

Russian Military Reforms: An Evaluation

Amit Kumar

Amit Kumar is Research Assistant at the Institute for Defence Studies & Analyses (IDSA), New Delhi.

May 23, 2013

Summary

The military sector reform is a top priority for Vladimir Putin, who believes that these reforms will go a long way in achieving Russia's military and comprehensive national power objectives. The on-going military reforms have come a long way since they were first introduced in 2008. Most of the structural reforms have already been implemented. The material reforms, which are necessary to ensure that the structural reforms deliver, are progressing well, notwithstanding difficulties such as corruption, availability of limited resources, and recession.

Overview

The Russian government appears determined to reform the nation's security apparatus, particularly the defence forces. Though the quest for military reform is not new, the August 2008 Russian-Georgian war gave a new momentum and character to these reforms. The war exposed major shortcomings in the Russian military and was a wake-up call for Russia. Former Russian Defence Minister Anatoly Serdyukov launched radical military reforms in 2008 in the immediate aftermath of the war. Most political commentators agree that these reforms are the most comprehensive military reforms to date. The reforms have got impetus with the re-election of Vladimir Putin as President in 2012. Even before he took office on May 7, 2012, Putin had made it amply clear that military reforms were high on his agenda. In the run-up to the presidential election, Putin outlined his views on various issues confronting the nation in a series of articles. In his 6th election programme article – "Being Strong: National Security Guarantees for Russia" – published in the state-owned *Rossiiskaya Gazeta* in February 2012, Putin spelt out his plans to modernise Russia's armed forces and the defence industry. He believes that reforming the military is vital to ensure Russia rightful place in the comity of nations. Underlining the importance of modernising Russia's armed forces and defence industry in ensuring Russia's security and prestige, Putin writes in this article, "...Russia cannot fall back on diplomatic and economic methods alone to settle contradiction and resolve conflict.... Its armed forces, special services and other security-related agencies should be prepared for quick and effective responses to new challenges. This is an indispensable condition for Russia to feel secure and for our partners to heed our country's arguments in various international formats."¹

The current military sector reforms can be broadly categorised under two heads: structural and material. While, the former is aimed at reorganisation of the military on modern lines, the latter's objective is to equip the armed forces with modern and sophisticated arms and equipment, and to bring about qualitative changes in the management of armed forces personnel by addressing longstanding human resource issues.

Structural Reforms

The key structural elements of the reforms include a shift to a three-tiered organisational structure for the military with the Brigade as the key unit; the establishment of unified strategic commands; reduction in the number of officers; and, importantly, phasing out of conscription and a gradual move towards building a professional army. These reforms aim at better coordination, improved mobility, and combat-readiness of the military. It is widely acknowledged that Serdyukov largely succeeded in dismantling the Soviet-era

¹ See Vladimir Putin, "Being strong: National security guarantees for Russia," *Rossiiskaya Gazeta*, February 20, 2012, available at <http://archive.premier.gov.ru/eng/events/news/18185/>, accessed on May 07, 2013.

structure of the Russian military, replacing it with a structure more suited to twenty-first century warfare and better tuned to local and regional conflicts, these being the most likely theatres of engagements.²

Material Reforms

Unlike the structural reforms which are almost accomplished, material reforms have been partially completed. The chief components of material reforms are: (a) to equip the armed forces with state-of-the-art weaponry, and (b) to address human resource issues such as contract manning, education, training, pay, and housing for the armed forces personnel. While the first component of the reforms, that is, equipment modernisation, is sought to be addressed primarily through the State Armaments Programme (SAP-2020), the second component is a vexed question and is being addressed by adopting a multi-pronged approach at socio-politico-economic levels.

SAP-2020

Equipment modernisation was one of the top two challenges facing Russian military planners, along with the structural transformation of the military. The renewal rate of arms and equipment had been abysmal, necessitating an ambitious programme in the form of SAP. The SAP-2020 has a provision of 23 trillion roubles. It is likely to divide the 23 trillion roubles (around \$770 billion) between the navy (24 per cent), air force (21 per cent), ground forces and airborne troops (13 per cent), and the strategic missile troops and aerospace defence forces (approximately 42 per cent).³ The ten-year armament programme is expected to modernise 70 per cent of Russia's weapons by 2020.

The Russian defence industry has a key role to play in the implementation of the armament programme by meeting the defence procurement orders. However, serious reservations have been expressed about the capacity of the industry to meet the state's defence order.⁴ In this regard it can be said that the government is committed to revitalising the defence industry and, towards this end, out of the 23 trillion roubles allocated to the armed forces

² See Dmitry Gorenburg, "Russian Military Reform Moves Beyond Soviet Legacy", available at <http://russiamil.wordpress.com/2013/02/21/russian-military-reform-moves-beyond-soviet-legacy/>, accessed on April 3, 2013.

³ "The Future of Russia's Military: Part 1" *Stratfor*, August 27, 2012, available at <http://www.defence.pk/forums/europe-russia/205461-future-russias-military.html>, accessed on April 27, 2013.

⁴ See Gorenburg, "Russian Military Reform Moves Beyond Soviet Legacy," n. 2 and Vassily Kashin, "Russia's Defence Industry Tries to Keep Up with Growing Demand," *Russia & India Report*, 13 September 2012, available at http://indrus.in/articles/2012/09/13/russias_defence_industry_tries_to_keep_up_with_growing_demand_17623.html, accessed on April 11, 2013.

and the defence industry under SAP-2020, 3 trillion roubles will be invested in the renovation of military production facilities.⁵ Moreover, the restructuring of the military-industrial complex (MIC), crucial to the reform of the industry, is already under way through the formation of a host of competitive big holding companies in critical sectors like aviation, space, and shipbuilding.⁶ Another area of concern in the defence industry sector has been the neglect of research and development (R&D). However, things are changing in this sphere too. As the Centre for Analysis of Strategies and Technologies (CAST) figures reveal, Russia spent around US\$ 4 billion yearly on military R&D during the period 2007-10, which is significantly higher than the expenditure on R&D in previous years.⁷ According to the World Bank R&D expenditure (percentage of gross domestic product [GDP]) data, Russia spent 1.04 per cent and 1.25 per cent of its GDP on R&D in 2008 and 2009, respectively.⁸

Moreover, though traditional sources of support for high-technology industries, including the defence industry, have confronted problems in Russia in the period following the disintegration of the former USSR, new sources of support have emerged in Russia in recent years as compensation for this loss. According to Crane and Usanov, "foreign companies have spurred growth in Russia's high-technology industries through subcontracting, joint ventures, wholly owned research laboratories, or funding research by independent laboratories or academic institutions. Russian scientists are also frequently engaged as consultants. These new activities have markedly changed R&D in Russia and the nature of Russian high-technology industries."⁹

Further, the government's determination to revive the defence industry was again evident in December 2012, when in a clear message that the government's priority is the domestic defence industry, the Russian Ministry of Defence announced that it is deferring plans to build the third and fourth Mistral ships in Russia, while continuing on with the construction of the first two ships in France. In his third term as President, Putin has put emphasis on

⁵ See "Rearmament and Modernization of the Russian Defense Industry by 2020," available at <http://valdaiclub.com/defense/52340.html>, and Matthew Rojansky, "Putin's Platform", <http://carnegieendowment.org/2012/02/28/putin-s-platform#challenges>, 28 February 2012, accessed on April 6, 2013.

⁶ Arun Mohanty, "Don't Worry, Russian MIC is Alive and Kicking", *Russia & India Report*, May 4, 2011, available at http://indrus.in/articles/2011/05/04/dont_worry_russian_mic_is_alive_and_kicking_12473.html, accessed on April 27, 2013.

⁷ "Russian Defense Industry and Arms Trade: Facts and Figures," available at http://www.cast.ru/files/book/all-stats_eng_14_02_2012.pdf, accessed on April 6, 2013.

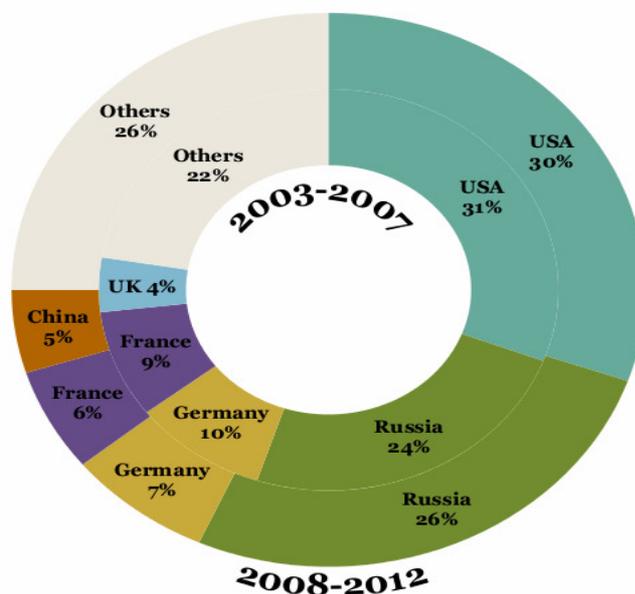
⁸ The World Bank, 'Data on Research and Development Expenditure (% of GDP)', available at <http://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS>, accessed on April 7, 2013.

⁹ Keith Crane and Artur Usanov, "Role of High-Technology Industries," in Anders Åslund, Sergei Guriev, and Andrew C. Kuchins (eds), *Russia After The Global Economic Crisis*, Washington D.C.: Peterson Institute for International Economics, 2010, available at http://www.piie.com/publications/chapters_preview/4976/05iie4976.pdf, accessed on April 28, 2012.

the revitalization of the domestic defence industry, one of his key priorities in the defence arena. In his article published in *Rossiyskaya Gazeta*, Putin wrote: "Sometimes they say the revival of the defence industry is a yoke for the economy, an extremely heavy burden that ruined the Soviet Union....I am convinced that is a profound mistake."¹⁰ Putin further wrote that the renewal of the defence industry will become "a locomotive that will pull the development of various industries: metallurgy, mechanical engineering, the chemical and radio-electronic industries, the entire IT and telecommunications range."¹¹

Putin's faith in the defence industry is not misplaced as, contrary to general perception, Russia is catching up in arms exports with United States, which tops the list; and the gap between the two has been narrowing since 2001. Figures 1 and 2 below dispel the notion that the Russian arms industry is dying and/or has become uncompetitive. As Figure 1 shows, the gap is narrowing (in percentage points) between the two major arms exporting countries since the current military reforms were initiated in 2008. Moreover, the third biggest supplier on the list, Germany, is a distant third to Russia, which implies that Russia will remain, at least in the foreseeable future, a potent force in the international arms market. The sustained efforts to revive the defence industry have already started yielding dividends. It was evident when last year Russian arms sales reached \$15.2 billion, an increase of 12 per cent over 2011 figures.¹²

Figure 1 Market Share of Top five Arms Exporters¹³



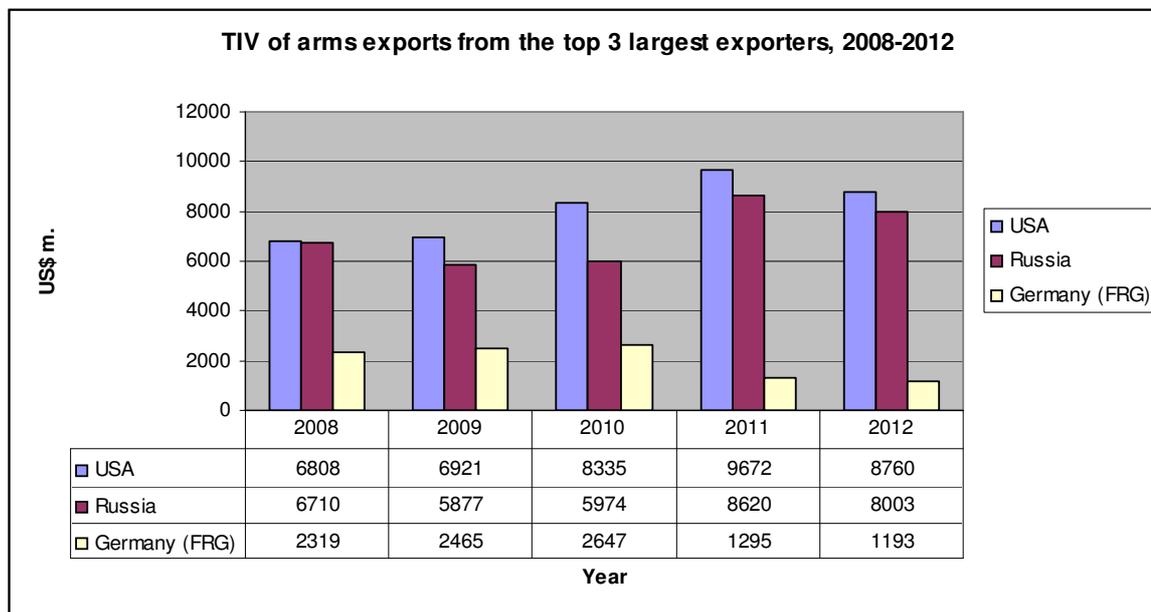
¹⁰ See "Putin Speaks for Investment in Defense", *Ria Novosti*, February 20, 2012, available at http://en.rian.ru/military_news/20120220/171406103.html, accessed on April 5, 2013.

¹¹ Ibid.

¹² See "Russian Arms Exports Set to Widen", available at http://www.spacedaily.com/reports/Russian_arms_exports_set_to_widen_999.html, accessed on April 7, 2013.

¹³ SIPRI Arms Transfers Database, available at <http://www.sipri.org/research/armaments/transfers/measuring/at-images/Market%20share%20of%20top%205%20arms%20exports.png>, accessed on April 29, 2013.

Figure 2 gives the details of annual arms exports from the top three exporters.



Source: http://armstrade.sipri.org/armstrade/html/export_toplist.php.

As discussed earlier, the defence industry has been faring well despite facing challenges such as shortage of skilled manpower, financial crunch, outdated production facilities, and technological backwardness. The re-armament programme, which is largely contingent upon the health of the domestic defence industry, naturally benefits from the revival of the industry and is progressing well. Andrzej Wilk, a military analyst with the Centre for Eastern Studies, Warsaw, writes about SAP-2020: "In the vast majority of cases (about 90 [per cent] of orders from the years 2011-2012), the technical modernisation of the Russian Federation's Armed Forces has been carried out without major problems, and the amount of investment guarantees that it will be completed."¹⁴

The Russian Air Force modernisation plans are also shaping well. Last year, for the first time, the aviation procurement plan appears to be fully accomplished as the Air Force received 40 new aircrafts and 127 new helicopters.¹⁵ Similarly, Russia's growing confidence in its Navy was on display recently when it conducted its largest exercise in the Mediterranean in many years.

While the previous armaments programme failed to achieve the set targets of equipment modernisation, the current programme is expected to fare better as more funds have been

¹⁴ Andrzej Wilk, "The Financial Prospects for the Russian Arms Programme", Warsaw: Centre for Eastern Studies, 2012, available at <http://www.osw.waw.pl/en/publikacje/eastweek/2012-09-05/financial-prospects-russian-arms-programme>, accessed on April 7, 2013.

¹⁵ Dmitry Gorenburg, "Reviving the Russian Air Force", 15 January 2013, available at <http://russiamil.wordpress.com/2013/01/15/reviving-the-russian-air-force/>, accessed on April 7, 2013.

allocated for the programme, coupled with sustained efforts to address the problems plaguing the domestic defence industry.

Contract Manning, Training, Pay, and Housing

The wages of military personnel and military pensions have been raised two- to three-fold since January 1, 2012, compared to 2007 figures. The Russian Army has, salary-wise, become one of the best employers in the country. Similarly, on the housing front, over 250 billion roubles have been allocated for building housing for retirees. In December 2012, 15,000 servicemen were in waiting for housing, a considerable progress, compared with 160,000 plus servicemen in waiting four years earlier.¹⁶ Better incentives have been designed to attract sufficient number of contract soldiers, who are better trained to handle the modern weapons that the military hopes to acquire by 2020. Contract manning has been accepted in principle as a way to improve the combat readiness and quality of the armed forces personnel since Yeltsin's presidency. However, not much headway could be made on this front owing to economic constraints; this remained the case till the current reforms were initiated. Since the reforms, however, there has been a marked improvement on this front as better incentives have drawn sufficiently large number of contract soldiers. At the same time, the number of conscripts in the Russian military has gone down substantially. Moreover, the training of soldiers has received greater attention in the reforms. Efforts have been made to centralise the personnel training system through the transformation of 65 military educational institutions into 10 "system-wide" military universities. These new system-wide universities will address the challenges of officer training and also conduct research.¹⁷

Putin's Third Presidency and the Reforms

Putin has been pushing the military reforms and said recently that "Russia's armed forces must move on to a new level of capabilities in the next three to five years."¹⁸ In February this year, while attending a concert marking the Defender of the Fatherland Day Putin said: "Ensuring Russia's reliable defence is a priority of our national policy....Bringing drastic

¹⁶ See "Rearmament and Modernization of the Russian Defense Industry by 2020," n. 5. Also see Andrzej Wilk, "Towards a Professional Army: Changes to the Structure of the Officer Cadre and the Manning System of the Russian Armed Forces", 28 March 2012, available at <http://www.osw.waw.pl/en/publikacje/osw-commentary/2012-03-28/towards-a-professional-army-changes-to-structure-officer-cadre->, accessed on April 7, 2013; and Dmitri Trenin, "Building a Better Bear", *Foreign Policy*, 5 September 2012, available at http://www.foreignpolicy.com/articles/2012/09/05/building_a_better_bear?page=0,1, accessed on April 24, 2013.

¹⁷ "Military Reform: Toward the New Look of the Russian Army", at http://vid-1.rian.ru/ig/valdai/Military_reform_eng.pdf, accessed on April 30, 2013.

¹⁸ See Alexei Anishchuk, "Russia's Putin Tells Army to Shape Up for Foreign Threat", *Reuters*, 27 February 2013, available at <http://www.reuters.com/article/2013/02/27/us-russia-putin-army-idUSBRE91Q0T620130227>, accessed on April 7, 2013.

changes to the military sphere is a difficult and complicated process but it is long overdue. Postponing it means putting the country's security under threat."¹⁹ Putin has clearly laid out his main concerns for Russia's military: Aerospace Defence Troops, re-armament, contract Manning, training, pay, and housing.²⁰ The last five challenges were present during his first presidency also though these have seen improvements post reforms. As far as the Aerospace Defence Forces (VKO) are concerned, these were created in December 2011. The VKO's principal task is the "reliable protection of military and government administration facilities". Russia is investing heavily in the development of VKO and it is one of the top priorities of its SAP-2020.²¹

Military Reforms: Current Status

Former Russian Defense Minister Serdyukov's primary concern was re-organization of the armed forces, and equipment modernisation and better living conditions for the armed forces personnel didn't figure prominently on his agenda. Though military salaries were increased substantially during Serdyukov's term, he had only modest success on the housing front. One of the crucial components of reforms, equipment modernisation, remained a contentious issue during his term. Serdyukov's procurement policy was unfavourable to the domestic arms industry. Moreover, it is an open secret that corruption was rampant in the Russian military before Serdyukov took over as the defence minister. Serdyukov was seen as a threat by the MIC. His policies resulted in antagonising the powerful MIC and he was sacked from his post on November 6, 2012, ironically, on corruption charges.²² Serdyukov's removal, however, did not mean the end of reforms. Barring Serdyukov's import-friendly defence procurement policy, the current Defence Minister Sergei Shoigu has broadly carried forward the reforms of his predecessor.²³ Shoigu does not disfavour

¹⁹ "New Arms Program to Change Russia by 2020 – Rogozin", *Ria Novosti*, February 23, 2013, available at http://en.rian.ru/military_news/20130223/179643947.html, accessed on April 7, 2013.

²⁰ "Defense Policy Reset?", available at <http://russiandefpolicy.wordpress.com/2012/06/07/defense-policy-reset/>, accessed on April 5, 2013.

²¹ Ioanna-Nikoletta Zyga, "Russia's New Aerospace Defence Forces: Keeping Up With the Neighbours", February 22, 2013, available at <http://www.europarl.europa.eu/committees/en/studiesdownload.html?languageDocument=EN&file=91813>, accessed on April 6, 2013.

²² See "Reform and Be Sacked", *The Economist*, November 10, 2012, available at <http://www.economist.com/news/europe/21566006-firing-russias-defence-minister-may-be-setback-military-reform-reform-and-be-sacked>, accessed on April 6, 2013, and Thomas Grove, "Putin sacks defense minister amid scandal", *Reuters*, November 6 2012, available at <http://in.reuters.com/article/2012/11/06/us-russia-defence-idUSBRE8A50A820121106>, accessed on May 7, 2013.

²³ See Dmitry Gorenburg, "Is Shoigu Reversing Serdyukov's Military Reform?", February 11, 2013, available at <http://russiamil.wordpress.com/2013/02/11/is-shoigu-reversing-serdyukovs-military-reform/>, accessed on April 4, 2013.

imports; unlike his predecessor, however, he is treading a fine line between tradition and innovation. Traditionally, the domestic defence industry used to get the lion's share of Russian defence procurement orders. Serdyukov tried to tinker with this trend and accorded priority to imports of high-tech systems because he felt that the Russian defence industry was incapable of delivering state-of-the-art weaponry in a time bound manner and in the quantities required on a competitive price. This policy did not work. Wiser by his predecessor's experience, Shoigu has been taking into account the aspirations of the defence industry.

Conclusion

The on-going Russian military reforms have come a long way since they were first introduced in 2008. Most of the structural reforms have already been implemented. The material reforms, which are necessary to ensure that the structural reforms deliver, are progressing well, notwithstanding difficulties such as corruption, availability of limited resources, and recession. Russia's growing confidence in its military was on display recently, when the Chinese President Xi Jinping was allowed to visit the Russian Armed Forces' Operational Command Center. The visit to what is termed as the "heart" of the Russian Military Establishment was the first for a foreign leader.²⁴

To sum up, military sector reform is a top priority for Putin, who believes that these reforms will go a long way in achieving Russia's military and comprehensive national power objectives. It is in consonance with this policy that he has asked his new Defence Minister to continue with the "grandiose plans for the reform of the army."²⁵

²⁴ See "Xi Wraps Up Russia Visit with Rare Access to Military Base", march 25, 2013, available at <http://www.globaltimes.cn/content/770354.shtml# UX1WwEr7Ded> , accessed on April 28, 2013.

²⁵ Thomas Grove, "Putin sacks defense minister amid scandal", *Reuters*, November 6 2012, available at <http://in.reuters.com/article/2012/11/06/us-russia-defence-idUSBRE8A50A820121106>, accessed on May 7, 2013.