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From the Frying Pan into the Fire:

U.S. Arms Sales and Military Assistance to the Persian Gulf and Middle East

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Key Points

- The United States has announced prospective arms sales deals and new military assistance programs in the Persian Gulf and Middle East region that will significantly affect the regional strategic balance and likely total about \$70 billion.
- The sales are premised, to a great extent, on the basis of an ambiguous and unproven Iranian ‘threat’.
- The sales represent a continuation of traditional U.S. policy of support for authoritarian governments in the Arab world, which President Bush previously said the U.S. was abandoning.
- Selling advanced weapons to current regional allies in the Persian Gulf and Middle East is a risky business since there is no guarantee that these governments will remain friendly to the United States in the medium to long-term.

1. Introduction

The Bush administration announced at the end of July a series of arms deals worth at least \$20 billion to Saudi Arabia and five other Persian Gulf states, as well as new 10-year military and economic aid packages to Israel and Egypt. Widely seen as a move to shore up allies in the Middle East and counter Iran's rising influence, and to provide justification for increased military assistance to Israel, the announcement has initiated a process and debate that will be both long and controversial.¹ The administration plans to sell advanced satellite-guided bombs (such as the

Joint Direct Attack Munition, which the United States has never before sold to Saudi Arabia), fighter aircraft upgrades, and new naval vessels to six Gulf Cooperation Council countries, including Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman.

Although the details of the sales have yet to be finalized and presented to Congress for approval,² even by the standard of past arms sales to the Middle East and Persian Gulf, traditionally, one of the world's largest arms buying regions, these are major arms transfers with the potential to significantly affect the regional strategic balance.

It is also an initiative that has more than a few ironies.³ First, the Bush administration is preparing to ask Congress to approve an arms sale package for Saudi Arabia at a time when some United States officials contend that the Saudis are playing a counterproductive role in Iraq.⁴

Second, the sale to Saudi Arabia is being backed by the Israeli government and its supporters in Washington, who have traditionally opposed major weapons sales to Saudi Arabia.

Third, despite the fact that Saudi Arabia and the other Gulf states to which the U.S. administration will sell arms are said to not pose a military threat to Israel, the United States has promised Israel \$30.4 billion in military aid over the next decade, a significant increase over the approximately \$23 billion Israel has received in the past 10 years.

Fourth, the deal is being sold on the basis that it is needed to counter the threat of Iran, though the exact nature of that threat or how these U.S. weapons transfers will counter it, is never spelled out. Moreover, at the same time the United States is seeking Iran's help to help bring stability to Iraq. As one analyst noted:

Threatening Iran with military strikes and arms sales to potential adversaries is more likely to spur Tehran to add to its own arsenal while being less open to talks on its nuclear program. If the Bush Administration is looking for a new designated enemy to stand in for the late Saddam Hussein, this approach will work just fine. But if it wants to solve the security problems of the region, it would be hard to come up with a more counterproductive policy.⁵

Fifth, the U.S. administration's initiative will not be an easy sell within the region at a time when many Arab leaders view the U.S.' stated goals of both supporting Iraq and deterring Tehran as being at odds with one another. Saudi Arabia, Jordan, and many Gulf nations have expressed concern about Iran's regional activities and pursuit of nuclear technologies. But with regard to Iraq, they also view Prime Minister Maliki and his predominantly Shiite government as acting as proxies for Tehran and actively suppressing Iraq's Sunni minority.⁶

Sixth, and arguably the biggest irony of all, just 25 months after Secretary of State Condoleezza Rice denounced 60 years of U.S. support for authoritarian governments in the Arab world, the United States is reverting back to type in the Near East by peddling arms and a familiar strategic

vision to the same regimes.⁷ One might view this as the triumph of hope over reality; given that the United States has had little success in the past in using arms sales to buy leverage in the region. And unlike some past sales there are no conditions attached. In fact, when Secretary of State Rice visited the Middle East at the end of July she insisted that the Bush administration has not imposed demands on its allies in exchange for the arms and aid deals. "This isn't an issue of quid pro quo," Rice told reporters. "We are working with these states to fight back extremism."⁸

And with no strings attached to the assistance – no democratic reforms, human rights conditions, or peace-making obligations – the arms sales do nothing to change the behavior of the authoritarian regimes in the region.⁹ Given the widespread support for the establishment of a set of universal standards to guide the trade in arms, as embodied in the proposed Arms Trade Treaty (ATT),¹⁰ which would link approval for weapons sales, to states affirming their responsibilities under international law, including those with respect for human rights, not setting conditions for military sales will only worsen already bad situations.

Indeed, the sale will likely prove a propaganda boon for al-Qaeda. As one British academic noted:

For al-Qaida, though, the beauty of the American plan is that it links three of the movement's key opponents: the major elite regimes of the middle east (especially the House of Saud as the unacceptable Keeper of the Two Holy Places); Egypt with its persistent suppression of Islamist movements; and the United States.

The plan thus connects the principal elements of al-Qaida's "near enemy", which are buttressed in turn by the "far enemy" it also seeks to target, the United States. The arms deals consolidate the near enemy/far enemy connection in a way that will have substantial propaganda benefits. If the increased US support for Israel – the "Zionist entity" - is included, it is easy to see that the al-Qaida leadership will have greeted this week's news with quiet satisfaction.

...The Bush administration may be unable to see it, though its allies and those in the middle east itself may be clearer-eyed: this series of arms deals linking some of the United States's key allies is an unexpected bonus to the country's inveterate adversary.¹¹

Seventh, bolstering a U.S. ally with guns is no guarantee that the nation will remain within the American orbit. Iran is a case in point. Until 1979, the former Shah of Iran was one of Washington's best clients for military support. But that support failed to prevent Shiite clerics from harnessing public resentment against the Shah's brutal regime and overthrowing him. In fact, his close alliance with the United States, including being the recipient of American arms sales involving some of the most advanced technologies, was among the factors that fueled the revolt.¹²

2. Near East Weapons Purchases

The post-1990 history of weapons purchases in the Middle East dates back to the 1991 Persian Gulf War. That conflict motivated states such as Saudi Arabia, Kuwait, the United Arab Emirates and other members of the Gulf Cooperation Council (GCC) to buy a variety of advanced weapons systems. Egypt and Israel also continued their military modernization programs and increased their weapons purchases from the United States. The arms acquisitions of the GCC states were not only a response to Iraq's invasion of Kuwait but a reflection of concerns over a potentially hostile Iran. Since the fall of Saddam Hussein, for many of the Middle East political leaders the conventional threat from Iraq has largely diminished and the perceived threat from Iran has increased. This has led the GCC states to emphasize the acquisition of air and naval defense capabilities over major ground combat systems.

Table 1 shows the scale of recent and proposed U.S. defense and security cooperation in the region. The table is in two parts: the first part shows the total dollar value by country of government-to-government Foreign Military Sales (FMS) Letters of Offer and Acceptance (LOAs) signed in FY 2006, regardless of when the articles and services were or will be delivered; the second part shows the estimated dollar values projected for FY 2007 and FY 2008.

Table 1: Foreign Military Sales & Construction Sales Agreements
(\$ in thousands)

	FY 2006 ACTUAL			ESTIMATED	
	DEFENSE	ART/SERV	CONSTR/DESIGN	2007	2008
Near East & South Asia					
Bahrain	93,606	0	93,606	22,000	335,000
Egypt	358,776	13,943	372,719	560,900	830,000
Israel	1,050,799	28,927	1,079,726	857,000	700,000
Jordan	114,825	98,822	213,647	321,000	40,000
Kuwait	791,400	0	791,400	86,200	863,000
Lebanon	1,684	0	1,684	0	0
Oman	18,002	0	18,002	21,900	17,095
Qatar	0	0	0	0	0
Saudi Arabia	796,116	0	796,116	1,509,533	403,000
UAE	769,125	0	769,125	805,000	975,000
Yemen	4,123	0	4,123	0	0

Source: U.S. Defense Security and Cooperation Agency.¹³

Although Saudi Arabia's status as a weapons buyer in the Persian Gulf is not at the extraordinarily high levels of the late 1980s and early 1990s it remains, in the most recent four year period, the largest importer of defense technology in the Near East.¹⁴ For the period 2002-

2005 Saudi Arabia's total arms agreements were \$8.9 billion in current dollars, making it the leading Near East arms purchaser.¹⁵ And during that period, the United States accounted for 50.2% of arms agreements with this region (\$17.6 billion in current dollars).¹⁶

As a region the Near East has historically been the largest arms market in the developing world. According to the U.S. Congressional Research Service:

In 1998-2001, it accounted for 45.8% of the total value of all developing nations arms transfer agreements (about \$40.4 billion in current dollars), ranking it first, ahead of Asia which was second with about 39% of these agreements. However, during 2002-2005, the Asia region accounted for 48.4% of all such agreements (about \$43.6 billion in current dollars), placing it first in arms agreements with the developing world. The Near East region ranked second with \$35.1 billion in agreements or 39%

The United States dominated arms transfer agreements with the Near East during the 1998-2001 period with 64.8% of their total value (\$26.2 billion in current dollars). France was second during these years with 14.6% (\$5.9 billion in current dollars). Recently, from 2002-2005, the United States accounted for 50.2% of arms agreements with this region (\$17.6 billion in current dollars), while the United Kingdom accounted for 14% of the region's agreements (\$4.9 billion in current dollars). Russia accounted for 12.2% of the region's agreements in the most recent period (\$4.3 billion in current dollars).

Nor has the region lacked for deliveries of actual weapons systems. The following is an illustrative summary of weapons deliveries from the United States to this region for the period 2001-2005

- 375 tanks and self-propelled guns
- 34 armored personnel carriers (APCs) and armored cars
- 2 major surface combatants 4 minor surface combatants
- 65 supersonic combat aircraft
- 20 helicopters
- 519 surface-to-air missiles
- 132 anti-ship missiles¹⁷

Overall, large numbers of major combat systems were delivered to the Near East region from 2002-2005, specifically, tanks and self-propelled guns, armored vehicles, major and minor surface combatants, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The United States and Russia made significant deliveries of supersonic combat aircraft and anti-ship missiles to the region. The United States, Russia, and European suppliers in general were principal suppliers of tanks and self-propelled guns, APCs and armored cars, surface-to-air missiles, as well as helicopters. Three of these weapons categories — supersonic combat aircraft, helicopters, and tanks and self-propelled guns — are especially costly and are a large portion of the dollar values of arms deliveries by the United States, Russia, and European suppliers to the Near East region during the 2002-2005 period.

The cost of naval combatants¹⁸ is also generally high, and the suppliers of such systems during this period had their delivery value totals notably increased due to these transfers. Some of the less expensive weapons systems delivered to the Near East are deadly and can create important security threats within the region. In particular, from 2002-2005, the United States delivered 132 anti-ship missiles to the Near East region, China delivered 60, and the four major West European suppliers delivered 40. An anti-ship missile (AShM) is a military missile designed for use against naval surface ships. Most anti-ship missiles are of the sea-skimming, subsonic or supersonic, type and use a combination of inertial guidance and radar homing. Anti-ship missiles were among the first instances of short range guided missiles during WWII. In 1987, a US Navy guided-missile frigate, the USS Stark, was hit by an Exocet AShM fired by an Iraqi Mirage F-1.

The United States delivered two major surface combatants and four minor surface combatants¹⁹ to the Near East, while the major West European suppliers collectively delivered 5 major surface combatants, 35 minor surface combatants and 11 guided missile boats. Other non-European suppliers collectively delivered 116 minor surface combatants, as well as 40 surface-to-surface missiles, a weapons category not delivered by any of the other major weapons suppliers during this period to any region.²⁰

3. U.S. Support for Saudi Arabia – A Counterweight to Iran

Saudi Arabia

While Saudi Arabia has been a huge buyer of weapons over the years its ability to integrate them into its military has been problematic. A report by the Center for Strategic and International Studies found that:

Like most Gulf countries, it often focused on buying the most effective or advanced system, and paid little attention to the practical problems of integrating weapons from different suppliers into overall force structures that minimized the problems in operating systems designed by different countries, the maintenance problems involved, and the difficulties in supplying and sustaining systems with different maintenance and ammunition needs in combat.²¹

Looking at arms purchases by Saudi Arabia in the 1990s the report also noted:

The Kingdom's new arms orders also suffered from planning management problems that reinforced the problems in Saudi military sustainment and modernization.

- *First, the Kingdom focused on major new arms purchases during the period immediately after the Gulf War, rather than sustainment and then did not shift its purchases to focus on sustainment when it had to make major cutbacks after the mid-1990s. As a result, Saudi Arabia was flooded with weapons but seriously under funded in terms of the investment in maintenance and sustainment that was necessary to keep its existing weapons effective and properly absorb its new ones.*

- *Second, the flood of new deliveries during the 1990s added to the Kingdom's problems in effectively recapitalizing and maintaining its overall force posture. As a rough rule of thumb every major weapons system costs at least as much in terms of the arms imports needed to maintain and upgrade it during its life cycle as it does to buy, and often twice as much. The Kingdom now faces a major future cost problem in making and in keeping its new weapons effective that will add to the problem of sustaining its existing weapons. While no precise figures are available, some US advisors estimate that the Kingdom needed to restructure its arms import program to focus on sustainment half a decade ago, and needs to spend three to four times more on support equipment, training systems, etc. than it does today, even if this means major additional cuts in spending on new arms.*
- *Third, the Kingdom never really developed a clear strategy for both improving interoperability and setting affordable long-term force goals. It went from year to year, solving its payments problems as they occurred. It did not develop effective future year plans and the spending fixes it adopted for any one year tended to compound its overall problems in standardization and interoperability.²²*

It is far from clear that Saudi Arabia has overcome those problems. William Arkin, a well-known military affairs analyst, put it a bit more pungently when he wrote:

The Saudi military is even less dangerous than the gang who couldn't shoot straight. After gazillions in arms sales during the heyday of oil, when Iraq invaded Kuwait in 1990, Saudi Arabia demonstrated that it was not capable, even with its advanced American-supplied military, of defending its country. When Desert Storm unfolded in 1991, the Saudi military was well shielded behind the American armed forces: Saudi ground forces were given a sector to operate in where they wouldn't get in the way. Through terrorist attacks in the mid-1990s and the rise of terrorism, the Saudi "military" proved unable to protect itself, let alone the country.

And it's not just incompetence when it comes to the Saudi military. The Saudi monarchy has methodically focused its military on pomp and equipment and spiffy uniforms, ensuring that it not acquire any real offensive capacity or the ability to operate as a coherent force. It does not want a competent, independent military contemplating a coup. These toys are really for the battalions of princes to play with.²³

But Arkin notes one danger from the deal:

What comes with the deal, though, is far more subtle trouble: Saudi Arabia has demonstrated over decades that it has no interest in building up its own high-tech arms capabilities. American contractors will train, maintain and even operate the new Saudi equipment. American military personnel will follow. We will buy nothing in terms of security, and we will just put our own people in danger. But most important, we will once again renew the cycle of American penetration into the heart of Islam, one of Osama bin Laden's original and most compelling rallying points. That's why the Saudi deal is so dangerous.²⁴

Even some prominent members of the American foreign policy establishment share this view. Richard Haass, president of the Council on Foreign Relations, said "The military experts are

going to stand up and say look, this is irrelevant. The Iranian threat is Hamas, Hezbollah militias. It's not the Iranian Air Force. There's a mismatch between what the United States is doing and the Iranian threat to Saudi Arabia.”²⁵

Reportedly the Pentagon is asking the Saudis to accept restrictions on the range, size and location of the satellite-guided bombs, including a commitment not to store the weapons at air bases located nearby Israeli territory.²⁶

Iran

As the rationale for these U.S. sales is largely based on the assumption that Iran is or will become some kind of military menace to neighboring states, it bears asking to what extent does Iran’s military capabilities match this threat assessment? In short, Iran’s military capabilities, particular in terms of major strategic cross-border interventions (as opposed to supporting asymmetric warfare in Lebanon and Palestine), are generally not thought to be particularly impressive or worrisome. Anthony Cordesman, who holds the Arleigh Burke Chair in Strategy at the Center for Strategic and International Studies, wrote in a recent report:

This force mix scarcely makes Iran any kind of regional military “hegemon,” and the region would have years of warning before Iranian forces could acquire and absorb major numbers of new weapons. It can certainly improve its defensive capabilities and the attrition it can impose on an attacker, but it would virtually require the US to abandon the Gulf for Iran to be able to win a regional arms race that would give it the air and naval capabilities to gain serious offensive capabilities in conventional war, and even then, a cohesive response by the GCC would seriously challenge any capability that Iran could develop.

Geography is also a critical factor. Iran would virtually have to be invited in to cross the Gulf with significant forces. It has little or no foreseeable incentive to strike at most of its other neighbors, and many of the border areas it might advance into present other geographic problems as well as offer little or no strategic advantage. Iran certainly has the ability to wage war, but it does not have the capability to win most wars in ways that give it any advantage.²⁷

However, Iran has shown that it can create instability in the region, either in the Gulf or even around Israel, as evidenced by its support for Hezbollah during its war with Israel in Lebanon last year. In the view of one former CIA field officer this explains Israel’s support for U.S. arms sales to Saudi Arabia:

It's Nasrallah and Iran, then, that moved Israel to break with a 60-year policy of opposing arms sales to the Arabs.

And the Israelis make no bones about how we got here: the Bush Administration completely botched the Iraq invasion, allowing Iran to effectively annex Basra and a large part of southern Iraq. The Israelis' nightmare is that there will be some sort of

domino effect, the Iranians moving down the Arab side of the Gulf.

The Israelis also believe the Iraq fiasco emboldened Iran to incite its Palestinian allies. Israel holds Iran at least partially responsible for Hamas's coup in Gaza. An Administration official, speaking privately, agrees. Today, Iranian couriers cross the border from Egypt into Gaza daily carrying bags of money to keep Hamas afloat.

The Israelis want to stop Nasrallah, Hizballah and Iran from making serious inroads into the West Bank. What keeps them awake at night is Iran in the Gulf. If it means our arming Israel's historical enemies, the Gulf Arabs, so be it.²⁸

4. U.S. Foreign Assistance to Israel and Egypt

To better understand the requests for additional military assistance to Israel and Egypt it is useful to place them in the historical context of overall U.S. foreign assistance to the region.²⁹ The 1970s witnessed a dramatic increase in U.S. foreign assistance to the Middle East as part of the Cold War arming of proxies by the two superpowers. After the U.S. withdrawal from South Vietnam, the Middle East as a whole began to receive more U.S. foreign aid than any other region of the world, a trend that continues today. U.S. foreign aid programs became more comprehensive in nature driven by large assistance packages to Israel and later to Egypt and other Arab governments.

Israel

Large-scale U.S. assistance for Israel increased considerably after a series of Arab-Israeli wars created a sense among many Americans that Israel was continually under siege. Consequently, Congress, supported by broad U.S. public opinion, committed to strengthening Israel's military and economy through large increases in foreign aid. In 1971, for example, Congress first designated a specific amount of aid for Israel (an "earmark"), and by 1976 Israel had become the largest recipient of U.S. foreign assistance. As shown by Table 2, from 1971 to the present, U.S. aid to Israel has averaged over \$2 billion per year, two-thirds of which has been military assistance.

Table 2: Total U.S. Assistance to the Middle East: 1971-2001
(loans and grants; current year \$ in millions)

Country/Region	Economic	Military	Total
Israel	28,402.9	50,505.7	78,908.6
Egypt	25,095.8	27,607.0	52,702.8
Jordan	2,440.1	2,137.2	4,577.3
Lebanon	470.5	273.7	744.2
Palestinians	703.4	0.0	703.4
Syria	539.0	0.0	539.0

Source: U.S. Agency for International Development (USAID), *Overseas Loans and Grants, Obligations and Loan Authorizations July 1, 1945 - September 30, 2001*. The report is commonly known at USAID as "The Greenbook."

Israel is the largest cumulative recipient of U.S. foreign assistance since World War II. Strong congressional support has resulted in Israel receiving benefits that are rarely available to other countries. For example, Israel is able to use U.S. military assistance to carry out research and development in the United States and to make military purchases from Israeli companies. In addition, all U.S. foreign assistance earmarked for Israel is delivered in the first 30 days of the fiscal year. Other recipients normally receive their aid in staggered installments at varying times. The United States also gives all Economic Support Funds (ESF) directly to the government of Israel as a grant cash transfer rather than allocating funds for specific development projects.

Former Israeli Prime Minister Binyamin Netanyahu told Congress on July 10, 1996, that Israel would seek to end its dependency on U.S. economic assistance. At the time, Israel was receiving \$1.2 billion in grant economic assistance and \$1.8 billion in grant military assistance annually. In 1998, Israel and the United States agreed to reduce U.S. economic assistance by \$120 million per year and increase U.S. military assistance by \$60 million per year over a 10-year period (beginning in 1999). As shown by Table 3, this was expected to lead to a complete phasing-out of economic assistance and an increase in military assistance to \$2.4 billion by 2008.

However, in 2003, Prime Minister Ariel Sharon requested an additional \$8 billion in loan guarantees to help Israel's failing economy. The loan guarantee request accompanied a request for an additional \$4 billion in military grants to help Israel prepare for possible attacks during an anticipated U.S. war with Iraq and Israeli efforts to end the Palestinian uprising.³⁰ The 2005 U.S. Consolidated Appropriations Bill, first extended the authority of the loan guarantees from 2005 to 2007, and the subsequent Department of State Authorities Act extended the authority to provide loan guarantees through to 2011.

Congress has also taken measures to strengthen Israel's security and maintain its technological advantage over neighboring militaries. Annual Foreign Military Financing (FMF) grants to Israel represent about 20% of the Israeli defense budget and FMF levels are expected to increase incrementally by \$60 million a year to a level of \$2.4 billion by 2008. Israel also is eligible to receive Excess Defense Articles under section 516 of the Foreign Assistance Act. For 2008, the Administration has requested \$2.4 billion in FMF for Israel. Since 1988, Congress has allowed Israel to use approximately a quarter of its FMF funds as cash grant to pay for Israeli defense purchases in Israel. Since 1990, Congress has provided for Israel to receive its FMF aid in a lump sum during the first month of the fiscal year, which allows Israel to invest the funds in U.S. Treasury notes and earn interest similar to ESF early disbursements.

The latest announcement that the U.S. government will be providing about 30 billion dollars in security assistance to Israel in the next ten years suggests that a new agreement has been reached. According to the American Israel Public Affairs Committee, "The new MOU will culminate many months of discussion between the U.S. and Israel necessitated by the drawing to a close of Israel's current 10 year MOU, signed in 1998, and will mark a 25 percent increase over current levels."³¹ This means annual military aid to Israel will increase from \$2.4 to \$3 billion.

According to a senior Israeli government source the United States has also agreed to sell the Jewish state the new generation F-35 fighter jet, advanced bombs and laser-guided missiles as part of the defense package.³²

Table 3: U.S. Assistance to Israel, FY2003-FY2008 Request
(regular and supplemental appropriations; current year \$ in millions)

Account	FY2003	FY2004	FY2005	FY2006 Actual	FY2007 Request	FY2008 Request
ESF	596.100	477.168	357.120	237.6	120.0	—
FMF	3,086.350	2,147.255	2,202.240	2,257.2	2,340.0	2,400.0
Refugees	60	50	50	40	40.0	40.0
Other ^a	n/a	n/a	n/a	526	320 .5	00
Total	3,742.450^b	2,674.423	2,609.360	2,535.3	2,500.320	2,400.5

a. This category includes funds for counter terrorism, border control, and technical cooperation.

b. This figure does not include \$9 billion in U.S. loan guarantees.

Source: Congressional Research Service, U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2008 Request, July 3, 2007

Egypt

Since 1979, Egypt has been the second largest recipient of U.S. foreign assistance, receiving an annual average of close to \$2 billion in economic and military aid. In the past, all aid to Egypt was earmarked in annual foreign operations legislation with an accompanying statement calling on Egypt to undertake further economic reforms. In 2006, Egypt's FMF earmark was excluded from the Senate-approved version of the annual foreign aid bill but was later reinstated by conferees.

At the same time as Israel was negotiating with the United States to reduce economic aid and increase military aid (see above), a similar reduction in aid was applied to Egypt (with a 3 to 2 ratio: \$60 million reduction for Israel and \$40 million reduction for Egypt). However, unlike Israel, Egypt did not receive a compensatory increase in military assistance. As shown by Table 4, U.S. economic aid to Egypt is projected to decrease to approximately \$400 million by 2008, having dropped in annual \$40 million increments. In 2008, the U.S. administration is requesting \$415 million in ESF aid to Egypt, \$282 million of which will be administered by USAID's Egypt program and \$133 million will be provided as a cash transfer to help Egypt further liberalize its economy.

The U.S. administration has requested \$1.3 billion in FMF for Egypt in 2008 — the same amount it received in 2007. FMF aid to Egypt is divided into three general components: (1) acquisitions, (2) upgrades to existing equipment, and (3) follow-on support/ maintenance contracts. According to U.S. and Egyptian defense officials, approximately 30% of annual FMF aid to Egypt is spent on new weapons systems, as Egypt's defense modernization plan is designed to gradually replace most of Egypt's older Soviet weaponry with U.S. equipment. That figure is expected to decline over the long term due to the rising costs associated with follow-on maintenance contracts. Egyptian military officials have repeatedly sought additional FMF funds

to offset the escalating costs of follow-on support. Egypt also receives Excess Defense Articles (EDA) worth hundreds of millions of dollars annually from the Pentagon. Egyptian officers also participate in the IMET program³³ (\$1.3 million requested for 2008) in order to facilitate U.S.-Egyptian military cooperation over the long term.

For 2008, the U.S. administration is also seeking new International Narcotics Control and Law Enforcement (INCLE) funding for Egypt. According to State Department budget documents, INCLE funds for Egypt are designed to “increase law enforcement's ability to launch critically needed police training on human rights and effective community policing practices as well as to address shortcomings in the prevention of trafficking in persons.”

Although, the 2008 Department of State, Foreign Operations, and Related Programs Appropriations bill would fully fund the administration’s request for Egypt, it would place several conditions on how U.S. assistance is spent.³⁴ Among other things, the bill sets aside \$50 million in ESF for USAID-managed democracy programs and another \$50 million in ESF for USAID-managed education projects. Furthermore, appropriators specified that not less than 50 % of the funds provided for Egypt for democracy-building should be provided through Egyptian non-governmental organizations. Lawmakers also directed the State Department to fund programs that advance civic participation and human rights in the Coptic Christian Community.

One section of the bill would withhold \$200 million in FMF assistance to Egypt until the U.S. Secretary of State certifies that the Government of Egypt is taking concrete and measurable steps to address judicial reform, police abuse, and smuggling along the Sinai-Gaza border. Finally, in accompanying report language, appropriators strongly urged the Egyptian military to undergo a significant modernization program of its armed forces.

Table 4: U.S. Assistance to Egypt, FY2003-FY2008 Request
(Regular & Supplemental Appropriations; Current Year \$ in millions)

Account	FY2003	FY2004	FY2005	FY2006 Actual	FY2007 Request	FY2008 Request
ESF	911.002 ^b	571.608	530.720	490.050	455.0	415.0
FMF	1,291.550	1,292.330	1,289.600	1,287.0	1,300.0	1,300.0
IMET	1.232	1.369	1.200	1.208	1.2	1.3
P.L.480 Title II ^c	2.347	-	-	-	-	-
Other ^a	-	-	-	1.029	-	4.570
Total	2,206.131	1,865.307	1,821.520	1,779.287	1,756.2	1,720.870

a. This category includes funds for counter terrorism, border control, and technical cooperation.

b. \$300 million of which could be used to draw on \$2 billion in loan guarantees.

c. This is the Food For Peace Program, which was formalized in the Agricultural Trade Development and assistance Act of 1954.

Source: Congressional Research Service, U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2008 Request, July 3, 2007

5. Reaction in the United States

Under the Arms Export Control Act of 1976, Congress has the ability to block major deals. The President is required to officially notify Congress of an impending arms deal, which then has 30 days to trigger a review and pass a Joint Resolution of Disapproval. Congress can block major arms sales if both chambers pass a joint resolution of disapproval. The measure would then require the president's signature, effectively meaning that Congress would need two-thirds of both the House and Senate to override a presidential veto. At best, such a resolution may pressure the administration to reduce the size of the package. In 1986, for example, such a threat figured in persuading the Reagan administration to cut back an arms package to Saudi Arabia. But the sale ultimately went through, despite heavy opposition from Israel and its allies in Congress.

If the proposed arms sales package is a trial balloon thus far the reaction among lawmakers has been largely predictable, with some members of Congress saying they will oppose the sale to Saudi Arabia because of the possible danger it poses to Israel. However, since Israel has said it does not oppose the sale it is unlikely that such an argument will prevail. "Other than the increase in aid, we received an explicit and detailed commitment to guarantee Israel's qualitative advantage over other Arab states," Israeli Prime Minister Olmert said on July 29. "We understand the US's desire to help moderate states which stand at a united front with the US and Israel in the struggle against Iran."³⁵

Another argument opponents are using is that Saudi Arabia has been unhelpful in Iraq and unreliable at fighting terrorism. King Abdullah has called the U.S. military presence in Iraq an "illegitimate occupation," and the Saudis have been either unable or unwilling to stop suicide bombers who have ended up in Iraq, congressional sources say.³⁶ Reps. Anthony Weiner (D-N.Y.) and Robert Wexler (D-Fla.) said that they will introduce a joint resolution of disapproval to block the deals when Congress is formally notified. In a television interview Rep. Weiner said, "You know, I'm not sure that the argument can be made that the Saudi Arabians, just because they might be slightly better than the Iranians, should be getting \$20 billion worth of high-tech armaments."³⁷ As of August 2, 114 members of Congress had signed a letter to President Bush expressing their deep opposition to the sale and said they intend to vote to stop it.³⁸

Some lawmakers and commentators openly say that the Saudis just cannot be trusted. An editorial in the *New York Sun* observed:

We're well aware of Churchill's famous line in the Commons about his willingness to ally with Stalin against Hitler, but even by that standard, our own view is that the Saudis are more a part of the problem than the solution. It would be risky enough to arm the Saudis if one had already made a clear commitment to go to war against Iran. But arming the Saudis with vast amounts of high grade weaponry without a clear commitment from the

*United States Congress to back a war with Iran strikes us as a doubly dangerous demarche.*³⁹

Similarly, the *Pittsburgh Post-Gazette* editorialized that:

*It is hard to see exactly what the administration is trying to achieve by this sale. First, it seems incendiary to the point of irresponsibility to dump another \$50 billion in arms into a region as full of conflict and instability as the Middle East. There is the Arab-Israeli conflict. There is the Iraq war. There is the simmering rivalry between the Sunni states and Iran. There is the basic shakiness of governments in many of the states of the region, including Saudi Arabia and Egypt.*⁴⁰

6. Regional and Global Reaction

Reaction in the region has been mixed. On the governmental side clearly, those states on the receiving end of U.S. largesse are content, but elsewhere opposition has been voiced. Lebanese Prime Minister Fuad Saniora, for example, criticized the proposed deal, a rare rebuke against Washington by the Western-backed premier. A statement issued by Saniora's office said he expressed "displeasure, surprise and astonishment" when he learned of U.S. plans to increase military aid to Israel by 25 percent. The statement issued by Saniora's office warned that military assistance to Israel encourages and increases "feelings of Arab and Islamic desperation and, consequently, strengthens and feeds extremist currents." He added that increasing military assistance to Israel "continues to disillusion Israelis into thinking they can sidestep the requirements of a just and comprehensive peace by maintaining military superiority."⁴¹

The reaction in Iran, the supposed target of the proposed sales, has been noteworthy, ranging from indifference by government officials to dismay in the Iranian media, which claims the United States is trying to build an anti-Iran coalition, which they predict will only hurt US interests in the longer term. Here is a selection of Iranian media coverage:

Iranian Foreign Minister Manuchehr Mottaki asserted that Washington is primarily motivated by a desire to "save US arms manufacturing companies from bankruptcy" (IRNA, 31 July).

Defense Minister Mostafa Mohammad Najjar said Tehran was not concerned about "friendly" Muslim countries improving their defenses, saying "all countries are entitled to... strengthen their defense capability" (Keyhan, 31 July).

*Ala'eddin Borujerdi, Majles national security and foreign policy chairman, called the arms deal "insignificant" because it was "not a new issue and was in line with US policy" (ISNA, 31 July).*⁴²

Governments outside of the Middle East also appear divided on this issue. In Germany, for example, Chancellor Angela Merkel's conservatives are said to be irritated by the planned U.S. arms sales. "If you add more explosive things to a powder keg -- and that's

what the Middle East is -- you heighten the risk and don't make the region safer in the end," Ruprecht Polenz, a senior foreign affairs expert with Merkel's conservatives, said, adding, "The aim -- to signal Iran that a struggle for hegemony based on military might won't lead to success -- can lead to the wrong reaction in Tehran: to try harder and arm faster".⁴³

With regard to the media and non-governmental organizations the reaction is generally negative. Peace groups in the region were understandably concerned. For example, Uri Avnery, head of the Israeli peace movement, "Gush Shalom" wrote:

The Saudis do not need weapons. They have an instrument that is much more effective than any number of airplanes and tanks: an inexhaustible supply of dollars. They use it to finance friends, buy influence and bribe leaders.

On the other side, Saudi Arabia is unable to maintain the weapons that are flowing to it. It does not have enough pilots for the airplanes it is buying, nor crews for the tanks. The new weaponry will collect sand in the desert, like all the expensive weapons it has bought in the past.

So what is the sense in buying more weapons to the tune of 20 billions?⁴⁴

In Iran:

The conservative Siyasat-e Ruz wrote that Washington's aim is to "provoke" Arab states against Iran and "divert" the Muslim world's attention from events in Iraq, Palestine, Lebanon, Afghanistan, Somalia, and Sudan (1 August).

The pro-reform E'temad-e Melli said the United States has "magnified" Iran's threat in order to intimidate Arabs and direct their concerns over Israel toward Iran (31 July); and an editorial asserted that the funds spent on weapons deals would lead to "financial chaos" in the Middle East and bring "anti-American governments" to power (1 August).⁴⁵

In the United Kingdom, one commentator drew comparisons between the sums donated in aid to Africa with the largesse being granted for arms sales to the Middle East:

To get all this in perspective, after the G8 summit two years ago in Scotland, after the Make Poverty History march and concerts, a beaming Tony Blair announced a record-breaking global amount of aid of fifty billion dollars. This time they seem to be a bit more modest. No one came galloping out of the White House joyfully to explain that, after a whole week of negotiating, they've come up with more laser-guided firebombs than ever.⁴⁶

A columnist for the *South China Morning Post* wrote that, "Given that evangelicals spend a lot of time speculating about the timing of the second coming of Christ and the exact site of Armageddon in the Middle East, these weapons sales are rather like some pyrotechnic acolyte of

the Antichrist, lighting as many fires as possible to provoke, if not Armageddon, then the end of the world.”⁴⁷

7. Conclusions and Recommendations

While Saudi Arabia and other Sunni states neighboring Iran have reason to be concerned about the expansion of Iranian influence in the region that influence is far different from an Iranian threat in terms of carrying out a military attack against neighboring states. In fact, most reputable analysis suggests that the likelihood of Iran engaging in cross-border aggression is vanishingly small. While it is true that Iran can and has supported Shiite factions in other states, most notably Hezbollah in Lebanon those are relatively low-cost, low-level efforts, which do not rise to the level of territorial aggression against neighbors. More to the point, selling tens of billions of advanced weapons to the Gulf States is very unlikely to change Iranian behavior in that regard. The assumption that the United States should be providing countries in the Arabian peninsula with huge quantities of weapons systems has made little sense in theory or in practice.

US foreign military sales help subsidize the advanced systems the US purchases for its own forces by lowering unit costs. But if the foreign sales are themselves subsidized, as will be the case with whatever weapons Israel buys in the future with the additional military assistance the US will provide, then these benefits to the US are substantially diminished.

Second, the belief that Saudi Arabia is the only meaningful military power in the region that can help deter and contain a steadily more aggressive Iran is open to question on several fronts. The Saudi military has been likened to the Gilbert and Sullivan modern Major-General” and is no match, let alone a deterrent, to Iran.

Of course, even if Iran were, by some stretch, to produce nuclear weapons, it is apparent that Saudi Arabia would not be the country to lead a military strike against Iran - because of its lack of well-trained pilots, its political situation, and so on.

Furthermore, the question has never really been asked, let alone answered: what is Iran doing that requires a deterrent? Has it threatened Saudi Arabia or any other state in the region? Given that Iraqi Prime Minister Maliki was in Tehran cordially chatting with Iranian President Ahmadinejad last month one wonders what the threat is.

Note that many of the majority Shi’a Arab populations in the peninsula chafe under minority Sunni rule of an authoritarian, non-Islamic, style of governance and look to Iran as an exemplar of the kind of government they would enjoy living under. While Sunni dominated nations, notable Saudi Arabia, are fearful that Iran’s Shiite theocracy will undermine their own Sunni fundamentalist regimes they don’t really think that Iran represents a threat to their territorial integrity or national existence.

Given a number of factors - the historic funding of radical Islamic groups by elements within the Kingdom, and of Saudi representatives performing sleight of hand funding for black CIA programs, such as the Iran-Contra scandal in the 1980s⁴⁸ or support for the Afghan mujahideen

when they were fighting the Soviets,⁴⁹ and internal divisions within the royal family - the U.S. administration needs to find other ways to keep Saudi Arabia intact aside from pouring more armaments gas on the geopolitical fire. This is especially the case given Saudi Arabia's serious internal problems as a result of its authoritarian nature. According to the U.S. State Department's most recent annual human rights report:

*The government committed severe violations of religious freedom. There was a widespread perception of serious corruption and a lack of government transparency, as well as legal and societal discrimination and violence against women. Other religious, ethnic, and minority groups faced discrimination. There were strict limitations on worker rights, especially for foreign workers. ...Despite increased public and media discourse about human rights, the overall human rights environment remained poor.*⁵⁰

As for Israel, the move to increase U.S. military assistance has long been in the works. The proposed weapons sale to the Persian Gulf states serves as a convenient peg to justify the increase, but it is not based on an objective assessment of Israeli military capabilities and needs. Despite hinting that Israel has to deal with the growing possibility of an Iranian nuclear threat to its very existence, such U.S. assertions lack credibility given the fact that Israel already has hundreds of nuclear weapons of its own.

Furthermore, since all the Israeli weapons transfers will be financed through 20-year loans which at the 19 year eleventh month point will be forgiven⁵¹ (as they are every year at the end of December by Congress, leaving the Federal Financing Bank and the U.S. taxpayer holding the bag), the United States will be giving Israel an even greater subsidy than it currently gets.

And, while it has not been talked about, Israel has a history of illegally selling controlled U.S. defense technology to other nations, including those that the United States does not want to see obtain it, such as China.⁵² In fact when Secretary of State Condoleezza Rice came to deliver the still secret Memorandum of Understanding on the new security assistance package, she was ushered out the door just ahead of the arrival of the Chinese Foreign Minister who came for a week of talks on Israeli technology transfers to China. Most of the \$30 billion U.S. funding for arms will be for weapons partially or wholly manufactured in Israel. What controls does the US have in place for the wholesale marketing of this technology, financed by U.S. taxpayer dollars, to China or others?

Finally, the prescription that the United States has to be as generous to friendly Arab states but a bit more so to Israel increases the likelihood of regional instability by bolstering both Arab regimes and Israel that are the target of Islamist militant groups, at a time when de-escalation and stability is urgently needed. As noted previously arms sales of this magnitude will guarantee massive number of Americans in Saudi Arabia and other Gulf states in the future, thus providing fuel for the Al-Qaeda propaganda machine.

In light of this, what should happen next? First, the U.S. Congress should assert its prerogative to halt the proposed weapons sale to Saudi Arabia and other Gulf States until an objective assessment of the purported Iranian threat can be produced by the Gulf States. If they do in fact

feel threatened by Iranian military capabilities they should be able to produce a threat assessment justifying future weapons sales to them.

Second, the recipient states should also produce analyses outlining how they intend to integrate the planned weapons into their military forces. While some might say it is no concern of the United States if Saudi Arabia wastes its money on weapons it can't use. This is not the case, however - it does matter, especially since new norms (as set out in codes of conduct and the proposed Arm Trade Treaty) set out obligations on the selling state re the impact of arms supplies on the sustainable development of the recipient states. Despite its oil wealth, Saudi Arabia faces many of the same economic challenges and burdens of other developing states. The United States should not be encouraging the Saudis to be spending tens of billions of dollars on weapons that they may not be able to use when the money is needed for domestic economic development and social programs.

Third, both the threat assessment and integration analyses should be reviewed by the relevant congressional committees. If the Iranian "threat" is found to be lacking in substance and the plans for integrating the weapons are found insufficient Congress should move to block the sales, using its power under the Arms Control Export Act. Similarly, if these reports indicate that the arms transfers are not in keeping with the principles contained in the draft International Arms Trade Treaty, which the United States has thus far chosen not to support, then Congress should also apply a veto.⁵³

Endnotes

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9 For detail see Rachel Stohl, “The Saudi Arms Deal: Congressional Opposition Grows,” *Foreign Policy In Focus*, August 6, 2007, <http://www.fpif.org/fpiftxt/4452>.

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13 Congressional Budget Justification FOREIGN OPERATIONS, Fiscal Year 2008, Overview of the Congressional Budget Justification Foreign Assistance and USAID Operations, FY 2008 Budget Request, p. 689, <http://www.state.gov/documents/organization/80701.pdf#page=695>.

14 The Near East region includes the following nations: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen. Source: Richard F. Grimmett, Conventional Arms Transfers to Developing Nations, 1998-2005, *Congressional Research Service*, October 23, 2006, P. 90, <http://www.fas.org/sgp/crs/weapons/RL33696.pdf>

15 Richard F. Grimmett, op. cit., P. 15 .

¹⁶ Ibid. p. 16.

17 Ibid, p. 18.

¹⁸ A naval combatant is any naval vessel with a primary role of engaging enemy forces. The main ship types in this classification are aircraft carriers, battleships, cruisers, and destroyers.

¹⁹ Generally, a battleship, destroyer, frigate, heavy, large, light, or guided missile cruiser are considered to be a major surface combatant. Coastal patrol craft, patrol frigates, patrol gunboats, missile patrol boats, and torpedo boats are considered minor surface combatants.

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³⁰ The 2003 U.S. Emergency Wartime Supplemental Appropriations Act, included \$9 billion in loan guarantees over three years for Israel's economic recovery and \$1 billion in military grants. The act stated that the proceeds from the loan guarantees could be used only within Israel's pre-June 1967 borders, that the annual loan guarantees could be reduced by an amount equal to the amount Israel spends on settlements in the occupied territories, that Israel would pay all fees and subsidies, and that the President would consider Israel's economic reforms when determining terms and conditions for the loan guarantees. In November 2003, the Department of State announced that the \$3 billion loan guarantees for 2003 were reduced by \$289.5 million because Israel continued to build settlements in the occupied territories and continued construction of the security barrier separating the Israelis and Palestinians.

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33 International Military Education and Training (IMET) is a grant program established by Congress as part of the Arms Export Control Act of 1976. IMET grants enable foreign military personnel from countries that are financially incapable of paying for training under the Foreign Assistance Act to take courses from the 2000 offered annually at approximately 150 U.S. military schools across the country, receive observer or on-the-job training, and/or receive orientation tours.

³⁴ In this paper the bill being referred to is H.R. 2674, making appropriations for the Department of State, foreign operations, and related programs for the fiscal year ending September 30, 2008. It was passed in the House (House Report 110-197) on June 22, 2007. It was passed in the Senate (Senate Report 110-128) on September 6. As of this writing the bill has yet to be considered in conference to reconcile the two versions.

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