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Romania's deliberation over the purchase of fighter planes to replace its Soviet-made MiG-21 Lancers has been anything but hasty. Decisions have been regularly delayed due to a lack of funds. In 2008 the Romanian Ministry of Defence seized the initiative by arguing that purchasing second-hand F-16s would enhance inter-operability with NATO partners. On 23rd March 2010 Romania's Supreme Defense Council (CSAT) announced the proposed purchase of 24 second-hand Lockheed-Martin F16s for \$1.3 billion. It was further anticipated that Romania would eventually purchase 24 second hand F-16 Block 50-52s, and – if finances permit – 24 F-35 Joint Strike Fighters. Yet Romania's indecision does not stop there.

Despite the announcement made by the CSAT the purchase still requires ratification by the Romanian parliament. This has allowed rival bidders to re-submit proposals for an alternative to the F-16. It is plausible that Romania's parliament heeded Saab's dismay that the CSAT had opted for a purchase with less than favourable terms. Not only was Romania purchasing second-hand aircraft it was doing so without any offset obligations. Accordingly on 11th May 2010 Saab and Eurofighter re-presented their bids at the request of the Romanian parliament. Both tabled competitive bids that matched the price of the F-16 and offered technology transfers, 100% offsets and participation in development. By offering the 39C/D Gripen and Typhoon both parties are also able to argue that their respective products are younger and fresher than an aircraft that ceased production in 1985.

Both Eurofighter and Saab also appear to have countered claims that their delivery times far exceed that of the F-16s. Despite declarations that the F-16s could be made operational within two years, Saab has indicated that the first six Gripens could be delivered within twelve months. Eurofighter have also declared that the first Typhoons could be delivered in 2011. Yet on paper Saab appears to have tabled a more favourable offer. Saab is proposing the delivery of 24 new JAS 39C/Ds to Romania. Terms include a 15-year payment plan with a two year period of grace and training of pilots and crew. Saab also estimates that their bid will create 10,000 jobs in Romania. This package is similar Saab's recent offer to replace Bulgaria's fleet of MiG-29s.

By comparison, Eurofighter are offering 24 Tranche 1 Typhoons that have been in service with the Italian air force since 2003 and a promise to create 5,000 new jobs. Upon making the offer Eurofighter also indicated that the aircraft had flown less than 10% of their expected flying hours. Italy's decision to offer Romania practically all of its Tranche 1 Typhoons reflects the reduction of the country's operational budget. Since the withdrawal of conscription in 2006 personnel expenditures have accounted for between 50 – 70% of Italy's defence budget. This has contributed to a rationalisation of the Italian Air Force (IAF) that began in 1999. Since then nine air bases and three combat bases have been scrapped. According to the Military Balance, Italy also plans to reduce the number of IAF aircraft from 390 to 310. As it is expecting the first delivery of F-35Bs in 2014, the sale of the Typhoons suggests that Italy is both making

space and cutting operational costs.

Romania therefore needs to decide between an aircraft with established NATO inter-operability and alternatives that offer attractive incentives to one of the European Union's weaker economies. Yet what explains the different strategies employed by the rival bidders?

Certainly Romania's current economic woes make Eurofighter's and Saab's bids very attractive. As of April 2010 8.1% of Romania's 21 million inhabitants were unemployed. This figure is set to rise as Romania begins to enact the conditions of the International Monetary Fund's (IMF) EUR20 billion assistance package. To cut public debts that are predicted to increase to 32% of GDP by 2012 Romania is expected to make an overhaul of its bloated public sector. Recently the Government promised to slash state wages by 25% and pensions by 15%. It is further estimated that 250,000 public sector jobs will also be cut over the coming year. Based purely on these statistics alone both the Eurofighter and Saab bids have plenty of manpower at their disposal.

Romania also has an aviation industry that dates back to 1925. The country's oldest company – IAR Brasov – has in the past cooperated with France to manufacture helicopters. IAR Brasov also produces the IAR-99 Soim advanced jet trainer. Entered into series production in 1987 the IAR-99 is also capable of performing reconnaissance missions and has a secondary light attack capability. IAR Brasov forms part of an aeronautics sector that consists of ten companies and seven research and development institutes. Currently Romania's aerospace industries have an annual turnover of approximately \$150 million and 5,000 – 7,000 employees. Romanian aeronautical products are utilised by air forces that include United Arab Emirates, Vietnam, Pakistan and Angola.

Crucially Romania's aerospace industry has also established close ties with Western European counterparts. In 2002 Eurocopter gained a 51% stake in IAR Brasov, prompting the formation of Eurocopter Romania. Vendor approvals and certificates have also been granted to Romanian companies by the likes of Rolls-Royce, BAE Systems and Stork-Fokker. Through its trade body Organizatia Patronala din Industria Aeronautica Romana (OPIAR), Romania's aerospace industries are keen to expand upon specialist capabilities that include the manufacturing of landing gears, brakes and electronic equipment. OPIAR's commitment holds two distinct advantages for the Saab and Eurofighter bids. Firstly, both parties will have access to an industrial sector that is potentially geared to producing components for either the Gripen or the Typhoon. Beyond that the winning party may also be integral to the expansion of Romania's aeronautical capabilities through the creation of new employment opportunities.

However Romania's aerospace industry has also forged partnerships with the United States. Boeing and Raytheon, for example, have also issued vendor approvals and certificates to Romanian companies. Yet the F-16 bid has not yet been re-submitted to challenge the financial incentives offered by Eurofighter and Saab. Again this warrants some consideration.

It is tempting to speculate that Lockheed Martin remains confident of the F-16's chances because of Romania's determination to deploy aircraft that will enhance its position within NATO. The F-16 bid also benefits from the fact Romania's president, Traian Basescu, is keen to

develop close bilateral relations with the United States. Not only is Basescu head of the CSAT, his close affiliation with the Democratic Liberal Party (Romania) ensures that the Romanian president commands a 55% majority in both the Senate and Chamber of Deputies. Yet at a time when the country's economy is faltering it seems Romania's politicians are starting to look beyond geopolitical considerations. If the F-16 bid is to retain its status as the preferred aircraft of the Romanian government it may yet have to offer incentives along similar lines to its European competitors.