



Arab Defense Industry Papers News Bulletin

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About the ADIP News Bulletin

The Arab Defense Industry Papers (ADIP) is a new professional series focusing on the role of the defense industry in Algeria Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, and the United Arab Emirates. The focus of the series is on the establishment of national defense industrial bases in these countries and joint collaborative defense projects as well as defense exports. The ADIP News Bulletin complements the analytical papers by providing information about current and upcoming developments relevant for the Arab defense industrial establishment. The ADIP News Bulletin is available by subscription. ADIP and the ADIP News Bulletin are joint initiatives of Borchert Consulting & Research AG and Verocy. For more information about ADIP, see: <http://www.arabdefenseindustry.com>.

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The Big Picture

UAE air defense on the move

(9 Feb 2017) Recent news reports highlighted several noteworthy developments in the UAE's air defense posture:

- At the end of January 2017, the UAE Air Force has destroyed a UAV in the port of Al-Mukha, Yemen, WAM news agency reported. The UAV was destroyed with the help of an air-to-surface missile. It had reportedly been launched from a mobile launching platform in the north of the port and seems to have been built in Iran.
- In parallel satellite imagery suggests that the Terminal High Altitude Area Defense system (THAAD) used by the UAE had been deployed for the first time in 2016, as additional transport erector launchers have been spotted in the area of the THAAD site close to the UAE Naval College. Satellite imagery also reveals that UAE Patriot systems have moved from Aden International Airport and Al Anad Airbase, at least two of the three locations known in the country

<http://bit.ly/2jDoe5M>, <http://bit.ly/2jRp1gi>,
<http://bit.ly/2jw8jRL>

Chinese Navy visits GCC states

(6 Feb 2017) In early February 2017, a task force of the Chinese People's Liberation Army Navy (PLAN) left Kuwait for port calls in Saudi Arabia, Qatar, and the United Arab Emirates, Associated Press reported. Previously the PLAN task force had been escorting commercial ships and patrolling the Gulf of Aden as part of the international operation against piracy. The tour underlines the increasing strategic importance of the Gulf region for China.

<http://bit.ly/2ltV3PZ>

Russian delegation expected to visit Iran to discuss weapons supply and regional issues

(4 Feb 2017) A delegation of the Defense and Security Committee of the Russian Federation Council is expected to visit Iran in March 2017. The purpose of the visit is to discuss regional

developments in Syria and the sale and delivery of Russian weapon systems to Iran.

Only a few months ago, Iran and Russia signed a US\$900m contract for the delivery of five S-300 air defense systems. According to Tehran, this deal paved the way to jointly develop new weapons, *Sputnik News* reported.

<http://bit.ly/2kpfM6I>

Libya's Prime Minister expected to travel to Moscow soon

(3 Feb 2017) Libya's Prime Minister Fayez al-Sarraj is expected to visit Moscow in February 2017, Reuters reported with reference to a statement by Maria Zakharova, a spokeswoman of the Russian Ministry of Foreign Affairs. The Prime Minister's visit is related to Russia's attempts to help stabilize Libya.

<http://bit.ly/2kms5R4>

Secretary Mattis talks to Saudi Deputy Crown Prince on the phone

(1 Feb 2017) On 31st January 2017, U.S. Secretary of Defense James Mattis and Saudi Deputy Crown Prince Mohammed bin Salman bin Abdulaziz were talking on the phone. According to press reports, Secretary Mattis condemned the recent attack against a Saudi frigate off the coast of Yemen. The Saudi Deputy Crown Prince and Defense Minister "underscored the U.S. Secretary of Defense's experience in the region and looked forward to working together to serve the interests of both countries and the fight against terrorism, militias and piracy and that it is necessary to restore stability to the region's countries and develop relations between the two countries in all fields, based on the directives of the Saudi king," a statement from the *Saudi Press Agency* indicated.

<http://bit.ly/2k38Kse>

Iraq appoints new ministers

(31 Jan 2017) At the end of January 2017, the 220-member Council of Representatives in Baghdad has appointed Iraq's new Minister of Defense and Minister of the Interior:

Erfan al-Hayyali has been appointed as new Defense Minister. Prior to his appointment he was training and operations director at the Army's elite Counter Terrorism Force and a member of the ruling State of Law Coalition.

Qassem al-Araji is Iraq's new Minister of the Interior. He is a member of the Mutahidun faction, headed by Osama al-Nujaifi, former Speaker of Parliament. Al-Araji was a member of the Parliament's Security and Defense Committee prior to his appointment

<http://bit.ly/2kSUx01>

Egypt envisions Red Sea strategy and boosts naval power

(31 Jan 2017) A new naval force in the Red Sea will be the backbone for the country's emerging strategy in this vital waterway, former Assistant Defense Minister Hossam Suweilman said according to *UPI*. Newly procured naval vessels such as the Mistral helicopter carrier will be used in the region in order to "impose control on its territorial waters in the Red Sea", Defense Minister Sedki Sobhi was quoted saying.

Egypt has a fundamental interest in stable sea-lanes passing through the Suez Canal and the Red Sea to the Gulf of Aden. In 2015, Egypt spent around US\$8bn to dig a parallel channel to speed up transits across the Suez Canal. The Suez Canal, in turn, is an important source of foreign currency for Egypt, yielding revenues worth US\$5.2bn in 2015.

Right now, dangers emanating from Houthi attacks on ships crossing the Red Sea are a key concern for Egypt, in particular as the Bab el Mandem strait and the Suez Canal play a key role in sea-based oil transports. "Whoever controls the southern entrance of the Red Sea will control the Suez Canal and Egypt cannot leave this control in the hands of anybody else", said Mohamed Kamal, a political science professor at Cairo University.

<http://bit.ly/2k35b4Z>

Houthi suicide attack on Saudi frigate

(31 Jan 2017) A frigate of the Royal Saudi Naval Forces was attacked on 30 January 2017. At the time of the attack the frigate was operating 30

nautical miles from the port of Hudaydah, Yemen. First reports speculated anti-ship missiles might have hit the frigate. But post-incident reports revealed there was no evidence that missiles had been fired at the vessel. Rather the attack was conducted by using a trio of suicide boats ramming the frigate. Two members of the frigate's crew were killed.

<http://bit.ly/2kHQ4ea>, <http://bit.ly/2kjLXFe>

Turkish embassy in Libya reopened

(30 Jan 2017) Two years after the grave deterioration of the security situation in Libya, Turkey has reopened its embassy in Tripoli, Reuters reported. According to a statement issued by the Turkish Ministry of Foreign Affairs, the "reopening of the embassy will allow Turkey to make stronger contributions to efforts to build peace and stability, as well as reconstruction in Libya."

<http://bit.ly/2krMAOK>

Turkey and Pakistan looking to expand military ties

(26 Jan 2017) High-ranking Turkish and Pakistani leaders met in Rawalpindi on 26 January 2017 to discuss issues of mutual interest. According to a statement issued after the meeting, Gen Umit Dundar, Deputy Chief of the Turkish General Staff, and Gen Qamar Javed Bajwa, Pakistan's Army Chief, "agreed to further optimize military-to-military ties, particularly in training and counter terrorism."

<http://bit.ly/2lr4n77>

India and UAE sign defense MoU

(25 Jan 2017) During the state visit of His Highness Sheikh Mohamed bin Zayed Al Nayan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, to India at the end of January 2017, he signed 14 new Memorandums of Understanding with India's Prime Minister Narendra Modi. The visit was praised as a symbol for the growing strategic partnership between the two countries.

Among other things, both leaders also inked a MoU to expand defense cooperation covering maritime cooperation, joint activities to counter

violence and extremism, and joint defense manufacturing.

<http://bit.ly/2lmZe3s>, <http://bit.ly/2kuvAaO>

NATO opens new Gulf Center and strives for closer cooperation with GCC states

(24 Jan 2017) Following the Istanbul Cooperation Initiative (ICI) established in 2004, NATO has inaugurated its first office in the GCC states on 24 January 2017. NATO Secretary-General Stoltenberg said it "will be a vital hub for cooperation between the alliance and our Gulf partners." As both sides face similar threats "it is essential that we work more closely together", he added. As a consequence, individual cooperation programs with ICI partners had been developed. In particular the center will focus on training courses in cyber security, energy security, chemical, biological, and nuclear weapons.

<http://bit.ly/2jEcZ9o>

Egypt continues to support the Saudi-led operation in Yemen

(23 Jan 2017) Egypt's National Defense Council has agreed to extend the country's participation in the Saudi-led military operation in Yemen. According to press reports the Council's statement did not provide information about the duration of the extension and the specific tasks Egyptian forces would undertake.

<http://bit.ly/2k6sNB3>

Defense Industry

Defense industrial triangle emerges between Ukraine, Turkey, and Poland

(2 Feb 2017) Ukroboronprom, Ukraine's defense industry association, is about to set up new offices in Turkey and Poland as Kiev strives to strengthen military and technical cooperation with Ankara and Warsaw.

According to Interfax-Ukraine Aselsan and Ukroboronprom could cooperate on electronic and optical components. Analysts covering the story also speculate that Aselsan and Ukrainian companies could join forces on future land sys-

tems, as there might be opportunities for cooperation between Turkey's indigenous main battle tank program and possible future Ukrainian programs.

<http://bit.ly/2k5NBxf>

TAI and BAE Systems join forces for TF-X fighter program

(30 Jan 2017) On 28 January 2017, BAE Systems and Turkish Aerospace Industries (TAI) signed a development contract for Turkey's indigenous fighter jet program TF-X set to fly in 2023. Both companies had already been working on the TF-X study phase. Now Turkey has selected BAE Systems over Airbus Defense and Space and Saab.

The US\$120m contract is part of a broader framework established between the UK and Turkey, which will also include both nations' Defense Ministries and Air Forces, UK Prime Minister Theresa May said upon attending the contract signature in Ankara.

<http://bit.ly/2ltR6Lh>

VOP CZ to cooperate with NIMR Automotive

(24 Jan 2017) During the International Armored Vehicles conference in London, the Emirate's NIMR Automotive and Czech manufacturer VOP CZ announced to collaborate. Press reports indicate that a formal agreement would be signed in the coming months.

The key rationale for cooperation with VOP CZ is NIMR's ambition to enter European markets for military vehicles. "Our ambition", NIMR CEO Fahad Harhara said in a telephone interview with Reuters, "is to be with European customers within the next two years."

<http://reut.rs/2jTXV8l>

Istanbul-class frigate construction got started

(19 Jan 2017) The steel-cutting ceremony conducted on 19 January 2017 kicked off the production of the first Istanbul-class frigate.

The TCG Istanbul shall be built within the next four years to enter service in 2021. It will be the fifth domestically built warship, following four anti-submarine warfare corvettes of the Ada-

class. TCG Istanbul builds on the Ada-class but will have a longer hull and heavier displacement, *Quwa* reported.

<http://bit.ly/2k69xIX>

Hanwha Corp and LIG Nex 1 target Saudi Arabia

(20 Jan 2017) Saudi Arabia's Vision 2030 targeting local production of 50% of future defense equipment procurement seems to have incentivized Hanwha Corp and LIG Nex 1 of South Korea to take a closer look at defense opportunities, South Korea's news agency *Pulse* has reported.

Hanwha Corp is looking for possible orders for explosives and self-propelled artillery and is conducting a feasibility study. LIG Nex 1 is said to review a plan to open its first branch in the Middle East in Saudi Arabia.

<http://bit.ly/2kpkPUq>

Defense Exports

Kazakhstan Aselsan Engineering starts defense exports

(2 Feb 2017) Turkey has received thermal weapon sights from Kazakhstan Aselsan Engineering (KAE), a joint venture between Aselsan and Kazakhstan Engineering. The delivery is part of a contract worth US\$5.8m that was signed with KAE in November 2016, *Jane's Defence Industry* reported.

<http://bit.ly/2kp940B>

Turkish export drive to leverage role of embassies

(19 Jan 2017) The Turkish government is pushing forward the country's ambitious defense export plans by making maximum use of its embassies, *Defense News* reported on 19 January 2017.

According to *Defense News* Turkish Foreign Minister Mevlut Cavusoglu "ordered" the country's ambassadors that gathered for an annual conference in Ankara from 8-14 January 2017 to "cultivate relations with the countries in which they serve, with a view in particular on the defense industry." In response, one Turkish am-

bassador was quoted saying that "we are expected to function as defense industry export promotion agencies abroad."

<http://bit.ly/2k8nbqi>

Defense Modernization and Support

Nuclear-capable cruise missile tested in Iran

(2 Feb 2017) Only hours after the new U.S. administration said it was putting Iran "on notice" because of ballistic missile tests, the country seems to have tested the Sumar cruise missile. According to a report by the German newspaper *Die Welt*, the cruise missile could carry nuclear weapons.

Die Welt wrote that Sumar missiles could provide Iran with a strategic advantage, as the UN resolution banning work on ballistic missiles is not covering cruise missiles.

<http://reut.rs/2jA9HI6>

SANG Aviation Brigade to be operational soon

(2 Feb 2017) According to Major General Frank Muth, Program Manager at the U.S. Army Office of the Program Manager for the Saudi Arabian National Guard (SANG), the SANG will soon have the first aviation brigade operational. The first of three brigades will be operational upon delivery of the Boeing AH-6i armed reconnaissance and light attack helicopters probably in May 2017, he said. In addition to 12 of 24 AH-6i helicopters to be delivered until then, the first aviation brigade has already received 24 Sikorsky UH-60M Black Hawk and 12 Boeing AH-64E Apache Guardian helicopters. Muth, who was speaking at the IQPC International Helicopter conference in London, also said that the 2nd Aviation Brigade would be fully equipped until 2019, with the 3rd Aviation Brigade following until 2012.

<http://bit.ly/2lojaPe>

Turkey launches tank upgrade program

(31 Jan 2017) Turkey has launched a competition to upgrade 300 German and US-made battle tanks. According to *Defense News*, BMC, Otokar,

and FNSS have submitted their bids. In addition, Aselsan and Roketsan have joined the competition for the US\$500m upgrade program, too.

Armor improvements and active protection systems are said to rank high on the agenda of the program which has been kicked off shortly after several Turkish battle tanks have been hit in fights along the border to Syria. In response to these incidents, the program is said to come with a "priority" tag.

<http://bit.ly/2jZrAMz>

Altay MBT engine development contract canceled, but not because of Austrian sanctions

(22 Jan 2017) Turkey still struggles to develop the engine for the future Altay Main Battle Tank. After Austria's AVL List stepped in as a development partner for MTU, Turkey is in need for a new partner again.

On 22 January 2017, *Quwa* reported that the Tümosan-AVL List contract for development assistance had to be cancelled. According to a press statement released on Turkey's Public Disclosure Platform the cancellation followed a decision by the Austrian Parliament to impose an arms embargo against Turkey in November 2016. According to *Quwa*, Turkey could turn to Ukraine (see above news on Ukroboronprom's new office in Ankara) or the UK as a new partner in the Altay MBT engine development program

Note: An industry source contacted by ADIP editors painted a different picture. According to this source the contract had already been cancelled in May 2016 prior to the Austrian arms embargo because the Turkish government was not willing to accept the export obligations of the Austrian government.

<http://bit.ly/2kmHsZN>

Defense Procurement

Spanish shipbuilder to build new Saudi oceanographic survey ship

(6 Feb 2017) Construcciones Navales Paulino Freire will build a new oceanographic survey

ships for Saudi Arabia, *Jane's Navy International* reported on 6 February 2017.

The new 43-meter long ship is said to be similar to the research vessel Janan the company had delivered to Qatar in 2011. Construction for the Saudi ship is expected to start soon with handover anticipated for September 2018.

Contrary to long-held expectations, the contract for Navantia's delivery of six corvettes to Saudi Arabia has still not been announced.

<http://bit.ly/2kREEXZ>

First Kowa Warrior helicopters arrive in Tunisia

(4 Feb 2017) The first six of 24 OH-58D Kiowa Warrior helicopters have arrived in Tunisia, *AFP* reported on 4 February 2017. The sale of these surplus helicopters was announced in May 2016 by the U.S. Defense Security Cooperation Agency. Among other systems, the helicopters are equipped with Hellfire air-to-surface missiles, machine guns, and rocket launchers.

<http://bit.ly/2lnlvux>

Egypt will soon receive first KA-52s

(2 Feb 2017) The delivery of KA-52 helicopters from Russian Helicopters to Egypt is well underway, *defenceWeb* reported on 2 February 2017.

A contract for a total of 46 KA-52K Aligator helicopters was signed in December 2015. Under the government-to-government contract the Russian Ministry of Defense is said to have received the first batch of Aligators ahead of schedule in December 2016. Egypt will equip its Mistral ships with KA-52s.

<http://bit.ly/2kRjWYr>

Turkey and Russia said to talk about S-400 SAM

(1 Feb 2017) Turkey and Russia seem to negotiate about the purchase of the S-400 Triumf long-range surface-to-air missile system (SAM) and cooperation on the indigenous long-rang SAM project Turkey has been pursuing for several years, *Daily Sabah* reported. No further details were given.

<http://bit.ly/2kW1PQI>

U.S. Senator sees no hurdles for F-16 delivery to Bahrain under new administration

(31 Jan 2017) According to Bob Croker (Republican, Tennessee), Chairman of the U.S. Senate Foreign Relations Committee, the new U.S. administration could soon clear the delivery of 19 F-16 fighter jets to Bahrain. The deal worth around US\$2.8bn had been stalled under the Obama administration because of human rights concerns. "I am hoping the Bahrain deal is going to roll out without restrictions," he said adding that it could happen soon, *Defense News* reported.

<http://bit.ly/2kmnrpp>

Tunisia orders Damen OPV

(30 Jan 2017) A social media notification by Galatiy shipyard in Romania, a subsidiary of the Dutch Damen shipyard, revealed that the company had started to work on an Offshore Patrol Vessel (OPV) for Tunisia. According to *Jane's Defence Weekly* the steel cutting ceremony had been held back in mid-December 2016. Tunisia is expected to get a total of four OPV by the end of 2018.

<http://bit.ly/2kuvUX5>

New U.S. weapons deals with GCC nations approved

(23 Jan 2017) On 23 January 2017 the U.S. State Department made a determination approving possible Foreign Military Sales for

- 60 AIM-120C-7 Advanced Medium Range Air-to-Air Missiles (AMRAAM) including containers and other related services worth \$110m to Kuwait
- sustainment and contractor logistics support for AH-64D Apache helicopters worth \$400m to Kuwait
- 10 74K Persistent Threat Detection System (PTDS) Aerostats and related equipment, support, and training worth \$525m to Saudi Arabia. The aerostats will include different payloads such as ground surveillance radars and communications intelligence sensors

<http://dsca.mil/major-arms-sales>

Military Cooperation and Training

UK and Egypt continue joining forces on training

(2 Feb 2017) LtGen Mahmoud Hegazy, Chief of the Egyptian Defense Staff, held several meetings during his trip to the UK in early February 2017, the UK Ministry of Defense announced. In addition to discussing regional matters, meetings also included preparations for joint exercised in the near future to counter improvised explosive devices. Annual military staff talks will be held later this year with the goal to identify additional mutual training opportunities.

<http://bit.ly/2kuPFh1>

Sudan and Saudi Arabia conclude Falak 2 exercise

(22 Jan 2017) On 13-19 January 2017 naval forces of Saudi Arabia and Sudan conducted the joint Falak 2 exercise at King Faisal Base. The exercise was part of the military cooperation program that started in 2013.

According to *IsraelDefence* the exercise "included storming and inspecting a ship to make sure that it does not smuggle weapons and landing on one of the islands carried out by speedboats with the participation of Royal Saudi Navy aircraft. The naval forces stormed a speedboat to prevent it from smuggling arms and ammunition in a mock drill. They also landed on an island as part of the security drill. Royal Saudi Navy aircraft took part in the exercise."

<http://bit.ly/2jmLq4l>

Cybersecurity and Space

Israel's ELTA establishes new cyber division

(6 Feb 2017) ELTA, a subsidiary of Israel Aerospace Industries (IAI), has set up a new cyber division, *IsraelDefence* reported on 6 February 2017. Last year, IAI achieved sales worth US\$100m in the fields of cyber intelligence, cyber forensics and analysis, and cyber defense centers. Esti Peshin is heading the new cyber division.

<http://bit.ly/2ltP0LI>

"Shamoon 2" still haunts Saudi Arabia

(26 Jan 2017) According to Abdulaziz Al-Ruwais, governor of the Commission for Communications and Information Technology, computer systems operated in Saudi Arabia are still vulnerable to the "Shamoon 2" virus. The virus overwrites the master boot records used to start up computers. As reported in the ADIP News Bulletin dated 12 December 2016, the virus had already hit Saudi Arabia in mid-November 2016. Press reports indicate that the Kingdom has been victim to a fresh cyber attack with the virus. Without going into details, Al-Ruwais acknowledged that the virus had devised "a new method that was unexpected by government systems". In addition to the private sector companies for example in the energy sector, different government agencies such as a division of the labor ministry had been affected local media wrote.

<http://bit.ly/2kZ2s8J>; <http://reut.rs/2j8ApCu>

Critical Infrastructure Protection and Border Security

Aselsan said to develop surveillance balloons to protect borders

(6 Feb 2017) According to *Defense News*, Turkey's military electronics company Aselsan is about to develop new surveillance balloons expected to work like the Persistent Threat Detection System by Lockheed Martin. Aselsan seems to be working on two different aerostats called "Water Drop" and "Global" operating at 1,000 meters and 500 meters, respectively. The aerostats are meant to advance surveillance and reconnaissance capabilities for border protection. The program is said to be part of a more comprehensive border security concept set up in early 2016 by Turkish officials.

<http://bit.ly/2kOyCYb>