

DefenseNews

Why the Saudi weapons deal may not live up to hype

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WASHINGTON – When U.S. President Donald Trump visited the Kingdom of Saudi Arabia May 20, he brought with him a gift: a major arms agreement for the longstanding Gulf ally.

But while the deal was announced with much enthusiasm on both sides, the reality is that the package – stated to be \$110 billion in arms sales, with a \$350 billion potential over the next ten years – faces significant regulatory and Congressional hurdles before anything can get done.

While the weapons sales were announced as a package, each potential sale will have to go through the foreign military sales procedure individually. That means any weapon, training package or bullet that the Trump administration wants the Saudis to have will have to go through legal vetting at the State Department before heading to Congress, where members have the power to veto a deal.

And beyond that, each agreement will then have to be negotiated with the U.S. industrial partner, a negotiation during which dollar amounts and quantities often change and deals have been known to fall apart entirely. In other words, Memorandums of Intent are nice, but don't represent real deals.

One source familiar with discussions around the package said the Defense Security Cooperation Agency could be clearing deals related to this package for the next “five to six years,” and said about ten percent of the package were items that have already been cleared by DSCA and notified to Congress.

Details about what is in the package remain thin, and likely will for some time. The State Department claims the package includes \$110 billion worth of defense capabilities “to be conveyed via Foreign Military Sales Letters of Offer and Acceptance and a Memorandum of Intent.”

That includes seven announced deals:

- \$6.8 billion for munitions and support, dating back to Oct. 2013;
- 11.25 billion for multi-mission surface combatant ships dating from Oct. 2015;
- \$500 million in ammunition, dating to July 2015;

- \$1.15 billion for M1A2S Saudi Abrams main battle tanks and other ground vehicles, dated to Aug. 2016;
- \$3.5 billion for CH-47F Chinook cargo helicopters, dating to Dec. 2016;
- \$525 million for surveillance aerostats, dating to Jan. 2017;
- \$250 million for broad training for the Saudi navy.

That total represents just under \$24 billion worth of deals, although that number represents a cap and not a floor for negotiations on final price. The roughly \$86 billion left will be made up of future sales, which State says will fall into five categories: “border security and counterterrorism, maritime and coastal security, air force modernization, air and missile defense, and cybersecurity and communications upgrades.”

The big one that is known – the sale of a Terminal High Altitude Area Defense (THAAD) system to the Kingdom. Another hint came from a Lockheed Martin press release, which said the agreement includes a Letter of Intent between the world’s largest defense firm and Saudi company Taqnia to form a joint venture to “support final assembly and completion of an estimated 150 S-70 Black Hawk utility helicopters for the Saudi government.” (That agreement was first announced, in an exploratory fashion, in Feb. 2016.)

The source was unclear how much of the remaining deals were discussed with the Obama administration and are already being vetted, but said discussions around THAAD began before Trump took office.

So in essence: Trump can deliver \$24 billion in arms sales to the Kingdom off the bat. He can deliver roughly \$86 billion if he doesn’t run into any headwinds in Congress. And the remaining dollars he would need to reach \$350 billion? That appears to be a mix of speculation about future sales, commercial tie-ups, and expectations of sustainment contracts for equipment.

Emma Ashford, a research fellow with the Cato Institute, said the announcement was “mostly Trump taking credit for the previous administration’s” decisions.

“The symbolism of the thing is probably more significant than any military benefit,” she said. “But the trip and the deal from Trump both seem to signify the administration’s stance will be to wholeheartedly back Saudi Arabia in its regional choices. That is not likely to improve regional stability.”

Ashford also warns that future deals may not actually materialize, due to real-world factors.

“The Trump White House may be willing to sell oil-rich Gulf states whatever they want, but unless the price of oil goes back up, these states are going to face longer-term budgetary pressures that may inhibit these kind of purchases,” Ashford said.

When announcing the deal, Trump declared this would deliver “jobs, jobs, jobs” for Americans. But the nature of weapon sales in 2017 means any agreement comes with offsets, often including industrial base participation in the buyer’s backyard.

For example, a statement from Lockheed Martin about the deal notes that final assembly and completion of an estimated 150 S-70 Black Hawk utility helicopters will create 450 U.S. jobs – and 450 jobs in the Kingdom. Overall, Lockheed claims its part of the agreement will create “18,000 highly skilled jobs in the U.S. and thousands of jobs in Saudi Arabia.”

Wasser notes that General Dynamic and Raytheon, two other big winners in the pre-cleared package, appear to also include local job creation provisions in their agreements. But while the Saudi government is focused on its Vision 2030 domestic industrial development plan, Wasser doesn’t expect the local defense industry to become self-sufficient enough to challenge U.S. goods.

“I think it will be some time before Saudi will develop standalone capabilities to produce defense items internally and definitely a significant amount of time before they can produce defense equipment in multiple domains,” she said. But, “The Saudis and other U.S. partners gain more than just arms from purchasing defense equipment, they gain access to the U.S. government. It’s unlikely that Riyadh is looking to forgo this route.

Congressional blockage

Congress can [block](#) any U.S. arms sale by enacting a joint resolution of disapproval as stipulated in the Arms Export Control Act. After receiving formal notification of the sale from the White House, opponents would be able to introduce a joint resolution in the House and Senate to block it—and force a Senate floor vote.

As of May 24, lawmakers on the Hill have yet to be briefed on the sales Trump announced on his Saudi trip, and there have been no pre-notifications to lodge an objection to. But Sen. Rand Paul R-K.Y., still reportedly intends to force a vote of disapproval on the Saudi agreement over concerns that the weapons will be used to kill civilians in Yemen.

Connecticut Democrat Sen. Chris Murphy is expected to join Paul in filing such a resolution that would include four new notices of offensive weapon sales for the Yemen fight. “I don’t understand why this administration is not using this arms sale as a means to get some movement from the Saudis on humanitarian issues in the region,” Murphy told Defense News on May 24. “There are some awful things happening in Yemen and this is your chance to try to move them on letting humanitarian aid into the country.”

Secretary of State Rex Tillerson, in early May, signaled the administration would back away from human rights diplomacy, and said sometimes U.S. values would have to take a back seat to economic interests or national security.

Senate Foreign Relations Committee Chairman Bob Corker, R-Tenn., said he expects the Senate to allow the sales, but acknowledged the humanitarian concerns, saying lawmakers have recently aired them with Saudi Foreign Minister Adel al-Jubeir and had “back-channel” conversations on the issue.

“We had a very blunt meeting with the foreign minister recently on this very topic—very, very

blunt,” Corker said. “I think they understand the issue, and certainly the administration has done the same with them, relative to humanitarian issues.

Last September, the Senate voted 71-27 to scuttle Paul and Murphy’s joint resolution to disapprove a \$1.15 billion sale to Riyadh. A powerful group of Republicans countered in floor speeches that blocking the sale would weaken an alliance shaken by the US nuclear deal with Iran and upset the regional balance of power.

One of them, Sen. Lindsey Graham, R-S.C., the chair of the Senate appropriations subcommittee that oversees the foreign affairs budget, told Defense News on May 24, the new effort, “will be overwhelmingly defeated.”

“I’m for the deal,” he said. “Now’s the time to improve the capabilities of our Sunni Arab allies given the threat of Iran and ISIL. I want to modernize their force, so I’m all for the deal.”

One particular roadblock in the Senate may come from Israel, both in the form of political pressure and in the form of legal challenges over its Qualitative Military Edge. The THAAD system – with a high-end radar – could be particularly thorny for QME, said Wasser.

"This is a matter that really should trouble us," Israeli Energy Minister Yuval Steinitz said May 21 at the weekly cabinet meeting. "We have also to make sure that those hundreds of billions of dollars of weapons to Saudi Arabia will not, by any means, erode Israel's qualitative edge, because Saudi Arabia is still a hostile country without any diplomatic relations, and nobody knows what the future will be."

And if QME isn’t an issue and Congress gives sales the OK, there may still be another challenge. Perhaps complicating the matter further: the day before the weapons package was announced, the American Bar Association [released a document stating](#) that weapon sales to the Kingdom may be illegal, as their use in Yemen would violate international humanitarian laws.

All told, Wasser said, “it’s likely we won’t see much of the kit purchased for some time.”