

# Arms exports and collaborations: the UK and Israel

Developments since CAAT's 'Arming the Occupation' report, October 2002

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The UK's military exports to Israel are relatively small in value but, as 'Arming the Occupation' made clear, they continue to break the consolidated EU and National Arms Export Licensing Criteria. The UK (like Israel's close ally the US and other members of NATO) also continues to reward Israel for its experience of military conflict, gained through the invasion and occupation of its neighbours and in its illegal occupation of parts of Palestine, by importing military goods from Israel.

Israel's arms exports are assisted by the new dynamic of collaborations between European arms manufacturers and the Israeli arms industry. This approach is spelt out by Shimon Eckhaus (Israel Aircraft Industry's Marketing VP) 'The only mechanism of enabling successful penetration is by activating local factors in each country and signing cooperation agreements with them'.<sup>1</sup> Israel's arms industry has forged close links with US, German, French and UK arms companies and owns a number of European arms producers.

Details of arms sales and collaborations between the UK and Israel are laid out below. The UK's exports to Israel are considered first, followed by sales in the opposite direction. Finally there is a list of known collaborations between UK and Israeli companies not covered in the other sections.

## UK Exports to Israel

The UK continues to export a wide range of military equipment to Israel and there is no reason to think that the types of hardware and the suppliers have changed significantly from those identified previously. The total value of Standard Individual Export Licences (SIELs) approved by the UK government in 2004 was £12.8m.<sup>2</sup> This excludes Open individual Export Licences (OIELs), the value of which is not given.

Table 1. UK export licences granted for military sales to Israel, 2002-2004<sup>3</sup>

Date	SIELs <sup>i</sup> (plus those for incorporation <sup>iii</sup> in brackets)			OIELs <sup>ii</sup>
	Value, £m	Number	Refusals/revoked	
<b>2004</b>	<b>11.5 (+1.345)</b>	<b>93 (+30)</b>	<b>13</b>	<b>29</b>
Oct-Dec 2004	2.5 (+ <0.1)	26 (+5)	2	3
July-Sept 2004	6.0 (+0.5)	21 (+8)	2	10
Apr-June 2004	1.0 (+0.5)	21 (+13)	3	11
Jan-Mar 2004	2.0 (+0.245)	25 (+4)	6	5
<b>2003</b>	<b>9.0 (+2.5)</b>	<b>136 (+44)</b>	<b>25 (+1)</b>	<b>12</b>
<b>2002</b>	<b>10.0</b>	<b>161</b>	<b>84</b>	<b>27</b>

i Standard Individual Export licences allow the shipment of specified goods to a specified buyer up to the quantity specified in the licence.

ii Open Individual Export Licences are specific to an individual exporter but cover multiple shipments of specified goods to specific destinations.

iii Incorporation is where UK equipment is sold to Israel for incorporation into military equipment for export to a third country.

<sup>1</sup> Israel Aircraft Industries newsletter 1, www.iai.co.il

<sup>2</sup> UK Strategic Export Controls Quarterly Reports, 2004

<sup>3</sup> UK Strategic Export Controls Annual Reports, 2002 & 2003, & Quarterly Reports for 2004

In addition to direct exports to Israel, UK-produced arms can find their way to Israel via 'incorporation' in other military equipment in a third country. However, information published by the UK government is silent on the final destination of incorporated equipment. Information is provided on exports to Israel that are intended to be incorporated there and sold on (see Table 1), but again, there is no information regarding where that equipment will be exported to. The Israel government has almost no restrictions on who it will sell weapons to.

Following the outbreak of the intifada in 2002, and Israel's response to it, a leaked UK Department of Trade and Industry letter stated that 'we have not approved licences for equipment that we had licensed before' and that the granting of export licences was under 'close review'. The Israeli Ministry of Defence confirmed that there was a delay in the supply of some British equipment,<sup>4</sup> with reported examples including F-4 ejection seat pyrotechnics manufactured by Martin Baker and unmanned aircraft engines made by UAV Engines Ltd (UEL).<sup>5</sup> However a UK Government spokesman said there was no specific change of policy<sup>6</sup> and in July 2003 Jane's Defence Weekly reported that 'senior Israeli diplomatic sources' had told it that 'no further problems' were foreseen.<sup>7</sup>

**F-16 parts** - As was reported in *Arming the Occupation*, there has been considerable concern at the supply by BAE Systems of 'Head up Displays' (HUD) for the F-16 fighter aircraft destined for Israel. The first of Israel's new order has now arrived and the first 25 will be fitted with BAE Systems HUDs. The remaining 77 will be fitted with Elbit HUDs. BAE systems are also supplying part of the 'navigation suite' and elements of the 'self protection suite' (including a BAE Systems/Rokar flare). Avionics components include Smiths/Rada data transfer and video equipment (see *Other Collaborations*).<sup>8</sup>

## Israeli Exports to the UK

The value of UK military-related imports from Israel was given in a parliamentary reply as being £5.47m in 2002 and £4.4m in 2003<sup>9</sup>. Known actual and potential UK Ministry of Defence (MoD) purchases involving Israeli companies are listed below:

### Recent Contracts

- From November 2001 the MoD placed orders for the SIMON door-breaching grenade made by **Rafael**, for use by the British Army in Iraq.<sup>10</sup>
- In 2001 the MoD purchased a number of **Rafael** 'Spike' anti-tank missiles for trialling,<sup>11</sup> but awarded the contract to the Javelin anti-tank missile produced by Raytheon-Lockheed Martin.<sup>12</sup>
- The MoD purchased 26,010 ground launched L20 cluster shells in 2003 and 3,009 in 2004, sourced from Israel.<sup>13</sup> (The actual MoD contract was with BAE Systems who sub contracted the manufacture of the shell to **Israel Military Industries**.<sup>14</sup>) These were purchased to maintain stock levels (30,345 were purchased in 1996/97). About 2,000 of these shells were used in the battle for Basra.<sup>15</sup>

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<sup>4</sup> The Guardian, 23/8/02

<sup>5</sup> Jane's Defence Weekly, 23/7/03

<sup>6</sup> Defense News, 29 April – 5 May, 2002

<sup>7</sup> Jane's Defence Weekly, 23/7/03

<sup>8</sup> Airforces Monthly, June 2004

<sup>9</sup> Hansard 16/6/04 Col 959-962w

<sup>10</sup> Defense News, 29/3/04, Hansard 15/10/02 Col 553w

<sup>11</sup> Sunday Times, 14/7/02

<sup>12</sup> Jane's Defence Weekly, 29/1/03

<sup>13</sup> Hansard 9/12/04 Col 688w

<sup>14</sup> Hansard 17/11/03 Col 497w

<sup>15</sup> Hansard 14/4/03 Col 566w

- In August 2003 the UK MoD awarded a contract for armour protection for its Chinook helicopters to Permal Gloucester of the UK. The armour package was produced under a 'collaborative venture' between Permal Gloucester and Israel's **Plasan Sasa**.<sup>16</sup>
- In June 2004 it was reported that the MoD had 'recently selected' a **Rafael** 'overhead weapons station' (armed with a 7.62mm machine gun and to be called 'Enforcer') for use on armoured vehicles. It is to be manufactured in the UK by AEI.<sup>17</sup> It was proposed to the UK by AEI and BAE Systems, AEI's main subcontractor.<sup>18</sup>
- In July 2004 the MoD chose Thales as the preferred bidder for the Watchkeeper system. The bid is built round unmanned aerial vehicles (UAVs) designed by **Elbit**, which will be built by Elbit Systems (UEL) in Leicester. The other bidders for this contract were: BAE Systems, Lockheed Martin and Northrup Grumman. Northrup Grumman had based their bid around Israel Aircraft Industries' UAV Ranger.<sup>19</sup>
- The UK is purchasing **Rafael** Litening II targeting pods for their Eurofighter Typhoons as an interim measure while a new targeting pod is selected.<sup>20</sup> It is reported that the **Rafael** Litening III pod is the front-runner to win the final contract.<sup>21</sup>

#### Potential Contracts

- **Rafael** and Germany's Dynamit Nobel are bidding to supply 'bunker buster' or Infantry Anti-Structures Weapons to the British Army. The contract was due to be awarded in early 2004.<sup>22</sup>
- In September 2004 **Tadiran Spectralink** of Israel, a 'specialist in search-and rescue systems', was to join in partnership with an undisclosed UK company to bid for the contract for the RAF's Personnel Emergency Locator System. The winning tender was due to be awarded in the last quarter of 2004.<sup>23</sup>
- **Rafael** and Ultra Electronics have teamed up to offer the Reccelite reconnaissance system to the RAF. The system allows aircraft to locate a target and download location data or imagery into missiles or guided bombs they are carrying.<sup>24</sup>
- **Israel Aircraft Industries** is preparing to compete for a British Army loitering munitions contract. These are weapons that can stay over a battlefield for hours and deliver warheads with GPS guidance. European missile-maker MBDA is one of the four known bidders for the weapon and is reported to be in talks with Israel Aircraft Industries about developing their Harpy vehicle to fulfill this role.<sup>25</sup>
- There is apparently a 'face off' between **Rafael** and **Israel Military Industries** to supply the MoD with explosive reactive armour for UK Warrior infantry vehicles and Challenger 2 tanks. BAE Systems had, on MoD advice, been working on the armour with IMI but was then told to study further options. It is reported that IMI remains a front runner, along with Rafael.<sup>26</sup>

<sup>16</sup> Flight International, 6-12/7/04

<sup>17</sup> Jane's Defence Weekly, 2/6/04

<sup>18</sup> Jane's Defence Weekly, 20/8/03

<sup>19</sup> Jane's Defence Weekly, 28/7/04

<sup>20</sup> Flight International, 29 Mar – 4 Apr 2005

<sup>21</sup> Airforces Monthly, September 2004

<sup>22</sup> Jane's Defence Weekly, 10/9/03

<sup>23</sup> Jane's Defence Industry, September 2004

<sup>24</sup> Flight International, 17-23/8/04

<sup>25</sup> Defense News 29/11/04

<sup>26</sup> Defense News 18/4/05

## Other Collaborations between UK and Israeli arms companies

As well as the above collaborations focussed on specific MoD procurement requirements, there are further general collaborations between UK and Israeli companies. Known examples include:

- In June 2003 Smiths Aerospace and **RADA Electronic Industries** signed a teaming which includes the 'joint development, production and marketing of data management equipment and ground-based training systems.' The agreement involves Smiths Aerospace businesses in the US.<sup>27</sup>
- In May 2004 Thales proposed the setting up of a joint-venture company with Israeli manufacturer **Elbit** in Leicester to seek export sales for the Watchkeeper system. It was reported that with all the intellectual property relating to Watchkeeper owned by the joint venture, Thales could pursue exports "without running up against Israeli defence export controls."<sup>28</sup>
- In July 2004 European missile-maker MBDA (part-owned by BAE Systems) and **Israel Aircraft Industries** signed a Memorandum of Understanding to explore technological cooperation relating to Ballistic Missile Defense<sup>29</sup>
- In August 2004 it was reported that BAE systems and **Israel Aircraft Industries** were working on the development of a radar simulation system for Hawk export aircraft.<sup>30</sup>
- In February 2005 **Israel Aircraft Industries'** Golan Industries and Martin Baker Aircraft Company signed a teaming agreement for the production of crash-worthy helicopter seats.<sup>31</sup>

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<sup>27</sup> RADA Electronic Industries, news item 15/6/03, [www.rada.com](http://www.rada.com); Defense News, 23/6/03

<sup>28</sup> Flight International, 18-24 May 2004

<sup>29</sup> Israel Aircraft Industries website, news item 22/7/04, [www.iai.co.il](http://www.iai.co.il)

<sup>30</sup> Flight International, 10-16 August 2004

<sup>31</sup> Israel Aircraft Industries website news item Februaryh 2005, [www.iai.co.il](http://www.iai.co.il)