

# Briefing Memo

## Russia's Military Reform and the Navy

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### **Introduction**

A wide-ranging military reform is currently under way in Russia, including the structural and organizational reform of the armed forces, a major reduction in personnel, the formulation of the “State Weapons Program for 2011-2020” (hereinafter referred to as the “current State Weapons Program”) and the start of the procurement of the latest equipment. Where does reform of the Navy stand in the overall military reform? Until now, as with the cases of other forces, the Russian Navy has faced rigorous reform in terms of organization and personnel, with the number of units almost halved from 240 to 123 and large personnel reductions in the Baltic Fleet and the Black Sea Fleet. On the other hand, however, ideas are being floated with an orientation toward the buildup of the Navy in the long run. On May 7, 2012, upon taking office as president of the Russian Federation for the third term, Vladimir Putin issued a presidential decree, dated the same day, regarding the modernization of the armed forces and the defense industry, in which he declared his intention to build up the Navy focusing on the Arctic and the Far East. This paper is designed to sum up the current developments in the reforms of the Navy and to consider challenges confronting Russia in relation to the buildup of the Navy.

### **The Military Reform and the Russian Navy**

A little over four years have passed since the start of Russia's military reform in October 2008, and the focus is now shifting to the modernization of obsolete equipment. Procurement of the latest equipment is proceeding in line with the current State Weapons Program formulated in late 2010. For the modernization and the buildup of Naval vessels, Russia is believed to be planning to introduce a total of about 100 various vessels by 2020, including the eight Borei-class strategic nuclear submarines (SSBNs), 20 multi-purpose submarines, 35 corvettes and 15 frigates. It is reported that the procurement of two Borei-class SSBNs, three multi-purpose submarines and one combat ship (the type of vessel is unknown) has already been completed. Among them, the Russian leadership places a particular emphasis on construction of Borei-class SSBNs and deployment of “Bulava” ballistic missiles for them. There are some news reports that of the eight Borei-class SSBNs to be procured under the current State Weapons Program, the first two submarines, the Yuriy

Dolgorukiy and the Aleksandr Nevskiy, are going into service soon and are likely to be deployed at the Vilyuchinsk base of the Pacific Fleet on the Kamchatka. The third SSBN now in sea testing, the Vladimir Monomakh, is set to be deployed by 2014 (though where it will be deployed is unknown at present.). Visiting the Sevmash shipyard that is building these SSBNs in late July 2012, President Putin explained the Navy's equipment procurement policy under the current State Weapons Program and stated that the Russian government will spend 4,440 billion ruble, or 23.4% of the planned total outlays for the current State Weapons Program, to strengthen the Navy by 2020.

The Russian leadership's idea on the strengthening of the Navy has been prompted by the changing maritime environment in the Arctic and the Far East. The Arctic Ocean, where the significant thawing of ice has been occurring in recent years, is likely to become a hot sea involving conflicting interests of coastal countries in the long run both as a shipping lane and in terms of the massive reserve of natural resources said to be lying at the bottom of the sea. Furthermore, Russia is intent on expanding its military presence in the Arctic region from the perspective of preparing for the emergence of a new northern strategic front in the Arctic Ocean. This means that the Arctic Ocean is the fourth northern strategic front Russia must be prepared for militarily, in addition to the three strategic fronts of the European front in the west, the Central Asian and Caucasian front in the south and the Far Eastern front in the east (particularly vis-à-vis China). Nikolai Patrushev, Secretary of the Security Council of the Russian Federation, unveiled plans to build bases for the Navy and the Border Guard Service along the coastline of the Arctic Ocean, connecting the Atlantic and Pacific Oceans.

Moreover, in the Far East, China has been rapidly strengthening its naval power and expanding the area of its activities. Russia is concerned about the expansion of Chinese naval power and is reported to be planning to deploy two Mistral-class amphibious assault ships to the Pacific Fleet, in addition to the Borei-class SSBNs described above. It is also noteworthy that Russia is activating naval exercises in the Far East. In August-September 2011, the Pacific Fleet held a large-scale exercise in the Sea of Japan, the Sea of Okhotsk and the Pacific coastal region of the Kamchatka. The Pacific Fleet's marine units, the missile-carrying cruiser Varyag, anti-submarine assault ships Admiral Tributs and Admiral Panteleyev and airborne assault units participated in the exercise, testing coordination with other forces of the Eastern Military District in naval operations as well as mutual cooperation among different forces and with forces from other organizations. In April 2012, Russia and China conducted first joint naval exercise, "Maritime Mutual Action 2012," in the Yellow Sea. Russia held the joint exercise apparently for the purposes of getting firsthand knowledge about the Chinese Navy which has been energizing and expanding its activities at sea and demonstrating its stance of earnestly strengthening its naval power in the Far East at home and abroad.

## **Challenges for the Buildup of the Russian Navy**

In order to realize the policy of strengthening the Navy with a focus on the Arctic and the Far East, Russia has to overcome several problems. These problems come down to the following two points: the research and development, and the production capacity of the Russian defense industry, which supplies armaments to the Russian Navy, and the securing of overseas bases to facilitate activities of naval vessels on the high seas.

The first question is whether the modernization and strengthening of Russia's defense industry will make progress. The goal of the current State Weapons Program is to raise the ratio of the latest equipment to all the equipment held by the Russian Armed Forces, including the Navy, to 70% by 2020, and whether the defense industry can respond to this requirement remains a big question mark. President Putin takes a harsh view of the present conditions of Russia's defense industry. He believes that the defense industry has lagged significantly behind in its modernization in both R&D and production over the past 30 years, simply turning out out-of-date equipment by the book. In terms of the challenges the Russian defense industry should address going forward, Putin has cited 1) an increase in the supply of advanced, next-generation equipment; 2) the development of scientific and technological capabilities looking to the future; 3) the development and mastering of technologies that are essential to produce competitive equipment; and 4) an improvement in the technological base of industries specializing in the production of advanced equipment. In order to deal with and overcome these problems, 4 trillion rubles out of the planned total budget of some 23 trillion rubles for the current State Weapons Program is to be allocated to the modernization of the defense industry. Sufficient funding may surely produce some effects. To take the construction of Borei-class SSBNs as an example, the first to be built, the Yuriy Dolgorukiy, took as long as 12 years from the commencement of work to the delivery. This may be partly because during the period between 1996, when the construction commenced, and 1999 sufficient defense budgeting were not secured under President Boris Yeltsin. The period between the commencement of work and the delivery was reduced to six years for the second vessel, the Aleksandr Nevskiy, for which construction began in 2004, and further to five years for the third vessel, the Vladimir Monomakh, for which construction started in 2006. However, the Ministry of Finance is seeking a reduction of 20% in the budget of the current State Weapons Program, claiming the planned total outlays of some 23 trillion rubles are simply too large. While President Putin intends to keep the total budget size as it is, it remains to be seen whether the procurement of the latest equipment and the modernization of the defense industry will move forward as planned.

The second problem is that Russia's dependence on foreign suppliers has become essential for the procurement of the latest equipment as well as military technologies. In particular, Russia is beginning to rely on France for the procurement of equipment for the Navy. The project is currently under way to acquire four Mistral-class amphibious assault ships from France (the plans call for the purchase of two ships from France and construction of another two ships in Russia). Russian-made amphibious ships, though they are much smaller than French-manufactured ships, consume three

times more fuel, and it is said to be evident that Russia is on the backfoot technologically. In relation to the amphibious assault ship purchase plan, in November 2010, Russia's United Shipbuilding Corporation and France's Direction des Constructions Navales Services (DCNS) agreed to strengthen cooperation in the area of naval vessel construction as well as commercial ships. Whether these developments will help encourage changes among Russia's defense contractors and lead to the modernization of the Russian defense industry as a whole in the long run will influence the long-term procurement of equipment for the Russian Navy.

The third problem is that Russia has been unable to secure overseas bases that are important for its naval strategy. Since the Northern Fleet and the Pacific Fleet, the two main fleets of the Russian Navy, are widely separated in Europe and the Far East, it is one of the major challenges for the Russian Navy to secure the mobility that allows naval vessels of the two fleets to move smoothly between the two theaters of operations. To that end, it is extremely important to have supply bases along the sea routes between them. At present, Russia has its only overseas naval base in Tartus, Syria, but given activities of the Russian Navy in the vast high seas between the Indian Ocean and the Russian Far East, it is absolutely necessary for Russia to secure multiple overseas bases. Therefore, according to some news reports, Russia is currently negotiating with Yemen and Vietnam to set up naval bases in Aden and Cam Ranh Bay, respectively, where the Soviet Union used to have naval facilities. The securing of such overseas naval bases is essential not only for increasing Russia's military presence overseas but also from the perspective of maintaining the Russian Navy's preparedness at a high level. Failure of these base negotiations would hamper the Russian Navy's operations on the high seas.

## **Conclusion**

As long as the Russian leadership maintains its strong political resolve to carry through the modernization of the Armed Forces and the defense industry, and sufficient funding is secured to back this up, the capabilities of the Russian Armed Forces, including the Navy, are expected to improve. Even if Russia is strengthening the Navy in the Far East with China's active and increasing naval activities in mind, the progress in efforts to strengthen the Russian Navy is certainly a factor Japan should take into consideration for its own national security.

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