

Medvedev Threatens to Start Importing Arms

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President Dmitry Medvedev, exasperated by complaints about high prices and low quality of defense industry products, on Tuesday urged the Defense Ministry to buy more weapons abroad.

The proposal comes as Russia, the world's second-largest arms exporter, is going to drastically increase weapons procurement for its armed forces in the next few years.

"You shouldn't buy junk," Medvedev said in a meeting with Defense Minister Anatoly Serdyukov and Deputy Prime Minister Sergei Ivanov at his Gorki residence outside Moscow. "If the equipment on offer is not satisfactory, you should refuse."

He proposed that the ministry look for alternatives.

"Place contracts with other companies," Medvedev said. "Ultimately, arrange for imports —

simply to let everyone understand that they need to give you high-quality products rather than insist that they have exclusive models and a classified portfolio."

Russia already has tested the tactic. The government agreed last month to pay 1.2 billion euros (\$1.7 billion) for two Mistral-class helicopter carriers from France, despite offers from domestic shipyards to deliver a similarly formidable warship.

"You should buy only high-quality equipment — and at transparent prices, rather than those that certain companies might like," Medvedev said. "The Defense Ministry should get inside each contract and look at the costs of any product that you buy."

The scene at Gorki was part of a tense standoff that had been playing out between the defense industry and the Defense Ministry in recent months, threatening to disrupt the acquisitions program this year.

Serdyukov announced his concern that tanks weren't advanced enough and questioned why the price of Topol-M intercontinental ballistic missiles had risen 3.9 billion rubles (\$139 million) since last year.

Yury Solomonov, chief designer at the Moscow Institute of Thermal Technology, which created the Topol-M missile, last week accused the ministry of mishandling the weapons procurement plan.

Serdyukov said Tuesday that the Defense Ministry could wrap up the contracting for this year within the next 10 days. It has settled points of contention with such companies as Solomonov's institute, United Shipbuilding Company, United Aircraft Company and Russian Helicopters .

Ivanov said the ministry has yet to sign 230 billion rubles (\$8.3 billion) worth of planned contracts, out of the total of 750 billion rubles for this year.

The government plans to spend 20 trillion rubles (\$714 billion) until 2020 to equip the armed forces with state-of-the-art weapons, making up for years of neglect.

Medvedev's threat to import armaments is unlikely to scare domestic contractors into abating their profit expectations, said Igor Korotchenko, director of the Center for the Analysis of International Arms Trade.

"I think he said this in a fit of temper," Korotchenko said. "It is important for Russia to support its own defense industry."

In a wide range of cases, Russia simply has no alternative to paying local producers — for purchases of nuclear submarines, ballistic missiles and long-distance bombers, he said.

That said, the Defense Ministry would increase its rigor in verifying the costs that its contractors incur so they can jointly identify a fair price, Korotchenko said. The ministry has set up a department to deal with the problem, he said.

Konstantin Makiyenko, deputy director of the Center for the Analysis of Strategies and Technologies, agreed that excessive imports would damage national security. If

the government chooses foreign weapons, it should insist on technology transfer, he said, Interfax reported.

Belarussian Prime Minister Mikhail Myasnikovich on Tuesday proposed that member countries of the customs union of Russia, Belarus and Kazakhstan combine their defense contracts in order to promote integration of their defense industries. Prime Minister Vladimir Putin welcomed the idea.

The prime ministers spoke at a customs union business conference in Moscow.

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