



BULLETIN

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Multi-purpose Helicopters Programme: Operational Needs, Strategy and Defence Industrial Policy

Marcin Terlikowski

The choice of the H225M Caracal for Poland's multi-role helicopter programme sparked a discussion over the operational, political and economic aspects of awarding the €2–3 billion worth contract to Airbus Helicopters. The implementation of the programme will increase Polish security by strengthening the country's armed forces and its position in NATO. It will open new doors for bilateral defence and military cooperation with France too. A qualitative change in the Polish defence industry can, however, come only if a comprehensive and coordinated defence industrial policy is established.

Poland's Armed Forces Technical Modernisation Plan (TMP) for the years 2013–2022 has a clear strategic goal: to increase Poland's security comprehensively. Equipping the Polish military with the most up to date weapons will have a direct effect on the country's security, as its defence and deterrence potential—which has been eroding due to the successive withdrawals of legacy equipment—will grow. But the TMP also aims to contribute to Poland's security indirectly, by strengthening the Polish position in NATO and the EU (as one of few states seriously investing in its defence assets), and by opening new possibilities for defence and military to military cooperation with key NATO members. Within the defence industrial dimension, the TMP is meant to give Poland the maximum autonomy in the life cycle management of acquired weapons, with particular focus on servicing and upgrades. A primary tool to meet this goal is the transfer of technology from foreign contractors to Polish defence companies, enforced by offset agreements. At the same time, it is widely expected that offsets will provoke a quantum leap in the Polish defence industry, which otherwise is likely to decline even further due to unsolved structural problems and growing pressure from the European defence industrial policy. This policy is promoted by the European Commission and top arms producing EU members and designed to integrate the EU defence sector at the expense of the least competitive stakeholders.

Multi-purpose Helicopters as a Military Capability. The departure point for the helicopter programme has been the urgent need to replace an ageing fleet of post-Soviet, multi-purpose Mi-8/14/17 machines (by 2019, the majority of them will have to be withdrawn as they will have reached the end of their service life). The acquisition of 50 new helicopters, in different versions, will allow the armed forces' capacity to be sustained and increased, in areas such as moving soldiers and cargo on the battlefield, medical evacuation, combat search and rescue, anti-submarine warfare, and combat airborne assault. The versatility of multi-purpose helicopters mean they are considered a key military capability, decisive in operations ranging from classic territorial defence to crisis management missions, including counter-insurgency operations. Machines of this kind are also widely used to support rescue operations, following large-scale natural and man-made disasters. Consequently, by acquiring modern multi-purpose helicopters, Poland directly increases its security in the context of a number of crisis scenarios.

The Strategic Dimension of the Programme. By withdrawing Mi-8/14/17 helicopters, Poland gets rid of platforms that require, at least partially, service support from the Russian providers of spares, technologies and licences. Regardless of the fact that, following the collapse of the Warsaw Pact, Poland succeeded in hammering out satisfactory terms of cooperation with Russia in this area (as proved by the sustained use of other platforms, such as

Mi-24 helicopters or Su-22 and MiG-29 jets), phasing-out Soviet equipment is first and foremost a strategic step, and only secondarily a symbolic one. The argument of on-going cooperation in the servicing and modernisation of weapons and platforms has rarely been used by Russia when conflicts between Warsaw and Moscow have arisen. But in the current situation of growing tensions between Russia and NATO, it is likely that this issue could be raised by Russian side to weaken the Polish political position.

The programme reinforces Poland's position in the debate on further steps in NATO's adaptation to the changed European security environment, with the implementation of the Readiness Action Plan in the foreground, and on the ways to re-invigorate the EU's Common Security and Defence Policy. Following cuts in national defence budgets, no other European NATO Ally (apart from Turkey) plans to acquire new helicopters in the number close to the Polish programme. Further, many Allies do not have enough money to repair and upgrade those machines that theoretically remain in service, but are virtually unusable. Consequently, multi-purpose helicopters are a badly needed capability, particularly in the context of crisis management operations. By contributing even a small number of helicopters to future expeditionary operations, Poland could thus increase its ability to influence their goals and implementation, and also become more visible among the members of coalitions.

Finally, choosing a type of helicopter used in large numbers by French armed forces opens new possibilities for military cooperation with France. Since its return to the integrated military structure of NATO, and owing to the shift of U.S. strategic attention to the Pacific, France enjoys a growing clout in the Alliance. Furthermore, the Franco-Polish strategic partnership, which started in 2008, has been developing quickly. Its outcomes involve a visible French contribution to military actions taken by NATO to re-assure Eastern European Allies following the outbreak of the crisis in Ukraine, and the Polish contribution to French-backed EU operations in Africa. Using the same helicopters may allow Poland and France to jointly develop a common education, training and exercise system for crews. Cooperation in crisis management operations could also be facilitated, for instance through the use of a common logistic support system for the helicopters.

From TMP to Polish Defence Industrial Policy. For now, it is impossible to estimate the effect of choosing the H225M Caracal on the Polish economy. The key defence industrial condition, and at the same time a reflection of the desire to build maximum autonomy in the life cycle management of the acquired weapons, was to have a technological and industrial capability established by the contractors to service and modernise the helicopters, specifically in the WZL-I plant in Łódź (WZL-I is a company of the Polish Armaments Group, owned entirely by the state). As this goal is likely to be pursued strictly, there is a strong chance that new jobs will be created at WZL-I, some technologies required to service the helicopters will be transferred to the company, and the overall qualifications of its staff will be increased.

The new facilities, planned to be a prime location for the manufacture of the new helicopters and their propulsion systems (one will be built in WZL-I and the other most likely in Radom), could have a larger economic footprint, as Airbus Helicopters does not currently have any industrial facility in Poland where this could be done. Once the planned facilities are established, Poland will have four, including the existing ones at Świdnik and Mielec industrial centres, offering jobs and business opportunities in the market of components and parts for products integrated by the prime contractors.

The long-term economic effects of the programme will be dependent (and this is true of all programmes within the TMP) on establishing a comprehensive, but realistic, defence industrial policy, which would consequently be implemented by the Polish government. In case of the helicopter programme, new plants can easily be sustained, even if their activity is limited to the assembly of machines from imported components. But when this job is over, both plants could become a liability rather than an asset for Airbus, and closures may easily follow. To avoid this, the new facilities should involve Polish subcontractors right from the beginning, and the level of parts and components "made in Poland" and used in the final product needs to grow. Further, the plant should develop the capability to produce components that can be used in the Airbus global supply chain for the H225M. In other words, what is agreed in the offset agreement should be only the start of a broader involvement of Polish defence businesses in defence industrial cooperation with Airbus, and, at a later stage, should allow Polish products, developed with the use of transferred and the domestically upgraded technologies, to be offered on the global arms market.

These goals should be a common denominator for the industrial dimension of all TMP programmes and the backbone of Polish defence industrial policy. To some extent they can be met by forcing ambitious offset provisions. But, in practice, what will matter the most is the competitiveness of the Polish defence businesses—its ability to deliver quality products for an attractive price, and its flexibility in finding and exploring niches both in the global leaders' supply chains and on the global arms market. For this reason, Poland should help the TMP with special financial, regulatory and institutional tools aimed at promoting education programmes for engineers and technicians, innovation (research and development) projects, and entrepreneurship, in the area of defence and dual-use technologies.

If a defence industrial policy supporting the TMP is not formulated and implemented, Poland risks meeting its strategic goals only partially. The TMP is then likely to allow autonomy of servicing and upgrading the acquired weapons, but Poland's confrontation with the process of the internationalisation and consolidation of the European defence sector will not be avoided, only postponed. And it may end up in lost chances for Poland to bolster its economy with a strong defence industrial pillar.