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Putin Urges Rapid Switch to Domestic Production in Defense Industry

By Matthew Bodner

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Vladimir Putin at Monday's meeting of the Commission for Military Technology Cooperation with Foreign States.

Faced with impending EU sanctions on Russia's defense industry, President Vladimir Putin on Monday urged the Defense Ministry to redouble its efforts to wean the defense sector off foreign suppliers, Interfax reported.

Russian firms currently make their own versions of just 58 of the 206 types of defense products that the country imports, but state development programs should add another 40 to their repertoire by 2020, said Alexander Shilov, deputy head of the Federal Space Agency, or Roscosmos.

The remaining gap should be eliminated as soon as possible regardless of the cost, Putin said at a meeting of the Commission for Military Technology Cooperation with Foreign States.

Putin added that the government had to focus on protecting the defense industry from the risk of foreign partners defaulting on contracts to supply Russia with equipment for political reasons, Putin added.

The European Union on Friday reached an initial deal to impose economic sanctions on Russia over its alleged involvement in the Ukrainian conflict, one of the key measures being an embargo on arms sales to Moscow.

The defense industry has already been waylaid by Ukrainian President Petro Poroshenko's June decision to prohibit military-industrial cooperation with Russia amid the escalating crisis in Ukraine, blocking Russia from importing the Ukrainian equipment that its defense industry sorely needs.

Roscosmos, which operates several spacecraft that rely on Ukrainian components, last week estimated that Russia needs to spend about $940 million through 2018 to offset losses from the cutting of Ukrainian ties, with most of the cash to be drawn from federal investment programs in the space and defense industries.

Putin said Monday that this requirement will not be a burden on the federal budget, but rather a boon, as it is "fundamentally important" for Russia to exercise independence in the defense sphere.

The issue of military-industrial cooperation has been a key feature of the standoff between Moscow and Kiev, as eastern Ukraine is littered with factories that export 70 percent of their products to Russia.

However, Poroshenko's ban does not touch imports of dual-use products such as helicopter engines and rocket parts, which can be used for both civilian and military ends.

Shortly after Poroshenko announced the ban, Deputy Prime Minister Dmitry Rogozin, who oversees Russia's space and defense sectors, said it would take about two years for the country to fully switch to domestic production.

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