



Individual Advanced Research Opportunities Program

Research Report

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Tobias Dougherty
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Research Report

Topic of Research:

My research asked the basic question: why has Russia armed its large neighbors, namely, China, India, and Iran, with billions of dollars worth of conventional weapons since 1992?

Relevance and Contribution to Field:

There has been relatively little work done on the topic of post-Soviet arms transfers. Most writing on the topic has been relatively short journal or newspaper articles. What book-length material there is, consists of a very few edited volumes with multiple authors writing on disconnected aspects. There is no analytical book-length treatment of the subject in English. My contribution is to fill that vacuum.

Within the larger field of arms transfer writing, much of what was published up to the end of the Cold War argued for the political motivation behind arms transfer policies, notably of the two superpowers. Since 1991, much less has been published on arms transfers and what has been published tends to maintain much of the political motivation theme. My work argues that in sharp contrast to Soviet policy, Russian arms transfers have been (over)commercialized, producing policy decisions which might otherwise have seemed unlikely from political or security perspectives. Heavily arming Beijing after 30 years of hostilities between it and Moscow is the most obvious example.

Research Methodology:

There has been strikingly little academic work done on Russia's military technical cooperation with foreign states in the area of conventional weapons, even among Russian academics. Most researchers prefer to focus on weapons of mass destruction and missile technology rather than looking at the transfer and development of conventional weapons. Trade negotiations, specific terms of trade, and particular weapons systems have been largely kept secret and there are no open archives to speak of. Given that printed materials are relatively scarce (that is, beyond what can be found in specialized institutes and Russian newspapers), personal interviews and opinion gathering constituted the core of my methodology. I focused on four primary spheres of individuals: specialized institute personnel/arms trade consultants, foreign policy generalists, journalists, and government/former government officials.

In the area of specialists, I met with individuals such as Vadim Kozyulin, a member of the Center for Policy Studies in Russia and consultant for Rosoboronexport (the state monopoly arms trade company), Ruslan Pukhov, Director of the Center for Analysis of Strategy and Technology, and Marat Kenzhetaev who handles conventional weapons research for the Center for Arms Control at the Moscow Institute of Physics and Technology in Dolgoprudny. I spent several days in Nizhny Novgorod consulting with and drawing on the personal collections of published materials of Sergei Subbotin and Alexander Sergounin who are likely at the forefront of academic study in the field. In the area of generalists, I met with academics at the Ministry of Foreign Affairs Diplomatic Academy such as Oleg Ivanov and Sergei Bolshakov who are experts in Russian foreign policy and helped provide context for the role of arms transfers as part of Russia's wider foreign policy agenda.

In the area of journalists, I met with individuals such as Igor Korotchenko of Nezavisimaya Voyennoye Obozreniye, which is regarded as the sole remaining serious news publication that reports on conventional weapons transfers. Igor Korotchenko provided me with an advance copy of the first-ever published interview with the director of Russia's Committee for Military Technical Cooperation with Foreign States (KVTS), Mikhail Dimitriev. However, when I asked Korotchenko key questions about the role played by relevant organizations in the KVTS' work, i.e. the Ministry of Foreign Affairs (MFA) and the Ministry of Defense (MoD), he responded that even he, though at the forefront of work in the area, had just begun to investigate the matter. That very week he had his first meeting with members of the committee. As such, he suggested that the best way to research the KVTS would be to approach the committee directly, though he expressed sympathetic doubt that anyone on the committee would meet with a foreigner, much less an American. Nevertheless, he made a call to Nikolai Enderiyukov, the KVTS' Deputy Press Secretary on my behalf asking that he either meet with me or help arrange a meeting with committee leadership.

Nikolai Enderiyukov turned out to be a wonderful man. After myriad phone conversations, several weeks of sending faxes, and his having called the IREX office directly to check on my status as an IARO scholar, he was able to arrange for me to meet with himself, Alexander Obel'chak, Chief of the KVTS Military Equipment Export Licensing Division, and, most importantly, Sergei Chyornikh, Deputy-director of the KVTS. The KVTS members answered my questions to the extent they were permitted, and provided me with a unique electronic version of all past legislation relevant to the sphere of military technical cooperation.

In addition to meeting with members of the KVTS itself, I hoped to gather data on the perspective of the other two most important institutional players in policymaking—the MFA and MoD. To that end, I worked through the Carnegie Center to contact Dr. Peter Litavrin, Deputy director for Disarmament and Security at the Ministry of Foreign Affairs who is likely the Ministry's leading expert on conventional weapons transfers. Though he asked that his

comments not be recorded or published, his insight was of great help in developing my understanding of the MFA's role in comparison with that of other institutional players. Finally, in researching the role of the MoD and Kremlin, I was able to arrange a meeting with Yuri Baturin, former aide to Yeltsin for national security and former Secretary of the Russian Defense Council.

Just as my interviews in the government sphere began to develop, my grant period came to an end. Nevertheless, I felt as though I had roughly reached the limit of what senior officials were permitted to say openly, and, fortunately, it essentially resonated with the information I had gathered from specialists and journalists.

Summary of Research Findings:

In its first post-Soviet decade, the Russian Federation sent over seventy percent of its high-tech conventional weapons exports to three of its largest regional neighbors—China, India and Iran. Over the decade, exports increased as Russia recovered its pre-1991 position in the global arms market and even became the world's largest exporter in 2001. Why would Russia, facing a massive decline in military, economic, and international political strength, actively seek to increase the power projection capabilities of neighboring states who aspire to regional supremacy?

Working from the assumption that Russian arms transfer policy can be explained within the framework of a rational actor model, my research sought to untangle the various interests that might explain the policy. The core of my research agenda was to ask: what were Russia's interests in transferring conventional weapons to China, India and Iran, and what is the best way to discern how those interests are articulated into an arms transfer policy? The first step in identifying the relevant interests was to ask: which interests were key? Was it useful to view 146 million Russians as a unitary actor with one set of interests and behaving in unison? Is 'Russia' to be understood as a government made up of a collection of organizations and institutions that, like a machine, calculated interests to churn out decisions? Or, are Russian interests to be identified with the few elite who wielded the greatest power in Moscow; was what Russia thought and did up to Yeltsin or Putin and a few advisors?

To investigate the dynamics of Russian arms transfer policy, my research agenda followed the general analytical approach advocated by Graham Allison and Philip Zelikow in their analysis of the Cuban Missile Crisis in *Essence of Decision*¹. My approach to inquiry was shaped by the three models of analysis set out by Allison: seeing Russia as a single unit, seeing it as a collection of governmental institutions, and seeing it as a political battleground for elite political players.

Model I (The Rational Actor): Nations, Power, & Threats

Allison's Model I (The Rational Actor) focuses on states as single, rational, self-interested actors. In applying a Model I approach, I approached the question of arms transfer motivation by viewing Russia as a unitary actor. I drew primarily on interviews with foreign policy generalists and arms trade specialists to gauge the differences in levels of technology transferred to various states and to seek the cause for the difference. My research indicates that India, China and Iran receive decidedly different levels of technology, which seems to be largely by design. India receives the highest levels of technology and production licenses,

¹ (Allison, 1971).

China receives the lowest, and Iran lies between the two, though nearer the level of China than India.

The conclusion to be drawn is that Russian arms transfer policy has followed a threat-based approach. Given historical and political factors, India is the least likely military adversary and correspondingly receives high levels of technology across a wide array of systems. China, on the contrary, is a historical adversary and as such receives weapons systems which are of a lower grade and are generally designed for offshore power projection toward the southeast. That is, China does not receive heavy armor deliveries, but rather naval destroyers, kilo-class submarines, and air-to-air fighters which are directed, largely, at Taiwan rather than the Russian Far East. Iran, which lies somewhere in between, receives moderate levels of technology—kilo class submarines, for example. However, the same calculation applies: the kilo-class subs are most impressive for their deep water capabilities, an asset of little use in the shallow Persian Gulf and of less use in the Caspian Sea where Russia and Iran have political disputes.

Furthermore, Russia has refused to transfer medium or long range missile technology, which could be targeted at Russia, to either China or Iran. In contrast, Russia was willing to supply Armenia with missiles, albeit older SCUDs, apparently with the intention that they be directed toward balancing Turkish or Azeri power.

Interestingly, threat calculations spanned beyond the military sphere, however. In the aftermath of September 11th, Russia has apparently denied Iran deliveries of shoulder-launched missile systems. The explanation I received was that Russia feared the *political* threat it might face, should those systems fall into the hands of terrorists and thereby draw a political onslaught from the United States. In fact, it seems that US political pressure was relatively successful in curbing Russian weapons deliveries to Iran, particularly of air-defense systems and fighter aircraft, throughout the decade. The implication is that US political pressure can effectively shape what is otherwise a primarily military threat based policy. Nevertheless, understanding that Russia's arms transfers are threat averse, be it in a military or political sense, ultimately explains how but not why Russia transfers arms.

I approached the question of Russia's motivation by consulting with all groups in my study: generalists, specialists, journalists and governmental officials. The clear and, perhaps already obvious conclusion was that Russian transfers were motivated primarily by commercial considerations. My research then turned to ask: what was it about the internal structure of the arms export control system that produced Russia's commercially driven, yet threat-averse arms transfer policy?

Model II (Organizational Behavior): Organizations, Structures, & Interests

To investigate the forces shaping the policy I discovered, I began to research the organizations involved in shaping Russian arms transfer policy. I focused on organizational interests and capacities, as well as the structure of the arms export system. This segment of my research drew primarily on arms trade specialists and government officials.

Based on the available literature, I was aware that over the past decade the military export control system was subject to constant reorganization. The changes were so frequent that a specialist on export controls at IMEMO told me that even those who follow these matters closely had trouble keeping pace. However, in analyzing the changes I have been able to identify two key dynamics. First, despite the constant changes in the system, it retained essentially a two-tiered structure. On the top tier, organizations such as the Ministry of Defense (MoD) and the

Ministry of Foreign Affairs (MFA) participated in decision-making about exports. On the lower tier, export organizations (in particular the state company Rosvooruzheniye, renamed Rosoboronexport in 2000) engaged in the implementation of exports. A restraining role was played by organizations such as the MoD and MFA on the upper tier, which were guided by organizational interests in minimizing security and political threats respectively. On the lower tier, Rosvooruzheniye sought to expand arms deliveries as part of its organizational interest in earning commissions on arms transfers. Accordingly, the two-tiered structure produced the commercial motivation and threat-aversion pattern of transfers that I had discovered earlier.

Second, I was able to trace four stages in the evolution of the export control system, each lasting two to three years and displaying a stable alternation between decentralization and centralization, which essentially translated into decreased or increased Kremlin control of the arms export system. Comparing the stages of increased Kremlin control with my data on the level of arms deliveries to India and China produced the curious observation that when Kremlin control increased, deliveries increased substantially. Conversely, when Kremlin control decreased, arms deliveries fell substantially. Thus, my research turned to the following questions: 1) what was the Kremlin's interest in seeing increased weapons deliveries to China, and 2) why were there so many changes in the arms export control system?

Model III (Governmental Politics): Politics, CAPTURE, & Elite Interests

In addressing the aforementioned questions I turned primarily to journalists and arms trade specialists. My focus was on the internal politics of the Russian arms export control system and drew attention to the Russian domestic political landscape in the wake of Communist rule. Secretly during the Soviet period, and much more openly after 1992, political-commercial teams—*komandy* as they are referred to in Russian—sought to leverage political connections to make use of state authority and assets for the purpose of reaping private economic gain. During the Soviet period, this co-option of the state was a natural response to state monopolization of the commercial sphere. However, with the fall of the Soviet Union, state control was scaled back and those best positioned to fill the resulting vacuum were the political-commercial *komandy*, vestiges of the Soviet era. Their understanding of best business practice and their response to the massive instability resulting from a lack of private commercial regulation, law enforcement, property protection and norms, was to co-opt the state for the purposes of their private economic gain.

This phenomena, which I have come to describe as “Co-option And Privatization To Undemocratically Reap Earnings” (CAPTURE) of the state was a widespread phenomena and particularly prominent in the arms trade, where security concerns could justify state control of and secrecy in arms exports. I discovered that the CAPTURE dynamic was the reason that arms deliveries expanded enormously when the Kremlin exerted the greatest control over the arms trade, as well as the reason that the export control system was constantly being reorganized. The CAPTURE approach was most successful when run from the Kremlin, the center of power in Russia, because the Kremlin provided the highest level of control over the state apparatus, allowing political-commercial teams to expand arms transfers for their commercial gain.

The CAPTURE dynamic was also the impetus for the constant changes in the arms export system. As it became apparent just how lucrative the CAPTURE of the arms trade could be (by the mid-1990s exports began to reach yearly values of 3-4 billion dollars), other political-commercial teams began to vie for control. They sought the decentralization of export control away from the Kremlin so as to gain access to the profitable arms trade. As rival *komandy*

sought to CAPTURE the arms trade for themselves, the export system suffered constant tactical reorganization. All the while, the CAPTURE focus on value extraction from arms sales meant that the enterprises actually producing the goods to be sold were systematically and severely shortchanged by Rosvooruzheniye. Ultimately, the massive increases in arms deliveries, particularly to China and India were in large part a result of the CAPTURE of the arms trade. The political-commercial elite were able to co-opt the arms trade in pursuit of hard currency, and the best customers happened to be those states to which the world's largest arms supplier—the United States (and to a lesser degree its western allies)—were unwilling to arm. The CAPTURE dynamic in Russia combined with international structural features to result in massive arms deliveries from Russia to its large neighbors.

Policy Conclusion:

In conclusion, my research on Russian arms transfer policy produced two basic findings relevant to policy. First, the fact that Russian arms transfer policy involves arming large, proximate states that could pose a potential threat to Russia as a result of elite interest in obtaining hard currency indicates the need for a serious debate in Russia about the implications of the CAPTURE dynamic on Russian interests vis-à-vis China and Iran in particular. The idea that a state such as China could spend over a decade receiving major transfers of Russian weapons only to become a military adversary using unlicensed copies of Russian equipment against Russian forces is not simply possible: it is the historical precedent.

Second, the data and analysis which resulted from the study of organizational factors in shaping policy suggests that US political pressure does play a constraining role on Russian arms transfers, particularly when directed at the Kremlin and MFA. However, more US engagement with the MoD and, if possible, the Committee for Military-Technical Cooperation (KVTS) would present a path for future initiatives. Recently, however, with Putin's ascent to power and the improvement in the Russian economic situation the CAPTURE dynamic seems to have decreased. Increasingly, the message from specialists, journalists, and government officials is that the free-for-all transfer policy of the 1990s is stabilizing into a better managed system. Nevertheless, the fundamental dynamics remain much the same and drastic changes need not be expected during Putin's time in office. It is entirely possible that a policy debate over the wisdom of arming China (and Iran), along with better economic circumstances, will result in decreased transfers to Russia's potential adversaries.

Suggestions for future research agendas

- ◆ To what degree did the CAPTURE dynamic motivate Russia's engagement with Iran in civilian nuclear cooperation? Is a nuclear capable Iran in the Russian state's interest or was the Busher contract motivated by short-term commercial considerations, particularly among the government/nuclear scientific elite?
- ◆ Why have some Russian military production enterprises received licenses to export their own products while others have relied primarily on the state monopoly arms trader Rosvooruzheniye/Rosoboronexport? Have some been more successful than others and why?
- ◆ Have weapons export revenues been the primary source for R&D in the conventional weapons sphere and what has the effect been on the trajectory of projects for the next generation of Russian weapons?