unfair trade practices. Other downsides of Chinese lending include the risks of debt traps and corruption. Mr Tybring-Gjedde explained that Beijing has offered unsustainable loans for infrastructure projects in some key emerging markets and developing economies and has demands concessions with geopolitical implications when these countries are unable to service their debt. He underlined that both the IMF and the World Bank low environmental standards in BRI projects may generate financial and political problems for host countries in the long run.

63. Mr Tybring-Gjedde noted that Chinese policies, including the so-called 17+1 process, in which China engages Central and Eastern European countries, have led to a reappraisal of relations with China in Europe. Thus, the European Commission has characterised China as a strategic rival and called for increased vigilance related to Chinese economic and investment practices. Moreover, the EU has established a connectivity programme to strengthen linkages between Europe and Asia. Meanwhile, he noted that Washington sees the BRI through the lens of its broader strategic rivalry with Beijing and considers that the BRI seeks to perpetuate Beijing's unfair trade practices and facilitate Chinese access to sensitive technologies as well as military installations. The Rapporteur said that the United States had countered the BRI with its own connectivity and trade initiatives. Washington has encouraged more US private investment in the Indo-Pacific and joined Japan, Australia, and India to re-establish the so-called "Quad" forum for discussing military-security challenges in the Pacific.

64. The Rapporteur remarked that there had been disagreement between the United States and some European allies on the question how to confront the BRI. However, he argued that the recent decisions taken by several European governments not to procure 5G infrastructure from the Chinese firm Huawei, have demonstrated the importance of close consultations between Allies on these questions.

65. Mr Tybring-Gjedde underlined that Europe, the United States and several Indo-Pacific powers need to work together to offer alternative infrastructure models to those proposed by China. However, he emphasised that these projects would depend on significant capital injections.

66. According to the Rapporteur, European countries may carry greater geopolitical stakes in confronting the BRI as Europe represents the cornerstone of an interconnected Eurasia. Therefore, he argued that European decisionmakers will need to convince countries at the intersection of both continents that their stricter project financing approach is more sustainable than the terms offered by Beijing. Europe will need to encourage its neighbours, notably in the Western Balkans, to push for stricter transparency standards when dealing with Chinese investors.

67. Mr Tybring-Gjedde finally reminded Committee members that NATO leaders had recognised the necessity of a common response to China's challenge at the 2019 London Summit and underscored that NATO will pay greater attention to China in the future, including in its forthcoming strategic review.

68. Mevlüt Karakaya (TR) took the floor to emphasise that China presents both challenges and opportunities to the Alliance and that NATO's response needs to strike a balance between both dimensions, decreasing Allies' vulnerabilities and constructively engaging with Beijing to

foster international stability and respect for international law. The Chairperson agreed with Mr Karakaya and confirmed that the report reflects this approach.

69. **The draft Report [094 ESC 20 E rev. 1], as amended, was adopted unanimously.**

**XIV. Vote on the revised draft Special Report *The Economic Consequences of the COVID-19 Pandemic* [094 ESC 20 E rev. 1] presented by Christian TYBRING-GJEDDE (Norway), General Rapporteur**

70. The Chairperson then invited delegates to consider the ESC special report on *The Economic Consequences of the COVID-19 Pandemic* and the resolution to which it is tied. He noted that the report had been presented at the COVID-19 special meeting and asked Mr Tybring-Gjedde to present his resolution.

71. Mr Tybring-Gjedde first pointed out that he had inserted two small changes into the report: first, the report now underlines the significant COVID-19 crisis relief package in the United States, the USD 2.2 trillion CARES Act; he also asked for several sentences to be deleted in another paragraph.

72. Mr Tybring-Gjedde then introduced the resolution which surveys the broad array of economic, social, and public health challenges posed by COVID-19. He noted that tackling the health impact of pandemics can take a toll on national economies over the short run. But this is often a necessary cost because the cost to society of widespread illness is even greater.

73. The Rapporteur argued that the pandemic is causing an economic slowdown across many countries which are also confronting problems of mounting public and private debt. He noted that developing countries face a particular challenge as investment is being redirected into safe havens in the West just as resources are needed to fight the pandemic.

74. Mr Tybring-Gjedde underscored that geopolitical risk not only persist during pandemics but can mount as well. National defence therefore should not be neglected. He explained that defence industries confront acute challenges during the pandemic as commercial markets, from which they draw supplies begin to retract. The Rapporteur said that it is important to find ways to help these companies through these difficult moments.

75. The Rapporteur suggested that the current pandemic should not be considered a once in a lifetime event. Pandemics can occur anytime and may become more likely in the future. Societies must therefore develop systems and resilience to cope with these challenges. The resolution, he noted, calls for deeper international collaboration in the face of grave medical and economic challenges. He also affirmed that investments in essential infrastructure and medical equipment as well as contingency planning are crucial to reinforce collective resilience in the face of pandemics. Moreover, innovative partnerships among governments, scientists, and economists are needed to improve risk preparedness and to ensure collaboration in the development and distribution of vaccines. The Rapporteur also urged Allies to reduce overreliance on any single supplier country of vital medical equipment, when such a supplier is considered a strategic rival. Finally, he highlighted the need to assist developing countries in tackling the economic and medical aspects of the crisis.

76. The Rapporteur concluded by encouraging Allied governments to develop credible strategies to unwind or finance very high debt burdens and intensify transatlantic monetary, fiscal and trade cooperation. He also pointed out a need for smarter collective approaches to defence procurement and deeper defence-industrial and doctrinal cooperation so that we get more return on our defence investments. He added that Allies should rededicate themselves

to allocating 2% of their GDP to defence and 20% of overall defence spending to major equipment procurement and defence research, in order to ensure that Allies remain capable of defending their societies against geopolitical threats which may be exacerbated by pandemics.

77. **Phillippe Folliot** (FR) thanked Mr Tybring-Gjedde for both of his reports. He then inquired about the viability of the 2% defence spending goal in light of the contraction of GDPs of most Allies due to the pandemic. He argued that as a result of decreasing GDP the 2% goal could mean less defence outlays than anticipated. The Rapporteur agreed that percentage goals are a challenging measure when GDPs overall contract. He added that most nations have long-term defence investment plans. Therefore, some countries may have to spend more than 2% of their GDP to fulfil their procurement commitments. Mr Klementjevs noted that defence spending would be a report topic for the ESC in 2021.

78. **The draft Report [094 ESC 20 E rev. 1], as amended, was adopted unanimously.**

**XV. Consideration of amendments and vote on the draft Resolution *Economic Resilience and Pandemics* [159 ESC 20 E] presented by Christian TYBRING-GJEDDE (Norway), General Rapporteur**

79. The Chairperson then asked delegates to consider amendments to the draft resolution *Economic Resilience and Pandemics* and thanked the rapporteur for his draft.

80. Mevlüt Karakaya took the floor to ask the Rapporteur on his thoughts on how to obtain a balance between public health concerns and maintaining social and economic life. Mr Tybring-Gjedde responded that this is indeed a core challenge. **John Spellar** (UK) added that governments were currently facing this question in finding solutions to the crisis and managing the pandemic risk. Mr Tybring-Gjedde agreed that countries were forced to make risk assessments, noting as well that there is a need for shared strategies for coping with the challenge.

81. The Rapporteur then introduced one amendment to the resolution introduced by the Turkish delegation which he supported. The amendment underlined that measures to deal with pandemic should strike a balance between protecting public health and maintaining social and economic life. The amendment was voted upon and adopted by 19 votes. Delegations then proceeded to vote on the full resolution.

82. **The draft Resolution [159 ESC 20 E], as amended, was adopted unanimously.**

**XVI. Election of Committee and Sub-Committee Officers**

83. The Chairperson then moved to the election of Committee and Sub-Committee officers and recalled the voting procedures. He also noted that he had completed his mandate as the Chair of the Economics and Security Committee.

84. The following officers were elected:

**Economics and Security Committee (ESC)**

Chairperson **Philippe FOLLIOT** (France)  
 Vice-Chairpersons **Zehra TASKESENLIOGLU BAN** (Turkey)  
**Neil DUNN** (United States)

**Subcommittee on Transition and Development (ESCTD)**

Chairperson **John SPELLAR** (United Kingdom)  
 Rapporteur **Michal SZCERBA** (Poland)  
 Vice-Chairpersons **Giancarlo GIORGETTI** (Italy)  
**Maria da Luz ROSIHNA** (Portugal)

**Sub-Committee on Transatlantic Economic Relations (ESCTER)**

Chairperson **Ivans KLEMENTJEVS** (Latvia)  
 Rapporteur **Faik OZTRAK** (Turkey)  
 Vice-Chair **Harriet BALDWIN** (United Kingdom)

**Ukraine-NATO Interparliamentary Council (UNIC)**

Alternate members **Ivans KLEMENTJEVS** (Latvia)  
**Nicole DURANTON** (France)

85. **All current officers who sought re-election were re-elected by acclamation.**

**XVII. Any other business**

86. The Committee Director invited ESC members to join the ongoing DSC meetings with the Greek Minister of Defence after the meeting.

87. Philippe Folliot thanked Mr Klementjevs for his work as the Chairperson to the ESC and said it would be an honour to succeed him. Mr Folliot also paid tribute to Senator Jean-Marie Bockel and his activities within NATO PA and the Committee. Mr Folliot expressed the hope that the Committee would soon meet in person. Zehra Taşkesenlioğlu took the floor to thank the Committee for electing her as a Vice-Chair and expressed her wish to contribute actively to its work.

88. The Chairperson congratulated all elected officers.

**XVIII. Date and place of the next meeting**

89. Mr Klementjevs recalled that the ESC will next meet to participate in the annual parliamentary meeting of the OECD in the week of 9 February, which will be held online.

**XIX. Closing remarks**

90. The Chairperson thanked the Committee members for their constructive participation and thanked the interpreters and NATO PA staff for their work in facilitating the meeting.