Arming the occupation
Israel and the arms trade
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Executive summary

The current crisis
In breach of international law and against the wishes of the majority of the international community, Israel continues to occupy Palestinian land. Major points of dispute – Jewish settlements in the occupied territories, the status of Jerusalem, water resources, and the fate of the Palestinian refugees – and ongoing Palestinian suicide bombings continue to stand in the way of a peaceful solution.

Since the beginning of the al-Aqsa Intifada in September 2000, Israel’s military operations in the occupied territories have included the killing of Palestinian men, women and children, extra-judicial executions, arbitrary detention and deportation of prisoners, collective punishment, torture, attacks on hospitals and ambulances, curfews and other restrictions on freedom of movement, and the wholesale destruction of homes. Recently documented by Amnesty International, Human Rights Watch and the UN Human Rights Commission, these actions are violations of human rights and many constitute war crimes as established by international law. Arms sales help Israel to continue this occupation, help prolong the conflict and give legitimacy to its actions.

Israel’s military industry and exports
As a state established by force of arms in an alien and hostile environment, Israel is preoccupied with security. In 2002, it passed a military budget of $9.8bn, which is 8.9 per cent of its GDP – this is three times higher than the US (3.1 per cent) and four times higher than the world average (2.6 per cent). Israel also has a vibrant domestic military industry and is now the 10th biggest arms exporter in the world. In 2000 military exports reached a new high of $2.49bn. Israel sells weapons to any regime – military juntas, countries in the throes of civil war and known human rights abusers. It has a huge customer base – this makes arms trading an important source of income for its economy. The US, China, India and Turkey are all major customers, as are many European countries. Israel also possesses nuclear weapons although it refuses to confirm it and is not a signatory to the Non-Proliferation Treaty.

Israel’s major suppliers
Israel’s arms imports mainly come from the US and, to a lesser extent, Germany, France and the UK. The US is, of course, Israel’s main supporter and provider of arms. It provides Israel with $3bn in annual aid and in 2001 alone US arms sales to Israel were worth $2.95bn. The US also gives international support, e.g. blocking UN resolutions which criticise Israel. It seems unlikely that the US will reconsider its unconditional support. Germany is Israel’s next biggest arms supplier – between 1996 and 2000, it supplied Israel with weaponry worth $765m. France exported major conventional weapons worth $50m to Israel between 1996 and 2000.

The UK’s military relationship with Israel
The UK’s military relationship with Israel is also buoyant – the value of UK military export licences to Israel almost doubled from £12.5m in 2000 to £22.5m in 2001. This is surprising given the breakdown in the peace process and Israel’s recent widely condemned military campaign. It is also surprising given that the weapons which the UK sells Israel are being used to fight a military campaign which results from an occupation which the UK deems illegal. Despite calls for an embargo, the UK government has bent over backwards to continue to authorise licences for UK companies to sell arms to Israel saying that it will consider licences on a case-by-case basis – but this just means business as usual as all arms export licences are considered on this basis. The UK government even introduced new guidelines in July 2002 allowing it to bypass its own export criteria and authorise the sale of UK-manufactured components to the US which are then incorporated into F-16s bound for Israel.

Conclusion
The UK government should implement its own arms export criteria and immediately embargo sales to Israel, including components via a third party. The support of Israel’s military industry through UK imports of Israeli equipment is equally damaging and needs to stop (as Norway has already done). The failure to implement a two-way embargo leaves the UK effectively condoning Israel’s continued occupation of the West Bank and Gaza and its flagrant disregard for international law. It makes UK calls for moderation and peace sound hollow. Action is also needed on a European level, however, UK contortions designed to continue its own exports do not bode well for a wider European agreement.
Despite recent peace attempts, the conflict between Israel and the Palestinians continues with no end in sight. Even with the obvious breakdown in the peace process and Israel’s military violence in the West Bank and Gaza, the international community, in particular the West, continues to sell large amounts of military equipment to Israel. These arms help Israel continue its occupation of the West Bank and Gaza, an occupation deemed illegal by international law. Since the outbreak of the al-Aqsa Intifada in September 2000, each new day brings fresh reports of Palestinian suicide bombers and Israeli military violence. The Palestinians’ struggle for statehood and Israel’s demands for security are creating a dangerously unstable situation in the Middle East and threaten to spill over into other states such as Lebanon. Palestinian attempts to build a state and a viable economy are currently in tatters.

Arms sales to Israel are helping to prolong the conflict by supporting a highly militarised state and exacerbating an already volatile situation thereby hindering the development of a peaceful solution. By continuing to sell weapons and components for weapons, and continuing to buy weapons from Israeli companies, Western governments are giving tacit moral approval to Israel’s actions in the occupied territories. EU and UN resolutions which criticise Israel’s heavy-handed tactics are not enough. It is time to take action by introducing a two-way ban on exports and imports.

This briefing is divided into four main sections. The first section examines the history of the Arab-Israeli conflict, the origins of the current crisis, and the major sticking points in the quest for peace. The second section looks at Israel’s military industry and exports. Given that Israel is now a major arms exporting nation we look at who is buying military equipment from Israel, the strength and breadth of its military sector and its, as yet, undeclared nuclear capacity. The third section looks at Israel’s major arms suppliers: the US, Germany and France. The fourth section focuses on the UK’s military relationship with Israel, looking at arms exports, arms imports and recent government policy. All sales quoted are in US dollars, apart from the UK section which is in pounds sterling.

Introduction
Israel, the Palestinians and the Arab world

The question of Israel and Palestine lies at the heart of endemic instability in the Middle East. UN attempts to partition British-mandate Palestine into three elements: an Arab state, a Jewish state and an international zone embracing Jerusalem failed, leaving Arabs and Jews in Palestine to fight for statehood. This widened into the first Arab-Israeli War (1948–49). For the Palestinian Arabs, the emergence of the state of Israel and the first Arab-Israeli War meant exile, loss of livelihood and loss of land as they fled their homes through fear or expulsion by Jewish forces such as the Hagana and guerrilla groups such as the Stern gang. Although a small number of Palestinians remained in Israel, the majority fled. Of the 700,000 refugees, about 400,000 were displaced to Jordan, mainly on the West Bank, 150,000 to Gaza and 150,000 to Syria and Lebanon. The refugees have not been allowed to return, a major sticking point in negotiations for peace and in violation of the Universal Declaration of Human Rights which affirms the right of every individual to leave and return to his/her own country. Israel took over their properties and refused to pay compensation.

Popular support for the Palestinian cause and antipathy towards Israel has dominated the foreign policies of Arab and Islamic states. Since its establishment in 1948, Israel has been embroiled in war with its neighbours five times: in 1948/9 (First Arab-Israeli War); 1956 (Suez Crisis); 1967 (Six-Day War); 1973 (Yom Kippur War); and 1982 (Lebanon). After the Six-Day War in June 1967, Israel occupied the Sinai, the Golan Heights in Syria, and the West Bank and East Jerusalem in Jordan. Negotiations have centred on a return to pre-1967 borders ever since. The international community does not recognise Israel's sovereignty over any part of the occupied territories. UN resolution 242 (1967) asks that Israel withdraw its forces. Israel's occupation of these additional territories brought more Palestinians under its rule. This boosted membership and support for the Palestine Liberation Organisation (PLO) which had been founded in 1964. Israel's ensuing conflict with the PLO, which at different times has been based in Jordan, Lebanon, Syria and Tunisia, exposed these states to Israeli military retaliation against PLO raids. This has created huge political instability and emphasises the centrality of the Israeli-Palestinian conflict in the region.

While Israel has proved time and time again that it has the military muscle and political will to stand up to its Arab neighbours and the PLO, it enjoys the patronage of a powerful ally, the US. Israel came to hold a central role in US foreign policy when the Middle East became a major arena for Cold War hostilities between the Soviet Union and the US. Israel was, according to former US defence secretary Caspar Weinberger, the US' "unsinkable ship" in the Middle East. From the late 1950s radical Arab nationalism was identified with international communism, a link made easier by its socialist rhetoric and relations between the Soviet Union and states such as Nasser's Egypt. It was at this time that Israel came into US favour. The 1967 war firmly established this alliance because Israel's victory proved that it could prevent the spread of Communist influence in the Middle East by defeating Soviet-backed regimes. It was extremely important for the US to have such a powerful ally in an area which boasts the world's largest oil reserves. Before 1967, US aid was comparatively small at $50m a year, but by 1986 this had risen to $3bn a year, making Israel the highest per capita recipient of US aid in the world. Such support boosted the pro-Zionist lobby in the US who today push Israel's interests through the American-Israel Public Affairs Committee.

At present, Israel's relations with its neighbours are chilly to say the least. Arab disquiet over the spiralling violence and the US's acquiescence with Israel's current military campaign has strained relations. Many Middle Eastern states have had to balance their desire for access to US aid and weapons, which are tied to peace with Israel, with appeasing their populations who have sympathy with the Palestinian cause. Israel's military spending roughly equals that of all its immediate neighbours combined. Egypt is Israel's main worry, but as the second major recipient of US aid (it receives $1.3bn in annual military aid from the US), Egypt is tied into the peace process and dependent upon US aid, weapons and spare parts. In 1977, Egypt was the first Arab state to make peace with Israel; in 1982 Israel returned the Sinai to Egypt. The peace between Israel and Egypt has been described as a "cold peace" because while both seem committed to preserving it, they treat each other as a potential threat in their military planning. US aid to Jordan since its peace deal with Israel in 1994 has also kept it on side. Relations with Syria and Lebanon remain cool largely due to the continuing dispute over Israel's occupation of the Golan Heights and the existence of the Iranian-backed Islamist group Hizbollah which continues to launch attacks on Israel from its base in Lebanon and recently has been trying to supply Palestinians in the West Bank and Gaza with Katyusha rockets. Israel regards Syria – which retains control over Lebanon since intervention in its 1990 civil war – as a major supporter of Hizbullah.

The first Intifada

Deep-rooted antipathy to Israeli control and to Jewish settlements in the occupied territories, which began in 1970 and accelerated after 1977 when the right-wing

2 Independent, 13/4/98
3 Yapp, 1991, p4/16
4 Noam Chomsky, "The Current Crisis in the Middle East", Massachusetts Institute of Technology lecture, Dec 2000
5 Yapp, 1991, p282
8 The Guardian, 13/3/02

Israel was, according to former US defence secretary Caspar Weinberger, the US's "unsinkable ship" in the Middle East
Likud Party came to power, broke into widespread, outright opposition in 1987. Unarmed Palestinians, particularly children, took to the streets in protest. In an attempt to control this first Intifada, Israel committed large numbers of troops to the West Bank and Gaza. The Intifada, which raged until 1993, signalled a new turn in the conflict. Such widespread unrest meant that Israel could no longer claim it was conducting a war purely against the PLO. And the press photographs beamed across the world of Israeli soldiers firing on stone-throwing children did little for Israel’s international reputation and did much to boost support for the Palestinian struggle for statehood.

The Oslo Accords

Attempts to make peace produced the Oslo Accords. Signed in 1993 they provided for mutual recognition between the PLO and the state of Israel, and limited Palestinian self-rule in the West Bank and Gaza. But by early 2000 only 40 per cent of the West Bank and Gaza was under full or partial Palestinian control – significantly less than the 90 per cent hoped for by Palestinian Authority (PA) Chairman Yasser Arafat. Despite this peace deal there was no agreement on the issues of territory, borders and Jewish settlements, the status of Jerusalem, or the fate of the Palestinian refugees in neighbouring countries. Lack of movement on these issues was to be the undoing of Oslo. Although the framework provided by the Oslo Accords theoretically remains in place, Israeli incursions in the past year have made them meaningless. These major points of dispute, discussed below, will continue to dominate any future peace process when the two parties return to the negotiating table.

Points of dispute

Territories, borders and Jewish settlements in the occupied territories

While the Palestinians (and the majority of the international community) want Israel to withdraw to its pre-1967 borders leaving the West Bank and Gaza a viable area in which to create a state and economy, Israel has continued to build Jewish settlements there. Successive Israeli governments have seen Jewish settlements as a means of cementing Israeli control over the occupied territories by creating “facts on the ground” and have encouraged their development by giving settlers subsidies such as tax refunds and cut-price water and electricity. By 1983, through confiscation and purchases, Israel had direct control over one-third of all land in the occupied territories. These settlements are joined to each other and to Israel through “by-pass” roads which are for the exclusive use of Israelis. This network of roads divides Palestinian areas making it difficult to envisage a viable, united Palestinian state. One leading South African writer compared these Palestinian areas to the “bantustans” of apartheid South Africa. The military protects the Jewish settlements through “internal closure” – where the roads out of every Palestinian town are blocked by army checkpoints. By 2001 there were 205 settlements in the West Bank (including Jerusalem) and Gaza, over 74 of which were established after the Oslo Accords. Constructing settlements on territory whose sovereignty is in dispute constitutes a violation of the Fourth Geneva Convention. Israel’s actions have attracted strong criticism from the international community.

By 2001 there were more than 403,000 settlers in the West Bank, over half of them in Jerusalem. In May 2001, the Mitchell Committee, which reported on US Senator George Mitchell’s peace mission, called for a freeze on settlement expansion. However this and similar UN calls have fallen on deaf Israeli ears. Since February 2001, when Ariel Sharon was elected, another 44 new outposts have been created. (Outposts usually consist, at first, of a handful of mobile homes and are used to extend the boundaries of existing settlements.)

Jerusalem

Jerusalem is another major sticking point in negotiations as both the Israelis and Palestinians claim it as their capital. Under the 1947 UN partition plan Jerusalem was to be assigned to neither Israel nor Palestine – it was to be under international control with special status as a corpus separatum. However, during the first Arab-Israeli War of 1948-49 Israeli forces took control of West Jerusalem and Jordan took control of East Jerusalem which contains the old city and the religious sites. The division of the city in the wake of the 1949 armistice acknowledged this military fait accompli. During the 1967 Arab-Israeli conflict Israel captured and annexed East Jerusalem despite widespread international opposition. Municipal boundaries were extended, land was expropriated and Jewish settlements were created around the eastern perimeter of the city. The Palestinians who live in East Jerusalem hold Israeli documents and are residents of an annexed area. The status of Jerusalem, a city which is holy to Muslims, Jews and Christians, remains a considerable stumbling block to a two-state solution.
Since September 2001, the IDF has used US-made Apache helicopters and F-16s to attack Palestinian homes, buildings and emergency services.

Water resources

As well as the issue of land and borders, there is the question of access to and control of natural resources such as water. Most of the aquifers in the West Bank are now under Israeli control.21 The result is blatant discrimination regarding water supply: Israelis get 350 litres of water per person per day, Palestinians 70 litres per person. The World Health Organisation recommends 100 litres per person per day. In the recent invasions of Palestinian towns and refugee camps, the Israel Defence Forces (IDF) deliberately destroyed the towns’ water supplies – an activity defined by international law as a war crime.22

Palestinian refugees

The fate of the Palestinian refugee population spread throughout neighbouring countries is another topic which hampers the peace process. According to the United Nations Relief and Works Agency, the body which looks after the Palestinian refugees, in June 2000 there were over 3.7m registered Palestinian refugees. About one-third of these live in camps, often in very basic conditions.23 This is a particular problem in Lebanon as these camps have proved to be a breeding ground for Hizbollah militants and suicide bombers, something which will likely harm regional stability if not addressed. The Palestinian leadership insist that the refugees should have a “right of return” to their pre-1948 homes in what is now Israel or at least recognition of the principle and some form of compensation. Israel opposes this fearing that the Jewish identity of the Israeli state would be threatened with the return of such a large number of Palestinians. However, international law demands that neither occupation nor sovereignty diminishes the rights of ownership. UN General Assembly Resolutions 194 (1948), 3236 (1974) and 5262 (1997) uphold the principle and some form of compensation is only appropriate when such a state could not be recognized under international law.

The current crisis

It is worth acknowledging that Ariel Sharon’s visit to the Haram al-Sharif mosque – the Islamic holy site on Jerusalem’s disputed Temple Mount – on 28 September 2000 triggered the current al-Aqsa Intifāda.23 Sharon, accompanied by several hundred Israeli police and other Likud members of the Knesset (the Israeli parliament), insisted that the visit was necessary to emphasise Israel’s sovereignty over the site. Demonstrations against Sharon’s visit broke into violent clashes between protesters and armed Israeli police. The escalation of violence meant that “Within three weeks, more than 120 Palestinians were killed and 4,800 were injured, many as a result of excessive, often indiscriminate, use of lethal force by Israeli security forces against unarmed civilians.”24 The first suicide bombing for over a year was carried out by Islamic Jihad less than one month later on 26 October.

Fed up with Labour Prime Minister Ehud Barak’s failed attempts at peace, Israelis opted for a hardline solution and elected Ariel Sharon on 6 February 2001. Opposed to the Oslo Accords, Prime Minister Sharon has turned his back on the peace process and has opted to defeat the Palestinians militarily and reoccupy the West Bank and Gaza. This has taken four main forms. First, Israel has pursued a massive military campaign hitting Palestinian towns, refugee camps and PA targets. Second, Israel continues to pursue a policy of house demolitions, land expropriation, closure (where the roads out of every Palestinian town are blocked by army checkpoints) and prolonged curfews, restrictions on freedom of movement, and economic warfare such as uprooting olive trees and clearing agricultural land. By pursuing these policies Israel is breaking the Fourth Geneva Convention which protects civilians under occupation and outlaws collective punishment. Third, Sharon has sought to continue the process of creating “facts on the ground” by consolidating Israeli settlements in the West Bank and Gaza, a policy outlawed under international law and widely regarded as one of the main reasons for the breakdown in the peace process. Fourth, Israel has tried, with some success, to delegitimise the PA, particularly its leader Yasser Arafat. Sharon has referred to Arafat as “our Bin Laden” and accuses the PA of sponsoring terrorism.25 Israel has tried to recast its conflict with the Palestinians as a “war against terrorism” in response to the September 11 attacks on the World Trade Centre and the Pentagon. While the US has been sympathetic to this, it has convinced few European states.

Operation Defensive Shield

Recent attempts to defeat the Palestinians and reoccupy the West Bank and Gaza have led to an escalation of violence and the complete collapse of the peace process. Palestinian suicide bombings have increased dramatically – barely a day goes by without news of the horrors inflicted by a “successful” mission or an attempt prevented by the IDF. Israel’s answer was “Operation Defensive Shield”: it placed Arafat under house arrest in Ramallah, destroyed the trappings of PA statehood by bombing and raiding its offices, and destroyed Gaza airport and the PA’s two helicopters. In December 2001, statistics released by the Office of the UN Special Co-ordinator revealed that between $2.4bn (£1.55bn) and $3.2bn (£2.06bn) had been lost to the Palestinian economy since the al-Aqsa Intifāda began.26 The poverty rate in Gaza has risen above 40 per cent and unemployment in the West Bank and Gaza is over 45 per cent.27

It remains to be seen whether Israelis will continue to support Sharon and his military campaign. Suffering from near zero economic growth, a declining currency vis-à-vis the dollar, a decline in tourism, a flight of capital from the country and strikes, Israel faces the prospect of its first recession since 1953. A senior Israeli commander, Major-General Uzi Dayan, has warned that the ailing Israeli economy will be unable to support the military campaign against the Palestinians for much longer. He estimated that the conflict was costing Israel about $3bn annually.28 However, waiting in the wings and widely tipped to be Sharon’s successor is Binyamin Netanyahu, a right-wing seasoned politician...

Palestinian police survey the damage at a security complex in Gaza City after it was hit by a missile from an Israeli fighter aircraft.

Charles Dharapak/AP

20 Youngs, 01/09, p19
21 Jessica McCallin, “Israel’s Water Torture”, The Middle East, May 2002
22 Youngs, 01/09, p14
23 Guardian, 9/2/01
24 Human Rights Watch, World Report 2001
26 Independent, 26/12/01
28 Guardian 7/8/02
wing politician who also opposes the peace process.

The use of military equipment against Palestinian civilians

Since September 2001, the IDF has used US-made Apache and Cobra helicopters and F-16s to attack Palestinian homes, buildings and emergency services in the West Bank and Gaza. In its 2001 Human Rights Report, the US State Department declared these actions an “excessive use of force”. From December 2000 to August 2002, the Israeli army used Apache and Cobra attack helicopters, tanks and booby-trapped cars to assassinate 82 Palestinian activists and militants; 31 bystanders were killed in the process. Such “extra-judicial killings” are outlawed under the Geneva Convention.

Israel has also been accused of resuming systematic torture by the World Organisation Against Torture, Amnesty International and Human Rights Watch, and has been condemned by the US State Department and other countries for its use of excessive military force. In fact, Amnesty discovered that since June 2001 the IDF has been using US-supplied Flechette rounds (a 120mm shell filled with up to 2,000 potentially lethal 5cm-long steel darts or flechettes) which is an indiscriminate munition designed to defeat massed infantry attacks or squads of troops in the open. Using them in a densely populated civilian area, such as Gaza, is likely to kill civilians. LAW, the Palestinian society for the protection of human rights and the environment, have also recently found evidence that the IDF is using dumdum bullets which are banned by international law. Israel’s claims that its military campaign is against Palestinian activists, not civilians, seem hollow given that Palestinian civilians en route to hospital have been fired at and killed and ambulances have come under attack.

There is no end in sight to the current violence as Palestinian suicide bombers continue their campaign and the IDF make frequent incursions into Palestinian towns and refugee camps. While this goes on the negotiating table sits empty.

30 Defense News, 26 Nov-2 Dec 01; Guardian, 10/8/02
33 LAW, “Israeli troops kill Palestinian teenager”, Press release, lawsociety.org, 29/7/02
34 Observer, 3/2/02
Israel’s military industry and exports

Military spending
As a state established by force of arms in an alien and hostile environment, Israel was, and continues to be, preoccupied with security. The maintenance of the IDF is the main business of the state. Between 1948 and 1978 the military budget grew an average of 21 per cent a year, with a more rapid increase after 1967. From 1973 to 1982 nearly 50 per cent of the state budget went on the IDF; although a substantial part of this was paid for by US military aid. Unsurprisingly, military concerns have shaped most political decisions and there are strong connections between the military and the state. Indeed, the distinction between the military and the government has become increasingly blurred as the IDF has become an almost automatic stepping stone into politics. Several former generals, for example Yitzhak Rabin and Ariel Sharon, have become Israeli prime ministers.35

Since 1997, military spending has stayed at roughly $9bn each year.37 In 2002, the Israeli Cabinet approved a military budget of $9.8bn, which includes $2.06bn of US aid. At 8.9 per cent of GDP, this is three times higher than the US (3.1 per cent) and four times higher than the world average (2.6 per cent).38 Israel’s arms inventory reflects the fact that the US has long been its dominant arms supplier. It has 250 F-16s, the world’s largest fleet outside of the US and has a further 102 on order with US military manufacturer Lockheed Martin.39 However, Israel is no passive consumer. It has the industrial base and technological sophistication to modify imported equipment, and to supplement it with Israeli-designed equipment and ammunitions. At its inception in 1948 Israel imported rifles; by 1989 it was exporting advanced aircraft and missiles.40

Arms exports
This section considers the importance of arms trading to the Israeli economy, Israel’s policy on arms exports, and its relationship with major customers China, India, Turkey and Europe. Some recent arms deals secured around the world are also listed to give a flavour of the extent of Israel’s military connections. Because information on arms sales is notoriously difficult to find, the treatment of each country here reflects only the amount of information available from sources in the UK.

International arms trading is an important source of income for the Israeli economy. Military exports in 2000 reached a new high of over $2.49bn. (Export statistics for 1997 were greater but this included a contract for a Phalcon spy plane to the Chinese Air Force, which was cancelled due to pressure from the US.) In 2000, The US Congressional Research Service ranked Israel as 10th biggest arms exporter in the world.41 In 2001, according to the Israeli defence ministry, Israel supplied 10 per cent of total world military exports. That year, Israel’s military production reached $3.6bn of which only $900m-worth of equipment was bought by Israel’s defence ministry for the IDF. In other words, Israel exported 75 per cent of the total production of its military industries. This is the opposite of most other arms exporting countries, such as the US, who manufacture mainly for the domestic market.42

Israel’s policy on arms exports
Israel sells weapons to any regime – military juntas, countries in the throes of civil war and known human rights abusers. For example, the Guatemalan army received weapons from Israel between 1977 and 1981, a time when tens of thousands of people “disappeared”; and Israeli arms were shipped to the Medellin drug barons in Colombia. Other major customers in the 1970s and 80s included the Galtieri regime in Argentina, Chile, Bolivia, El Salvador, Haiti, Nicaragua under Samoza, Noriega’s Panama, and Sri Lanka – all of which had been accused of gross human rights violations. Israel was also apartheid South Africa’s leading arms supplier with annual two-way sales worth more than $500m in violation of a UN arms embargo.43 In fact, selling arms to countries boycotted by other arms exporters has helped Israel become a leading arms exporter.

Israel’s role as the “bad boy” of international arms sales was secured in the 1985 Iranateg affair, when it acted as a proxy for the US by shipping US-made arms to Iran, the funds from which were used to back the contra rebels in Nicaragua. And, according to Saferworld, UK-based arms brokers organised arms transfers from Israel to Rwanda during the genocide in 1994 despite a UN embargo.44 More recently, Israel has sold air-to-air missiles and F-7 fighter upgrades to the military junta in Burma, and in 1997 it upgraded Cambodia’s MiG-21s and supplied avionics for L-39 trainers – a time when the country was on the verge of civil war.45 China, Burma and Zambia are all Israeli customers despite the fact that the US either embargoes or severely restricts its own arms sales to those countries. It was also reported that the UN had to ask Israel to stop supplying warring countries Ethiopia and Eritrea with arms.46 Pariah state Zimbabwe has also recently become a customer with a $10m order for riot control vehicles from the Beit Alfa Trailer Company.48

Israel appears to work on the basis that weapons should be sold to anyone who wants them. David Ivri, an adviser to the Israeli defence ministry who was instrumental in bringing about the Israeli-Turkish accord, when asked by the Jerusalem Post in 1997 whether Israel considers human rights when it sells arms to other countries, said: “Israel to this day has a policy of not intervening in the internal matters of any country in the world. We don’t like it when others

35 Yapp, 1991, p287
36 Efi Blanche, “Sharon and the Generals: the Battle Within”, The Middle East, June 02
38 Defense News, 26 Nov-2 Dec 2001
39 Jane’s Defence Weekly, 1/8/01
40 Yapp, 1991, p283
41 Tel Aviv Ha’arets, 4/2/02
43 Tel Aviv Ha’arets, 4/2/02
44 JDW, 20/3/87
45 Guardian, 11/2/99
46 Dror Marom, “Exposé: Israel’s Global Military Links”, Tel Aviv Globes, 12/9/01
47 Tel Aviv Ha’arets, 19/5/00
48 Christian Science Monitor, 23/8/01
interfere in our internal matters. For this reason, our policy doesn’t touch on such matters."  

China

Israel has a long history of military cooperation with China and is currently China’s second biggest arms supplier. It helped China build its current F-10 fighter jet, which is virtually identical to Israel’s discontinued Lavi fighter.71 Israel has also provided China with instructors, advisers and technicians. This unlikely friendship has been a persistent cause of friction between the US and Israel; matters came to a head in 1999 when Israel Aircraft Industries (IAI) agreed to sell China a Phalcon airborne early warning system for $250m.72 Although Israel insists that the radar system does not contain US technology, US officials claim that the Phalcon closely resembles the US AWACS system.73 The sale of such advanced military technology, the Pentagon argued, would tip the military balance between China and Taiwan in China’s favour. After a year of US pressure, Israel withdrew from the deal.74 A year later in April 2000, a close encounter between a US surveillance plane and a Chinese warplane revealed, through photographs, that the Chinese jets were armed with Israeli-made Python missiles.75 The US is worried that Israel’s advanced technology could end up in the “wrong hands”. In 1999 Israel itself raised concerns that China was transferring missile technology to Iran.76

India

Since India normalised relations with Israel in 1992, the two countries have developed serious and substantial contacts around military and security issues. It has been alleged that Israel played a role in the development of India’s nuclear programme.77 In fact, Jane’s Defence Weekly reported that India’s top nuclear scientist Dr Abdul Kalam visited Israel twice in 18 months before the 1998 Pokhran tests.78 Jane’s also revealed that Israel has recently upgraded Indian Jaguar bombers, made by India under licence from the UK, to allow them to carry nuclear weapons.79 Israel has sold India fire control and artillery equipment, ammunition for its tanks, unmanned aerial vehicles, Dvora MK-II patrol boats, electronic warfare systems for the Indian air force’s MiG-21s and helicopter upgrades.80 Israeli firm Elta is collaborating with Indian firm HAL on radar production.81 Israel is now India’s second largest weapon and military equipment supplier, with military transactions signed or in the pipeline exceeding $3bn.82 Defence analysts predict that Israel’s exports are set to overtake those of Russia, India’s traditional military trading partner. High level visits, the most recent of which was that of Israel’s foreign minister Shimon Peres in January 2002, have secured this burgeoning friendship. The two countries now exchange intelligence on Islamic terrorism and India has granted Israel access to its new reconnaissance satellite.83 Israel also hopes to sell its Arrow anti-ballistic missile system to India, however this has raised concern in the US.84

Turkey

Turkey is now a major ally of Israel, and they have forged a military alliance that has altered the strategic map of the Middle East. One key target of this partnership is Syria. It is likely that Israel hopes that pressure from Turkey along Syria’s northern frontier will force Syria to the negotiating table over the Golan Heights.85 Turkey and Israel’s burgeoning friendship began in May 1994 with a security and secrecy agreement and was secured by other treaties throughout the 90s. They also use each other’s air space and Israel has been willing to sell Turkey top-of-the-range military hardware. Israel has contracts worth $715m to upgrade Turkish F-4 and F-5 combat planes, and a 1997 agreement to co-produce advanced Popeye II missiles.86 Turkey has also ordered an airborne photography system from Israeli firm Elbit Systems.87 In 1999, despite being a major contender for Turkey’s main battle tank programme worth $7bn, Israel gave in to US pressure and agreed not to sell its tanks to Turkey. The US was concerned about Syria’s reaction.88 However, in March 2002, Turkey signed a $688m deal with Israeli firm Israel Military Industries (IMI) to modernise Turkey’s ageing fleet of US-made tanks.89 An IAI bid, in collaboration with Russian firm Kamov, to sell Turkey Kamov-52 combat helicopters has been reopened and is under consideration.90

Europe

Europe is an important market for Israel’s military production. At the European-wide level, Israel made a serious bid, at a high level meeting in the summer of 2001, to sell weapons and reconnaissance aircraft to the EU’s fledging Rapid Reaction Force.91 In 2000 IAI alone recorded exports worth $300m to European countries.92 Israeli firm Rafael has a joint venture with Eurosprint consortium to make Gill/Spike anti-tank missiles for sale in Europe.93 Israel expects orders worth $1bn for Gill/Spike from Europe, but fears possible sanctions because of European disquiet over its actions in the occupied territories.94 Especially in countries whose military sales to Israel are minimal, campaigners are calling for an embargo against buying arms from Israel. A number of specific deals between Israeli firms and European countries are listed below, while Germany and France can be found in the section on major suppliers, page 13.

Other recent deals

Angola
Angola’s air force has bought threat detection equipment from Elsira and long-range optical systems from IAI for its Boeing 707s.95

Argentina
In 1997, Israel signed a deal with Argentina to upgrade its Boeing 707 transport aircraft and supplier radar systems and head-up display units for Pampas trainers.96

Australia
In 1995, Israel provided radar for upgraded P-3C aircraft, jointly with a US company. In 1998-99, it provided the ESM self-defence system for Australian C-130 aircraft, helicopters and frigates. Again in 1999, it sold Australia Popeye missiles.67 Elta Electronics (an IAI subsidiary), in collaboration with Danish company Terma, is providing the Australian air force with an electronic countermeasures pod and an electronic warfare system for its F-111 aircraft.98

Austria
In 2000, Israel provided Austria with command and control systems.99

Belgium
Belgium bought and took delivery of 18 Israel-made Hunter unmanned aerial vehicles in 2000.100

Botswana
In 2001, Botswana signed a contract with Israeli firm Silver Arrow for at least three unmanned
aerial vehicles. The contract includes training of Botswana personnel by Israeli teams.26

Brazil Elbit Systems, in collaboration with Brazilian aircraft manufacturer Embraer, has two large Brazilian contracts to upgrade F-5E fighters and to equip the new ALX light combat aircraft.43

Burma Burma recently took delivery of air-to-air missiles and F-7 fighter upgrades from Israel.52

Cambodia In 1997, Israel upgraded Cambodia’s MiG-21s and supplied avionics for L-39 trainers.83

Cameroon Israel supplied Cameroon with 8 x 155mm artillery, four were delivered in 1997 and four in 1998.84

Canada Canada has a $15.7m contract with Israeli firm Elisa Group for a radar upgrade for Canadian forces Griffin helicopters (in collaboration with Canadian company ITS Electronics).86

Chile Since 1996, Chile has bought Sa’ar-4 missile boats, air-to-air missiles, artillery, Barak shipborne anti-missile missiles, mini unmanned aerial vehicles, tanker aircraft and components for upgrading F-5 combat aircraft.90

Colombia Israel provided Colombia with radio transceivers, military training and assistance in upgrading its combat aircraft. Colombia also co-produces the Galil assault rifle.87

Croatia In 1999, Israel upgraded Croatia’s fleet of MiG-21s.96

Cyprus In 1997, Cyprus bought torpedo boats and, in 1999, electronic communications systems from Israel.97

Czech Republic In 1995, Israel sold the Czech Republic avionics for L-39 trainer aircraft and ground forces radar, jointly produced, and in 1997, it cooperated in upgrading the Czech army’s T-72 tank.98

Denmark Danish company Terma is involved in a collaboration with Elta Electronics to integrate its AN/ALQ-213(V) electronic warfare system with Elta’s EL/08222 electronics countermeasures pod in the F-111 aircraft for the Australian air force.99 Denmark has also ordered thermal imaging cameras for tanks from Elbit Systems.102

Eritrea In 1997, Israel sold Eritrea fast patrol boats.103 Recently, a representative from Elbit Systems accompanied Israeli transport minister Ephraim Sneh to Asmara to discuss modernising the Eritrean air force.104

Ethiopia Ethiopia’s upgrade programme for Ethiopia’s MiG-21 combat aircraft was temporarily suspended in 1999.105


Georgia In April 2001, Elbit Systems, in partnership with Georgian company TAM, completed the Scorpion upgrade of the Georgian air force’s Sukhoi Su-25K aircraft.107

Greece In 1996, Greece bought ground radar from Israel.108 It has recently ordered electronic warfare systems for its submarines from Elbit Systems,109 and ordered electronics systems for its F-16s worth $140m from Elisa Group.110

Holland In 1997, Holland bought aircraft debriefing systems and, in 1998, artillery C systems.111 Holland was also the first NATO country to buy Gill/Spice antitank missiles. It bought an unknown quantity of the missiles from Rafael for $250m in 2000.112

Indonesia Despite holding no diplomatic relations with Israel, Indonesia has bought arms from it. The Middle East Military Balance states that Indonesia bought unmanned aerial vehicles from Israel in 1996.113 Earlier reports state that Indonesia procured IAF surplus Skyhawk fighter-bombers.114

Italy Italy has bought precision-guided systems for its air force from Elbit Systems.115 Israeli firm BVR Systems has won a $7.1m contract to build and service a full mission simulator for the MB-339 aircraft to be supplied in 2002.116

Lebanon In 1997, Israel provided Lebanese Christian militia, the South Lebanese Army (SLA), with $93m, as well as small arms, tanks, artillery pieces and advisors.117 The SLA collapsed after Israel’s withdrawal from South Lebanon in May 2000.118

Lithuania Israel has sold submachine guns to Lithuania.119

Mexico In 2002, Israel sold Mexico three Grumman E-2C Daya airborne early warning aircraft.120

Nepal In 1997, Israel supplied the Nepalese army with IMI-made Galil assault rifles.121

Nicaragua Israel sold IAI-manufactured Dabur torpedo boats to the Nicaraguan navy in 1997.122

Norway Israeli firm RB Tec, a developer of electronic surveillance systems, was competing for a Norwegian army tender until Norway decided to prohibit military procurement from Israeli companies in April 2002.123

Poland Poland has collaborated with Israel on a number of programmes: night vision for tanks, tank arms production, upgrading helicopters, and supplying anti-tank missiles.124 In 2001, Poland ordered upgrades for up to 200 SU-22 fighter bombers from IAI.125 Poland has also signed a $250m contract with Rafael for Spike missiles.126

Portugal In 1998, Portugal bought air combat debriefing systems from Israel.127

Romania Israel sold Romania an OWS-25 weapon system for anti-personnel carriers in 1997; a ground radar system in 2000, and upgraded the Romanian army’s tanks.128 Elbit Systems, in partnership with Romanian company AeroStar, has just completed the modernisation of 102 upgraded MiG-21 Lancers for the Romanian air force.129 Elbit Systems also has a partnership with Romanian company IAR to upgrade helicopters for the Romanian air force.130

2002
Russia  IAI collaborates with Russian company Kamov on producing KA-50/52 attack helicopters.\textsuperscript{120}  

Singapore  Israel has upgraded Singapore’s F-5 fighter jets and sold Barak ship-borne anti-missile missiles, air combat briefing systems and helicopter night vision systems. Israel’s relations with Singapore are kept secret by IMI and Israel’s ministry of defence.\textsuperscript{121}  

Slovakia  In 1995, Israel cooperated with Slovakia to upgrade T-72 tanks and to develop the Strop light defence system.\textsuperscript{122}  

Slovenia  Since 1997, Israel has sold Slovenia 155mm canons, 120mm mortars, and has upgraded PC-9 training aircraft.\textsuperscript{123}  

South Africa  In 1996, Israel upgraded South Africa’s Boeing 707s.\textsuperscript{124}  

South Korea  Since 1996, Israel has sold South Korea Popeye missiles, Harpy anti-radar drones, night vision systems, and debriefing systems for air combat training.\textsuperscript{125}  

In 2001, IAI, in collaboration with Russian helicopter manufacturer Kamov, submitted a joint bid to sell Kamov-52 combat helicopters to South Korea. IAI is to supply the avionics.\textsuperscript{126}  

Spain  In 1995, Israel sold Spain unmanned aerial vehicles and military communications.\textsuperscript{127}  

In 2000, Spain awarded IAI a contract worth $20m to upgrade its air force fleet of SF-5B.\textsuperscript{128}  

Rafael also won a contract worth $14m to equip Spain’s Boeing EF-18 Hornet aircraft with tactical long-range oblique photography systems.\textsuperscript{129}  

In 2001, the Spanish air force became the first export customers of Rafael’s ReccelLite tactical reconnaissance systems for its fleet of Boeing fighters.\textsuperscript{130}  

Sri Lanka  In 2000, Israel supplied Sri Lanka with IAI-manufactured and IAF surplus Kfir fighter jets, Sa’ar model 4.5 missile boats and Super Hawk unmanned aerial vehicles. This followed sales of mine detection radar in 1997 and electronic warfare systems in 1998.\textsuperscript{131}  

Sweden  In 1996, Sweden bought 120mm ammunition for tanks and, in 1997, bought ground penetrating radar. The two countries are also cooperating on the development of an explosives detection system.\textsuperscript{132}  

Switzerland  In 1999, Switzerland took delivery of 28 Ranger unmanned aerial vehicles.\textsuperscript{133}  

It also bought communication intelligence systems. The two countries have also cooperated on the development of Ranger unmanned aerial vehicles and CI simulators.\textsuperscript{134}  

Thailand  In 1998, Thailand bought Searcher mini unmanned aerial vehicles, in 1999 Popeye missiles (temporarily suspended) and search and destroy systems, and, in 2001, upgrades for its F-5 and L-39 aircraft.\textsuperscript{135}  

At the end of 2001, IAI won a contract worth $23m to upgrade 19 Bell UH-1H helicopters belonging to the Thai air force. It hopes to win the contract to upgrade a further 69.\textsuperscript{136}  

Taiwan  Israel sold Taiwan naval special sensor microwave imagers.\textsuperscript{137}  

Uganda  Israel is to upgrade Uganda’s MiG-21 aircraft (this was temporarily suspended in 1999).\textsuperscript{138}  

IAI has upgraded the Ugandan air force’s Hercules C-130s.\textsuperscript{139}  

Ukraine  Israel has a joint venture with a Ukrainian company to upgrade AN-72P maritime surveillance aircraft, and another joint venture to upgrade Ethiopia’s MiG-21 aircraft.\textsuperscript{140}  

Venezuela  In 1998, Venezuela bought multiple rocket launchers, aerial tanker aircraft, electronic warfare and command and control systems for frigates, and littering pods from Israel.\textsuperscript{141}  

In 2000, it bought Barak surface to ground missiles (ground-based version).\textsuperscript{142}  

Zambia  In 1995, the IDF provided Zambia with military training, advisers and technicians. An Israeli company also had a contract to upgrade Zambian air force MiG-21s, but the project was temporarily suspended in 1999.\textsuperscript{143}  

Zimbabwe  Zimbabwe has an order worth $10m for riot control vehicles from the Beit Alfa Trailer Company.\textsuperscript{144}  

\subsection*{Israel’s arms companies}  

Israel’s military sector is made up of more than 200 public and private companies. Production is dominated by three government-owned companies: Israel Aircraft Industries; Israel Military Industries; and Rafael, who together produce 69 per cent of Israel’s $3.6bn annual military revenue.\textsuperscript{145}  

\subsection*{Israel Aircraft Industries}  

IAI is Israel’s biggest exporter and (outside of government) its biggest employer (14,500 employees). The 2002 Stockholm International Peace Research Institute (SIPRI) Yearbook ranks IAI as the world’s 23rd largest arms producing company. In 2001, it had sales of $2.18bn, of which $1.7bn were for export.\textsuperscript{146}  

In 1991, the US overtook the IDF as the largest single market for IAI.\textsuperscript{147}  

In 2001, the US gave the company new contracts worth $1.35bn.\textsuperscript{148}  

IAI has extensive interests covered by four main groups: the Military Aircraft Group, the Electronics Group, Bedek Aviation Group, and the Commercial Aircraft Group. It also has two independent divisions which deal with software development and technical training.  

IAI’s key recent development is the Arrow, a highly advanced stand-alone theatre missile defence system built in collaboration with the US. The US production of components by Boeing will allow Israel to buy Arrow batteries using US Foreign Military Assistance funds.\textsuperscript{149}  

The US is to give Boeing $20m of funding in 2002 to establish this US-based production line.\textsuperscript{150}  

Because this could raise compliance issues regarding the Missile Technology Control Regime (which bars the transfer of critical technology components and missile systems with ranges greater than 300km), only 51 per cent of the Arrow components and parts will be produced by Boeing, the final 49 per cent will be produced by IAI.\textsuperscript{151}  

There are no agreements for third party exports as yet, although Israel has said that it would like to sell to Turkey and India.  

IAI is also supplying air combat training systems for fighter pilots to the IAF and a number of air forces in Europe and south-east Asia.\textsuperscript{152}  

IAI sells to or holds partnerships with the defence departments of more than 70 countries and is an approved contractor of the US Department of Defense.  

\subsection*{Israeli Military Industries}  

IMI is another of Israel’s arms-producing giants. It makes small arms, ammunition, tanks, mortars and heavy artillery and is famous for producing the Uzi submachine gun. SIPRI ranks IMI as the 54th largest arms producing company.\textsuperscript{153}  

The US navy is a fan of IMI’s tactical air-launched decoys – it used several hundred during Operation Desert Storm in 1991 and again in Bosnia.\textsuperscript{154}  

In 2000, IMI received a further order for them worth $20m from the US Navy.\textsuperscript{155}  

\section*{References}
Although it struggled financially throughout the 1990s (receiving close to $1.3bn in government subsidies) IMI has come from making a loss in 2000 to making a profit of $2.7m in 2001. In 2000 it had sales of $454.6m.

**Rafael**

Rafael is Israel’s air-to-air missile specialist and develops missiles, weapon systems, electronic warfare, radar and communications. It developed the Popeye air-to-surface missile, as well as the Gill/Spike anti-tank guided missile which is proving popular in Europe. It enjoys joint ventures with Lockheed Martin: to make AGM-142 air-to-ground guided missiles and to market the Popeye missile. Rafael and Lockheed Martin also cooperate on the Popeye missile. Rafael has annual sales of $680m and employs a workforce of 4,600, half of whom are scientists and engineers. SIPRI ranks Rafael as the 43rd largest arms-producing company. Business is booming for Rafael – it earned $21m profits in 2001, up from only $2m in 2000.

**Private military sector**

Israel’s private military sector is also extremely healthy. Elbit Systems is the largest non-government-owned military company, its core activity is upgrading existing military equipment, an increasingly lucrative market for Israel, and manufacturing unmanned aerial vehicles developed by its subsidiary Silver Arrow. Its key market is the US (32 per cent), where it has two subsidiaries: 100 per cent-owned subsidiary Elbit Fort Worth and 50 per cent-owned subsidiary Vision Systems International. Other key markets are the IDF (27 per cent) and Europe (21 per cent). Elbit’s turnover was $700m in 2001 with an order backlog worth $1.3bn. It recently won a $7m F-16 avionics contract from Lockheed Martin. SIPRI ranks Elbit as 41st in the top 100 arms manufacturers.

Another private Israeli firm, the Elsira Group, concentrates on electronic systems and unmanned aerial vehicle upgrades. Its $1bn order book includes contracts for advanced self-protection suits for F-16s in Israel and Greece; a $15.7m radar upgrade for Canadian Forces Griffon helicopters; and a $7.5m US naval air systems command contract for various types of electronic equipment. Tadiran Communications, a wholly-owned subsidiary of Elsira, also specialises in electronic warfare, communications and command and control systems, as well as unmanned aerial vehicles. It expected sales to the US to reach $35m in 2001 boosted by a $10m contract to supply the US marine corps with tactical computers subcontracted through General Dynamics. Elsira is ranked as the 91st largest arms-producing company.

These examples serve only as a taste of the many successful military manufacturers that have put Israel on the arms producer map. This burgeoning industry grew through a mixture of imported technology and Israeli innovation. The US connection has been critical in developing such a technologically advanced industry. Many Israeli firms have joint ventures with US counterparts as well as having subsidiaries based in the US, and nearly every electronics firm has links with US producers. These links have had grave implications for arms proliferation as Israel sells weapons to virtually anyone who wants them. Indeed, the Federation of American Scientists warn: “Israel serves as an example of how vast amounts of arms sales and military aid eventually contribute to a loss of US control over conventional arms proliferation.”

**Israel as a nuclear power**

Although Israel officially refuses to confirm it, it is widely acknowledged that it possesses nuclear and chemical weapons. It is estimated that Israel may have as many as 200 warheads, consisting of aircraft bombs and Jericho-1 and Jericho-2 missile warheads. The nuclear programme started in 1952 and capability was achieved in 1966.

Although a 2001 Pentagon report on nuclear proliferation omits Israel from its review of the Middle East, the US has been aware of its nuclear reactor at Dimona in the Negev desert since 1958, and identified it as a nuclear site two years later. US inspectors visited Dimona seven times during the 1960s but due to tight Israeli control over the visits, they were unable to obtain an accurate picture of the activities carried out there. However, as far back as 1972, the CIA concluded that the Jericho missile was evidence that Israel had made nuclear weapons as it was “designed to accommodate nuclear warheads.” Further evidence cited by some commentators is the explosion in September 1979 off the coast of South Africa in the South Indian Ocean which is believed by some to have been a joint South African/Israeli nuclear test. If further confirmation of Israel’s capacity was needed then it was certainly provided in 1986 when nuclear technician Mordechai Vanunu gave descriptions and photographs of Israel’s nuclear warheads to the Sunday Times. Vanunu is still serving an 18-year jail sentence for revealing state secrets. In 1991 a US Strategic Air Command study listed Israel as a de facto nuclear weapon state.

Israel’s denials have worn thin especially after the reported public spat between Binyamin Netanyahu and Ariel Sharon over whether Israel should lift the secrecy on its nuclear capability, and Shimon Peres’ disclosure on Israeli TV documentary “The Bomb in the Basement” of how Israel got its nuclear capability. Israel has not signed the Non-Proliferation Treaty and there is no indication that it intends to, especially given that the international community appears to turn a blind eye to its nuclear capabilities.

Despite all the evidence to the contrary, the UK does not acknowledge that Israel possesses nuclear weapons. In March 2002, Ben Bradshaw, then foreign minister, said: “We continue to encourage Israel to resolve international concerns about its nuclear status by acceding to the Non-Proliferation Treaty as a non-nuclear weapon state…”

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157 JDW, 6/3/02
159 Flight International, 22-28 Jan 2002
161 Defense News, 17-23 Dec 2001
162 Jane’s International Defence Review, Feb 2002
163 SIPRI Yearbook 2000
164 Defense News, 18-24 Feb 2002
165 JDW, 5/12/01
166 SIPRI Yearbook 2000
167 Jane’s International Defence Review, Feb 2002
168 JDW, 19/3/01
169 SIPRI Yearbook 2002
171 SIPRI Yearbook 2001, p483
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174 SIPRI Yearbook 2001, p483
176 Sunday Telegraph, 22/12/01
177 Hansard, 7/3/02, Col.505w
Israel’s major suppliers

United States of America

US policy on Israel

The US has long been Israel's main financial and political backer – it gives massive amounts of economic aid, it opposes UN resolutions which criticise Israel and it sells Israel huge amounts of military hardware. But this has not always been the case. During the early years of Israeli independence the US was reluctant to become a major source of arms. This changed after the 1967 War following the failure of the US and the Soviet Union to reach an understanding on limiting the supply of arms to the Middle East and the arms embargo imposed on Israel by France. From then on the US became Israel's main outside source of sophisticated weaponry and their special relationship grew. There were joint exercises and training programmes and the US assisted Israel in its project to produce its own Lavi fighter aircraft, shelved in 1987 due to cost overrun. In 1986, Israel joined the US's Strategic Defence Initiative, also known as “Star Wars” 182. And in 1987, Israel and the US signed a Memorandum of Understanding which formally acknowledged Israel as a non-NATO ally with the same rights as NATO allies. This allows Israel to tender for US military contracts. 179

The 1991 Gulf War against Iraq was a major source of tension between Israel and the US as the US courted Arab states and tried to appease them over Palestine. However, for not retaliating against Saddam Hussein's scud missile attacks, Israel was well rewarded in 1991 with $1.2bn of additional aid. 189 In fact, ironically, it seems likely that arms will be the reward for any future peace deals. It was reported that the US had pledged $1.2bn in additional aid to Israel to fully implement the 1998 Wye Accord which defined a further Israeli withdrawal from the West Bank. 181 (However, this was not achieved, so Israel did not receive the extra money.) And when an agreement with Syria was under discussion, Israel presented the US with a $17bn wish list. Sami Haijjar, director of Middle East studies at the US Army War College, warned the US administration that: "You trigger an arms race unwittingly. You cannot expect to arm to the teeth one nation in the region and expect all others to accept it willingly. " 182

Military assistance and exports

Israel is an advanced, industrialised, technologically sophisticated country – its per capita income is nearly $18,000, putting it in the top 20 most prosperous states. 188 Despite this Israel has benefited more than any other country from US assistance. Some estimates put total US aid to Israel since 1949 as high as $92bn. 184 This includes Foreign Military Assistance (FMA) and Economic Support Funds (ESF). ESF are provided on a grant basis and are available for a variety of economic purposes, such as infrastructure and development projects. Although not intended for military expenditure, these grants allow the recipient government to free up its own money for military programs. ESF aid to Israel has historically been considered "security assistance" since it is provided out of strategic considerations rather than development needs. In fact, Israel's annual ESF grant is explicitly provided to allow repayment of past military debt owed to the US. 186

Every year for more than two decades, Israel has received $1.8bn in FMA plus $1.2bn of ESF. This aid was the value of more than one-third of all Israeli military spending during the 1980s, now it constitutes 20 per cent of Israel’s annual military budget. 189 In 2001, Israel received $1.98bn in FMA, which is half of all FMA budget requests. 187 As if this weren’t enough, at the beginning of 2002, the US announced that it would be giving Israel an extra $28m to buy counterterrorism equipment. 183 Since giving grant economic aid to an advanced industrial economy no longer seems appropriate, Israel’s portion of ESF funding is being gradually phased out by 2008, to be compensated by an increase in FMA funding to $2.4bn every year. Because all but 26 per cent must be spent in the US on US goods and services, many Israeli firms will be forced to shift production to the US in order to qualify for dollar-based sales. 183

Israel also benefits from other US methods of transferring arms, e.g. excess defence articles – a system whereby the US gives away older equipment at little or no cost. Following the Gulf War, the US gave Israel surplus Apache attack helicopters, Blackhawk transport helicopters, multiple launch rocket systems and Patriot anti-missiles. 188 There is also a system called “offsets” – incentives which weapons manufacturers use to convince countries to sign deals. Lockheed Martin, for example, agreed to spend $900m in Israel to secure a $2.5bn F-16 sale; and Boeing agreed to a $750m investment for the sale of F-15I fighters and Blackhawk helicopters. Israel even demands offsets on FMA-financed sales, which means that the US pays twice, first through the taxpayer then the economy at large. 187 US taxpayers are therefore subsidising huge US arms companies while arming Israel to the teeth and sponsoring a regional arms race.

From 1997 to 2000, US arms sales to Israel were worth $9.87bn. In 2001 alone, sales were worth $2.95bn. 187 Although Israel is a customer to a number of US military manufacturers – Raytheon, American Ordnance, Boeing, General Electric, and Sikorsky, to name but a few, by far its biggest supplier is Lockheed Martin which has received at least $4.4bn since 1995 for arms sales to Israel. 183 Lockheed Martin has a number of outstanding orders from Israel for F-16s and related equipment, in particular: for 52 F-16is worth $2bn for delivery between 2006 and 2009 (a follow-on to a $2.5bn contract for 50 F-16is signed in 1999 and already approved by the US); 184 an $8.2m contract to

US taxpayers are subsidising huge US arms companies while arming Israel to the teeth and sponsoring a regional arms race.

179 JDW, 17/5/86
179 Right International, 19/12/87
181 Cordesman, 2002, p27
183 Cordesman, 2002, p26
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incorporate a fibre-optic high-speed database into F-16s\(^\text{195}\); and for electronic warfare displays for F-16Ds, part of a $6.7m contract approved by the Pentagon and financed by military aid.\(^\text{196}\)

For its part, the US is a huge customer of Israeli-made military goods and many US companies have collaborations with Israeli companies on upgrades, missiles, unmanned aerial vehicles etc.

**Funding an occupation**

So, why does Israel continue to be the largest recipient of US military assistance? Today, with the threat of Soviet expansionism replaced in Washington's eyes by the threat of Islamic fundamentalism, Israel has retained its strategic value for the US. Israel has, since September 11, tried to couch its actions in the West Bank and Gaza as being part of the fight against international terrorism. But this has created a difficult balancing act for the US – while it successfully garnered support to conduct the war against the Taliban and al-Qaeda in Afghanistan, it is finding it difficult to drum up support from Arab countries for military action against Iraq. Its continued support for Israel, despite the recent military incursions into Palestinian towns and refugee camps, and its failure to intervene to stop these actions, has done nothing for the US's image, already bloody and tarnished, in the region.

Despite continued White House support there has been growing disquiet in Washington regarding the end-use of US weapons. The US Export Control Act stipulates that "US weapons sold abroad can only be used for legitimate self-defence". Given recent Israeli military strong arm tactics and mounting criticism from European and Arab countries even the US military trade press has voiced concern: "A strong argument can be made that precision attacks on arms caches and militants en route to terror operations are legitimate acts of self-defence. The wholesale destruction of homes, livelihoods and Palestinian national symbols – government offices, media outlets, police headquarters – is not."\(^\text{197}\) Yet the US continues to authorise the sale of attack helicopters and state-of-the-art missiles. US support for Israel remains unconditional. On 2 May 2002 the US Congress overwhelmingly passed a resolution supporting Israel's military campaign.\(^\text{198}\)

Despite Israel's impressive domestic military industry the Israeli defence ministry has said that US supply is critical because "it is impractical to think that we can manufacture helicopters or major weapons systems of this type in Israel."\(^\text{199}\) Without the financial subsidies of the US – and US political support – Israel would have found it considerably more difficult to sustain its military occupation of Palestinian territory over the past 35 years.

**Germany**

Germany has long been Europe's most steadfast supporter of Israel, partly out of a sense of historic responsibility for the Nazi Holocaust against the Jews. Germany is Israel's second biggest supplier after the US. According to figures from SIPRI, Germany supplied Israel with major conventional weaponry worth $765m between 1996 and 2000. This included two Dolphin Class submarines in 1999, financed by Germany, and another in 2000, 50 per cent financed by Germany.\(^\text{200}\) In 2000 alone, the last year for which figures are available, Germany sold about $170m in military equipment, including torpedoes and parts for tanks and armoured cars.\(^\text{201}\) This included key parts for the Israeli Merkava tank, which are currently being used in the occupied territories. There are also unconfirmed rumours that Israel may be pursuing a sea-based nuclear capability for its three new Dolphin Class submarines. However, the German foreign ministry has asked for and been given assurances from Israel that the German-produced submarines had "no role in any cruise missile tests whatsoever."\(^\text{202}\)

Israel is Germany's seventh largest military client, but growing impatience at Israel's recent actions in the occupied territories has fuelled debate in the Bundestag about its continued uncritical support for Israel. For EU countries the approval of export licences for military equipment should comply with the European Code of Conduct on Arms Exports. According to this code, export licences cannot be given if the end-user does not comply with one or several of its criteria which include respect for human rights and international treaties and obligations. As set out in a consideration of similar UK criteria on page 15, Israel's behaviour does not comply with the code. German Defence Minister Rudolph Scharping confirmed on 14 April 2002 that his country had temporarily suspended, but not cancelled, the sale of military equipment to Israel.\(^\text{203}\)

**France**

France was Israel's biggest source of military equipment until it imposed an embargo after the 1967 war. However, trade has picked up again and today France is one of Israel's main suppliers after the US and Germany. According to SIPRI, France exported major conventional weapons worth $50m to Israel between 1996 and 2000.\(^\text{204}\) This included a delivery of seven AS-565SA Panther helicopters between 1996 and 1998 which were ordered through and partly funded by the US. Between 1981 and 1998, Israel also took delivery of six THD-1040 Neptune Surveillance radar for the Saar-4.5 fast attack naval craft.\(^\text{205}\) Israel's military exports to France are also in a healthy condition. In 2001, France bought unmanned aerial vehicles made by IAI in partnership with European company EADS.\(^\text{206}\) The sophistication and popularity of Israeli-made weaponry has given French companies an incentive to get in on the act; for example, Sagem of France is a subcontractor on the Israeli-owned SoltanSystems' ATMOS 2000 – a self-propelled artillery system which is aimed primarily at the export market and was unveiled at DEFEXPO 2002 in India.\(^\text{207}\)

Like Germany, France has currently suspended arms sales to Israel but has not declared a formal embargo.\(^\text{208}\)

196 Right International, 4-10 Dec 2001
197 Defense News editorial, 28 Jan-3 Feb 2002
198 Jeff Halper, “After Defeat, Autonomy”, Palestinemonitor.org, 15/5/02
200 SIPRI Arms Transfer Project, 2001
201 Peter Finn, "Germany suspends arms sales to Israel", Washingtonpost.com, 10/4/02
202 SIPRI Yearbook 2001, p484
204 SIPRI Yearbook 2001
205 SIPRI Arms Transfer Project, 2001
206 Tel Aviv Ha’aretz, 4/2/02
207 SIPRI Arms Transfer Project, 2001
The UK’s military relationship with Israel

UK exports
The UK has sold Israel a wide range of equipment and components. Following the invasion of Lebanon in 1982, the UK joined other European states in placing an arms embargo on Israel. However, each country was allowed to interpret and enforce the embargo as they saw fit. Indeed, in 1989, Germany broke its own long-standing commitment not to sell weapons to areas of conflict by allowing the sale of two diesel-powered submarines. And in 1992 it was reported that France was discussing collaboration with IAI on aircraft and missile projects. But UK restrictions on arms sales remained in place until the Oslo Accords. Since then the UK has sold Israel equipment and components for tanks, combat aircraft, combat helicopters and submarines; bombs; torpedoes; rockets; missiles; ammunition; mines; machine guns; tear gas/irritant ammunition; and electronic equipment for military use.

The value of UK military export licences to Israel almost doubled from £12.5m in 2000 to £22.5m in 2001.

UK imports
The UK has bought Israeli-made extended-range bomblet shells, rifle grenades, manual loaders for air-to-ground missiles and jet fighter avionics. Citizens of London and south Wales can also rest easy knowing...
that both the Metropolitan and South Wales police forces buy soft-round ammunition from IMI via Leicestershire-based Samson Districo UK, a subsidiary of Belgian company Districo SA.221 The UK Ministry of Defence is trialling Rafael’s Gill/Spike anti-tank missile despite the fact that these missiles have been used against civilian targets in the occupied territories. Their first overt use (The Lebanese Daily Star reported their use in south Lebanon in 1998) was on a civilian house in Beir Jala in the West Bank in November 2000; they were also used against (the now destroyed) Gaza airport.222 In 1998, the IAI subsidiary, Elta, supplied the ESM self-defence system for the RAF’s Nimrod 2000 patrol aircraft.221 The MoD is expecting Elta to be one of the bidders for the contract to build the next generation of electronic warfare self-protection systems for the Royal Air Force’s Panavia Tornado GR4 fleet.222

Other purchases include an IAI sale of four ex-IDF Skyhawk fighter bombers to BAE Systems for use in Germany.221 BAE Systems also collaborates with Rafael to produce two new torpedo decoy systems, the Subcut and the Lescut.224 Thales UK, in partnership with Israeli firm Silver Arrow, plans to sell Israeli-made unmanned aerial vehicles to the British Army. Silver Arrow also own a UK-based engine maker UAV Engines Ltd.225 And UK firm Green Light Ltd distributes Israeli firm D-Fence’s modular control barrier.226

Military connections have extended further than just trade. Israel announced this year that it is opening an army recruitment office in London. The UK government has made no objection to the plan, even though the office would be “recruiting for a war that stems from the occupation of Palestinian territories which the UK government says is illegal.”227

UK policy on arms sales to Israel

Given the recent tension, mounting evidence of human rights violations by the IDF and Israel’s refusal to abide by international law, the UK government should adhere to its own guidelines and stop selling military equipment to Israel. Before equipment with a military use or “dual” civil/military use can be exported from the UK it needs a licence. The Consolidated EU and National Arms Export Licensing Criteria, adopted in October 2000, states that before granting an export licence the government should consider:

1. Respect for the UK’s international commitments, in particular sanctions decreed by the UN Security Council and those decreed by the European Community, agreements on non-proliferation and other subjects, as well as other international obligations.

2. The respect of human rights and the fundamental freedoms in the country of final destination.

3. The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.


5. The national security of the UK, of territories whose external relations are the UK’s responsibilities, and of allies, EU member states and other friendly countries.

6. The behaviour of the buyer country with regard to the international community; in particular its attitude to terrorism, the nature of its alliances and respect for international law.

7. The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.

8. The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources.229

The UK government continues to issue licences for the sale of UK arms to Israel despite the fact that these sales clearly contravene a number of the Consolidated Criteria:

- Israel is carrying out an occupation deemed illegal by international law; it flouts UN resolutions and shows little respect for the wishes of the international community. This is in violation of criteria 1 & 6.

- Israel has used, and continues to use, indiscriminate and excessive force against Palestinian civilians. It uses methods of collective punishment and carries out extra-judicial killings. It has been widely condemned for its violation of Palestinian human rights. This is in violation of criterion 2.

- Israel’s recent military campaign and its refusal to negotiate with the existing PA leadership means that peace and stability are distant prospects. For the UK government to continue to issue licences for weapons for this region clearly contravenes criteria 3 & 4. It is obvious that continuing to export weapons to the region aggravates tensions and does nothing for regional stability.

- Israel sells weapons to anyone who wants them. It refuses to sign up for the Non-Proliferation Treaty and is suspected of aiding India’s nuclear weapons project. Even the US acknowledges that Israel’s sales constitute a threat to arms proliferation. This contravenes criteria 1 & 7.

Given all this evidence, exports should be banned under the Consolidated Criteria. If the Criteria don’t apply in this case, it is difficult to know when they would apply.

As asked by a member of the House of Commons Foreign Affairs Select Committee why the UK had granted licences for military vehicles in 1998 and military vehicle components in 1999, the then Foreign Secretary Robin Cook replied that permission was granted as it “coincided with a time of optimism in the peace process.”226 Selling weapons seems an odd way to support a peace process but given this logic, if and when “optimism” broke down we would assume that the granting of export licences would wane. Yet despite the obvious breakdown in the peace process and an escalation of violence since the beginning of the al-Aqsa Intifada there has been a sharp rise in licences

219 Observer, 19/11/00
220 Palestine Campaign, “Spike the Spike”, Palestinecraft.org, 1/4/02
221 Feldman & Shapir, 2001
223 Jane’s International Defence Review, Feb 2002
224 Defence-update.com, “Rafael and BAE Systems offer advanced decoys to subnanes, surface vessels”, 9 July 2002
225 Jane’s International Defence Review, Feb 2002
226 www.atismia.net/wcws.htm
227 Pilger, New Statesman, 10/1/02
229 Select Committee on Defence, 30 January 2001, question 103
grant, from 209 in 2000 to 297 in 2001. Even when concern was expressed at Israel's reoccupation of Palestinian towns and refugee camps at the beginning of 2002, the UK continued to sell Israel military equipment – 77 licences were issued between January and May of 2002. These licences were for equipment such as small arms, large calibre weapons, bombs and rockets, aircraft equipment, and military-use electronic equipment.

Israel has been widely criticised by organisations such as Amnesty and Human Rights Watch. In 1998, even before the recent breakdown in the peace process, its most vociferous supporter, the US, reported that Israel continued to commit "serious human rights abuses" in the occupied territories. And despite concern from the Commons Select Committee on Defence over the methods used by the IDF in the occupied territories, the Foreign Office continued to justify arms sales by claiming it was satisfied with an assurance from the Israeli government that "no UK-originated equipment, systems, sub-systems or components are used as part of the Israeli Defence Forces' activities in the occupied territories". Given that helicopter components supplied by the UK include transponders to Bell Huey helicopters which back-up frontline Apache helicopters widely used in the occupied territories, this assurance seems ludicrous. This assurance was further dented by a BBC 'World At One' investigation whose journalist was told by a senior Israeli defence ministry official that UK Transit vans, Land Rovers, helicopter components and parts for an anti-missile system were being used in the occupied territories. In response to these findings, in August 2001 Ben Bradshaw, then foreign office minister, argued that the government took "on trust" Israeli assurances that UK equipment was not being used for internal repression. But in March 2002, Bradshaw was forced to disclose that the IDF had modified UK Centurion tanks, exported between 1958 and 1970, and were using them as armoured personnel carriers. Again, in May 2002, it was discovered that UK equipment was being used in Israeli tanks and attack helicopters – the two main weapons used against Palestinians in the West Bank and Gaza. Israeli Merkava tanks had been equipped with a cooling system made by the Surrey-based Airtechnology Group; and UK components, including missile trigger systems made by Smiths Group, are used in US-made Apache helicopters supplied to Israel.

Following months of calls for action, reports in April and May 2002 suggested that the UK was operating an unofficial embargo on military sales to Israel. According to Whitehall, decisions are being taken on "a case-by-case basis"; however this is the case for all licence applications. A government source said that the UK had not publicly declared a change in policy due to differences of opinion amongst senior government members.

But an alternative change in policy was announced, one which completely undermined any commitment not to export military equipment to Israel that could be used in the occupied territories. In July 2002 the government announced that it was allowing the export of UK components for US-made F-16s sold to Israel. F16s have been widely used against Palestinian civilians. Foreign Secretary Jack Straw defended the decision by issuing new guidelines regarding licence applications for goods to be incorporated into products for onward export. Where components are to be exported, the government will take into consideration the UK's military relationship with the country in which the equipment will be finally assembled. These guidelines effectively abdicate to other governments, primarily the US, decisions on the end-use of UK-made military products. By licensing equipment that will almost certainly be used against civilians, the UK government is ripping up its own Consolidated Criteria and is making a mockery of attempts to regulate the sale of UK arms. Straw argued that, in this case, stopping the supply of BAE Systems' head-up display units would have "serious implications" for military relations with the US. But this policy change will have serious implications for the ethics of UK arms sales and has clearly been dictated by the interests of UK arms companies and their desire to remain part of the Lockheed Martin team building the Joint Striker Fighter. The so-called "ethical dimension" in Labour's foreign policy seems to be pushed aside when arms companies' interests are threatened, even when their arms are bound for a region on the brink of war.

The so-called "ethical dimension" in Labour's foreign policy seems to be pushed aside when arms companies' interests are threatened, even when their arms are bound for a region on the brink of war.

230 Strategic Export Controls Annual Report, 2000; Strategic Exports Control Annual Report, 2001
231 Hansard, 19/6/02, Col.344w
233 Foreign and Commonwealth Office, Memo submitted to the Select Committee on Defence, 22/1/01
235 Guardian, 17/8/01
236 Hansard, 11/3/02, Col.689w
237 Guardian, 23/5/02
239 Hansard, Written Answers to Questions, Export Licensing Incorporation Statement, 8/7/02
Since the beginning of the al-Aqsa Intifada in September 2000 there has been an intensification of violence, death and destruction. The air attacks in the occupied territories and the use of high-explosive bombs has meant greater civilian casualties. By April 2002, more than 1,300 Palestinians had been killed by the IDF, while Palestinian armed groups and individuals had killed more than 300 Israeli civilians. More than 23,000 have been wounded on both sides. Many of the victims have been children. Exporting arms to Israel at this time contributes to this ongoing human suffering and hinders the search for a peaceful solution.

But, of course, Israel does not only consume imported weapons, it has an extensive and vibrant domestic arms industry which has made it the 10th biggest arms exporter in the world. Israel exports 75 per cent of the total production of its military industries – and sells weapons to virtually anyone who wants them, even those boycotted by other arms trading governments. This has grave implications for conventional arms proliferation. Western governments are huge customers of Israeli military equipment. So, as well as selling Israel weapons which it uses to continue a military campaign caused by the illegal occupation of Palestinian land, Western governments are also buying Israeli weaponry which has been tried and tested during that occupation.

The UK’s recent policy towards Israel is also highly questionable. Granting licences for military equipment bound for Israel when those sales clearly contravene UK export criteria expose these criteria as a sham. Initially, the UK government sought to bypass the Consolidated EU and National Arms Export Licensing Criteria by claiming that the Israeli government had assured them that UK-manufactured equipment was not being used in the occupied territories. Faced with mounting evidence, the UK government’s response was to suggest that an informal embargo was in place, giving assurances that licences for military equipment to Israel would be considered on a case-by-case basis. However, this is just business as usual as all arms export licence applications are considered on this basis. The Consolidated Criteria have been further undermined by the introduction of additional “factors” which allow the export of UK-made components to be “incorporated” into weapon systems which are then sold on to a third country. In this case “incorporated” in the US to be sold on to Israel.

Why is the UK government so anxious to continue to trade arms with Israel despite Israel’s continued illegal occupation of Palestinian lands, its appalling human rights record, its grave breaches of the Fourth Geneva Convention, and its recent excessive use of force including extra-judicial killings outlawed by international law? It is clear that the power and influence of UK arms interests and the UK government’s desire to “maintain a strong and dynamic defence relationship with the US” are fundamental motivations. The UK government’s claim that the US’s “strident” export criteria are an adequate substitute for UK controls is disingenuous given that the US’s unconditional support for Israel shows no sign of waning. The US continues to sell F-16s despite their use against Palestinian civilians, it continues to block UN resolutions condemning Israel and it has followed Israel’s Prime Minister Ariel Sharon in calling for the replacement of the elected Palestinian Authority chairman Yasser Arafat. The “incorporation” get-out clause abdicates responsibility for what should be UK foreign policy decisions.

The UK government should implement its own arms export criteria and immediately embargo sales to Israel, including components via a third party. The support of Israel’s military industry through UK imports of Israeli equipment is equally damaging and needs to stop (as Norway has already done). The failure to implement a two-way embargo leaves the UK effectively condoning Israel’s continued occupation of the West Bank and Gaza and its flagrant disregard for international law. And it makes UK calls for moderation and peace sound hollow. Action is also needed on a European level, however, UK contortions designed to continue its own exports do not bode well for a wider European agreement.
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<td>ESF</td>
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<td>FAS</td>
<td>Federation of American Scientists</td>
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The Campaign Against Arms Trade is working for the reduction and ultimate abolition of the international arms trade, together with progressive demilitarisation within arms-producing countries.

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