

Iraq showcased its military at its Army Day parade on January 6. Baghdad is still negotiating nearly 5.2 billion dollars of arms purchases from Russia and the Czech Republic, announced last October. These sales are primarily intended to bolster the federal government's leverage over the Kurdistan Regional Government (KRG) and to further Iraq's foreign policy, according to a recent Oxford Analytica report below.

Introduction

Baghdad will be far better positioned to increase military pressure on Irbil by early 2014. This may reduce Kurdish willingness to oppose a third Maliki premiership. The slow pace of Iraq's military recovery may reassure regional states of its non-aggressive intentions and aid diplomatic rehabilitation. Maliki is keen to diversify the purchase of defence equipment away from excessive reliance on the United States. By 2014, Iraq will be able to project a strong image of a recovering military power with modern tanks, artillery, attack helicopters, air defences and even combat aircraft. It seeks to achieve 'strategic independence' between 2016 and 2020, when it aims to be able to defend its international borders without external support. Yet in reality, Iraqi military power will remain anaemic compared to its neighbours until at least 2025.

Analysis

To achieve its goal of strategic independence, the Ministry of Defence's (MoD's) main priority has been the conversion of some army divisions from a counter-insurgency mission to external defence.

Land forces

Of the 14 army divisions, the federal budget only provides enough funding for six to be converted to fully mechanised units by 2020. Moreover, both armour (tank) and artillery procurement programmes are behind schedule due to funding and administrative capacity shortfalls. Current procurement plans are wide-ranging:

Main battle tanks

Iraq is likely to be one of the world's largest mid-term markets for tank sales. Iraq procured 140 upgraded US M1A1 Abrams tanks in an 815 million dollar deal and had the option to purchase another 140 in a similar deal (only a further six have thus far been ordered). It rejected new-build Russian T-90 tanks offered in the lead-up to Prime Minister Nuri al-Maliki's October trip to Russia, citing price and performance concerns. Iraq instead signed a deal with the Czech Republic to build an Iraq-based tank repair and upgrade facility for its existing salvaged Saddam-era and donated T-72 tanks. This points to future large-scale purchases of affordable T-72 tanks from existing users, or a licensed production deal with Russia or another Former Soviet Union (FSU) state.

Between 2015 and 2025 a total of eleven divisions are likely to be fully mechanised, requiring Iraq to procure and operate a further 1,800 main battle tanks, giving it a total of around 2,200.

Personnel carriers

The armed forces currently have:

- thousands of wheeled light-armoured vehicles designed for counter-insurgency;
- stocks of tracked personnel carriers and support vehicles; and
- 1,026 M113A2 armoured personnel carriers.

Ukraine is delivering at least 156 BTR-4E wheeled armoured personnel carriers upgraded with US communications equipment to equip two divisions, while Bulgaria is pursuing a sale of five hundred MT-LB armoured personnel carriers. Much of Iraq's first wave of demand for personnel carriers has therefore now been met.

Artillery

Artillery procurement is behind schedule -- the army can only field eight of 33 planned divisional artillery battalions, suggesting that Iraq is a market for some 600-800 artillery systems by 2025.

Attack helicopters

A new Army Aviation Command has been formed to command helicopter forces. A number of squadrons are also being created. By the middle of 2013:

- two squadrons will fly Eurocopter EC-635 armed light helicopters;
- two more

will field Bell Armed 407 helicopters; and two will use modernised Russian Mi-171 armed helicopters. By the start of 2014 two more squadrons will be equipped with a further thirty Russian Mi-28NE Havoc attack helicopters. These forces represent perhaps a third of Iraq's eventual need for attack helicopters. Many are stop-gap offerings that will need to be replaced within ten years. Air force

To achieve strategic independence Iraq needs to exert control over its airspace. It requires at least five fighter aircraft squadrons plus Surface-to-Air Missile (SAM) forces. However, Iraq will only field its first fighter squadron in 2016-17 and will not have the capability to defend its airspace until at least 2025. Iraq has bought eighteen Lockheed Martin F-16C/D Block 52 aircraft and may buy another 18. However, completion of the order will not occur until 2016. Thus, Maliki is looking abroad for faster-delivering systems. He signed a 1 billion dollar deal for Czech L-159 advanced training aircraft, with four of the 28-aircraft deal scheduled to arrive in 2014. The availability of four combat-capable fast jet aircraft in such a short time will be unsettling for Iraq's Kurds.

Air defence systems

Iraq is trialling a number of battlefield air defence systems: In Russia, Maliki signed a 2.3 billion dollar deal for 42 Pantsir-S1 missile systems, enough to equip seven army divisions. Eight US-supplied Avenger Air Defence Systems will be evaluated for protecting mobile land forces. Around 2015, Iraq will probably commit to a multi-billion dollar package of strategic SAM systems comprising either Raytheon Improved Hawk missiles or an equivalent Russian system. However, both Washington and Moscow fear that very advanced missile system technology such as the US Patriot or Russian S-300PMU could be passed to Iran. Political ramifications

Once Baghdad's traditional enemy, Tehran now strongly influences its defence decisions. Iraq's military procurement is aimed at the burgeoning KRG-Turkey alliance, which Baghdad views as its primary near-term threat. A mid-term threat could be a well-armed Sunni-led successor to the Assad regime in Syria (see PROSPECTS 2013: Iraq - November 22, 2012). Maliki's aim will be to develop military leverage quickly over the Kurds before the 2014 national election to deter Turkish intervention in the case of a Baghdad-KRG clash. He will also seek to diversify supplier states in order to reduce dependence on the United States and win favour with global powers such as Russia.

Defence market potential

Defence spending sprees will remain relatively rare

The United States has either delivered or is evaluating 19 billion dollars worth of Iraqi arms sales. However, it will face stiffer international competition from Russian, FSU, European and Asian arms vendors in coming years.

Companies and countries able to offer generous financing will have a definite advantage. Though the federal budget is growing rapidly, Iraq is overwhelmed with reconstruction needs which it will prioritise as provincial and national elections loom in 2013 and 2014 (see IRAQ: Kurds risk isolation as Baghdad asserts control - April 20, 2012). Likewise, though Iraq's security expenditure is large -- budgeted at 14.6 billion dollars in 2010 -- only 8.1 billion dollars of this total was allocated to the MoD, and much of this amount was absorbed by the operations and maintenance of the massive counter-insurgency operations. Furthermore, the MoD can only disburse part of its investment budgets due to procurement capacity shortfalls.

Long-term outlook

These factors -- combined with potential oil price instability -- mean that Iraq is unlikely to represent a very large opportunity for defence sales until it has met more pressing spending commitments and increased the government's capacity to raise and spend larger investment budgets. Iraq will only become be a very lucrative defence market after 2020, wh