

MERIA

Russia's Military Involvement in the Middle East

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Russia's emergence after the collapse of the USSR brought an evolution in Moscow's policy regarding Middle East arms supplies. The country's financial needs became a more important factor in decisions to sell military equipment. At the same time, the arms industry emerged as a semi-independent lobby in promoting such sales. This article evaluates Russia's arms development and supply relationships with different countries in the region, including the strategic and political implications of such linkages.

From the mid-1950s until its dissolution four decades later, the Soviet Union played a key role in helping Arab States improve their military capabilities. Throughout the Cold War, the Soviet Union supplied advanced military equipment, trained officers in its military schools and provided in-country military advisors to regional allies such as Egypt (before 1972), Syria, Libya, Yemen, Algeria and Iraq. This assistance was provided in the context of U.S.-Soviet competition for influence in the Middle East and therefore under very favorable conditions, often practically free of charge or under long-term loan arrangements that were never expected to be repaid.

For many Arab states, Soviet military assistance was important both in its geo-political and military aspects. However, although Soviet military assistance provided some tactical advantage for its allies during the Arab-Israeli conflict, it failed to give them superiority.

There were a number of reasons for such low effectiveness. The main reason is that the Soviet Union provided only inadequate and selective training to its clients and therefore they had only a poor ability to absorb and use more advanced Soviet weapons. Although the Soviet Union supplied Syria and Egypt with MiG-21 and Su-7 fighters, T-55 tanks and other advanced equipment, they still suffered a humiliating defeat in the 1967 war.

Later, the Soviet Union provided Syria over \$20 billion of weapons, but the Syrian armed forces failed to absorb them due to their ongoing operations in Lebanon, preoccupation with internal security objectives, and political problems. This was demonstrated during the 1982 Israeli invasion of Lebanon, when Syrian troops showed very limited capability despite large shipments of weapons from the Soviet Union. Most improvements in Syrian capabilities are attributed to their improved skill in using old weapons rather than new high-tech supplies from the Soviet Union. In fact no Soviet military assistance could compensate for the fact that Israel possessed better-trained and better-equipped forces with much higher readiness levels and overall efficiency.

The second reason for the low impact of Soviet military assistance was Moscow's restraint in offering particular advanced weapons (including Weapons of Mass Destruction, WMD) to its clients, fearing escalation of the conflict would drag the Soviet Union and the United States into direct confrontation. While new equipment was supplied, the newest and most advanced weaponry, such as SS-1 "Scud" SSMs, though promised, was held back. Soviet military cooperation with Arab states was provided as long as the main Cold War bargain--cheap weapons supplies for political influence--benefited both sides. However, even during the Cold War, the Soviet Union

could not completely restrain its clients' actions, limiting its political influence. Moreover, once the bargain was no longer acceptable, both sides used the termination of military assistance as a geopolitical signal. In 1972, Egypt cut off all military ties with the Soviet Union, while the Soviet Union did not provide any military assistance to Iraq during the Iran-Iraq or Gulf wars.

After the end of Cold War and the dissolution of the Soviet Union, Russia's military cooperation with regional states underwent a significant transition away from the two previous main principles of Soviet military cooperation.

On one hand, Russia was no longer in the position to offer large-scale financial donations, in the form of weapons' supplies, in exchange for illusory political influence over traditional Soviet allies. Moreover, until recently it was unclear whether reasserting its political role in the Middle East was indeed among the priorities of Russia's foreign and security policy (political statements were rarely backed by real actions).

On the other hand, Russia was no longer prepared to exercise self-restraint in its arms sales to the region as long as financial arrangements were beneficial for the Russian defense industry, which over the past decade had grown to depend on arms exports for its survival. All arms sales were seen as purely commercial projects, often driven by individual Russian arms-producing or arms-exporting companies. This was clearly demonstrated in Russia's military cooperation program with Iran, which was continued despite active U.S. pressure including sanctions. A similar lack of restraint is demonstrated in Russia's proposals to Syria and Libya, as well as declared plans to restore active military cooperation with Iraq once sanctions are lifted.

As a result of these two changes, Russia's military cooperation with Middle East states, while reduced in scale, may potentially have a much greater impact on regional security if including such weapons as missiles. Moreover, Russia's desperate attempts to penetrate the world's largest arms

market in the Middle East now faces competition from other suppliers--such as Ukraine, Belarus, Eastern European states, China and North Korea--all offering used and older models of equipment and modernization of ex-Soviet equipment for lower prices. This places the sale of advanced weapons systems at the top of Russia's arms marketing strategy for the Middle East.

Finally, the most significant feature of Russia's new post-Cold War foreign military assistance is that it is more and more often provided by private Russian actors acting without state sanction, or in some cases in violation of Russia's declared policy. The most striking case of such assistance is the training of Iranian scientists, including those dealing with ballistic missile technology, in Russian universities and scientific institutions. There is also the possibility of Russian scientists moving to Iran and Iraq in exchange for highly paid positions.

Another category of Russia's private actors are the military advisers who worked in the Middle East during the Soviet period, many of whom continue to do so in a private capacity after they have left the Russian armed forces by signing individual contracts with the former host country. From the 1950s onward, the Soviet Union sent over 80,000 military advisers to the Middle East and trained over 55,000 officers from Middle East countries in its military schools and academies. According to Russian sources, at present only around 360 Russian military specialists officially work in the Middle East and 270 officers from the region are being educated in Russian military schools.(1)

STRATEGIES FOR MILITARY COOPERATION

The main strategies for Russia's military cooperation with Middle East states now include: (2)

- Arms sales on platforms and components as well as used equipment.
- Technical cooperation on upgrades, repairs and modernization of ex-Soviet equipment and production of ammunition.

--Providing Russian military in-country advisers and educating officers from Middle East armies in Russian military schools and academies, as well as training specialists to operate Russian-made equipment.

--Joint projects for modernization of Russia's equipment for sale to third countries.

--High-level political and military exchanges and promotion of Russian weapons systems through participation in arms exhibitions in the Middle East.

--With the exception of modernization of Russian equipment for export to third countries, all the above strategies are similar to those pursued by the Soviet Union.

However, the scale of Russia's cooperation with Middle East armies in all the traditional spheres has declined drastically over the past decade. In addition to financial constraints and growing competition from ex-Soviet and private arms suppliers, there are a number of more fundamental reasons why Russia's offers of military cooperation are no longer readily accepted in the region unless they include services and assistance which cannot be acquired from other sources.

The main factor is the decline of Russia's influence in the world as a whole and particularly in the Middle East. Russia's voluntary and abrupt withdrawal from the region left ex-Soviet allies in strategic limbo, with a great sense of vulnerability and uncertainty. While the Russian government was busy developing relations with the United States and Europe, Arab states sought to diversify their military and strategic relations. By the time the Russian government under Foreign Minister Yevgeny Primakov decided to refocus more attention upon the Middle East, it quickly discovered that it has lost credibility and is no longer perceived as major regional power. Moreover, many states understand that Russia is desperately trying to obtain great power status symbols while being unwilling to provide funds to support its influence.

Thus Russia's initial attempts to revitalize ex-Soviet alliances in the Middle East were met with a great deal of skepticism practically everywhere in the region. Many

states like Syria, Yemen and Libya (after the sanctions were lifted) are now seeking to use arms sales as a vehicle to gain more leverage over European and U.S. policies. Moreover, many states are acutely aware about Russia's desperate dependence on arms exports and try to lengthen negotiations in order to secure better financial conditions. Unlike the United States, which continues to provide financial assistance to Egypt, Israel and Jordan for acquiring its equipment and offers training, Russia is no longer in the position to do so.

Thus the only two states where Russia did manage to link military cooperation to political relations were Iran and Iraq. Iraq needed Russia's support to lift sanctions and hopes to use its assistance to eventually rebuild its military capability. Iran needs Russia to provide military equipment not available from Western sources. However, Russia's alliance with Iran and Iraq did little to improve its role in the Middle East, as it became a constant source of concern throughout the region, as well as in both Teheran and Baghdad.

Another factor for the loss of Russia's credibility as a reliable military partner for Arab states can be found in Russia's domestic policies. During the 1990s, continuous tensions and rivalry between the Foreign Ministry, Defense Ministry and various arms exporting agencies (which were reorganized nine times between 1995 and 2000), significantly undermined both the trust in Russia's supplies and their effectiveness. Each of the agencies pursues its own agenda in the region. Therefore, despite many high-level visits to the region by various Russian officials, practically no significant contracts were signed. Moreover, different agencies within Russia often leak information about negotiated arms export deals in the press in order to expose their domestic rivals, complicating negotiations and preventing finalization of major arms export deals.

Finally, the most important factor that has undermined the effectiveness of Russia's military cooperation is the decline in the quality of services and equipment. The decline of Russia's armed forces in the 1990s

is well known to its potential clients in the Middle East. Although the Russian armed forces are still better equipped and trained to operate equipment than most Arab armed forces, their expertise has significantly declined. Many of the best specialists who work as military advisers and have language skills left the armed forces to find employment in the commercial sector. Those who remain in the army lost their technical skills due to shortage of funds for regular training and military exercises. The quality of military education is inadequate to address the challenges of modern warfare. Moreover, many in-country advisers working on modernization of their clients' equipment experience delays and poor quality in supply of spare parts.

Despite uncertain and inferior service, Russia continues to seek U.S. levels of

compensation for its specialists' work while other ex-Soviet states like Ukraine and Belarus are happy to provide similar service for a fraction of the price. And finally, in many traditional Soviet client states in the Middle East, such as Syria, Libya, Algeria and Yemen there is a gradual change in the political and military elites. While the old generation was primarily educated in the Soviet Union and speaks Russian, the new generation is often pro-Western and prefers to receive education in Europe.

Despite these problems, Russia managed to preserve and in some cases expand its military-technical cooperation with Middle East countries. The following chart summarizes Russia's arms sales to the region since 1993.

RUSSIAN ARMS DELIVERIES TO THE MIDDLE EAST IN THE 1990s

	1992	1993	1994	1995	1996	1997	1998	1999-2000
Iran	One Kilo-class SSK, 10 Su-24, 8 MiG-29	80 ACV*, 1 Kilo-class SSK	200+ T-72 delivered up to 1994,* 94 AAM		2 T-72 MBT 2 BMP-1 ACV	One Kilo class SSK, Aircraft engine license, (2 An-74T Ukraine)	100 T-72 kits, 200 BMP-2 Kits (3)	
UAE	80 BMP-3 ACV	95 BMP-3 ACV*	118 BMP-3 ACV	122 BMP-3 ACV	25 BMP-3 ACV	69 BMP-3 ACV	4 Il-76 ac, 82 BMP-3	
Kuwait			30 SA-18 SAM	9 9A52 MRL, 100 BMP-3 (4)	18 9A52 MRL (5)			
Egypt					SA2/3/6 up-grade	20 Mi-17		SA-3 up-grade
Syria						200 T-55MV from Ukraine	1000 AT-14 ATGM	
Yemen				4 Su-22 from Ukraine				31 T-72
Jordan				126 BMP-3				50 BTR94 Ukraine
Oman	6 MBT (6)							

SOURCE: IISS Military Balance, UN Conventional Arms Register, others.

Abbreviations: AAM = Air to Air Missile, ACV = Armored Combat Vehicle, ATGM = Anti-Tank Guided Missile, SSK = attack submarine, MRL= Multiple Rocket Launchers; *= without ammunition

These sales show three main trends: Low volume with a focus on modernization; diversification from traditional to new markets; and Russia's failure to prevail in competition with ex-Soviet as well as Western suppliers in different markets. These trends have a major effect on Russia's

military cooperation with each Middle Eastern state.

IRAN

Over the past decade, Russia's military cooperation arrangements with Iran have been the most extensive of these efforts. Iran has been the third largest Russian arms exports

client after China and India. Since the two countries signed a bilateral military-technical cooperation agreement in 1989 (signed with the Soviet Union and inherited by Russia), Russia has supplied Iran with equipment and services worth over \$4 billion. According to some reports, Iran paid two-thirds in cash and one-third in goods for Russian military supplies, thus making it among one of Moscow's most profitable customers.(7)

Amongst all Russia's Middle East clients, Russian-Iranian cooperation is the most advanced in the range of weapons systems sold to Iran by Russia and in the scale of technical cooperation. Between 1992 and 2000, Russia sold Iran 3 Kilo-class submarines, over 200 T-72 tanks, 10 Su-24 and 8 MiG-29 aircraft. Moreover, Iran has acquired licenses for the production of T-72C and BMP-2 armored fighting vehicles. Russia has also provided Iran with a large number of military advisers who have trained its military--including submarine crews--to operate these advanced weapons systems and helped set up licensed production arrangements. A number of Iranian military officers are attending Russian military schools. There are also many private Russian citizens (some estimate more than 500) are working in Iran and suspected of providing military-technology related expertise.

Russian-Iranian military cooperation is supported by close bilateral relations that amount to a strategic alliance based on common strategic interests in containing U.S. and Turkish influence in the Caspian region.(8) Moreover, Russian-Iranian bilateral military cooperation is complimented by cooperation in other areas such as civilian nuclear energy, oil and gas exploration and commercial trade which has exceeded \$500 million a year.

However, Russia's military and civilian nuclear cooperation with Iran has become a source of constant concern and tension in Russia's relations with Israel and the United States. The U.S. government has applied consistent pressure on Russia to reduce or even cancel some of its projects. In 1995, Russia and the United States reached an

agreement in the framework of the Gore-Chernomyrdin Commission under which Russia agreed not to complete new arms deals with Iran after fulfilling all its current contractual obligations in exchange for lifting some U.S. restrictions on high- technology exports to Russia. This agreement was controversial in both countries. Russian officials argued that the agreement covered only Russia's obligation in the field of nuclear and missile technologies. Republicans in the U.S. Congress questioned the Clinton administration's judgment in agreeing that Moscow could complete the sale of arms to Iran (including tanks, armored personnel carriers and Kilo-class submarines). The Clinton administration responded by pointing out that arms transfers allowed under the agreement did not provide Iran with new weapons capabilities or alter the military balance of power in the Persian Gulf.(9) However, a number of states, including Israel, expressed concerns over the content and the scale of Russian arms transfers to Iran.

The Putin government, however, decided to abrogate the Gore-Chernomyrdin understanding and failed to halt arms sales to Iran. It appears that in early November 2000 Russia informed Washington that it was to withdraw from its commitments not to supply Iran with conventional weapons, probably because of the profits to be made from further sales to Iran.(10) The legal status of this agreement had always been in dispute. It seems likely that Russia will not supply new platforms, while continuing to supply spare parts and compete for modernization of Iranian Soviet-made equipment. Russia fears losing the Iranian arms market, which is increasingly targeted by other states including China, North Korea and even France.

Russian experts called on Russian arms export agencies to intensify Russia's cooperation with Iran in order to become the main supplier for the Iranian 25-year program to modernize its armed forces.(11) Iran reportedly expressed interest in acquiring Russia's used Su-25s, MI-17-1B, and T-72s; the new air defense system S-300 PMU1 and the RLS "Defense-14" as well as a licensing

agreement for the production of the Tu-334 civil airliner. Some Russian experts also suggested that parts might be exported to Syria and thence from Syria to Iran even if Russia abides by its moratorium on future military supplies to Iran. Russian commentators have speculated the contracts with Iran could be worth as much as \$7-8 billion.

A particular concern is over any Russian assistance that might help Iran obtain nuclear and missile technology.⁽¹²⁾ Russian experts deny Russian governmental assistance, though the United States claims that Russian institutions, companies and individual scientists, frequently without direct sanction from the government, often provide assistance. The Israeli government declared in 1999 that Russia's arms export control system has begun to erode further. Although President Putin has tried to reinforce the effectiveness of federal government controls, particularly in the sensitive military and other technology transfer fields, more measures will be required to dispel U.S. and Israeli concerns.

U.S.-Russian tensions over cooperation with Iran were heightened most when Russia began to provide assistance to construct the nuclear power plant at Bushehr, which the United States claims can assist the Iranian nuclear weapons program. Russia is providing four reactors and turbines. The United States claims that this project could assist Iran to advance its military nuclear program and was successful in halting Ukrainian participation in this project. The Russian government views U.S. pressure as commercially rather than security motivated. Further, Russia refuses to acknowledge these accusations, claiming that it has supplied to Iran similar technology that the United States agreed to supply to North Korea as part of agreements to stop that country's development of nuclear weapons. Russia also states that Iran is ready to open the Bushehr plant for intrusive inspections by the International Atomic Energy Agency (IAEA). So far, these disagreements have not been resolved and Russian personnel continue

to work at Bushehr. There are also suspicions that Russia provides direct support to the Iranian nuclear program (which is not linked with Bushehr), but there is no clear evidence that Russian nuclear scientists working in Iran are authorized by the Russian government.

Another aspect of U.S. and Israeli concern is suspected Russian assistance to Iran in the development of ballistic missile technology. Some U.S. intelligence reports claim that Russia has transferred unspecified SS-4 SSM technology to Iran as well as assisting Iran with the development of a national communications satellite with dual-use technology.⁽¹³⁾ The Missile Technology Control Regime (MTCR), to which the Russian Federation belongs, while only a voluntary arrangement and not a treaty, presumes that the sale of complete rockets and certain complete subsystems will not be permitted by its members. However, Category II material--covering a wide range of parts, components and subsystems such as propellants, structural materials, test equipment and facilities, and flight instruments--may be exported at the discretion of the MTCR Partner government on a case-by-case basis for acceptable end-uses. In the absence of further information, it is difficult to assess whether MTCR guidelines were breached by any Russian technology transfer.

In February 1998 the Russian Ministry of Defense released an official statement stating that it has neither agreements nor contacts with Iran or other Middle East countries covering missile technology. Moreover, it has recognized that proliferation of missiles and missile technology constitutes a serious threat to Russia. However, in 1998, on the basis of intelligence reports, the United States imposed sanctions on several Russian institutes which train Iranian scientists. Despite Russia's outrage with these sanctions, it had to acknowledge that some programs could potentially compromise its non-proliferation commitments. Since that time Russia has announced new measures to reinforce its export control policies and

stopped some of the more controversial training programs.

The United States continues to express concern over the potential leakage of Russian technical expertise to Iran. In March 1999, then-Israeli Minister of Trade and Industry Natan Sharansky charged that Russia was not doing enough to stop the leakage of missile technologies to Iran.(14) Israeli concerns have resulted in the cancellation of its agreement with Russia for the sale of natural gas. Russian officials claim that the United States and Israel have provided no proof for their allegations that Russian military specialists and defense institutes are continuing to leak sensitive technologies to Iran.

A sign of intensified Russian-Iranian military cooperation came in July 2000 when the first Russian military delegation, led by the head of Russian Ministry of Defense Department of International Cooperation General Leonid Ivashov, visited Teheran. The result of this visit was an agreement to organize regular consultations between the two ministries of Defense on military and political issues of common concern. According to some reports, the three areas of common concern (or perceived common threats) included: expanded U.S. and NATO involvement in the South Caucasus, the existing balance of power in the Middle East, and uncertain developments in Afghanistan.(15) Putin considers its relations with Iran as an important factor in his strategy to increase Russia's influence in the Middle East.

SYRIA

Unlike in Iran's case, where the Soviet Union began military cooperation only in 1989, Soviet-Syrian military cooperation dates back to the mid-1950s. This cooperation covered all spheres including massive arms' supply, training of Syrian officers, and provision of a large network of Soviet in-country military advisers. From 1980 to 1991, the Soviet Union supplied Syria with military equipment worth over \$26 billion, including 65 launchers for tactical and sub-strategic

missile systems, about 5,000 tanks, 1,200 aircraft, 4,200 artillery pieces and mortars and 70 warships.(16) The Soviet Union also assisted Syria with the construction of over 100 military facilities. During the same period more than 9600 Syrian officers were trained in Soviet military schools.(17) Over 90% of Syrian military equipment is Soviet-made though much of it--more than 500 aircraft and 4000 tanks--requires modernization.

Between 1990 and 1991, Soviet arms transfers to Syria dropped from \$1.47 billion to \$1.05 billion(18) as Russia started to demand hard currency payment for its supplies. Since 1991, military supplies were practically frozen with the exception of a contract for T-72A tanks in 1992-1993 at a total cost of \$270 million. In 1997, Russia only supplied Syria with spare parts worth \$1 million.

According to a number of Russian analysts and officials, Syria is viewed as a priority customer for Russian military cooperation and arms sales in the Middle East and is thought to have the potential to become the third largest Russian arms customer (after China and India).(19) However, Syria's weak economic position, unresolved debt issues, and fears of competition from Ukrainian and Belorussian companies have prevented Russia and Syria from substantially expanding their military-technical cooperation.

In the past, Syrian officials have repeatedly expressed interest in considering Russia as a potential candidate for modernizing its armed forces. In 1996, a special bilateral Russian-Syrian commission on military-technical cooperation developed a draft agreement under which Russia was supposed to supply Syria with a large consignment of AKS-74U and AK-74M rifles and ammunition, 9M117M guided missiles, 9M113 missiles for Konkurs anti-tank missile systems, PG-7VL rockets for RPG-7 rocket launchers and PRG-29 grenade launchers with night-vision equipment. In addition, Russia was to modernize Syria's T-72 and T-55 tanks. The contract was expected to be worth \$2 billion.

However, disagreements over the Syrian debt to Russia, and Syria's insistence on lower prices and extended payment schemes for future purchases, led to a failure to sign any comprehensive contract. Syria refused to recognize its \$11 billion debt to Russia and proposed to postpone repayment indefinitely. Russia had high expectations for a breakthrough in Russian-Syrian military-technical cooperation during the visit of President Hafiz al-Asad to Moscow in summer 1999. In order to reach this breakthrough, Moscow announced before the visit that it was ready to remove the linkage between debt negotiations and new arms supplies agreements. However, no agreement was reached during the visit. Asad insisted on long-term payment schedule for a \$2 billion contract, while Moscow was opposed to any new loans to Syria.

In the meantime, other ex-Soviet states offered more attractive conditions to Damascus. A Ukrainian tank-repair plant at Kiev won a contract for the modernization of Syria's T-55 tanks. The plant also hoped to win the next contract for the modernization of 300 T-72 tanks.

So far, Russia and Syria have signed one major arms export contract for the supply of 1000 "Metis-M" (NATO designation AT-13) and "Kornet-E" (AT-14) anti-tank missiles worth \$138 million (\$73 million and \$65 million, respectively). This deal caused a lot of concern in the US and in Israel. In 1999, the United States introduced sanctions against three Russian institutes and arms producers (the Instrument-Making Design Bureau in Tula, the Volsk mechanical plant and the Central Institute of Machine-Building), who were planning to supply more advanced anti-tank weapons to Syria. Moreover, the Clinton administration linked any Russian supplies of advanced weapons for Syria with continued U.S. aid to Russia. The Russian government expressed outrage over these sanctions and the missiles were reportedly delivered to Syria in 1999.

Israel expressed concern over the sale of the AT-14 "Kornet" third generation anti-tank guided missiles to Syria. According to

Jane's Defense Weekly, the AT-14 Kornet is designed mainly for the export market, and has an outstanding 5,000-meter range. The use of laser beam-riding technology for guidance enables simpler operation by operators with only limited training. While the "Kornet" does not pose a new challenge to Israeli main battle tanks, it poses a more serious threat in a static battlefield, such as southern Lebanon or the Golan Heights demilitarized zone, where its accuracy allows lethal attacks against fortified positions or medium-protected vehicles.(20) These characteristics make "Kornet" a source of potential threat to Israel.

Moreover, the sale of such equipment to Syria violates the pledge that Russia would only sell "defensive weapons and spare parts for arms sold to Syria under previous contracts. Russia does not sell offensive weapons to anyone."(21) In contrast, in October 1999 the Russian ambassador to Syria stated that "Russia will sell to Syria any modern weapons which it may require because Syria is not threatening any state's security and is not subject of international sanctions."(22) This statement demonstrates that the Russian government was determined to capture the Syrian arms market despite strong opposition from the US and Israel.

Syria continues to experience difficulties in providing cash payments for the new arms contracts with Russia. There were reports that Saudi Arabia and even Iran might provide financial assistance to Syria to help modernize its weapons systems but there is no sign such help will actually be given. However, Russian arms exporters have formulated proposals for Syria. During Russian Minister of Defense Marshall Igor Sergeev's visit to Damascus he offered to supply Su-27 aircraft, T-80 tanks and S-300 air defense system as well as modernize MiG-21 and MiG-23 aircraft and T-72 tanks.(23) Experts suggested that projects might include 20 Su-27 or MiG-29SMT aircraft, large shipment of T-90 tanks and the upgrade of over 100 MiG-23s and MiG-21s as well as T-90 tanks.(24) There are reports Russia has negotiated with Syria on the sale of S-300

surface to air missiles, as well as TOR-M1 and BUK-M-1.2 air defense missile systems.

Syria also reportedly expressed interest in expanding military-to-military contacts with Russia, which do not involve large payments. Syria is planning to increase the number of its military officers educated in Russian military schools (including at the Air Force Academy). Russia is also seeking to expand such cooperative arrangements as joint exercises. Syria has already participated in exercises at the Transbaikal Military District using S-200B air defense systems. Such joint exercises are expected to continue and be expanded. There were also unconfirmed reports that Syria and Russia are discussing establishing a Russian naval base on the Syrian Mediterranean coast.⁽²⁵⁾ The number of Russian military advisers in Syria is also set to increase.

However, these expectations of Russian arms export companies may never become reality. Although Russia's arms export officials continue to speak with optimism of a Syrian arms deal, there has been little to suggest that the two sides have resolved their differences. While arms sales are no longer linked with the resolution of the debt dispute, Russian officials in Putin's administration continue to insist that any deliveries to Syria be made under strict commercial conditions. Equally, the Syrian side understands that Russia is asking for a higher price than Ukraine, Belarus, China, or North Korea. Syria also believes that Moscow's wish for greater influence in the region may provide leverage if it waits to obtain better payment terms for any future Russian arms supplies. Finally, there is uncertainty about whether President Bashar Al-Asad, educated in the West, will be as committed to close relations with Russia as was his father.

Under certain circumstances, Russia-Syria military cooperation and arms sales could vastly increase, though this is by no means certain. Ultimately, the regional situation might force Syria to accept at least some Russian offers, since there is no other state likely to supply Syria with large

amounts of arms. This deal could be made possible if wealthy Arab states finally provide Syria with financial assistance. But any supply of modern weapons to Syria by Russia under the current conditions is bound to intensify tensions between Moscow and Washington, as well as between Russia and Israel.

LIBYA

Russian officials repeatedly declared that they view both Libya and Iraq after the lifting of international sanctions as major markets for Russian arms exports. However, in the Libyan case, an end to sanctions failed to bring Russia many dividends. As with Syria, Russia's arms exports are hampered by unresolved disputes inherited from Soviet contracts and by intense competition from other ex-Soviet states such as Ukraine, Belarus, and Kazakhstan, as well as China and North Korea.

Between 1970 and 1991 Russia supplied \$19 billion of military equipment to the Libyan armed forces. More than 90% of Libyan military equipment is Soviet and Russian made. Since the introduction of sanctions in 1991, Russia has lost potential sales worth approximately \$7.5bn. In particular, sanctions destroyed a large-scale Libyan Air Force modernization program, which would have included the delivery of MiG-29 fighters, worth billions of dollars. After sanctions were lifted in 1999, Russia sought to renew its arms sales including platforms, spare parts and modernization contracts for Libyan equipment. However Russia's hopes on major contacts for the Libyan armed forces so far remain unfulfilled due to unsettled debts--the largest part being \$3 billion for contracts unfulfilled due to sanctions. Libya also insists that Russia should compensate its losses incurred when Russia joined the international sanctions regime and terminated the implementation of previously signed contracts.

Although Libya hired Russian experts to undertake the assessment of modernization requirements for its Soviet-made weapons systems (mainly Su-17 and Su-24 aircraft), it

is reluctant to give Russia preference for the implementation of actual modernization contracts. This can be explained by aggressive competition from Ukraine, Belarus and a number of other Eastern European states for such contracts. Ukraine offers more attractive financial conditions for modernization than Russia (monthly salary for Ukrainian military specialists working in Libya is approximately \$350-400, while Russian specialists charge over \$1000 for the same work). Moreover, the spare part market for ex-Soviet equipment is very big and includes a number of Warsaw Pact countries which seek to sell excess equipment and spare parts still held by their armed forces under very good conditions.

As a result, out of 40 projected modernization contracts, Russia has so far won only one, for the supply of ammunition and spare parts for \$100 million to the Promeksport company. It is likely that Ukraine and Belarus will receive a much bigger share of modernization contracts. In August 2000, the Russian vice-premier in charge of the military-industrial structure, Ilya Klebanov, announced that Russia's expectations towards military-technical cooperation with Libya so far have not been realized because "Tripoli has not taken the political decision to develop large-scale military cooperation with Russia".(26)

As far as sales of new equipment are concerned, Russia has offered Libya a number of systems, but may be facing competition from Western arms suppliers. According to the president of Russian financial-industrial group Oboronitel'nye Sistemy, which markets Russian air defense systems such as S-300, Yuri Rodin-Sova, Russia offered to develop the Libyan air defense system on the basis of the S-300PMU1 and S-300PMU2. This would use some older air defense systems Libya acquired from the Soviet Union. However, these negotiations were far from complete. It appears likely that in case of complete removal of political sanctions toward Libya from European states, the Libyan government, which possesses significant

financial resources for modernization of its armed forces, is likely to look to the West for major new arms import contracts.

The example of military-cooperation with Libya demonstrates that, in the future, Russia will have problems increasing its positions even in the so-called "traditional Soviet markets." Russia's marketing strategies face many obstacles: first, unsettled disputes over past contracts undermined Libya's trust in Russia as a reliable ally. Second, Russia's inability to compete with financial terms offered by other ex-Soviet states and by China and North Korea, damages Moscow's chances. Finally, realization of Russia's declining role has removed the strategic rationale for regional states to pursue contracts with Russia regardless of financial problems.

Similar problems are likely to torpedo Russia's high expectations about modernization of Iraqi armed forces after the removal of sanctions. If, however, European states continue to enforce self-imposed restriction against arms sales to Iraq (as they do toward Iran and China), Russia may have less difficulty capturing the Iraqi arms market. There are some reports that Russian officials are already discussing prospects for the upgrade of the Iraqi air defense system, which were denied by the Russian government.

THE UNITED ARAB EMIRATES

Although the UAE does not belong to Russia's traditional markets in the Middle East, Russian-UAE military cooperation developed quite rapidly in the 1990s. In 1998, the UAE was the fourth-biggest Russian arms customer after China, India and Iran. The fact that Russia and UAE do not have any disputes left from Soviet times and that the UAE is interested in purchasing new equipment for cash, makes it one of the key targets for Russian arms export agencies. From 1992 to 2000, the UAE purchased 591 Russian BMP-3 infantry combat vehicles for \$800,000 each. In May 2000, Russia delivered several sets of dynamic protection equipment and splinter-proof screens to

modernize the BMP-3 previously sold to the UAE (this was the first time Russia undertook modernization of BMP-3).(27) Russia also leased 4 IL-76 transport aircraft to the UAE in 1998.

Russia is expecting further expansion of such sales. On May 24, 2000, Russia announced a \$500 million deal (other sources reported it is worth \$734 million) for the supply of Panzir-S1 anti-aircraft system. This system is among the most advanced air-defense systems produced by Russia to protect strategic facilities from tactical aircraft, attack helicopters, ballistic and guided missiles, guided bombs, high precision weapons as well as to destroy medium-protected facilities and manpower. The range of its missiles is from 1000 meters to 20 kilometers and its artillery fire from 200 to 4000 meters.(28) The deal was reportedly negotiated by the Tula Design Bureau, which builds the system, and is said to be among the largest contracts ever concluded by a Russia defense enterprise.(29) This is only the second time in the history of Russia's arms exports that a county-recipient has signed a contract under which the Russian company must first complete the R&D of the most advanced technology equipment. The UAE paid 30% of the contract in advance to cover the R&D phase. Russia will be offering the UAE other advanced systems such as the MiG-31M interceptor aircraft, Ka-50 attack helicopter and T-90 MBT.(30)

OTHER MIDDLE EAST AND ARAB STATES MARKETS

Russia has established extensive military cooperation with Kuwait which in 1995-1996 bought 27 9A52 Smerch multiple rocket launchers. The contract was estimated to be worth over \$48 million.(31) Russia is also supplying Kuwait with 100 BMP-3 Armored Combat Vehicles and has started to build a plant for repairing and servicing of these vehicles.

Russia is also developing military cooperation with Yemen. Yemen was a long-standing Soviet client, but financial problems combined with Russia's instance on

immediate cash payments practically terminated bilateral military cooperation. In July 2000, Russia made the first delivery of military equipment to Yemen since 1990, consisting of 30 T-72 tanks. Following this delivery, Russian Defense Minister Igor Sergeev visited Yemen to promote further military cooperation. However, it is unlikely that bilateral military cooperation will develop more dynamically in the near future. Yemen is seeking cheaper supplies from other ex-Soviet states. In 1995, for example, it acquired four Su-22 attack aircraft from the Ukraine for a very low price.

Similar tactics are being practiced by Jordan, which is conducting negotiations with practically all potential suppliers of used equipment from ex-Soviet states and Eastern Europe. Jordan established military-technical cooperation with the Soviet Union in 1982, and sales exceeded \$1 billion by the time of the USSR's collapse. Although Jordan purchased 126 BMP-3 Armored Combat Vehicles from Russia in 1995, bilateral military cooperation between the two countries has been practically frozen since that time. Jordan has made a few acquisitions from Russia's competitors, including 50 BTR-94 from Ukraine in 1999. In August 2000, the Russian Independent Military Review reported that Jordan and a Georgian aviation plant are developing plan for joint upgrade of Su-25s that might be sold to third countries.(32) Russian arms export officials and experts view Jordan as potentially very attractive market emphasizing, on one hand, Jordan's political motives to use Russian and other East European supplies to balance its dependence on U.S. military aid and, on the other hand, Jordan's requirements for modernization of ex-Soviet equipment. However, no major contracts between Russia and Jordan are expected in the near future.

Russia's military cooperation with Egypt started in 1955 and was practically terminated by 1973. Over that period the Soviet Union supplied Egypt with military equipment worth over \$8.5 billion. Since the collapse of the Soviet Union, Russia has actively targeted Egypt for contracts to

modernize its ex-Soviet equipment. According to Russian estimates, over 70% of air defense systems, 40% of aircraft, 85% of artillery systems, and 45% of tanks and BTRs, which Egypt received from the Soviet Union, require modernization.(33) However, Russia's expectation for large contracts were not fulfilled because of the reorientation of Egyptian armed forces to U.S. equipment, which is supplied under favorable financial conditions. Finally, in 1998 Egypt and Russia signed a contract for the supply of spare parts and electronic components which was worth an estimated \$2.7 million. Russia also supplied 20 Mi-17 helicopters and undertook upgrades of surface-to-air missile complexes for additional \$125 million. Given that Egypt was generally satisfied with the quality of services and equipment provided by Russia, it is likely to continue using Russian companies for modernization of ex-Soviet equipment.

One of the more extensive examples of Russia's military-technical cooperation with Arab states can be found in Algeria. Since 1962, the Soviet Union has supplied over \$11 billion worth of military equipment to Algeria. In 1996, the Algerian government made a political decision to develop strategic cooperation with Russia to modernize its armed forces. Since that time Russia and Algeria have developed a number of agreements for the development of a system for radio-electronic warfare and electronic intelligence-gathering. Moreover, Algeria has expressed interest in the modernization of its air defense system on the basis of the Russian S-300PMU-1 surface-to-air missile system and the upgrade of the old Soviet air defense systems, as well as purchasing Su-24M aircraft and modernizing MiG-21 aircraft.(34) Moscow is also conducting negotiation on upgrading Algerian surface ships and development of a coast guard system. Russian experts assess the value of potential contacts as up to \$4 billion. While Russian-Algerian military cooperation has a good chance of expanding further, there are several problems, including Algeria's \$4 billion debt to Russia as well as increasing competition from Ukrainian and Belorussian firms for the

upgrade of Soviet equipment. The Algerian leadership is exploiting this competition to reduce prices to a level that is no longer attractive for Russian suppliers.

ISRAEL

Since December 1995, when Israeli Prime Minister Shimon Peres and Russian Defense Minister Pavel Grachev signed a five-year bilateral agreement for military-technical cooperation (which was extended in 2000), Russia and Israel have pursued military cooperation. Unlike other Middle East and Arab states, Russia and Israel work together to upgrade Russian equipment mainly for exports to third countries. Moreover, Israel has developed the know-how and has managed to capture unilaterally a large share of market for the upgrade of ex-Soviet equipment. Russia and Israel cooperate on upgrades of aircraft, sold by Russia to India and China, as well as for Central European and African markets. Many ex-Soviet scientists who were working in the military-industrial complex before immigrating to Israel provided the basis for this know-how. This cooperation is strategically important to Russia, which is seeking ways to compete for arms sales in the developed markets in Europe and in East Asia, practically impossible without foreign electronics. While Russian companies continue to lobby the Russian government to maintain the principle of full self-sufficiency for all arms exports, many Russian clients specifically request foreign electronic sub-systems as a prerequisite for purchasing Russian weapons systems, particularly Russian aircraft.

Although Russia's cooperation with Israel is very important for Russia's global arms export ambitions, a number of concerns are repeatedly voiced in Russia about this cooperation. Many Russian experts claim that Israel received a disproportionately large share of profit from the sale of upgraded equipment.(35) Others claim that Russia's military cooperation with Israel could undermine Russia's plans to expand military cooperation with other Middle East and Arab

states. And finally, there are claims that Russia cannot consider Israel as a reliable strategic partner for future upgrades because U.S. influence over Israel which could sabotage future contracts.

Concerns over the reliability of Israeli cooperation were tested in April 2000 when the United States pressured Israel to cancel its contract to install the Elta Phalcon phased-array radar (Airborne Early Warning system) on the Russian A-50 airframe for export to China. U.S. Secretary of Defense William Cohen announced that this system could change the balance of forces in the Taiwan Straits and endanger U.S. troops.(36) Cohen also warned that China could sell the Israel technology to Iran and Iraq. Under continued strong U.S. pressure, Israeli Prime Minister Ehud Barak cancelled the sale on July 10, 2000.(37) It now appears that Russia will exploit the failure of that contract to sell China A-50s with Russian avionics.(38)

Unless the situation in the Middle East escalates further into a prolonged new conflict, and despite the failed AEW deal, Russian-Israeli military-technical cooperation is likely to develop further. This cooperation is clearly mutually beneficial and strategically important for the Russian defense industry, which is unlikely to significantly improve the reputation of its electronic sub-systems, while continuing to depend on exports for survival.

For Israel, this cooperation is likely to bring significant profits as Russia expands its exports to both traditional and new markets. However, Israel remains concerned over potential transfer of its technology to adversaries in the Arab states, which maintain close military cooperation with Russia.

CONCLUSIONS

Although Russia's military cooperation with Middle East states declined significantly after the end of Cold War and the collapse of the Soviet Union, it continued to maintain presence in the old traditional Soviet markets. Moscow has developed cooperation with new clients such as Israel, the UAE and Kuwait. Although Russia's military supplies were mainly oriented

towards the upgrade and modernization of Soviet equipment, there have been a number of contracts that have shifted the military balance among different armed forces in the region. These include, for example, the sale of three Kilo-class submarines to Iran as well as the contract for supply of anti-tank missiles to Syria and advanced air defense systems to the United Arab Emirates. Additional deals of the same significance have so far been delayed by financial difficulties by Russia's clients in the region. But a number of contracts under negotiation between Russia and Syria, Libya, Algeria and Iran may be completed and thus significantly alter the regional balance of forces.

Despite continuous pressure on Russia from the United States and Israel, Moscow is determined to expand its military sales to the region. Aside from economic needs, Moscow's determination is further reinforced by its perception that the United States is trying to marginalize Russia's role in the region. In an environment of mistrust and deteriorating U.S.-Russian relations, Washington will have little leverage to pressure Moscow to abandon these efforts, as cases of Russian technology transfer to Iran and Syria--despite U.S. threats of sanctions--demonstrated. Russian-Israeli military cooperation represents a more effective alternative to sanctions-driven policies. As long as Russia sees economic benefits from alternative military cooperation programs, it is more likely to exercise restraint in its military transfers.

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NOTES

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2. Ibid.
3. 4 T-72, 3 BMP-2, two 140mm artillery pieces, and two unspecified missiles and missile launchers were also listed as imported by Iran in 1998, but not confirmed by the Military Balance.
4. UN CAR gives 91 BMP-3. IISS also shows delivery of unspecified number of BMP-2; Currently, Kuwait holds 46 BMP-2 and 55 BMP-3. (Military Balance, 2000-2001).
5. UN CAR shows a transfer of 27 ACV not confirmed by the Military Balance.
6. Not reported in the Military Balance.
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