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June 2019

Don't miss a business chance! : Weapons deal under the beautified diplomacy

1. Preface



Although the Islamic State (IS) was swept away (even if not perfect), there still occur conflicts constantly in Middle East and North Africa (MENA) region. They are the civil wars in Yemen, Libya and Sudan, the turmoil after the collapse of the long-term dictatorship in Algeria and conflicts between tribes, sectarian terrorists and foreign powers in Syria. Trump administration of the United States, which once showed an attitude to withdraw from the Middle East,

ignores the Middle East peace framework and strengthens the support for Israel. US does not conceal the intention to trigger the war with Iran.

Trump's aggressive diplomacy has destabilized the Middle East and the Gulf States. Taking such circumstance into consideration, Russia is trying to increase its influence behind the Assad regime in Syria and furthermore to crack the relationship between Turkey and the United States. Iran, which has been driven into a corner by the United States, is in danger of accidental crash between the Rouhani administration and opponent hardliners. China and France are seeking to grab the hegemony.

The conflicts will continue in MENA region for the time being. Many of MENA countries are blessed with oil resources. But ironically the wealth of oil hampers their industrial revolution. They cannot make weapons domestically and have to rely on imports from abroad. MENA is a huge market of modern weapons for developed (and developing) countries in the world. On the surface they use the beautiful words like peace or anti-terrorism, but they fiercely compete each other for arms sale to MENA countries.

2. SIPRI database shows the figure of MENA defense cost and weapons trade

According to the database of the Stockholm International Peace Research Institute (SIPRI)¹ on military expenditure and weapons trade worldwide, the defense costs, its GDP ratio and per capita defense costs of MENA countries are very high. Their weapons imports are top class in the world and the United States, Russia and France are the main exporters of weapons.

Saudi Arabia's military expenditure of last year ranked third in the world (\$ 68 billion) after US (\$ 650 billion) and China (\$ 250 billion). India was 4th (\$ 67 billion) and Japan was 9th (\$ 47 billion). The United States stands out in amounts, Saudi Arabia is about one-tenth of the United States, and Japan is only 7% of US expenditure².

Regarding defense expenditure compare with GDP ratio, the figure of MENA countries becomes bigger. Saudi Arabia's defense expenditure accounts for 8.8% of GDP and is the largest one in the world. Oman ranks second with 8.2%. Algeria, Kuwait and Lebanon also occupy the top ranks from the 3rd to 5th positions (Note: There are no data not only rich UAE and Qatar but also Syria, Libya and Yemen under civil wars.). The United States, China and Japan are 3.2%, 1.9% and 0.9% respectively. GDP ratio of three countries are not large compared to the MENA countries.

In defense expenditure per capita Saudi Arabia is the world's top with \$ 2,013. The United States (\$ 1,986) follows to Saudi Arabia. In the MENA countries, Israel is the third (\$ 1,887), Kuwait in the fourth (\$1,738) and Oman is the fifth (1,389) in the world (UAE, Qatar has no data). Japan is \$ 367 per capita (33rd) and China is \$ 177 (53rd) in the world. Same as GDP ratio shown in the above, per capita military expenditures are also extremely high in MENA countries.

In terms of export of weapons, total amount in 2018 reached \$ 27.6 billion worldwide. The United States exported \$10.5 billion of weapons accounting for nearly 40 percent of the total. Next to the US is Russia, which is \$ 6.4 billion in amount and 23% of the total. Combined figure of the United States and Russia exceeds 60% of the world's arms exports. Following the United States and Russia, there are three European countries; \$ 1.8 billion in France, \$ 1.3 billion in Germany, and \$ 1.2 billion in Spain. South Korea (\$ 1.1 billion) and China (\$ 1 billion) occupy the sixth and seventh places worldwide. Aggregating amount during the past 10 years from 2009 to 2018, the United States and Russia remain the first and second places, following Germany, France, China, and the United Kingdom respectively³.

In terms of arms imports by country, the world's largest importer in 2018 was Saudi Arabia, which paid \$ 3.8 billion, or 14% of the world total. The next to Saudi Arabia were Australia, China, India and Egypt. But the import amount of each country was less than half of Saudi Arabia (No data was available for UAE and Qatar)⁴.

3. Trends in arms export for the Middle East

It is true that Middle East is the world's largest arms market. Arms manufacturers in the world including the United States, Russia and several European countries are competing each other for this huge market. The largest export country is the United States and President Trump is keen on export advocating "Great America" and "Create job through arms export".

This has shown when President Trump chose Saudi Arabia for his first visit to the foreign country after he took office. During his visit to Saudi Arabia in May 2017, the total contract amount of US military deals reached \$ 110 billion⁵. Recently the United States has also sold \$ 8 billion of weapons to Saudi Arabia and UAE related to blockade against Iran⁶. Both countries and US are common enemies of Iran. This was a tricky deal that needed no approval by the Congress. The House of Representatives, in which the opposition Democratic Party is the majority, objected the deal strongly. But it was the presidential privilege based on the state of emergency.

Russian President Vladimir Putin is also a power-oriented man like US President. Russia is strengthening its influence in the Middle East through an integrated strategy of diplomacy and arms deal. In Syria, Russia consistently supported the Assad regime to defeat IS (Islamic State). Western countries such as the United States supported the democratic sector in Syria. But democratic sector in Syria was too weak to survive in the civil war. Assad regime blessed with Russia, Iran and Turkey. Although Russia, Iran and Turkey share no unity in common, they supported the Assad regime in together. It was the complexity of power structure in the modern Middle East, saying, "Enemy's enemy is an ally".

Russia is strengthening Tartus military port on the Mediterranean coast of Syria and expanding its arms exports to Syria. Once Turkey and the United States have finalized to sell the US made stealth fighter F35. But Russia is trying to sell the S400 surface-to-air missile to Turkey. Russia took the chance of the deteriorating relationship between the United States and Turkey over the extradition of Turkish preacher Fethullah Gurren in the US. The Russian S400 missile is a weapon to shoot down the US F35. The United States has withdrawn the plan to sell F35. (However, as President Trump is volatile and F35 is an attractive export goods, he might change his mind.)

France, a weapon supplier after the US and Russia, is like a fox. President Emanuel Macron has embarked on the mediation of MENA conflict with the slogan of peace and freedom. The French people are also calling for a halt in arms exports to Saudi Arabia because the Crown Prince Muhammad bin Salman is suspected the involvement in the Khashoggi's murder case. But in fact, France has desperately driven in arms exports to defend its own industry. French official report shows that last year's arms exports totaled € 9.1 billion (\$ 10.3 billion), up 30% from the previous year, of which € 1 billion for Saudi Arabia⁷. President Macron justifies arms exports to Saudi Arabia with an excuse for countering terrorism⁸. The country's defense industry is important for job creation. Ordinary citizens who are afraid of unemployment would give implicit consent to Macron administration.

Many other countries than the US, Russia and France are involved in the arms trade in MENA countries. China is rapidly increasing its presence in MENA region. China has traditionally exported light weapons at low price. But recently they have developed high-tech weapons such as drone

(unmanned attack aircraft) and is aiming to sell it to the Middle East⁹. It is reported that China and Saudi Arabia jointly develop ballistic missile system¹⁰. It is well-known that China is looking for opportunities to enter the Middle East under "Belt and Road Initiative" policy. It can be said that China's strategy to connect diplomacy and arms exports is a good match with French strategy.

Your comment on this matter would be highly appreciated.

By Areha Kazuya

E-mail: Arehakazuya1@gmail.com

¹ Please refer to SIPRI databases(25 May 2019) <https://sipri.org/databases>

² 「MENA各国と主要国の軍事費(2018年 at current price)」参照。

<http://menarank.maeda1.jp/18-T01.pdf>

³ Table 「武器輸出額(2009-2018年)」参照。 <http://menarank.maeda1.jp/18-T03.pdf>

⁴ Table 「武器輸入額(2009-2018年)」参照。 <http://menarank.maeda1.jp/18-T04.pdf>

⁵ 'US says nearly \$110 billion worth of military deals inked with Kingdom', 2017/5/21 Arab News

<http://www.arabnews.com/node/1102646/saudi-arabia>

⁶ 'Trump bypasses US Congress to sell arms to Saudi, UAE, Jordan', 2019/5/25 Kuwait Times

<https://news.kuwaittimes.net/website/trump-bypasses-us-congress-to-sell-arms-to-saudi-uae-jordan/>

⁷ 'French weapons sales to Saudi jumped 50% last year', 2019/6/4 Arab News

<http://www.arabnews.com/node/1506296/business-economy>

⁸ 'Macron says military equipment sales to ally Saudi Arabia part of 'war on terror'', 2019/5/9 Arab

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<http://www.arabnews.com/node/1494861/business-economy>

⁹ 'Mideast plays key role in Chinese export of armed drones, report says', 2018/12/17 Arab News

<http://www.arabnews.com/node/1422101/business-economy>

¹⁰ 'Saudi Arabia buying new missile technology from China: Report', 2019/6/6 The Peninsula

<https://www.thepeninsulaqatar.com/article/06/06/2019/Saudi-Arabia-buying-new-missile-technology-from-China-Report>