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How Turkey Bypasses Western Arms Embargoes

by Burak Bekdil

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EXECUTIVE SUMMARY: US and Canadian embargoes are threatening Turkey's attack helicopter and drone sales to third-party countries. Ankara has come up with a corporate legal solution to this problem, but it might fail to overcome the political impetus behind the export restrictions.

In a landmark \$1.5 billion [deal](#) in 2018, Turkey agreed to sell 30 of its T129 attack helicopters (allegedly indigenous but in fact produced under an Italian-British license) to Pakistan. This would constitute one of the Turkish defense industry's largest-ever weapons export deals. Turkey was so desperate to make the sale that it even offered its Asian ally a \$1.5 billion credit line in 2017.

The Turks went ahead and celebrated landing the contract without considering that it might be blocked by some unforeseen glitch.

The 5-ton T129 is a twin-engine multi-role attack helicopter produced under license from AgustaWestland and based on the A129 Mangusta. It's powered by two LHTEC T800-4A turboshaft engines. The engine manufacturer, LHTEC, is a joint venture between the American firm Honeywell and the British company Rolls-Royce. This means the Turkish maker of the T129 would need US export licenses to fulfill the Pakistani deal.

That license never came. In March, Pakistan agreed yet again to extend the deal with Turkey for the helicopter gunships, a procurement that has been riddled with delays from the start. "We have obtained a six-month extension from Pakistan," Turkey's top procurement official, Ismail Demir [told reporters](#) on March 12.

The export license will probably never come, as Washington is considering tightening its sanctions on Turkey due to the NATO ally's acquisition of the

Russian-made surface-to-air S-400 air defense system. This is bad news for Turkey's thriving defense industry—especially at a time when TAI, Turkey's state-controlled aerospace powerhouse, is close to winning a contract to sell the T129 to the Philippines. TAI's CEO, Temel Kotil, recently [claimed](#) that the US had endorsed the export deal with Manila. This may not be the whole truth.

In the past, TAI won theoretical US approval to sell the engine to the Philippines for a deal that never materialized. This is a legal loophole TAI hopes to exploit to get the new Philippines deal moving. Politically speaking, TAI may be hoping for too much. As recently as April 22, the US informed Turkey of its [formal exclusion](#) from the new consortium agreement that is building the fifth-generation stealth fighter F-35 Lightning II.

All of this is bad for Turkey's defense industry, which is struggling for both self-sufficiency and sustainable exports. But the industry's Achilles heel is its drone systems—particularly the TB-2 Bayraktar, the armed, combat-proven system so trendy among drone buyers around the globe. Baykar Makina, the TB-2's manufacturer, has sold the system to Ukraine, Qatar, and Azerbaijan so far. In December, TAI won an \$80 million contract to sell its Anka drone system to Tunisia.

Next in line is Morocco, which wants to buy 13 TB-2 systems. But on April 12, Canada [announced](#) the cancellation of 29 military export permits to Turkey. This includes Wescam electro-optical sensor cameras, which are manufactured by L3Harris and used in TB-2 drones—they are, in fact, the heart of the whole drone system. Canadian FM Marc Garneau said, "Following a review of evidence that Canadian technology exported to Turkey is being used in Nagorno-Karabakh, I am announcing the cancellation of suspended permits [from] the fall of 2020."

In their initial reactions, Turkish officials downplayed the Canadian embargo for domestic propaganda purposes. Chief defense procurement official Demir [said](#) the TB-2s, equipped with locally made CATS electro-optical cameras, had already been delivered to Turkish security forces. CATS was developed by military electronics specialist Aselsan, Turkey's biggest defense company. Aselsan [tweeted](#) that "CATS is ready to serve our nation." "Canada produces no UAV, so what technology have they embargoed?" [quipped](#) Selçuk Bayraktar, Baykar's technical manager (and President Recep Tayyip Erdoğan's son-in-law).

Propaganda aside, insiders know that CATS is not a combat-proven E/O system, and that potential buyers of the TB-2 want the system "as is"—i.e.,

with Canadian sensors, which is no longer a possibility. It may take years for Aselsan to mature the CATS to optimally fit into the TB-2, if it can do it at all.

What to do?

In one proposed solution, Morocco can purchase the TB-2 from Turkey without an E/O pod, then buy the Wescam system from Canada separately and combine the two systems. Or the Canadian E/O system could be delivered to Bayrak for installation but on condition that the entire system then moves to Morocco. After all, Canada has embargoed Turkey, not Morocco or the TB-2's other future buyers.

There is some corporate legal logic to this idea, but its realism is doubtful. It is true that weapons systems embargoes are imposed on the end-user country, not the producing country. In other words, if the US sees no harm in Pakistan (or the Philippines) operating Turkish-made T129 helicopters, it can issue export licenses for the LHTEC T800-4A engine for the Turkish-Pakistani (or Turkish-Philippines) contracts. Similarly, if the Canadian government has no political reason to object to Morocco's using the TB-2 equipped with Wescam sensors, it can vet the deal.

In both cases the embargo would be on Turkey and Turkish manufacturers, not the end-user countries. But politics is not always based on pure legality. If the goal is to punish the defense industry of a NATO country that is increasingly in Russia's defense orbit and uses its drone technology in the Armenian-Azeri conflict in favor of one warring side, things may turn out to be purely political.

Burak Bekdil is an Ankara-based columnist. He regularly writes for the Gatestone Institute and Defense News and is a fellow at the Middle East Forum.