

Vote of Thanks at the National Seminar on Defence Acquisition

*K. Subrahmanyam**

Today, we are facing a serious challenge in trying to cope up with a rising China and in that effort we have very many disadvantages. The Chinese have a developed infrastructure on their side which we have failed to develop on our side. The Chinese have a much higher GDP, have a better developed, modernized military, and perhaps higher level of technology. Under these circumstances we have got to look for factors in our favour in the international situation which we could exploit in order to cope up with the Chinese challenge. Yes, there are. The Chinese can procure their defence equipment only from one country, that is Russia, while the whole world's arms market is open to us. That is a major advantage for us, provided we are able to formulate an effective strategy how to tap that factor and build on that. It cannot be done if we consider acquisition of each equipment by itself and then put out tenders for the purchase of each item on the basis of lowest tender. This is not the way a major power can modernize its armed forces. And let us start with the assumption that in the coming years we are going to be perhaps 3rd or 4th major military power of the world. We are going to have military responsibilities globally which we may have to discharge in partnership with other major democratic nations. Therefore we should have a broad comprehensive strategy for defence acquisition, not in terms of individual items of equipment but in terms of how we are going to acquire a whole lot of technologies and build on them.

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Here we should look at the world as a whole. Most of the nations of the world are cutting back on their defence expenditures while a few nations are increasing their defence outlays. One is United States, the other is China and of course our expenditure is also going up and the Russian expenditure has started going up again. In the present day world more than half of the defence expenditure is by United States. More than 2/3rd of the world defence R&D is by the United States. There are only two independent sources of defence

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technology generation in the world – one is United States and the other is Russia. The European technology, even though they tried to be independent as far as possible, is becoming increasingly dependent on the United States. Therefore we have got to make up our mind what we are going to do.

Let me give you three examples of major transfers of defence technologies that have taken place in the 20th century history. First was in the 20s, the Treaty of Rapallo signed between Germany and Communist Russia. And the Germans went in droves to Russia and more or less taught the Russians all about weapon designing, production technology etc. Artem Mikoyan the designer of the MIGs was taught by the Germans about aircraft designing. That is how the Soviet Union became a major military power. In the 50s, Soviet Union agreed to help China to become a major military power and they transferred defence technology wholesale to China. In 1960, came the Sino-Soviet dispute and the Soviets stopped everything. Third is the present Russian supply of defence equipment and technology to the Chinese. More than that, in the nineties the Russian engineers and scientists who became jobless after the end of the Cold War when the Russian defence expenditure got drastically cut, migrated in large numbers to China and started helping the Chinese defence modernisation. But the Russians do not help the Chinese to build their nuclear submarine. The Russians are not leasing out nuclear submarines to the Chinese, nor are they likely to. Therefore in that respect, even in case of Russia

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as a large scale defence supplier to China, we have certain advantages. Then comes the United States which is enthusiastic about opening up its defence market, which has signed a military framework agreement with India, with whom we have concluded an end-use monitoring agreement. We are holding joint exercises. We have to make up our mind and formulate a strategy on what kind of technologies we have to get from the US and what kind of technologies we have to get from Russia. The submarines are obvious, naval vessels and armour too. But our requirements are so large that we can divide them into two categories so that you get them from both. Given today's situation, we would be one of the largest market for arms in the world for these two major arms producers, which gives us a lot of bargaining power. There are people who

have reservations about dealing with the United States on arms supplies. But this has to be looked at pragmatically. For instance, the Chinese and the Russians dealt with each other on arms transfers in an extensive way in the 50s. The Soviet Union broke up completely with China in 1961 but the Chinese have again resumed their arms purchase relationship with Russia and are getting their equipment from them and nobody in China raises the question if the Russians are dependable. Similarly, in our case we should look at it from the

point of a real politic, what are the national interests of the other party and what are our national interests, and how much they overlap.

Our political parties are very good in playing real politics in domestic situations but when it comes to international politics they raise issues of principles, ideology and memories of past wrong doings. They should apply the genius they display in playing real politic domestically to the external politics in which case we would be able to arrive at a decision about a broad strategy. For instance, I for one would think that a country like India requires large enough air force and can afford to have two lines of research and production. Major countries of the world have two lines of aircraft production. Russia has MIG and Sukhoi. US has Boeing and Lockheed-Martin. Therefore, in dealing with all these things my appeal to you would be to bear in mind the geo-strategic situation as it is evolving and how can we can make the best use of it in order to cope with the challenges that we have. We must understand that we are likely to be with the democracies and at the present moment, all the democracies are our strategic partners. 

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