

Reinventing the Looking Glass: Developing a Canadian Foreign Intelligence Service

INTRODUCTION

Canada lacks a government agency, such as the American CIA or British MI6, specifically tasked to collect foreign human intelligence. Throughout the Cold War, it relied heavily on its allies, particularly the United States, to provide such material. Intelligence shortcomings in Canada have existed since the end of World War Two, but the events of September 11th exposed a dangerous consequence of Canada's trend of relying on allies for its intelligence. In this era of unconventional warfare, high technology tools of intelligence collection are of reduced importance - clandestine human intelligence is the most valuable commodity, yet in the shortest supply. There is no definitive battlefield on which to fight and consequently no front lines behind which to gather intelligence, which, for the purpose of this examination, is critical information relevant to a government's formulation and implementation of policy to further its national security interests.¹ In this new environment of asymmetric warfare and covert operations Canada's foreign human intelligence gathering capabilities must be examined.

Even the formidable American intelligence community has been largely unable to collect accurate and timely intelligence regarding Al-Qa'ida for its own national interests. The United States, on which Canada relies heavily for foreign intelligence, may have little to share. This leaves Canada blind, for without national

¹Shulsky, Abram, Silent Warfare : Understanding the World of Intelligence, (Washington : Brassey's, 1993), p.1

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intelligence assets operating abroad, it must wait for its allies to share intelligence. Meanwhile, peacekeeping missions in Rwanda, Somalia, and Yugoslavia exposed grave shortcomings in Canadian intelligence. Given the evolving terrorist threat, foreign intelligence will be essential to identify potential threats before they reach Canada. Similarly, the possibility that Canada will be marginalized in a combined North American defence command and in its existing global intelligence alliances, also highlight the need for independently collected foreign HUMINT. Given the shortcomings within the Canadian intelligence community, the question exists: should Canada create its own secret intelligence service?

This issue has been raised several times since WWII and remains a topic of debate. The debate over Canadian intelligence is far from one-sided, and for decades the weight of government and academic circles has opposed an expanded Canadian intelligence capability. Critics of a Canadian secret service make cogent arguments against such an agency, the foremost being cost. Given the government austerity of the last decade, critics are justified in asking how such an organization will be funded. Again, critics note that American intelligence, with its multi-billion dollar budget and global coverage developed over four decades of the Cold War, failed to predict the attacks on Washington and New York on September 11. Canada could never hope to equal American intelligence. If the latter was unable to predict the actions of Al-Qa'ida, how could a Canadian foreign intelligence agency, with a fraction of the resources, predict such an attack or significantly supplement the intelligence produced by the Americans.

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Even if Canada was to create a foreign intelligence service, years would be needed to establish networks and even longer for them to produce usable intelligence. What benefit would Canada gain from such an agency, given its costs, when the United States and Canada share over 80 treaty-level defence agreements and 250 memoranda of intent on defence and intelligence matters?² Questions of what issues to address and the loss of Canada's international reputation also stand against the idea of establishing a Canadian foreign intelligence service. However, in an era of evolving terrorist and non-state threats, it is important to revisit the idea of a Canadian foreign intelligence service.

The Birth of Canadian Counter Espionage

After the Royal Commission on Espionage in 1946, domestic security and signals intelligence became the government's top priorities.³ The RCMP assumed responsibility for internal security and security screening. In addition to rural and federal policing duties, it quickly became deluged in security clearances and investigations. With an internal security system energized by Gouzenko's revelations, Canada ignored foreign intelligence, trusting that intelligence sharing agreements with its allies would provide what was needed.⁴ Little evolution occurred within the intelligence bureaucracy in Canada since most finished intelligence products came from the US or Britain. The true evolution occurred within the RCMP

² Rauf, Tariq, "Canada's Perspectives on NMD," paper presented at the conference The Missile Threat and Plans for Ballistic Missiles Defense: Technology, Strategic Stability and Impact on Global Security, 18-19 JAN 01, Rome, p. 178

³ *ibid.*, p. 6

⁴ *ibid.*, p. 6

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Security Service and its transformation into the Canadian Security Intelligence Service (CSIS).

In 1969 Maxwell MacKenzie released his report on the Royal Commission on Security, stating that a law enforcement agency such as the RCMP should not handle both standard policing duties and intelligence work. By way of compromise, the RCMP retained its capability for counter-espionage in a newly established Security Service in 1970 and a civilian director, John Starnes, was appointed by Prime Minister Pierre Trudeau. However, significant problems plagued the Security Service. In 1970, Starnes told then-Solicitor General George McIlraith that the RCMP had been carrying on illegal activities for two decades.⁵ Numerous indiscretions and frequent violations of the law – including the destruction of a barn in 1974 – led the Security Service into turmoil. Security Service break-ins and clandestine mail theft caused a public outcry about accountability. Subsequent allegations that then-head of RCMP counter-espionage James Bennett was a mole created problems the RCMP could not ignore. Although Bennett was eventually exonerated, these problems led to a new solution to security intelligence in Canada.

The MacDonald Commission of 1981 proposed the creation of a civilian security intelligence agency separate from the RCMP. Interestingly, section C of the report is entitled, “Should Canada Have a Foreign Intelligence Service?”⁶ The Commission confirmed that the absence of such an agency placed Canada, “in a position of considerable dependence on its allies” and constrained the success of its

⁵ Cleroux, Official Secrets, p. 54

⁶ Starnes, John, “A Canadian Secret Intelligence Service?” International Perspectives, July/Aug 87, p. 7

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security intelligence organization.⁷ The Commission, however, did not analyze Canada's intelligence sharing alliances and stated cautiously that Canada received adequate foreign intelligence from its allies.⁸ In 1984 Bill C-9 establishing CSIS was passed in the House of Commons. Under the CSIS Act, the Service's primary mandate is to collect, analyze, and retain information and intelligence respecting activities that may be suspected of constituting threats to the security of Canada.⁹ The CSIS Act defines the activity of CSIS in foreign intelligence gathering and its unique limitations. Under section 16, CSIS is restricted to collecting foreign intelligence within Canada, preventing CSIS agents from travelling abroad to collect foreign intelligence or conduct hostile operations.

Collection of information concerning foreign states and persons

16. (1) Subject to this section, the Service may, in relation to the defence of Canada or the conduct of the international affairs of Canada, assist the Minister of National Defence or the Minister of Foreign Affairs, **within Canada**, in the collection of information or intelligence relating to the capabilities, intentions or activities of

- (a) any foreign state or group of foreign states; or
- (b) any person other than
 - (i) a Canadian citizen,
 - (ii) a permanent resident within the meaning of the *Immigration Act*, or
 - (iii) a corporation incorporated by or under an Act of Parliament or of the legislature of a province.¹⁰

CSIS, however, has acknowledged that it occasionally sends intelligence officers abroad to conduct investigations. Under the authority of section 12, the service may receive or collect information outside Canada that relates to the

⁷ Farson, Stuart, "Accountable and Prepared: Reorganizing Canada's Intelligence Community for the 21st Century," *Canadian Foreign Policy*, vol. 1, no. 3, fall 1993, p. 50

⁸ Canada, *Commission of Inquiry Concerning Certain Activities of the RCMP, Freedom and Security Under the Law*, 2nd report, vol. 1, (Ottawa: Supply and Services Canada, 1981), p. 626

⁹ SIRC, *The CSIS Act*, internet, <http://www.sirc-csars.gc.ca/5000.html>, 17 JAN 02

¹⁰ *ibid.*

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investigation of a threat to the security of Canada. Former Solicitor General Pierre Blais stated in 1990 that while CSIS does not seek to conduct offensive operations abroad, it does have the power to investigate threats to Canada abroad.¹¹ The dichotomy over what information is collected overseas stems from the definition of *security intelligence* and *foreign intelligence* :

"Security intelligence" pertains to threats to the security of Canada, while "foreign intelligence" is broader, concerning the activities of foreign entities that do not necessarily present an immediate threat. Under the CSIS Act, CSIS may collect "security intelligence," both at home and abroad, but it is allowed to gather "foreign intelligence" only inside Canada.¹²

Canada has economized on intelligence through liaison arrangements. It has few HUMINT assets abroad but has concentrated on SIGINT, shipping the vast majority of that product to the United States for analysis and relying on it to return finished intelligence.¹³ Canada's foreign intelligence capabilities have been proven to be ineffective, despite the admission by CSIS director Ward Elcock that, "the reality is we do conduct covert operations abroad. [With] respect of threats to the security of Canada, we have essentially the same powers as I guess [the CIA] would in the United States."¹⁴ That is, strictly regarding monitoring threats to Canadian security abroad. Under the revised directives from the Solicitor General, the CSIS director can approve foreign investigative operations with simply a consultation with the

¹¹ SIRC, In Flux But Not In Crisis: A Report of the House of Commons Special Committee on the Review of the CSIS Act and Security Offences Act, (Ottawa: Supply and Services Canada, 1990), p. 39

¹² Chwialkowska, Luiza, "It's Time We Dirtied our Hands, Say Spy Agency Proponents: Terrorism Prompts Renewed Calls for Canadian Foreign Intelligence Agency," National Post Online, internet, <http://www.canada.com/news/story.asp?id={7656EE62-4F3F-4244-9572-3C32198ADDA5}>, 3 NOV 2001

¹³ Johnson, Loch, Secret Agencies: US Intelligence in a Hostile World, (Binghamton: Yale University Press, 1996), p. 122

¹⁴ Chwialkowska, "It's Time We Dirtied our Hands,"

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Solicitor General.¹⁵ CSIS conducts operations abroad, but their nature and value is unclear.

The 2001 SIRC Annual Report stated, “the committee was struck by the substandard conditions in which Service staff were obliged to work. The poor physical facilities at Canada’s missions and an onerous workload, arising from an increasingly large number of immigration and visa applications requiring security screening, combine to form an adverse environment.”¹⁶ The 1999-2000 SIRC Report found that 45 of the 130 liaison arrangements liaisons were “dormant.”¹⁷ The events of September 11 further illuminated the effects of Canada’s lack of a HUMINT assets abroad. Jean Chrétien, unlike the leaders of the United States and Britain, does not receive a regular briefing on intelligence matters, prompting many to suggest the Prime Minister is ill-informed vis-à-vis intelligence of relevance to Canada.¹⁸ Foreign Minister John Manley admitted that a glaring inadequacy in Canadian intelligence gathering capabilities was compromising the country’s ability to meet overseas commitments.¹⁹ Manley later stated that Canada needed to consider establishing a foreign intelligence service to remedy the problem because, “we don’t have a foreign intelligence service to begin with.”²⁰

CSIS boasts that its overseas operatives are engaged in foreign intelligence gathering operations and Canada therefore does not need a foreign intelligence

¹⁵ Mofina, Rick, “CSIS Boss Given Wider Range of Power,” the Calgary Herald, 3 NOV 01: A10

¹⁶ SIRC, 2000-2001 Annual Report, (Ottawa : Supply and Services, 2001), p. 6

¹⁷ SIRC , 1999-2000 Annual Report, (Ottawa: Supply and Services Canada, 2000), p. 29

¹⁸ Bronskill, Jim, PM Outside Intelligence Loop,” the Calgary Herald, 4 OCT 01: A6

¹⁹ Wells, Paul, “We Don’t Pull our Weight : Manley,” the National Post, 5 OCT 01: A1

²⁰ Brown, Jim, “Foreign Spy Agency Eyed,” CNews, online,
http://www.canoe.ca/CNEWSAttack011005/05_spy-cp.html, 5 OCT 01

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service.²¹ However, then-Foreign Minister Manley indicated that CSIS operations do not provide accurate and timely foreign intelligence.²² CSIS's overseas operations were – and are – not being conducted by experienced, trained foreign intelligence officers. Without a dedicated agency for collecting HUMINT overseas, Canada will not acquire the intelligence it needs. Interest in exploring the possibility of a Canadian foreign intelligence agency was put forth by the government itself in 1990 and indicated the value of a more detailed examination of the idea of a Canadian secret service:

Since we have no capacity to collect foreign intelligence by covert human means, we are dependent on other countries for some types of information about foreign countries which may pose a threat to Canadian independence in some circumstances. To the extent that covert sources of intelligence are an asset in gaining access to markets and technologies and in international bargaining, Canada will be at a disadvantage with its major trading partners.²³

²¹ Hensler, Alistair, "Canadian Intelligence: An Insider's Perspective," *Canadian Foreign Policy*, vol. 6, no. 3, Spring 1999, p. 131

²² Ross, Jen, "CSIS Does Have Spies Overseas," *PoliticsWatch*, online, [http://politicswatch.com/10-18-01\(2\).htm](http://politicswatch.com/10-18-01(2).htm), 14 JAN 02

²³ SIRC, *In Flux but Not in Crisis*, p. 40

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CANADA'S CURRENT FOREIGN INTELLIGENCE COMMUNITY

The patterns of Canadian intelligence which were forged after World War Two now exist in an entirely different environment. Before the Cold War started, Canada rejected an external human intelligence gathering function, instead relying on the product of its allies, and placed its assets into Cold War-driven networks focusing on SIGINT but not HUMINT.²⁴ Christopher Andrew observed, "Canada long ago decided to stop sub-contracting its diplomacy to Britain and set up its own embassies abroad. It seems curious in Britain that Canada is still willing to sub-contract its HUMINT, though not its SIGINT, to its allies."²⁵

Canada's intelligence community is departmentally-driven. It consists of diverse groups within the Federal bureaucracy, with different responsibilities and capabilities for collecting, analyzing, and utilizing foreign intelligence. The collectors include the Communications Security Establishment (CSE) and CSIS. Liaison and some collection responsibilities rest with the Department of Foreign Affairs and International Trade (DFAIT) which is also a primary consumer of foreign intelligence. Intelligence analysis and collation occur in the Privy Council Office (PCO) and the Department of National Defence (DND).²⁶

²⁴ Whitaker, Reg, "The Canadian Security and Intelligence System: Fighting the Last War or the Next?", in Farson, Stuart, Stafford, David and Wark, Wesley, eds. Security and Intelligence in a Changing World : New Perspectives for the 1990's, (London : Frank Cass, 1991), p. 128

²⁵ Andrew, Christopher, "The British View of Security and Intelligence," in Farson, Stuart, David Stafford, and Wesley Wark, eds, Security and Intelligence in a Changing World: New Perspectives for the 1990s,(London: Frank Cass, 1991), p. 10

²⁶ Hensler, "Canadian Intelligence," p. 127

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Communications Security Establishment

The Communications Security Establishment (CSE), an agency of the Department of National Defence, is the government's main organization for foreign intelligence. CSE analyzes and reports on intercepted foreign radio, radar, and other electronic emissions to Canadian government clients. Its secondary mandate is to provide technical advice, and service to the government on the security of federal telecommunications and electronic data processing, commonly referred to as information security or INFOSEC.²⁷

CSE and other allied SIGINT agencies are in a global intelligence alliance known as the [UKUSA community](#), based on the 1947 agreement codifying the division of SIGINT between the parties.²⁸ Canada relies heavily on CSE for foreign intelligence to meet its own requirements and its obligations to its allies. Up to the present, most foreign intelligence provided to the Canadian government, by virtue of Canada's own intelligence collection capabilities, derives from CSE.²⁹ It is an effective, if limited, source of accurate and timely foreign intelligence. However, Canada has no HUMINT component to utilize in conjunction with CSE, allowing one source to multiply or exploit the value of the other.

²⁷ Federation of American Scientists, "Canadian Intelligence Organizations," online, <http://fas.org/irp/world/canada/cse/index.html>, 21 JAN 02

²⁸ Robinson, Bill, "An Unofficial Look Inside the Communications Security Establishment, Canada's Signals Intelligence Agency," online, <http://watserv1.uwaterloo.ca/~brobinso/cse.html>, 21 JAN 02

²⁹ Rudner, Martin, Canada's Communications Security Establishment: From Cold War to Globalization, (Ottawa: NPSIA, 2000), p. 10

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Canadian Security Intelligence Service

The CSIS Act authorizes that agency to collect security and foreign intelligence, although its methodology for collection is unique among modern intelligence agencies. Its primary mandate is to collect information about threats to the security of Canada without restriction on where such security intelligence is collected. Its secondary mandate, the collection of intelligence about the capabilities, intentions, and activities of foreign states, is more constrained.³⁰ The CSIS Act stipulates that the Service's collection of foreign intelligence must take place in Canada and cannot be directed at citizens or permanent residents of Canada, even though CSIS sends agents abroad to conduct investigations under the authority of section 12 of the CSIS Act.³¹ This odd stipulation has caused operational problems. In its 2000 report, SIRC noted that CSIS had targeted Canadians while gathering foreign intelligence in Canada.³²

In a few instances, in the Committee's opinion, information went beyond the definition of foreign intelligence as set out in policy and law and included information that identified Canadians or gave information about their activities that had very little intelligence value. In one instance, the Service agreed and that information was removed.³³

One must accept SIRC's findings that CSIS is not employing the techniques of foreign intelligence within Canada. Again, CSIS director Ward Elcock told the House Immigration Committee on 18 OCT 2001 that CSIS conducts covert

³⁰ Farson, "Accountable and Prepared," p. 49

³¹ Security Intelligence Review Committee, Report 2000-2001: An Operational Audit of CSIS, (Ottawa: Public Works, 2001), p. 26

³² Canada, In Flux but Not in Crisis: A Report of the House of Commons Special Committee on the Review of the CSIS Act and the Security Offences Act, (Ottawa : Supply and Services Canada, 1990), p. 39

³³ SIRC, 1999-2000 Annual Report, pp. 30-01

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operations abroad and has a foreign intelligence mandate “essentially the same” as the CIA.³⁴ At the 2001 Canadian Association for Security and Intelligence Studies (CASIS) Conference, Mr. Elcock stated that his agency, “has an international mandate. [CSIS] can collect intelligence wherever [it needs] to.”³⁵ Section 12 of the CSIS Act does not prevent security intelligence from being collected outside Canada.³⁶ The difficulty, however, lies in drawing a line between foreign activities which are defensive in intent and offensive in operation.³⁷ Is the intelligence collected by the alleged CSIS covert operations *foreign* or *security* intelligence? At what point in an investigation does *security intelligence* begin its perilous journey down the slope of semantics and become *foreign intelligence*? CSIS is not legally authorized to collect foreign intelligence abroad, which raises further questions: is CSIS collecting foreign intelligence under the guise of “security intelligence,” in violation of the CSIS Act?

In any case, CSIS’s contribution to Canada’s foreign human intelligence is minimal. CSIS cannot make requests to foreign agencies for specific foreign intelligence.³⁸ It receives unsolicited intelligence from friendly foreign agencies, but only that which these agencies choose to share with Canada, which may or may not be useful. Consequently, Canada’s reliance on shared intelligence is substantial. According to the Director’s Task Force of 1992, Canada’s allies provided almost all

³⁴ Chwialkowska, “It’s Time We Dirtied our Hands”

³⁵ “Better Canadian Intelligence,” *The Hill Times*, online, <http://thehilltimes.ca/editorial/html>, 14 JAN 02

³⁶ Starnes, John, “A Canadian Secret Intelligence Service?” *International Perspectives*, July/Aug 1987, p. 6

³⁷ *ibid.*, p. 6

³⁸ Hensler, “Creating a Canadian Foreign Intelligence Service”

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of its imagery intelligence, over 90% of its signals intelligence, and much of its human intelligence.³⁹

Department of Foreign Affairs and International Trade

Only DND matches DFAIT's influence over the shape and direction of Canada's intelligence community. DFAIT's Foreign Intelligence Bureau was responsible for collecting, analyzing, and distributing intelligence inside and outside the department until 1993, when the entire unit was transferred to the PCO and became the Intelligence Assessment Secretariat.⁴⁰ The ostensible purpose was to streamline Canadian intelligence assessment, to increase the cohesion and co-operation of the intelligence community, and to redefine the marketing of the intelligence product.⁴¹ This, however, was not the case. Only a small portion of the original resources survived the transfer.⁴² DFAIT still retains a Security and Intelligence Bureau (ISD) which supports policy and operational decisions and advises the Minister on intelligence activities.⁴³ Although the exact size and composition of ISD is classified, it represents DFAIT's interest in and need for foreign intelligence and provides some expertise on specific international issue relevant to Canadian foreign policy. However, the transfer of the foreign intelligence assessment function from DFAIT to the PCO damaged a department already

³⁹ Farson, Stuart, "Is Canadian Intelligence Being Reinvented?" Canadian Foreign Policy, vol. 6, no. 2, winter 1999, p. 25

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⁴¹ Farson, "Accountable and Prepared?" p. 56

⁴² Wark, Wesley, , "Speech – Where do We Go from Here?" 2001 CASIS Conference, Dalhousie University, Halifax, NS, 28 SEPT 2001

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suffering from a shortage of resources and intelligence expertise.⁴⁴ While ISD provides rudimentary collection and analysis, it is not sufficient to support Canada's extensive international relations.

Privy Council Office

The Prime Minister has the ultimate responsibility for national security in Canada, with the Privy Council Office handling security and intelligence matters.⁴⁵ The Clerk of the PCO is Canada's highest-ranking public servant and the PM's deputy minister, the Secretary to the Cabinet, and the Head of the Public Service.⁴⁶ The Clerk chairs a deputy minister-level group, the Interdepartmental Committee on Security and Intelligence (ICSI), which is the most senior committee on intelligence in Canada. This committee discusses strategic policy and recommends annual intelligence priorities for the Meeting of Ministers on Security and Intelligence. Reporting to the Clerk of the PCO is the Deputy Clerk, Counsel and Security and Intelligence Co-ordinator, charged with coordinating the security and intelligence activities of all Canadian government departments and agencies and promoting international intelligence relationships.⁴⁷ Two secretariats report to the Deputy Clerk: the Security Intelligence Secretariat and the Intelligence Assessment Secretariat.

The Security Intelligence Secretariat advises the Prime Minister on national security and intelligence matters, supports ministerial decision-making, ensures the

⁴³ Canada, Privy Council Office, The Canadian Security and Intelligence Community, internet, http://www.pco-bcp.gc.ca/publications/si/si_toc_e.htm, 22 MAY 01, p. 11

⁴⁴ Farson, "Is Canadian Intelligence Being Reinvented?" p. 12

⁴⁵ Federation of American Scientists, "Canadian Intelligence Organizations," online, <http://www.fas.org/irp/world/canada/pco/>, 21 JAN 02

⁴⁶ PCO, The Canadian Security and Intelligence Community, p. 13

⁴⁷ *ibid.* p. 14

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security of Cabinet meetings, the Prime Minister's Office, and the PCO. The Intelligence Assessment Secretariat (IAS), a central intelligence assessment unit, undertakes national intelligence assessments on matters related to Canadian foreign, defence, and security policies.⁴⁸ Staffed by members of the PCO and DFAIT, IAS is an analytical cell utilizing all sources. The Executive Director of the IAS chairs the Intelligence Assessment Committee (IAC), which brings together representatives of domestic departments and agencies, which gather, assess, or use intelligence. Chaired by the Executive Director of the IAS, the IAC produces papers that take a long-range view of foreign developments, but still are of immediate interest to decision-makers.⁴⁹ The PCO is critical in the Canadian intelligence community, although the committee organization and bureaucratic mentality of this public service office severely impede the effective analysis and collation of intelligence.

Department of National Defence

While the CSE analyzes SIGINT, the 1st Canadian Division Intelligence Company provides tactical and operational defence intelligence for Canadian Forces troops. 1st Canadian Division Intelligence Company officially became an established unit on October 27, 1989. Combat intelligence in small operations is typically collected by soldiers in three phases : one, top down guidance and direction for HUMINT gathering efforts; two, the collection itself; and three, the analysis of

⁴⁸ Federation of American Scientists, "Canadian Intelligence Organizations."

⁴⁹ PCO, The Canadian Security and Intelligence Community, p. 14

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information at brigade level.⁵⁰ The collated intelligence product then moves bi-directionally. Strategic intelligence is sent to division and HQ-level, where it is assessed in the J2 Intelligence Directorate and relevant information is disseminated to political leaders, while tactical intelligence is disseminated down to battalion and company level for use by front line soldiers. Intelligence support for peacekeeping operations, however, presents a new set of problems. Nowhere is Canada's lack of a foreign intelligence capability more obvious than vis-à-vis multi-national peacekeeping operations.

Intelligence Shortcomings for Peacekeeping Operations

Since 1956, international peacekeeping has been a primary tool of Canadian foreign policy, which has produced a modicum of international influence. Intelligence support for multi-national or coalition operations has been one of the most problematic issues for the Canadian government and the Canadian Forces in the last decade. Information operations within the UN present difficulties which are exacerbated by the shortcomings of Canada's intelligence community.

Canada's lack of nationally collected foreign intelligence has forced the CF to depend on its allies in peace support operations. Because Canada's intelligence community has been designed to meet the needs of its allies rather than its own, and ironically, Canadian intelligence does not meet the needs of its coalition, the issue of ally worthiness has emerged. General Sir David Ramsbotham's *Peace*

⁵⁰ Watson, A.P., "Social Patrolling: A Discussion of HUMINT Gathering at the Company Level," in Army Lessons Learned Center, The Bulletin, vol.7, no. 4, March 2001, p. 5

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Enforcement Organizational Planning and Technical Requirements identified six distinct intelligence requirements for peace support operations, all of which Canada should be able to provide; not only for itself, but to assist the coalition or multi-national force (MNF).⁵¹

The first is strategic intelligence - to assess the milieu in which Canadian troops have been deployed. Second, political intelligence, to determine the nature and intention of the leadership of the target country. Third, economic and social intelligence, to identify socio-economic concerns which might affect the deployment. Fourth, operational intelligence, to plan the deployment of resources and to carry out the UN mandate, particularly in fluid and politically turbulent situations. Fifth, tactical intelligence for troops on the ground to monitor cease fires in border areas and to alert personnel to potential dangers. The sixth requirement is counter-intelligence/counter-espionage, to pre-empt intelligence operations by hostile parties. These requirements are critical to any future peacekeeping deployment. Canada cannot meet them due to its shortages of foreign intelligence, which has tremendous political implications for Canada.

Intelligence support has always been essential to the effective execution of a mission. Without such support, Canada can only participate as a junior partner on a UN deployment. Unless a UN commander has accurate and timely information about the armed factions he is separating, he cannot position his forces in the most

⁵¹ Ramsbotham, General Sir David, "Peace Reinforcement Organizational Planning and Technical Requirements," *US Congress, Office of Technology Assessment, Improving the Prospects for Future International Peace Operations – Workshop Proceedings*, (Washington : US Government Printing Office, 1995), p. 76 - the six points mentioned all come from this page.

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effective manner.⁵² He must also have access to current information on political changes which will shape future military action. He must know leaders on all sides and study their tactical methods, personalities, and motivations.⁵³

Prior to deploying Canadian troops on Operations Other Than War (OOTW), the CF Strategic Reconnaissance Group (NSRG) undertakes a detailed risk assessment to determine if Canadian troops in any area of responsibility (AOR) face an unacceptable risk. Estimating risks requires an intimate grasp of the adversary's culture and capabilities, politics and psychology and, above all, what it knows and feels about the defender.⁵⁴ Intelligence analysts prepare this assessment based on raw data. Canada, however, accustomed to receiving a finished intelligence product from its allies, has allowed its analytic capability to atrophy. Hence, it must create Canadian threat assessments based on American data, relying on external sources which may not have Canada's interests in mind or expertise on Canada with the problem at hand. Similarly, deploying NSRG to a target country a week before the arrival of the main force is not enough to give force commanders a total intelligence picture. Canadian intelligence cannot provide such a picture by itself.

Nor can Canada rely on the United Nations for intelligence support. The UN cannot undertake information gathering or espionage operations and still maintain its impartiality. It considers military-style intelligence collection incompatible with peacekeeping, because collection can undermine two fundamental conditions for

⁵² Elliot, S.R., Scarlet to Green: a History of Intelligence in the Canadian Army 1903-1963, (Toronto: Canadian Intelligence and Security Association, 1981), p. 557

⁵³ *ibid.*, p. 557

⁵⁴ Handel, Michael, War, Strategy, and Intelligence, (London : Frank Cass, 1989), p. 243

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peacekeeping: the impartiality of UN forces and support to UN forces from the belligerents.⁵⁵ UN information resources and analytical capabilities are also inadequate. MGen Trond Furuhovde, when commanding UN forces in Lebanon in the 1980s, asserted that UN intelligence support was poor :

The information element is often very vaguely defined and consequently vaguely executed. The importance of exact and timely information flow must again be underlined. In several instances information collection and intelligence analysis were reduced to nearly useless activities. Exact and timely information is essential to safeguarding your troops and knowing the actions taken by the belligerent.⁵⁶

Canada cherishes its role as a “middle power,” able to moderate the actions of its southern neighbour in bi-lateral negotiations and through multi-national organizations. Canada has been able to deploy to regions that the United States and Britain could not. Therefore, Canada has been able to influence international relations in a fashion disproportionate to its military power through its peacekeeping contributions. Canadian international strategy has long been to achieve leverage through the UN.⁵⁷ Canada has deployed troops regularly to the UN since 1956. Multilateral deployments will continue to play a significant role in Canada’s foreign policy. In the past decade, however, Canadian peacekeepers have been deployed without proper intelligence and the government has hampered a central foreign policy tool and risked its influence as a middle power.

Whether in a leading nation role or in a multi-national deployment, Canada cannot rely on the US to provide HUMINT. A finished intelligence product from the

⁵⁵ *ibid.*

⁵⁶ Furuhovde, MGEN Trond, “Organization and Planning Requirements,” in *Improving the Prospects* , p. 24

⁵⁷ Edwards, Steven, “No U.S. attack on Iraq planned, Minister of Foreign Affairs says,” *National Post*, 16 FEB 02: A1

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US or UN is frequently missing at the most crucial moments of a deployment. Canada's poor intelligence support capabilities affect its interaction with its allies and accentuates Canada's intelligence dependence on its allies. These experiences also suggest that Canada must refrain from engaging in future peace support operations without a clear strategic concept, mission statement for Canadian troops, and adequate intelligence support. This reliance is dangerous for Canadian troops, it may reduce the level of autonomy for Canadian political and military leaders and it may compromise missions. Canada's foreign intelligence assets are extremely limited and cripple Canada's foreign and defence policies. On the basis of this overview of Canada's foreign intelligence community, this paper will assess Canada's human sources abroad, examine why these meager capabilities are a handicap, and broach the debate of whether Canada needs a foreign intelligence agency.

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PROBLEMS WITH CANADA'S INTELLIGENCE COMMUNITY

The tendency to rely on allied foreign intelligence and the reluctance to expand Canada's foreign intelligence community have caused Canada's current intelligence shortcomings. Canada is one of the few countries without a service dedicated to the collection of foreign intelligence abroad by human means.⁵⁸ Indeed, it is the only G8 country without this capacity. Unlike its principal intelligence partners, the UK and US, intelligence has never been imbedded in its Canadian political culture.⁵⁹ Canada has never been a principal military or economic power with vast overseas interests. Instead, historically, it has gathered intelligence to meet the needs of its coalitions' senior partners and its contribution is measured by how it does so. Canada has never had a foreign intelligence service or involved itself in covert operations except in wartime.⁶⁰

Canada's Lack of Interest in Foreign Intelligence

In his 1993 article, "Does Canada Need a Foreign Intelligence Service" Ted Finn, former director of CSIS, argued that foreign intelligence has received little public discussion in Canada because of an over-sensitivity to secrecy on the part of officials and lack of interest by Canadians.⁶¹ This argument is incomplete - the government shares this lack of concern. Tony Campbell, former Executive Director of the Intelligence Assessment Secretariat of the PCO, stated at the 2001 CASIS conference that the Canadian government must reform how it uses intelligence,

⁵⁸ Hensler, "Creating a Canadian Foreign Intelligence Service," p. 28

⁵⁹ Farson, "Is Canadian Intelligence Being Reinvented?" p. 9

⁶⁰ *ibid.*, p. 10

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make a concerted effort to understand better the intelligence process, and its use of the product. The government, Campbell asserted, has an enormous resistance to changes in intelligence methodology and allocation of funds.⁶²

Finn suggested two further reasons why there has been no sizable debate about foreign intelligence in government circles. Information about Canadian foreign espionage activities could prove embarrassing for the government and jeopardize Canada's diplomatic relations, while using human agents under cover for collection can be extremely dangerous, which many government officials prefer to avoid altogether.⁶³ Stuart Farson sums up why this debate lost momentum in the past:

Nor has domestic terrorism threatened [Canada] in such an enduring way as Britain has experienced over Northern Ireland. And instead of helping create the need for intelligence, Canada's geo-political circumstances have insulated it against most possible threats. Bounded by three oceans – one impassable for most of the year – and an extremely friendly and powerful neighbour to the south, Canada's traditional intelligence needs have been limited to early warning systems and a security intelligence network kept largely in reserve. . .⁶⁴

However, many new threats to Canadian national security have emerged after the Cold War. Canada's intelligence needs and resources have shifted while its obligations to its intelligence partners have increased.⁶⁵ The tragedy of September 11 showed that countries need effective foreign intelligence capabilities to handle threats like terrorism. Similarly, Canada's determination to play a significant role in such international bodies as the UN, especially with peacekeeping, implies a

⁶¹ Finn, "Does Canada Need a Foreign Intelligence Service?" p. 153

⁶² Campbell, Tony, "Speech - Opening Remarks," 2001 CASIS Conference, Dalhousie University, Halifax, NS, 28 SEPT 2001

⁶³ Finn, "Does Canada Need a Foreign Intelligence Service?" p. 153

⁶⁴ Farson, "Is Canadian Intelligence being Reinvented?" p. 10

⁶⁵ *ibid.*, p. 12

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continued demand for accurate and timely intelligence.⁶⁶ Nonetheless, the government continues to assert that these needs can be met because Canada obtains adequate amounts of foreign intelligence from its sharing agreements.

The western intelligence community is dominated by the United States with massive organizations unparalleled in manpower, advanced technology, and global presence. Smaller countries tend to supplement and assist the activities of their American counterpart.⁶⁷ Given Canada's proximity to the United States, and with the size of the American intelligence community, some might argue that Canada should rely on the vast American intelligence network rather than seek to deploy its own intelligence gathering assets. However, to follow this approach limits Canadian military deployability and sovereignty for decision-making.

Problems with Intelligence Dependence

Most states wish to retain some ability to monitor covert foreign influence in their territory. Some permanent security intelligence capability is needed for the event of wartime needs, including peace support operations or operations other than war (OOTW).⁶⁸ Complete dependence on others reduces a country's strategic options.⁶⁹ Without a human intelligence gathering capability abroad, Canada is heavily dependent on the US, which creates problems of accessibility to information.

⁶⁶ *ibid.*, p. 12

⁶⁷ Littleton, James, *Target Nation : Canada and the Western Intelligence Network*, (Toronto : Lester and Orpen Dennys, 1986), p. 90

⁶⁸ Hermann, Michael, *Intelligence Power in Peace and War*, (Cambridge : Cambridge University Press, 1996), p. 349 – although not mentioned, in the text, the value of intelligence support in OOTW is obvious.

⁶⁹ *ibid.*, p. 212

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In the interest of maintaining secrecy, the United States distributes information throughout the western intelligence community based on the “need to know” rule.

This is based on the assumption that if information is restricted to people who need to know it to carry out their tasks, it is less likely to find its way into unauthorized hands. Because of their more limited interests abroad, the smaller partners in the community [such as Canada] are generally deemed to have a smaller requirement for information than does the United States.⁷⁰

There is a constant tension between the interest of the receiving country, the alliance, and of its dominant partner. In importing a finished intelligence product from the United States or Britain, Canada is buying a foreign perspective on secret information.⁷¹ The flow of finished intelligence to Canada is not determined by its own interests.⁷² The value of such information is difficult to judge because of need-to-know restrictions - one never really knows what is left out, distorted, or delayed.⁷³ Information provided by the United States suits what American intelligence sources want Canada to know, or think it should know. Canadian security policy is being made of the basis of American information which may have been shared to promote American interests. Even with the best will between the countries, Canada would still suffer from American mistakes or weaknesses. This is problematic for many reasons.

American perceptions of Canadian intelligence requirements are not always accurate or appropriate to Canada’s political and military situation. The 1986 SIRC Annual Report stated that relying on friendly foreign intelligence services did not

⁷⁰ *ibid.*, p. 91

⁷¹ Whitaker, “The Canadian Security and Intelligence System,” p. 132

⁷² *ibid.*, p. 92

⁷³ Farson, “Is Canadian Intelligence Being Reinvented?” p. 24

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allow the recasting of information in Canadian policy terms.⁷⁴ American-supplied intelligence must always have an American bias since it is designed for American consumers. Again, American information reaching Canada will always be censored to prevent sensitive American information that sensitive information from reaching unauthorized hands and to guard United States intelligence sources and methods.⁷⁵ Information may also be withheld from a UKUSA partner because of its failure to undertake some *quid pro quo*.⁷⁶

The United States may also be withholding information from Canada. Examples of such cases are not publicized due to security constraints and are difficult to track. However, Jane Shorten, a former CSE employee suggested that Canada mounted operations against both the United States and Mexico in 1993 because Canada suspected that its American partners were withholding trade-related information prior to the conclusion of the NAFTA agreements.⁷⁷ Alistair Hensler argues that United States intelligence is active against Canada: “during negotiations on setting up the North American Free Trade Agreement, some Ottawa bureaucrats thought that we shouldn't spy on Americans, [because] it was unethical, but the Americans were spying on us.”⁷⁸ David Frost states categorically in Spy

⁷⁴ Security Intelligence Review Committee, Annual Report 1986-1987, (Ottawa: Ministry of Supply and Services, 1987), p. 23

⁷⁵ Ramsbotham, “Peace Reinforcement Organizational Planning,” p. 76

⁷⁶ Richelson and Ball, Ties that Bind, p. 260

⁷⁷ Livesey, Bruce, “Trolling for Secrets: Economic Espionage is the New Niche for Government Spies,” InfoWar, online, http://www.infowar.com/class_3/class3_030698a_s.html-ssi, 22 JAN 02

⁷⁸ Sevunts, Levon, “Foreign Intelligence Agencies Busy in our Businesses, CSIS Warns,” Montreal Gazette, online, <http://www.montrealgazette.com/news/pages/000723/4497311.html>, 18 FEB 02

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World that the United States engages in SIGINT operations against Canada.⁷⁹ Former CSIS director Reid Morden in 2001 also suggested that American intelligence has not always honored the unwritten agreement to avoid targeting Canada in anything but a joint operation.⁸⁰

Although it is difficult to prove these allegations, they come from informed sources and are unsettling. So is the fact that Canada relies on intelligence from a foreign country which has conflicting interests and withholds or alters information. This intelligence has been inaccurate and untimely, and in the future it may well be deceptive or intended to give the United States a competitive advantage. Even without a deliberate attempt to disinform Canada, the Americans share intelligence they believe is correct. Without an independent collection or analysis capability, Canada is forced to accept the American intelligence as correct, despite the difference between Canadian and American foreign and defence policies. Despite their cost-effectiveness, current intelligence-sharing agreements with the United States are not the ideal method of obtaining foreign intelligence for Canada.

This dependence will probably increase in the next decade. In late 2001, the Federal Bureau of Investigation asked the American Congress for more money to increase its permanent presence in Canada, to prevent terrorist attacks on the United States and deter cross-border crime. The message is that Canada cannot adequately provide intelligence gathered within its borders to its southern neighbour,

⁷⁹ Frost, David, Spyworld: Inside the Canadian and American Intelligence Establishments, (Toronto: Doubleday, 1994)

⁸⁰ *ibid.*, p. 228; Brown, Jim, "Terrorist Crisis Revives Debate on Foreign Spy Agency for Canada," Canadian Press, online, <http://www.recorder.ca/cp/national/011014/n101436A.html>, 18 FEB 02

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and the Americans must do it for themselves.⁸¹ American intelligence does not always give Canada information designed to meet Canadian intelligence needs. It now seems interested in collecting intelligence in Canada for itself, indicating that Canada cannot offer a *quid pro quo* to the Americans.

This dependence may prove dangerous if the United States decides to restrict the flow of intelligence to Canada. Since September 11, the United States has been interested less in supplying intelligence to its allies and more in securing its domestic security. American national security advisor Richard Perle summed up the new American attitude towards intelligence coalitions: “one hopes that won't be necessary - but I can promise you that if we have to choose between protecting ourselves against terrorism or a long list of friends and allies, we will protect ourselves against terrorism.”⁸² With the new priority on ensuring its own intelligence requirements, the United States may well become more unilateralist and less interested in passing intelligence to Canada. Deprived of American intelligence, Canada will enter the new millenium blind without a capability for gathering such human intelligence for itself. Canada must develop a foreign HUMINT capacity to meet its own needs, to bolster its ally-worthiness, and ensure its access to American intelligence.

⁸¹ Daly, Brian, “FBI Requests More Money to Increase Canadian Presence,” [the National Post](#), 17 DEC 01: A12

⁸² “US Ready to Go It Alone,” [BBC News](#), online, http://news.bbc.co.uk/1/hi/english/world/europe/newsid_1798000/1798132.stm, 4 FEB02

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Issues With Intelligence Sharing

In 1998, Alistair Hensler noted that intelligence sharing agreements involving Canada might become less effective in the post-Cold War era.⁸³ The countries involved in such sharing agreements would develop increasingly diverse and more nation-specific priorities of their own. Moreover, Canada's allies will be collecting intelligence about threats such as terrorist groups and non-state entities and will want alliance partners able to produce raw intelligence. In a multi-polar world, national security and intelligence agencies will increasingly look to their own state's national interest: so should Canada.⁸⁴ If Canada wants to maintain the *quid pro quo* and also meet its own needs, it will have to develop broader capacities for foreign intelligence.

In particular, Canada's primary value in the UKUSA agreements was its geographical position vis-à-vis the former USSR. That advantage declined as Russian signals slipped in importance and satellite intercept systems monitor SIGINT targets that hitherto could only be covered by Canada.⁸⁵ The intelligence contribution Canada makes to the coalition, compared to what it derives, has decreased. Finally, Canada's reliance on the CSE and other technical means of foreign intelligence collection may well prove problematic with the rising costs of interception and cryptanalysis.

The CSE has been Canada's primary collector of foreign intelligence and the mainstay of its contributions to allied intelligence coalitions. So too have Western

⁸³ Hensler, "Canadian Intelligence," p. 130; points come from this page.

⁸⁴ Whitaker, "The Canadian Security and Intelligence System," p. 132

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intelligence agencies relied too much on technological means of collection. The American intelligence community is heavily reliant on antiseptically clean and very expensive technical intelligence.⁸⁶ A primary reason for reliance on technological means of warfighting is force protection. Because taking casualties causes more political problems than ever before, utilizing technology to monitor emergent situations instead of risking human lives suits political leaders whose citizens are unwilling to see casualties. During the Cold War, SIGINT, IMINT and PHOTINT were the best sources of strategic intelligence and they retain great and unique power today. However, equally significant is what they cannot do.

SIGINT – Putting All of Canada’s Intelligence Eggs in One Basket?

During the Cold War years, Canadian and American SIGINT assets such as the vaunted Lacrosse satellite, Echelon SIGINT system, as well as the Canadian Cray supercomputer, targeted the USSR and its Warsaw Pact allies in order to determine Soviet capabilities and intentions. Current non-state military threats are amorphous, transnational, and their non-conventional structure and methods defy conventional identification.⁸⁷ Unfortunately, such advanced technological means and methods of intelligence collection have often been unable to defeat comparatively primitive equipment. As Anthony Cordesman notes,

These basic forces of human society are a grim warning about trying to rely on military technology as a panacea and the benefits of the revolution in military affairs or force multipliers. In far too many cases, we will find that even when such tools

⁸⁵ Farson, “Accountable and Prepared?” p. 57

⁸⁶ Tully, “US: Did Intelligence Failure Allow Terror Attacks?” Radio Free Europe, online, <http://www.rferl.org/nca/features/2001/09/13092001123302.asp>, 28 OCT 01

⁸⁷ Tully, Andrew, “US: Did Intelligence Failure Allow Terror Attacks?”

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allow us to “defeat” the military forces of an “enemy,” they cannot solve the problem. In other cases, there will be no “enemy,” the war will be of too low intensity for such tools to be effective, or the struggle will be too politically complex.⁸⁸

Despite the overwhelming superiority of American technology in intelligence platforms, the September 11 attacks demonstrated the limits of technical means of intelligence gathering and the importance of human sources. SIGINT, on which Canada relies heavily, has only a limited value. Such general and often ambiguous intelligence can provide a general layout of ground forces or general communications, and indicate where further intelligence operations must take place, but it fails to provide a complete picture.

SIGINT's value is especially crippled when targets utilize alternative communication means, such as dead drops, one time pads, and anonymous internet proxy servers, all of which are undetectable even by the NSA's fabled Echelon system.⁸⁹ American and Canadian capabilities were built to listen in on the Soviets, a lumbering nation-state that relied on a comparatively primitive communication technology.⁹⁰ Spies and terrorists can now exploit the revolution in the global communications industry, such as digital cellular phones, 128 bit encryption capabilities, fiber optic communications, and steganography, all of which reduce the effectiveness of signals intercepts. SIGINT raises its own unique concerns for

⁸⁸ Cordesman, Anthony, “Beyond Bosnia : the Need for Realism in Using American Military Force”, online, <http://www.csis.org/stratassessment/reports/BeyondBosnia.pdf>, 31 OCT 01, p. 4

⁸⁹ Echelon is a highly secret technical intelligence gathering system used to monitor worldwide communications and coordinated in the U.S. by the National Security Agency. Participating countries, who eavesdrop on the citizens of the other member countries -- to avoid civil restrictions preventing governments from spying on their own citizens -- then pool and share their information. Participating countries include the U.S., Australia, Canada, New Zealand, and Great Britain. The eavesdropping covers both telephone and email communications - Donnelly, John, “Aspects Familiar to Some,” the Boston Globe, online, http://www.boston.com/news/packages/underattack/globe_stories/0912/Aspects_familiar_to_some+.shtml

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intelligence analysts: filtering out signals from noise. This has become a momentous task given the enormous amounts of raw data collected by US and Canadian SIGINT agencies. John Ferris and Michael Handel relate the difficulty of the modern commander to isolate accurate intelligence:

Contemporary commanders may face a situation unprecedented in history. Intelligence and communications have improved but so have the speed of battle and the need for quick decisions. More information is available more rapidly on more subjects. One thing not changed is the speed required to make human judgements and decisions. Commanders need far more information on a far greater range of matters than in the past. Once, most pieces of intelligence were false but now, they may be true but trivial in quality and overwhelming in quantity. More can be worse.⁹¹

Given the overabundance of SIGINT, COMINT, IMINT, and other sources of information, the commander or leader is inundated with “noise” and the problem remains to determine what information is correct. Modern intelligence agencies are so deluged with information that they often become paralyzed trying to sift the relevant data from trivial information, creating a new form of friction: uncertainty based on the over-abundance of intelligence.⁹² It was estimated in 1965 that the Canadian government was able to process and use less than ten percent of the data collected by Canadian security and intelligence agencies.⁹³ Its analytic community can process even less today. For Canada, any intelligence collected by signals intercepts is turned over to the US for further investigation. This poses a particular problem for Canada and its under-developed analysis community: the vast majority of raw SIGINT data intercepted by CFIOG is sent to the NSA’s headquarters in Ft.

⁹⁰ Karon, Tony, “Why Didn’t We Know?”, [Time.com](http://www.time.com/time/nation/article/0,8599,175025,00.html), online, <http://www.time.com/time/nation/article/0,8599,175025,00.html>, 26 NOV 01

⁹¹ Ferris and Handel, “Clausewitz, Intelligence, Uncertainty,” p. 49

⁹² *ibid.*, p. 70

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Meade. It is from this mass of raw information that US analysts must glean information they feel may be of interest to Canada, and for their part, Canadian intelligence officials must hope that their American counterparts can sort the wheat from the chaff. Because Canada has no capacity to conduct covert foreign intelligence operations and little analytical capacity, the Americans build a complete picture around Canadian SIGINT and then can choose what intelligence to share or withhold. This new form of friction will make SIGINT interception more problematic and the CSE's contributions less valuable to Canada's UKUSA allies. Canada's lack of a foreign HUMINT component seriously limits its ability to meet its own or its alliance needs.

[Only] HUMINT can provide a level of understanding, including foreign nuclear weapons programs, drug cartels, and terrorist groups, that may be unattainable from technical collection. Human sources can provide not only information on intentions but also an integrated overview of a program (its people, facilities, suppliers, and progress), that could be extraordinarily difficult to piece together by relying in technical collection.⁹⁴

There are serious problems with Canada's foreign intelligence community. It depends heavily on its allies to provide foreign intelligence and a finished product is not always available. When the target is a non-state actor or terrorist organization, the United States may not have information to share nor is its intelligence selected to suit Canadian policy. These issues, coupled with the new threat posed by non-state actors and the difficulty of maintaining a viable Canadian intelligence contribution to our coalition partners, provide reason to revisit a contentious issue in the Canadian intelligence community: the development of a foreign intelligence service.

⁹³ Eayrs, James, In Defence of Canada: Vol. 2-Appeasement and Rearmament, (Toronto: U of T Press, 1965), p. 184

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Canada will never possess an intelligence organization with the global coverage of the American CIA. The enormous financial and bureaucratic costs needed to achieve “information superiority” are prohibitive for Canada. However, Canada can attain “knowledge superiority” - the ability to confirm that information is correct and designed for its own purposes.⁹⁵ Knowledge superiority can be achieved through nationally-directed foreign intelligence collection, backed by a method of corroborating shared intelligence, and an enhanced analytic capability. Currently, this is impossible because the information Canada receives comes from the United States and Canada cannot verify its accuracy.

It is a truism that no intelligence organization can function entirely on its own since no single source can provide the complete picture on any situation.⁹⁶ Canada will still require intelligence sharing alliances and must make contributions to them. However, it must ensure that through its own collection and foreign-supplied intelligence it can meet its intelligence needs. These needs are defined by current and future threats to Canadian national security.

Threats to Canada

Terrorism

The end of the Cold War established a new and evolving set of intelligence problems. The military threat of the former Warsaw Pact nations vanished while the threat of terrorism rose. In 1998 CSIS director Ward Elcock told the Special Committee of the Senate on Security and Intelligence that, “with perhaps the

⁹⁴ Richelson, Jeffrey, The US Intelligence Community, (Boulder: Westview, 1993), p. 470

⁹⁵ Campbell, “Speech - Opening Remarks”

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singular exception of the United States, there are more international terrorist groups active [in Canada] than any other country in the world.”⁹⁷ The CSIS 1998 Public Report confirmed the high level of terrorist activity within Canada: “the Counter-Terrorism Branch of CSIS is currently investigating more than 50 organizational targets which embody over 350 individual terrorist targets.”⁹⁸ In 1999 the Special Senate Committee on Security and Intelligence Report stated that, “Canada remains a venue of opportunity for terrorist groups: a place where they may raise funds, purchase arms and conduct other activities to support their organizations and their terrorist activities elsewhere.”⁹⁹ The Committee heard confirmation that most major international terrorist organizations have a presence in Canada.

Most recently, the 2000 CSIS document International Terrorism: the Threat to Canada outlines the activities of international terrorist and trans-national criminal organizations in Canada, including fundraising, providing safe haven, and planning of terrorist attacks.¹⁰⁰ The direct threat to Canada is a serious concern for CSIS which in June 2001 stated that Canadians are more vulnerable than ever to terrorism.¹⁰¹ Now that many terrorist cells have become dormant in the face of increased intelligence and investigative activity, the collection of intelligence will be

⁹⁶ Finn, “Does Canada Need a Foreign Intelligence Service?” p. 157

⁹⁷ Elcock, Ward, “Subcommission to the Special Committee of the Senate on Security and Intelligence,” CSIS website, http://www.csis-scrs.gc.ca/eng/miscdocs/kelly_e.html, 26 JAN 02

⁹⁸ Canadian Security Intelligence Service, 1998 Public Report, online, http://www.csis-scrs.gc.ca/eng/publicrp/pub1998_e.html, 22 JAN 02

⁹⁹ Canada, “Chapter One: The Current Security and Intelligence Environment and a Current Assessment of Risks to Canada’s Security,” The Report of the Special Senate Committee on Security and Intelligence 1999, online, <http://www.parl.gc.ca/36/1/parlbus/commbus/senate/com-e/secu-e/rep-e/repsecintjan99part1-e.htm>, 23 JAN 02

¹⁰⁰ Canadian Security Intelligence Service, Report # 2000/04 - International Terrorism: The Threat to Canada, online, http://www.csis-scrs.gc.ca/eng/miscdocs/200004_e.html, 22 JAN 02

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even more difficult without conducting investigations outside Canada. The problem is not merely of a threat to Canada, but also to other states which may respond in a hostile manner. These states may increase activity in Canada to gain further intelligence they require, which Canada cannot provide. Canada-United States relations would be strained if Canadian based terrorists, like Ahmed Ressam, kill Americans at home.

The threat posed by terrorism is such that Canada should no longer be content with reactive measures. Richard Fadden, Deputy Clerk of the PCO and coordinator for security and intelligence, has stated that instead of waiting to react, Canada must be proactive, seeking and addressing terrorist threats abroad before they reach Canada. Because the terrorist armies are largely invisible, so are their maneuvers towards their next targets. The danger is so vast that the only viable long-term strategy is offence, not defence.”¹⁰² He suggested that such proactive means included a Canadian foreign intelligence service. The Senate Committee on National Defence and Security also stated in March that Canada needed better overseas intelligence gathering to detect and interdict terrorist threats before they reached Canada.¹⁰³ CSIS, with its limited foreign mandate, is fully occupied in detecting terrorists in Canada and assisting Immigration Canada to screen potential immigrants. Expanding CSIS’s foreign mandate while it struggles to keep up with domestic operations and security screening would be a mistake. Such an expansion would add to its already significant burdens and create new tensions in its

¹⁰¹ Bronskill, Jim, “Canada at Risk of Growing Terrorism,” the Calgary Herald, 13 June 01:A13

¹⁰² “Better Canadian Intelligence,”

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relationships with other intelligence agencies abroad as well as the RCMP. Terrorism overseas might be investigated better by an independent foreign intelligence agency.

Economic Espionage

Direct military threats to Canada have, for the most part, vanished with the Cold War, but indirect military and espionage threats have persisted in a new form. Competition among states has become less military and more economic. Whereas states previously engaged in espionage primarily for military and foreign policy purposes, intelligence operations now concentrate more on conducting, or guarding against, economic espionage. In 1998 CSIS estimated that agents from 24 countries were engaged in state-sponsored corporate and economic espionage in Canada.¹⁰⁴ Canada's advanced industrial and technological society, its expertise in certain sectors, such as telecommunications, agriculture, and fisheries make Canada attractive to economic spies. Factors that create vulnerability include the level of foreign ownership in Canada's economy, the number of multinational corporations with operations in Canada, and the number of foreign students studying in Canada in the basic and applied sciences.

In 1999 CSIS identified several sectors of the Canadian economy as sensitive and likely targets of foreign interest, including: aerospace, biotechnology, chemicals, communications, information technology, mining and metallurgy, nuclear energy, oil

¹⁰³ Bronskill, Jim, "Senate Demands Stronger Military, Tighter Security," the Calgary Herald, 2 MAR 02: A7

¹⁰⁴ Livesey, "Trolling for Secrets,"

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and gas, and the environment.¹⁰⁵ Canada's economic interests are vulnerable to clandestine collection by visiting foreign scientists, exchange personnel, delegations, business personnel, and members of émigré communities in Canada. Many foreign governments, including some of Canada's allies, direct their state-owned corporations and intelligence services in economic espionage against Canada.¹⁰⁶

Economic counter-espionage can be improved by utilizing information acquired from foreign sources to assist domestic operations. Certainly, the United States uses foreign intelligence in its economic counter-espionage operations. One of its primary methods for identifying and countering foreign economic espionage is counter-intelligence.¹⁰⁷ The CIA informs the FBI and other Government agencies when it learns, through foreign counter-intelligence and economic intelligence operations, about a foreign government or company targeting American industry. It also informs the State Department and other appropriate government agencies of instances of economic espionage or state-supported trading practices such as the bribery of contracting officials. Conversely, CSIS's counter-espionage programs are hampered by the lack of foreign information about hostile countries which can only be collected through counter-intelligence operations abroad. The ability to gather foreign counter-intelligence would supplement domestic efforts to detect economic spies in Canada as well as activities hostile to Canada economic interests overseas, making Canada's counter-espionage operations far more effective.

¹⁰⁵ Canada, "The Current Security and Intelligence Environment"

¹⁰⁶ Canadian Security Intelligence Service, 2000 Public Report, online, http://www.csis-scrs.gc.ca/eng/publicrp/pub2000_e.html#4a, 23 JAN 02

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State-based Espionage

Traditional espionage from hostile state-based intelligence organizations also remains a danger. In its 2000 threat assessment, CSIS stated, “intelligence services of certain foreign governments continue to clandestinely collect information considered to be in their national interest and to engage in foreign-influenced activities within émigré communities.”¹⁰⁸ Foreign intelligence officers have been directed to collect information on issues such as trade negotiations, military and technological developments. CSIS anticipated that some of these intelligence services would expand their activities and it forecast an increased threat to Canadian interests.

In March 2002, Ana B. Montes, the Pentagon's top expert on Cuba, admitted to spying for Cuba for 16 years.¹⁰⁹ The 2001 arrest of FBI counter-intelligence agent Robert Hanssen indicated that traditional espionage activities still threaten the national security of North America. This arrest was the most recent example of Russian espionage activities flourishing in North America. Canadian intelligence officials are still calculating the damage to Canadian security interests inflicted by Hanssen and other prominent Russian spies. In 2000, George Trofimoff, a retired colonel in the American Army Reserves, was arrested as one of the highest ranking American military officers ever charged with espionage. In 1994 one of the most

¹⁰⁷ United States, 1995 Annual Report to Congress on Foreign Economic Collection and Industrial Espionage, online, <http://www.fas.org/sgp/othergov/indust.html>, 12 MAR 02

¹⁰⁸ *ibid.*

¹⁰⁹ Golden, Tim, “Pentagon's Top Cuba Expert Pleads Guilty to Espionage,” New York Times, 20 MAR 02: A2

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damaging spies in American history, Aldrich Ames, was arrested after passing confidential documents to Russia over a nine year period.¹¹⁰

In the same way as the penetration of Kim Philby damaged American and British intelligence, the penetration of United States intelligence poses problems for Canada. Because American intelligence has been penetrated by the Russians, the United States receives misinformation designed to promote Russian interests or finds the value of genuine information reduced. If the United States is misinformed by Russian counter-intelligence, so too will Canada. Without a means of verifying shared information, Canada automatically will continue to be fed misinformation whenever American intelligence is penetrated.

Canadian security faces its own problems. The December 2000 defection of Yevgeny Toropov in Ottawa reinforced Canada's status as a favoured environment for foreign espionage. Oleg Kalugin, a retired Major General in the Soviet KGB who teaches at the Center for Counterintelligence and Security Studies in Washington, stated in the National Post that Russian intelligence has always valued Canada due to its proximity to the United States and its co-operation with American intelligence services. He confirmed that, "Canada was always considered an important neighbour of the United States as a listening post. Once you penetrate the Canadian services, you have a good chance to look inside the United States' services." It was not necessarily easier to penetrate Canadian security operations than those in the

¹¹⁰ Koring, Paul, "Trusted FBI Agent Arrested for Spying," the Globe and Mail, 21 FEB 01:A10

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United States, but KGB circles regarded it as possible.¹¹¹ An intelligence presence overseas to detect these activities where they originate will bolster Canadian counter-intelligence or counter-espionage programs.

Russia is not the only country interested in Canada. In 1996, CSIS and the RCMP conducted Operation SIDEWINDER into the alleged penetration into Canadian political and business communities by the Chinese Triad Society and state espionage agents.¹¹² CSIS has continued its own investigation into alleged Chinese penetration in Canada, suggesting there is still a risk. Sidewinder also showed the difficulties in joint RCMP operations which probably would worsen if CSIS acquired a foreign intelligence mandate.

Clearly, foreign espionage, economic espionage, and terrorism continue to threaten Canada. These threats emanate from abroad, yet Canada has no eyes and ears abroad to monitor them until they reach its shores. Although SIGINT is useful in gathering external intelligence, it can only provide a partial picture. HUMINT is also necessary to determine capabilities and hostile intentions toward Canada that CSE cannot intercept.

¹¹¹ Trickey, Mike, "Spy Defector Flees to US, Russian Embassy Admits," *the National Post*, 19 MAR 01, online, <http://www.nationalpost.com/news/national/story.html?f=/stories/20010317/503463.html>, 26 AUG 01

¹¹² SIRC, 1999-2000 Annual Report, p. 3

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CHAPTER FIVE – DOES CANADA NEED A FOREIGN INTELLIGENCE AGENCY?

Without an expanded foreign intelligence capacity, Canada cannot meet the espionage threats to its national security and its international obligations. The scale of the problem can be demonstrated by comparing Canada's intelligence requirements to its current intelligence community. These requirements fall into four general areas: political intelligence, economic intelligence, defence intelligence, and alliance contributions.

Canadian Intelligence Needs

Political Intelligence

The relationship between intelligence and foreign policy is intimate and essential. One function of intelligence is to centralize, process, and disseminate information useful to foreign policy, a government's attempt to advance its interests internationally. To achieve military, economic, or political goals, influence must be applied internationally. This cannot be done effectively without accurate information including intelligence. Foreign policy priorities resulting from ideological agendas, parochial interests, and perceptions of national interest will help define the information that the intelligence community deems relevant to collect and analyze.¹¹³ DFAIT states that one of its three key foreign policy objectives is, "the protection of [Canadian] security within a stable global framework by using diplomacy to protect

¹¹³ Marrin, Stephen, "Implications on Intelligence Analysis," IntelForum, online, <http://archives.his.com/intelforum/threads.html>, 20 SEPT 01

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against military threats, international instability . . . international crime, uncontrolled migration.”¹¹⁴ Without independently collected foreign HUMINT to formulate policy, DFAIT cannot effectively fulfill its mandate.

Active foreign policy benefits from effective foreign intelligence. Britain’s intelligence capability is justified by its need to support world-wide participation in international relations. This includes membership in the Security Council, its role in international peacekeeping, and the support for its political relationship with the United States.¹¹⁵ Canada, active internationally as a member of NATO, the Organization for Security and Cooperation in Europe (OSCE), G8, La Francophonie, and the Organization of American States (OAS) to name but a handful, also has a need for foreign political intelligence but has little capacity to collect it. This need is even more critical vis-à-vis Canada’s international peacekeeping contributions. These factors require the further development and maintenance of a knowledge base about explosive issues and global regions, and skilled resources for collection, analysis, and investigation.¹¹⁶ Canada no longer faces a bipolar world. Events transpiring around the world may destabilize the global security environment and Canada must be fully cognizant of how those events affect its interests. Further, Canada has committed itself to fighting terrorism alongside the United States, its NATO allies, and the UN. It does not have the security and intelligence capacity to fulfill that pledge. Without this capacity, Canada’s future contributions will be hollow,

¹¹⁴ DFAIT, “Key Objectives of Canada's Foreign Policy, DFAIT Website, online, <http://www.dfait-maeci.gc.ca/dfait/mandate-e.asp>, 31 MAR 02

¹¹⁵ Hermann, Intelligence Power in Peace and War, p. 344

¹¹⁶ CSIS, 2000 Public Report.

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damaging Canada's international reputation and creating more dependence on the US.

The proliferation of weapons of mass destruction continues to be a leading international concern. The 2000 CSIS Public Report cites states such as North Korea, Iran, Iraq, Libya, and Syria as posing a threat to international, and therefore Canadian, security.¹¹⁷ CSIS also acknowledged that the intelligence services of certain foreign governments remain active in Canada, targeting dissidents associated with long-standing regional or political conflicts and who currently reside in Canadian expatriate communities. Similarly, politically motivated violence remains largely an extension of overseas discord. Extraordinary domestic and international collaboration is needed to combat international terrorist groups which use Canada as a base from which to orchestrate terrorist activities abroad. Without a foreign HUMINT component to its security intelligence programs, Canada will remain a passive and soft target.

Other political issues require intelligence support. Canada remains a world leader in accepting refugees and immigrants, including a steady flow of people from regions of strife. Some bring the politics of conflict with them. Immigration Canada has recently admitted that it cannot clear the backlog of hundreds of top-secret immigration applications and is actively recruiting a private consultant to review the glut of immigration files accumulated since September 11.¹¹⁸ This liberal immigration policy and poor security bring inherent dangers to Canadian national security from

¹¹⁷ *ibid.*

¹¹⁸ Blackwell, Tom, "Immigration Canada Seeks Consultant to Clear Backlog," National Post, 25 JAN 02: A9

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failed states: nations that disintegrate as viable political and constitutional entities, where governments lose their ability to retain public order.¹¹⁹ Security threats can occur if the militant fringe of the emigré community endeavors to replicate or support the homeland dispute in Canada.¹²⁰ Foreign intelligence is necessary to investigate these threats abroad.

CSIS acknowledges that many of Canada's security preoccupations originate abroad. These issues touch on high politics in many different ways. CSIS, for example, recently reported that Iraq, Iran, and North Korea were aggressively trying to develop nuclear weapons, a significant but highly controversial claim.¹²¹ Since most of Canadian foreign intelligence comes from the US, this evidence presumably came from American sources. Without an independent means of confirming such information, Canada is forced to accept American-supplied intelligence uncritically, even though it may be inaccurate. Canada may be drawn into an expanded conflict without knowing all the facts. Here Canada's sovereignty vanishes: Canadian foreign policy is being driven by American intelligence and political objectives. These political and strategic issues are increasingly vital for Canadian political sovereignty.

In February of 2002, US Under Secretary for Political Affairs Marc Grossman stated that the US expected Canadian support for American actions in Iraq.¹²² Foreign Minister Bill Graham remained cautious about committing Canadian soldiers to any such mission without evidence of weapons of mass destruction in Iraq. Yet,

¹¹⁹ CSIS, 2000 Public Report

¹²⁰ Canada, "The Current Security and Intelligence Environment"

¹²¹ Bell, Stewart, "Axis Harbours Nuclear Plans: CSIS," the National Post, 26 FEB 02: A6

¹²² Hume, Mark, "US Expects Canada to Back Action in Iraq," National Post, 16 FEB 02: A3

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without an independent capability to verify intelligence, Canada will be forced to use American intelligence which may be designed for its political and military interests. In the past the US may have altered or withheld critical intelligence from Canada in order to further American policy goals. It might well do so in order to garner Canadian support for potential action in Iraq. Canada, without a foreign intelligence capability, risks being used as a pawn to bolster international support for any potential American action in Iraq, which could have severe international political repercussions. These cases have been selected because they have been publicized. The problem will reoccur in future foreign policy issues. If Canada remains dependent on American intelligence, other countries will know that Canada's foreign policy is controlled *inter alia* by the US, belying Canada's sovereignty and middle power status. The loss of Canada's middle power status would have disastrous effects on its ability to deploy with the UN. This could limit the value of Canada's contributions and reduce its already waning international influence.

In 1996 the Auditor General's report entitled The Canadian Intelligence Community enumerated hypothetical problems which might have serious political implications for Canada. These included: a) international terrorism being conducted in the United States; b) a Canadian resident involved in the planning, financing and arming of an international terrorist group about to commit a terrorist act overseas; and c) political instability overseas affecting Canadian nationals abroad.¹²³ These

¹²³ Canada, 1996 Report of the Auditor General – The Canadian Intelligence Community, online, <http://www.oag->

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hypothetical situations were all later realized by: a) the September 11 terrorist attacks; b) the 1999 arrest of Ahmed Ressam who plotted to bomb millenium New Year's celebrations in Seattle; and c) the 1998 evacuation of Canadians from Jakarta due to political violence under the Suharto regime.¹²⁴ The report also suggested the need to shift from one primary intelligence target - the former Soviet Union - to a broader range of targets including political, economic, and social intelligence. An improved foreign intelligence capability would improve Canadian security intelligence capability by providing advance warning of potential challenges to its national security. In itself, this would be of significant benefit to Canadian diplomatic and strategic interests.

Economic Intelligence

DFAIT does not conduct any kind of covert intelligence gathering. This has negative implications for protecting Canadian security.¹²⁵ The need for business and competitive intelligence about foreign markets is growing.¹²⁶ Canada is a primary target for economic and corporate intelligence and it must develop new technologies to remain competitive in the global marketplace. Foreign intelligence services, through their unique collection capacity, give decision-makers valuable economic

bvg.gc.ca/domino/reports.nsf/a1b15d892a1f761a852565c40068a492/4f626474cefb11f5852565d90072f17e?OpenDocument&Highlight=0,intelligence, 22 JAN 02

¹²⁴ "Americans, Canadians Evacuated From Jakarta," [CNN.Com](http://www.cnn.com/WORLD/asiapcf/9805/15/indonesia/), online, <http://www.cnn.com/WORLD/asiapcf/9805/15/indonesia/>, 22 JAN 02

¹²⁵ Inkster, Norman, "Proceedings of the Standing Senate Committee on Defence and Security," [Proceedings of the Standing Senate Committee on Defence and Security 2001](http://www.parl.gc.ca/37/1/parlbus/commbus/senate/Comme/defee/03eve.htm?Language=E&Parl=37&Ses=1&comm_id=76), online, http://www.parl.gc.ca/37/1/parlbus/commbus/senate/Comme/defee/03eve.htm?Language=E&Parl=37&Ses=1&comm_id=76, 12 MAR 02

¹²⁶ Farson, "Is Canadian Intelligence Being Reinvented?" p. 14

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intelligence unavailable through other means. This includes intelligence on macroeconomic policies and the significant upcoming decisions of major economic actors, for example, in the area of monetary or fiscal policy.¹²⁷ However, taking advantage of such opportunities necessarily implies accepting higher levels of political risk, a fact already recognized by certain elements of Canada's intelligence community.¹²⁸ Susan Clarke, in the DFAIT publication CanadExport Online states that foreign intelligence collection is key to successfully entering a foreign market and it must be methodical and organized. Intelligence, in this sense, is market intelligence from open sources and, unlike its major trading partners, Canada is limited to what it can glean from open sources. This intelligence, when collated and analyzed, will give the potential foreign investor a good picture of the competitive landscape.

Tactical intelligence is what you do when you actively pursue a market or client and need on-the-ground information about competitors. This is a planned and directional process with specific goals and time lines and which often relies heavily on primary intelligence techniques. *Strategic intelligence* is information that helps you make strategic business decisions. It enables you to understand what the future holds for your industry/market and is key to remaining competitive.¹²⁹

Other market and trade-related intelligence is crucial to effective international commerce. While much information can be gleaned through open and grey sources, on-going covert monitoring of principal players, particularly regarding their commercial transactions, may prove prudent under certain circumstances.¹³⁰ While

¹²⁷ Porteous, Sam, "Economic/Commercial Interests and Intelligence Services," Commentary # 59/1995, CSIS website, online, http://www.csis-scrs.gc.ca/eng/comment/com59_e.html, 23 JAN 02

¹²⁸ Farson, "Is Canadian Intelligence Being Reinvented?" p. 13

¹²⁹ Clarke, Susan, "Competitive Intelligence Lends a Helping Hand," in DFAIT, CanadExport On-line, online, <http://www.dfait-maeci.gc.ca/english/news/newsletr/canex/991116de.htm>, 23 JAN 02

¹³⁰ Farson, "Is Canadian Intelligence Being Reinvented?" p. 14

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the Canadian government has made no official statements about offensive economic intelligence, indications from parts of the Canadian intelligence community point to an increased interest in the economic and commercial world.¹³¹ The need for such market intelligence prompted DFAIT in 1997 to create the Market Research Center which provides a quick snapshot of the opportunities in a specific market for a specific product or service.¹³² However, the newly formed Market Intelligence Division which assists DFAIT's posts abroad is limited to gathering market intelligence and information from open sources.

The Division works closely with National Sector Teams and other industry groups to analyze and determine the market intelligence and information needs of industry. Intelligence services, among other activities, can assist in monitoring member state adherence to international agreements affecting national economic and commercial interests such as the CIA's admitted pursuit of foreign corrupt practices. The intelligence role in this area is precisely what the Australians described as illuminating "capabilities and intentions that competitors and adversaries seek to conceal."¹³³ However, because DFAIT has limited assets specifically assigned to this which are restricted to utilizing open source intelligence (OSINT), such intelligence collection activities are limited in value. A foreign intelligence service could gather information to block potential loses by providing

¹³¹ Porteous, "Economic/Commercial Interests and Intelligence Services"

¹³² DFAIT, "Market Research Center Key to Unlocking Foreign Markets," CanadExport On-Line, online, <http://www.dfait-maeci.gc.ca/english/news/newsletr/canex/970402de.htm>, 23 JAN 02

¹³³ *ibid.*

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economic intelligence through the covert monitoring of trade agreements, unfair trade, and other sharp practices.¹³⁴

In an increasingly globalized marketplace, the limited intelligence capability of DFAIT puts Canadian businesses at a disadvantage - other industrialized nations do not shy away from using their offensive intelligence capabilities to promote the interests of their flagship companies.¹³⁵ In 1999 CSIS outlined the damaging effects of economic espionage on Canadian interests in the forms of lost contracts, jobs and markets, and, overall, a diminished competitive advantage.¹³⁶ CSIS stated that leading-edge technology, R&D, and other sensitive business information are currently being targeted by foreign governments. Canada must protect those technologies which are integral to its economic interests. Without advance warning of what interests are being targeted, Canadian economic intelligence is entirely passive. A foreign intelligence service collecting open source and covert economic intelligence would assist in the overseas detection of such hostile operations and assist Canada's economic interests.

Defence Intelligence

Defence intelligence will continue to be a priority for Canada as it engages in multilateral peacekeeping operations with the UN and NATO, despite significant

¹³⁴ Porteous, "Economic/Commercial Interests and Intelligence Services"

¹³⁵ Sevunts, "Foreign intelligence agencies busy in our businesses, CSIS warns"

¹³⁶ CSIS, "Economic Espionage: Clandestine Methods Used to Disadvantage Canadian Interests, [CSIS Website](http://www.csis-scrs.gc.ca/eng/aware/aware3_e.html), online, http://www.csis-scrs.gc.ca/eng/aware/aware3_e.html, 11 MAR 02

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cutbacks to defence over the last decade.¹³⁷ As pointed out accurately by the Royal Canadian Military Institute in their 2001 paper A Wake Up Call for Canada, Canadian troops, depending on foreign allies for intelligence, deploy without sufficient knowledge of local conditions, making operations dangerous and ineffective. Effective intelligence, RCMI asserts, is needed to ensure timely and effective deployment, even to be pre-emptive and avoid the deployment entirely.¹³⁸

However, the budgetary restraint which has crippled the fighting capability of the Canadian Forces has also damaged its defence intelligence capability. A stinging National Post article entitled, "Budget Cuts Hurt Our Ability to Spy, Forces Chief Says," claimed that years of systematic neglect and chronic underfunding have damaged the military intelligence infrastructure.¹³⁹ The capacity of the J2 Intelligence Directorate is extremely limited and there are few military attaches to collect defence intelligence in areas such as central Africa, South America, and Southeast Asia.¹⁴⁰ The Canadian intelligence failures in Rwanda, Somalia, and former Yugoslavia clearly demonstrate Canada's need for accurate defence intelligence and its inability to obtain it. Canada will continue to deploy with multi-national coalitions in the future. It must improve its intelligence capability to support future deployments or past intelligence failures will be repeated.

The Canadian Forces are currently developing the ISR (Intelligence, Surveillance, and Reconnaissance) Program which would create two "fusion

¹³⁷ Farson, "Is Canadian Intelligence Being Reinvented?" p. 19

¹³⁸ Royal Canadian Military Institute, A Wake Up Call for Canada: The Need for a New Military, (Toronto: RCMI, 2001), pp. 11, 19

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centers” at either end of the country to receive, process, analyze, and redistribute collected and shared intelligence.¹⁴¹ This new intelligence structure, however, is not expected to be operational until 2005 and relies heavily on SIGINT and COMINT rather than HUMINT, which can be collected by military formations only at the tactical level. Similarly, the recent approval of a proposed new Nuclear, Biological, and Chemical (NBC) response team by DND is a positive development.¹⁴² However, the CF already suffers from an ineffective intelligence infrastructure. The success of a rapid response unit, which relies heavily on accurate and current intelligence to guide rapid and proactive deployments, will be problematic. Like other Canadian military units, the NBC response unit will have to wait until shared intelligence filters down the chain of command from friendly foreign agencies. A foreign intelligence agency would be able to collect needed information while field operatives from target countries could disseminate intelligence prior to and during deployments with regular liaison. Defence intelligence is essential for CF deployments. These deployments represent significant foreign policy tools. If Canada does not improve its defence intelligence capability, it will sabotage one of its primary foreign policy instruments.

Alliance Contributions

Finally, alliance contributions and intelligence sharing will present challenges for Canada in the next decade. Canada is party to more than 200 national security

¹³⁹ Pugliese, “Budget Cuts Hurt our Ability to Spy, Forces Chief Says,” *National Post Online*, internet, <http://www.nationalpost.com/news/national/story.html?f=/stories/20010616/593730.html>

¹⁴⁰ *ibid.*

¹⁴¹ CASIS, *CASIS Newsletter #39*, (Ottawa: CASIS, 2002), p. 6

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and intelligence agreements. It cooperates with the intelligence agencies of more countries than ever before and has more intelligence obligations to fulfill.¹⁴³ All the members of the UKUSA intelligence alliance, Canada included, failed to anticipate the September 11 terrorist attack; all failed to warn.¹⁴⁴ After September 11, the United States intelligence community undertook a massive review of its capabilities and limitations. On 26 September 2001, James Gibbons, chair of the Select Intelligence Human Intelligence, Analysis and Counterintelligence Subcommittee, stated

unfortunately, the United States did not have HUMINT on the plans and intentions of the group that committed the recent atrocious terrorist attacks. To protect our national security and the lives of millions of civilians, we have to improve our HUMINT capabilities. No amount of aircraft, ships, troops or satellites can protect us, if we do not know whom the enemy is, where he is and what his next move may be. Terrorists are becoming increasingly more sophisticated and are able to avoid our technical surveillance. Thus, it is imperative to reinvest in HUMINT, an area of our intelligence community that has been downsized since the end of the Cold War.¹⁴⁵

Similarly, following a decade of cutbacks, MI6 is seeking to double its recruitment of front-line officers to resolve its inability to conduct effective counter-terrorism operations.¹⁴⁶ Canada has made no effort to develop such a capability. Instead, it is bolstering an intelligence system which has been proven ineffective. Canada needs an independent foreign HUMINT capacity to allow it to continue to play a role as an actor in global intelligence and to maintain its place at the allied intelligence table. If Canada does not engage in serious changes to its security and

¹⁴² Blanchfield, Mike, "Liberals to Create Military Team," the Calgary Herald, 7 FEB 02: A15

¹⁴³ Farson, "Is Canadian Intelligence Being Reinvented?" p. 20

¹⁴⁴ Wark, Wesley, "A 21st Century Pearl Harbour?" U of T Bulletin, 12 MAR 02: p. 1

¹⁴⁵ Gibbons, Jim, "Protecting America: the HUMINT Challenge," The Hill, online, http://www.hillnews.com/092601/ss_gibbons.shtm, 13 MAR 02

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intelligence community, Wesley Wark notes, it will fail as an ally and not be regarded as worthy by the US, Great Britain, or its other intelligence partners.¹⁴⁷ The system of intelligence sharing during the Cold War no longer exists. Work during the Second World War and Cold War gave Canada its place in these alliances, but it has ceased to work at keeping its place at this table. Canada will suffer serious political losses if it is not included in these alliances as a worthy partner.

In late 2001, the Solicitor General announced it would spend \$35 million to enhance analytical support and to facilitate the exchange of intelligence and investigative support with other law enforcement and intelligence partners.¹⁴⁸ Art Eggleton, Minister of National Defence, stated, “these additional resources, coupled with the *Anti-Terrorism Act*, will better position [Canada] to contribute to the international campaign against terrorism [and the resources] will also be welcomed by our allies as evidence that we are committed to remaining an active and contributing member of our close intelligence partnerships.”¹⁴⁹ This demonstrates the political need to improve Canada’s intelligence capabilities. However, Canada is reinforcing failure by not expanding its collection operations. In order to share intelligence, one must have something to offer. The 1999 Report of the Special Senate Committee on Security and Intelligence recognized the difficulties inherent in Canada’s intelligence sharing arrangements.

¹⁴⁶ Beaumont, Peter and Rose, David, “MI6: We Now Need Twice as Many Spies,” the Observer, online, <http://www.observer.co.uk/waronterrorism/story/0,1373,665031,00.html>, 17 MAR 02

¹⁴⁷ Wark, Wesley, “Proceedings of the Standing Senate Committee on Defence and Security,” Proceedings of the Standing Senate Committee on Defence and Security 2001

¹⁴⁸ Solicitor General, “New Technologies, Intelligence Sharing and Integrated Law Enforcement to Improve Safety and Security of Canadians,” online, <http://www.sgc.gc.ca/Releases/e20011012.htm>, 26 JAN 02

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More generally, reliance on friendly intelligence agencies may be problematic, or at least not sufficient, in the identification of regional and national trends and events that will impact on immigration flows to Canada. While Canada does not lack a foreign intelligence capability since "as noted earlier" several agencies are engaged in the collection and/or assessment and production of foreign intelligence, what Canada does lack is a single agency with a mandate to collect foreign intelligence overseas on an on-going basis. This reliance on foreign agencies informs the long-standing debate as to whether Canada should expand its foreign intelligence capability.¹⁵⁰

Does Canada Need a Foreign Intelligence Service?

For more than forty years Canada resisted the idea of a foreign intelligence service.¹⁵¹ The question of creating a Canadian foreign intelligence service merits a deeper examination. The arguments for the development of such a capability can be grouped into three areas: problems with intelligence sharing, information sovereignty, and national protection.

Foreign Intelligence: Arguments For

Problems with Intelligence Sharing

Canada relies on its allies for information. Allies share intelligence on specific issues in which there is a mutual concern, such as Al-Qa'ida, but many of them have little interest in utilizing their scarce resources to monitor groups abroad of significant interest to Canada, such as the Tamil Tigers. Canada must develop that capability itself.¹⁵² Again, Canada's needs may be affected if other nations' intelligence agencies retrench due to fiscal constraints, or withdraw from parts of the world due to changes in their national policies and priorities. A foreign intelligence service monitoring foreign agents, transnational criminal and terrorist organizations would

¹⁴⁹ CSIS, "News Release – Special Allocation of Funds to Security and Intelligence Organizations," CSIS Website, online, http://www.csis-scrs.gc.ca/eng/press/press20011019_e.html, 26 JAN 02

¹⁵⁰ Canada, "The Current Security and Intelligence Environment"

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give Canada unique information to contribute to any of its intelligence alliances, helping the issue of ally worthiness.¹⁵³

Since Canada's allies such as Germany and France conduct foreign intelligence operations against Canada, particularly in economic and trade areas, Canada should be equipped not just counter those activities, but to detect them in advance and respond in kind.¹⁵⁴ A Canadian secret service would make Canada more independent of its intelligence alliances, increase its contributions to them, and demonstrate active commitment to shaping the international order in which Canada wishes to play an influential role.¹⁵⁵

Information sovereignty

The 1999 Senate Committee noted, "concern that Canada's needs may not always be given the priority they deserve by foreign intelligence organizations and, furthermore, that the intelligence Canada receives may be filtered through the prism of other nations' domestic and foreign policies."¹⁵⁶ Foreign intelligence can produce evidence of current foreign penetrations on one's own side; thus, foreign counter-intelligence is critical to domestic security. Foreign intelligence information about penetrations or interception by other sources, such as SIGINT, can be used to strengthen domestic security and stop the adversary's exploitation of those

¹⁵¹ Canada, "In Flux but Not In Crisis," p. 37

¹⁵² Hensler, Alistair, Personal email, 17 MAR 02

¹⁵³ Canada, "Chapter Three: Emerging Issues," The Report of the Special Senate Committee on Security and Intelligence 1999, online, <http://www.parl.gc.ca/36/1/parlbus/commbus/senate/com-e/secu-e/rep-e/repsecintjan99part3-e.htm>, 25 JAN 02

¹⁵⁴ Finn, "Does Canada Need a Foreign Intelligence Service?" p. 159

¹⁵⁵ xxxxxxxxxxxxxxxx

¹⁵⁶ Canada. "Emerging Issues."

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weaknesses.¹⁵⁷ Without a foreign intelligence agency, Canada can take only reactive measures rather than proactive ones.

Similarly, because hostile intelligence services have penetrated the intelligence communities of Canada's allies, accepting finished intelligence from allies can be dangerous. A Canadian foreign intelligence service would improve Canadian ally worthiness and also be able to confirm the accuracy of intelligence received from allies, vetting not only the product, but also the source. Canada would have an independent ability to collect, analyze, confirm, and disseminate intelligence, and be in a position to generate intelligence in support of coalition or UN operations. Canadian-supplied intelligence would be up to date, immediately available, and specifically designed for Canadian use by both civilian and military consumers. A Canadian foreign intelligence service might also help to prevent Canada from being marginalized in a new combined North American defence command.¹⁵⁸

Unfortunately, the Canadian government continues to underplay the realities of that strategic partnership, preferring to emphasize Canada's distinctiveness and autonomy with respect to security and defence priorities.¹⁵⁹ Canada's inequality in North American defence has been noted by US ambassador Paul Celucci: "it seems a bit ironic that some see further defence co-operation with the United States as a threat to Canadian sovereignty but the need to rely on other countries to provide lift

¹⁵⁷ Hermann, *Intelligence Power in Peace and War*, p. 174

¹⁵⁸ Windsor, Hugh, "Pressure is on Canada to Fight Axis of Evil," *the Globe and Mail*, 11 FEB 02: A1

¹⁵⁹ Council for Canadian Security, *To Secure a Nation: the Case for a New Defence White Paper*, (Calgary: Center for Military and Strategic Studies, 2001), p. 4

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to deploy Canadian forces as perfectly acceptable."¹⁶⁰ As Canada grows more reliant on America for military and intelligence support, the more the United States will look at Canada as a liability rather than as a partner in continental defence. This will lead to the Americans doing intelligence work for Canada and to a critical erosion of Canadian sovereignty. Despite the need to reform the Canadian intelligence community, Colonel J.D.R. Bourque points out that the government's great concern is whether a new foreign intelligence capability is affordable. He rightly notes that while Canada may not be able to afford all intelligence capabilities, it must, as a minimum, acquire those directly related to national OOTW, and those the government identifies as critical to its decision superiority.¹⁶¹

National Protection

While many Canadian agencies gather intelligence as secondary mandates, only the CSE primarily collects foreign intelligence. Canada suffers from a serious lack of training and competence in the conduct of covert operations abroad. In spite of Ward Elcock's claims that CSIS conducts covert operations abroad, the question of professional competence must be raised. If there is no foreign intelligence agency in Canada, who has trained CSIS for covert overseas operations when its mandate clearly states that foreign intelligence can be collected only in Canada?

A dedicated Canadian foreign intelligence agency, trained specifically for overseas and covert operations, would be more effective at gathering intelligence

¹⁶⁰ Blanchfield, Mike, "Cellucci Suggests we Buy Our Own Planes," *National Post*, online, <http://www.nationalpost.com/news/story.html?f=/stories/20020220/110469.html>, 21 FEB 02

¹⁶¹ Bourque, J.D.R., *Information Operations for Canada*, internet, <http://www.cfsc.dnd.ca/irc/amsc/amsc1/003.html>, 4 AUG 2001

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than would a domestic agency such as CSIS, whose members are trained for domestic intelligence operations. John Starnes, former director of the RCMP Security Service stated in 1987 that, "the worst possible situation would be to delude ourselves in to thinking we can get into the dangerous business of carrying out covert activities in other countries without getting our hands dirty. We might delude ourselves, but we certainly would not delude our allies or enemies."¹⁶² This would certainly apply to CSIS, which is known globally as a security intelligence service without a foreign collection function. Moreover, such a radical change in mandate might upset the excellent liaison arrangements with various foreign intelligence agencies which have painstakingly been put in place over many years.¹⁶³ CSIS liason officers are known as security intelligence officers and such a change in mandate would raise suspicions among foreign liason officers as to what information is being collected and for what reason.

Canada's recent attempts at conducting foreign espionage that have been made public reveal its lack of expertise. According to the National Post, in early 2000 the government of Canada approached the aid agency CARE Canada, to have its members monitor peace agreements and human rights abuses in Kosovo.¹⁶⁴ This information was to be passed to the OSCE (Organization for Security and Cooperation in Europe), of which Canada is a member, as part of its intelligence sharing obligations. NGO members have often been a source of local intelligence. However, because Canada has no trained foreign intelligence operatives, it was

¹⁶² Starnes, "A Canadian Secret Intelligence Service?" p. 8

¹⁶³ *ibid.*, p. 8

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forced to recruit Canadian aid workers while still in Canada, none of whom had any intelligence training, and expected regular reports. No Canadian foreign intelligence officers were present to act as trainers, handlers or liaisons, making the job of monitoring difficult and dangerous. Instead of having trained professional intelligence officers running a ring of agents, Canada utilized untrained and unsupervised aid workers in a clandestine intelligence role and violated the neutrality of the non-governmental aid agency, all at the cost of \$3 million to Canadian taxpayers.

The arrest of Edmund Pope over the Squall torpedo fiasco in June 2000 also cast Canada's foreign intelligence community in a poor light. The Washington Post stated, "Pope fell afoul of an intelligence operation in which he was not involved: an effort by the Canadian government to buy a handful of Russia's advanced Squall torpedoes from a defense plant in the former Soviet republic of Kyrgyzstan."¹⁶⁵ This article suggests there was a clandestine Canadian intelligence operation underway with British and American involvement to purchase the torpedoes with Canada perhaps acting as a proxy for its allies. If so, it was spectacularly unsuccessful.

The subsequent arrest of Igor Sutyagin in Moscow shed more unfavorable light on Canadian intelligence. The Russian security agency FSB alleged that Sutyagin was a Canadian spy who had attempted to gather secret information about Russian nuclear submarines and the new Squall torpedo Canada had attempted to purchase but failed to obtain.¹⁶⁶ Although Sutyagin was never proven a spy,

¹⁶⁴ Graham Patrick, "Aid Group Accused of Taking Sides," the National Post, 3 FEB 01:A1

¹⁶⁵ Mintz, John, "Unseen Perils in a Russian Squall," the Washington Post, 3 JAN 01: A1

¹⁶⁶ York, Geoffrey, "Canadians Embroiled in Russian Spy Scandal," the Globe and Mail, online, <http://www.case52.org/media/Jun00/globeandmail170600.shtm>, 26 JAN 02

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Canada's intelligence community was again in the spotlight. Perhaps the most definitive comment on Canadian involvement with the Squall was a pejorative statement by the American government that, "with the Canadian deal dragging on for years, the Navy could not have warned all Americans to avoid inquiring into Russian maritime matters at that time. The Canadians never provided real-time tactical information about where their effort stood."¹⁶⁷ It remains unclear whether or not Canada was involved in espionage operations involving the Squall, although its involvement seemed uncoordinated from all angles.

Foreign Intelligence: Arguments Against

Cost Prohibitive

The fundamental argument against the establishment of a Canadian version of MI6 is the cost. While the budget for Britain's MI6 is incorporated into a total for all British intelligence activities, the British Intelligence and Security Committee Annual Review put the intelligence budget for 2001-2 at 876 million pounds, with some 150 million pounds allotted to MI6.¹⁶⁸ The figure for the American CIA is even more staggering. In response to a Freedom of Information Act lawsuit brought by the Center for National Security Studies in 1997, Director of Central Intelligence George Tenet announced that the CIA budget for 1997 was \$26.6 billion.¹⁶⁹ Canada cannot

¹⁶⁷ *ibid.*

¹⁶⁸ Great Britain, Intelligence and Security Committee Annual Report 1999-2000, online, http://www.official-documents.co.uk/cgi-bin/htm_hl?DB=off-docs&STEMMER=en&WORDS=intellig+&COLOUR=Red&STYLE=s&URL=http://www.archive.official-documents.co.uk/document/cm48/4897/4897-02.htm#muscat_highlighter_first_match, 26 JAN 02

¹⁶⁹ Levin, Duncan, "The CIA and the price we pay; Lawsuit response puts the figure at \$ 26.6 billion," Baltimore Sun, online, <http://www.gwu.edu/~cnss/secretcy/dloped.html>, 26 JAN 02

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allot such funds for a foreign intelligence service, especially given the post-September 11 infusion of capital into Canada's security intelligence infrastructure. The failure of American intelligence services to predict the September 11 attacks have led many to argue that Canada simply could not afford to maintain such an agency. Any such expenditure would be pointless since the Canadian government already reaps the benefits of its intelligence sharing agreements, while CSIS has asserted that the direct threat of terrorism to Canada as low. Foreign intelligence activities by Canada might also would make Canada a target for extremist groups determined to counter covert operations. Consequently, it is argued that the costs of establishing a Canadian secret service would outweigh any potential benefits.

The government maintains that Canada's intelligence sharing agreements are cost-effective, and these alliances provide "bang for the buck" when compared to the projected cost of a Canadian secret service. In a memorandum to the Parliamentary Committee reviewing the CSIS Act in 1990, the Law Union of Canada spelt out the main objection to a foreign intelligence service: "we doubt in these times of economic restraint, sufficient resources will be available to provide anything but holiday type assignments for the few intelligence agents placed in the field. We doubt the quality of information will justify any such expenditures."¹⁷⁰ Operatives charged with managing foreign intelligence networks abroad would require expensive and specialized training as well as seed money for new equipment,

¹⁷⁰ "Law Union Brief to the Parliamentary Committee Reviewing the CSIS Legislation", p. 31A-8, in SIRC, The Review of the CSIS Act and the Security Offences Act, #31, 15 MAY 90, appendix csis-6

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expenses, and agents separate from that received currently by CSIS members in their domestic security role.¹⁷¹

Canada's Inexperience with Foreign Espionage

Canada has met with limited success managing major security and intelligence operations such as the Air India and Sidewinder investigations. To expand CSIS's foreign intelligence mandate might seriously add to the agency's problems. Personnel operating abroad would have to be under diplomatic cover and years would be needed to slot people in so as not to raise suspicions among host governments, to establish effective espionage networks and finally produce usable intelligence.¹⁷² Even if raw information was collected overseas, finished intelligence would not be ready for consumption overnight. Given its current analytical capability, the Canadian intelligence community could not collate and process new information in a timely manner. Without a trained cell to assess raw information, any money spent on collection will be wasted. More significantly, the government is a poor consumer of intelligence. Even if Canada developed a foreign intelligence service and an analytic cell, if the government does not know how to use intelligence, it will be useless.

Loss of Reputation

Canada has long been proud of its reputation as a middle power and its ability to deploy globally with the UN is largely due to Canada's reputation as having no

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hostile intentions towards other states. The creation of a covert foreign intelligence service would detract from that reputation, making it difficult to participate in multi-lateral negotiations or deployments. Others would argue that because Canada is opposed to foreign espionage activities on its soil, to operate clandestine espionage rings in other countries would be hypocritical.¹⁷³

In 1993, SIRC published a classified Counter-Intelligence Study which examined the pros and cons of a Canadian foreign intelligence service. Among its concerns was the potential lack of Canadian direction for targeting, the propensity for such an agency to become a subsidiary of the American CIA, and the loss of reputation abroad merely by having a service and inevitable failures.¹⁷⁴ The scandals surrounding the Squall and Care espionage fiascoes, while not damaging Canada's bilateral relations with Russia and Serbia, did not improve the international reputation of Canada's intelligence community. The objections raised to the idea of a Canadian secret vary in significance but collectively they are weighty. They must be answered in order to justify such a service.

A Possible Solution

If Canada cannot fulfill its intelligence requirements, it will lose a competitive advantage for its foreign and domestic security. More significantly, it risks being marginalized by the US in continental security agreements. Canada's intelligence

¹⁷² Finn, "Does Canada Need a Foreign Intelligence Service?" p. 160

¹⁷³ Law Union Brief, p. 31A-8

¹⁷⁴ SIRC, Counter-Intelligence Study 93-06, (JAN 94), expurgated version JUL 95, referring *inter alia* to Hensler, "Creating a Canadian Foreign Intelligence Service," p. 24

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assets have historically proven inadequate to meet its national needs and without an expanded foreign intelligence program, it is unlikely that these growing needs can be met. A possible solution to meet Canada's intelligence requirements may lie in the creation of a foreign HUMINT service.

The most common argument against a Canadian foreign intelligence service, financial concern, is not unresolvable. Defence Minister Art Eggleton stated during a 2002 Liberal caucus committee on defence and foreign affairs, "it's a question of how much we need to do this, how much we need to spend additional taxpayers' dollars."¹⁷⁵ Foreign Minister Bill Graham was also skeptical of the merits of such an agency. Yet, while the costs of CFIS would not be inconsiderable, they are not unapproachable.¹⁷⁶ While the 1993 SIRC study estimated a cost of \$20 million, as Alistair Hensler notes, this figure took into account the British experience and utilized the CSIS personnel to dollar ratio.¹⁷⁷ This conclusion makes no allowance for the different priorities or size of a Canadian foreign intelligence service. While borrowing from the British experience is the Canadian tradition, it is misleading. Britain has had a foreign intelligence capacity since it was a colonial power and its global coverage has required a much larger expenditure than a smaller Canadian version would require. While the 1993 SIRC study suggested a hypothetical Canadian Foreign Intelligence Service (CFIS) would cost \$20 million, even if that sum was tripled,

¹⁷⁵ "Eggleton, Graham Cool to Idea of Foreign Spy Service," the Globe and Mail, online, http://www.theglobeandmail.com/servlet/RTGAMArticleHTMLTemplate/C/20020126/wspyy?hub=homeBN&tf=tgam%252Frealtime%252Ffullstory.html&cf=tgam/realtime/configneutral&vg=BigAdVariableGenerator&slug=wspyy&date=20020126&archive=RTGAM&site=Front&ad_page_name=breakingnews, 26 JAN 02

¹⁷⁶ *ibid.*

¹⁷⁷ Hensler, "Creating a Canadian Foreign Intelligence Service," p. 24

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Canada could easily accommodate this cost. If the political will is present to create CFIS, it is certain that there would be ample funds to establish and maintain it.

Canada's inexperience in foreign espionage is not insurmountable. Using existing liaison arrangements, Canada could reap the benefits of its allies' experience in foreign espionage by studying with British and American intelligence officials. Utilizing a "train the trainer" program with instruction from MI6, CIA, or ASIS instructors, Canadian intelligence members could return to Canada and prepare new agents, creating the cost-effective option of in-house instruction. The missing HUMINT component, which involves recruiting foreign nationals as human sources and maintaining secret relationships, contains an element of risk, but it is not totally alien to Canadian intelligence personnel. Canadian police forces, security intelligence services, media reporters, and diplomats have practiced the art of developing human sources for decades.¹⁷⁸ As former Canadian ambassador Norman Spector stated, "establishing a foreign [intelligence] service would give us something to trade, and leverage in future dealings with [the United States]. Though human intelligence is dangerous work, our sizable immigrant population, benign international reputation, and desirable passport give us a comparative advantage."¹⁷⁹ Canada's relative inexperience with foreign intelligence could be reduced quickly and significantly.

Nor would espionage damage Canada's reputation. Expelling each other's personnel for real and alleged acts of espionage throughout the height of the Cold

¹⁷⁸ *ibid.*, p. 29

¹⁷⁹ Spector, Norman, "We Must Help Root Out Evil," [the Globe and Mail](#), 14 FEB 02: A14

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War produced no long-term adverse impact on relations between opposing parties.¹⁸⁰ Most recently, there was little permanent reaction by the Chinese government after discovering 27 listening devices in an American-supplied Boeing 767 provided for Chinese president Jiang Zemin.¹⁸¹ The Care Canada scandal and the Squall torpedo incidents did not damage Canada's bi-lateral relations with the Federal Republic of Yugoslavia or Russia. Other incidents, however, have caused embarrassment for Canada's security intelligence community. American newspapers such as the Boston Globe sensationalized the loss of sensitive documents by CSIS in the 1990s:

In Canada, "[s]ecret agents may find themselves sifting landfills for lost secrets amid one of the worst spy scandals in the country's history. The Canadian Security Intelligence Service is now confirming that a top-secret document ... was stolen from the back of a spy official's minivan last month. The culprits are believed to be smash-and-grab thieves, not secret agents from enemy powers. The incident has triggered a huge political controversy and damaged the reputation of the Canadian Security Intelligence Service."¹⁸²

The distinction between Canadian, American, and British citizens is also diminishing in international relations. Canada is a close ally of the United States and Britain, a fact well known to the world. Canada is equally well-known a middle power and for being intimately allied with the United States and far from neutral. Although a direct attack against Canada is not considered likely, the country may be an al-Qaeda target because of its large support for the American-led military campaign in Afghanistan, through 750 soldiers in the 3 PPCLI battle group and elements of JTF-

¹⁸⁰ Hensler, "Creating a Canadian Foreign Intelligence Service," p. 24

¹⁸¹ "China Suspiciously Unperturbed by Bugs Planted on U.S.-built Plane," the National Post, 24 JAN 02: A2

¹⁸² Nickerson, Colin. "Spy Blunder Draws Criticism in Canada." Boston Globe, 18 Nov. 1999: A4.

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2. Like most countries or terrorist groups with interest in Canada, Al-Qa'ida has regarded it not as a target, but as a safe haven for raising money, buying weapons, forging passports, hiding out and organizing operations against the United States.¹⁸³ Given Canada's military and intelligence dependence on the United States, Canada is well known as a country which is highly reliant on its allies for foreign intelligence. Its military reputation has suffered in the last decade due to substantial cuts to the defence budget and Canadian intelligence has suffered similar cuts. The issue of a foreign intelligence service is far from resolved and many questions remain unanswered. However, this is a problem and an examination of it will be of value.

¹⁸³ Bell, Stewart, "Canada on Terrorists' Hit List, officials say," [the National Post](#), online,

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CHAPTER SIX – A NEW CANADIAN FOREIGN INTELLIGENCE SERVICE

The two obvious means to solve Canada's intelligence problems are through reform of existing institutions or the creation of a foreign intelligence service. In particular, many advocates of an expanded Canadian foreign human intelligence capability have suggested the solution of expanding CSIS's mandate to include foreign intelligence abroad. An analysis of a proposed foreign intelligence service should start by examining this possibility.

CSIS – Spycatchers and Spies?

Expanding the mandate of CSIS would appear to be the natural choice for a new Canadian foreign intelligence service and that idea has received some governmental support. SIRC's In Flux recommended that Canada's foreign intelligence needs be met by removing the words "within Canada" from section 16, allowing CSIS agents to collect foreign intelligence abroad.¹⁸⁴ There are indeed reasons why CSIS could be considered the home of a Canadian foreign intelligence service.

CSIS claims to be involved already in intelligence activities abroad and it has a cadre of trained and experienced intelligence officers who conduct liaison operations abroad, and analysts within the RAP (research, analysis, production) section to analyze raw intelligence. Creating a new foreign intelligence directorate

<http://www.nationalpost.com/search/story.html?f=/stories/20011215/877751.html&q=csis>, 26 JAN 02

¹⁸⁴ SIRC, In Flux But Not In Crisis, p. 40

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within CSIS would be less costly than establishing a new service altogether. Since CSIS members are already involved in the PCO's Security and Intelligence Secretariat, existing assessment and coordination structures could be utilized. A change to the CSIS Act would also be politically more feasible than creating an entirely new service with a new mandate.¹⁸⁵ According to the University of Toronto's Peter Russell, amending section 16 of the CSIS Act would end the legal constraint on the Minister of National Defence or Foreign Affairs should they wish to have CSIS collect information abroad about the capabilities, intentions, or activities of foreign states.¹⁸⁶ There are, however, also arguments against an expansion of CSIS's mandate.

Why Spycatchers and Spies Should Remain Separate

CSIS is accountable to the Solicitor General, which is responsible for protecting Canadians and helping to maintain peace and safety in Canada.¹⁸⁷ This department has little use for or expertise with foreign intelligence. CSIS collects foreign intelligence at the request of DFAIT and DND, not by ministerial direction. Therefore, it would be odd to assign responsibility for foreign intelligence to a ministry with little interest in the role. Similarly, the CSIS "corporate culture" would have to be changed in order to accommodate an international role, which is no simple task. CSIS is still a parochial organization which draws much from the police

¹⁸⁵ xxxxxxxxxxxxxxxx

¹⁸⁶ SIRC, *In Flux*, p. 40

¹⁸⁷ Canada, *Overview of the Department of the Solicitor General*, online, <http://www.sgc.gc.ca/eoverview.htm>,
27 JAN 02

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mentality of its RCMP lineage.¹⁸⁸ A completely new approach would be needed to create a foreign HUMINT capacity and CSIS is not a conducive environment for such change.

The differences between security intelligence and foreign intelligence are not only cultural, but legal, operational, and methodological.¹⁸⁹ As Stewart Baker noted in Foreign Policy, “combining domestic and foreign intelligence functions creates the possibility that domestic law enforcement will be infected by the secrecy, deception, and ruthlessness that international espionage requires.”¹⁹⁰ Security intelligence collection by CSIS focuses on Canadians, landed immigrants, and other residents of Canada who pose threats to national security. The checks and balances of the CSIS Act protect the rights of all persons under CSIS’s scrutiny.¹⁹¹ CSIS is bound to operate within the laws of Canada since it operates within the borders of Canada. Foreign intelligence involves recruiting sources by whatever means possible in foreign governments, terrorist organizations, and commercial sectors to obtain political, military, or economic intelligence.¹⁹² This is not, and should not, be CSIS’s role.

These operational and methodological differences stem from each organization’s end goals.¹⁹³ Foreign intelligence agencies target sources through covert or clandestine means, which provide information about governmental policies,

¹⁸⁸ Campbell, Remarks from 2001 CASIS Conference, 28 SEPT 01

¹⁸⁹ Hulnick, Arthur, “Intelligence and Law Enforcement: the ‘Spies are not Cops’ Problem,” International Journal of Intelligence and Counterintelligence, vol. 10, no. 3, fall 1997, p. 271

¹⁹⁰ Baker, Stewart, “Should Cops be Spies?” Foreign Policy, #97, winter 1994-94, p. 37

¹⁹¹ Hensler, “Creating a Canadian Foreign Intelligence Service,” p. 32

¹⁹² *ibid.*

¹⁹³ Hulnick, “Intelligence and Law Enforcement,” p. 276

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penetration agents, and spymasters. Security intelligence sources may well be targeted against one criminal event, which ultimately provides intelligence to pass to law enforcement.¹⁹⁴ In such cases, the rules of legal disclosure apply, including methods of investigation. While CSIS is not a law enforcement agency, it works closely with the RCMP, it is bound by the same legal constraints as the RCMP and it gathers security intelligence which is turned over to the Mounties to pursue. The problem of “cops and spies” is exacerbated by the tortured relationship between the RCMP and CSIS. CSIS maintains that the security intelligence is not evidence because of the manner in which it is collected and the rules of disclosure are not applied, which is false.¹⁹⁵ The rules of disclosure apply equally to CSIS officers.

This issue was publicized when two CSIS agents were called as witnesses in the trial of Mourad Ikhlef, an accomplice of Ahmed Ressam. In spite of objections by government lawyers, Mr. Justice Pierre Blais ruled that the CSIS agents must take the stand citing, “if [I] accepted the argument, agents of the Canadian Security Intelligence Service would never be called to testify . . . This could be abusive.”¹⁹⁶ Conversely, for foreign intelligence personnel, and some security intelligence personnel, to arrest sources is to stop the flow of information and preventing the creation of a controlled agent. In terms of organizational culture, a fundamental difference exists: foreign intelligence agents want to exploit their sources while many

¹⁹⁴ *ibid.*, p. 277

¹⁹⁵ Hensler, Personal email, 17 MAR 02

¹⁹⁶ Ha, Tu Thanh, “Judge Says CSIS Agents Must Testify,” The Globe and Mail, 2 FEB 01: A10

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security intelligence personnel gather intelligence which is turned over to police and may be used in court.¹⁹⁷

[In court] the source's identity will eventually be revealed, as well as the methods by which the information was gathered. [Security intelligence] agents have to appear in court to testify and all the information has to be made available to the defendant. Those kinds of procedures are anathema to intelligence officers. Case officers – handlers – are usually undercover, do not want their affiliations made known, and do not want their sources and methods made public.¹⁹⁸

The conflict between foreign and security intelligence is not simply a manifestation of bureaucratic rivalry, it stems from a fundamental difference in operations. In Canada, when a foreign agent is discovered, is that agent turned by CSIS or arrested by the RCMP and who makes that decision?¹⁹⁹ What methods are used to run agents? This depends not only on the nature of the operation, but of the agent and lead organization. When CSIS operates in Canada it is subject to the Charter and legislation within Canada. Covert operations conducted overseas are not subject to the Charter. If the same personnel are involved, there is a danger that methods that might be acceptable overseas could infect domestic operations.²⁰⁰ Some CSIS domestic counter-espionage operations do in fact utilize standard HUMINT techniques in order to gain intelligence and run agents, similar to MI5 operations in Britain and Northern Ireland. However, the greater problem rests with the organizational culture of CSIS. The added strain of a foreign intelligence mandate abroad would add to CSIS's problems and further strain its relationship with the RCMP.

¹⁹⁷ *ibid.*, p. 276

¹⁹⁸ *ibid.*, p. 277

¹⁹⁹ Richelson, *Ties That Bind*, p. 243

²⁰⁰ Pratt, David, *Proceedings of the Standing Senate Committee on Defence and Security 2001*

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Partly for these reasons, western governments have always maintained a separation between security and foreign intelligence collection, while highly centralized repressive governments have tended to combine the two functions within one agency.²⁰¹ When democratic Russia emerged from the old USSR, one of the first acts of the new government was to separate the two functions of the monolithic KGB.²⁰² Other inquiries have recommended against expanding the CSIS foreign intelligence mandate. In 1981 the MacDonald Commission noted, “a danger of creating a security and intelligence monolith in a democratic state,” citing, “the dangers of contagion with respect to an espionage agency’s practice of violating the laws of other countries.”²⁰³ In spite of its recommendations of 1990, three years later SIRC suggested that a new foreign intelligence agency would be best located within the PCO or DFAIT.²⁰⁴

A recent memorandum by the Solicitor General suggests that the new resources and powers bestowed upon CSIS in the wake of September 11, coupled with intense pressure to prevent further terrorist attacks, could compromise individual rights and have the potential for abuse by security intelligence agents.²⁰⁵ There must be a ‘firewall’ separating security and foreign intelligence services.²⁰⁶ This would be impossible to accomplish if CSIS became Canada’s foreign intelligence agency.

²⁰¹ Hensler, “Creating a Canadian Foreign Intelligence Service,” p. 32

²⁰² Hensler, Alistair, “CSIS Has No Business in Foreign Intelligence,” the Ottawa Citizen, 29 OCT 01

²⁰³ Canada, Commission of Inquiry Concerning Certain Activities of the RCMP, p. 65

²⁰⁴ Hensler, “Creating a Canadian Foreign Intelligence Service,” p. 32

²⁰⁵ Bronskill, Jim, “CSIS Watchdog Warns of Potential for Abuse,” the National Post, 22 JAN 02: A7

²⁰⁶ Hulnick, “Intelligence and Law Enforcement,” p. 282

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Other arguments also apply against the idea. SIRC stated in its 2001 Annual Report that because of the heavy workloads on CSIS employees, important functions might not be handled expeditiously.²⁰⁷ Thus, times taken by CSIS to process requests from CIC (Citizenship and Immigration Canada) had risen significantly over those of previous years. During the period under review, SIRC noted, "that the average time to process a case involving information briefs regarding high risk applicants was up to a year and a half."²⁰⁸ Given the new priority of immigration screening since September 11th, CSIS will continue to be bogged down with security clearance requests and its domestic intelligence functions.

Counter-intelligence and counter-espionage functions should be kept separate because CI methods often involve breaking local laws. Counter-espionage methods cannot. The first task of counter-intelligence is to assess the effectiveness of the adversary's collection capabilities and targets. This knowledge indicates where one's own information, communications, or activities are vulnerable and how best to protect them.²⁰⁹ Counter-intelligence is essential to gain valuable information on foreign governments and to improve domestic security and intelligence programs. Without such foreign counter-intelligence, CSIS cannot be totally effective in its domestic operations. In the same way that the United States uses the CIA to inform the FBI of foreign activities, a foreign intelligence agency is required to inform CSIS and bolster its domestic security capability. This would allow CSIS to concentrate on domestic security and counter-espionage. A separate

²⁰⁷ SIRC, Annual Report 2000-2001, p. 63

²⁰⁸ *ibid.*, p. 34

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intelligence agency would also be necessary to avoid further complications of adding more duties to CSIS, already beset with problems of overwork and inefficiency.

While the addition of \$10 million in funding for CSIS in 2001 will assist the beleaguered agency, the systemic limitations currently plaguing CSIS cannot be overcome without time, recruiting, and bureaucratic reform. More fundamentally, a foreign intelligence role abroad would undermine CSIS's ability to pursue its primary mandate, since allied agencies would constantly question the agency's intentions. Every request about CSIS's security intelligence mandate would come under suspicion and information might be withheld to the detriment of Canada's domestic security.²¹⁰ CSIS is already working to capacity, requires more resources, and totally occupied with its primary mandate: security intelligence. At present, it could not house a foreign intelligence agency.

A Canadian Foreign Intelligence Service – Where and Why

A new Canadian Foreign Intelligence Service, or CFIS, would be better located within DFAIT, the principal consumer of foreign intelligence. In much the same way as MI6 reports to the British Foreign Secretary and the Australian ASIS reports to the Australian Minister of Foreign Affairs, the line of reporting for the Director General of CFIS should be directly to the Minister of Foreign Affairs. Within DFAIT is much expertise about Canada's international relations - foreign service, diplomatic staff, desk officers, and specialists in regional and national topics. DFAIT

²⁰⁹ Shulsky, *Silent Warfare*, p. 129

²¹⁰ Hensler, *Personal email*, 17 MAR 02

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receives shared American intelligence and directs CSIS's and CSE's foreign intelligence collection targeting through participation in various intelligence committees.²¹¹ Close correlation must occur between Canada's foreign intelligence priorities and foreign policy objectives.²¹²

Increased interest in intelligence by DFAIT was most obvious following September 11 when then-Foreign Minister Manley announced that Canada's intelligence capabilities were substandard and suggested establishing a separate foreign intelligence agency. Following September 11, DFAIT pledged to increase its limited intelligence capability and undertake greater liaison with the United States to share more information to prevent cross-border terrorist traffic.²¹³ DFAIT stated in the Canada-U.S. Smart Border Declaration, "[DFAIT] will put the necessary tools and legislative framework in place to ensure that information and intelligence is shared in a timely and coherent way within our respective countries as well as between them."²¹⁴ DFAIT's importance vis-à-vis foreign intelligence was underscored when then-foreign minister Manley was named chair of the Cabinet Committee on Public Security and Anti-Terrorism.²¹⁵ Great interest in and need for intelligence exists within the department. Because it is key in targeting and utilizing foreign intelligence, DFAIT would be the most logical department to control CFIS.

²¹¹ Hensler, "Creating a Canadian Foreign Intelligence Service," p. 31

²¹² *ibid.*, p. 31

²¹³ PCO, The Canadian Security and Intelligence Community, p. 10

²¹³ DFAIT, Terrorism and the US-Canada Border, online, <http://www.dfait-maeci.gc.ca/can-am/content/sec110-7-e.asp>, 14 MAR 02

²¹⁴ DFAIT, The Canada-US Smart Border Declaration, online, <http://www.dfait-maeci.gc.ca/anti-terrorism/declaration-e.asp>, 14 MAR 02

²¹⁵ DFAIT, Canada's Anti-Terrorism Plan, online, <http://www.dfait-maeci.gc.ca/anti-terrorism/anti-terrorism-e.asp>, 13 MAR 02

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Increased interest in intelligence can be seen elsewhere in the government. The creation in 2001 of the Office of Critical Infrastructure Protection and Emergency Preparedness (OCIPEP) signaled the growing need for intelligence to improve the government's emergency planning capability. Close cooperation within the emergency planning and intelligence communities is essential, particularly for threat assessments involving information operations and cyber-warfare.²¹⁶ In 2001, Associate Deputy Minister Margaret Purdy noted that critical infrastructure protection relies on effective foreign intelligence from DFAIT.²¹⁷ The joint CIC-Customs Canada operation with their American counterparts in the Integrated Border Enforcement task force (IBET) has also increased the need for intelligence from DFAIT to combat terrorism. The \$2.2 billion Transport Canada budget announced in the 2001 also highlights liaison with DFAIT for independently acquired intelligence to produce threat assessments.²¹⁸ The Canadian Space Agency's International Business Strategy acknowledged the agency's need for foreign intelligence and its relationship with DFAIT,

to develop and disseminate on a regular basis to the Canadian space industry information on major events on the global space scene, as well as disseminating strategic and timely information concerning procurement opportunities, strategic alliance opportunities, and the activities of the Canadian space industry's competitors around the globe, including making use of embassies and consulates in priority markets through DFAIT.²¹⁹

²¹⁶ Transport Canada, News Release H152/01, online, http://www.tc.gc.ca/mediaroom/releases/nat/2001/01_h152e.htm, 14 MAR 02

²¹⁷ Purdy, Margaret, Speech given to the Canadian Institute for Strategic Studies Autumn Seminar, Toronto, Ontario, 6 DEC 01, online, http://ocipep-bpiepc.gc.ca/pub_communi/speeches/ciss_e.html, 17 MAR 02

²¹⁸ Transport Canada, News Release H152/01.

²¹⁹ CSA, Canada's International Business Strategy, online, <http://www.space.gc.ca/business/ibd/cibs/strategic.asp>, 14 MAR 02

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This clear interest in and need for intelligence by DFAIT could be met by CFIS, although it could not be designed strictly on the model of MI6 or even ASIS. A new CFIS would have to be uniquely Canadian in its mandate and design. Even though it requires and utilizes intelligence, Canada is forced to use a finished product provided by American intelligence. The system of sharing on which Canada has relied since the Cold War is no longer capable of meeting Canada's intelligence needs.

The need to gather intelligence regarding terrorists, peacekeeping missions, Canada's commercial interests, and potential military deployment demands an improved intelligence capacity. Although many consumers within the government would benefit from Canadian-supplied intelligence, the prime benefactors of such a new agency would be the PM and the cabinet. Under present circumstances, without a stream of accurate and independent raw data and an effective infrastructure to provide a finished product, the PM and cabinet have become poor intelligence consumers. An improved capacity to collect and analyze foreign intelligence would allow analysts to create more accurate and timely estimates for the government. A high quality intelligence assessment with a strong cabinet minister responsible for insisting the product get to cabinet would allow more informed decision making on security and intelligence matters.²²⁰

The new CFIS would not be an extension or adjunct of ISD nor could it be. ISD is tasked with intelligence gathering from open and diplomatic sources, while the Foreign and Current Intelligence Divisions provide analysis and assessment within

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DFAIT. To task these personnel with covert intelligence collection would be a mistake. Without the requisite training for clandestine operations they would be woefully ill-equipped to handle such missions and would be a liability. Additionally, since ISD is already known in the international community as an OSINT and analytical department within Canadian missions overseas, the sudden change in its mandate would precipitate corresponding changes in collection methods, thus betraying its new secret mission. Foreign officials would also become more circumspect about the type of information shared with Canadian diplomatic representatives. ISD and other DFAIT analytical elements could remain in the department to provide open source, highly deployable, mission-specific analytical support for embassies and consulates.

Instead, the new CFIS could operate under the official cover of ancillary mission staff, as do the intelligence operatives of other countries. As members of a Canadian mission abroad tasked with intelligence collection, these CFIS agents would have access to DFAIT liaison personnel with first-hand knowledge of their target country and be eligible for diplomatic immunity as stipulated in the 1966 Vienna Convention on Diplomatic Relations.²²¹ Sensitive budgetary matters relating to the operations of CFIS could also be concealed within DFAIT's budget in the same way that CSE's funding is concealed within DND's budget.²²²

²²⁰ Whitaker, Reg, Personal email, 26 FEB 02

²²¹ Kindred, Hugh, et al, International Law: Chiefly as Interpreted and Applied in Canada-Document Supplement, (Toronto: Emond Montgomery, 2000), p. 65

²²² Hensler, "Creating a Canadian Foreign Intelligence Service," p. 31

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The relationship between CFIS and CSE would be integral. In conjunction with CFIS, CSE could provide a general intelligence picture and indicate where specific investigation is needed. This could be done by CFIS, eliminating reliance on US HUMINT assets. Similarly, CFIS could offer a method of verifying SIGINT received through CSE, while CSE could corroborate CFIS information, thus reducing each source's weaknesses and multiplying its strengths. Selection of targets for CFIS would include CSE since it has experience targeting foreign intelligence collection. The key agencies involved with selecting intelligence targets for CFIS would include DFAIT, DND, the PM, and a new all-source analytic organization.

Importance of Analysis

The funds required to create CFIS will be wasted unless a corresponding analytic capability is developed. Canada's analytic community is weak and the government has become a poor intelligence consumer. To remedy this problem, a new all-source and independent analysis organization should be created in the form suggested by Tony Campbell: a national intelligence analysis office.²²³ This new organization would be tasked with qualitative, quantitative, intellectual, and operational analysis from all sources. The concept of a separate analysis organization is not new: the Macdonald Commission recommended the creation of such an agency.²²⁴ Such an organization is currently in operation in Australia as the

²²³ Campbell, Remarks from 2001 CASIS Conference, 28 SEPT 01

²²⁴ xxxxxxxxxxxxxxxx

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Office of National Assessments. In 1990 In Flux made a comparison with ONA and the merits of an all-source analytical cell have equal value in 2002.²²⁵

The role of the Office of National Assessments is to produce analytical assessments of international developments for the PM and cabinet. It prepares reports, appreciations, and assessments on international political, strategic, and economic matters. ONA is not subject to external direction on the content of its assessments, and is independent of any department or authority.²²⁶ By reporting directly to the PM, however, ONA has access to politicians who are concerned with intelligence. It bases its assessments on information available to the Australian Government from all sources, whether inside or outside the Government, including open source material. ONA does not concern itself with domestic developments within Australia, does not collect intelligence by clandestine or other means, nor does it make recommendations for government policy.²²⁷ ONA is autonomous from any intelligence agency in Australia and although the politicization of intelligence is inevitable and helps somewhat to remove analysis from operations and political leadership.

Intelligence is vulnerable to three political factors: pressures to adjust estimates to meet political objectives, opportunistic tendencies by analysts to do so, and the refusal by political masters to believe reports it feels are contrary to policy.²²⁸ When not in accord with existing policy, intelligence is easily refuted or ignored.

²²⁵ SIRC, In Flux But Not in Crisis, p. 46

²²⁶ Australia, Office of National Assessments Homepage, online, <http://www.ona.gov.au/>, 28 JAN 02

²²⁷ *ibid.*

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While removing such an analytic cell from the aegis of an existing agency, the possibility of assessments becoming politicized would not be removed, but possibly reduced. A Canadian ONA (CONA) could be established as an all-source analytical cell on the Australian model. Based on input from CFIS, CSIS, CSE, DND, and DFAIT liaison personnel, CONA could output short-term analysis as needed. Medium and long-range major intelligence and threat assessments to Canadian national security and a “Priorities List,” similar to the American National Intelligence Estimate (NIE), would also be produced to support the ICSI. Unlike IAS, which reports to the Deputy Clerk, CONA would report directly to the newly-appointed Minister for Security and Intelligence (MSI), to whom the “Priorities List” would be directed.²²⁹

Focal Point for Canadian Intelligence

The intelligence role of the Privy Council would also require change. *In Flux* stated that SIRC was unable to assess whether the current system for coordinating, assessing, and disseminating intelligence was meeting Canada’s security and intelligence needs.²³⁰ Canada’s intelligence community is extremely decentralized and collegial, similar to the British tradition on which it is based. The collegial format has obvious defects: the propensity towards blandness and the lowest common denominator for agreement; the search for drafting solutions that obscure real

²²⁸ Merom, Gil, “The 1962 Cuban Intelligence Estimate: a Methodological Perspective,” *Intelligence and National Security*, Aug. 99, vol. 14, no. 3, p. 56

²²⁹ I am grateful to xxxxxxxx, consultant, who, through his extensive research on reforming the Canadian intelligence community, presented this option in his brilliant MA thesis.

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differences; stitching departmental segments together instead of looking at subjects as a whole.²³¹ Committee work brings in institutional pecking orders and the oddities of group psychology. Despite the value of the interdepartmental group, good analysis at some point needs the clarity of a single mind, working in depth without sectoral commitment and bias.²³²

Subtle reform to the existing intelligence community would have little effect and would only multiply the fragmented nature of departmentally-driven intelligence machinery. Expanding the mandates of existing agencies would not solve the problem of information diffusion but exacerbate it. Agencies such as CSIS, CSE, and the CF are already beset with problems of funding and overwork. Adding to their workload would probably prevent new mandates, such as foreign intelligence, from receiving their due, while simultaneously having primary taskings suffer. Given the inefficiency within the Canadian intelligence infrastructure, simply to expand the roles of existing agencies would cause problems.

Canadian intelligence is unfocused and atomized without a single individual responsible of intelligence coordination, such as the Director of Central Intelligence in the US or the Chairman of the Joint Intelligence Committee in Britain. A substantial centralizing reform to the Canadian intelligence infrastructure must not only provide independently collected intelligence, but also provide guidance and direction to an otherwise amorphous and lethargic bureaucracy. There are enormous difficulties in the way intelligence gets to cabinet and the PM. A better

²³⁰ SIRC, *In Flux But Not in Crisis*, p. 46-7

²³¹ Hermann, *Intelligence Power in Peace and War*, p. 269

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solution lies in creating a cabinet-level position responsible for overseeing security and intelligence in order to ensure that intelligence reaches decision-makers. A new minister charged with ensuring that accurate and timely intelligence is brought to cabinet would raise the profile of intelligence in the cabinet. Ministerial responsibility would enjoin the new minister to produce an intelligence summary for each cabinet meeting: thus, intelligence would be assured an audience in cabinet.

While on paper the Deputy Clerk is mandated to coordinate the intelligence activities of the government, rarely is he or she held accountable due to the volume of committee activity and diffusion of authority within the PCO. It admits that, “no single Cabinet minister is responsible for Canada’s security and intelligence community. Instead, a number of ministers are accountable for the activities of the organizations that report to each of them.”²³³ Consequently, the coordination of intelligence gathering, analysis, and threat assessment by the PCO – the apex of the civil service in Canada – reflects a ponderous management orientation rather than a strategic one.²³⁴ This must change. The intelligence assessment function should be removed entirely from the PCO and transferred to CONA. The MSI should be the *de facto* focal point for Canadian intelligence activities and any inquiries should be referred to him or her rather than the Deputy Clerk, who would no longer have an intelligence function. IAS and the Security Intelligence Secretariat would both be moved to CONA and would provide the basis for the new analytical cell. Because

²³² *ibid.*, p. 269

²³³ PCO, *The Canadian Security and Intelligence Community*, p. 4

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CONA would give its “Priorities List” directly to the MSI, he or she would then have the requisite knowledge of intelligence operations and political accountability needed to act as the focal point for intelligence activities. The Intelligence Assessment Secretariat (IAS) would then be chaired by the MSI. IAS would then become akin to the British Joint Intelligence Committee and it could discuss the implications of the “Priorities List” derived from all-source collection and analysis. IAS could be restructured to reflect its new role and the model for such a committee is outlined by the British government document National Intelligence Machinery:

The main instrument for advising on priorities for intelligence gathering and for assessing its results is the **Joint Intelligence Committee** (JIC). It is a part of the Cabinet Office, under the authority of the Secretary of the Cabinet. It is responsible for providing Ministers and senior officials with regular intelligence assessments on a range of issues of immediate and long-term importance to national interests, primarily in the fields of security, defence and foreign affairs. The JIC also brings together the Agencies and their main customer Departments and officials from the Cabinet Office, to establish and prioritise the UK's intelligence requirements which are then subject to Ministerial approval. Intelligence on terrorism, the proliferation of weapons of mass destruction, and any other threats to the UK or to the integrity of British territory overseas are examples of high-priority requirements.²³⁵

Reforming Military Intelligence

Meanwhile, the military intelligence infrastructure needs reform. The Canadian Forces identifies intelligence support as crucial for the success of peace support operations.²³⁶ The lack of intelligence planning doctrine during the Rwanda, Somalia, and Yugoslavia operations has been addressed but not remedied. Strategic Capability Planning for the Canadian Forces (2000) states that any

²³⁴ Berezowski, Cecil, “National Interests, Security Policy and Intelligence,” Defence Association National Network News, vol. 8, no. 2, summer 2001, online, http://www.sfu.ca/~dann/Backissues/nn8-2_6.htm, 11 FEB 02

²³⁵ UK Stationary Office, National Intelligence Machinery, online, <http://www.official-documents.co.uk/document/caboff/nim/natint.htm>, 09 OCT 01

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Canadian military contribution will likely be led by the United States, emphasizing the need for interoperability with American forces while ignoring the need for Canada to develop independent intelligence doctrine.²³⁷ Certainly the United States is unlikely to lead any UN peacekeeping mission while Canada is equally likely to participate. The Joint Ops Planning Process manual assumes that the Canadian Forces will not be the lead country in a multi-lateral deployment. Consequently, it includes no doctrine or permanent mechanism for the challenges of being a lead nation.²³⁸ Without a new doctrine to address these challenges, Canada will continue to rely on American intelligence for its military deployments, which will not necessarily be available.

JTF-2, which deployed to Afghanistan in December 2001, needed real-time operational and strategic intelligence support for their missions. While the CIA supports American Special Forces and MI6 supports the British Special Air Service, there is no corresponding support for JTF-2. Like most of Canada's military-intelligence community, JTF-2 relies on its allies for intelligence. If Canada is to be an effective member of a multi-lateral deployment where the United States is the lead nation or not, a new doctrine must be created, including national information operation protocols and liason between other Canadian intelligence assets and Canadian special forces.

²³⁶ This trend towards acknowledging intelligence is evidenced by such publications as *Canadian Forces Information Operations* (CF IO) and *HUMINT During Peace Support Operations*.

²³⁷ Canada, Strategic Capability Planning for the Canadian Forces, (Ottawa : DND, 2000), p. 18

²³⁸ Hennessy, Michael, "Operation Assurance : Planning a Multi-National Force for Rwanda/Zaire," Canadian Military Journal, Spring 2001, p. 18

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CF Information Operations was issued under the direction of the 1997 Defence Planning Guidance. The CFIO (Canadian Forces Information Operation) doctrine acknowledges that information operations must be integrated in a government-wide strategy in support of political and military objectives.²³⁹ Colonel Bourque notes that intelligence support is critical to the planning, execution, and assessment of information operations - it must support the intelligence preparation of the battlespace by identifying threats and providing offensive or defensive measures against them.²⁴⁰ This doctrinal change to defence intelligence must include liaison by military intelligence formations with other government agencies. Interaction and coordination at the ministerial level could occur in the newly reformed ICSI and would help ensure the coordination of Canada's defence and foreign intelligence. CONA would greatly improve defence intelligence because it would provide analysis as needed to DND. CF liaison members would have immediate access to political and strategic intelligence prior to deployment as well as ongoing support throughout the mission through defence attaches or CFIS liaison personnel. Thus, CONA would improve defence intelligence by providing current intelligence to the CF, but also coordinating intelligence from other Canadian sources to assist future deployments.

²³⁹ Bourque, J.D.R., Information Operations for Canada, internet, <http://www.cfsc.dnd.ca/irc/amsc/amsc1/003.html>, 4 AUG 2001

³³⁶ *ibid.*

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CONCLUSION

Canada would benefit from an expanded foreign intelligence agency and analytic community. Without some ability to monitor, identify, and engage potential threats overseas, Canada will be forced to rely on its allies, follow a reactive security policy, and remain a soft target for espionage and terrorist activity. As the nature of North American security changes, Canada needs a better intelligence system to support Canadian or continental defence operations. The system in which Canadian intelligence operated during the Cold War has changed. While Canada was able to function effectively in the UKUSA or NORAD alliances because of its proximity to the former USSR, the value of its location dropped drastically with the end of the Cold War. During this time, Canada has relied on the United States to provide finished intelligence and allowed its own collection and analysis capabilities to atrophy. International security has evolved significantly since September 11. Canadian intelligence must now operate in a new strategic environment to which its traditional methods are not well suited.

Canada must be able to verify intelligence from its allies to make informed foreign policy decisions, such as military action in Iraq, and to avoid being disinformed intentionally or inadvertently. Foreign intelligence will also be critical for counter-intelligence operations to detect hostile activities abroad directed towards Canada, and to handle trans-national terrorism. Terrorists are often well-versed in COMSEC and OPSEC and the threat they pose is evolving. The only way to obtain effective intelligence on such groups will be through an independent foreign

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HUMINT program. Defence intelligence will also be important as Canada becomes more involved militarily with the United States in the war on terrorism and in multi-lateral operations. Canada will have to develop a foreign HUMINT capacity to defeat the commitment-credibility gap it faces and to avoid intelligence disasters like Rwanda, Somalia, and former Yugoslavia. Without an independent foreign intelligence capability, Canada will continue to receive the foreign intelligence its allies want it to have, with potentially devastating political and economic implications. The PCO acknowledges that the Canadian security and intelligence community is a key asset in the government's efforts to protect Canada and Canadians and that, "government has a responsibility to monitor threats to Canada so it can take action."²⁴¹ There is a clear interest in and need for intelligence in Canada. Unless it develops a foreign HUMINT capability, Canada will not be able to monitor those threats.

Among the benefits of a uniquely Canadian CFIS would be a reduced reliance on shared US intelligence. Creating a finished product designed specifically for Canadian consumption already be cast in Canadian policy terms would improve how the government uses intelligence. This will also help to avoid an erosion of sovereignty as Canada moves toward a combined North American defence command and a more active role in joint military deployments. Canada's issues of ally worthiness would also be addressed. Canada can no longer rely on signals intercepts of Soviet communications as its alliance contribution. CFIS would provide new information to share with allies, maintaining Canada's limited alliance influence.

²⁴¹ PCO, The Canadian Security and Intelligence Community, p. 1

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It is critical to stay at the allied table. If Canada was to leave, it would never have access to such information again.

The creation of a more centralized intelligence infrastructure with a new CFIS and CONA would better coordinate the intelligence cycle. Existing agencies could concentrate on their primary mandates while benefiting from the new intelligence provided by CFIS and the analysis of CONA. A new authority for intelligence activities and a new dedicated cabinet position would ensure that assessments are accurate, timely, and available to consumers and cabinet.

An accurate, responsive intelligence capability is a fundamental cornerstone of Canada's sovereignty. It provides a national situational awareness of what transpires in direct support of Canadian policy. The critical inadequacies of Canada's intelligence community have existed since the end of WWII and unfortunately it required the tragedy of the terrorist attacks in the United States to expose these weaknesses to Canadian citizens and politicians. CFIS represents a significant departure from traditional Canadian intelligence organizations. However, given the evolving nature of international security, it may be prudent to examine seriously the creation of a foreign intelligence service. While the need for CFIS can be supported on paper and debated in Ottawa, it remains to be seen if the political will is present to effect a change in Canadian security and intelligence policy.