

Gulf Arms, Missile Build-Up Boon To U.S. Weapons Companies

By [Global Research](#)

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DUBAI, United Arab Emirates, Nov. 15 (UPI) — The Pentagon's reported plan to sell the United Arab Emirates nearly 5,000 bunker-buster bombs to counter Iran is part of a move to strengthen Arab monarchies of the Persian Gulf as the U.S. withdrawal from Iraq nears completion.

But it's also a lifesaver for U.S. defense contractors who're having to rely on exports to keep assembly lines running because of hefty cuts in military spending at home after the feeding frenzy of the post-Sept. 11 era.

"The defense industry is coming to the end of what many of its senior figures regard as a golden decade," The Financial Times reported in a September assessment of the sector.

"Ten years ago, in the immediate aftermath of the Sept. 11 attacks, the U.S. government began a huge injection of cash into the Pentagon budget.

"Over the course of the decade, the U.S. annual defense budget has doubled in cash terms to reach nearly \$700 billion in 2010.

"The profits of the U.S. defense industry have quadrupled over that period," the FT reported. "The country has come to dwarf all other nations in the amount it spends on military equipment.

"Now, however, the tap has been turned off and defense companies in the United States — as well as in Europe — face more challenging times.

"Some senior executive in the industry believe Congress will take out up to \$1,000 billion from the core Pentagon budget over the next decade," the business daily said.

U.S. strategists see China emerging as a military power capable of challenging the United States, so countries fearful of the Dragon's fire, such as India, Japan, South Korea and Australia, are in the market for fifth-generation weapons systems.

The Iran threat has also been providential. Major purchases there by Saudi Arabia and its partners in the Gulf Cooperation Council — the United Arab Emirates, Kuwait, Oman, Qatar and Bahrain — are likely to continue for some years.

These sales are critical to U.S. defense sector efforts to boost exports.

The GCC states have been preparing to make major arms purchases from the United States, and to a lesser extent from Britain and France, since 2007.

In 2010, Saudi Arabia finalized an unprecedented deal with Boeing and other U.S. majors for advanced F-15 combat jets, helicopters, missiles and warships worth around \$67 billion.

It was the biggest single U.S. defense package ever, and it came in the nick of time for American defense companies.

The emirates, which currently have a powerful air force that is challenging the Saudis' long domination of GCC air power, is also moving toward a \$7 billion contract for the Theater High Altitude Air Defense system or THAAD.

The system, designed to shoot down short-, medium- and long-range missiles, is developed, built and integrated by Lockheed Martin Space Systems.

Key subcontractors include Boeing, Raytheon, Honeywell, BAE Systems and Aerojet.

U.S. arms sales to GCC members is expected to focus, for the time being at least, on intercepting Iranian strike aircraft, followed by limiting damage from ballistic and cruise missiles.

The Americans are expected to provide early warning systems and an outer screen of missile interceptors, largely on ships from the Bahrain-based 5th Fleet, in the gulf, the Arabian Sea and the Red Sea.

Kuwait has reportedly speeded up plans to deploy a ship-based outer defense ring and to procure land-based interceptions systems like THAAD, while upgrading its 40 Raytheon Patriot MIM-104 PAC-2 air-defense missile units.

Western defense company executives attending the Dubai Air Show last week said that there could be big orders from the United Arab Emirates for early-warning systems manufactured by Boeing, Northrop Grumman and Swedish aerospace group Saab.

The tiny gulf emirate of Qatar is upgrading its air strike capabilities, so there could be orders from Doha in the coming months.

Meantime, the emirates and France are locked in what are billed as final negotiations for the sale of up to 60 Dassault Aviation Rafale multi-role strike jets worth an estimated \$10 billion.

If Dassault pulls off the deal, the United Arab Emirates will be the jet's first foreign buyer.

The French have been struggling for years to sign up a major export order to help keep Rafale's production line going to provide aircraft for France's Armee de l'Air.

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