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US approves \$16.5bn arms deal to Gulf states amid rising Iran tensions

The proposed deal includes the sale of drones, missiles and radars for Gulf allies, including UAE, Kuwait and Jordan.

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The new arms deal comes as the Pentagon seeks additional funding from Congress [File: Evan Vucci/Reuters]

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As part of the deal, Washington also approved roughly \$8bn for air and missile defence radar systems to Kuwait and an additional \$70.5m to Jordan, which would cover aircraft and munition support.

“This proposed sale will support the foreign policy and national security objectives of the United States by improving the security of a major defense partner,” the State Department said in a statement.

“The UAE is a force for political stability and economic progress in the Middle East.”

The statement added that the proposed deal did not require congressional approval, given that Secretary of State Marco Rubio “provided detailed justification that an emergency exists that requires the immediate sale” of arms.

The sale comes amid ever-increasing tensions between the US and Iran. The administration of US President Donald Trump joined Israel in attacking Iran on February 28, and the resulting war has prompted fears of a protracted regional conflict.

The war has also caused energy prices around the world to surge.

The US and Israel have attacked Iranian energy facilities, including the oil port Kharg Island, and Iran has responded with threats against [energy infrastructure](#) in US allies, such as Qatar and Saudi Arabia.

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In addition, Iran has largely choked off tanker shipments through the Strait of Hormuz, a waterway through which a fifth of the world's oil and gas travels.

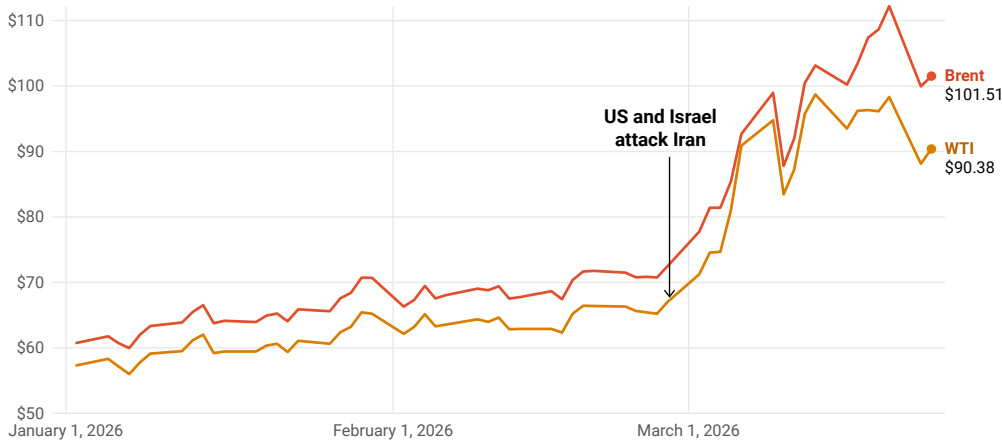
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Oil prices surge

Crude oil prices surged by about 50 percent after the US and Israel launched joint strikes on Iran on February 28.



Brent is the European benchmark extracted from the North Sea, while West Texas Intermediate (WTI) is the US benchmark sourced primarily from Texas fields.

Source: LSEG Datastream | March 24, 2026 | 11:30 GMT



Gas prices in the United States have jumped from \$3.10 per gallon (\$0.82 per litre) on average this time last month to \$3.88 (\$1.02 per litre) on Thursday, according to the American Automobile Association (AAA).

The State Department said the principal contractors in Thursday's proposed sales will include RTX Corporation, Northrop Grumman and Lockheed Martin Corporation.

Despite the deals, all three companies' stocks are trending downward on Wall Street. Lockheed Martin is down 0.65 percent today. RTX was also slumping by 1.3 percent and Northrop Grumman by 0.8 percent in midday trading.

Seeking funding

The latest arms deal comes as the Pentagon seeks more money to fund the war.

The US Department of Defense is seeking [an additional \\$200bn](#), according to The Associated Press, citing an unnamed senior White House

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It included an additional \$150bn in funds for the military, bringing its annual spending to more than \$1 trillion for the 2026 fiscal year.

Any new funds, however, would need Congressional approval. Trump, however, defended the proposed spending increase, citing geopolitical threats from around the world.

“We’re asking for a lot of reasons, beyond even what we’re talking about in Iran. This is a very volatile world,” Trump told reporters during a meeting with Japan’s Prime Minister Sanae Takaichi.

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