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United Arab Emirates: U.S. Relations and F-16 Aircraft Sale

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Foreign Affairs, Defense, and Trade Division

Summary

The Crown Prince of Abu Dhabi-- the capital of the United Arab Emirates (UAE)-- visited the United States on May 12, 1998, announcing during the visit that the UAE had decided to purchase 80 U.S.-made F-16 fighter aircraft. Differences over the technology to be included on the aircraft held up completion of the sale until mid-2000. On April 27, 2000, the formal statutory notification of the aircraft sale occurred. After the conclusion of the 30-day congressional review period at the end of May 2000, the President was authorized to proceed with the sale. In a broader context, security cooperation between the United States and the UAE has increased since the 1990-91 Persian Gulf crisis. This report will be updated to reflect regional and legislative developments. See also CRS Report 95-730, *United Arab Emirates: Background and U.S. Relations*, by Alfred Prados.

Background

On May 12, 1998 the Crown Prince of Abu Dhabi, Shaykh Khalifa bin Zayid al-Nuhayyan made an official visit to the United States, the highest ranking UAE official to do so since the UAE federation was founded in 1971. Abu Dhabi is the capital and the politically and economically dominant member of the seven emirate (principality) federation that was formed after the British pullout from the Persian Gulf region.¹ The primary purpose of the visit was to discuss the F-16 sale. Crown Prince Khalifa's profile and influence in the UAE has grown as his aging father, Shaykh Zayid bin Sultan al-Nuhayyan, has withdrawn from day-to-day politics. However, the key interlocutor with the U.S. on the F-16 sale has been the Crown Prince's charismatic younger brother, Shaykh Mohammad bin Zayid al-Nuhayyan (the third son of Shaykh Zayid). Shaykh Mohammad serves as Chief of Staff of the UAE Armed Forces and a pivotal figure on all major UAE arms purchase and defense cooperation decisions.

¹The seven emirates are Abu Dhabi, Dubai, Sharjah, Ras al-Khaymah, Ajman, Fujayrah, and Umm al-Qaywayn.

Strategic Issues

The context of the Crown Prince's visit and the F-16 sale was the UAE's perception of a growing security threat, primarily from Iran. The UAE, which is directly across the Persian Gulf from Iran, fears that country more than it does Iraq. Since 1971, when the Shah was in power, Iran has occupied two strategically important Gulf islands claimed by the UAE (the Greater and Lesser Tunb Island). Since 1992, Iran has assumed greater authority over another island shared by Iran and the UAE under a 1971 agreement (Abu Musa Island). U.S. defense officials have said publicly since early 1995 that Iran has made some military improvements to these islands², and both the United States and the UAE have noted that Iran's recent naval and missile acquisitions³ give it greater ability to hit U.S. and allied targets in and across the Gulf.

Perhaps because the UAE perceives a growing military threat from Iran, it has tried not to antagonize Iran and has conducted intermittent negotiations with it over the islands. There is a substantial Iranian community in the emirate of Dubai and a large market in the re-export of U.S.-made goods to Iran through the UAE, giving the UAE a commercial motive to engage Iran. (Such re-exportation of U.S. goods technically is prohibited under a May 1995 executive order banning U.S. trade with and investment in Iran.) Iran's President, Mohammad Khatemi, is widely considered a moderate on most foreign policy issues, but he has not yet been willing to compromise on the islands issue. The UAE has been increasingly critical of Saudi Arabia and other Gulf states for their willingness to improve relations with Iran in advance of a resolution of the UAE-Iran islands dispute.

Because the UAE is located at the far end of the Gulf from Iraq, it is less fearful of Iraqi military power than is Kuwait or Saudi Arabia. Iraq remains a major land power but its naval capabilities are limited. Although the UAE participated in the U.S.-led coalition that expelled Iraq from Kuwait in 1991, many UAE officials believe Iraq should be allowed to remain sufficiently powerful that it can balance out the growing power of Iran. UAE leader Shaykh Zayid has been outspoken among the Gulf rulers in calling for an easing of international sanctions on Iraq and for reintegration of Iraq into the Arab fold. During the 1997-98 crises with Iraq over weapons inspection access, the UAE did not support U.S. air strikes against Iraq and did not host U.S. strike aircraft, although U.S. Defense Department officials say the UAE did assure Secretary of Defense Cohen that the United States could overfly the UAE in the course of any airstrikes.

According to the Administration, some of the smaller individual emirates of the UAE federation (Fujayrah and Sharjah, in particular), perhaps with some tacit federal approval, have allowed offloading of illicit exports of Iraqi oil and other high-value exports (dates). The United States has made several demarches to the UAE that it cease allowing smuggled

²These improvements, according to U.S. military officials, include expansion of air and sea facilities to handle military sea and aircraft, and emplacement of tanks and air defense and artillery batteries on the island.

³U.S. officials have said publicly that Iran has acquired, since 1992, three Russian-made Kilo class submarines and about 15 Chinese fast attack craft armed with C-802 anti-ship missiles, as well as air-launched C-801 missiles. Iran also has C-802 and other cruise missiles deployed in batteries on its Gulf coast.

Iraqi oil to be offloaded and the federation has adopted a law preventing the trafficking. President Clinton's April 7, 1998 report to Congress on Iraq states that the UAE has begun preventing the offloading of illicit Iraqi cargoes in UAE ports or through its waters.

The UAE publicly supports the Arab-Israeli peace process. However, Shaykh Zayid is a strong Arab nationalist and the UAE has been generally hesitant to improve relations with Israel, even during periods of progress in the Arab-Israeli peace process. Unlike Qatar, Oman, and Bahrain, the UAE has not hosted visits by Israeli leaders nor has it hosted sessions of the multilateral peace process working groups. Shaykh Zayid was strongly critical of the establishment of a Middle East Development Bank, which he says will help Israel dominate the region economically. The UAE did not attend the Middle East/ North Africa economic summit in Qatar in November 1997. On the other hand, the UAE gives no official aid to Palestinian opponents of Yasir Arafat, such as the Hamas organization, although Hamas might receive some private donations from UAE nationals. As a member of the six-country Gulf Cooperation Council (GCC), the UAE is abiding by the 1994 GCC decision to stop enforcing the secondary and tertiary boycotts of Israel, while maintaining the primary boycott. Because of the progress on the boycott and the national interest in helping the Gulf states defend themselves, President Clinton has waived the ban on U.S. arms transfers to the Gulf countries, including UAE, even though they maintain the primary Arab boycott of Israel.⁴

U.S.-U.A.E. Security Cooperation⁵

Security cooperation between the United States and the UAE has broadened since the 1991 Persian Gulf war. After about three years of negotiations, on July 25, 1994 the UAE announced it had signed a formal defense cooperation agreement with the U.S. which reportedly provides for joint training and exercises, the prepositioning of some U.S. military equipment, and U.S. arms sales. The growing defense cooperation led to discussions of a major aircraft purchase by the UAE, the F-16 buy under consideration.

The defense cooperation agreement also reportedly discusses the legal status of U.S. forces operating in the UAE governed by a status-of-forces agreement, or SOFA. The SOFA provision has been a sensitive issue since early 1996, when the UAE refused a U.S. request to turn over a U.S. sailor involved in a traffic accident in the UAE in which an Emirates national was killed. The UAE allows prepositioned U.S. equipment to remain afloat at the large manmade port of Jebel Ali, just outside the emirate of Dubai, and about 20 U.S. ships dock there each month. U.S. military personnel in the Gulf take shore leave during these port calls. The dispute over the traffic accident caused the UAE to reopen for negotiation the portion of the defense cooperation agreement dealing with status of forces. After a year of further negotiations, the SOFA issue was reportedly resolved in mid-1997, with an agreement that U.S. personnel who commit minor crimes in the UAE will not be placed under UAE legal jurisdiction. The compromise on SOFA has not yet been tested and may be subject to further reinterpretation or renegotiation if another incident occurs.

⁴This ban is contained in Section 564(1) of the Foreign Relations Authorization Act for FY1994-95 (P.L. 103-236).

⁵Information in this section was provided by Defense Security Cooperation Agency and conversations with a wide range of defense analysts familiar with U.S.-UAE defense negotiations.

Purchase of U.S. F-16 Fighter Aircraft

For well over two years prior to the Crown Prince's visit, the UAE had been considering various advanced fighter aircraft with the view of procuring a large number of them to significantly upgrade the capabilities of the UAE air force. Historically, France has played a major role in supplying the UAE with combat fighters. Through contracts originating in the 1980s, France has sold the UAE its Mirage 2000 fighter aircraft. The UAE currently has over 30 Mirage 2000E fighters and 8 Mirage 2000RAD reconnaissance aircraft in its inventory. In December 1997, the UAE ordered an additional 30 Mirage 2000-9 fighters for an estimated \$3.4 billion. This purchase was not finalized until late 1998.⁶ At the March 1997 IDEX military show held in Abu Dhabi, the UAE made it known that there are three candidates for its advanced fighter aircraft requirement. These candidates are the U.S.-built F-16 combat fighter, the French-built Rafale, and the Eurofighter 2000, built by a consortium including the United Kingdom, Germany, Italy and Spain. The F-16 fighter is particularly attractive because it is an all-weather aircraft capable of day or night operations, and can be configured for both ground attack or interceptor missions. It has a speed in excess of Mach 2, and depending on weapons loading and mission profile, a combat radius of approximately 780-1,000 statute miles. The F-16 fighter is currently in service with the air forces of several Middle East countries, including Bahrain, Egypt, and Israel.⁷

The purchase of up to \$8 billion in new combat fighter aircraft by the UAE is especially significant because in the post-Gulf War period, there have been increasingly fewer major weapons purchases by foreign customers, as well as a reduction in overall defense spending domestically by major arms producing nations. In 1998, for example, the total value of all international arms agreements combined was nearly \$23 billion.⁸ An \$8 billion agreement for fighters represents over one-third of that amount. In this context, the UAE purchase appears likely to be the most significant contract for advanced fighters to be made for the foreseeable future. Thus, competition has been intense among the contenders.

Prior to the visit of the Crown Prince to the United States, there was press speculation that the UAE would announce its choice of the F-16 during the visit. Media accounts and defense analysts suggested that the F-16 fighter would be chosen as long as the United States was willing to provide the weapons systems, avionics, and support systems that the UAE insisted be part of the sale package. The United States has been traditionally reluctant to provide the most advanced state-of-the-art weaponry to Arab states because of concerns expressed by Israel. Among the advanced U.S. systems reportedly under discussion with the UAE have been the electronic warfare suite for the

⁶*Jane's Defense Weekly*, April 22, 1998, p.21. Forecast International, Foreign Military Markets, Middle East and Africa, United Arab Emirates, July 1997. *Jane's Defense Weekly*, November 25, 1998, p. 25.

⁷*Jane's, All the World's Aircraft, 1997-98*. Jane's Information Group Inc., 1997. p. 659-667. For background on the U.S. F-16 program, see CRS Report 94-642, *F-16 Aircraft Issues: Debate Over Continued Procurement*, by Bert H. Cooper Jr., August 8, 1994.

⁸*Conventional Arms Transfers to Developing Nations, 1991-1998*. CRS Report RL30275, by (name redacted), August 4, 1999, p.77.

F-16, the AIM-120 Advanced Medium Range Air-to-Air Missile (AMRAAM), and the High-Speed Anti-Radiation Missile (HARM). Whatever form a final F-16 fighter sale takes, under the Arms Export Control Act, the Congress must be given 30 days to review the sale, and has the option of blocking it by passage of a joint resolution of disapproval should it believe this is appropriate.⁹

On May 12, 1998, it was announced in Washington, by UAE and United States government officials, that the UAE had chosen to purchase 80 F-16C/D combat fighter aircraft. According to Lockheed-Martin, the aircraft's manufacturer, the UAE will receive 80 "Block 60" F-16s fighters for an estimated cost of nearly \$7 billion. The "Block 60" F-16 is the newest version of this aircraft, and incorporates a variety of modern systems including, conformal fuel tanks for increasing range, a new mission computer and cockpit display, an internal sensor suite, and a new agile beam radar. The finalization of the contract reportedly was delayed by UAE demands that the United States provide software codes for the F-16's weapons systems, technology the United States generally provides only to the closest allies of the United States, as well as other technology release and price issues.¹⁰

After nearly two years of negotiations over the F-16 contract, the UAE and the US side reached final agreement in mid-2000. On April 27, 2000, the President sent to Congress the formal statutory notification of the proposed final deal for sale of the F-16s. The proposal for the 80 F-16 "block 60" aircraft, to be sold under a U.S. commercial export license, is valued at \$6.43 billion. The weapons, munitions, and services portion of the proposal, sold through the Foreign Military Sales (FMS) program, is valued at slightly more than \$2 billion.¹¹

⁹Defense News, April 20-26, 1998, pp. 1, 50. *Jane's Defence Weekly*, April 22, 1998, p. 21.

¹⁰Blanche, Ed. "Way Could Be Open For F-16 Sale to Emirates." *Jane's Defence Weekly*. May 26, 1999.

¹¹Transmittal notice to Congress No. DTC 023-00, April 27, 2000; Transmittal notice to Congress No. 00-38, April 27, 2000; Transmittal notice to Congress No. 98-45, September 16, 1998.

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