

DEFENSE INDUSTRIAL INITIATIVES CURRENT ISSUES

No. 10: Tracking U.S. Arms Sales to Iraq (04/13/09)

On July 25, 2008, the Defense Security Cooperation Agency (DSCA) notified Congress of the possible sale of six C-130J-30 aircraft and support systems to Iraq.¹ DSCA has since issued 11 press releases alerting of follow-up sales. With the potential to total more than \$14 billion in revenue for U.S. defense contractors, these notifications signal a drastic policy shift in the way the Iraqi security forces are equipped, and the beginning of a long-term relationship for the U.S. defense industrial base. However, no public database beyond the DSCA's 36(b) arms sales database—which only tracks requests, not contracts or deliveries—traces individual sales.

DSCA 36(b) Arms Sales Notifications: 2008²

Contractor ³	System	Type	Cost (\$) ^o
L-M	6 C-130J-30	Tactical Transport	1.5B
Textron	160 M1117	Patrol Vehicle	206M
GDLS	392 LAV-25	Wheeled APC	3.0B
GDLS	280 M1A1	MBT	4.3B
GDLS	400 M1126	Wheeled APC	1.1B
Bell	26 Bell 407	Scout Helicopter	366M
Boeing/Bell	24 AH-6 or 407	Scout Helicopter	2.4B
Hawker	36 AT-6B	Light Fighter	520M
Hawker	20 T-6A	Trainer Aircraft	210M
Colt, FN	M16/4, M203	Small Arms	1.5M
Unknown	Unknown	Patrol Boats	1.0B
		Total	14.0B+

*Iraq has also unofficially expressed interest in 36 F-16 strike fighters.

^oCosts represent system plus parts, service and support platforms, driving package costs significantly above expected per unit pricing.

Implications for U.S. Policy in Iraq

Since 2003, most of Iraq's military platforms have been salvaged from Saddam-era stocks, sourced from former Soviet stockpiles or donated by regional and coalition countries. The systems selected were suited for Iraq's

harsh operating conditions, offered familiar maintenance requirements and facilitated hasty training. DSCA's announcements demonstrate a growing confidence in the Iraqi security forces' ability to autonomously maintain and operate advanced systems. If the sales proceed, the U.S. and Iraq will benefit from strengthened ties through bi-lateral military training exercises, systems interoperability and bolstered industrial links.

Implications for the U.S. Industrial Base

Iraqi Chief of Staff of the Joint Forces General Zibari stated in October 2007 that "Iraq's (equipment) proposals thus far...will not satisfy its armament needs;"⁴ this suggests that more sales are likely and may have relevance to some of Iraq's most costly purchases: armed scout helicopters and M1A1 main battle tanks.

While information regarding Iraq's request for AH-6 or Armed Bell 407 helicopters remains hazy, a March 16, 2009 conference call with the Baghdad Security Assistance Office confirmed a purchase of up to 50 of the latter, which will be based not on the design Bell proposed for the U.S. Army's Armed Reconnaissance Helicopter (ARH) competition, but rather on an upgraded OH-58 platform.⁵ It remains unclear whether the eventual design—which could be mass ordered by Iraq—could have any bearing on the U.S. Army's next generation armed scout.

In the case of M1A1s, it appears that Iraq's will be new-built, unlike the 59 refurbished examples delivered to Australia in 2006. According to a

¹ [News Release: Iraq - C-130J-30 Aircraft](#), DSCA, July 25, 2008.

² DSCA 36(b) Major Arms Sales Notifications [Database](#)

³ Short form: Lockheed-Martin (L-M), General Dynamics Land Systems (GDLS), Hawker (Hawker-Beechcraft) and Fabrique Nationale Manufacturing Group Herstal, S.A. (FN)

⁴ Emelie Rutherford, "Iraq General: Nation To Seek More Arms Deals, Wants F-16s For Self Defense," *Defense Daily*, October 17, 2008.

⁵ "[Department of Defense Bloggers Roundtable with Colonel Lawrence Avery Jr., U.S. Air Force, Deputy Director, Security Assistance Office, Multinational Security Assistance Transition Command-Iraq](#)," *Federal News Service, Inc.*, March 16, 2008.

March 11, 2009 General Dynamics press release, the first 140 M1A1s will be constructed in Lima, Ohio by “existing General Dynamics employees” based on a \$33 million contract.⁶

Although 280 M1A1s would equip six divisional armored battalions, based on existing announcements, these divisions would be deficient in combined arms capability because of a lack of indigenous artillery, close-air- and logistical support.⁷ While four Iraqi Army divisions appear slated for mechanization, only one contract and two DSCA announcements exist for M1A1s;⁸ this may signal further orders for tanks and supporting equipment.



Brig. Gen. Hazim, Iraqi Army M1A1 Program Manager, takes a ride at Besmaya Range. As of January 2009, four of a planned 22 American M1A1's had been delivered for a “Train the Trainer” course in preparation for the expected August 2010 delivery of Iraq’s first 140 tanks.⁹ Source: MNSTC-I, Photo by Capt. Tommy Avilucea.

Reporting of Military-Related Sales to Iraq

The *New York Times* reported in 2008 that Iraq had signed \$3 billion in contracts for military equipment and was considering \$7 billion more.¹⁰ In attempting to verify the data contained in that story, numerous sources were consulted: the State Department’s Section 655 Reports, the Congressional Research Service’s “Conventional Arms Transfers to Developing Nations, 2000-2007” report, the U.S. International Trade Commission’s DataWeb

and the Special Investigator General for Iraq Reconstruction’s “Quarterly Reports.”¹¹ While top-line figures were similar, no source provided sufficient granularity to confirm contracts or delivery of specific DSCA announced items to the Iraqi government.

Compiling information on the armed scout helicopter further demonstrated the scarcity of centrally organized data. Although Bell Helicopter Textron offered a slight update and directed inquires to the entities managing the program, U.S. Army Security and Assistance Command and Army Material Command, neither could confirm if a contract had been signed, where the aircraft would be built, or when they would be delivered.

The Bigger Picture

Although the economic downturn and the April 6, 2009 program cuts announced by Secretary Gates have put considerable pressure on the U.S. defense industry, foreign military sales represent an opportunity. At the same time, future maintenance support—which makes up a third of U.S. arms exports annually—offers the prospect of a continuing relationship with the Iraqi military.¹² As long as platforms are chosen carefully to help build the capacity of the Iraqi military and facilitate a transfer of responsibility from U.S. forces, such an association could not only strengthen ties with an emerging democracy and regional ally, but also help sustain America’s capacity to produce quality defense systems.

—Andrew Jesmain

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⁶ “General Dynamics (GD) Awarded \$33 Million for Iraqi Abrams Tank Work,” *StreetInsider.com*, March 11, 2009.

⁷ Gen. James L. Jones, “Findings 18-19,” *The Report of the Independent Commission on the Security Forces of Iraq*, p. 13, September 6, 2007.

⁸ DJ Elliot, “Iraqi Army develops the heavy mechanized and armored forces,” *The Long War Journal*, December 3, 2008.

⁹ Multi-National Security Transition Command – Iraq: Press Release, “Iraqi M1A1 Tank Program Managers visit Besmaya Range Complex,” January 23, 2009.

¹⁰ Eric Lipton, “With White House Push, U.S. Arms Sales Jump,” *New York Times*, September 13, 2008.

¹¹ Richard F. Grimmert, “CRS Report for Congress, Conventional Arms Transfers to Developing Nations, 2000-2007,” October 23, 2008 and “Report by the Department of State Pursuant to Section 655 of the Foreign Assistance Act of 1961, as amended - Direct Commercial Sales Export Authorizations for Fiscal Year 2007” Department of State and “Interactive Tariff and Trade DataWeb,” United States International Trade Commission (USITC), and “Quarterly Reports,” Special Investigator General for Iraq Reconstruction, March 2004 – January 2007.

¹² USITC, “Interactive Tariff and Trade DataWeb.”