III. Military spending and arms transfers to the Middle East and North Africa

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Throughout the Middle East and North Africa regional actors and external powers use military means as a key instrument to pursue their political agendas and address perceived security threats. In 2016 most states in the region were engaged in military activity either on their own territories or in other states in the region (see table 3.1). To illustrate the importance given to military capability by states in the region, this section provides an overview of patterns of military expenditure and arms transfers to countries in the Middle East and North Africa.

Regional developments

Military spending

Gaps in the data mean that total military spending in the Middle East and North Africa cannot be estimated for 2015 and 2016. Data is not available for either year for Qatar or the United Arab Emirates (UAE), which based on other information are known to be major military spenders (see below), or for Libya, Syria or Yemen. This lack of data is a symptom of a general lack of transparency and accountability regarding military matters in the region.[1] Furthermore, military spending data for Egypt, Iraq and Saudi Arabia is uncertain due to the lack of detail in public documents.

The combined total military expenditure for those countries for which data is available shows an increase between 2006 and 2015 of 54 per cent. However, this was followed by a 15 per cent fall in spending from 2015 to 2016, following the drop in oil prices since 2014, which had a significant impact on the economies of several of the major military spenders in the Middle East and North Africa.[2]

The regional total is dominated by a few big spenders, in particular Saudi Arabia, which accounted for 42 per cent of regional military spending in 2016 even after its spending dropped by some 30 per cent between 2015 and 2016 (see figure 3.5). The trends in these countries and several others in the region with high levels of military spending are described below, in order of the size of their military expenditure (see table 3.3).

Military expenditure as a share of gross domestic product (GDP), also known as the military burden, tends to be particularly high in the Middle

[1] For more on transparency in military expenditure see chapter 9, section V, in this volume.

[2] On the impact of the drop in oil prices on military expenditure see chapter 9, section III, in this volume.

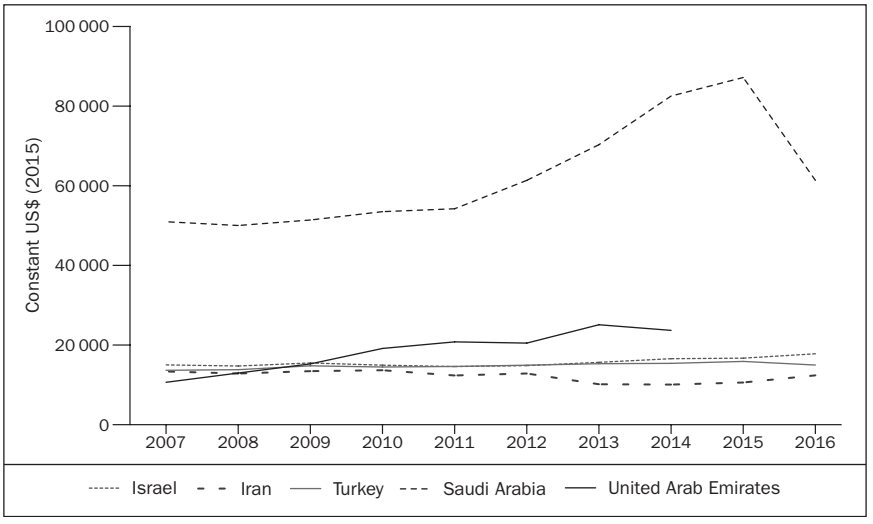

Figure 3.5. Military expenditure by the five largest spenders in the Middle East and North Africa, 2007–16

East and North Africa, which indicates the importance of military activities or military capabilities for many countries. The average share of GDP for those countries in the region for which data is available for 2016 was 5.6 per cent, compared to an average of 2.2 per cent globally. Of the 10 countries with the highest military burden in 2016, at least 8 were in the Middle East and North Africa. Oman had the highest military burden in the world, at 17 per cent, followed by Saudi Arabia, at 10 per cent. In 2014, the most recent year for which data for the UAE was available, it was also among the top 10, with a military burden of 5.7 per cent.

The relatively high level of military spending—in particular in the rich Arab Gulf states, Saudi Arabia, Oman, Kuwait and Bahrain—is also indicated by the fact that together they accounted for 0.6 per cent of the world's population but 4.8 per cent of global military spending.

International arms transfers

Arms imports to the region increased by 68 per cent between 2007–11 and 2012–16.[3] The region accounted for 34 per cent of global arms imports in 2012–16. Of the 10 largest arms importers in the world in 2016, 5 were in the Middle East and North Africa. Many countries in the region have acquired sophisticated military systems that can substantially increase their military capability if used effectively, such as advanced combat aircraft, cruise

[3] Unless otherwise stated, all figures and references to transfers of major arms are based on information in the SIPRI Arms Transfers Database 2017, <https://www.sipri.org/databases/armstransfers>. For more on the methodology see chapter 10, section I, box 10.1, in this volume.

Table 3.3. Military expenditure in the Middle East and North Africa, 2007–16
Figures are in US$, at constant (2015) prices and exchange rates.

	Military expenditure ($ b.)			Military expenditure as a share of GDP (%)	
	2016 ($ b.)	2014 ($ b.)[a]	Change 2007–16 (%)	2016	2007
Algeria	10.7	10	*169*	*6.7*	*2.9*
Bahrain	1.4	1.5	*80*	*4.8*	*3.0*
Egypt	5.4	5.2	*–4.2*	*1.6*	*2.5*
Iran	12.4	10.0	*–7.3*	*3.0*	*3.0*
Iraq	6.2	7.0	*97*	*4.8*	*2.2*
Israel	17.8	16.6	*19*	*5.8*	*6.7*
Jordan	1.8	1.5	*23*	*4.5*	*6.0*
Kuwait	6.4	5.7	*15*	*6.5*	*3.6*
Lebanon	..	2.2	..	..	*4.6*
Libya	..	3.7	..	..	*0.9*
Morocco	3.3	3.5	*145*	*3.2*	*3.0*
Oman	9.1	11.0	*59*	*16.7*	*10.3*
Qatar	..	..	..	..	*2.0*
Saudi Arabia	61.4	82.5	*20*	*10.4*	*8.5*
Syria	..	..	..	..	*4.1*
Tunisia	1	0.8	*123*	*2.3*	*1.3*
Turkey	15.0	15.4	*9.7*	*2.0*	*2.4*
UAE	..	23.7	..	..	*3.3*
Yemen	..	2.2	..	..	*4.1*

. . = data not available or applicable; b. = billion; GDP = gross domestic product; UAE = United Arab Emirates.

[a] 2014 is the last year for which information is available for the UAE and Yemen.

Source: SIPRI Military Expenditure Database, <https://www.sipri.org/databases/milex>.

missiles, and airborne and space-based sensors that increase the range and accuracy of their arsenals. Advanced air and missile defence systems are also in high demand.

Algeria, Egypt, Saudi Arabia and the UAE have had access to weapons from a diverse range of suppliers (see table 3.4). In contrast, Syria and Iran received weapons mainly from Russia, while Israel received them mainly from the United States and Germany. In 2012–16 the USA supplied 47 per cent of total arms transferred to the region, France 8.1 per cent and the United Kingdom 7.7 per cent. Since 2011, there have been increased calls in Western Europe and the USA for greater restrictions on arms exports to the Middle East and North Africa due to concerns that exported weapons are being used for repression and human rights abuses throughout the region, and in violation of international humanitarian law—in particular by the

Table 3.4. Transfers of major weapons to the Middle East and North Africa, 2012–16

Recipient	Change in volume since 2007–11 (%)[a]	Number of states supplying major arms	Top 3 suppliers (share of recipient's imports, %) 1	2	3
Algeria	4.7	15	Russia (*60*)	China (*15*)	Germany (*12*)
Bahrain	–19	5	USA (*61*)	Turkey (*30*)	Belgium (*4.1*)
Egypt	69	15	USA (*40*)	France (*40*)	Germany (*6*)
Iran	–27	2	Russia (*88*)	China (*12*)	
Iraq	123	13	USA (*56*)	Russia (*23*)	S. Korea (*9.3*)
Israel	12	4	USA (*52*)	Germany (*36*)	Italy (*12*)
Jordan	0.7	16	Netherlands (*44*)	USA (*29*)	UAE (*9.4*)
Kuwait	175	7	USA (*91*)	Russia (*3.6*)	Austria (*1.8*)
Lebanon	15	4	USA (*82*)	Jordan (*13*)	Italy (*2.1*)
Libya	163	9	Canada (*52*)	Russia (*18*)	Egypt (*11*)
Morocco	–2.7	7	USA (*44*)	France (*34*)	Netherlands (*18*)
Oman	692	13	USA (*35*)	UK (*23*)	France (*12*)
Qatar	245	7	USA (*68*)	Germany (*18*)	Switzerland (*6.3*)
Saudi Arabia	212	20	USA (*52*)	UK (*27*)	Spain (*4.2*)
Syria	–35	3	Russia (*94*)	Iran (*5.4*)	China (*0.7*)
Tunisia	629	4	USA (*84*)	Turkey (*14*)	Canada (*1.6*)
Turkey	42	11	USA (*63*)	Italy (*12*)	Spain (*9.3*)
UAE	63	17	USA (*62*)	France (*12*)	Italy (*6.5*)
Yemen	–80	6	Belarus (*33*)	South Africa (*32*)	USA (*18*)
Total MENA	**86**		**USA (53)**	**UK (8.9)**	**France (8)**

MENA = Middle East and North Africa; UAE = United Arab Emirates.

Notes: Percentages under 10 are rounded to one decimal; percentages over 10 are rounded to whole numbers. For more information on the methodology see chapter 10, section I, box 10.1 in this volume.

[a] Figures show the change in volume of the total arms imports per importer between the two periods.

Source: SIPRI Arms Transfers Database, <https://www.sipri.org/databases/armstransfers>.

states, led by Saudi Arabia, intervening militarily in Yemen.[4] However, the data on arms transfers to the region shows that the USA and several Western European countries continued to be the main arms suppliers to most countries in the region throughout 2012–16. Russia, the second-largest arms exporter globally, accounted for 12 per cent of arms exports to the region in 2012–16. Russia's arms exports to Algeria accounted for 54 per cent of its total exports to the region in 2012–16. It became a significant supplier of

[4] See e.g. chapter 15, section II, in this volume; Wezeman, P. D., 'Arms transfers to the Middle East and North Africa, and the military intervention in Yemen', *SIPRI Yearbook 2016*, pp. 587–94; and Bromley, M. and Wezeman, P. D., 'Policies on exports of arms to states affected by the Arab Spring', *SIPRI Yearbook 2012*, pp. 275–79.

arms to Iraq during this period. Based on contracts signed in 2015, it is set to become a major supplier of arms to Egypt.

The arms industry

The Middle East and North Africa is highly dependent on arms imports as the size and capabilities of the region's arms industries are limited. Israel and Turkey have the most developed arms industries in the region. Israel is the home base of three of the top 100 arms-producing companies in the world, which account for 2.1 per cent of the combined arms sales of the top 100, and Turkey has two.[5] Nonetheless, meeting the national demand for military products in those two countries entails a high level of dependence on arms imports. Several other countries have ambitious plans to develop their own arms industries. In 2016, for example, Saudi Arabia announced a long-term economic development plan—Vision 2030—that includes the extremely ambitious goal of increasing the proportion of indigenous military purchases from 2 per cent of the total value of national military procurement to 50 per cent.[6] Since the late 1990s, the UAE has been building up an arms industry based on imported technology for use in the assembly of ships and the production of light armoured vehicles, ammunition and components for a number of weapons produced elsewhere.[7]

Developments by country

Saudi Arabia

Saudi Arabia is by far the largest military spender in the region and was the fourth largest in the world in 2016. Its military spending increased throughout the period 2006–15, from $44.2 to $87.1 billion (at 2015 prices and exchange rates). However, these figures are uncertain, as the only public information available is a single line in the Saudi Government budget for 'defence and security'. Furthermore, total actual government spending in Saudi Arabia was, on average, 31 per cent higher than budgeted for in 2010–14, although there is no data available on actual spending on separate budget items.[8] Given that 'defence and security' spending accounted for 30 per cent of all government expenditures during these years, it is likely that the overspending also involved higher-than-budgeted spending on the military. In December 2016 Saudi Arabia published figures on actual govern-

[5] Fleurant, A. et al., 'The SIPRI Top 100 arms-producing and military services companies, 2015', SIPRI Fact Sheet, Dec. 2016.

[6] Kingdom of Saudi Arabia, *Vision 2030*, para. 2.2.3.

[7] Gaub, F. and Stanley-Lockman, Z., 'Defence industries in Arab states', Chaillot Paper no. 141 (European Union Institute for Security Studies: Mar. 2017), pp. 47–62.

[8] On Saudi Arabia's military spending and absence of transparency see box 13.3, Perlo-Freeman et al., 'Global developments in military expenditure', *SIPRI Yearbook 2016*, p. 506.

ment spending in 2016, on the basis of which actual military expenditure is estimated to be $63.7 billion (at 2016 prices and exchange rates). This represents a 30 per cent decrease in estimated military spending compared to 2015. This coincided with a fall in oil prices from late 2014 that led to a significant deficit in the Saudi Government's budget and a 15.6 per cent decrease in total government spending.[9]

In 2012–16 Saudi Arabia's arms imports increased by 212 per cent compared to 2007–11. The major acquisition programmes under way in 2012–16, many of which continue beyond 2016, included 154 combat aircraft from the USA and 48 combat aircraft from the UK, as well as hundreds of cruise missiles and thousands of other missiles and precision-guided bombs for each type. These weapons expand the reach and strike power of the Saudi Air Force. Its capability to defend against aircraft and missile attacks was also improved with the acquisition of 21 advanced air defence systems from the USA. Major examples of investment in the Saudi Army and the National Guard are: 72 combat helicopters and 373 tanks from the USA, and thousands of lighter armoured vehicles from seven different countries. Procurement for the navy was more modest but negotiations continued in 2016 on the procurement of frigates and other major ships.[10]

United Arab Emirates

The most up-to-date estimate of military expenditure in the UAE is for 2014, when at $22.8 billion it was the second largest military spender in the Middle East and ranked 14th in the world. Its military spending increased by 123 per cent between 2007 and 2014 (see figure 3.5). No public information on military expenditure has been available since 2014. The effects on military spending of low oil prices or the UAE's involvement in the wars in Libya, Syria and Yemen are therefore unknown.

The UAE has had a high level of arms imports since 2001. Its arms imports increased by 63 per cent between 2007–11 and 2012–17. After procuring combat aircraft before 2012, the UAE procured force multipliers in 2012–17 to extend the range of its existing military assets. These included the delivery of 3 tanker aircraft and 4 long-range transport aircraft, as well as orders for 4 Airborne Early Warning and Control (AEW&C) systems and 2 surveillance satellites. The UAE also built up an advanced air and missile defence capability with the delivery of 11 air defence systems from the USA, 2 of which are highly advanced THAAD anti-ballistic missile systems.

[9] Ministry of Finance of the Kingdom of Saudi Arabia, '2017 budget', Dec. 2016, pp. 7, 14.
[10] Fish, T., 'Analysis: Saudi Arabia, a close customer', *Shepard Media*, 18 Dec. 2016.

Israel

Israel's military expenditure grew by 19 per cent between 2007 and 2016, when it reached $18.0 billion. In addition, it received $2.5–3.8 billion annually in US military aid. In 2016 the USA pledged to provide $38 billion in military aid to Israel over the period 2018–28.[11]

Israel's imports of major arms were relatively stable in 2007–16. The USA accounted for 52 per cent of these transfers. The USA is committed to ensuring Israel's so-called qualitative military edge (QME), which refers to Israel's military superiority based on advanced weaponry not available to possible adversaries in the region.[12] A key component of its QME will be 50 advanced F-35 combat aircraft, the delivery of which began in 2016. While the USA has supplied large volumes of arms to most Arab countries, it is not yet willing to supply them with the F-35.

Turkey

Turkey increased its military spending by 9.7 per cent from 2007 to 2016. While it is believed that spending levels decreased between 2015 and 2016, there are a number of uncertainties. Since the attempted military coup in July 2016, detailed data about certain elements of Turkish arms expenditures has become more difficult to access.[13] In addition, there might be additional spending related to the military operation against Kurdish rebels and Islamic State (IS) in Syria that is not included in the estimate.[14]

Turkey has ambitious plans to develop its arms industry, and has imported the technology to do so.[15] In recent years, some major arms, such as corvettes and light armoured vehicles, have been acquired from indigenous industry, even though major components such as sensors, main armaments and engines, as well as the design inputs for these platforms have been imported. Turkey remains dependent on foreign weapons technology. It was the sixth largest arms importer globally in 2012–16 and increased its arms imports by 42 per cent in 2012–16 compared to 2007–11. Among the major arms import programmes were the delivery of 24 combat aircraft and 4 AEW&C aircraft in 2012–16 and the planned delivery of 100 combat aircraft in 2018–26.

[11] These figures include US funding of US–Israeli missile defence. Sharp, J. M., *US Foreign Aid to Israel*, Congressional Research Service (CRS) Report for Congress RL33222 (US Congress, CRS: Washington, DC, 22 Dec. 2016), pp. 5, 20, 35.

[12] Zanotti, J., *Israel: Background and US Relations*, Congressional Research Service (CRS) Report for Congress RL33476 (US Congress, CRS: Washington, DC, 28 Oct. 2016), pp. 20–21.

[13] For more on the coup and other developments in Turkey in 2016 see chapter 4, section III, in this volume.

[14] Herschelmann, K., 'Turkey raises defence spending to stem instability', *Jane's Defence Weekly*, 20 Dec. 2016.

[15] Slijper, F., 'Power projection: Turkey's military build-up, arms transfers and an emerging military industry', PAX (Netherlands), Jan. 2017.

Iran

Iran's military spending decreased by 7.3 per cent between 2007 and 2016; the decline occurred mainly in 2012–13 after the European Union imposed a number of economic and financial sanctions in January 2012. The lifting of these sanctions, and similar sanctions imposed by the USA in connection with the country's nuclear programme, in 2015 has benefitted its economy and facilitated an increase in military spending. In 2015 Iran sought to increase its military budget from 2 per cent to 5 per cent of total government spending.[16] Military spending increased by 11.5 per cent between 2015 and 2016.

Resource limitations and a partial United Nations arms embargo kept Iran's arms imports at a low level in 2012–16—just 1 per cent of total arms imports to the region. The delivery by Russia in 2016 of four air defence systems, which are not restricted under the arms embargo, was the country's first significant import of major arms since 2007. As the partial UN arms embargo remains in force until the end of 2020, Iranian arms imports are unlikely to increase by much until then.

Algeria

The increase of 169 per cent in Algerian military expenditure between 2007 and 2016 was the highest in the region. Oil and gas exports are important for Algeria's economy and despite the fall in oil prices, the country continued to increase its military spending in 2015 and 2016.

Algeria's arms imports increased by 4.7 per cent in 2012–16 compared with 2007–11. It was the world's fifth largest arms importer in 2012–16. Algerian arms imports rose steeply in 2016, accounting for 54 per cent of all its imports during the period 2012–16. Major arms deliveries during this period included 2 frigates from Germany, 3 frigates from China and 24 combat aircraft, 10 combat helicopters and 320 tanks from Russia.

Iraq

There was a 97 per cent increase in Iraq's military expenditure between 2007 and 2016. Spending fell by 36 per cent between 2015 and 2016, presumably as a result of IS occupying parts of the country (see section II) and the fall in oil prices. The military expenditure figures for Iraq are uncertain as the estimate only includes spending by the Ministry of Defence. There are no figures on spending on paramilitary forces, such as the militarized Counter Terrorism Service, the Iraqi Federal Police, the Popular Mobilization Forces and the military forces of the Kurdish Regional Government. In addition to

[16] Qaidaari, A., 'More planes, more missiles, more warships: Iran increases its military budget by a third', *Al-Monitor*, 13 July 2015; and Sharafedin, B., 'Iran to expand military spending, develop missiles', Reuters, 9 Jan. 2017.

its own military spending, Iraq received over $3 billion in US military aid in 2011–16.[17]

Iraq has received broad international support for its military campaign against IS. In 2014–16 a highly diverse group of countries that included Germany, Iran, Russia and the USA supplied arms as aid or as commercial sales. Arms imports by Iraq increased by 123 per cent between 2007–11 and 2012–16. Iraq received thousands of light armoured vehicles in 2012–16 (as it had in 2007–11) but the procurements of 29 combat aircraft from the USA, 24 trainer/combat aircraft from South Korea and 43 combat helicopters from Russia were the main contributors to the increase. Many of the newly acquired arms were immediately put to use in the fight against IS.

Egypt

Military expenditure in Egypt fell by 4.2 per cent between 2007 and 2016. Spending decreased by 2.2 per cent between 2015 and 2016. However, these figures are based on spending by the Ministry of Defence and do not include expenditure on the Central Security Forces (CSF), which is accounted for under the Security and Police budget of the Ministry of Interior. The CSF is a paramilitary force that is actively involved in combating armed groups in the Sinai. Its spending therefore falls within the SIPRI definition of military expenditure. The aggregated budget for Security and Police increased by 83 per cent between 2007 and 2016. In 2007 the budget for Security and Police was 27 per cent of that of the Ministry of Defence; by 2016 it was 52 per cent.[18] It therefore seems plausible that spending on the CSF, and thus military spending, has increased in real terms. Egypt has been receiving significant military aid from the USA since 1979. In 2012–16 this amounted to $1.5 billion annually.[19]

Arms imports to Egypt grew by 69 per cent between 2007–11 and 2012–16 and included 20 combat aircraft, 4 corvettes and 90 tanks from the USA, and 6 combat aircraft, 1 frigate and 2 amphibious assault landing ships from France and 1 submarine from Germany. Current contracts for further weapons, such as 18 combat aircraft from France, 50 combat aircraft and 46 combat helicopters from Russia, and 3 submarines from Germany, are expected to lead to further increases in arms imports in 2017–21.

[17] US Department of State, Bureau of Political-Military Affairs, 'US security cooperation with Iraq', 20 Jan. 2017.

[18] Egyptian Ministry of Finance, [Administration budget for fiscal year 2016–17], p. 466–67 (in Arabic).

[19] Sharp, J. M., *Egypt: Background and US Relations*, Congressional Research Service (CRS) Report for Congress RL33003 (US Congress, CRS: Washington, DC, 24 Mar. 2017), pp. 13–18.

Syria

No public information on the level of Syrian military expenditure has been made available since the start of the country's civil war in 2011, when it was $2.5 billion at 2011 prices and exchange rates.[20] Just before the outbreak of the war, Syria had started to modernize its armed forces. Air defence systems had been ordered from Russia and were delivered in 2011–13. However, 36 trainer/combat aircraft and 12 combat aircraft ordered in or before 2011 were not delivered. In contrast to Iraq's receipt of large quantities of major arms to defeat IS and other armed groups, the Syrian Government appears to have received few major arms. Some sources indicate that an unknown number of tanks were delivered from Russia in 2015–16.[21] However, instead of supplying large numbers of major arms to the Syrian Government, it appears that Russia opted to deploy its own forces to support Syria's ground forces.

The various rebel groups fighting both the Syrian Government and IS have received arms from several countries, most notably the USA, Saudi Arabia and Qatar.[22] These have primarily been small arms and ammunition, but also unknown numbers of guided anti-tank missiles and portable anti-aircraft missiles. Such supplies continued in 2016, although no useful estimates can be made about the volume of arms involved.[23] The US Government's stated intention to spend $210.8 million on weapons, ammunition and equipment for Syrian rebel groups in US fiscal year 2017 provides an indication of the volume of US arms supplies to Syrian rebels.[24]

Conclusions

Trends in regional military expenditure and arms imports indicate a continuing and possibly increased role for military capability in security thinking in the Middle East and North Africa. However, military expenditure and arms imports are only some of the factors that determine military capability.

Furthermore, assessing the motives for military expenditure and arms procurement in the Middle East and North Africa is problematic due to the high level of secrecy regarding such matters throughout the region. Most countries in the region lack democratic decision-making procedures and

[20] Due to the lack of Syrian Consumer Price Index data after 2011, the figure cannot be converted to a constant 2015 figure.

[21] *Jane's Defence Weekly*, 'Russia to deploy artillery, helicopters to Syrian fronts', 11 Nov. 2015; and *Sputnik*, 'Russian-Made T-90 tank goes through baptism by fire in Syria', 7 Feb. 2016.

[22] Wezeman, P. D., 'Restricting arms supplies to Syria', *SIPRI Yearbook 2014*, pp. 23–30.

[23] Perry, T., 'Syrian rebel sees more arms from Assad foes, but not enough', Reuters, 24 Sep. 2016.

[24] Humud, C. E., Blanchard, C. M. and Nikitin, M. B. D., *Armed Conflict in Syria: Overview and US Response*, Congressional Research Service (CRS) Report for Congress RL33487 (US Congress, CRS: Washington, DC, 28 Sep. 2016), p. 26.

oversight, and defence policy is typically formed by a small group from among the elites.[25] Threat perceptions—and perceptions of military capability as a key tool for dealing with threats—may not be the only explanation for higher military expenditure or increased arms procurement. There is also a significant risk of corruption in arms procurement.[26] The role of arms as prestige objects and the military's powerful position in (or even dominance of) politics should also be taken into account.

Nonetheless, many of the military capabilities that have been built up in the region are now being used in combat, in addition to the military interventions by external actors such as the USA, Western European countries and Russia. Whatever the original drivers of military spending and arms procurement, it appears that states consider military capabilities to be key tools for addressing perceived threats to internal stability and actual violent conflicts, while also pursuing foreign policy objectives in the context of intra-regional rivalry. In this regard, arms exports to the region by willing suppliers from all regions of the world have enabled states in the Middle East and North Africa militarily. This heightens long-standing questions about the possible effects of arms supplies on instability, violent conflict and human rights violations in the region.

[25] Transparency International, 'The Government Defence Anti-Corruption Index', <http://government.defenceindex.org/#close>.

[26] Transparency International (note 25).