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# **Standing Committee on Foreign Affairs and International Development**

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**EVIDENCE**

**Thursday, April 6, 2017**

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**Chair**

**The Honourable Robert Nault**



## Standing Committee on Foreign Affairs and International Development

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• (0845)

[English]

**The Chair (Hon. Robert Nault (Kenora, Lib.)):** I bring this meeting to order.

Good morning, colleagues. Pursuant to Standing Order 108(2), we are studying the situation in eastern Europe and central Asia 25 years after the end of the Cold War. As you know, we're getting close to the end of our study. This morning we will be hearing from some key officials: Mr. Sarty, director general of the European affairs bureau; and Mr. Morgan, acting director of the eastern Europe and Eurasia relations division.

As per normal, colleagues, we will hear from our witnesses for a few minutes, probably 10 minutes or so, and then we'll go into questions. As I understand it, we have the witnesses for roughly an hour and a half, so there's no big rush. Everybody will get a chance to get their questions in and have a good discussion. The landscape, as you know, is changing quickly in eastern Europe, almost every day, so this will be a very timely discussion with the officials from Global Affairs.

I'll turn the floor over to Mr. Sarty for his opening comments. Then we'll go into questions and sort it out with Mr. Morgan as we go.

The floor is yours.

**Mr. Leigh Sarty (Director General, European Affairs Bureau, Department of Foreign Affairs, Trade and Development):** Thank you very much, sir.

Good morning to everyone.

Before I read my formal remarks, let me echo your comment to the effect that this exchange will be very timely. I had the great pleasure of being in front of this committee at some point before Christmas. The timing is a bit of a blur—I think it's been that kind of year for all of us—but it was before you set off on your trip.

What a genuine pleasure it is to be back together with you now that you've been there. I've seen some of the reporting generated by our diplomatic posts following your visit to the region, and very much look forward to hearing your views and reflections, and to answering, to the best of Mr. Morgan's and my ability, any questions you may have this morning. In terms of how we've agreed to organize ourselves, I will deliver these opening remarks on behalf of both of us. In turn, we'll both be happy to answer your questions.

I will begin by providing a scene-setter of key security and foreign policy challenges facing central and eastern Europe and central Asia, followed by the latest developments and Canada's role in the region.

[Translation]

While Kazakhstan, Latvia, Poland, and Ukraine have diverse experiences, they share common challenges rooted in the Soviet legacy, as well as a common backdrop of Russian influence and the related security challenges.

[English]

March 18 marked the third anniversary of the annexation of Crimea, a breach of international law that reignited long-standing, historical grievances reminiscent of the Cold War era. Your visit to Ukraine coincided with a sharp spike in violence, which has since declined. While fighting continues, these spikes and lulls demonstrate that there is an ability to control levels of violence, as long as there is the political will to do so. Canada continues to call upon Russia to use its influence to de-escalate the situation.

Since Russian actions in east Ukraine in 2014, neighbours in the region, including Poland and Latvia, have been strongly concerned by Russia's posturing in the region, and have been advocating for an increased military presence along the eastern flank. This ask has been heard loud and clear, with Canada taking a leadership role as the framework nation in Latvia, with the U.S. undertaking a similar role in Poland. Indeed, Poland welcomed the first battalion to the U.S.-led NATO enhanced forward presence battle group on March 28.

• (0850)

[Translation]

Kazakhstan is concerned with growing violent extremism and the instability associated with Afghanistan's proximity. While organizations such as the Organization for Security and Cooperation in Europe provide support to help build Kazakhstan's border security and counterterrorism capacities, Russia's involvement in Central Asia's security dwarfs that of any other country and organization.

[English]

In February President Putin visited Kazakhstan, the Kyrgyz Republic, and Tajikistan to celebrate 25 years of bilateral relations and to discuss enhanced security co-operation. At the end of March, Tajikistan held joint military exercises with over 2,000 Russian troops near its border with Afghanistan. Looking to the future, Kazakhstan seeks, above all, to maintain its independence in the face of a determined Russia and a burgeoning China.

Canada's role in central and eastern Europe and central Asia is of strategic importance and two-pronged, focusing on reinforcing security and stability in the region while also advancing good governance and economic development. Our contributions through Operation Reassurance are tangible symbols of Canada's commitment to key NATO allies and regional defence and security. Since my last appearance before this committee, Canada has renewed Operation Unifier, Canada's military mission to Ukraine.

Recent visits and bilateral meetings with interlocutors from all countries in question attest to Canada's increased engagement in the region. Most recently, Minister Freeland and Minister Champagne welcomed Latvia's minister of foreign affairs, Edgars Rinkevics, to Ottawa on March 23 and 24 for his first official visit to Canada, with discussions focusing on the fruitful Canada-Latvia bilateral relationship, regional defence and security, and Canada-European Union relations.

[Translation]

Minister Freeland met with Mr. Waszczykowski, Poland's minister of foreign affairs, at the NATO foreign affairs ministers meeting in Brussels on March 31. The discussions centred on military cooperation and Ukraine.

Minister Freeland also participated in the recent NATO-Ukraine Commission organized on the margins of the foreign affairs ministers meeting.

[English]

On the commercial front, the Canada-EU comprehensive economic and trade agreement, known as CETA, will be the keystone of our future relationship with Poland and Latvia. Latvia's parliament voted in favour of domestic ratification of CETA on February 23. The fact that Latvia is the first EU member state to ratify the agreement is testament to our growing relationship, and sets the stage for increased momentum on domestic ratification from other neighbouring countries. Minister Champagne visited Latvia that same day to profile this achievement.

Canada is also deepening its economic co-operation with Ukraine through the Canada-Ukraine free trade agreement signed in July 2016 and currently going through the ratification process here in Canada. It was ratified in Ukraine on March 14. Canada is also a strong supporter of Ukraine's reform efforts, having provided over \$700 million in multi-faceted support across financial, development, security, and humanitarian spheres. Canada continues to support Kazakhstan's reforms under President Nazarbayev's "100 concrete steps" initiative, and will tomorrow celebrate 25 years of diplomatic relations between Canada and Kazakhstan.

In conclusion, our approach in the region is a holistic one, as part of our broader security strategy in the region and our historic and current support to countries' reform efforts. Moving forward, Canada and its allies will have to adapt to ongoing challenges in the region, the evolving world order, and shifting political tides. We would be interested in your observations following your fact-finding mission, including areas where you see potential impact of Canada's engagement and in the engagement of Canadian parliamentarians.

Thank you very much.

● (0855)

**The Chair:** Thank you very much, Mr. Sarty.

Colleagues, now we'll go to questions.

We'll start with Mr. Kent.

**Hon. Peter Kent (Thornhill, CPC):** Thank you, Chair.

Thanks to both of you for being with us again today.

I'd like to start with a question sparked by your line about Canada continuing to call upon Russia to de-escalate the situation in Ukraine. Of course, we see that Canada is part of the NATO effort to discourage any further encroachment on the Baltic or Polish territories by Mr. Putin. Aside from ministerial contact, I'd be interested to know, at the deputy minister and ambassadorial level, what the interaction has been over the past several years since sanctions were brought in against Russia. As you know, there may well be some new advice to the government from this committee with regard to sanctions, but that's a story for another day.

I'm wondering if you would just talk about the day-to-day interaction, the non-ministerial interaction, between Canada and Russia in trying to discourage Mr. Putin's continuing territorial adventurism and aggression.

**Mr. Leigh Sarty:** Thank you, Mr. Kent. Yes, most definitely I'm pleased to respond.

First of all, if we go right back to 2014—and I'm not going to get into a long history lesson—we have two phases.

There was the nature of the interactions under the previous Conservative government. As a result of the former government's very strict policy of non-engagement with Russia as part of the overall sanctions packages and our response to Russia's annexation of Crimea and Ukraine, contacts were extremely limited. In fact, I know that the Russian ambassador here in Ottawa, who arrived, I think, in October 2014, did not meet officially with Global Affairs Canada's officials until the launching of the Liberal government's policy of re-engagement.

On the Moscow side of the equation, I was serving in Moscow as our deputy head of mission right up until last August. Prior to the initiation of the Liberal government's re-engagement policy, our contacts were limited to being summoned by the foreign ministry for them to complain about this or that. Needless to say, in those very limited opportunities, our messaging was always consistent on the absolute unacceptability of Russia's actions and on the importance of getting out of Crimea and eastern Ukraine.

Since the re-engagement announced by then Minister Dion at the end of last March, just over a year ago, our contacts have increased. We are on a path of re-engagement. I would say, however, that the underlying assessment of Russian behaviour and the need to deal with it has not changed materially. Rather, the change under the new government has been one of approach, the belief that it's precisely the countries you don't agree with that you most need to engage. It's in that spirit that we are speaking more actively with them.

The exchanges have increased. The messaging has remained consistent, certainly on our part, but it remains relatively modest. I should flag the fact that Minister Dion met with Minister Lavrov last July. There hasn't been any contact at that level since.

You asked about non-ministerial exchanges. At the officials' level, we've had a number of senior Global Affairs officials go to Moscow. Our political director, Mark Gwozdecky, was in Moscow last November to talk about international security issues and the Middle East. I think at the end of last week, a colleague of mine—who, if she were in town, would be speaking to you today on Kazakhstan and Ukraine—was in Moscow for bilateral discussions.

Our messaging has remained consistent and firm, and our contacts, while increased, are still a long way from those of a normalized relationship.

• (0900)

**Hon. Peter Kent:** Certainly, we in the opposition haven't seen any tangible benefits from the change in government approach, in government tactics. However, we certainly do agree that at some level there should be a communication to continue to condemn Russian practices, not only in eastern Europe but also in Syria, for their complicity in the chemical weapons attack.

I'd like to have your read on what's going on in Belarus. It's in a very volatile situation these days. We've seen demonstrations. We've seen, on the one hand, an attempt towards liberalization with a bit of push-back from the Russians, and now we've seen a crackdown by the Belarus government.

**Mr. Leigh Sarty:** Belarus is a very interesting situation. Where to begin?

I guess one begins in Belarus with an extremely crafty and seasoned leader, Lukashenko. Relatively speaking, he came out of nowhere. He was a state-farm chairman who first won election in 1994, very early in Belarus' completely unexpected, I think, independence following the collapse of the U.S.S.R. in December 1991. He has ruled since then—not to use a cliché—with an iron fist.

Among the interesting features of the regime in Belarus is the fact that, whereas there have been some reorganizations and changes in *nomenklatura* in Russia with respect to the security services, in Belarus they still carry that classic epithet, “the KGB”. And that's not just nomenclature—it's somewhat symbolic, I would say, because Lukashenko's approach has been very much that of a *dirigiste*, as a former state-farm chairman, raised and honed in the Soviet Union where centralized authority and stability were key, and the approach to civil society such as it was, the approach to people's aspirations for democratic reform and greater openness, was viewed very much through the lens of stability.

With that approach, there's been something of a checkered history, because in realizing his commitment to preserve stability and keep himself in power, he's proved quite adept at playing between his obviously most important Russian neighbour to the east and the countries of the EU to the west.

We've had some periods of relative thaw that always swing back again. I recall that in 2008-09 he released a few political prisoners, and there was a real buzz within the EU more than on Canada's part. But even here, we were looking at the possibility of re-engaging Belarus. That was all undone by the crackdowns after the elections, the very patently falsified elections of 2010.

Then, more recently, we have moved into a relatively positive period—correct, David?—in terms of their showing relative openness to civil society. In that context we've had more engagement with Belarus, but he still continues to doing this dance between Russia and the west. The bottom line will always remain Lukashenko's view that the stability of Belarus means he stays in power, which places very sharp limits on his ability to open up to the degree that western partners would like to see.

Having said that, he's not absolutely incapable of standing up to Russia. The Russians were pushing very hard to have a new air base in Belarus, and he has managed to sort of finesse that specific issue.

Ironically, despite the imbalance of power with Russia, he's not without cards to play. I would suggest that Russia already has its hands more than full in terms of what it has got itself into in Ukraine and the challenges that Russia, from its perspective, sees itself facing with NATO's future deployment. So Russia is very cognizant of the utility of keeping Belarus relatively stable and onside. That, in turn, creates a little bit more space for Lukashenko, or “the Batka”, as he's known by nickname, to manoeuvre.

• (0905)

Going forward, I think Belarus is certainly a country to watch very closely. It's fascinatingly importantly placed in geostrategic terms. Again, just keep a close eye on it.

At the end of the day, I would say not to underestimate Lukashenko's ability to keep bobbing and weaving to keep himself in power, keep relative stability, and keep his very powerful eastern neighbour relatively content.

**The Chair:** Thank you, Mr. Kent.

We'll go to Mr. Fragiskatos, please.

**Mr. Peter Fragiskatos (London North Centre, Lib.):** Thank you, Mr. Chair.

Thank you for being here today.

My question is about civil society and the space—or lack thereof, really—for civil society organizations to operate, particularly in Kazakhstan and Poland, where very clear measures, it would seem, have been taken to constrain the operations of civil society and civil society's ability to exert any influence in terms of democratization. There's a bit more room for civil society to operate in Ukraine and Latvia.

I wonder if you could speak to that and perhaps even extend it beyond these four countries. You've talked about Belarus.

I know that in Hungary, for instance, recent legislation has been tabled that would see NGOs that have any sort of foreign tie, whether in terms of financing from the Soros organization—and George Soros has been made out to be some sort of demon in Hungary—or in terms of communication with NGOs based in the west that for very good reasons might want to help encourage a democratic dialogue within Hungary and the central and eastern European regions....

I wonder if you could speak to these issues.

**Mr. Leigh Sarty:** Thank you very much.

That's a hugely important issue. I don't think it would be exaggerating to say that it really gets to the heart of the matter. You can think globally of all the challenges the whole world seems to have faced in recent years. There's the fact of Brexit last summer, and the relative uncertainty that creates. There's the election of Donald Trump south of the border. There are the concerns we had in the lead-up to the Dutch elections about the impact of the apparent—again, it's being simplistic and sweeping—rise of populism and the uncertainty this generates in terms of political outcomes. The heart of the issue, in a sense, what you've talked about, is one of the manifestations of this broader phenomenon.

I would be quick to caution, as I think you did in your question, that obviously it differs, but the challenge with respect to NGOs in civil society is distinctive. There are very broad similarities, but the distinctions are important when we're talking about Kazakhstan, let's say, as opposed to Poland.

I'd suggest that what seems to be, or what could be suggested to be, helping to drive these steps on the part of governments, whether in Poland or in Kazakhstan, or in Hungary, as you mentioned, where the developments, as you mentioned, are extremely serious, is a kind of response to the broader uncertainties associated with an uncertain world where people are feeling dislocated. They're feeling the pernicious effects of perpetually slow growth, the difficulty for young people to find work, and the sense that those in the middle class, such as it is, whether the Kazakh version of the middle class or the Polish version, do not have the opportunities the previous generations did. It's leading governments to be really concerned about how to.... People want certainty. They want stability. That plays out in various ways in the countries you've mentioned.

Take the case of Kazakhstan. As you would have heard when you were there, relative to the other countries of central Asia, Kazakhstan is sort of the best of a challenging lot. In other words, when compared to Uzbekistan, perhaps, or Tajikistan, Nazarbayev comes out looking pretty good in terms of his commitment to engagement with the west or his efforts to improve the civil service program that

Canada is participating in. However, it's still very much from the backdrop of a political culture that reflects its Soviet era origins. Ultimately there is a certain suspicion of civil society, not dissimilar to what I was saying with respect to Belarus in terms of a real preoccupation concerned with preserving stability and the limits that means one needs to put on the activities of NGOs. So that's creating the challenges in Kazakhstan.

● (0910)

In Poland it's really interesting, obviously. Here we have to underline that of course it's distinctive, because Poland is to all appearances a successful new member of the EU. I forget the exact statistics. You probably heard them when you were there. I think the Polish and Ukrainian per capita GDPs were not too far out of line at the time of the collapse of the U.S.S.R. Poland's might have been slightly ahead of Ukraine's, and now it's something like four or five times ahead, if not more. There are some very dramatic statistics there that underline how Poland has benefited from membership in the EU. Nevertheless, when we're trying to understand the recent steps by the PiS government in Poland, particularly its very disturbing measures to limit the work of the constitutional court—or the constitutional body—and some of the other questionable social measures it is taking, I think it is a kind of response to the dislocation that people are feeling.

That gets me back to the broader global context, the fact that people in all countries are, to some degree or other in the 21st century, in an era of low growth and vast technological change, and are looking for things to hang onto. In Poland, the current government is trying—and, ironically, not without some success—to tap into a certain degree of nostalgia for the Poland of work, for the importance of rural Poland, for the peaceful life on the farm. As a result, it is sort of standing against the directives of so-called Eurocrats in Brussels. In other words, it is the assertion that Poland is Poland and that Poland has its own way. It translates into a situation where there are some untoward currents in Poland, but I think Hungary is the country for which we have most cause for concern these days. However, we still have a situation where, in theory, every EU member should be committed to the same degree to democracy, pluralism, etc. Nevertheless, because of the specific ways the current regime in Poland is responding to some of these global challenges, the commitment to these—to what should be unimpeachable pan-European and global values—is not as strong as we would like it to be, and that is indeed cause for concern.

● (0915)

**Mr. Peter Fragiskatos:** To what extent is all of this really a matter of trajectory? In other words, Kazakhstan, Poland...these are relatively.... Well, let's focus on Poland and Ukraine. In Ukraine, there have been steps taken that require anti-corruption organizations to disclose expenditures, to disclose assets. The intent of this appears to be to make sure that civil society operates under the umbrella of the state and doesn't get out of order, so to speak.

With respect to Ukraine and Poland, to what extent is this really a matter of the fact that they are relatively new democracies and still finding their way? Or is it really something to do with current trends within each democracy and particular steps that leaders have taken?

For example, Latvia is also a relatively new democracy in the same vein, but there seems to be much more of an open space there for civil society to operate within. Could you look at that tension? On the one hand, one could argue that these are new democracies that are still finding their path. However, on the other hand, Latvia is a new democracy, but it seems much more open to allowing for, if not a vibrant civil society, then certainly a civil society that is active and not under a state umbrella.

**Mr. Leigh Sarty:** I think you make a very good point. Certainly when we're talking about Poland, we shouldn't preclude the importance of the subjective element, the degree to which much, it would appear, of what is driving recent Polish behaviour and apparent departures from what we would consider a more pan-European standard of behaviour, owes to Mr. Kaczynski himself.

Whether you're trying to explain Poland's recent effort to stand alone Tusk's reappointment as president of the European Council, it's very difficult to explain that in any other terms than Mr. Kaczynski's visceral opposition, and that of those who support him, to this important figure from the party they oppose. There is that subjective element that can be very important in shaping a state's trajectory.

I would certainly agree that the most important point all these countries share is that they are, relatively speaking, new democracies. What I think we're witnessing, again in varying degrees in Latvia, as you say, is that there don't seem to be quite the same challenges there as in places like Poland, or even Hungary these days.

What is important to keep in mind is the importance, I would say, of history and political culture. I think we, i.e., the collective west, we in Canada—but the collective—speak more broadly. We were having a bit of a chat about this before this session began. Again, I think that the collective “we” in the early nineties, when the Soviet Union collapsed, had the best of intentions. However, I think that in retrospect, even purported experts have proven to have been too optimistic about what was required, or the possibility that the challenges to building a vibrant democracy and open markets and making all countries just like the “west” could be overcome.

What we're witnessing is the fact that even in a Poland, even in a Hungary, these are the real.... I would argue it's pretty clear that for those countries, the former Soviet Union and the former east bloc that got into the European Union, this was the best possible circumstance in which to be. The fact that even with them we are seeing these challenges, this reversion to the approaches of an earlier time, speaks to the durability of habits and approaches to politics that were forged over decades of Communist rule.... We obviously see that to an even stronger degree in Kazakhstan, and certainly in Ukraine.

However, I think it's ironic, and a number of people have pointed to this, that in about 1989 or 1990, even before the Soviet Union had collapsed, based on the trends at the time in eastern Europe, the American political scientist, Fukuyama, wrote about the end of history, literally saying, “It's over. We've done it...”.

Sadly, it's laughable, the notion that one can talk in terms of late 18th-century positivism being brought to its ultimate conclusion. He might even have said the push of humankind towards greater enlightenment, democracy, and open markets was done. “There we

are. History is literally over.” That's the most spectacularly sadly misguided manifestation of the kind of optimism that fuelled our thinking then. The very untoward trends that you and other questioners today have pointed to merely underline, sadly, that that optimism seems to have been rather exaggerated.

● (0920)

We're now at the stage, where we have to say—not to put words in the mouths of the committee, but I would imagine the impression you got after your tour of the region was that—we're very much in a “roll up our sleeves and keep at it” mode in terms of the efforts that will continue to be required to work with these countries and to find ways to help, where we can, to support a positive rather than negative trajectory by them.

**The Chair:** Thank you, Mr. Fragiskatos.

We'll go to Madame Laverdière, please.

[*Translation*]

**Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP):** Thank you, Mr. Chair.

I also want to thank our two witnesses for being here this morning.

My question relates to what you said earlier. We've heard testimony with regard to Ukraine indicating that the efforts to date to fight corruption and ensure good governance haven't always produced the desired results, given the extent of these efforts.

Some people also talked about reform fatigue in Ukraine. How do you view the progress made and how much have Ukrainians embraced the need for reform? Are they simply under the impression that the need has been imposed from the outside?

● (0925)

**Mr. Leigh Sarty:** Thank you.

This question is quite complex. It could take an entire day to only begin to provide a response. It would be better for me to continue in English.

[*English*]

Yes, Ukraine is such a special and challenging example, particularly for Canadians.

Given the reality that you're all aware of around this table, of the very strong and dynamic Canadian Ukrainian diaspora—about 1.2 million people, I think, is the figure that we use—that one could argue was a big factor in fuelling Canada's particular national version of the optimism I was describing earlier, the fall of the Soviet Union offered many Ukrainian Canadians the idea that their homeland would at last become free and could get out from under the Russian yoke and join the western community of nations. It was intoxicating, and it has helped to fuel our very sincere commitment to working with Ukraine to do everything we can to help it on the path of reform.

There, too, of course—and the examples you were giving underline this—it has proved to be rather challenging, even to the point, as you say, of “reform fatigue”. I think there remains such genuine cause for optimism when one is speaking about Ukraine, yet at the same time, the challenges are so serious.

We talk in terms of the optimism. There is the enduring legacy of the dynamism that we saw in the streets, not only at the time of Maidan in 2013 and 2014, but before that, of course, in the Orange Revolution, demonstrating the commitment of a good number of the people in Ukraine to achieve that better life, and a better life quite explicitly in contradistinction to the life represented by that big power to the east, Russia.

I was always struck by what some of you may recall at the time just after Yanukovich fled in February of 2014. The mob, or what have you, broke down the gates of one of his palaces—literally, palaces—in the environs of Kiev, I think, and there was television footage of gold-plated bathroom fixtures and little pens of pheasants. It was the most opulent, disgusting display of corruption writ large. Since then, for those youths—particularly the youths, but also the older people—who were out on the streets of Maidan risking bullets, it manifested that here was the future that they did not want: to live in a country where the leaders live like this while there are these challenges.

From that vantage point, it is a source of optimism that, again, through their being in the streets and efforts since then, the Ukrainian people are very much.... In fact, I was in Brussels a few weeks ago and had a lunch with a number of specialists on the region. We had a bit of a discussion, and I took their word for it. One can say that for Ukraine—in part again because of history and the fact that for so long the western part of the country was part of the Austro-Hungarian empire and wasn't always part of the Russian sphere—one can talk of the capacity for Ukraine to be a western country.

• (0930)

These are all grounds for optimism. But despite all these grounds for optimism, despite the sincerity of the people's desire ultimately to join the European Union, to live a life of dignity, democracy, and open markets, there is in Ukraine, as I was saying in my earlier answer, the historical legacy of all that time they were a part of the Russian empire, followed more relevantly, I'd say, by the experience under Soviet rule.

While there are very strong elements committed to reform and change, as I was just describing, we are equally running into the perseverance of fundamental attitudes toward governance, politics, and civil society that are much more Soviet. The notion that it's about getting yourself to the trough and getting as much as possible for yourself and your family, and this abstract thing called civil society can go hang, makes it very difficult.

Last but certainly not least, there is the reality of the very active Russian pressure and what is going on in the east. The annexation of Crimea I would almost put separately. That is a terrible development for international relations in general, and for the Ukrainian state itself. But in terms of the pernicious impact of Russia on Ukrainian politics, it's what they're up to in the east that really brings that home.

The Russian decision to support the separatists and actively intervene militarily was, in part, driven by the concern about what implications a Ukraine that was successfully reforming, and indeed had real prospects of entering NATO and the European Union, would have further east and for the regime there. The pressure of the developments in the east—the need to fight a war, let alone the

economic impact—is hugely compounding the challenges that Ukraine is facing and, as you said, leading to reform fatigue.

I would hope that it's your impression, having been there.... I'm sure you met with at least some local activists, who are more articulate than I am and obviously more passionate because it's their country, and you heard directly the importance of our absolutely staying engaged and continuing, being absolutely cold-eyed and realistic about the prospects—how difficult this challenge is, how long our time horizon is—but nevertheless absolutely staying engaged. That's what we have to do.

[Translation]

**Ms. Hélène Laverdière:** Thank you.

Regarding Russia specifically, the government is talking about re-engaging with the country. This seems very good, but is there a general plan? We're well aware that we can't engage only with regard to subjects we disagree on. We need to have an overall plan that puts forward various issues. We also consult our NATO allies a great deal before taking a position on Russia.

From a diplomatic perspective, how much do we coordinate with our European allies, such as Germany and other countries, and what are the mechanisms for doing so?

Can you elaborate on this? Thank you.

• (0935)

**Mr. Leigh Sarty:** Again, these are very good questions.

[English]

In terms of engagement, as I said earlier, it is proceeding modestly. We're not leaping ahead, pushing forward by leaps and bounds. The plan is to continue to go forward in the spirit of the analysis that has guided our approach to Russia ever since the developments of the spring of 2014, in effect, a two-track approach. They are closely interrelated, namely dialogue and deterrence. You asked about that, and indeed that is the agreed approach of the NATO alliance. We're all committed to the importance and utility of both dialogue and deterrence.

On the deterrence side we're clear on the rollout of the Canadian deployment in the context of our role as a framework nation in Latvia; hence, our enhanced forward presence. That's going to happen in the spring.

On the dialogue side, the hope and expectation is that by engaging we directly underscore our messages of concern to senior Russian officials. We also continue, as we can, to engage with Russian civil society, which is very much under pressure to keep the flame of hope alive, particularly among the youth in Russia.



In terms of our direct engagement with Russia at the officials level, we're seeking to identify, and indeed are in the process of identifying, ways that we can work together in Canada's interest, particularly in the Arctic, which is obviously front and centre. In fact, one bureaucratic development that's helpful in that regard, I would suggest—not to get into Global Affairs weeds—is that my colleague, who I mentioned earlier would be here speaking to you were she not travelling on Arctic Council business, is now Canada's senior Arctic official in the Arctic Council and also my counterpart with responsibility for bilateral relations with Russia. Here I speak of Ms. Alison LeClaire. She was in Moscow for bilateral talks late last week, which immediately followed her participation in an event on Arctic co-operation in Murmansk, Russia. So again, it's an opportunity to identify where we can work together. I say this because it's very much in Canada's interests, given the importance of the Arctic to us nationally and the importance of the Arctic globally. Whether we're talking about the development of northern peoples or combatting climate change, the Arctic is hugely important, and whether we like it or not, Russia is a hugely important player in the Arctic.

That is the clearest and most obvious way in which our re-engagement with Russia serves our interests, but we're also speaking directly to them on issues like counterterrorism and how we can possibly work together constructively on that. I mentioned earlier that we had senior level talks about the situation in the Middle East and Syria. These are the ways in which we hope our re-engagement will help us to move forward and serve Canada's interests, but I would never for a moment suggest that it will single-handedly help us encourage Russia to turn a corner and adopt new approaches going forward.

As I was saying with respect to Ukraine, it is a very long-term challenge, and we have to commit for the long haul.

● (0940)

**The Chair:** Thank you, Madame Lavardière.

We'll now go to Mr. Saini, please.

**Mr. Raj Saini (Kitchener Centre, Lib.):** Good morning. I want to talk about the region in a more global way.

One of the things we saw in our travels when we were there was the campaign of disinformation by the Russians. I say that specifically, because in the four countries where we travelled and that you highlighted in your opening remarks—Kazakhstan, Poland, Latvia, and Ukraine—between 20% and 25% of the population seems to be ethnic Russian. In many cases, the media outlets in those countries are directly or indirectly managed or owned by Russian media.

When we look at our own involvement in that region, especially with Operation Reassurance that we're now leading, and the dramatic examples of fake news that we were shown at the centre of NATO excellence in Riga, including either fake tweets or fake Facebook posts, what is the Canadian government doing? Do we have a plan? Our troops are going there. We know that we're going to be bombarded with disinformation as Russia tries to stimulate some domestic opposition within that ethnic Russian population. Do we have a counterstrategy to say that we're going to make sure we get

our message out so that people know that the work we're actually doing there is going to benefit the region as a whole?

**Mr. Leigh Sarty:** Thank you very much.

My short answer is yes, I can categorically reassure you—with the caveat that we are developing a counterstrategy. The issue you've touched on is crucially important, and I'll speak a little more about it in a second. I can assure you and members of the committee that we are well aware of the extent, the nature, and the seriousness of that challenge, as well as the great importance of our participation in the enhanced forward presence deployment and of our being aware of and countering that challenge. As we speak, the relevant communications teams, both from DND and from my department, are engaged in active discussions about specific strategies to counter this.

Certainly, I would take the opportunity to, first of all, welcome your comments. It came through during your recent visits how serious this challenge is. I think we have to recognize that when it comes to the Russians, we can never lose sight of the fact, whether it's explicit or on some internal level, that they appreciate that the west is stronger. In fact, this is one of the factors that make Russia such a challenge. But I think that on some level, even though President Putin would never say it out loud, the fact is that they demonstrate this with their feet, whatever their level of national patriotism, whatever they're saying in terms of their speeches. They still send their children to London and keep their money in London and go to Harvard rather than Moscow State University.

I say this because this fuels a Russian view of their being in a vital life-and-death struggle with the west, which is committed to containing them, to reducing their sphere of influence, and to limiting their role in the world. Given that their adversary is, on many levels, stronger, anything goes. One of the things that goes is precisely the phenomenon that you've been describing.

● (0945)

**Mr. Raj Saini:** When we look at the five central Asian republics, one thing Russia tried to do to maintain its hegemony or control over that area was to have the Eurasian Economic Union.

For me, when you look at the five countries, Kazakhstan is probably the strongest, as you mentioned in your opening remarks. But when you look at where the Russians are right now, in terms of their economy, there's a great paucity of trade within that Eurasian Union. What seems to be happening, especially with the one belt, one road initiative of China, is that the Chinese have, in many ways, infiltrated those republics. I don't have my notes in front of me, but there's one country in specific, and I think it's Tajikistan, that was very isolated, but where the Chinese have acted as their de facto bankers to the outside world.

So you have this natural tension now, because if you look at the sort of Russian sphere or the near abroad, their influence is waning. This area was supposed to be a bulwark for them, but now the Chinese have moved in, stealthily in a way. I know that in terms of the one belt, I think there's one stop in Almaty. Out of the five republics, three republics are on that route.

Going forward, do you think there's going to be a natural tension between Russian and China? How will it be resolved?

**Mr. Leigh Sarty:** Thank you. Welcome to the 21st century version of the “Great Game”.

You've put your finger on a hugely important dynamic in the region. I might start my response with the very end of your question: I don't know. How it will play out, how it will resolve, is very difficult to say.

There's an article—and I'd be happy to share it with Mr. Lee afterwards—by a very good analyst at the Carnegie Endowment for International Peace, Martha Brill Olcott, based in Washington. She is one of the few people who's really studied central Asia a lot. Back in the fall of 2013, she wrote a very short policy paper for Carnegie in which she argued very persuasively—and one would have to take a close look at developments since then—that the China-Russia great game in central Asia was over, and that China has won.

That points to developments then that were more of a gleam in the eye, but that, as you've just described, have since been playing out to fruition. It seems to me that in this case one has to be careful. I, too, don't have specific notes in front of me, but it seems to be that in one fell swoop, a year or two ago, China became the number one investor in Tajikistan with one \$500 million investment.

What's interesting, though, is that two enduring assets that Russia has in the region that shouldn't be dismissed are the legacy of history and soft power, so to speak. It is still the case, I think for the most part. Again, the committee members might have had personal exposure to this if and when you were handed the CVs of any of the senior officials you met in Kazakhstan. I would be curious as to the number who had a master's degree from the former Leningrad State University or an undergraduate degree from Moscow State University. These days that might have then been followed by an MBA at Harvard. But still, Moscow as the metropole would be where the current elites cut their teeth in the Soviet period, and even in the post-Soviet period.

Again, I don't have the figures in front of me, but many native Russians did return to Russia after the collapse of the Soviet Union. They did not want to remain in the likes of Tajikistan or Uzbekistan. Still, Russian absolutely remains very widely spoken in all of these countries, which gives Russia a certain enduring hold on influence in the region.

The second is in terms of security. They still have the 201st Motorized Rifle Division. There are about 5,000 Russian troops permanently stationed in Tajikistan helping to support security.

● (0950)

**Mr. Raj Saini:** I'll just follow up on that. When I visited Kazakhstan, one of the things I saw was that we have a diplomatic presence there, but it seems to me that our commercial presence is lacking. I say this because that country is a great inflection point. If you look at the five countries, that's probably the most stable. We were received with great hospitality and warmth, so there seems to be an inkling on their side that they want to further their commercial interests.

Knowing that Russia is there and China is there—with its one belt, one road initiative and all of that stuff—do you not think this would be a great starting point for Global Affairs, now that trade is within Global Affairs, to build some sort of relationship and incentivize or

encourage Canadian companies to go there and set up a base because of that very specific region?

There is also a university being set up right now, the University of Central Asia, and there is a lot of Canadian involvement there as well. It seems to me that this would be one point where we could utilize the best of our resources to make sure that not only our political interests, but also our commercial interests are being met.

**Mr. Leigh Sarty:** Yes, that's a good question. Do you want to speak to that, David?

**Mr. David Morgan (Acting Director, Eastern Europe and Eurasia Relations Division, Department of Foreign Affairs, Trade and Development):** Thank you very much. I can speak a little bit to this.

You're quite right. In fact, I think in some ways your question brings us back to your other ones as well. One of the things that Kazakhstan, and all of the central Asian republics really, is marked by is a determination, ever since 1991, to be very much sovereign and independent, perhaps like others in the region who have actually played quite an interesting game in that regard and have been quite successful.

They are all very much aware of the overwhelming influence of Russia, absolutely, but have taken steps—maybe most pronounced in this regard in Kazakhstan—to have a number of options open to them, and I think we see that in the area of their commercial ambitions. They are, by geography, drawn very much into the Russian economic orbit. They are happy to be part of the economic union, but they see this—and Kazakhstan has been the most forthright—as a means to bolster their economy and their independence. They see it as a bridge, for example, to the west as much as, and more than, locking them into the Russian economic orbit.

In that regard, it may well be that, in the great game, China has won, but from a more provincial perspective, if you like, Kazakhstan would be quite happy to welcome quite a bit of Chinese investment, because it is largely apolitical and provides a bit of a counterweight to the Russian domination of their economic relationship.

**Mr. Raj Saini:** It seems to me that they want to elevate the way they do business, because there is a great push right now, even within Kazakhstan, to make sure that they come to a certain level of OECD country. I think that it's more of a pull away from Russia or China because they are looking towards a different sphere and saying, “Look, our economy now is at a standard where western business can come in and the rules of the game are somewhat well known beforehand.” I just think there is a great opportunity there for Canadian commercial interests.

● (0955)

**Mr. Leigh Sarty:** Can I just add to that? In terms of Global Affairs Canada's role in our ongoing commercial engagement with Kazakhstan, obviously we do have the trade commissioner service there on the ground in Astana. Again, as you've probably heard, Canada has some niche areas. Cameco's involvement in Kazakhstan is crucially important. Kazakhstan is very big in uranium, and there are other investments in the extractive sectors.

However, I think that one of the challenges, for Canadian trade in general, is that there is only so much.... The trade commissioner service is there to identify opportunities, to communicate these opportunities, and to help facilitate, communicate, and troubleshoot, but it needs to start with the active readiness of Canadian business people to get engaged. This is the story of Canadian trade in general. When we have that great big U.S. market just to the south that seems so easy to deal with, making people aware of and eager to exploit the opportunities in far-off Kazakhstan is a challenge, but we do what we can.

**The Vice-Chair (Mr. Dean Allison (Niagara West, CPC)):** Thank you very much, Mr. Saini.

We'll move over to Mr. Sidhu.

**Mr. Jati Sidhu (Mission—Matsqui—Fraser Canyon, Lib.):** Thank you, Mr. Chair.

Thank you both for your remarks.

If we look at the most recent horrific event in Syria that involved chemical weapons and resulted in dozens of deaths, the view of the United States with regard to dealing with Syria kind of differs from that of the European powers. Both Ambassador Nikki Haley and Secretary of State Rex Tillerson have suggested that the removal of Assad is no longer needed, but now, since the last incident, and the crossing of what they call “the red line”....

How would Europe move forward on Syria's issue, given that the most significant western player, the United States of course, doesn't share their view on this fundamental point?

**Mr. Leigh Sarty:** I don't want to comment on behalf of Global Affairs on the latest developments in Syria, sir. I could give some purely personal thoughts, but I don't even want to go there.

I'm happy to take that question to our people who follow this, who are absolutely up to speed, and who can comment authoritatively when it comes to the very latest developments in Syria.

**Mr. Jati Sidhu:** You're saying that it's too early in the game to determine where it's going to go?

**Mr. Leigh Sarty:** No, it's just that, from my perspective, things are so complex, and moving so quickly, that it really is.... While for the most part I'm more than happy to speak off the cuff and give some impressions on an issue that is so front and centre and so delicate, I think I'd be doing my ministry, and myself personally, discredit to try to even share speculation with you on that specific issue at this specific juncture.

I mean, I'm happy to speak a little bit about Russia's approach to Syria, and the gains that Russia has perceived it has accrued from its approach. It's moving very quickly, but the global evolution in terms of Assad's prospective fortunes is certainly something that I can say with authority the Kremlin would view as a victory, as a vindication of its approach to this tragic situation. Moscow today, particularly since it began its bombing campaign at the very end of September 2015, really is, even as the situation there remains absolutely *épouvantable*, for better or for worse a critical player to be reckoned with on this global issue, thus realizing, in that regard, President Putin's objective of demonstrating to the world and, equally importantly, to a Russian public....

There are some indications that they're getting a bit restive, that as economic growth declines and concerns about corruption rise, it's bringing people out into the streets in Russia. Nevertheless, the Kremlin has been quite committed to promoting this vision to its people that in Russia, things might be difficult.... They don't acknowledge so explicitly that things are difficult at home, but the implicit message is that, look, you are citizens of a great power that has stood behind Assad from day one, a power whose armed intervention, whose dramatic use of technologically advanced armed forces, was displayed prominently on Russian television. You Russian citizens are citizens of a great power that's respected in the world. That should make you feel good about yourselves, and make you feel good about this regime.

From that vantage, that's the only aspect of this tragic, tragic state of affairs that I'd be comfortable commenting on. Russia seems to be realizing, at least its short-term, interests with respect to the situation there.

● (1000)

**Mr. Jati Sidhu:** You did touch in your remarks on economic development. Central Europe potentially shows some interest in Canada's energy sector, but more than a dozen European countries rely on Russian natural gas and other energy. Do you think there lies an opportunity there in the future for Canada's oil exports? Do you see increased Canadian oil exports to the region as a result of the European countries' desire to deal with the western world?

How do you foresee that evolving?

**Mr. Leigh Sarty:** Absolutely. Again, we are talking of the medium and longer terms. I'm not up to speed on the very latest concrete developments that might be in train. Certainly, in global terms, the reality is that, as you described it, there is a clear geopolitical desirability for reducing this region's dependence on Russian gas and, arguably, on the central Asian gas that gets piped to Europe through Russia, which might as well be the same thing.

With regard to gas—oil, arguably, as well, although I'm less familiar with that side of the equation—I do know there is very active discussion with respect to LNG, and particularly with respect to.... Is it Lithuania or Latvia that would host an LNG facility? The specifics are not top of mind, so I will just answer your question in global terms: absolutely, the combination of the geopolitical desirability of reducing this region's dependence on Russian energy and Canada's status as an energy superpower makes for promising bedfellows. There are challenges in terms of global pricing and global markets, and there are some technological issues to be addressed, but this is certain to be an increasingly important part of our co-operation in the longer term.

● (1005)

**The Vice-Chair (Mr. Dean Allison):** Thank you.

Thank you, Mr. Sidhu.

We're going to move to Mr. Kmiec.

Sir.

**Mr. Tom Kmiec (Calgary Shepard, CPC):** Thank you, Mr. Chair.

I have three questions. I want to go through them, so give me some time to give a preamble to them.

One thing I wanted to correct, though, is that in the case of Poland, it isn't a young democracy. Poland has been practising elections at least since the 15th century and the Jagiellon dynasty, when 10% of the population used to vote for elected kings. While we are doing this study, I think it's important to remember that for the last 25 years, many of these countries we're talking about have practised democracy. They're not new to it, and the choices they make domestically, we don't always have to be pleased with.

However, it's the Baltic states specifically that I want to talk about. I want to ask you a question about the current diplomatic representation that we have in Estonia, Latvia, Lithuania. Do you see any downside to expanding our diplomatic representation with them right now as a show of support to them, so that each of them would have an ambassador from Canada? That would allow us to better integrate with them and better assist them in deflecting Russian aggression and Russian interests, as well to deal with a lot of other issues we have and could expand on, including the commercial interests Mr. Saini spoke about in central Asia, but maybe more so in the Baltic states.

**Mr. Leigh Sarty:** In the way you pose the question, asking if there is any downside, obviously not, sir.

In an ideal world, we could certainly strongly consider upgrading our representation to the point where we would have full-fledged Canadian ambassadors in all three countries. But it is a reality of Global Affairs that we always keep the nature, extent, and location of our representation abroad under review on an ongoing basis. That takes into account many considerations. Whether we like it or not, one of those considerations is the financial health of the department, and in the current state of affairs, obviously, there would be no downside. This a case where more, by definition, is better than less.

Given the reality of our current resources, we have one Canadian ambassador based or resident in Riga. He gets up to Tallinn and down to Vilnius, to our offices there, which are staffed with locally engaged staff as often as possible. We feel that model is serving our interests.

**Mr. Tom Kmiec:** I'm going to interrupt you right there, just so I can continue Mr. Saini's point about central Asia.

I'm going to use a non-western source. Stanislav Pritchkin is head of the Expert Center for Eurasian Development and also a research fellow at the institute of oriental studies at the Russian Academy of Science, so he is by no means a western person.

He provided an outlook recently on what he believes are the economic opportunities in central Asia, and he listed most of the states as having a negative outlook, including Kazakhstan, Azerbaijan, Kyrgyzstan, Armenia, Tajikistan, and Turkmenistan. Georgia, he listed as neutral.

The only one with a positive outlook was Uzbekistan, and that's because of the recent change when Karimov passed away. The state refused to reveal that Karimov had passed away, and it was the Turkish government that mistakenly revealed that he had. The new president has kind of embarked on what sound like reforms to the

economy, to the labour market, and potentially to its diplomatic relations.

To the point Mr. Saini was making, is there an opportunity for Canada to then insert itself despite this negative outlook? You have older Soviet bureaucracies that still exist there. You have older Soviet leaders. The reason he listed Kazakhstan as a having negative outlook is that President Nursultan Nazarbayev is 76 years old. He's not a young gentleman anymore.

As these Soviet-era bureaucracies and these persons move on, the next generation is taking over and there is this new opportunity. There are continuing Russian interests in the region, but China is now inserting itself. Is there an opportunity for Canada to either expand the economic opportunities for Canadian companies or to insert ourselves into the new mix that's evolving?

• (1010)

**Mr. Leigh Sarty:** I would repeat some of the comments I made in response to an earlier question. What Global Affairs can do, and tries to do, we do. Our resources in that region, both on the ground and our capacities here at headquarters, are relatively modest. As you're probably aware, for the five countries we only have one relatively small embassy up in Astana, which is accredited to Kazakhstan, Kyrgyzstan, and Tajikistan. Uzbekistan is covered out of where I used to work, out of our embassy in Moscow, and Turkmenistan is covered out of our embassy in Ankara.

More often than not, more is better than less, but resources are finite. Nevertheless, we have dedicated trade commissioners who are actively working to identify opportunities and engage with Canadian business. At the end of the day, it's difficult for these efforts to be realized. Whatever emerging trends might be coming down the pike, whatever the desirability of being in on the ground floor for promising opportunities a little down the way, if indeed that is the case in Uzbekistan, I would still contend that the default perception, with a few exceptions, of Canadian business people writ large is that this region is far away, complicated, and potentially corrupt. The region is just not front of mind. That does not mean there are not opportunities, that there are not Canadian firms that are trading, though to a much lesser degree, with the likes of Turkmenistan and even Uzbekistan, where the challenges have been huge. Going forward, though, I wouldn't be particularly optimistic.

**Mr. Tom Kmiec:** I would like to move back to central Europe and the "16+1" Chinese initiative in Europe. It is now 25 years after the collapse of the Soviet Union. It used to be that central European states were kind of trapped between Russian interests and western European interests—French, German, English, whatever the case might be. Now you have this new player, China, this "16+1". The trade in 2009 used to be about \$3 billion U.S. Today, it is about \$23 billion U.S. On November 5 of last year, there was a "16+1" summit in Riga. Serbia supports China's claim over the South China Sea, which is really interesting because Serbia has a very strong maritime tradition. On top of this, the first China railway express freight service was opened between China's Chengdu province and Warsaw, Poland. A 12-day express freight ride is now available.

Can you talk more about this new opportunity that some of these states have? How are they leveraging the potential for Chinese direct investment versus the political and economic relationships with the Russian Federation and the European states, along with Canada, which shares a strong relationship with many European states? Our interests in the economy and politics usually align quite closely, and that's not always the case with Chinese direct investment, and it's definitely not the case with the Russian Federation. I'd like to hear your viewpoints on this new player in the region. How credible, really, is this "16+1" initiative?

• (1015)

**Mr. Leigh Sarty:** I can't really speak specifically to the ways in which individual states might be leveraging the Chinese reality in their relations with Russia or the European Union. That's simply something I haven't been exposed to. In response to your point, I would just acknowledge that as in all spheres of contemporary 21st century life, China's growing economic power, influence, and willingness to invest are factors to be considered and taken into account.

All countries, Canada included, are engaging with China fully cognizant of the challenges that come with the opportunities associated with China's growing economic and even political influence in the world. That would apply as well to the countries that are the subject of the committee's study. Honestly, the question you pose about the leveraging—and quite specifically in terms of their dealings with, on the one hand, Russia and the European Union—is extremely interesting and well taken, and would merit future study.

**The Chair:** Thank you, Mr. Kmiec.

Colleagues, we have one last member.

Mr. McKay, go ahead, please.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you for your testimony.

I have three questions. The first is with respect to this week's terrorist incident in St. Petersburg. It was arguably unique in its brazenness. It was in the president's hometown, when the president was there. It was possibly as big a message as any terrorist incident in the last few years, and it also fell within the context of the protests in Moscow over the last few weeks.

I would be interested in your views and your overall assessment of the restiveness and the impact, if any, on the position of President Putin.

**Mr. Leigh Sarty:** That's a very good question.

It's an absolutely terrible, terrifying episode, and I'm speaking as one who has spent quite a bit of time in St. Petersburg. I know the names of the subway stations well. Sadly, it's not the first such awful attack in Russia. The subway in Moscow has had several bombings in the last decade. I think the last one was in 2010. There was an earlier one in 2004. Then, in terms of terrorism in general, there were some explosions just on the eve of the Sochi Olympics when a bus station in Volgograd was blown up.

**Hon. John McKay:** But is there something unique about this particular one?

**Mr. Leigh Sarty:** I assume we're not speaking definitively about the results of the Russian investigation. I guess the initial indication is that this was someone inspired by Daesh, which underscores or affirms part of the Putin narrative about Syria and international politics more broadly.

I'm not saying this means that I approve, condone, or agree with it, but when I was talking earlier about Russia's approach to Syria, I was putting it very much in terms of the domestic and geopolitical benefits of the Russian approach. Part of the Putin argument and the Russian argument more generally has been that their approach to Syria is a way to ultimately bring stability to the region, and thus diminish the prospect of people coming from the region back into central Asia and perpetrating such acts in Russia.

• (1020)

**Hon. John McKay:** Part of the Russian narrative, particularly President Putin's narrative, is that he's the strong guy, that he will keep them safe, and that as long as he is the strong guy and keeping them safe, they can ignore their dismal economy and some of the other ventures they are engaged in.

**Mr. Leigh Sarty:** Yes. Well, I wouldn't see.... Those who genuinely and sincerely support President Putin are still very numerous, if polls are to be believed. Their confidence would not be rattled based on that.

You're absolutely right in pointing out the symbolism of the fact that it was in his hometown and that it was when he was there—*whoa*. He was there for a meeting with Lukashenko on that day, which we were talking about earlier. The typical Putin supporter—again, of which there are many—would simply view this in terms of the fact that as strong a leader as he is, he's not superhuman, and they would be confident that he and the regime he leads are continuing to do everything that is necessary to prevent such incidents in the future.

**Hon. John McKay:** But even Putin supporters have to eat—

**Mr. Leigh Sarty:** Yes.

**Hon. John McKay:**—and they have not been eating well in the last number of years.

**Mr. Leigh Sarty:** Yes, that's a very good question.

**Hon. John McKay:** I would be interested in your thoughts on how Mr. Putin continues to defy economic gravity.

When you look at Russia in terms of GDP, you can see that it's smaller than Canada. It's possibly the size of Texas in terms of GDP and is relatively insignificant in global terms. GDP per person is minimal. The population has flatlined. The economy shrank by 3.5%. Their military spending was 4.5% in 2015 and is now 9% of a relatively shrivelled GDP. All of this speaks to the issue of how long this can carry on.

Is this a real threat or an appearance of threat? I would be interested in your thoughts as to how long Mr. Putin can carry this on.

**Mr. Leigh Sarty:** That's a great question.

Very quickly, because I think we're already over our time, when I spoke to the committee before, I might have used what still remains a compelling and fascinating analogy in talking about Russian politics. Certain observers talk about the battle in the mind and heart of any Russian: the battle between the television and the refrigerator.

Again, that speaks to my earlier comments about Syria, and the point made that it would seem to have been the case to date that in terms of being able to see on TV these high-tech weapons launching cruise missiles from the Caspian Sea, and Russia playing on Syria and standing up to the U.S. and the Security Council, the television image trumps for the average Russian—

**Hon. John McKay:** There's no intended pun there, I hope.

**Mr. Leigh Sarty:** No, sir.

That is more important to them than the fact that when they open their fridge, it's not as full as it was around 2007 or 2008 and they don't see the prospect of it filling up any time soon.

The wild card now, I would suggest, which everyone who follows Russia will be following closely going forward, and which I don't have a definitive answer to right now—no one does, I think—is indeed the meaning and the longer-term legacy of the protests that we just saw. This really is arguably.... Specifically, when you drill down and compare this round to the last one, the last time we saw big protests in Russia was in 2011-12, and a lot of the untoward turns we have seen in Putin's approaches, both domestically and internationally, stemmed from his approach to those initial 2011-12 protests.

Whereas that phenomenon in 2011-12 was very much a phenomenon of the disappointed middle classes who had benefited from the first 10 years of Putinism—I'm being simplistic here—and were disappointed that the economic gains they had been reaping... because growth had been very good, with oil high and what have you, for that first decade of Putin's rule. They were disappointed with his brazen decision in 2011 that Medvedev—no suspense—wasn't going to run for president but that he was going to run for president again. That's what sparked these protests. It seemed that it was largely in Moscow and St. Petersburg, largely by middle-aged professionals—

•(1025)

**Hon. John McKay:** So what is it now?

**Mr. Leigh Sarty:** That brings me to the contrast now. It was across the country, and 80 or 90 different cities had protests.

**Hon. John McKay:** So you attribute unique significance to those recent protests.

**Mr. Leigh Sarty:** I would say, again, that the jury has to remain out, but the initial impressions are that there were an awful lot of young people, people who have only known Putinism.

**Hon. John McKay:** Do you think that the Putin regime is actually disturbed by these protests?

**Mr. Leigh Sarty:** Yes, and it should be. Not disturbed in the sense of seeing this as.... This is not the sort of thing that anyone sitting in the Kremlin likes to see, the manifestation that the people are dissatisfied and might seek change. I think it is cause for disquiet.

In terms of what it means going forward, again, I think we're just going to have to wait and see.

**Hon. John McKay:** Before my favourite chairman gives me the hook, the analysts have asked me to ask this question. Since we have the best analysts of any committee anywhere, anytime, I'm just going to put the question to you to get your response.

As the only regional organization that includes Russia, European states, central Asia, Canada, and the United States, what role does the Organization for Security and Cooperation in Europe play in the maintenance of security and the strengthening of democracy in eastern Europe and central Asia? Can it or should it be strengthened in any way?

**Mr. Leigh Sarty:** It plays a very important role, and it would be very desirable if it could be strengthened in any way. Obviously, because it's an organization that runs on consensus, its work has been made more difficult in the climate of much deeper east-west tensions we've been experiencing for the past few years.

In terms of the role it plays, it's very important. For example, just to name one aspect that's particularly useful to Canada, is the fact that the OSCE has an office in every capital of the five central Asian countries. I was saying earlier in response to one of the questions how limited, unfortunately, our own footprint is in central Asia. However, from those OSCE offices, we get very useful reporting on trends on the ground. By virtue of the OSCE's being there and our being part of the OSCE, it gives us great insight into developments in the region.

The ODIHR has been very active in programming to promote and support democracy. Last but not least, though it has faced difficulties because of our differences on the political level, particularly with Russia, I would argue, in getting back to the spirit of how it's important to talk with those with whom you disagree, it's arguably more important than ever going forward.

**The Chair:** Thank you very much, Mr. McKay, Mr. Sarty, and Mr. Morgan. Thank you for the extra time. It's been useful. This is a very important subject that, as we said at the beginning, is moving very quickly in terms of events. These events are extremely important to Canada, as we all know. Thank you again for spending time with the committee.

Colleagues, I'm going to suspend the committee for two minutes, and then we're going to go in camera and deal with one matter.

*[Proceedings continue in camera]*









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