



Weekly Briefing

Croatia political briefing:
Political turmoil caused by failed purchase of fighter jets
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Summary

“The largest arms purchase in Croatian history.” This is how media described a decision of the Croatian government to purchase fighter jets to modernize the air force and replace obsolete Soviet made MiG-21s with new fighters. Among four bidders, the government chose Israeli offer to sell Croatia twelve F-16 Barak fighters. The criticism of the government’s decision was strong, mostly for the fact that chosen fighters were over 30 years old. The criticism did not sway the government, it kept the commitment to purchase fighters from Israel. However, another reason caused the collapse of the deal. Washington did not give the approval of the purchase on the basis of a provision that the US denies sale of American technology to a third party.

Background

The Croatian government was for years contemplating the idea of modernizing its air force. This plan was part of a larger desire of the Croatian government to modernize its military and upgrade its defence potential. However, the cost of purchasing fighter jets seemed beyond what Croatia could afford. Hence, the announcement of the current Croatian government, led by prime minister Andrej Plenkovic, in 2017 that it would purchase aircraft came as a relative surprise. The announcement captured public imagination. Such heady public support also carried with it a baggage of expectations, which will prove important in the event of the subsequent collapse of the whole project.

In July 2017 the Ministry of Defence (MoD) sent out letters to different fighter manufacturers inviting them to submit offers for sale of their aircraft to Croatia. Four countries were considered as potential suppliers – Sweden (Gripen JAS-39), US (F-16), South Korea (FA-50) and Israel (F-16 Barak). A review of received offers started in October 2017 and the MoD announced that the decision would be made by the end of the year. It was choosing among US F-16s, Swedish new Gripens, and Israeli used F-16s derivate Barak, and additionally Greeks offered used F-16s.

Very soon it became clear that finalization of the process would take additional time beyond the original timetable. The initial deadline until the end of the year was extended until late March 2018. In the meantime, issues surrounding the whole process were subject of increasingly heated discussions among experts and among general public. Media took

considerable interest in the topic. The procurement of fighter jets was discussed in various TV shows, interviews, articles, and opinion pieces. After all, it is for the first time in its history that Croatia was making such a large-scale acquisition with the purpose to modernize its military.

The discussion among the general public, politicians, activists, journalists and all others who felt they had something to contribute did not revolve only about technical characteristics of aircraft, but also about the nature of this expensive procurement program. Such discussions also exposed many of the existing cleavages in the Croatian society. More liberal and left-oriented commentators questioned the very need for making such expensive purchase in time when hardships were forcing tens of thousands of citizens of Croatia to emigrate in search of jobs and prosperity. Some would suggest that the money planned to be spent on aircraft could be invested in the health sector or in education. More conservative parts of population, on the other side, perceived the acquisition of fighter jets as a desired step to reinforce Croatia's military power.

The need for making expensive investment in the military hardware at the time when Croatia's security was guaranteed by NATO was also questioned. Furthermore, the MoD did not reveal many details of the procurement process and negotiations with different bidders, leading to speculation about the actual cost of the program and allegations of possible corruption involving political elites.

The outcome of decision to purchase aircraft from Israel

What was clear in the final stage of decision-making was that a winner would be chosen between new Swedish Gripen and used Israeli F-16 Barak. Greece also lobbied hard. In the early 2018 the Croatian prime minister said that he spoke to the Greek prime minister at the summit in Davos and promised to him that the Croatian government would seriously consider the Greek offer. However, the Greek offer was not among the top picks. The discussion revolved around weighing pros and cons of new Gripens and used F-16s. Both offers included a broader package of economic cooperation, technological support, and intensification of bilateral relations.

Government-friendly media seemed to favour the Israeli bid, explaining the quality of Israeli technology and the value of teaming up with Israel. Opposition and alternative media questioned the narrative whereby heavily used 30-year old jets nearing the end of their life cycle were more desirable and superior to brand new Gripens. More allegations of corruption

followed, focusing on the role of defense minister's former company in maintenance of the Israeli planes.

Eventually, in late March 2018, the president and the prime minister, following a meeting of the National Defense Council, jointly stated that a decision was to award the half-billion dollars contract to Israel. They also explained that Gripens were excellent, but that Croatia could not afford them – they were too expensive. The purchase of 12 second-hand Israeli F-16s was described as the best deal Croatia could get in order to upgrade its air force and replace Soviet made MiG-21 fighters. In August 2018, two Israeli F-16 Baraks participated in the annual victory parade in Knin.

Almost immediately following the government's decision, controversies over Israel's ability to deliver the promised technologically-improved aircraft started to grow. What became clear was that early on during the bidding process, Israel got only conditional approval for the transfer of the US military technology used in original F-16s that Israel received from the United States. It seems that the US top military as well as the State Department are unhappy with what they perceive as unfair competition to a sale of America's own F-16 fighters to prospective buyers in Europe, mostly new members of NATO seeking to replace their Soviet-era jet fighter fleets. Israel received most of their F-16s either at heavily discounted prices, or for free as part of the American military aid.

Eventually, it became clear that the US preliminary approval for resale of the Israeli F-16s would only cover the aircraft frames restored to factory settings – technologically improbable and financially unviable solution for heavily modified Baraks. Without American approval, the original producer of the F-16s, General Dynamics, would not provide technical support for servicing, maintenance and supply of necessary spare parts, making it impossible to operate the aircraft.

Such intransigence in the face of increasingly available evidence that the whole deal was impossible to conclude led to fresh allegations of government's incompetence and corruption. It was also revealed that the net value of aircraft was USD 150 million, while Croatia was willing to pay for them USD 500 million. After a few documents, leaked to the media, revealed that the US government explained to the Croatian government conditions on the basis of which the deal with Israel could be closed, the criticism roared. The Israeli MoD delegation visited Croatia to explain the situation. The prime minister and the president confirmed in January 2019 that the deal with Israel was off. The blame was mostly directed at the Croatian minister of defense, Damir Krsticevic, but also at the government. The prime minister confirmed that Croatia stopped this deal, but was set to complete the fighter acquisition process.

Backlash to this failure continues to reverberate in Croatia. Perceived incompetence and never proven but persistent allegations of corruption burden the government. The fallout from the deal seemed to reach a peak when a local newspaper in late January 2019 published an article stating that the Croatian government considered declaring the current US Ambassador to Zagreb a *persona non grata*, allegedly in retaliation for comments referring to diplomatic correspondence which showed that official Zagreb ignored the explanation of the US government's conditions for completing the purchase. Independent local observers, veteran diplomats, and opposition parties expressed their disbelief that Croatia, dependent on NATO security umbrella and keen to maintain good relations with the US, could risk alienating Washington over this deal.

Conclusion

The purchase of twelve fighter jets were presented as the most expensive investment in the modernization of the Croatian military so far. After a thorough review of the received offers, the government chose to award the contract to Israel which would sell to Croatia 12 over 30-years old F-16 Barak jets. The opposition and some experts criticised the government for choosing to purchase old aircraft whose cost of maintenance would progressively increase and which would be older than pilots who fly them. The criticism increased when it was found out that the net worth of chosen jets was USD 150 million, while Croatia agreed to pay for them USD 500 million. When, as the last step, it became clear that the US would not approve the sale of F-16s in the form they were upgraded by Israel, which in effect halted the deal, the criticism exploded. The Croatian government was forced to publicly admit that it failed to successfully complete the purchase of aircraft. The government has been trying to mitigate the consequences of appearing incompetent or corrupt, but this is not an easy task. It pledges to complete the goal of purchasing fighter jets. When this will take place is not known at the moment.