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No more a Mirage: UAE and Saudi Arabia developing National Defense Industry.

After decades of delays and lack of planning, military industry is now a clear target for Saudi Arabia. For the United Arab Emirates (UAE), local defense industry represents already a real and vibrant economic sector, as testified by the Abu Dhabi military-industrial complex. With regard to strategic organization, Riyadh is now attempting to repeat what the Emiratis did in the last couple of decades.

On May 2017, Saudi Arabia established Saudi Arabia Military Industries (SAMI), a public company tasked to oversee the relaunching of the offset program to develop local defense industry. In 2014, all UAE's industrial military firms were grouped into the Emirates Defense Industries Company (EDIC), focused on manufacturing of components, firearms and munitions, maintenance and defense services.

Attracting foreign investments (IDE) is the priority to corroborate the viability and credibility of Arab Gulf States' military industrialization projects. Offsets related to arms contracts have always been fundamental parts of this strategy: Saudi Arabia introduced its offset program in 1984 and the UAE in 1992. But for the Emiratis, things worked better than for the Saudis: even though younger, Abu Dhabi's defense industry plan achieved positive, promising results in shorter time.

Differently from Saudi Arabia, the UAE pushed for direct offsets and not for indirect offsets. In the first case, the purchasing country and the selling country engage to co-product supplement components and technologies, while in the second case, the selling state agree to help the importing state in the development of investment strategies, often not related to the defense sector.

Such a visionary political choice mostly depended on the Emirati royal élite, which is not only Western-educated, but also has a strong military background, as the ruler Khalifa bin Zayed Al-Nahyan and the crown prince of Abu Dhabi, deputy supreme commander of the UAE Armed Forces, Mohammed bin Zayed.

At the moment, only 2% of the overall Saudi military procurement is produced in the country and the new crown prince Mohammed bin Salman aims to change the route, in the framework of "Vision 2030", declaring the bold intention "to localize 50% of total government military spending in the Kingdom by 2030". However, two other factors are key-drivers of change: Arab Gulf States' military assertive foreign policies (especially after 2011) and Gulf army's paradigm shift towards "out of boundaries" ground operative engagement, as testified by the controversial Yemen's campaign. In the long-term, Saudi Arabia and the UAE want to reduce dependence on United States' defense procurement. The rival Iran has remarkable capabilities in terms of national arms production.

The acquisition of foreign defense industry's firms for technology transfer represents only half of the job: technology absorption requires local technical education in order to create national expertise. In the last years, the UAE have shifted resources from hardware procurement to maintenance, know-how building and military professionalization. National enterprises focus on ammunition and firearms manufacturing, shipbuilding and reconnaissance drones (see the UAV Research & Technology Centre in Abu Dhabi, established in 2004).

The UAE's assembled Nimr armored patrol vehicle (co-produced in Algeria) was deployed in Yemen: sadly, this war has turned into the ideal test venue for Arab Gulf States' local produced arms. The Emiratis plan to become net arms exporter in the Middle East and beyond: Kuwait, Oman, Egypt, Russia, Somalia, Malaysia and probably Libya purchased Emirati's manufactured arms so far, although numbers are still limited.

The role of military industry in Gulf monarchies' economy grows and this will likely influence foreign policy postures. This trend could open new decision-making spaces for military officers' expertise, as "linking personalities" between local and foreign defense industries, the army and the royal Palace.

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