The opportunity cost of the arms trade between North America, Europe and the MENA region

Revitalizing the Debate on the Global Arms Trade

By Emma Soubrier
ABOUT

Pathways to Renewed and Inclusive Security in the Middle East (PRISME) aims to redefine the conception of “security” in the Middle East and North Africa (MENA), as the starting point for strategic relations between MENA countries and their European and North American partners. It does so in pursuit of effective, collaborative approaches to ensuring a more peaceful and stable future. To this end, PRISME sponsors dialogue and debate between foreign policy professionals across diverse backgrounds and perspectives.

PRISME’s first project, Sustaining Alternative Links beyond Arms and the Military (SALAM), proposes to rethink the centrality of the arms trade in international relations with and among MENA countries. It seeks to foster meaningful discussions and debates among scholars and foreign policy experts on several interconnected topics. By approaching these complex issues from different angles, the goal is to systematically unpack and examine commonly held assumptions surrounding the arms trade.

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Previously, she was professorial lecturer and a visiting scholar at the Institute for Middle East Studies at the George Washington University’s Elliott School of International Affairs on two occasions, a visiting scholar at AGSIW for two years, and a postdoctoral researcher at the Centre Michel de l’Hospital, Université Clermont Auvergne (France). She worked for three and a half years at the French Ministry of Defense and for three years at Airbus Defence and Space. She received her PhD in political science from the Université Clermont Auvergne in 2017 and holds an MA in international relations from the Sorbonne University (Paris, France).
SALAM debate #2

Synthesis paper

The second debate of the SALAM project asked: How does the arms trade divert attention from or interact with other pressing conversations in and between North America, Europe, and the MENA region? Participants examined arms manufacturing and trade at domestic and international levels, with focus on emerging trends in the MENA region. There is a notable increase in local arms production and intra-regional arms trade, contrasting increasingly with longstanding trade patterns with Europe and the United States. The debate assessed these policies by 1) addressing their economic and political tradeoffs; 2) scrutinizing the economic and political motivations that underlie them; and 3) challenging their claimed social, political, and economic benefits. Participants acknowledged that MENA states have legitimate domestic and foreign policy concerns that continue to centralize the arms trade. States are bolstering efforts to increase local production of weaponry, with goals of diversifying their economies and reducing security dependence on outside partners. However, these policies have adverse consequences, such as diverting funds and political priority away from other critical socio-economic needs. There are trade-offs in terms of advancing human security – notably, as linked to climate change.1

Strategic Panorama:
An Exploration of Evolving Regional and Global Contexts

In debate #1, discussants challenged the Off-cited argument that arms sales to the MENA region bolster security and stability in a highly volatile regional environment. Participants in the second debate noted that the growing militarization of the MENA region is also intrinsically linked to a rising trend of the “securitization of everyday life,”2 as Alaa Tartir and Ahmed Morsy write. Not only are Middle Eastern regimes using weapons as tools to solidify authoritarian rule, but they are also crafting national identities that value militarism. Acquiring an impressive military arsenal has long been used by regional actors to rally public support for leadership and foster national unity. Military power can instill a sense of national pride, stoke existential concerns about external enemies, real or imaginary, and subtly imply the possibility of internal repression.3 In debate #2, Tartir and Morsy underlined how a wide range of tactics, from hands-on violence and persecution to more sophisticated uses of technology and surveillance systems, securitize the public sphere in many MENA countries. Heba Taha adopted a framework of militarism and mil-

1 The PRISME/SALAM debate #1 notably identified that many of the diplomatic “solutions” pushed by the U.S., in conjunction with regional actors, are “perpetuating an overreliance or hyperfocus on weaponry as security. Arms trade has provided a key transactional language in which militarized foreign policy is expressed”. See Emma Soubrier. “What is the role of the arms trade between Europe & North America and the MENA region?”. SALAM Synthesis Papers, Nice, France: PRISME Initiative, July 2023, https://prismeinitiative.org/blog/emma-soubrier-role-arms-trade-mena-synthesis/


itarization to examine the regional order, which encompasses both internal and external processes\(^4\) that mutually fuel and strengthen each other.

Two additional trends contribute to regional militarization: Western arms manufacturers’ increased necessity to find foreign clients for their products, and booming South-South trade. Wendela de Vries detailed how the European military industry relies on external sales, because European countries alone cannot generate the necessary demand to sustain production.\(^5\) As a result, de Vries argues, there has been “an exponential militarization of the EU budget.” For example, European countries are absorbing a portion of research and development (R&D) expenses and implementing more lenient arms exports policies. Given that MENA regimes are some of the world’s biggest clients of arms, it comes as no surprise that many Western arms exporting countries are fueling the militarization of the region. Europe is not alone in seeking buyers. This creates a situation where, as underlined by Kelsey Hartman and Lucie Béraud-Sudreau, “the USA and other leading democracies... continue to arm a majority of the world’s autocracies.”\(^6\)

In recent years, Western weapons suppliers’ drive to export has occurred in the context of the multiplication of global arms exporters, and growing competition with Russia and China, as well as with emerging suppliers like Brazil and South Korea.\(^7\) Indeed, another important trend that has underpinned increased militarization of the Middle East is the emergence of new South-South relations. As Omar Dahi explains, South-South relations used to be characterized by a mixture of anti-hegemonic stances and pragmatic nationalism, while nonetheless remaining dependent on the global North. This pattern dominated during the historic period of Bandung and Non-Alignment. In contrast, today, countries of the global South have transitioned from prioritizing ideological attachment and worrying about their political survival to pursuing more autonomy and influence, and increasingly emphasizing South-South trade.\(^8\) These changes reshape their domestic economies and redirect the balance of international markets away from the dominance of Western countries. In the global arms trade, these dynamics have been particularly important in the MENA region, with regional actors turning to diversification of their arms suppliers, increased domestic production and expanding export capacities.

The economic and political motivations underlying efforts to develop domestic production capacity in the MENA region

Omar Al-Ubaydli presented the cases of Saudi Arabia and the United Arab Emirates (UAE). The two Gulf Cooperation Council (GCC) countries appear to have made substantial progress in developing domestic production capacity, through the Saudi Arabian Military


Industries (SAMI) and the Emirati EDGE Group, although neither publicly discloses specific financial and operational details.⁹ These two GCC countries are striving to emulate the successful development of a weaponry industry by both Türkiye and Israel.¹⁰

Deena Saleh discussed Türkiye’s recent success in arms production and trade, including how it has decreased its dependency on foreign suppliers from 80% to 20% over the past 20 years.¹¹ Israel’s defense industry is much older but, as Heba Taha notes, it recently significantly expanded its access to regional markets, following the signature of the 2020 Abraham Accords, that normalized its relations with the UAE, Bahrain, and Morocco.

In the MENA region, the argument for bolstering domestic arms production often centers on job creation. This notion is not limited to the region; indeed, in the U.S., the emphasis on job creation significantly influences the direction of investment as well as R&D. The argument asserts that investing in military production capacity supports economic growth and stimulates innovation through knowledge spillovers across various industries. By nurturing the defense sector, advocates for domestic production claim, countries can build a more resilient and diversified industrial base, which, in turn, strengthens their economic stability. Additionally, investment in defense technology is believed to result in breakthroughs that find applications in civilian industries, thus enhancing innovation capacities.

From a political perspective, proponents of domestic arms production claim that it enhances national prestige, by increasing the autonomy of national defense endeavors and a country’s ability to assert its sovereignty on the global stage. As underlined by participants in the PRISME debate, leaders and many citizens find this argument salient beyond the MENA region (in this, France provides an interesting parallel¹²). For MENA countries, reducing dependence on foreign arms suppliers also mitigates their vulnerability to sanctions or other disruptions in the supply of arms from the outside. Moreover, it provides nations with greater influence on regional and global stages, particularly in niche arms markets like drones and cybersecurity. This influence can be leveraged to shape political alliances and create political economic blocs, contributing to a country’s strategic positioning and influence in the international arena.

However, two critical questions arise. First is a chicken-and-egg challenge. Does influence on regional and global stages stem from or contribute to increasing domestic military production capacity? For example, Türkiye has carved a niche in drone manufacturing and exportation. The Bayraktar TB2, a medium-altitude long-endurance drone,

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12  Emma Soubrier. “Unpacking the storytelling around French arms sales: Demystifying the “strategic autonomy” argument”. Global Policy, Volume 14, Issue 1, February 2023, pp. 112-120.
serves as an effective diplomatic tool for Ankara, bolstering its international influence.\textsuperscript{13} However, one can also argue that this success was largely contingent on the strategic autonomy it achieved beforehand, within “a post-Western order.”\textsuperscript{14} This case has implications for countries like UAE and Saudi Arabia. Regardless of the technical prowess of locally manufactured military equipment and weapon systems, they may also experience increased exports. This could result from their heightened regional power and influence, largely stemming from efforts to break away from the historical alignment with the interests and preferred policies of their Western partners.

The second question is: How much of the argument mobilized to bolster domestic arms production can be substantiated? When it comes to economic growth, for instance, Nahla Moussa noted in the case of Egypt that “there is a uni-directional causality running from economic growth to military expenditure, [but] no causality from military spending to economic growth is observed.”\textsuperscript{15} In short: when the Egyptian economy is doing well, they spend more on the military, but spending more on the military does not contribute to a stronger economy. In fact, there are many opportunity costs — both economic and political — associated with an over-emphasis on arms production and arms trade in domestic and foreign policies.

The economic opportunity costs of prioritizing local arms production capacity

The PRISME debate examined the barriers to entry for new states that aspire to become arms manufacturers and exporters. These include market saturation, technological challenges, and research, development and innovation.

Market saturation is both a challenge to MENA states that aim to develop domestic capacity and an opportunity for them to diversify their arms suppliers. Countries like Saudi Arabia and the UAE have developed concerns over the insecurity and the untrustworthiness of their traditional weapon supply chains, notably because the U.S. and European partners reconsidered some arms sales against the backdrop of the Yemen War. In this context, they are increasingly wary of relying on a single source for their weaponry and feel compelled to diversify their arms suppliers. The oversaturation of the market, however, has not dampened their parallel pursuit of domestic arms production capabilities. Participants noted that while there are already numerous military industries, the drive for self-reliance persists. This pursuit was seen as questionable and potentially perilous for several reasons. First is the existing saturation that contributes to a broader militarization of the region – and the associated “securitization of everyday life” at a domestic level. Second is the potential to exacerbate competition among regional actors. This intensified competition could give rise to heightened tensions, notably among the GCC countries, Türkiye, and Israel.

\textsuperscript{13} Stephen Witt. “The Turkish Drone that Changed the Nature of Warfare”. The New Yorker, May 9, 2022, \url{https://www.newyorker.com/magazine/2022/05/16/the-turkish-drone-that-changed-the-nature-of-warfare}.
\textsuperscript{14} Mustafa Kutlay and Ziya Öniş. “Turkish foreign policy in a post-western order: strategic autonomy or new forms of dependence?” International Affairs, Volume 97, Issue 4, July 2021, pp. 1085–1104.
Another crucial aspect is technological challenges faced by MENA countries in their development of local arms production capacities. Türkiye, Saudi Arabia, and the UAE are still reliant on external sources (mainly on the West) for key components, despite their ambitions for self-sufficiency in arms production. This dependency on foreign technology belies the proclaimed independence of their domestic arms markets. Moreover, their quest for localization and diversification in arms procurement strategies has the potential to introduce further uncertainty into their supply chains, creating possible tensions with their traditional suppliers. These dynamics carry intertwined economic and geopolitical risks, prompting questions about why MENA countries, despite substantial governmental investments in the arms industry, do not explore diversification into safer and forward-looking sectors or other dimensions of security. Given how extremely vulnerable to the climate crisis the MENA region is, it would notably make sense to prioritize innovative ways to mitigate harm and advance environmental security.

Additionally, it is worth noting that MENA countries, particularly Türkiye, are grappling with a phenomenon of brain drain. They experience significant emigration of engineers to Europe, a trend that adversely affects their technological self-sufficiency efforts. This issue creates challenges across R&D and innovation in the region, further complicating countries’ pursuit of independence in the arms production sector.

The secretive nature of military research inhibits collaboration and knowledge sharing, further complicating the region’s pursuit of self-sufficiency in arms production.

Further, R&D and innovation are multifaceted issues. One thread in this complex tapestry is the notable deficiency in innovation within GCC countries, despite their desires to produce weaponry domestically. Omar Al-Ubaydli underlined this point in relation to Saudi Arabia and the UAE. While security concerns drive this ambition, their subpar performance in innovation metrics, especially outside the realms of petrochemicals and renewables, could hinder their success. Achieving self-reliance in this sector requires intensive efforts and investment in cultivating a culture of innovation.

Understanding why certain countries innovate, while others stumble on challenges would require an examination of both successful and unsuccessful cases. One suggested potential hindrance to innovation in the defense sector might be a deficiency in fostering critical thinking, which is closely interconnected with innovation. However, other participants questioned the hypothesis, pointing to China as a counter point.

There are additional challenges to routing economic innovation through military investments. The secretive nature of military research inhibits collaboration and knowledge sharing, further complicating the region’s pursuit of self-sufficiency in arms production. Moreover, the reliance on a limited number of suppliers for advanced military technology poses economic risks, particularly when the government is the sole purchaser of these arms.
The political opportunity costs of centralizing arms in international relations and militarized approaches to domestic and regional challenges

Participants also discussed the political opportunity costs of an overemphasis on weaponry in local and global interactions. This echoed the subjects previously explored in the SALAM debate #1, especially in the context of traditional arms suppliers (like Europe, as mentioned above) that are increasingly reliant on exports. Even when arms production is deemed efficient for the technological industrial base, the emergence of reverse influence and dependency dynamics poses an increasingly relevant political challenge. And for many stakeholders in exporting countries, the potential risk to their own interests (stemming from a decrease in arms sales) can become a significant political concern, irrespective of whether arms production and export genuinely contribute to national economic well-being and status. Focusing on importing and exporting countries alike in this new SALAM debate, participants observed that potential political opportunity costs extended beyond geopolitics and encompassed multiple dimensions.

One of these dimensions is that while governments prioritize security, the benefits of these arms investments, albeit marginal or questionable in themselves, often fail to reach the general population, leading to heightened human insecurity. This can include socio-economic challenges related to education, healthcare, and poverty, as well as other systemic issues likely to affect human security across the board, not least of which is global warming. This disconnect between government and people finds resonance in historical examples, such as the aftermath of the Oslo Agreement, where extensive security investments for three decades did not yield anticipated improvements in the safety and well-being of the Palestinian people. Rather, Alaa Tartir underlines, these accords "have provided nothing more than a false ‘framework of peace’ that sustains settler colonialism and apartheid."16

More broadly, this conversation brought into focus the interplay between state and society, emphasizing the concept of the social contract and its variations worldwide, particularly in the Middle East. Participants noted that different forms of authoritarianism and autocratic rule exist, some of which succeed in delivering high-quality and relatively stable living standards to their populations, often attributed to resource wealth. Nonetheless, even in these countries, there is recognition that the integration of security discussions into social and economic interactions remains crucial. In many GCC countries, for instance, the premium lifestyle offered to citizens makes up for neither societal security matters linked to drastic inequalities among the population between locals and migrant workers, nor environmental security that could jeopardize all human life in the region by 2100.17

Participants also underlined that in some MENA countries, especially those still experiencing conflicts (e.g., Syria or Libya), but also in those afflicted by high levels of poverty (e.g., Lebanon, Tunisia or Egypt), individuals are primarily focused on survival needs, like access to food. This limits their capacity to consider long-term concerns, such as climate change and sustainable growth, regardless of how these issues affect the population.

Participants explored the connection between these limits and a deficit in social capital in many MENA countries. This deficiency is notably attributed to authoritarianism and constraints on political freedoms, underscoring its broad-reaching consequences for civic activism and individual rights. Suppression of free speech is another critical political opportunity costs associated with the current prioritization of arms production and trade in the region.

Participants raised the question of whether people genuinely endorse the idea of militarization as an expression of national pride, be it anticolonial or developmentalist in nature, given the intricate ways in which militarism is woven into national identities and everyday life. If that may be the case, then, as argued by Heba Taha, any viable future demilitarization must begin by disentangling militarism and national belonging.

Amidst the various trends of militarization in the MENA region over the past decade, one stands out as particularly concerning: the growing volume of Israeli defense exports to Arab states (we note this analysis predates the Israeli assault on Gaza). This trajectory may entrench a situation where the safety and security of individuals are consistently overshadowed, if not directly jeopardized, by other strategic priorities. It could deepen the transformation of the region into a network of militarized regimes intricately linked by their shared emphasis on securitization of everything, primarily aimed at maintaining authoritarian control within their borders. Notably, this trend is closely intertwined with and reinforced by a significant departure from the previous model of ‘cold peace’ with Israel, as embraced by Egypt and Jordan for decades. Instead, it signals the onset of a new era characterized by more direct engagement with and integration of Tel Aviv at the very core of the strengthened regional network of double militarization. This shift reinforces a focus on state security that takes precedence over the well-being and interests of populations.

Climate change policy stands as a poignant illustration of the political opportunity costs tied to the centralization of arms in international relations and the adoption of militarized approaches to domestic and regional challenges in and between North America, Europe, and the MENA region. European arms exports to MENA countries, as scrutinized by Wendela de Vries, underscored that these exports not only contribute to militarization and repression but also divert valuable resources from addressing the pressing climate threats in these regions. Her analysis points to a considerable misalignment of priorities. Indeed, there is an urgent need to shift the security paradigm, realigning it away from military buildup to climate adaptation and mediation. By doing so, resources could be channeled more effectively toward combatting climate-related disasters. A telling example of this issue was the European Union’s decision to arm the Libyan coast guard instead of assisting the nation with essential water management, a choice that might have averted the flood disaster in September 2023. Additionally, concerns were raised about the impact of military policy on local efforts to facilitate just transitions, particularly in the context of eco-militarized relations between traditional Western arms suppliers and Israel. American and British supply of arms to Israel during its genocidal assault on Gaza further entrenches these dynamics. Eco-militarism, a concept developed by Nico Edwards in her doctoral research, points to how “militarized interstate relations enable ecological forms of warfare and occupation.”

extend not only to bilateral relations, such as those between Germany and Israel but also to the broader landscape of climate action and sustainability. These examples highlight the tangible trade-offs between prioritizing political and military security and the ability to respond adequately to climate change.

Where do we go from here?
The need for an in-depth political overhaul

Participants stressed the inherently political nature of prioritizing arms production within domestic strategies and the centralization of arms trade in international relations. These choices are often justified on the grounds of economic benefits, national prestige, threat perception, and military security incentives. However, these decisions are fundamentally disconnected from the desires and interests of the wider population — even though the extent of this disconnection is complicated by certain factors, including the limited bandwidth of the public to consider macro-level issues (that can indeed affect their own safety and security in the long run), and the challenges in accurately gauging public opinion in many of these countries.

A noteworthy example illustrating this disconnection is Israel’s seemingly paradoxical strategy of simultaneously building walls (implementing domestic policies that fence it in) and bridges (seeking regional integration with other highly militarized authoritarian states), as scrutinized in Heba Taha’s essay. Participants noted that there was a false dichotomy between domestic enclosure and regional integration, epitomized by the vision of a militarized neoliberal future of enclaves. The participants questioned this binary perspective, suggesting that both enclave-like practices at the domestic level and integration efforts at the regional level can coexist. In the end, most critically, this strategy, which long predates the current war in Gaza, perpetuates patterns of domination, repression, and dispossession of the Palestinian people. It does so not only when it is a clearly assumed militarized policy but also when it is camouflaged under the guise of renewability projects like Project Prosperity, a UAE-brokered Memorandum of Understanding between Israel and Jordan, as examined by Nico Edwards. The over reliance on weaponry as security in the international relations of MENA governments and their Western partners contributes to a self-sustaining and self-defeating cycle in actors’ domestic and foreign policies alike.

A fundamental aspect of the interplay between internal and external militarization patterns, as emphasized by participants in both SALAM debates, is the significant influence of the defense industry in shaping these policy choices. The defense industry is deeply intertwined with specific historical legacies, national identities, and ideological frameworks. This holds especially true for countries with a historical record of weapons production and export, such as the United States, major European arms manufacturers, and Israel. Nevertheless, this trend is also growing in importance within MENA countries.
where the development of domestic defense industries is implicated with dynamics of internal governance and control. On the European front, for instance, participants noted the rapid increase in investments to boost ammunition production in response to the conflict in Ukraine, raising concerns about the long-term consequences of such actions. As aptly articulated by Wendela de Vries, creating new capabilities might be challenging, but scaling them down is even more arduous.

Meanwhile, there is a theoretical possibility for a different dynamic to emerge among MENA regional actors. However, participants noted that the ongoing interdependencies among countries, coupled with the enduring legacy of arms industries embedded within these international relations, served to perpetuate a system resistant to the emergence of alternative policies. This conclusion aligns with the findings of the SALAM debate #1. The normalized relations between the UAE and Israel under the U.S.-sponsored Abraham Accords was, for instance, described by Tariq Dana (and before the Israeli assault on Gaza) as an alliance that “entrenches Israeli settler colonialism and Arab authoritarianism as mutually inclusive pillars for the region, with the ultimate objective of reproducing US hegemony in the face of changing global dynamics.”19 While some participants saw potential for the Global South to prioritize human security and bring about change, it was also acknowledged that this shift could introduce new forms of inequality and oppression. A worrisome trend is the shift of many Global South countries from a developmentalist ideology towards a more militaristic and capitalistic approach, marked by ethno-religious politics, which might jeopardize more peaceful futures.

Ultimately, participants emphasized the urgent need for a comprehensive transformation in policy approaches within the MENA region to break free from the current web of foreign policy militarization and the militarization of national subjects. They stressed the necessity of shifting priorities towards human security while upholding principles of social justice and equity. This shift entails moving away from a narrow focus on securitization as well as adopting a broader perspective that considers human development and the intricacies of daily life. A potential alternative in foreign policy could be rooted in intersectional environmentalism, fostering conditions conducive to energy democracy, food sovereignty, and just, sustainable transitions, as was explored in Nico Edward’s essay. However, it is essential to acknowledge the formidable challenges posed by the still prevailing national security doctrines that favor corporate military and energy security. A key question in this respect is whether it is feasible to reorient security to revolve around the well-being of individuals and the planet while safeguarding state interests. As long as state security is understood in the present-day terms of securing elite access to resources, power and privilege, the answer is no. Achieving a harmonious alignment of the two would in fact require a radical reconceptualization of the essence and purpose of the nation-state.

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