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## MILITARIZATION OF THE MIDDLE EAST: RUSSIA'S ROLE

## (Article II)

In terms of its portfolio of contracts and actual deliveries, Russia has for a long time been the world's second-largest arms supplier after the United States. Over the past few years Asia Pacific has been the biggest destination of Russian arms exports, accounting for 55–57 percent of the overall figure. The Middle East is second with 14.2 percent, followed by northern and northeastern Africa with 12.7 percent.<sup>1</sup> The top ten of the largest buyers of Russian weaponry in these two regions includes Algeria; Iran (4.1 percent of total Russian exports<sup>2</sup>), Syria (3.1 percent<sup>3</sup>), Egypt (3 percent<sup>4</sup>) and the UAE (1.8 percent<sup>5</sup>).

In 2012 Russia exported about 15.2 billion dollars' worth of weapons, of which the Middle East accounted for about 20 percent.<sup>6</sup> But of all the Middle Eastern countries, only Iraq made it into the Top 10 of the biggest destinations of Russian defense exports in 2012. That year, the country placed 4.2 billion dollars' worth of tentative orders for Russian weaponry, which accounts for 23.17 percent of the defense contracts Russia signed in 2012.<sup>7</sup>

But the ongoing military and political developments in the Middle East and North Africa are putting growing pressure on the regional balance of Russia's defense exports. It has already become clear that the share of Middle Eastern countries in these exports is sliding. This has already been recognized by Russian officials.<sup>8</sup> Let us therefore look more closely at this situation in order to identify its possible consequences.

**THE GULF MONARCHIES: STRANGERS ARE NOT WELCOME***BAHRAIN*

Bahrain maintains close military-political ties with Washington. The country hosts the headquarters of the U.S. 5th Fleet, and buys weapons mainly from the United States. Bahrain's oil reserves, and therefore its revenues from oil exports, are limited. For that reason, the country often buys or leases used weaponry in an effort to cut costs.

In recent years Bahrain has ranked 57th among the world's largest arms importers, and 13th in the Middle East, just ahead of Yemen and Lebanon (not counting the Palestinian Autonomy), with a 0.7-percent share of the region's arms imports.

Military and technical cooperation between Russia and Bahrain is almost nonexistent. The only known weapons deal between the two countries was a single delivery of 40 KAMAZ-4326 trucks in 2004. Some small orders may also have been placed for weapons used by special task forces (there is no official information concerning such contracts). So far, that is about it in terms of the Russian presence on Bahrain's defense market. There were intense negotiations between the two countries about possible aircraft contracts during the Bahrain International Airshow in 2010—but they do not seem to have yielded any results.

Given the utter dominance of the United States in Bahrain's defense market, Russia is unlikely to win a significant share of that market any time soon. There is a small chance of



A N A L Y S I S



Bahraini contracts for Russian military-transport helicopters, combat trainer aircraft, and ground weaponry.<sup>9</sup> But these contracts may materialize only in a fairly distant future, if at all.

## QATAR

This emirate pursues a pro-Western course, and has come under the very strong influence of the United States. Qatar also hosts a large U.S. military base, which clearly affects the country's choices in terms of what kind of weaponry it buys, and from whom. France used to have fairly strong positions in the Qatari defense market, but in the past decade that market has been dominated by the United States.

Over the past eight years Qatar has ranked 12th among the largest Middle Eastern weapons importers. In dollar figures, it is fairly close to Iran; by 2015 Qatar will have spent an estimated 1.186 billion dollars on arms imports. The United States will account for 750 million dollars (63.2 percent), followed by Germany and Switzerland with 150 million dollars apiece (12.65 percent). Qatar has also signed small-arms contracts with Italian, French, and Dutch suppliers.<sup>10</sup>

There is very little arms trade between Russia and Qatar. The only known deal is the single sale of 500 KAMAZ army trucks in 2004, and no major breakthrough is expected any time soon. The best Russia can hope for is small programs related to the repairs of previously supplied hardware, and/or orders for small batches of armored vehicles or dual-use products.

Russia and Qatar are also negotiating contracts for certain weapons systems used by special task forces (in fact, some contracts may have already been signed). But any significant increase in arms trade between the two countries is highly unlikely. The reasons for this include Qatar's strongly pro-Western orientation. Also, supported by the Americans, Qatar is strengthening its position as Russia's main competitor in the market for natural gas. Moscow has already lost a share of the European energy markets to the Qataris.

## KUWAIT

Even though Kuwait is a typical pro-Western Arab monarchy, it tries to maintain friendly relations with many other countries, including Russia. Kuwait has largely competed the restoration and modernization of its armed forces after the Iraqi occupation of 1990–1991. It has been buying weapons not only from the West, but from Russia as well (including BMP-2 and BMP-3 infantry fighting vehicles and Smerch MLR systems). Nevertheless, the Kuwaiti defense market is dominated by the United States, and this situation is unlikely to change any time soon.

Russia is now trying to get the Kuwaitis interested in its upgrade options for the M-84AB and BMP-3 armor, as well as in Russian air defense systems. But the country has not placed any large orders for Russian weapons since 2002, with the exception of a 2009 contract for two Project 12061E Murena amphibious assault hovercraft.<sup>11</sup> The deal was signed to offset part of the Russian debt to Kuwait, but as of autumn 2013 no information was available on the progress made on this particular contract. Also, Russia is about to complete an upgrade project for Smerch MLR systems<sup>12</sup> previously supplied to Kuwait, and has begun to upgrade the Kuwaiti fleet of BMP-3 infantry fighting vehicles.<sup>13</sup>

In the medium term, any significant increase in arms trade between Russia and Kuwait is unlikely, although the Kuwaiti armed forces could place up to 100 million dollars' worth of small contracts by 2015, mostly for the repair of previously supplied weaponry.

## UAE

The United Arab Emirates is one of the Arab world's richest countries. Its defense spending has been growing steadily in recent years. It is the second-biggest arms importer in the Middle East after Saudi Arabia. The UAE has always pursued a policy of diversification of its arms imports; nevertheless, its defense market is dominated by U.S. suppliers.

One of the largest weapons deals in history was the 2007 contract between the UAE and the United States for nine PAC-3 SAM batteries, worth 9 billion dollars. In 2008–2011 U.S.



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weapons deliveries to the country reached an estimated 7.335 billion dollars, which makes up 66.1 percent of UAE weapons imports over that period (11.095 billion dollars). Russia was a distant second with 891 million dollars' worth of arms deliveries to the UAE, followed by France (818 million), Germany (507 million), and Switzerland (307 million).

The United States is expected to retain its huge share of the UAE defense market over the coming years. Its accumulated arms deliveries to the country are expected to reach 12.717 billion dollars by 2015, which makes up 77.53 percent of the total figure. France is expected to make another 1.881 billion dollars' worth of deliveries, followed by Italy (607 million), Switzerland (204 million), and Sweden (180 million). Russia is not on the list of the biggest arms suppliers to the UAE.<sup>14</sup>

Nevertheless, arms trade between Russia and the UAE has a long history. Since the early 1990s Russia has supplied large batches of armored vehicles (815 BMP-3 infantry fighting vehicles and other armor using the BMP-3 chassis), as well as Smerch MLR systems, Igla and Igla-S man-portable SAM systems, anti-tank and anti-aircraft missile systems, and trucks. But in 2001 Russian arms deliveries to the UAE began to fall. The only large contract in recent years was for 50 Pantsir-S1 gun-missile AA systems; the development of that product was commissioned by Abu Dhabi. The deal was worth 734 million dollars.

Russia and the UAE have long been in talks about a possible contract to develop an integrated air defense system for the Arab state based on the Russian S-400 SAM system. So far, however, these talks have not yielded any results, even though a proposal was made back in 2007 about in-kind repayment of Russian debt to the UAE by weapons supplies.<sup>15</sup> In the 2008–2011 period Russia supplied 890.6 million dollars' worth of weaponry to Abu Dhabi, but since then deliveries have fallen sharply.<sup>16</sup>

So far, the possibility of Russia winning a significantly larger share of the UAE defense market appears remote. In 2013 Rosoboronexport completed a 75.2 million-dollar upgrade project for 135 previously supplied BMP-3 vehicles,<sup>17</sup> and the Tula-based Instrument Design Bureau (KBP) signed a 128.63 million-dollar contract for various types of ammunition.<sup>18</sup>

## OMAN

The Sultanate of Oman is one of the most militarized states in the Middle East. Thanks to its oil export revenues, the country has taken its military spending to record levels. Oman does not have a clearly demarcated border with its neighbors, so tensions flare up from time to time with the UAE, Saudi Arabia, and Yemen.

The main arms suppliers to Oman are Britain and the United States. In recent years, defense contracts were also signed with France, Germany, South Africa, Pakistan, India, Jordan, and Saudi Arabia. In 2003–2009 Oman received almost 1 billion dollars' worth of American weaponry. The country's territory remains a key base for the Western countries in the event of military action in the Middle East. That is why the Americans and the British treat Oman differently from many other Arab countries, to which they usually sell obsolete weaponry; Oman receives fairly advanced and up-to-date military hardware.<sup>19</sup>

Arms contracts between Russia and Oman have been few and far between. In fact, the only known contracts are the 1992 sale of six T-80 tanks (according to the UN Conventional Arms Register), and the 2005 order for a batch of 9K129 Kornet-E anti-tank missile systems.<sup>20</sup> Oman has also expressed interest in the Russian-made Bastion coastal defense missile system, which is equipped with PG-10 BrahMos supersonic anti-ship missiles (developed jointly by Russia and India).<sup>21</sup> But there has been no information about an actual contract being signed for that weapons system.

On the whole, Russia is making efforts to revitalize its arms trade with Oman<sup>22</sup>, but with little to show for it so far.

## SAUDI ARABIA

Saudi Arabia plays an extremely important role in the current system of global and regional international affairs. Its historical background and role as the guardian of the holiest Muslim





places have made the country the global center of Islam, which largely determines its foreign policy course, and its aspiration for leadership of the Muslim world. Being the largest oil producer in the Middle East, and a key U.S. ally, Saudi Arabia spends huge amounts of money on weapons. On the one hand, Washington supplies the Saudis with the latest defense hardware. But on the other, it tries not to undermine Israel's regional superiority in defense technology.

A new wave of Saudi defense contracts began in 2006, when the country placed about 13 billion dollars' worth of orders for American and French weaponry. That is about as much as the country had spent on these purposes during the entire period 1998–2005. In 2007 Riyadh also signed a large contract with Britain for 72 Eurofighter Typhoon aircraft worth 8.9 billion dollars (the overall value of the deal could well top 20 billion dollars). The Saudis are currently negotiating other large contracts for aircraft with Britain and France. They are also expected to place orders for tanks, air defense systems, and escort ships.

Britain is currently the biggest arms supplier to Saudi Arabia, followed by the United States (3.417 billion dollars), France (880 million), Canada (498 million), and Turkey (408 million). A total of 11 countries have been selling weapons to the Saudis in recent years; Russia is not among them.<sup>23</sup> In terms of the overall value of arms supplies to Saudi Arabia by 2015, the United States is expected to top the ranking with 16.843 billion dollars' worth of exports.<sup>24</sup>

Russia has long been trying to win a share of the Saudi defense market, but with little to show for these efforts. It is known that the Russian T-90S main battle tank has undergone trials in Saudi Arabia. At one point the two countries were negotiating contracts for various types of armor worth about 1 billion dollars. The Saudis have also shown interest in Russian air defense systems and helicopters.<sup>25</sup>

In the summer of 2009 Russia and Saudi Arabia signed a framework agreement on military and technical cooperation. Since then there have been several reports claiming that Moscow and Riyadh are negotiating a package of contracts for Russian helicopters, air defense systems, and armor worth more than 4 billion dollars.<sup>26</sup> There have not been any reports about an agreement being reached—but it has not been reported that the talks have ended, either.

On the whole, the Saudi Arabian weapons market remains off limits to Russia. What is more, there has been a notable rise in tensions between the two countries since 2012 due to the events of the Arab Spring, and especially in connection with the crisis in Syria.

## **THE ARAB SPRING AS A MARKET FACTOR**

### *EGYPT*

Egypt buys most of its weapons from Western countries, especially the United States. The arms trade between Egypt and Russia fell sharply in 1972; only a handful of small contracts have been signed since then. In the period since 1990 Egypt has bought a batch of Mi-17 helicopters and various spare parts for Soviet-made weaponry. Most of the recent sales are in such categories as SAM systems and air defense weaponry, as well as upgrades of previously supplied air defense systems.<sup>27</sup> The bulk of the Russian defense exports to Egypt currently consist of several hundred Igla-S man-portable SAM systems.<sup>28</sup> No contracts have actually been cancelled in the wake of the Arab Spring, but the deadlines have been pushed back. Sales have been particularly slow since 2012, and the total value of contracts signed is expected to reach only 343.3 million dollars by 2015.<sup>29</sup>

Egypt needs to refresh its fleet of combat aircraft, but for now the United States is refusing to sell the latest versions of the F-16 to the Egyptians. There is, therefore, a chance that Cairo will turn to other suppliers of advanced fighter jets, including Russia. Nevertheless, the Russian–Egyptian arms trade is more likely to remain limited to air defense systems and helicopters.

### *YEMEN*

There is much domestic instability in Yemen due to ongoing tensions between the north and the south of the country, rivalry between its numerous tribal groups, and the activity



of Islamist extremists. In the foreign-policy arena, Yemen has major differences with Saudi Arabia and Eritrea. The country has been a Russian defense customer since Soviet times.<sup>30</sup>

In 1998 Russia and Yemen signed an agreement on military and technical cooperation. Yemeni imports from Russia have included 31 T-72B main battle tanks; 16 MiG-29 fighters, which were upgraded in 2003–2005 to the MiG-29SMT specification; six new MiG-29SMT jets; 11 Mi-171Sh helicopters; several civilian helicopters; and significant numbers of infantry fighting vehicles, small arms, and various types of ammunition. Russia has also upgraded and conducted a technical inspection of 80 Soviet-made Tochka tactical missile systems. At one point Yemen was planning to place up to 1.3 billion dollars' worth of new orders for Russian weapons,<sup>31</sup> but the Arab Spring has derailed those plans. Accumulated Russian arms exports to Yemen reached 363 million dollars in 2011.

There is a chance of Yemen placing more weapons orders with Russian suppliers if the domestic political situation in the country returns to normality—but these orders are unlikely to be big. The reasons for that include not only Yemen's financial constraints, but also the growing military-political influence of the United States, which has been donating helicopters, patrol boats, and trucks to Yemen, as well as training Yemeni soldiers free of charge.<sup>32</sup>

Judging from the information available about the meeting in April 2013 between Russian Prime Minister Dmitry Medvedev and Yemeni President Abd Rabbuh Mansur Hadi,<sup>33</sup> Yemen is primarily interested in small arms and ammunition, which can be supplied very quickly from Russian weapons depots, as well as engines for previously supplied armor.

## SYRIA

Syrian President Bashar Assad is trying to preserve his authoritarian Ba'athist regime, but his efforts are looking increasingly desperate. For a long time, confrontation with Israel over the Golan Heights remained at the core of Syrian foreign policy. Essentially, a state of undeclared war continues to exist between Syria and Israel, as witnessed by regular Israeli airstrikes against Syrian targets. At the same time, the ongoing civil war in Syria has become a major headache for the international community. So far, all attempts to get the Syrian government and the opposition to negotiate have failed.<sup>34</sup>

Despite the difficult military-political situation in and around Syria, military and technical cooperation between that country and Russia continues. Until 1991 Syria was the largest foreign recipient of Soviet weaponry. A new stage of Russian–Syrian military and technical cooperation began in 1998. Since then, Russia has supplied the Syrians with the Metis-M and Kornet-E anti-tank missile systems; Iglá MANPAD systems; Strelets turrets; guided tank projectiles; RPG-29 grenade launchers; and other weapons. Contracts have also been signed for the Buk-2ME, S-300PMU-1, and Tor-M1 SAM systems, as well as MiG-29 fighters. In 2010 Russia made final deliveries under a Syrian contract for 36 Pantsir-S1 gun-missile air defense systems.

Negotiations are ongoing on a number of potential contracts, including orders for two diesel-electric submarines, large batches of MiG-29SMT and Yak-130UBS fighters,<sup>35</sup> and upgrades of the S-125 Neva SAM system. Also, Russia is still considering the possibility of supplying and/or upgrading helicopters,<sup>36</sup> heavy armor, tactical missiles, various types of combat ships, and other weapons.

Russia continues to fulfill Syrian contracts for 24 MiG-29M/M2 and 36 Yak-130UBC fighters, but making actual deliveries is extremely difficult owing to what amounts to a blockade of transport routes into Syria by Western countries.<sup>37</sup> In 2008–2011 Russia supplied 1.49 billion dollars worth of weapons to Syria. By 2015 it is expected to make another 2.24 billion dollars' worth of deliveries, barring any force-majeure circumstances.<sup>38</sup>

Amid the ongoing civil war, the United States and several other Western countries want Russia to stop its arms supplies to Syria,<sup>39</sup> but the government in Moscow has taken an unyielding stance on this issue. It argues that since there are no UN sanctions in effect against Syria, there are no reasons to stop military and technical cooperation with that country.<sup>40</sup>





## ISRAEL AND ITS NEIGHBORS: THE PRICE AND VALUE OF A DELICATE APPROACH

### ISRAEL

Russia is an importer of Israeli weaponry. The first weapons systems Russia bought from Israel were unmanned aerial vehicles (UAVs). In June 2009 it placed orders for 12 Bird-Eye 400, I-View MK150, and Searcher Mk II drones, worth a total of 53 million dollars. It later placed a 100 million-dollar order for another 36 drones.

The next step was the signing in September 2010 of the first-ever military cooperation agreement between the two countries. This was a framework document that facilitates the signing of new contracts. Moscow hoped that one of these future contracts would be for a joint UAV production facility in Russia. Later that year Israel Aerospace Industries and Oboronprom signed a contract to build a new facility that would assemble Israeli drones in Tatarstan. But the deal has stalled due to Russia's energetic military and technical cooperation with Iran (prior to the introduction of the UN Security Council embargo) and Syria. Discussions between Russia and Israel about building the joint UAV facility have not been broken off completely, but nor is major progress being made.

Nevertheless, the Russian order placed for Israeli UAVs has played a positive role, and stimulated the development of similar systems by Russia's own defense industry. This is especially important because Israel had no plans to transfer the underlying UAV technologies to Russia.<sup>41</sup>

### JORDAN

Russia attaches great importance to cooperation with Jordan in all areas (military and technical, economic, political, etc.) because the country lies at the very heart of the region. Since the mid-2000s Moscow has given Amman a 350 million-dollar loan for the purchase of Kornet-E anti-tank missile systems, Igla-S MANPAD systems, and several Il-76MF aircraft. Russia's Oboronprom and the King Abdulla II Design Bureau have signed a contract for six Ka-226 light multirole helicopters. The contract also includes the establishment of a joint venture that will make helicopter components.

The most important Russian-Jordanian weapons deal was the 2008 agreement on the construction of a new plant in Jordan to make RPG-32 Hashim anti-tank grenade launchers.<sup>42</sup> The plant was launched in 2013; it was expected to produce 20,000 grenade launchers by the end of 2013 and reach the capacity of 60,000 launchers in a few years.<sup>43</sup>

For all these Russian achievements, however, most of the weaponry Jordan receives is used American, British, and other Western hardware; the bulk of it is donated as military aid. Before the Arab Spring the United States controlled a lion's share of the Jordanian defense market. In 2008–2011 it supplied 1.363 billion dollars' worth of weapons, which is 65.5 percent of total Jordanian weapons imports. The United States was followed by Russia (175 million dollars, 8.4 percent), and Belgium (173.7 million dollars, 8.35 percent). Other suppliers included China, the Netherlands, Turkey, South Africa, Ukraine, Britain, the Czech Republic, and Austria. If things go well, Russia will retain its current positions in the 2015–2016 time frame, although its accumulated exports will reach a relatively modest 120 million dollars by 2015.<sup>44</sup>

### LEBANON

This a relatively advanced country, but it suffers from extreme internal instability, always teetering on the brink of civil war between its various religious and ethnic factions. The Lebanese army has long been used mostly as a domestic political instrument, and it cannot afford to buy modern weaponry. Most of its hardware is used American weapons received free of charge as military aid. Western countries have strong reservations about supplying weapons to Lebanon. Nevertheless, apart from the United States, the list of ground and naval weapons exporters to that country includes France, Germany, Italy, and some Arab states (the UAE, Jordan and, prior to the Arab Spring, Libya).<sup>45</sup>

On several occasions groups of Lebanese officers were trained in Russia, but there is little military and technical cooperation between the two countries. There have been several



reports since late 2008 claiming that Russia plans to transfer 10 used MiG-29 fighters to Lebanon free of charge, and to train Lebanese pilots.<sup>46</sup> Beirut has also shown interest in Russian armor, artillery systems, and helicopters. The Lebanese were hoping, however, that these future imports would be financed by Saudi Arabia and the UAE, or by a low-interest Russian loan.

The problem is that Lebanon cannot put fighter jets to good use anyway because the country lacks the infrastructure to maintain them; neither does it have the required numbers of qualified technicians and pilots. For that reason, Moscow and Beirut were at one point discussing the possibility of supplying 10 Mi-24 attack helicopters instead of fighter jets; these discussions do not appear to have been broken off completely. During the latest meeting between the two countries' presidents in January 2013, they stressed the importance of all areas of mutual cooperation, including military and technical cooperation.<sup>47</sup> On the whole, it is safe to say that Russian arms trade with Lebanon is in a nascent state, and no major progress is expected any time soon.

## THE PALESTINIAN AUTONOMY

The Palestinian Authority receives weapons through legitimate imports (from some Arab states) as well as smuggling. There are no official figures about the PA's military spending, and no reliable data are available about its defense procurement. In 2008 it was officially reported that Russia had agreed to transfer two Mi-17 military transport helicopters and about 50 armored personnel carriers to the Palestinians.<sup>48</sup> It was stressed, however, that the weapons to be supplied were purely defensive, and that they would be supplied with Israel's consent and via Israeli territory. In 2010 Russia officially transferred 50 BTR-70 APCs to the Palestinian National Administration free of charge. The hardware was left in storage in Jordan pending Israeli permission to make the actual delivery.<sup>49</sup>

To summarize, Russia maintains and develops friendly relations with the Palestinian Authority—but in a delicate manner, trying to work within the rules that have come to exist in this complex part of the world.

## THE SHIA STATES: DEALS UNDER U.S. PRESSURE

### IRAQ

Since the 2003 change of government in Baghdad, Russian defense exports to Iraq have been limited to only a few Mi-17 multirole helicopters. The bulk of the Iraqi defense market is now controlled by the United States, which accounts for about 85 percent of Iraqi weapons imports.<sup>50</sup>

There was, however, a major new development in mid-2012, when Russia and Iraq agreed a package of weapons contracts worth 4.2 billion dollars. These included orders for 48 Pantsir-S1 gun-missile air defense systems (2.2 billion dollars); 36 Mi-28NE attack helicopters (2 billion dollars); and other weaponry. There were also reports claiming that Baghdad might soon place an order for MiG-29M/M2 fighters.<sup>51</sup>

The signing of one of the largest contracts between Russia and Iraq in recent history was taken as an indication that the Shia-led government in Baghdad was trying to pursue a more independent foreign policy and end its utter dependence on Washington. But, shortly after the deal was signed, various parties—including some Iraqi officials—began to question it, and to insist that the agreements with Russia must be reviewed over allegations of corruption. It still remains unclear whether, when, and to what extent the contracts will be fulfilled. Meanwhile, Washington continues to put a great deal of pressure on Baghdad over this issue because it does not want Russia to strengthen its position in the region.

If, however, all the Russian-Iraqi arms contracts are fulfilled despite U.S. pressure, Russia will become the second-largest supplier of weapons to Iraq after the United States. The value of its arms exports to Iraq will be about 30 percent of the projected U.S. figure (which stands at 12.3 billion dollars<sup>52</sup>). Meanwhile, Ukraine has also been strengthening its cooperation





with Iraq, and could well claim third position in the ranking of top arms exporters to the country, with potentially more than 2 billion dollars' worth of sales.

## IRAN

In view of its international isolation, Iran is aiming for self-sufficiency in defense matters. Cooperation between Iran and Russia was fairly active during the implementation of the package of agreements signed in 1989–1991. As part of those agreements, Iran received MiG-29 and Su-24MK aircraft, S-200VE SAM systems, and three Project 877EKM submarines. The agreements included local production in Iran of Russian T-72S tanks and BMP-2 infantry fighting vehicles.

Russia ended that cooperation in the late 1990s after coming under pressure from the Americans.

After 2000 Russian–Iranian military and technical cooperation was resumed, but it remained fairly limited. The largest contracts signed since then have been for Tor-M SAM systems, Su-25 ground attack aircraft, and Mi-17 helicopters. Negotiations and contacts continued, on and off, in the subsequent years; they were complicated by the exceptional political situation over the Iranian nuclear program and the international reaction to that program.

Whenever Russian companies resumed arms supplies to Iran, they would always come under U.S. sanctions. The list of these companies includes Russian makers of aircraft, missiles, and air defense systems, such as the Instruments Design Bureau (KBP), Sukhoi, and the state intermediary Rosoboronexport.

Tensions subsided briefly once again in 2007, when Tehran hosted a meeting of the Russian–Iranian intergovernmental commission for military and technical cooperation. After the meeting Russia announced its intention to continue such cooperation with Iran.<sup>53</sup> But in the spring of 2010 it became clear that Iran was going to come under even tougher UN Security Council sanctions, which Russia would have to (and eventually did) support, for a variety of reasons.

UN Security Council Resolution 1929 was passed on June 9, 2010. On September 22, 2010 the Russian president issued a decree ordering measures to comply with the resolution.<sup>54</sup> Those measures included a ban on any transfers to Iran of main battle tanks, armored combat vehicles, combat aircraft, attack helicopters, military ships, missiles and missile systems, the S-300 SAM systems, or any related hardware, including spare parts.

During the brief *dütente*, Russia and Iran were in negotiations over a whole package of contracts. These included an order for 50 RD-33 aircraft engines, which Iran wanted for its Azarakhsh supersonic fighter-bombers; the development of a modified version of the Ka-32 helicopter specially for Iran, and mass production of these helicopters in Iran; and the repair of Iran's Project 877EKM submarines. Moscow and Tehran also discussed a contract for Su-30 and MiG-29SMT fighters; Iskander-E theater ballistic missiles; T-90S tanks; Nona-K towed artillery systems; and other hardware. The Iranian Navy expressed interest in Russian-made missile, amphibious landing, and patrol boats, as well as corvettes. Both sides also spoke about other potential areas of military and technical cooperation, including the development of space communication and Earth imaging systems, and production of ground and naval weaponry in Iran under Russian license.<sup>55</sup> In addition to these talks, in 2007 Russia made actual deliveries of 29 Tor-M1 SAM systems, including 1,200 missiles.<sup>56</sup>

The most important event during that period was the signing of a contract for five batteries of the S-300PMU-1 SAM systems, worth an estimated 800 million dollars. But after Russia supported the arms embargo on Iran in June 2010, it refused to go ahead with the deal.<sup>57</sup>

Iran reacted angrily, accusing Russia of being an unreliable partner, and announced that it was developing indigenous SAM systems with a similar capability. It is clear that even if the sanctions are lifted at some point in the future, Iran is unlikely to buy weapons from Russia; it will probably prefer to take its custom to China (in fact, it is already doing just that<sup>58</sup>) and other, more agreeable suppliers. Iran has also filed a 4 billion-dollar claim against Russia at a court of arbitration in Geneva; proceedings have been under way since the spring of 2011. Russia has returned only the Iranian deposit of 166.8 million dollars under the failed contract; it has also been trying to get Iran to drop its legal action, but without any results so far.



Russian losses resulting from its decision to suspend military and technical cooperation with Iran are estimated at 11–13 billion dollars; the figure includes not only the contracts that have fallen through, but lost opportunity as well.<sup>59</sup> Russian–Iranian defense cooperation continues in only a small number of areas that do not fall under the scope of the UN Security Council resolution. According to some odd bits of information, these areas may include upgrading previously supplied Su-24MK aircraft and repairing Iranian submarines. Russian defense exports to Iran are expected to reach a mere 60 million dollars by 2015, down sharply from 1.68 billion dollars in 2004–2007, and 410 million dollars in 2008–2011.<sup>60</sup>

Given the difficult political situation in the Middle East in general, and the crisis over the Iranian nuclear program in particular, Russia is unlikely to sign any large new weapons contracts with Iran over the next few years. It is safe to say that military and technical cooperation between the two countries has been completely suspended, and will not be resumed any time soon.

### **TURKEY: CAREFUL BARGAINING**

Turkey has been making great progress over the past decade. That progress has enabled the country to ramp up its military capability and become a regional power potentially capable of playing a dominant role in resolving military-political problems in southern Europe and the eastern Mediterranean. So far, however, Turkey has been unable to normalize its relations with Greece, or to sort out its problem with the Kurds.

Turkey's military spending has been growing steadily; it topped 18 billion dollars in 2012. The Turkish armed forces are the second most numerous among the NATO countries. The Turkish defense market is worth an estimated 3–5 billion dollars; it has traditionally been dominated by such arms suppliers as the United States, Britain, France, and Germany. China, Bulgaria, Romania, and Ukraine have also secured some sales in recent years.

Turkey bought 12.813 billion dollars' worth of weapons in 2004–2011; by that indicator it ranks fourth in the Middle East after Saudi Arabia, the UAE, and Egypt. By 2015 the country is expected to buy another 11.36 billion dollars' worth of weapons.<sup>61</sup>

Russian–Turkish military and technical cooperation has a long history. In terms of recent decades, it resumed in 1992. The Turkish border service and gendarmerie brigades have received Russian BTR-60 and BTR-80 APCs, Mi-8MTSh/Mi-17 multirole helicopters, Kalashnikov assault rifles and machine guns, Dragunov sniper rifles, RPG-7 hand-held anti-tank grenade launchers, MLR systems, and other weapons.

In 1994 Russia and Turkey signed an intergovernmental agreement on military-and-technical and defense industry cooperation. In May 2001 the two governments set up a joint Russian–Turkish commission on military and technical cooperation. In December 2004 they also signed an agreement on mutual protection of intellectual property in the area of military and technical cooperation, and another agreement on mutual protection of secret information in the same area.

Although Russia and Turkey have put in place an extensive legal framework for military and technical cooperation, the prospects for such cooperation are limited, for a variety of obvious reasons. One of them is that Turkey uses NATO weapons standards. Another is that Russian suppliers face stiff competition in the Turkish market from the United States and other Western countries, which have a lot of influence on Turkey's military and political establishment. Some time ago Russia proposed to begin production under Russian license in Turkey of T-80/T-90 tanks adapted to NATO ammunition standards, as well as BTR-80/BTR-90 APCs and Tigr armored vehicles. Russia was also willing to supply short- and medium-range anti-tank missile systems; jointly build search and rescue ships; integrate the Strelets SAM system with a similar Turkish system called Aselsan; and pursue joint military space projects.<sup>62</sup> None of these proposals has been implemented, and the situation is unlikely to change any time soon.

Russian arms exports to Turkey have been very limited over the past few years. Russia has supplied 80 Kornet-E anti-tank missile systems worth 70 million dollars, and signed a 5 million-dollar contract to repair five Mi-17TV-1 multirole helicopters previously supplied to





The ongoing shifts in global economics and politics, the internal dynamics in the Middle East itself, and actions (or inaction) of the great powers make it all but inevitable that the region will plunge even further into conflict. The Middle East has entered a period of fundamental and irreversible change; the eventual outcomes of that change are impossible to predict.

There are also opportunities for greater cooperation with Jordan, Egypt, and Yemen. These involve the use of subsidized loans, offset contracts, and other attractive financing options. Russia should also aim to maintain its presence in the defense markets of the UAE, Qatar, and Kuwait, even though any significant expansion of military and technical cooperation with the Gulf monarchies is unlikely in the foreseeable future.

The White Paper "Ten Steps to a Weapons of Mass Destruction-Free Zone in the Middle East" at PIR Center website: [10steps.eng.pircenter.org](http://10steps.eng.pircenter.org)

Of course, all these lost-opportunity figures are based on estimates, because even in the best-case scenario not all of the potential cooperation programs would have led to the signing of firm contracts (especially in the case of Iran and Saudi Arabia). But the problem of the shortfall in Russian arms trade with the Middle East and North Africa is very real, and it will have tangible consequences for Russia, leading to a slowdown in Russian defense exports.

In order to secure its geopolitical interests in the Middle East and North Africa, Russia must, at the very least, keep Syria and Algeria in its sphere of influence; win a greater share of the Iraqi market; try to maintain, inasmuch as possible, its close ties with Iran; and strengthen its presence in Afghanistan after the pullout of U.S. troops from the country in 2014.

Preliminary estimates suggest that the cost of lost opportunities in Russian arms trade with the (Middle Eastern) countries could reach 24 billion dollars.<sup>64</sup> In addition, potential differences over Syria, Russian arms exports to North Africa will face similar problems. In the 2013–2016 period the share of North Africa in Russia's global defense exports may fall to 5 percent or less from 12.5 percent in the previous four-year period.<sup>65</sup>

Even in the best-case scenario, Russia will probably come only 5th after the United States, Britain, France, and Germany in the global ranking of the biggest arms suppliers to the Middle East. Its actual ranking may turn out to be even lower.

As far as identified weapons contracts are concerned, the ranking of the biggest importers of Russian weapons by 2015 may include two Middle Eastern states: Iraq (provided that the contracts already signed are actually fulfilled), and Syria. They are expected to take 5th and 6th place in that ranking, respectively. But even if Bashar Assad manages to hold on to power and achieve a return to normality in his country, Syria will almost certainly be unable to make further payments under weapons contracts with Russia due to the huge damage inflicted on its economy and infrastructure by the ongoing conflict. There is also a chance of Egypt making it into the Top 20 of the biggest Russian defense customers.

Russia continues to try to win a larger share of the Turkish defense market, even though no major progress is expected over the coming years. For example, Russia is bidding for a Turkish air defense contract with the S-300 SAM system; its chances of winning that contract are extremely slim, given that all air defense systems operated by the NATO countries are required to be interoperable.<sup>66</sup> Another obstacle is the political differences between Moscow and Ankara over the Syrian problem. Russia is also worried by Turkey's efforts to draw Azerbaijan and Kazakhstan closer to its own sphere of interests; military and technical cooperation between Turkey and the two former Soviet republics has been growing steadily in recent years.


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## CONCLUSIONS



The continuing arms race in the Middle East, coupled with the region's Islamization, may pose serious challenges to Russia, especially near its southern borders. On the whole, a destabilization in the South Caucasus is making the threats to Russian security originating in the Middle East even more pressing. In view of these threats, Russia must take more energetic action—including a revision of its Middle East arms exports policy—in order to prevent possible use of military force in the region.

One of the measures that could reduce the potential for conflict in the Middle East would be for all the exporter countries to introduce a moratorium on arms supplies to the region. If Russia were to propose such an initiative, it would significantly augment its international standing and reputation. 

## NOTES

<sup>1</sup> Complete figures for 2004–2011 are available in the CAWAT 2012 Annual Report: *World Arms Trade Statistics and Analysis*, Chapter 3, “Global Arms Exports in 2004–2011,” <<http://armstrade.org/pages/main/magazines/yearly/report/3/index.shtml>>, last accessed October 4, 2013.

<sup>2</sup> Iran's share as a destination of Russian arms exports peaked at 16.2 percent in 2006. The figure stood at 4.2 percent in 2004; 0.8 percent in 2005; 16.2 percent in 2006; 9.4 percent in 2007; 0.8 percent in 2008; 3.2 percent in 2009; 2.3 percent in 2010, and 0.1 percent in 2011.

<sup>3</sup> There were no identified deliveries in 2004–2006. In 2007 the figure stood at 1.5 percent; it peaked at 8.9 percent in 2008, then fell to 5 percent in 2009; 4.5 percent in 2010; and 3 percent in 2011.

<sup>4</sup> There were no identified deliveries in 2004–2005. In 2006 the figure stood at 5.1 percent; it peaked at 8.2 percent in 2007, then fell to 2.3 percent in 2008; 1.5 percent in 2009; 1.3 percent in 2010; and 3.7 percent in 2011.

<sup>5</sup> There were no identified deliveries in 2004–2007. The figure stood at 0.8 percent in 2008 and 2.6 percent in 2009; it peaked at 4.9 percent in 2010; then fell to 3.4 percent in 2011.

<sup>6</sup> Russia to improve after-sale service on arms contracts—Ministry of Industry and Trade, February 17, 2013, *RIA Novosti*, <[http://ria.ru/defense\\_safety/20130217/923361895.html#ixzz2RID3vjfe](http://ria.ru/defense_safety/20130217/923361895.html#ixzz2RID3vjfe)>, last accessed August 6, 2014.

<sup>7</sup> Orders were placed in 2012 by the following countries, in descending order: India, Iraq, China, Afghanistan, the “unknown” category, Nigeria, Indonesia, Algeria, Vietnam, Ecuador, Kazakhstan, Belarus, Argentina, Ghana, Malaysia, Equatorial Guinea, and Azerbaijan. See: “Russia Signs More Than 18 Billion Dollars Worth of Arms Contracts in 2012, almost Catches Up with the United States,” CAWAT, December 24, 2012, <<http://armstrade.org/includes/periodics/news/2012/1224/180516360/detail.shtml>>, last accessed August 6, 2014.

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<sup>9</sup> For more details about Bahraini armaments, see: *Mirovaya Torgovlya Oruzhiyem* No. 1 (2011), pp. 6–13, <[http://www.armstrade.org/files/monthly\\_01\\_2010.pdf](http://www.armstrade.org/files/monthly_01_2010.pdf)>, last accessed August 6, 2014.

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<sup>35</sup> The contract for 36 Yak-130UBS combat trainers was signed in late 2011; the value of the deal is 550 million dollars, but it is unlikely to be fulfilled within the original time frame due to the ongoing crisis. For more details, see: "Syria Buys Yak-130 Combat Trainers," *Oruzhiye Rossii*, January 23, 2012, <<http://www.arms-expo.ru/049051124050054053051049.html>>, last accessed August 6, 2014.

<sup>36</sup> It is known, for example, that in 2012 Russia completed repairs and upgrades of 20 Syrian Mi-25 attack helicopters, but it delayed the return of these helicopters to Damascus due to the ongoing civil war. For details, see: "Delivery Deadline for Syrian Mi-25 Helicopters Pushed Back," *Oruzhiye Rossii*, July 21, 2012, <<http://www.arms-expo.ru/049051124050056050055050.html>>, last accessed August 6, 2014.

<sup>37</sup> For example, in October 2012 Turkey forced a civilian flight from Moscow to Damascus with 35 passengers on board to land at a Turkish airport over suspicions that the plane was also carrying military cargo. The cargo was confiscated by Turkey (12 containers with hardware made by the Tula-based Instruments Design Bureau; more specifically, the plane was carrying radio-technical components that fall under the definition of dual-use technology). Russia argued that supplying dual-use technology was not prohibited by any international conventions. For details, see: "Turkey Forces an Armenian Plane to Land at a Turkish Airport," *Vzglyad*, October 15, 2012, <<http://vz.ru/news/2012/10/15/602585.html>>, last accessed August 6, 2014.

<sup>38</sup> See: CAWAT 2012 Annual Report, Chapter 3, Part 3.6, "Detailed Breakdown of Russian Defense Exports by Destination in 2004–2011 and 2012–2015."

<sup>39</sup> Attempts to restrict military and technical cooperation between Russia and Syria were also made before; it was claimed that the weapons supplied to Syria end up in the hands of terrorist organizations, including Hezbollah, or are illegally re-exported to Iran. The sale of P-800 Yakhont supersonic cruise missiles, which are part of the Bastion coastal defense system, drew especially sharp criticism from the United States and Israel. It appears that Russia has not officially relinquished that contract.

<sup>40</sup> Russia has not officially refused to fulfill the contracts for air defense systems signed previously with Syria. In late May 2013 there were even reports that Russia had delivered S-300 SAM systems to Syria; but in actual fact Russia had supplied only some individual components; exports of the complete SAM systems to Syria have been halted. See: "S-300 will not save Syria," *Vedomosti*, September 5, 2013, No. 162 (3432), <<http://www.vedomosti.ru/politics/news/15986151/s-300-siriyu-ne-spasut>>, last accessed August 6, 2014.

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<sup>42</sup> RPG-32 Hashim is a multi-caliber handheld grenade launcher named in honor of Prophet Muhammad's great-grandfather Hashim Abd Ad-Dar, from whom the Jordanian royal family traces its lineage.

<sup>43</sup> "Russian-Jordanian Plant to Make Tens of Thousands of Grenade Launchers," *Voyenno-Promyshlenny Kuryer*, February 23, 2013, <<http://vpk-news.ru/news/14523>>, last accessed August 6, 2014; "Russia to Supply 66,000 Rounds of 'Mango' for Indian Tanks," *Vedomosti*, April 2, 2014, <<http://www.vedomosti.ru/tech/news/24792961/rossiya-postavit-66-000-vystrellov-mango-dlya-indijskih>>, last accessed August 27, 2014.

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<sup>64</sup> This value of this shortfall equals almost half of Russia's current portfolio of defense contracts, which is worth 46 billion dollars.

<sup>65</sup> Military and technical cooperation with the North African countries is not analyzed in any great detail in this review; nevertheless, the overall military-political situation in some of these countries is just as complex as in the Middle East. It is worth noting that of the entire North African region, Russia has suffered the largest arms trade losses in Libya (about 4 billion dollars).

