Russia’s Military Reform: Why the Kremlin Needs the West

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Wide-ranging reforms of the military that have been ongoing since 2008 have enhanced the capabilities of Russia’s armed forces, allowing them to more effectively pursue the Kremlin’s foreign policy objectives. Yet while the West has been impressed with the ambitious rearmament programme, there are serious political problems on the horizon, highlighting Moscow’s weaknesses.

Russia’s economy is still reeling as a result of poor management, the slump in oil prices, as well as the imposition of Western sanctions following the annexation of Crimea and its military involvement in eastern Ukraine. However, defence spending seems to be immune from the economic woes (see Figure 1). In October, the government boosted the 2016 defence budget by RUB 739.7 billion (£9.2 billion) – or 23.5% – to RUB 3.888 trillion. On top of this, RUB 680 billion has been allocated for ‘black budget articles’ – expenditure the government does not want to disclose publicly – that Russian analysts assume will go to the military. That is in addition to money being allocated for defence expenditures via otherwise civilian budget articles.

The additional funds allocated in October are an advance payment on loans the defence industry took out to fulfil state armament programme contracts. The repayment was, however, scheduled for 2017, but this might not happen at all due to the financial dire
With the population being fed a steady diet of state propaganda warning against the imminent danger from NATO, President Vladimir Putin is under little pressure to divert scarce resources away from the military as would be the case in the West. But it is tough going. For example, production of the T-14 Armata main battle tank has had to be reined in and delivery delayed. The Russian Army will receive just 70 tanks by 2020, while the last of the 2,300 tanks ordered will trundle off the production line in 2025 – a significant delay.

However, while the sanctions and low oil prices will slow the pace of restructuring and re-armament, the underlying trend towards modernisation will continue. Money seems not to be an object for the Kremlin when it comes to keeping the armed forces in good shape – even at the cost to Russia’s general development.

For now, that is. There is some evidence that times are changing: Putin’s reluctant admission that sanctions are hamstringing Russian industry through preventing the transfer of technology may indicate a change of course. The Kremlin’s ambitious rearmament programme was predicated upon unimpeded access to Western technology, parts, machine tools and materials. Such a state of affairs is reminiscent of inter-war Soviet industrialisation, when large quantities of Western technology and weapons system designs were imported allowing the rapid development of the Red Army. At the moment, at least 826 Russian weapons systems rely on parts from the West, with 2025 being the target date for replacement by locally made components. In addition, no fewer than 186 weapons systems depend on supplies from Ukraine, which has banned the export of any directly military-related goods to Russia due to Moscow’s aggression.

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Such reliance on Western technology and materials is an embarrassment for the Kremlin, and there is no realistic prospect of this being improved in the near future (see Figure 2, next page).

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**Figure 1:** Total Russian Military Expenditure in Billions of Rubles and as a Percentage of GDP.
important sectors of the Russian economy, and 40–90% of electronic components in all Russian weapons systems are imported. When it comes to naval electronic systems, 100% are based on imported electronic components.

The situation is far from perfect even for raw materials. Russia possesses the world’s second largest stock of rare-earth materials (critical for production of sophisticated electronic systems). Yet it still has to import about 90% of rare-earths because of chronic underdevelopment in mining infrastructure. For the same reason, 100% of the titanium consumed by Russian industries has to be imported from Ukraine, while steel and alloys for otherwise locally made marine engines are imported as Russian industry cannot produce material to the necessary quality. A quarter to three quarters of electronic devices in Russian space systems are made of imported electronic components, and 90% of the components in the newest systems, such as the 14F17 Uragan-K satellites (also known as GLONASS-K), are also imported.

If anything then, Russia is seriously in danger of shooting itself in the foot when it comes to rearmament as the current confrontation with the West threatens unrestricted access to modern technology and goods. In short, the Kremlin will need radical thinking and actions to resolve this problem.

Even if changes happen, in the current geopolitical climate it will probably take a long time to restore the degree of trust that allowed the pre-2014 level of technological exchanges between the West and Russia.

The loss of access to modern technology will place a question mark over prospects for a successful rearmament of the Russian military and its transformation into a modern armed force, capable of operating in a new (network-centric, information-based) way. Russia’s much-needed military reform is headed for the rocks if the Kremlin persists with its current policies.

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The arguments and evidence outlined in this article are detailed in a forthcoming RUSI Whitehall Paper, which will be published in early 2017.

Figure 2: Current and Planned Dependence of Russian Industries on Imports.