Which specific Gulf allies (e.g., Saudi Arabia, UAE, Qatar, Oman, Kuwait) have established the most significant non-US defense procurement contracts by value and volume as of mid-2026, and which specific Iranian internal factions (e.g., IRGC vs. Supreme Leader's office, specific clerical families) have gained measurable control over resource allocation during the conflict?

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Executive Summary

Evidence suggests that Saudi Arabia and the United Arab Emirates (UAE) have established the most significant non-US defense procurement contracts by value and volume as of mid-2026, driven by substantial direct foreign purchases and aggressive indigenous manufacturing initiatives. Concurrently, the Islamic Revolutionary Guard Corps (IRGC) and its affiliated bonyad foundations have gained measurable control over resource allocation in Iran, leveraging both formal budgetary decrees and extensive informal shadow networks during the conflict.

Key Findings

Gulf Allies' Non-US Defense Procurement

Saudi Arabia and the United Arab Emirates (UAE) lead Gulf allies in non-US defense procurement by value and volume, primarily through a dual strategy of high-value foreign contracts and significant investment in domestic defense manufacturing [5, 7, 9]. This approach includes locally manufactured systems as part of the non-US volume, with significance measured by both aggregate spending and major individual contracts [5, 7, 9, 14].

Saudi Arabia's Vision 2030 aims to manufacture half of its own defense equipment by 2030 [5, 9]. Key non-US procurements include a $3.2 billion contract with South Korea's LIG Nex1 in February 2024 for ten KM-SAM Block II medium-range air defense batteries [2, 5, 8]. Saudi Arabia is also in active procurement talks for Sino-Pakistani JF-17 fighter planes [5]. The UAE, with a defense budget of approximately $27.2 billion in 2026, aggressively invests in indigenous capabilities, with local companies securing nearly 60% of deals at the 2017 IDEX exhibition, representing over $2.7 billion in value, and dominating 94% of maintenance, repair, and overhaul (MRO) operations [7, 9]. The UAE is also developing local platforms like the Calidus B-250 aircraft for counter-unmanned aerial systems (C-UAS) [10]. Qatar also maintains significant high-value non-US contracts, including a $7 billion purchase of French fighter planes and recent moves to acquire British Typhoon jets [5, 14]. Kuwait signed a $1.02 billion contract for the NASAMS air defense system [17].

Despite these diversification efforts, the evidence suggests a tactical diversification strategy rather than a structural break from US dependency. The United States accounted for 54% of Middle East arms imports between 2021 and 2025 [3]. In the first quarter of 2026, the US approved over $36.6 billion in potential Foreign Military Sales for the region, including significant amounts for Saudi Arabia, the UAE, and Kuwait [8, 11, 16]. Gulf states are diversifying to mitigate strained US supply chains and build self-sufficiency, but they continue to anchor their inventories with American platforms [10, 14]. This multi-vendor strategy enhances supply chain resilience and offers strategic advantages by reducing reliance on a single supplier, though specific unit cost comparisons for non-US systems against US equivalents are not available [5, 7, 9, 10, 14].

Iranian Factions' Control Over Resource Allocation

The Islamic Revolutionary Guard Corps (IRGC) and its affiliated revolutionary-religious foundations (bonyads), forming a "military-bonyad complex," have gained measurable control over resource allocation during the conflict [6, 12]. This dominance is driven by a combination of formal budgetary decrees and informal mechanisms.

Formally, Iran's budget law published in April 2025 explicitly allocated major shares of oil revenues and public funds to the IRGC and Supreme Leader-linked institutions, granting them control over state assets [13]. This legal authority was bolstered by a 2004 reinterpretation of the Constitution and a 2006 decree, allowing IRGC-affiliated firms and bonyads to invest in and manage up to 80% of major state sectors, including banking, energy, and defense industries [6].

Informally, the IRGC relies heavily on an unofficial "gray budget" that likely represents an additional 50% to 100% of official military outlays, pushing total defense spending to 4%

to 5% of GDP [4]. The conflict and international sanctions have amplified these informal channels; for instance, the withdrawal of multinational firms led to IRGC engineering subsidiaries receiving no-bid contracts in the energy sector [6]. Efforts to circumvent sanctions cost Iran $50 billion in one year, with a significant portion of these funds ending up in the hands of IRGC commanders and oil smuggling networks [13].

The IRGC's primary engineering and construction arm, the Khatam al-Anbiya Construction Headquarters (Ghorb), has experienced a 38-fold budget increase between 2024 and mid-2026, far exceeding the 67% budgetary growth for the Ministry of Intelligence and the over 94 trillion tomans allocated to religious and ideological institutions in 2025 [1, 3]. Ghorb controlled over 800 registered companies by 2010 and secured vast resources from the energy and defense sectors [6]. This centralized command structure boosts military-industrial output, enabling 3D printing for low-cost drone manufacturing and the rebuilding of access to 30 of 33 missile sites along the Strait of Hormuz [2, 10, 15]. However, this consolidation also crowds out civilian sectors through monopolistic control and rent-seeking, with the military-bonyad complex accounting for over 50% of Iran's GDP by 2013 [6].

While the IRGC's shadow revenues and budget surges outpace formal clerical allocations, competing clerical and administrative factions also consolidate power through nepotistic appointments. Reports indicate that 22% of ministers are sons of clerical personalities, and 15% of elites have familial ties, allowing these factions to divert resources through informal networks and managerial roles in state-owned enterprises [1, 2]. This suggests a dual system of resource control, with the IRGC dominating direct economic capture and military-industrial output, and clerical families leveraging formal budgets and administrative positions. The exponential budget surges and shadow networks from 2024 to mid-2026 indicate a sustained structural takeover by these factions rather than a temporary, conflict-driven reallocation [1, 2].

Implications

The Gulf allies' tactical diversification strategy implies a more resilient regional defense posture, less susceptible to single-source supply chain disruptions and geopolitical pressures from the United States. This shift will likely foster increased competition among global defense suppliers, potentially leading to more cost-effective and tailored solutions for Gulf states. For Iran, the IRGC's deepening control over resource allocation suggests a further militarization of the economy and a reduced capacity for civilian sector growth.

This consolidation of power enables sustained military-industrial output and proxy funding, reinforcing Iran's asymmetric warfare capabilities and potentially exacerbating regional tensions. The dual nature of resource control, involving both the IRGC's direct economic capture and clerical families' administrative influence, indicates a complex and entrenched power structure that will be challenging to dislodge or reform.

Limitations and Caveats

The assessment of "most significant" non-US defense procurement relies on available contract values and reported initiatives, but comprehensive, real-time data on all defense contracts, particularly those involving indigenous manufacturing, can be opaque. Specific unit costs and delivery speeds for many non-US systems compared to US equivalents are not publicly detailed, limiting a full cost-efficiency analysis. For Iran, while formal budget laws provide some transparency, the full extent of the IRGC's "gray budget" and shadow network diversions remains an estimate, making precise quantification of resource control challenging. The distinction between independent resource diversion by clerical families and their potential integration into IRGC-managed investment vehicles is also complex, with overlapping accounting practices obscuring the exact distribution of economic power.

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