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Russian Military's Tighter Purse-strings to Impact Operations – Think Tank

By Reuters

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Kirill Zykov / Moskva News Agency

Russian military spending fell by a fifth last year, its first decline in nearly two decades, with tighter purse-strings likely to affect Moscow's military activity ahead, a report by defense think tank SIPRI showed on Wednesday.

Russia has flexed its military muscles during the last few years with its 2014 annexation of Ukraine's Crimea and deep involvement in the Syrian conflict serving as examples of its more belligerent stance.

But while global military spending rose one percent to $1,739 billion last year, Russia's fell 20 percent in real terms to $66.3 billion, the report from the Stockholm International Peace Research Institute (SIPRI) showed.

It was the first fall since 1998, a year of a major crisis when Russia's economy collapsed and it

defaulted on domestic debt. The following year Vladimir Putin took power as prime minister and, on New Year's Eve, president.

Based on the government's spending plan until 2020, defense costs are expected to stay flat from 2017 or possibly even fall somewhat adjusted for inflation, said Siemon Wezeman, senior researcher in the SIPRI Arms and Military Expenditure Program.

“Very clearly that has a direct impact on procurement and on operations. Those are the quickest things to cut,” Wezeman told Reuters.

Russia dropped to fourth place in the ranking of the world's biggest military spenders, overtaken by Saudi Arabia.

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“Russia definitely has a very clear feeling it has to show that it is still a major power, and you show that by undertaking operations in for example Syria, by showing up on the Atlantic Ocean with your navy,” Wezeman said.

“But I am sure that there will be serious cost cuts to those.”

Russia's finances are still fragile following a two-year economic downturn brought on by Western sanctions and a collapse in global oil prices. Higher crude prices helped the economy return to growth of 1.5 percent last year, short of a government target of 2 percent.

The export-dependent economy has now got accustomed to lower commodity prices than before 2014, and the budget is likely to post a small deficit or even a surplus in 2018.

President Vladimir Putin has also called for higher living standards and higher spending on social infrastructure, such as healthcare and education. Some government officials have called for lower military spending to free up funds for such initiatives.

The Kremlin said in March Russia would cut its defense budget to less than 3 percent of gross domestic product within the next five years.

The United States remains the world's biggest military spender by far, accounting for 35 percent of global expenditures, more than the next seven highest-spending countries combined. Its defense budget was unchanged in 2016 and 2017 but a significant rise is expected this year.

China's spending as a share of world military expenditure rose to 13 percent last year from 5.8 percent in 2008.

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