GULF DEFENCE SPENDING DOWN AS OIL PRICE FALLS BITE

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Eastern Europe has replaced the Middle East as the region with the fastest growing defence budgets, with double-digit increases in response to the Ukraine crisis according to the IHS Jane's Defence Budgets annual report.

The annual report examines and forecasts defence expenditure for 104 countries and captures 99% of global defence spend.

The report said that low oil prices are eating into defence spending in the Gulf region, with budgets trimmed for the first time in a decade this year and deeper cuts expected in 2016.

Overall spending fell to $81.6 billion in 2015 from $86.7 billion last year, according to the London-based global intelligence firm, despite Gulf Arab military interventions in Yemen and Libya, arms supplies sent to Syrian rebels and air strikes against Islamic State in Syria.

Military spending dropped in Saudi Arabia, Kuwait, Bahrain, Qatar and the UAE, while Oman spent only slightly more, IHS said.

Despite this year's fall, spending on arms remains substantially higher than four years ago when it

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was ramped up in the wake of uprisings across the Arab world. Gulf Arab states have also built up missile defences against regional rival Iran.

This year's cuts come as part of a broad effort to rein in state spending as lower oil prices strain finances in the major oil-exporting countries. Oil prices trade now around $38 a barrel, down from a peak of $115 last year.

Led by the Gulf trend, spending in the broader Middle East also dropped in 2015, but is likely to remain largely flat at $170 billion over the next two years, the report projected.

Saudi Arabia still spends the most on defence in the region, with some $46.3 billion, accounting for more than half of the Gulf's military budgets and making it the eighth-largest defence spender in the world.

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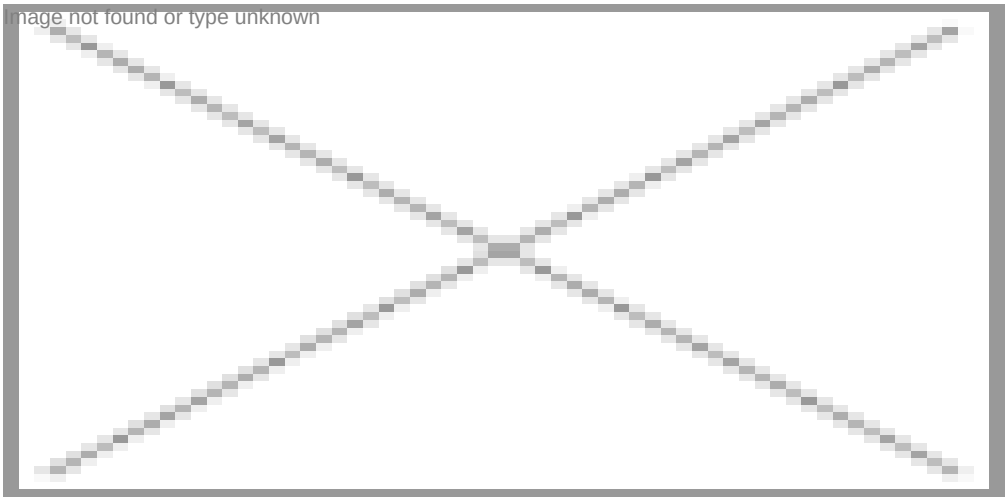

An RSAF F-15 - Saudi leads the Gulf defence spending with almost 50% of the deals

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