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AMI International 2011 World Naval Market Forecast Highlights Continued Growth, Continuity in the MENA Region

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- *The MENA (Middle East & North Africa) naval market continues to show strong growth, with a regional new construction ship market valued at US\$45B, up about 20% from AMI's 2008 forecast.*
- *Saudi Arabia leads the MENA naval market. Maritime security, secure ports and harbors, and submarine and small fast surface threats continue to shape naval procurements in Saudi Arabia as well as other GCC countries.*
- *The "Arab Spring" has seen substantial changes to planned naval procurements in North African countries—notably Libya.*
- *Morocco, Algeria and Egypt remain committed to programs for multipurpose surface combatants—such as Egypt's Ambassador Class Fast Missile Craft—despite political changes in the North Africa region.*
- *The MENA market is showing increasing interest in submarine and unmanned maritime systems for security and deterrence. This, in turn, will see an emphasis on underwater warfare capabilities in future naval programs in the region.*

AMI International has released findings from its latest forecast of the global naval market, "World Naval Market Overview 2011." AMI's current report projects new naval ship and related equipment expenditures to reach US\$745B over the next 20 years, up about 13% from its 2008 world naval market forecast.

The MENA region also continues to reflect this pattern of strong growth since the 2008 forecast. Over the next 20 years, AMI forecasts US\$45B in new ship procurement spending across the 14 countries that AMI tracks in the MENA region. This updated forecast is 20% higher than AMI's last MENA new build market forecast of 2008.

Saudi Arabia is clearly the leading naval market in MENA, with some 40% of the region's future naval procurement spending expected to come from the Kingdom. This includes extensive naval and Ministry of Interior/Coast Guard programs that will see just under 300 new hulls—ranging from fast intercept craft to frigate and destroyer sized combatants—enter service in the next two decades. Over the same time frame, AMI anticipates that Saudi Arabia will seek to acquire a small conventional (less than 1,000 tons) submarine to give it capability in all maritime domains.

Qatar also is nearing key decisions on patrol and corvette programs that continue to underscore the trend toward procurement of larger multi-mission corvettes and frigates for a larger array of commitments further from the GCC home waters.

Elsewhere in the region, significant political changes have come to the Mid East; North African countries in particular over the past 18 months. Libya had been projected to spend some US\$2.3B on about 20 new hulls through 2028—those planned procurements are now very uncertain given the country's new political leadership.

However, other North Africa countries so far remain committed to current and future naval procurements, as demonstrated by the recent delivery of the first hull of the Ambassador class Fast Missile Craft to Egypt. Other ongoing naval procurement programs in North Africa—corvettes for Morocco, amphibious ships for Algeria, naval helicopters for Tunisia—highlight the continuity in the region's naval market despite political changes.

AMI's Vice President for Advisory Services, Bob Nugent, notes, "The resilience and growth we've seen in the MENA naval market over the past year is remarkable. Saudi Arabia is the 'leading indicator' of a region clearly intent on expanding both the quantity and quality of its naval capabilities. And this is naval writ large, to include coast guard and interior ministry formations with growing requirements for maritime security."

With this market outlook, AMI expects attendance to jump at the region's largest naval expo and conference—DIMDEX 2012, to be held 26-28 March in Doha, Qatar.

Naval Market Forecast (2011-2031): “Top Six” MENA Markets

| MENA New Build Forecast | Totals | |
|-------------------------|------------|-------------------|
| Country | Hulls | Spending in US\$M |
| Saudi Arabia | 284 | 17031.4 |
| Israel | 33 | 6758 |
| Iran | 70 | 4365 |
| Algeria | 26 | 2780 |
| Egypt | 68 | 2499 |
| Morocco | 31 | 2476 |
| Top 6 MENA | 512 | 35909 |
| Totals | 684 | 45171.3 |

About AMI International

AMI is based in Bremerton, Washington USA with Advisory Services led out of the Washington DC area. AMI is a leading provider of focused market analysis and consulting for naval, maritime security, and unmanned systems markets around the world. AMI tracks naval business opportunities over 70 countries that consistently invest in naval and maritime security capabilities.

AMI’s product line includes naval, missile and unmanned systems market research databases. Its flagship “Hot News” monthly naval market newsletter is considered a “must read” for key players in the industry. AMI maintains an active dialogue with senior sea service leaders, key decision-makers in the naval and defense industry, leading media covering the defense sector, and its network of international advisors and affiliates.

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