DIMDEX 2014 – MENA Demand Grows for Larger Multi-Mission Surface Combatants

Summary: AMI, as market information partners with DIMDEX 2014 organizers Qatari Emiri Naval Forces (QENF) and Clarion Events, assesses the regional market outlook for multi-mission surface combatants. This forecast draws on AMI's proprietary market research data and nearly 30 years of experience continually assessing the worldwide naval market.

This second of four feature articles focuses on the growing demand for advanced surface combatants – corvettes, frigates and even destroyers – across the Middle East and North Africa. Remaining articles in the series will look at the other types of naval platforms that make up the most valuable segments of the future MENA market – submarines as well as amphibious/auxiliary ships and craft.

Historically, the MENA market has concentrated on "small" ship and craft acquisitions. Over the past quarter century a wide variety of European, U.S. and other ship and craft builders have supplied patrol craft, fast missile and attack boats to navies in the MENA region. These types of platforms and their related weapons, radars, and other technologies have been the center of the MENA naval market and have proved most suitable for the force structure, missions and requirements of most navies operating in the Gulf or North Africa.

These patrol ships and craft (platforms typically up to 60m and displacing less than 500 tons) still drive an important part of the future MENA naval market. AMI forecasts that patrol craft and OPVs will make up some 70% of the 630 new hulls expected to be acquired over the next 20 years by MENA navies and other sea services, with a total market value of US$8.3billion.

However, market value and other indicators signal how MENA naval spending is shifting toward larger and higher value platforms and systems. AMI projects that future procurements of corvettes, frigates and destroyers by MENA navies taken together will be close to US$29 billion over the next two decades – more than three times the spend on the patrol and OPV segments over the same period.

That US$29 billion represents more than 50% of the region's forecasted future market spend on all new ship types (as measured by acquisition cost). And this spend will be focused on relatively fewer and larger ship types – some 64 hulls ranging from 1,000-6,000 full load tons with a total build expected to be about 157,000 tons over 20 years.

Forecasted Value (US$M) (Estimated $$ to be spent on new construction between 2013-2032)	**Corvette**	**Frigate**	**Destroyer**	***Totals***
Asia & Australia	4912.5	39624	33641	***78177.5***
Caribbean & Latin America	2800	7300	4300	***14400***
Middle East & North Africa	*13178*	*8900*	*7076*	***29154***
NATO	5700	21800	44512	***72012***
Non-NATO Europe		4600		***4600***
Russia		15120	6000	***21120***
Sub Saharan Africa				***0***
USA		24960	78300	***103260***
Totals	***26590.5***	***122304***	***173829***	***322723.5***

Notably, the demand for larger ships in the MENA region is not limited to a few "high spender" markets. Thirteen of the fifteen countries AMI tracks in the MENA region have current or future procurement programs to acquire new corvettes, frigates, or destroyers. Among the most prominent:

- Morocco's program to acquire a FREMM class destroyer from French suppliers DCNS valued at almost US$700 million
- Saudi Arabia's program to acquire at least four Eastern Fleet Surface Combatants (frigates or destroyers) at a total program value that could reach US$6 billion or more
- U.A.E's Baynunah corvette program – a local build of six hulls teamed with several European suppliers in a program worth close to US$2 billion.

Increasing Focus on Air and Ballistic Missile Defense

- This growth in spending on larger and more capable platforms is not surprising given the more advanced threats confronted by naval planners in the region. Specifically, the air and missile threat to naval ships in the region has grown. Traditional tactical defense of ships against helicopter, propeller and jet aircraft is challenging enough as a wider variety of precision air-launched weapons join potential adversary inventories.

- Add to this the growing threat to ships at sea posed by short and medium range ballistic missiles, and this prompts the need for larger platforms that can host more complex sensors, missiles and control systems to address "outer air" fleet and shore infrastructure defense.

- These are among the most challenging tactical problems in modern naval warfare, requiring advanced technology and rigorous training to master the threat. On the technology side, navies in the MENA region are looking to expand investment in naval air and missile defense capabilities such as the AEGIS combat system and a new generation of phased array and other innovative radar designs.

- The potential submarine threat also requires bigger platforms – notably those with flight and hangar deck facilities to deploy, operate and maintain anti-submarine helicopters during longer anti-submarine missions.

- Lastly, the need for ships that can operate for longer periods at sea reflects the growing reach and “peacetime” representational missions of MENA navies. Larger ships meet the need for distant deployments—such as maritime security and counter-piracy in the Mediterranean and North Arabian Seas. Larger ships also support “show the flag” events such as the DIMDEX 2012 Doha port visit by Moroccan SIGMA class (built by Damen Schelde) corvette RMNS TAREK BEN ZIAD.

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