



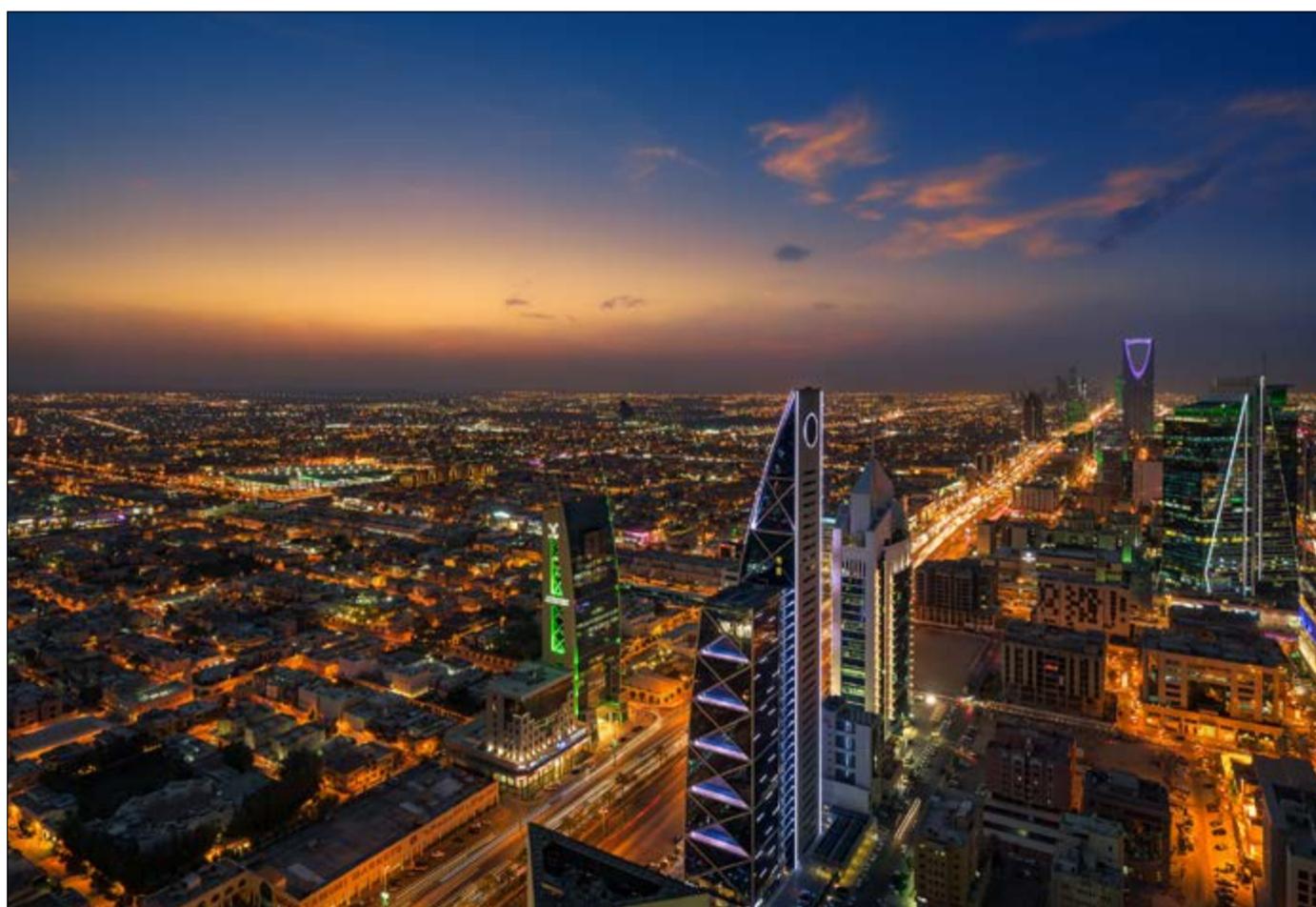
## Continued Growth and Development in Domestic High-Tech Military Industries of Saudi Arabia and the UAE

**OE Watch Commentary:** Among the most consequential military trends in the Middle East is the indigenous development and production of autonomous weapons systems and other platforms relying on new technologies. Saudi Arabia and the UAE have been at the forefront of developing these capabilities, focusing on the localization of ownership and production in their defense industries, while at the same time investing extensively in new technologies associated with the “Fourth Industrial Revolution.” To foster and grow their domestic high-tech military industries, each of the two countries has in recent years established a new entity: the EDGE conglomerate in the UAE and the Saudi Arabian Military Industries (SAMI) in Saudi Arabia (see: “Saudi Arabia and the UAE Streamline Military Industry,” *OE Watch*, January 2020). EDGE was formed in late 2019, as a merger of the UAE’s main defense manufacturers. SAMI was established in 2017 as the main vehicle for achieving the Saudi Vision 2030 goal of localizing 50% of Saudi military spending by 2030.

The accompanying articles, from local English-language publications, highlight recent developments in Saudi and Emirati efforts to grow their domestic military industries. The first passage, from the EDGE website, reports that last December it became the first Middle Eastern weapons company to rank among the 25 largest defense companies in the world, according to an annual list published by the *Stockholm International Peace Research Institute (SIPRI)*. In the second passage, from the English-language Emirati daily *The National*, EDGE’s CEO explains how the Coronavirus pandemic has further underlined the importance of localizing production, given the ruptures it has caused in the global supply chain. Last summer, the UAE established the Advanced Technology Research Council (ATRC). The council’s director general is also EDGE’s CEO, and its research is likely to feed into priority sectors for EDGE. As reported in the third accompanying passage, also from *The National*, the ARTC’s priorities are “autonomous robotics, advanced materials, cryptography, digital security, directed energy, quantum computing and secure systems.”

The final accompanying passage, from the Saudi English-language daily *Arab News*, comes from a January 2021 interview with SAMI’s CEO. In it, he alludes to SAMI’s recent acquisition of the Advanced Electronics Company (AEC), a maker of high-tech military equipment that was previously a Saudi-foreign joint venture. He mentions SAMI’s goal of becoming “among the top 25 defense companies in the world by 2030” and explains that it intends to do so by focusing on specific sectors, including “defense electronics.” **End OE Watch Commentary (Winter)**

*“Advanced technologies have enabled us to thrive, be bold, agile and disruptive in an era of hybrid warfare...”*



Riyadh, Saudi Arabia (2017).

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## Continued: Continued Growth and Development in Domestic High-Tech Military Industries of Saudi Arabia and the UAE

**Source:** “EDGE First in Middle East to be Ranked Among Top 25 Military Companies in the World,” *EDGE Group*, 9 December 2020. <https://edgegroup.ae/news/559>

*Marking its first year, EDGE, the UAE’s advanced technology group for defence and beyond, was ranked among the top 25 military suppliers in the world by the Stockholm International Peace Research Institute (SIPRI), a think tank that specialises in data analysis of military expenditure and arms trade among other peace and security related matters... Commenting on the new data released, H.E. Faisal Al Bannai, CEO and Managing Director, EDGE said... “Advanced technologies have enabled us to thrive, be bold, agile and disruptive in an era of hybrid warfare. As we continue to build the UAE’s sovereign capabilities and develop partnerships for export growth, we remain excited about what the future holds”.*

**Source:** “UAE’s Edge eyes chips and drones for charting a post-Covid course,” *The National* (prominent Emirati English-language daily), 30 September 2020. <https://www.thenationalnews.com/business/uae-s-edge-eyes-chips-and-drones-for-charting-a-post-covid-course-1.1084965>

*To that end, Edge is looking to localise production of a greater number of component parts and the platforms that enable autonomous vehicles and drones, he said... “Those who control the skies control the military landscape,” Mr Al Bannai said. Given the UAE’s relatively small population of less than 10 million, “drones and autonomous capabilities are a strategic need for our future”.*

**Source:** “Abu Dhabi’s new Advanced Technology Research Council approves seven R&D priorities,” *The National* (prominent Emirati English-language daily), 18 August 2020. <https://www.thenationalnews.com/business/technology/abu-dhabi-s-new-advanced-technology-research-council-approves-seven-r-d-priorities-1.1065354>

*The seven priorities set out by the council are: autonomous robotics, advanced materials, cryptography, digital security, directed energy, quantum computing and secure systems.*

**Source:** “INTERVIEW: Head of SAMI explains how he wants to build Saudi Arabia’s defenses through homegrown industry,” *Arab News* (prominent Saudi English-language daily), 10 January 2021. <https://www.arabnews.com/node/1790031/business-economy>

*SAMI was set up with five main divisions: Aeronautics, land systems, defense electronics, weapons and missiles, and emerging technologies. One of its main mandates — under the regulatory supervision of the General Authorities for Military Industries — is to support research and development of new defense technology. The aim is for SAMI to be ranked among the top 25 defense companies in the world by 2030, and the acquisition of AEC has given it a big push in that direction, taking many years off the timescale toward that goal... The deal also brings AEC under the umbrella of the Public Investment Fund (PIF) — the Kingdom’s sovereign wealth fund and owner of SAMI — and the multibillion-dollar resources the PIF has... Abukhaled recognizes that there are limitations as to the kind of equipment and systems the Kingdom will be able to manufacture on its own. “To design and manufacture very sophisticated fifth-generation fighter jets, for example, isn’t going to happen in the near future. It’s a huge amount of investment,” he said. “But I think I’d turn the question around and ask what kind of things we can’t make. There are so many things that can be done immediately. Maintenance, repair and overhaul for example, UAVs (unmanned aerial vehicles), defense electronics, land systems — all these are feasible now”... Such ambitious plans are now feasible because Saudi Arabia has a cadre of well-trained and experienced engineers who have learned their skill at some of the biggest international defense companies, and are ready to apply those skills at home.*