

Expanded meeting of the Defence Ministry Board

Moscow, December 22, 2016

President of Russia Vladimir Putin: Comrade officers,

We have met for the annual meeting of the Defence Ministry Board to discuss our performance and approve our short- and long-term objectives to further develop our Armed Forces and to strengthen the national defence capability.

In 2016, we continued modernising the Army and Navy and rearming them in keeping with the approved schedule.

Our nuclear triad, which is vital for maintaining strategic parity, has been maintained in the required state. I would like to say that the share of modern weapons in our nuclear forces nearly reached 60 percent of total armaments.

The efficiency standards of our Armed Forces have increased appreciably, as evidenced from the results of the Caucasus 2016 strategic command post exercises. Its successful completion has strengthened the protection of Russia's southern borders, including from the terrorist threat, and improved the organisation of territorial defence in the Southern Federal District and North Caucasus Federal District, including supply issues, such as wartime funding, which implies close coordination among many government agencies and branches, including the branches of the Central Bank of Russia.

There have been four snap inspections of combat readiness this year. They have reaffirmed that our military units can be quickly deployed to large distances for creating groups of forces in strategic directions. The Defence Ministry must scrutinise the results of these inspections and take them into account in combat training plans and when organising other such events.

The Russian Armed Forces have passed the test of counterterrorist struggle in Syria. Thanks to their substantial support, the Syrian Army has held several successful operations against the terrorists.

Our Armed Forces also provide major humanitarian assistance to Syrians. They have delivered nearly 800 tonnes of foodstuffs and medicines. I would like to once again express my gratitude to our military leaders and personnel involved in the Syrian operation for their professionalism and courage.

Comrade officers,

In the coming year, the Defence Ministry must focus on the following key objectives.

First, to provide for the balanced development of all branches of the armed forces, continue to assimilate high-precision weapons, as well as the latest communication, intelligence technology, means of control and electronic warfare.

We need to enhance the combat capability of strategic nuclear forces, primarily by strengthening missile complexes that will be guaranteed to penetrate existing and future missile defence systems.

Strategic non-nuclear forces must also reach a new level of sophistication so as to neutralise any military threats Russia may face.

Second, it is important to maintain momentum in rearming the Army and Navy. Initiatives undertaken as part of the State Armaments Programme and defence procurement must be subject to effective control.

By 2021, at least 70 percent of arms and military equipment is expected to be modernised.

We need to understand very clearly that five years is not a long period for a programme of this scale. Any delay in its implementation can have a disruptive effect on the production chain that will be very hard to put back on track. For this reason, any failure in the execution of contracts must be subject to severe sanctions. It is vital to be able to promptly identify the causes of violations and address them in a timely manner.

Make no mistake, measures have been taken at all levels to overcome challenges related to military procurement. Overall, we must constantly keep track of progress in State Armaments Programme implementation and the situation in the defence industry complex. As you know, we discuss these issues twice a year at regular meetings in Sochi. This has become a tradition that turned out to be quite useful in terms of our day-to-day operations. This year, two meetings were held, enabling us to outline steps we need to take together in terms of promoting rearmament and maintaining constant working contact between top Defence Ministry officials and the industry.

Third, we need to be very astute in tracking any changes in the balance of forces and military-political developments in the world, especially along the Russian border, and take timely action to adjust plans so as to neutralise potential threats our country may face.

I would also like to ask to sync these plans with the updated strategic planning documents. A new Information Security Doctrine was approved several weeks ago, and before that a Strategy for Scientific and Technical Development was finalised. These two documents provide reference points that are relevant for all government bodies, including the army and law enforcement bodies.

Fourth, implementing new training frameworks and programmes should be a priority in terms of operational and combat training.

Finally, Russian weapons proved their effectiveness in Syria, which offers new possibilities in terms of promoting military technical cooperation. We must make full use of these opportunities. We know that foreign partners are very much interested in Russian weapons.

Colleagues,

One of the important areas of military construction is to provide for the wellbeing of the army personnel. As you know, a great deal has been done recently to this effect. For example, the number of people on the waiting list to obtain housing from the Defence Ministry dropped 2.8-fold since January 2012. In 2016, 27,000 people were able to lease flats from the state, and almost 20,000 were provided permanent housing. Another 14,000 personnel bought flats under a savings and mortgage programme.

We have to be mindful that caring for army personnel and providing better social guarantees for soldiers and officers is an important, if not the most important, contribution to training a new generation of defenders of the Fatherland, guaranteeing the prestige of military service and respect for people in uniform.

Comrade officers,

Top Defence Ministry officials and officers at all levels are vested with special responsibility for ensuring quality modernisation of the Armed Forces. I expect you to keep doing everything it takes to achieve good results in combat training.

I would like to thank the top representatives and personnel of the Armed Forces for diligently delivering on the objectives you faced, and for honourable service.

I wish you further success.

Defence Minister Sergei Shoigu: Comrade Supreme Commander-in-Chief,

This year has been filled with a great number of major events concerning Russia's security. The challenges for our country have expanded in geography and dimension, the role of the military in international relations has increased.

Instead of uniting efforts against the global evil, terrorism, NATO has proclaimed Russia its main threat and continues to increase its military potential around our borders. Under this premise, the military budget of the North Atlantic Alliance has been increased by \$26 billion to \$918 billion.

NATO commanders have made a decision to deploy four reinforced battalion combat units in the Baltics and Poland next year, as well as to station and maintain an armoured brigade of US ground troops in several Eastern European countries.

NATO's intelligence activity along Russian borders has intensified. In the last ten years, the number of surveillance flights near Russia has almost tripled and even increased eight times in southwestern Russia. For comparison, we recorded 107 flights in the 1990s, 298 in the 2000s, and 852 this year alone. This has forced us to increase the number of fighter flights by 61 percent in order to prevent violation of Russian air space in the Baltic, on the Black Sea and in the Arctic.

Maritime reconnaissance near Russian territorial waters has intensified by 50 percent. We carefully monitor this activity and resolutely stop any attempts to violate Russia's sea borders. NATO has doubled military training activity that is primarily directed against Russia. For example, the British Armed Forces began using Russian produced tanks and Russian military uniforms for its designated enemy at the Salisbury Plain Training Area. The last time this method was used was by Nazi Germany during the Great Patriotic War.

We have not overlooked a single military exercise by a foreign state, particularly, near our borders. We have analysed and taken into account the results of each exercise for the purposes of our own military training.

The US missile defence system in Europe has reached its initial operational capability. Elements of the system will also be deployed in Japan, as well as in South Korea starting next year. After minor adjustments, the MK 41 launching systems can be used to covertly deploy Tomahawk missiles. There could be as many as 150–300 missiles of this kind with a 2,400 kilometre range close to the Russian border. It would take these missiles less than 10 minutes to reach the Russian border. Mr President, your decision aimed at neutralising this threat has been executed.

The United States is implementing a programme to upgrade nuclear aerial bombs and storage facilities in Europe, with some 200 US munitions units located in Belgium, Italy, the Netherlands, the Federal Republic of Germany and in Turkey. These actions create additional risk for Russia, and we cannot fail to respond to them.

It is important to note that instead of being dragged into an arms race, the Armed Forces continue to implement the Army and Navy rearmament programme adopted in 2012.

Russia continues to develop its Armed Forces and enhance its performance with staffing reaching 93 percent, and the number of professional soldiers increased to 384,000.

For the first time in the history of Russia, all non-commissioned officers in the army are professional recruits. The training of military personnel has improved greatly. In fact, 84 percent of the flight personnel in the Russian Aerospace Forces have combat experience in Syria.

Strategic nuclear forces are maintained at a level that guarantees nuclear deterrence with 99 percent of launchers in the strategic missile forces combat ready, and over 96 percent of them can be launched at any moment without notice.

Four missile divisions equipped with Yars ground mobile and stationary missile systems are on station, and four upgraded planes, two Tu-160s and two Tu-95MCs, were added to the strategic aviation force.

The Vladimir Monomakh ballistic missile submarine cruiser has reinforced the Pacific Fleet's naval strategic nuclear forces.

The Armed Forces were equipped with 41 new ballistic missiles, which made it possible to increase the modern nuclear triad equipment to 60 percent. The combat potential of the general purpose forces was increased. The Army formed nine units, including four motorised rifle and one tank divisions. The troops received 2,930 new and upgraded weapons. This made it possible to reequip two missile brigades, two anti-aircraft systems, two anti-aircraft regiments, one special mission brigade, 12 motorised rifle and tank battalions and three artillery battalions.

The Army equipment with modern arms reached 42 percent. The Aerospace Forces received 139 modern aircraft, while another four surface-to-air missile regiments were reequipped with S-400 Triumph air defence missile weapon systems. In addition, they were supplied with 25 combat vehicles of the Pantsir S air-defence systems and 74 radar stations. The share of modern arms in the Aerospace Forces was brought to 66 percent, and the aviation serviceability to 62 percent.

The state tests of three new Voronezh prefabricated radar stations were successfully completed in Orsk, Barnaul and Yeniseisk. They will take up combat duty in 2017. The three operating radar stations in Baranovichi, Murmansk and Pechora were upgraded with a high level of prefabrication. All these measures made it possible to ensure, for the first time, complete radar coverage of the missile early warning system along the perimeter of our borders in all strategic aerospace directions and as regards all types of ballistic missile trajectories.

This year the Armed Forces received 105 systems, including 260 drones, and formed 36 army units of unmanned aviation. In all, they have over 600 systems with 2,000 drones. This compares with only 180 obsolete systems in 2011. The intensity of pilotless flights increased by 50 percent as compared with last year.

The Navy received 24 surface ships and support vessels, as well as multi-purpose submarines, and is now equipped with modern armaments and equipment at the level of 47 percent. Three reconnaissance battalions and six tank companies, including two electronic warfare and two UAV companies, were formed within the Airborne Forces. In addition, 188 new and

modernised combat armoured vehicles were delivered. The Airborne Forces are currently equipped with up-to-date armaments at the level of 47 percent.

Control systems also benefited from upgrades with 22,000 new communication devices supplied to the army, up 6 percent compared to 2015. As a result, 49 percent of communications operated by the Armed Forces are new or upgraded.

The Defence Ministry pays special attention to cases when the weapons or equipment were not delivered to the army. This year, we are talking about 49 key samples. Mr President, the decisions you took at the Sochi meetings helped change the situation and deliver on the objectives under the defence procurement order for 2016. This enabled the Armed Forces to increase the share of modern arms and equipment in its high-readiness forces to 58.3 percent, and 94 percent of the total weapons and equipment are operable.

The system to oversee the spending of funds under defence procurement contracts was created at your instruction and helped achieve this objective. This system has radically changed the level of awareness of the Defence Ministry on procurement contracts. Today, we are able to receive real-time information from authorised banks, and see how every ruble from the budget is spent along the whole chain of contractors.

To use a metaphor, this system literally opened our eyes, enabling us to make advance payments this year with better efficiency. We now make these payments on a quarterly basis and following the engineering and manufacturing cycle, which enabled us to mitigate risks related to excessive advance payments and reduce the amount of past-due debt three times, from 363 billion rubles as of the beginning of 2016 down to the current 120 billion.

A number of restrictions introduced under the Law on the State Defence Order enabled authorised banks to prevent as much as 63 billion rubles from being withdrawn for purposes unrelated to defence procurement.

A total of 162 types of up-to-date and modernised weapons have been tested and have been proved effective during the hostilities in Syria. These include the latest Su-30SM and Su-34 planes and the Mi-28N and Ka-52 helicopters. The precision munitions and sea-launched cruise missiles, which were used for the first time in combat conditions, have confirmed their tactical characteristics.

We have also detected some shortcomings that went unnoticed during range tests. The purchase of 10 types of weapons has been suspended to remove these shortcomings. As a result, we have greatly improved the quality of our equipment to guarantee their safe combat use.

The main objectives set to the Armed Forces for the operation in Syria have been achieved. The operation of the Aerospace Forces has turned the tide of war against terrorism in Syria. Large terrorist groups have been routed in Hama and Homs and terrorist groups have been

forced to withdraw from Latakia to the south and north of Damascus. The main transport route connecting the Syrian capital with northern regions has been unblocked. The cities of key significance – Aleppo and Al-Qaryatayn – have been retaken. In all, 12,360 square kilometres of Syrian territory and 499 populated areas have been liberated.

Since the beginning of the operation, Russian aircraft have flown 18,800 missions, delivered 71,000 strikes at the terrorist infrastructure and liquidated 725 terrorist training camps, 405 munitions plants, 1,500 units of military equipment and 35,000 terrorists, including 204 field commanders.

A total of 448 tanks and other armoured vehicles, 57 multiple launch rocket systems, 418 improvised multiple rocket launchers, 410 mortars and over 28,000 small arms have been seized from the terrorist groups.

Specialists from the Russian Armed Forces' International Mine Action Centre have disarmed 26,853 explosive devices on 1,420 hectares. In Aleppo alone, they have found and disarmed 66,000 tonnes of explosives.

The United Nations, Armenia, Belarus, Serbia, India, China and Kazakhstan have joined Russian supplies of humanitarian aid. About 2,500 tonnes of humanitarian relief were dropped by parachutes to the besieged city of Deir ez-Zor alone.

In general, the operation resolved a number of geopolitical problems. Substantial damage was inflicted on international terrorist organisations in Syria and their spread in the region was stopped. The system of supporting the terrorist gangs with funds and resources was disrupted. The disintegration of the Syrian state was prevented and the chain of colour revolutions that multiplied in the Middle East and Africa was cut short. The process of political settlement and reconciliation of the warring parties was launched. The ceasefire was joined by 1,074 localities with a total population of about three million people, while 108,000 refugees returned home and 9,000 militants laid down arms.

At present the aviation group of the Russian Aerospace Forces at Khmeimim Air Base and the Tartus naval support logistics facility is functioning at full scale. They have been provided with modern military and social infrastructure. Russia and Syria signed international agreements that created a legal foundation for long-term use of these facilities.

A multi-level control system has been established for directing our operations in Syria with cutting-edge technology. We are continuously monitoring the situation on the ground and in the air and have precise information on the location of militants and their facilities. A division set of a single tactical command and control system has been formed, taking into account Syrian experience. This enables the commanders and headquarters to reduce time for decision-making and planning military operations. The work of the National Defence Control Centre has been raised to a new level.

We are conducting round-the-clock monitoring and coordination of 6,500 events on the Armed Forces' action plan. We are making decisions on critical issues three times faster. Our data processing system has been improved. For comparison, our National Data Centre is 19 times larger in terms of total stored data and has three times the computational capacity of the Hexagone Balard of the French Armed Forces. At the same time, the buildings of the Russian Defence Ministry have been built three times faster and for 2.6 times less money than the French facility.

The National Data Centre's platform provides for the integration of 73 federal executive bodies, governments of all 85 constituent entities, 1,320 state corporations and defence industry facilities. It is the first time we have created a common protected information space at the local, regional and federal levels.

The Russian Armed Forces successfully handle tasks associated with our military presence in strategically important regions of the world. Long-range aircraft have performed 17 air alert missions over the waters of the Norwegian Sea, the North Sea, the Black Sea, the Sea of Japan and the Yellow Sea, the western part of the Pacific Ocean and the north-eastern Atlantic Ocean, as well as the Arctic territories.

Russian Navy expeditions have intensified. We have conducted 121 missions to the Arctic area, the central and northern Atlantic and the Caribbean Sea. We also regularly patrol the areas of the Gulf of Aden frequented by pirates.

For four years, operational command forces in the off-shore maritime zone have been carrying out tasks related to protecting the national interests of Russia and its allies in the Mediterranean. This means up to 15 surface vessels of different classes on average.

Our ships were actively involved in joint military exercise in Southeast Asia and the Indian Ocean. Five snap combat readiness inspections have contributed to improving the skills and teamwork of service members. The tests were conducted in all military districts, throughout all the services and branches of the Armed Forces with active participation of the federal and local governments. As a result, our forces are ready to rely on resources from the country's economic system in time of war and to carry out tasks through close cooperation between agencies.

The Caucasus 2016 strategic command and staff exercise was the most ambitious military training initiative of the year. It featured an effort to relocate divisions from four armies at a distance of 2,500 kilometres and to fully deploy command units at a new theatre of operations. This confirmed that military command structures are ready to manage the existing troops if a national security threat emerges in the south of Russia.

Operational training also gained momentum in 2016. All in all, 3,630 exercises were held, including 1,250 joint exercises covering various kinds of troops. Intensive military training, international military competitions, and combat experience acquired in Syria enhanced the

field training of our troops. As a result, the annual flight time increased 21 percent, while the time spent by surface ships and submarines in operation went up 1.7-fold, which helped increase the number of trained single-type tactical units and ship formations by 27 percent.

The number of parachute jumps in the Airborne Forces increased 5 percent. Training sessions and exercises take place at 130 sites that are operating at 89–98 percent of their capacity. This year, the Opuk training grounds in Crimea was added to this framework, and can now host various joint two-side manoeuvres.

International Army Games were expanded to cover 23 disciplines. All in all, 82,000 service members took part in these games, including 3,500 foreign service personnel. In addition, the games were attended by 3,000 foreign representatives, including 24 observer groups from 13 countries, and the number of spectators reached 350,000. As part of preparations for these competitions, 114 training grounds were upgraded with 308 new facilities that can also be used to conduct military training exercises. Next year, one-half of these games will be hosted by Azerbaijan, Belarus, Kazakhstan and China.

Further development of the military training system helped improve the professional skills of our servicemen. This year, the teaching staff of the Defence Ministry's higher education institutions was reinforced with officers with combat experience. Beginning September 1, the students and cadets have been using uniform electronic textbooks. All higher education institutions of the Defence Ministry have access to our country's main online resources.

The network of pre-university educational institutions continues to expand. The Tula Suvorov Military Academy was opened, and vertical management of the Nakhimov Naval Academy was established, which now includes its reorganised subsidiaries, such as the Sevastopol and the Vladivostok Presidential Cadet schools. In 2017, the system will also include a branch in the city of Murmansk. The Petrozavodsk Presidential Cadet School will also open. The Yunarmiya nationwide military and patriotic public movement was created with the Defence Ministry's support. Today, this movement has spread to almost all Russian regions, and is gaining strength and popularity among the youth.

The priority of the outgoing year was to provide social protection to servicemen. Since early 2016, we have been providing permanent housing to them as planned. The rates of providing housing to military personnel are high. This year, 28,500 members of our military were provided with flats. An additional 12,100 flats have been included in the Defence Ministry's dedicated housing fund. With account taken of the decisions to increase the amount of subleasing refunds to fully compensate for the actual lease amounts paid by our servicemen, the service housing problem has been resolved. The savings and mortgage system continues to improve. This year, 21,000 servicemen joined it. The average area of purchased flats stands at 60 square metres, which is 20 percent above the projected figure.

This year, the accessibility and the quality of medical care significantly increased. Equipping military medical facilities and units with advanced medical equipment made it possible to

provide 83 types of high-tech medical procedures and perform unique operations at the Defence Ministry's leading medical clinics.

The incidence of pneumonia among servicemen was reduced by 22 percent, and the incidence of cardiovascular disease is down by 20 percent. Greater capacity at treatment centres and therapeutic resorts has allowed three times more servicemen who needed medical and psychological treatment to receive it, covering that need almost in full.

I would like to invite you, Mr President, to next year's opening of a multi-speciality clinic at the Kirov Military Medical Academy. It will be unique in this country in terms of capabilities and equipment. Its opening will restore the academy's historical and professional status and will upgrade the level of education and medicine.

The measures taken to develop the military construction complex made it possible to synchronise the infrastructure's formation with the arrival of arms and combat equipment in the armed forces. Today, the total requirement of the Armed Forces for infrastructure facilities, taking into account wear, amounts to 30 million square metres. This year 2,550 buildings and structures were built on a total area of 2,700 square metres, which is an 18 percent increase over the past year. The construction rates exceed by more than ten times those in the 2010–2012, when only 210 facilities were put into service. The use of modern technology reduced by half the rates of building equipment shelters, barracks and quarters and allowed the Defence Ministry to bring down the cost of building one square metre of its facilities to no more than 30,000 rubles, which is less than the national average.

We focused on overcoming delays in building and opening special facilities, reducing accounts receivable and removing above-limit funding. We are carrying out a serious reform of the military construction complex to achieve these goals. Spetsstroy (Federal Agency for Special Construction) will be phased out. The Armed Forces will be joined by eight federal unitary enterprises that will build only special facilities for the Defence Ministry.

This will rule out intermediary links and middlemen in construction contracts, ensure that work is carried out predominantly by our companies and cut the managerial staff in half.

This year, the Defence Ministry achieved significant results from implementing the Efficient Army programme, which put in place a personal data accounting system with the use of electronic cards. All 275,000 conscripts have been provided with one.

The system covers the entire cycle from initial military registration, conscription, and actual service to the period spent in the reserve. In 2017, e-cards will be integrated into the existing monitoring and access control system as well as the food ordering system for the military. This will make it possible to effectively plan spending in the military units, the army, and the military districts. The food monitoring system has been deployed at 729 canteens and has already saved 700 million rubles.

Installing 118,000 utility meters at the Defence Ministry's facilities helped save 3.5 billion rubles. Switching 28 boiler plants from solid and liquid fuel to natural gas has reduced the costs of thermal energy production by 108 million rubles. After 410 boiler plants are retrofitted by 2020, the annual costs will be reduced by half, and the overall economic savings will amount to 3.7 billion rubles.

Following the return in 2013 of military repair and restoration units, maintenance costs paid to third-party organisations are four times lower. Repairs performed in-house will save 1.4 billion rubles annually.

This year, ammunition maintenance shops have been deployed at 16 arsenals. No such repairs have been carried out over the past 15 years. As a result, over 1 million munitions have been repaired in a matter of one year which saved 69 billion rubles for the budget, which otherwise would have had to go toward buying replacement munitions.

Work to extend the shelf life of ammunition has saved another 1 billion rubles. This year, about 60,000 units of modern boxes and containers made of polymeric materials were purchased and delivered to the arsenals. Given its extended service life, savings on maintenance of missiles and ammunition will amount to 900 million rubles a year by 2020.

As part of the training of sappers, the Engineering Troops conducted special tactical drills to demolish 785 decommissioned buildings on 54 Defence Ministry sites, which saved eight billion rubles. Earlier this work was conducted by third parties following a tender.

In cooperation with Russian fuel companies, the Defence Ministry put into service eight modern bulk fuel installations (BFIs). It is completing another four BFIs and will build another 11 modern BFIs in 2017 three years ahead of schedule. The oil companies involved will invest 18 billion rubles in these 23 BFIs, including 12 billion rubles already invested.

The Defence Ministry held 14 exhibitions and conventions in Patriot Park in 2016. The Army-2016 International Military Technical Forum was the most important of them. It was attended by delegations of over 1,000 companies from 70 countries. The Forum dispelled the myth of Russia's international isolation and demonstrated the power of its armaments.

The Defence Ministry is comprehensively developing Arctic territory and has completed its work on the New Siberian Islands, Franz Josef Land and Novaya Zemlya. It is building technical facilities for radars and air direction centres on Alexandra Land Island, Wrangel Island and Cape Schmidt. Environmental clean-up in the Arctic has been completed in the area of Alykel Airport, Kotelny Island and Wrangel Island. In all, 165 hectares of land were cleared of 6,500 tonnes of scrap metal.

Railway Troops continue building a section of the Zhuravka-Millerovo railway bypassing Ukraine. The earthwork has been done. The scale of work will amount to nine million cubic

metres. Some 23 km out of 84 km of tracks have been laid. Under the plan, the railway section must be completed before September 2017.

This year 80 countries cooperated in military events. Priority was given to building up military cooperation with such partners as the CSTO, CIS and SCO. Eight international cooperation treaties were signed with CIS countries.

There has been rapid progress in military and military technical cooperation with Asian countries, first and foremost Russia's strategic partners – China and India. The meeting of the defence ministers of Russia and the ASEAN countries was conducted this year for the first time. It laid a foundation for intensifying their cooperation.

In April the Fifth Moscow Conference on International Security took place, which was attended by over 700 guests from 83 countries. The forum has become an authoritative venue in the search for ways to ensure global and regional security.

Work continued to ensure the operation of Russian military bases and facilities in Abkhazia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Syria, Tajikistan and South Ossetia.

Twenty-four interstate exercises were conducted at different levels. The most important of those included Unbreakable Brotherhood, Naval Interaction, Indra and Selenga.

Comrade Supreme Commander-in-Chief,

On the whole, in 2016, the Armed Forces ensured a 14 percent increase in the country's combat capability and the targeted level of its defence capability. There has been a qualitative and quantitative rise in basic indicators compared to 2015. Under the state defence order, deliveries of new arms and equipment to the troops increased by 5 percent. As a result, the share of modern types of weapons in service with permanent-readiness units of the Armed Forces was brought up to 58.3 percent. The reliability of arms and equipment has increased by 5 percent to 94 percent.

Since the beginning of the year the number of contract soldiers, including NCOs, has increased by 32,000, while the number of hazing incidents has fallen by 34 percent. The years-long problem of service personnel on non-active duty has been resolved. This year their total number in the Armed Forces was 2,000. Only three years ago, there were 49,000, with 32 billion rubles a year spent on their maintenance.

The effectiveness of the military construction complex in terms of the volume of newly commissioned basic assets has grown by 40 percent compared to 2015 and fivefold compared to 2012. The total value of assets put into operation during the year amounted to 115 billion rubles.

In 2017, the Defence Ministry will need to resolve a number of priority issues.

First, to continue to build up the combat capabilities of the Armed Forces, to take measures to reinforce the force groupings in the western, southwestern and Arctic strategic areas. It will also be necessary to ensure timely placement and strict compliance with the state defence order in 2017, and to achieve the level of 60 percent or more of the Armed Forces' equipment consisting of modern weapons and materiel in permanent-readiness units.

With regard to strategic nuclear forces, we will need to put three missile regiments equipped with modern missile systems on combat duty, as well as enter five modernised strategic aviation complexes into service.

With regard to the general purpose forces, we will need to deploy two brigade sets of Iskander-M missile systems in the ground forces and rearm three divisions of the army air defence with Tor-M2 air defence missile systems. Also, we need to ensure the supply of 905 latest tanks and armoured combat vehicles.

To deploy 170 new and modernised aircraft in the Aerospace Forces and Navy. To rearm four SAM regiments with the S-400 anti-aircraft missile system. To deploy eight surface ships and nine combat boats in the effective Navy forces. To supply four Bal and Bastion rocket complexes to the coastal troops.

To ensure the acceptance into service and placing on alert three radars with high operational readiness in Yeniseisk, Orsk, and Barnaul.

To launch the second unified space system spacecraft.

To step up military patriotic work among the youth. To this end, to hold a meeting of Yunarmiya nationwide military and patriotic public movement in 2017.

To continue to improve the Armed Forces basing system.

To commission 2,290 buildings.

To complete the work on identifying Defence Ministry's basic spending numbers based on a standard method before the start of the budgeting process in 2018. This method shall be used as part of the state programme to ensure the country's defence capability.

Comrade Supreme Commander-in-Chief,

Solutions to the issues that we had identified during our work have been included in the Defence Ministry's action plan for 2017. We will focus on them in greater detail during a meeting in narrow format.

Thank you.

Vladimir Putin: Mr Shoigu, comrade officers,

We have done a great deal over the past years to strengthen our defence capability. But we still lack many things. The Minister pointed this out when speaking about our plans for 2017 and the subsequent period.

We need to do a great deal to strengthen the nuclear triad, to improve the missile warning system and the Aerospace Forces, but there is even more we need to do in the Navy and the Army. We need to improve the reconnaissance and communication systems. There is a great deal of work ahead.

At the same time, many factors, such as military factors, our history and geography and the general mood in the Russian society, allow us to say confidently that today we are stronger than any potential aggressor. I repeat, any aggressor.

However, if we allow ourselves to relax even for a minute, if we make a single significant mistake in modernising the Army and the Navy and training military personnel, the situation will change very quickly, in light of the speed of global events. It can change in the wink of an eye. Therefore, we depend on you to carry on the work you have been doing for the past few years.

I hope you will continue to work as a team and to do your job as responsibly as before. If we do this, we will certainly achieve our objectives in the vital sphere of strengthening Russia's defence capability.

I want to once again express my gratitude to you for doing a good job in the outgoing year and to wish you success in the coming year.

Good luck, and thank you.

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Zdroj: <http://en.kremlin.ru/events/president/news/53571>