

France Loses Out as Saudis Sign \$2.2 Billion Deal for Russian Helos

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By Giovanni de Briganti

PARIS --- In an abrupt policy shift, Saudi Arabia has signed an agreement to buy over 150 Russian-made Mi-35 Hind and Mi-17 Hip helicopters worth over \$2.2 billion, ending French hopes of sealing a long-delayed sale of 148 helicopters and raising doubts about future French arms sales to the Saudi kingdom.

Sources say the Memorandum of Understanding with Russia was signed in Ryad in mid-September by members of the private cabinet of Saudi King Abdallah bin Abd al-Aziz Al Saud, and follows extended visits to Russia by Saudi military delegations in February and March 2007 to appraise the capabilities of Russian helicopters and other weapons.

The sources also said that Saudi Arabia appears to have decided to buy T-90 main battle tanks and medium-range air-defense systems from Russia, replacing previous plans to buy French-made Leclerc tanks and Aster 30 SAMP/T air-defense systems. No agreement has yet been signed for these systems, however,

Eurocopter confirmed that Saudi Arabia has opted for Russian helicopters, but said the company's future prospects in the country remained unclear. Nexter, manufacturer of the Leclerc tank, and missile maker MBDA had no comment on the status of their dealings with Saudi Arabia.

While conceding that the Saudis had signed an agreement to buy Russian utility helicopters, a senior French official told defense-aerospace.com that the Mi-17 and Mi-35 met only part of the Saudi requirement. Noting that the two Saudi customers – the Armed Forces and the National Guard - would not necessarily buy the same equipment, he said that France was still in the running to sell several other helicopter types. These include naval, Combat Search And Rescue and training helicopters, he implied, for which Russian helicopters are unsuited.

Saudi Arabia's decision to retain Russia as a major arms supplier is the result of two recent policy decisions made by King Abdallah bin Abd al-Aziz Al Saud. One was Abdallah's decision to take direct control of major arms purchases, which were previously largely the domain of the defense and aviation ministry headed by Prince Sultan Bin Abdulaziz, the Saudi Crown Prince and deputy prime minister who is also Abdallah's half-brother. Sultan is said to be out of favor.

Abdallah also is loosening arms ties with France because of its insistence on large, multiple-system packages, and its stubborn arm-twisting to include weapons that the Saudis do not want, like the Rafale combat aircraft, in these packages.

While the Saudis were willing as late as the fall of 2006 to sign two or three medium-sized helicopters deals, covering 42 Fennec light helicopters, 20 Cougar Combat Search and Rescue helicopters and 10 NFH-90 naval helicopters, sources say they indefinitely postponed these plans after French officials continued to insist that the package also include Rafales, several FREMM frigates and Gowind corvettes, and Leclerc tanks.

"The idea of selling comprehensive packages was pushed by the Elysée [the French President's office-Ed.] as a final coup for [former President Jacques] Chirac," one industry official told defense-aerospace.com. "Now, Chirac's gone, we've signed nothing, and we're shut out of the Saudi market for the foreseeable future. A real success for France," the official said.

France has now conceded it will not sell Rafale to Saudi Arabia. "We haven't discussed Rafale in Saudi Arabia. It's not a current issue," French Defense Minister Hervé Morin said Oct. 28 in Jeddah, after talks with Saudi leaders.

[France is hoping that Libya, which has contracted to upgrade its obsolete Dassault Mirage F-1 fighters, may also agree to buy the Rafale, and an agreement could be announced during Libyan leader Moammar Gadhafi's forthcoming visit to Paris, possibly in December.]

The Saudis are also said to be unhappy with what they perceive as French snubs. These include the French government's failure to appoint an official of sufficiently high rank to head Sofresa, the

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arms export agency especially set up to handle contracts with Saudi Arabia. France's use of local marketing networks that include individuals that are "persona non grata" at King Abdallah's court is seen as another snub.

France's insistence on stuffing as many weapons as possible into arms deals has also been cited as one of the reasons why Morocco finally opted to buy the U.S.-made F-16 fighter instead of the Rafale, which Paris wanted to supply in a single package together with helicopters and corvettes.

Another factor is that the election in May of Nicolas Sarkozy to succeed Chirac as French president has not gone down well with the Saudis, who take exception at his declarations that French diplomacy would in future distance itself from its traditional pro-Arab stance.

The loss of the Saudi contracts, whose total value was estimated at well over 7 billion euros, is a severe loss for French industry, which is encountering growing difficulties in exporting its weapons in the face of cut-throat competition from the United States and Russia.

Paris is now making a last-ditch attempt to salvage at least some Saudi deals, and President Sarkozy's planned visit to Saudi Arabia, in January, might constitute such an opportunity. The sale of several Airbus tanker aircraft, and possibly of a reconnaissance satellite which Saudi Arabia would share with Qatar and the United Arab Emirates, are two possibilities.

The sale of Fennec light helicopters, which the Saudis need for pilot training, may finally go through simply because there is no direct Russian competitor, sources say, noting however that this sale is only worth about 300 million euros.

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