

## **Congressional Testimony**

### **Hearing Title: Objectives of US Arms Sales to the Gulf: Examining Strategic Goals, Risks and Benefits**

House Committee on Foreign Affairs  
Subcommittee on Middle East, North Africa, and International  
Terrorism

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## **Introduction**

Chairman Deutch and Ranking Member Wilson, I am grateful for the opportunity to speak to you today about the strategic goals, risks, and benefits of American arms sales to the Gulf.

Today I will testify about the role major purchases of American arms by the Gulf Cooperation Council (GCC) states play in achieving US key strategic goals in the region. I will focus on three of these goals: countering violent extremism and the domestic conditions that foster it; countering Iran; and responding to growing great power competition by Russia and China in the region. Decades of massive arms exports and other security assistance to the region should have provided sufficient leverage in order to adequately achieve these three goals, but the reality is more complex. I will explain why arms sales have not been as straightforward in achieving American goals in the region and offer some legislative considerations.

## **Arms Sales and American Foreign Policy in the Gulf Region**

For half a century, copious American arms sales have been conducted to the Gulf Cooperation Council states, in part, to ensure leverage for American foreign policy interests in this important strategic region. In 2019 over 20 percent of foreign military sales went to just five of the GCC states, coming to the tune of \$14 billion.<sup>1</sup> In 2020, notwithstanding the global pandemic shut down, foreign military sales to GCC states are at about \$1.6 billion so far.

The United States has indeed achieved a great deal from its arms sales and the associated American security umbrella over the region. As part of countering violent extremism, the United States achieves important counterterrorism cooperation, counter threat finance cooperation, and intelligence sharing. GCC countries have supported coalition operations against terrorism, most notably against ISIS.

The United States also finds a willing partner in its efforts to counter Iranian influence. GCC militaries with robust quantities of largely interoperable American and western equipment are able to assist with their own defense against Iran, despite their small sizes, small populations, and geographic vulnerability to external threats. Basing rights along the Arabian Gulf and especially the Gulf of Hormuz are important in containing Iran.

Moreover, arms sales should give the United States leverage over the behavior and foreign policies of Gulf regimes. The permission (or lack thereof) for weapons exports is supposed to allow the United States an easy way to ratchet up or down its support for countries, especially since all of the Gulf countries are so heavily reliant on American military weapons and know how. This includes helping ensure state and non-state actors' incentives align with American interests and limit their susceptibility to the influence of other countries through possible arms

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<sup>1</sup> Forum on the Arms Trade, Major Arms Sales (via FMS) Notification Tracker, June 12, 2020, (<https://www.forumarmstrade.org/major-arms-sales-notifications-tracker.html>)

sales. Basing rights and interoperable military equipment are also important for countering the great power challenges of Russia and China. Last week, US Central Command commander General Kenneth McKenzie asserted that the primary means for the US military to confront growing influence from China and Russia in his area of responsibility was arms sales to partners, arguing that these arms sales were a means by which Washington can maintain a degree of control.

## **Unintended Consequences of US Arms Sales to the GCC**

American arms sales to the GCC have not always resulted in the desired outcomes. Indeed, due to the internal governance structures of GCC countries, American arms shipments can instead lead to outcomes at cross purposes with American foreign policy goals. This is because these arms sales play an important role in enabling Gulf regimes to stymie popular calls for political and economic reform, which in turn, helps build the conditions for terrorism and state fragility in the first place.

Every single GCC country is ruled by a highly dictatorial monarchy, where opportunities for popular political participation, protest, and civil society are highly curtailed. The economies of each of these countries are highly skewed towards key elites, and outside of glitzy cities built largely on oil wealth there often lie dirt roads and poverty for those left out of government largesse. Some of these regimes, such as Bahrain and Saudi Arabia, saw a number of protests even before the Arab Spring. All have responded with some level of internal repression, even if, in countries such as the UAE and Qatar, they use a relatively lighter touch with key foreign constituencies. To remain in power and resist popular efforts at reform, these regimes stand on some combination of the shaky pillars of coercion, co-optation, patronage, and sectarianism, each of which is bolstered in part by US arms sales. A 2018 RAND study found a correlation between military assistance (which includes efforts to train and equip foreign militaries) and an increased likelihood of state repression and intra-state conflict. Regarding the Middle East, the study specifically noted that, "Increasing US military assistance may strengthen and assure US partners in the region [Middle East], but it may do so at the cost of increased risk of repression and greater domestic instability among the recipient states." This mirrors the fact that American military assistance in the War on Terror, with its heavy focus on supporting often repressive regimes with equipment and training, seems to be making violent extremism worse rather than better.

To further bolster their regimes, many governments have also imported American and other western intelligence technology and know-how to create vast surveillance states in order to control their internal information narrative and prevent initiation of peaceful protests, often under the guise of counter-terrorism intelligence activities. The Emirati Dark Matter program, for example, imported former American signals intelligence experts to create a surveillance web capable of tracking and spying on everyone from Emirati youth publishing mildly anti-regime tweets up to and including American citizens. The result is GCC regimes that largely fail to respond to their citizens' calls to reform and instead are largely reliant on surveillance to

stop protests before they can even be organized supplemented with patronage, co-optation, and, when all else fails, violence to stay in power. This lack of response to popular pressures sets up the very conditions that foster the violent extremism that American arms exports are in part supposed to help fight.

Additionally, these exclusionary regimes also politicize and undermine the very security and intelligence sectors crucial to countering violent extremism. Regime efforts to minimize the chances of security sector or intelligence forces turning on the regime as part of a coup or in response to large scale protests against these regimes undermines the effectiveness of their security and intelligence forces. Coup proofing efforts also alienate these sectors from the local populace, making gathering intelligence on extremist threats more difficult and contributing to a willingness by security forces to engage in human rights abuses. A number of studies, for example, have noted that human rights abuses are a major cause of terrorist recruitment.

Combined with this is the high corruption vulnerability in GCC security and defense institutions that further help bolster repressive regimes. Weapons procurement can be used to provide patronage, kickbacks, and other benefits for some, while helping exclude benefits and services to others. The defense sector is a notoriously corrupt economic sector, and while American arms firms may abide by the strictures of the Foreign Corrupt Practices Act and other legislation, there are still many opportunities for arms procurement to provide opportunities for patronage and corruption. All of the GCC countries display very high risks of corruption, as ranked by Transparency International's Governance Defense Integrity Index (GDI) in both the 2015 and 2019 assessments, exhibiting an exceptional lack of transparency, accountability, and basic anti-corruption measures. Based on the GDI rankings for both review periods, all GCC states exhibited 'very high' or 'critical' levels of corruption risks, with most states falling into the critical category.<sup>2</sup> Meanwhile, arms procurement decisions in these countries are made behind closed doors by tiny coteries consisting almost entirely of their royal families. Public discussion of these purchases is often forbidden, there are few or no audits of these accounts, and few or no protections against conflicts of interest and contract kickbacks. There are credible reports that, in some cases, those who have tried to report corruption can find themselves censured or worse.

When information on defense sector corruption nonetheless emerges, the scandals can be breathtaking. Most notable is the Al Yamamah corruption scandal in Saudi Arabia from 1985 through to 2006, where the UK Serious Fraud Office documented at least \$6 billion in bribes paid to the Saudi royal family by BAE Systems and its associated agents before the investigation was shut down in 2006 on national security grounds. Massive corruption and patronage enrich the few and alienate the many while draining security sector budgets. It is no wonder that groups like ISIS found anti-corruption messages a resonant recruitment tool.

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<sup>2</sup> Transparency International Defence & Security (2015), Regional Results for Middle East and North Africa: Government Defense Anti-corruption Index 2015; Transparency International Defence & Security (2020), Government Defence Integrity Index 2020 (<https://ti-defence.org/gdi/>).

American arms exports can also at times undermine efforts to counter Iranian influence, in direct contradiction to key strategic goals in the region. In no place is this more evident than in the war in Yemen. That war has only increased the influence of Iran vis-à-vis the Houthi rebels, a group with no significant Iranian ties prior to 2015, while creating one of the worst humanitarian disasters in the world right now outside of Covid-19. Experts acknowledge that without American and other western arms shipments plus maintenance and sustainment contracts to keep equipment serviceable, the Saudi and Emirati-led coalition could not continue to prosecute the war. American threats to cut off arms sales—including twenty-two bills that passed both houses of Congress but which were ultimately vetoed—have not helped make significant progress in ending these conflicts. The emergency declaration that enabled arms shipments around the wishes of Congress and the American people have only emboldened the coalition fighting in Yemen.

In the process, American arms have often ended up in the hands of America's enemies, further exacerbating both America's countering violent extremism efforts and anti-Iran efforts. A 2019 CNN investigation found American armored vehicles in the hands of a number of Al Qaeda linked groups as well as the Houthis. In one case, CNN documented that a Saudi-backed militia, the Giants Brigade, had acquired at least six US mine-resistant ambush protected (MRAP) vehicles. According to the export sticker on one vehicle, it had been exported by US company Navistar from Beaumont, Texas to Abu Dhabi, UAE. The UAE denied that the transfer of the vehicles to the militia was a violation of US end user requirements since the Green Brigade "is part of Yemeni forces." Due to the various conflicts in the region, American arms in the hands of a variety of state and non-state actors will remain a threat to American military personnel in the region for decades to come.

Another reason why American arms sales have not resulted in an effective enough GCC military deterrent to Iran is that many of these countries purchase arms mainly to help secure America's regional security umbrella. Many experts have long noted that Saudi Arabia has purchased advanced US weapons systems with no intention of learning how to effectively employ and sustain their use. There have also been serious questions as to why Qatar has agreed to buy up to 132 jet fighter planes with similar capabilities from different western sources, including the United States, without a sufficient number of qualified pilots to fly the planes.

Meanwhile, the same "coup proofing" that undermines internal security forces countering violent extremism can also undermine a country's ability to defend against external threats. It may be a major reason why Saudi Arabia—long considered a poster child of coup proofing—has been unable for nearly two decades to decisively defeat repeated Houthi rebel uprisings, now culminating in its current stalemate in Yemen. This is despite the billions of dollars in American weapons, training, and other security assistance for an army and air force kitted out with first class American technology. If this is indeed the state of the Saudi military, it brings into question its ability to withstand any external attack from a country such as Iran for long enough for American and other assistance to arrive. Saudi Arabia also failed to defend against an attack

on its oil facilities in September 2019. Reports have suggested that “coup proofing” measures designed to shield the ruling family likely contributed to the ineffective response.

In addition to being a threat to US interests in the region, Iran also provides a cautionary tale. Iran—along with Saudi Arabia—had been a key pillar of US Cold War foreign policy to protect oil and as a bulwark against the Soviet Union. Today, containing that same Iran is a key pillar of American foreign policy and national security and thus a primary reason for the large arms transfers to the region that we speak of today. It was American support for the highly corrupt and authoritarian Shah of Iran, including huge arms sales and other security assistance programs, which helped set the stage for the revolution and the resulting dictatorial regime. If Iran’s citizens’ calls for democratic reform had been encouraged and supported by the United States instead of stymied, Iran might have continued to be a loyal ally of the United States, a purchaser of American arms, and location for American bases instead of an enemy.

Finally, the role that American arms exports have played in enabling regimes that cannot defend themselves against internal violent extremist threats or external ones from Iran also opens a potential door for increased influence from China and Russia. Weak and corrupt regimes are especially susceptible to many of the more creative forms of foreign policy used by China and Russia, including corruption and other illicit finance tools to undermine regimes from within. The alleged involvement of the Saudi, Kuwaiti, and Emirati royal families in helping to launder money as part of the 1MDB corruption scandal speaks to their potential susceptibility to such influence methods. Russia’s use of a combination of government and state owned and influenced enterprises along with private military companies like Wagner have been effective in helping to prop up the nearby Syrian Assad regime. GCC regimes in trouble could turn to similar options, for instance. The lack of transparency, accountability, inclusive governance, and checks and balances that should help counter great power influence operations are nearly non-existent in the GCC states.

Nonetheless, these states remain highly reliant on American arms exports, other security assistance, and the US security umbrella over the region for now. The United States should use that leverage while it can to encourage reforms needed to build more resilient and inclusive regimes that are more likely to align their policies with the goals of the United States.

## **Reforming Arms Sales to Better Achieve American Foreign Policy Goals**

For the United States to achieve long-term US foreign policy goals in the Gulf region and throughout the larger Middle East, the United States should seek to sharpen oversight of its arms sales. Much of the legislation to make arms sales to the region better align with American goals already exists, but it sometimes requires additional resources to better accomplish their missions or greater prioritization by the executive branch. In other cases, new legislation could help plug legal loopholes or gaps that enable arms sales that do not support larger US foreign policy goals. These additional measures will not only help minimize the risks of US arms sales sustaining or fueling corruption and other conditions that are counter to US national security

objectives, but they can also help push these governments into more transparent and accountable defense sectors.

The time to do so is now. For the time being, GCC states have no viable alternative to using American arms and residing under an American security umbrella. This gives the United States significant, but fleeting, leverage if it chooses to use it. China does not yet have the power projection capabilities for a credible security umbrella there, even if it had the will to do so. Russia has proven that in some cases—namely Syria—that it can protect a regime, but it is a fickle partner and its assistance comes at immense cost. Moreover, Russia has been arming the GCC's nemesis Iran with the likes of S-300 anti-aircraft missiles. As Russia and China grow, these strategic calculations will change, so the United States should use its leverage while it can to try to help bring about reforms that will make these regimes more resilient and reliable allies in the long term.

Congress has already legislated much of what is needed. It has long recognized that American arms exports are different than other American export sectors through its passage of laws like the Arms Control Export Act and Foreign Assistance Act. The United States was the first country to outlaw bribing foreign officials, especially bribes to secure arms sales. Congress has also mandated that the executive branch must assess whether a foreign country can pay for weapons relative to that country's social needs. However, these laws do not stipulate that the executive branch must assess how arms sales can fuel a broader set of corruption concerns such as political patronage. In most cases, the executive branch is not required to review the brokers or recipients of side contracts US companies provide to offset the cost of weapons purchases by foreign countries, which is key political patronage concern.

In response to the President's attempts to push through controversial arms sales to Saudi Arabia and United Arab Emirates, the House and Senate have both introduced legislation that provides useful limitations on a Presidential emergency waiver. Both of these attempts last year are worth reconsidering this year. The House-passed provision states that the President may only use the waiver for arms sales that would be delivered within 90 days. The President may not use the emergency waiver for overseas manufacturing or co-production of defense articles. US Senator Bob Menendez has also introduced legislation that provides additional restrictions. For instance, the President can only use an emergency waiver for certain organizations and countries, namely the North Atlantic Treaty Organization, any of its member countries, Australia, Japan, the Republic of Korea, Israel, and New Zealand.

More broadly, Congress should consider legislating additional provisions to strengthen oversight capabilities. At the moment, the legal procedures for congressional review of major arms sales is in many ways a "default...for arms to be sold," as my colleagues noted in a blog post in *Just Security*. It takes an inordinate amount of political will within Congress to modify or a halt a problematic arms sale, and as a result, Congress very rarely effectively accomplishes this goal. Congress, however, can improve oversight by requiring that large or otherwise controversial arms sales obtain affirmative congressional approval. In the face of congressional inaction, an arms sale would be halted. That was, in fact, the premise behind a bill introduced

by then-Senator Joe Biden in 1986. There are also some glaring gaps in what the public can see about proposed and finalized arms sales, especially Commerce Department approved arms export licenses, which further limits congressional oversight.

Congress must also think about expanding oversight and the legal requirements for end-use checks of arms sales. Transparency International noted in a report earlier this year that the State Department had only conducted about nine pre- or post-shipment end-use checks for commercial arms sales to the Middle East and North Africa in fiscal year 2018. There were also weaknesses in how the State Department conducted end-use checks on night vision goggles to some Middle East countries. What checks do occur generally focus on the diversion of weapons, but not on how those weapons are actually utilized by a regime. While the State Department has stated that they are working to address some of these gaps, Congress should consider asking for updates. Congress could also ask that the State Department's annual end-use check reports identify the checks they conducted on how US weapons are being used.

Ultimately, the United States should encourage the conditions for Gulf states' own citizens to be better able to hold their own regimes to account. The State and Defense Departments should be required to customize technical assistance and associated arms sales conditionality to include a focus on appropriate and lawful transparency, accountability, counter corruption, and good governance (TACCGG) policies and procedures as a condition for approval of arms exports. The goal of TACCGG technical assistance is to build the capacity to improve governance over host state security forces and instill an expectation of civilian control over the security sector. This should include helping recipient countries establish appropriate civilian and parliamentary oversight mechanisms of defense budgeting and procurement, improving command and control relationships within the armed forces, improving personnel systems, and improving logistical systems before weapons are released for sale or personnel are trained.

And finally, the United States should seek to regain its leadership role by encouraging bilateral and multilateral agreements to enact and enforce transparency, accountability, and good governance conditions for their defense exports. As a result of the Church Committee hearings in the mid-1970s, Congress recognized that secret arms sales and corruption were undermining America's national security. In response, the United States passed the Foreign Corrupt Practices Act and then encouraged other countries to bring their standards up to those of the United States. It is time for the United States to regain that mantle as a world leader in transparent and accountable arms exports. Doing so will help improve the odds of a continuing long-term security alliance with Gulf countries and help that region best withstand the likes of Iran, China, and Russia.

Thank you for this opportunity to speak with you today.