

The Avante 2200 corvette - Saudi Arabia - Spain joint venture

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Saudi Arabia and Spain signed six agreements, memorandums and bilateral deals, on April 12, 2018, during the official visit of Saudi Crown Prince Mohammed bin Salman.

The Saudi Arabian Military Industries (SAMI) and Spanish firm Navantia on April 12, 2018, signed a Memorandum of Agreement (MoA) to create a joint venture that will manage and localize naval combat systems activity including integration and. The MoA was signed by Ahmed Al-Khateeb, Chairman of SAMI, and Esteban García Vilasánchez, Chairman of Navantia.¹

Spain and Saudi Arabia also inked a Letter of Intent (LoI) to design and build five Avante 2200 corvettes including Combat Management System, for the Royal Saudi Naval Forces (RSNF). The deal, signed is worth around €2 billion and the construction would take five years. The construction of the vessels will be Cadiz and Ferrol shipyards and it would take five years and involve 6,000 direct and indirect workers.

Navantia announced on April 13, 2018, it has formed a joint venture with Saudi state company SAMI (Saudi Arabian Military Industries) for the supply and integration of combat systems for Saudi naval projects. The joint venture's first engagement will be on the five Avante 2200 corvettes but the new company will also be involved in future naval programs, it was noted.²

Once operational, new joint venture (JV) will focus on program management and combat system integration and installation, system engineering, system architecture, hardware design, and software development, testing and verification, prototyping, simulation, and modelling.³

Saudi Arabia had begun several years ago a tender for the purchase of corvettes, which in addition to Navantia, French factories and the United States were also competing. Saudi Arabia's purchase of Spanish corvettes had been negotiated since 2015.

News of the acquisition emerged in November 2016 when it was reported that Navantia was selected to build five corvettes based on the offshore patrol vessels that the shipbuilder delivered to Venezuela.⁴

The Avante 2200 corvettes

Navantia has built four of the ships for the Spanish Navy (AVANTE 3000) and four units of each class for the Venezuelan Navy (AVANTE 2200 and AVANTE 1400).

According to shipbuilder specifications, the Avante 2200 vessels measure 98.9 meters in length, displace 2,500 tons and a maximum speed of 25 knots. The vessel has a crew capacity of 92. The vessels can accommodate a 10t class helicopter and can deploy two 5.5m Rigid-hulled inflatable boat - RHIBs.⁵ (RHIBs are light-weight, high performance powerboats constructed with a solid hull, and inflatable tubes or 'sponsors' around the outer edge).

It is able to perform a variety of missions such as surveillance and protection of the exclusive economic zone, protection of maritime traffic, defense of strategic interests, search and rescue operations, support for other units and humanitarian actions, control of marine pollution, the fight against smuggling, drug trafficking and illegal immigration, surveillance and gathering of operational and environmental intelligence, surface defense and passive electronic warfare.

The Saudi – Spanish relations

Spain's King Felipe VI arrived on January 15, 2017, to a three-day official visit in Saudi Arabia. Saudi King Salman received his Spanish counterpart King Felipe VI on 15 January 2017 at the Al-Yamama palace in Riyadh. On the sidelines of King's Felipe visit to Riyadh, a meeting was held between Minister of State Musaed Al-Aiban and Spanish Secretary of State for Defense Augustin Conde.

Felipe's father, Juan Carlos, who reigned from 1975 to 2014, has close ties to the Saudi royal family.⁶ Spanish media have linked this trip to a deal to sell Avante 2200 corvettes for an estimated two billion euros (\$2.1 billion).

A Spanish consortium, Al-Shoula, is building a high-speed railway across the desert to link the holy cities of Mecca and Medina. The project is behind schedule and is now set to open in 2018. Spanish construction group FCC leads one of three consortia building a \$22.5 billion rapid transit system in the Saudi capital.⁷

Summary

In 2017 Saudi budget allocated 191 billion riyals (\$51 billion) for military spending including equipment and weaponry, down from 205 billion riyals spent in 2016. A separate budget allocated 97 billion riyals to pay for new naval bases for the Border Guards, and other security projects. Spain is the seventh largest arms exporter in the world, and Saudi Arabia is one of the biggest buyers of military gear.⁸

In 2017, the deputy crown prince and defense minister, Prince Mohammed bin Salman, launched his Vision 2030 reform scheme to boost jobs and revenue to prepare for a future with lower oil income. Saudi Arabia's Public Investment Fund (PIF) announced on May 17, 2017, the launch of a state-owned military industrial company. The Saudi Arabian Military Industries (SAMI) is part of the kingdom's 2030 Vision.

The move could alter decades of practice in which Saudi Arabia, one of the world's largest buyers of foreign arms and other Gulf Arab states recycled a major part of their oil wealth back into Western economies via arms purchases and investments.⁹

Chairman of SAMI, explained that the agreement with Navantia comes in line with Saudi Arabia's Vision 2030 and following the announcement of Crown Prince Mohammed bin Salman to localize 50 percent of the total military spending by 2030.¹⁰

The MoA will further solidify the relationship between Navantia and Saudi Arabian Military Industry company (SAMI). The resulting JV will contribute in maintaining the readiness of the Saudi military fleet. In addition, the agreement will create approximately 1,000 jobs and training opportunities for Saudi youth, and augment the participation of Saudi nationals in the industry, contributing towards the objectives of the Kingdom's comprehensive Vision 2030 plan.¹¹

Notes

¹ Saudi Arabia, Spain finalize Avante 2200 corvette deal,navaltoday.com, April 13, 2018.

² Saudi Arabia, Spain finalize Avante 2200 corvette deal,navaltoday.com, April 13, 2018.

³ Saudi-Spanish joint venture launched for naval combat systems, Al Arabiya, April 13, 2018.

⁴ Saudi Arabia, Spain finalize Avante 2200 corvette deal,navaltoday.com, April 13, 2018.

⁵ Saudi Arabia, Spain finalize Avante 2200 corvette deal,navaltoday.com, April 13, 2018.

⁶ Spain's King in Saudi Arabia to promote Avante 2200 warships sale,armynow.net. January 15, 2017.

⁷ Spain's King in Saudi Arabia to promote Avante 2200 warships sale,armynow.net. January 15, 2017.

⁸ Spain's King in Saudi Arabia to promote Avante 2200 warships sale,armynow.net. January 15, 2017.

⁹ Saudi Arabia launches military industries company, Reuters, May 17, 2017.

¹⁰ Saudi-Spanish joint venture launched for naval combat systems, Al Arabiya, April 13, 2018.

¹¹ Saudi-Spanish joint venture launched for naval combat systems, Al Arabiya, April 13, 2018.