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Defence Expenditures in the Eastern Mediterranean and the Gulf Region: The Impact on Regional Security[1]

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The eastern Mediterranean and the Gulf region remain an extremely turbulent and unstable neighbourhood, where a "Hobbesian" security environment prevails. There is a general failure of governance and a long list of frequently interacting – and in some cases interconnected – security problems, including a number of protracted conflicts. Traditional global players have either been weakened (EU) or seem resolute to reduce their presence in the region (US, with the pivot to Asia), while others have apparently regained part of their past influence (Russia). Regional powers have been strengthened (Iran, Saudi Arabia) and new actors have made a dynamic – mostly economic-driven – appearance (China). The Trump Administration's demonization of Iran and the Saudi-Iranian geopolitical competition, manifested through several proxy wars, have further inflamed a very unstable region.

This paper will examine the trends in defence expenditures and (advanced) weapons procurement in the eastern Mediterranean and the Gulf region in order to explore their impact on regional security and the multitude of existing conflicts and conflictual relationships. The analysis will focus on the following countries: Turkey, Egypt, Israel, Iran, Saudi Arabia, Qatar and the UAE.

Defence Expenditures in the Eastern Mediterranean and the Gulf Region

There is a clearly visible upward trend in the defence expenditures of major regional powers in the eastern Mediterranean and the Persian Gulf region. Given the large number of conflicts and the high regional – and, in many cases, also domestic – instability, it is hardly surprising that the average share of military spending (as part of GDP) stands at approximately 5.5% in the Middle East, while the global figure is 2.2%. Since the late 1960s, partly as a consequence of the Arab-Israeli conflict but also because of regional and domestic instability, Mediterranean and Middle Eastern countries have been spending a considerable percentage of their GNP – often at the expense of other, probably more urgent, domestic needs – for the procurement of sophisticated military equipment and for their security needs in general (there is extremely limited information and it is practically impossible to ascertain how much is actually being spent for internal security purposes).

Despite relatively low oil prices, arms imports in the region increased by 87% between the periods 2007-2011 and 2012-2016.[2] There is also a qualitative change as new types of advanced weapon systems, especially aircraft with offensive capabilities, have entered service in several of those countries. Especially for Saudi Arabia and other GCC states, the main cause of this arms race has been increased concern about Iran's intentions and actions and the perceived threat they pose to their security. Since the

[1] This article was finished by April 2019.

[2] According to SIPRI, "arms imports by states in the Middle East increased by 87% between 2009-2013 and 2014-2018 and accounted for 35% of global arms imports in 2014-2018. Saudi Arabia became the world's largest arms importer, with an increase of 192% compared with 2009-2013. Arms imports by Egypt, the third largest arms importer in 2014-2018, tripled (206%) between 2009-2013 and 2014-2018. Arms imports by Israel (354%), Qatar (225%) and Iraq (139%) also rose. However, Syria's imports fell by 87%" (SIPRI, 2019).

end of the Cold War, those countries have been trying to strengthen their security through weapons acquisition for their armed forces, but also through external balancing (procurement, mostly by the US, in exchange for protection against security threats).

Saudi Arabia is by far the largest military spender in the area and ranks fourth in the world. Its military spending rose from $44.2 billion in 2006 to $87.1 billion in 2015. In 2007, Saudi defence spending amounted to 8.5% of the GDP, while in 2016 it rose to 10.4% (although as a result of the decline in oil prices, there was a 30% decrease in terms of actual money spent compared to 2015). Half of Saudi Arabia's weapons imports come from the United States, while 27% come from the UK.

Although the **United Arab Emirates** (UAE) has not been a particularly active player in regional conflicts (with the recent exception of Yemen), its economic prosperity allows for greater financial capital to be devoted to defence and security. The UAE is the second largest spender in the Middle East and ranks 14th in the world, with an annual military expenditure of $22.8 billion. Although certainly affected by the decline in oil prices in 2014, the Emirates saw its arms imports rising by 63% between 2007-2011 and 2012-2016.

The military expenditure of **Israel** increased by 19% between 2007 and 2016, reaching an annual average of $18 billion. Support from the US continues to be crucial in strengthening Israeli military capabilities. In 2016, Washington pledged a total of $38 billion in military aid to Tel Aviv over the period 2018-2028. In addition, the US provides Israel with sophisticated military equipment that would not be transferred to any other of its allies in the region. Together with its own highly developed defence industry, this allows Israel to maintain its conventional military superiority over any combination of regional adversaries.

Turkey continues to improve its military capabilities because of its regional and broader ambitions, its involvement in the Syrian conflict and its location in an unstable neighbourhood. Although most of its military procurement comes from foreign manufacturers, Turkey has invested heavily in its domestic defence industry over the years. This investment is now beginning to pay off as Turkey is increasingly able to cover part of its needs (including the construction of a light aircraft carrier, frigates/corvettes, attack helicopters and main battle tanks), but also to export to other countries. In the period 2012-2016, Turkey was the sixth largest arms importer in the world, increasing its purchases by 42% in comparison to the period 2007-2011.

TABLE 1 **Military Expenditure in Selected Countries in the Middle East and North Africa (2007-2016)**

	Military expenditure ($b.)		Change (%)	Military expenditure as a share of GDP (%)	
	2014	**2016**	**2007-2016**	**2007**	**2016**
Egypt	5.2	5.4	-4.2	2.5	1.6
Iran	10.0	12.4	-7.3	3.0	3.0
Israel	16.6	17.8	19	6.7	5.8
Saudi Arabia	82.5	61.4	20	8.5	10.4
Turkey	15.4	15.0	9.7	2.4	2.0
UAE	23.7	-	-	3.3	-

Note: (-) stands for not available.
Source: SIPRI Military Expenditure Database, 2019.

Iran has been gradually building up its military capabilities through the acquisition of weaponry, mainly from Russia, China and North Korea, but also by increasing its domestic production. The Iranian military is considered capable of conducting limited, short-duration offensive actions beyond Iran's borders, but is currently incapable of sustaining large-scale operations. It is yet unclear as to what extent its extensive involvement in Syria and accumulated combat experience has benefited the Iranian armed forces. However, contrary to many other countries in the region, Iran saw a decrease in its defence expenditure by 7.3% between 2007 and 2016. This was mainly due to the economic sanctions imposed by the international community. The continuation of those sanctions as a result of the American withdrawal from the Joint Comprehensive Plan of Action (JCPOA) will function as an important constraint for Iran's efforts to increase its defence spending.

Egypt has, for various reasons, lost part of its regional influence but remains an important player in the eastern Mediterranean and the Arab world. Predominantly preoccupied by domestic socio-political issues, and faced with economic problems and a growing terrorist threat, Egypt was forced to slightly decrease its defence spending after 2015 but has otherwise increased the budget for internal security purposes. It continues to receive US military assistance worth approximately $1.5 billion annually.

The military capabilities of two other important regional players, **Iraq** and **Syria**, have been visibly weakened in comparison to the past. Iraq has received significant military assistance because of its role in the fight against ISIS. However, its military capabilities remain limited. Despite significant military assistance from Russia, and secondarily from Iran, the Syrian armed forces have also been considerably weakened as a result of the ongoing conflict.

Purchasing advanced weapons from major powers has long been considered as a way of buying a degree of protection and a relative commitment to their security

Acquisition of Advanced Weapon Systems

The increased defence expenditures of several countries in the region, especially some of the GCC states, have also been used for the acquisition of advanced weapon systems. The US has been the main supplier, accounting for approximately 50% of the total arms transfers in the region (Munich Security Report, 2018, p.45), with the UK and France also being major players. To provide some examples: Qatar has bought two Rafale and Eurofighter aircraft from France and the UK respectively, an air refuelling aircraft and long-range transport planes from the US, and has ordered two surveillance satellites; Turkey has acquired an AEW&C aircraft and has agreed to buy S-400 air defence systems from Russia and F-35 fighter aircraft from the US (although the latter order may be in jeopardy); Iran has also purchased four S-300 air defence systems from Russia; Egypt has bought two Mistral-type amphibious assault landing ships that France refused to deliver to Russia, along with one submarine from Germany; Saudi Arabia has reportedly agreed with the US on a mammoth procurement deal worth $110 billion and has also signed a contract to buy 72 Eurofighter aircraft from the UK; in the meantime, Israel plans to use US economic assistance for long-term procurement aimed at preserving its military superiority in the region up to 2030; and, finally Russia has transferred S-300 air defence systems to Syria.

The Proliferation of Ballistic and Cruise Missiles

During the past few years there has been no increase in the number of states with missile systems, nor any major qualitative change in the region. While several missile programmes certainly constitute a cause for concern and could develop into significant threats for regional security, the ballistic missile threat is in general confined, with a rather limited impact (unless non-conventional warheads are used). Qualitative change has been slow as most missiles in the arsenals of proliferating countries continue to be Frogs, Scuds or Scud derivatives; a reality that is not expected to change for several years. As for the capabilities of specific countries, in addition to Scud-Bs and Scud-Cs, Iran now has an unknown number of Shahab-3 missiles, developed with North Korean assistance, with a range of up to 2,000 km. Israel still has the most advanced missile programme in the region, with the Jericho systems that have a range of over 2,000 km and could probably develop a missile with a range of 5,000 km.

Conclusions

According to international relations theory, the combination of rather alarmist threat assessments and high defence expenditures may lead to a typical security dilemma situation,[3] which may result in an arms race between various combinations of possible regional adversaries. However, although regional insecurity and threat perceptions have certainly contributed to increased defence expenditures and advanced weapons acquisition, the latter does not seem to have significantly affected the regional balance of power or threat perceptions of various regional actors. For example, the conventional military

[3] Many of the actions taken in order to increase state security – such as weapons procurement and the development of new military technologies – will necessarily decrease the security of other states. The result may be a security spiral, in which two (or more) states are tied in an arms race: each state responds to increases in weapons procurement and defence expenditure by other states with further arms purchases and military spending. That situation may lead to heightened tension and even war in the long run.

reach of Iran has not been significantly strengthened, although its asymmetrical warfare capabilities remain a cause for concern. Israel's most active enemies are still non-state actors (Hezbollah and Hamas), against whom current Israeli military capabilities have not been terribly effective because of the asymmetrical nature of the conflict. And the acquisition of even more sophisticated equipment by Israel would not change that.
Conventional weapons have so far not been directly used against another major regional power, with the exception perhaps of Israeli air attacks against Syrian forces and assumed Iranian targets in Syria. Air and land military power has also been used against insurgents and *guerrilla* forces (ISIS in Iraq and Syria, the Houthis in Yemen, opposition forces in Syria, Hamas in Gaza and Hezbollah in Lebanon). Among the users of such weapons are Russia, the US, members of the coalition against ISIS, and some regional powers (Turkey, Israel, Saudi Arabia and the UAE).
There will continue to be strategic uncertainty in the region for the foreseeable future and further increases in arms procurement and defence expenditures cannot be ruled out for sure. The region's heaviest defence spenders, the GCC countries, will continue to rely on US protection from any possible Iranian threat to their territorial integrity. Purchasing advanced weapons from major powers has long been considered as a way of *buying* a degree of protection and a relative commitment to their security; for some regimes it is also a way of staying on good terms with those countries. Exporters also tend to exert *gentle* pressure on buyers, exaggerating possible threats and offering diplomatic support and security guarantees.
Furthermore, Iran's nuclear programme will continue to be an important issue in the regional and global international security agenda and, as a result of the Trump Administration's policy choices, the issue may be re-opened in the near future. As a consequence of the conflicts in Syria, Libya and Yemen, together with the significant transfer of conventional weapons by a number of third parties, the proliferation of small arms and light weapons will affect not only the countries involved, but also adjacent regions. Finally, the eastern Mediterranean and the Persian Gulf's lack of a regional security architecture – in the form of regional security organizations, formal or informal discussion fora, arms control agreements and confidence-building measures – will continue to hinder tension reduction, conflict management and conflict resolution efforts.

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