

U.S. Offers Billions in Arms to Ease Mideast's Iran Anxiety

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The Sikorsky MH-60R Seahawk helicopter.
Source: PRNewsFoto/Sikorsky Aircraft via Bloomberg

An agreement to curb Iran's nuclear program could create a bonanza for U.S. defense contractors who already are benefiting as the Obama administration tries to assuage Israeli and Gulf Arab concerns by cutting deals for more than \$6 billion in military hardware.

The details of a potential deal being negotiated between Iran and six world powers -- China, France, Germany, Russia, the U.K. and U.S. -- would determine what steps the U.S. takes to help its allies. A nuclear agreement is likely to prompt Mideast partners to seek improved defense systems from American contractors such as Boeing Co., Lockheed Martin Corp. and Raytheon Co. as well as weapons-makers in France and elsewhere.

"In theory, an Iran deal could lead to a reduction in tensions in the region that would reduce the demand for advanced weaponry," said William Hartung, director of the Arms and Security Project at the Center for International Policy in Washington. "In the short-term, a deal could actually boost the demand for arms."

Gulf states and Israel have said they wouldn't trust any pact forged in Vienna to curb Iran's pursuit of nuclear weapons. They also worry that if economic sanctions are lifted and Russia's push to [lift an arms embargo](#) on Iran succeeds, that would let the Islamic Republic upgrade its aged military hardware. Those concerns could lead them "to seek more imported weaponry regardless of whether there is an Iran deal," Hartung said.

Michael Rubin, a Middle East military analyst with the American Enterprise Institute, said an estimated \$100 billion in Iranian oil revenue now frozen by sanctions "will

make possible an Iranian military shopping spree that it will be near-impossible for Israel to keep up with.”

‘Worse and Worse’

The U.S. is trying to ease the concerns in Israel, where Prime Minister Benjamin Netanyahu said July 6 that the Iran deal was getting “worse and worse.”

The administration and Congress in May approved a \$1.9 billion arms sale to Israel that analysts said probably was meant to offset Israeli objections to an Iran nuclear agreement. The sale included 3,000 Hellfire anti-armor missiles, 250 AIM-120C Advanced Medium Range Air-to-Air Missiles, and 50 BLU-113 “bunker-buster” bombs. Among contractors benefiting were Lockheed, General Dynamics Corp., Raytheon and [Elwood National Forge](#).

The next step would be signed contracts, a process that could take months or years.

Missile Defense

President Barack Obama promised Gulf leaders accelerated arms deliveries at a [May summit](#) he held to address their fears about an Iran deal. A final communique proposed development of a regional integrated missile-defense system.

“We really need to put the accelerator on that,” said Derek Chollet, a former assistant secretary of defense who’s now a senior adviser at the German Marshall Fund in Washington. “We will want to reassure our Gulf partners” that “their security needs will be met,” Chollet said.

Congress already has approved billions of dollars in pending arms contracts to the Gulf. The United Arab Emirates has one valued at \$130 million for 1,100 laser-guided bombs, parts and logistics from Boeing and Raytheon. Another potential contract for as much as \$900 million is pending for the sale of 12 High-Mobility Artillery Rocket System launchers and 100 rockets made by Lockheed.

Saudi Contracts

The Saudi government may pursue a contract for as much as \$1.9 billion in potential sales of 10 United Technologies Corp. Sikorsky MH-60R helicopters, radar and spare parts; another potential contract valued at as much as \$1.75 billion is pending for as many as 202 Lockheed PAC-3 missiles and associated equipment.

While Gulf nations would like a “commitment that the United States would come running, what they can get is deeper cooperation, more integration and technology transfers,” said Hussein Ibish, a scholar at the Arab Gulf States Institute in Washington.

Melissa Dalton, a fellow at the Center for Strategic and International Studies, said the U.S. could speed up spending or offer new arms deals, invest more effort in improving Gulf cybersecurity for oil and other infrastructure and increase regional military exercises.

Israel's Edge

While gaining a qualitative military edge in the region wouldn't be possible for Gulf states -- that's a privilege that U.S. law reserves for Israel -- there are "a whole set of weapons systems, most of them defensive, that would be very reassuring," Ibish said.

Facing defense budget pressure at home and competition from European companies attempting to capitalize on doubts about America's reliability, U.S. contractors have reason to seize the opportunity.

Saudi Arabia is already getting reassurances from Washington, said Bruce Riedel, a senior fellow at the Brookings Institution. The U.S. is providing the kingdom with intelligence and logistics support in its war against the Houthis in Yemen, where Saudi bombing and a sea blockade have led the United Nations to declare its highest-level humanitarian emergency.

"In my view, we're doing that much more to keep them on board on the P5+1 issue than it is anything about Yemen," Riedel said, referring to shorthand for the six powers negotiating with Iran. "I don't think the United States has a real dog in the fight between the Houthis and the House of Saud."

Assuaging the Saudis

U.S. efforts to assuage Saudi Arabia also can be seen in the recent move to remove limits on security assistance to neighboring Bahrain, imposed because of a 2011 crackdown on public demonstrations and human rights violations. "While we do not think that the human rights situation in Bahrain is adequate," according to a State Department statement, "Bahrain has made some meaningful progress."

State Department spokesman John Kirby cautioned against linking that step and the Iran talks, saying on June 30 that there was "no connection to that whatsoever."

"Certainly" there's a connection, Riedel said. "Bahrain is a wholly owned satellite of the kingdom."

"Clearly Linked"

Yiftah Shapir, who heads the Middle East Military Balance project at Tel Aviv's **Institute for National Security Studies**, said items such as the Hellfire missiles and bunker-buster bombs are often sold to Israel in separate deals. Given the timing, "there's no doubt that packaging them all together in one sale" was "clearly linked to the Iran agreement," he said.

There's been no discussion between Israel and the U.S. about a possible post-deal package to ease Tel Aviv's concerns, and it will take months to craft one, analysts said.

"That discussion will only take place when it's clear this deal will not only be signed by Congress, but implemented and implemented successfully," said Aaron David Miller, a vice president at the Wilson Center in Washington.

When that day comes, “there’s lots of things the Israelis might ask for,” said Michael Eisenstadt, a military analyst with the Washington Institute for Near East Policy, including help paying for V-22 Osprey tilt-rotor aircraft that Israel’s military recently had to delay for budget reasons.

“But none will assuage their concern short of” the U.S. Massive Ordnance Penetrator, a precision-guided, 30,000-pound bunker-buster bomb, and a possible delivery system, Eisenstadt said. He said he didn’t see the U.S. providing Israel with either the bomb or a delivery system.

Dalton of the Center for Strategic and International Studies said the U.S. could increase its intelligence-sharing with Israel and establish common “indications and warnings” to determine whether Iran is reneging on an agreement and to monitor regional threats such as operations by Iran’s Islamic Revolutionary Guard Corps.

Financial Aid

The U.S. could help with more financial aid so Israel can buy additional missile defense capability and more than the 33 Lockheed F-35 jets currently on contract, according to a Washington-based defense analyst who closely follows Israel and asked not to be identified discussing potential accommodations for the U.S. ally.

Riedel said he was skeptical that any offers will ease Israeli frustration. “I don’t know what the president does to buy off Bibi,” Riedel said, using Netanyahu’s nickname. “I don’t think he can.”

Instead, Riedel sees the Israeli president taking his fight against the Iran deal to Congress. “That’s where the fight is going to be, and it’s going to be ugly,” he said.

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