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Israel Denies China Planes Have U.S. Technology

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IAI to install radars in jets

The United States is pressuring Israel to cancel plans to build early warning radar aircraft for the Chinese air force, but Israeli officials have countered by saying that the radar systems do not include American technology. Washington is worried that the planes will enhance the power of China and thereby have an adverse effect on the status of Taiwan.

In July, the U.S. Air Force announced that it would sell advanced early warning radar aircraft, including the E-2T Hawkeye, to Taiwan.

The American approach to Israel was made after the disclosure of the fact that Israel Aircraft Industries (IAI) had taken delivery of a Russian-made Ilyushin 76 transport aircraft on October 25 in order to install a radar system in it before handing it over to the Chinese. According to U.S. intelligence reports, the plane will be transferred to China next spring.

Until then, the defense establishment had maintained a total blackout over the agreements it signed with China and Russia as part of "Project Ring."

Under the terms of the agreement between Israel and China, China has the option of purchasing two or three additional intelligence aircraft from Israel. However, the New York Times reported yesterday that China is thought to be considering the purchase of four to eight radar systems developed for the Israeli Air Force by Elta, an IAI subsidiary, and installing them on Russian aircraft.

Such a deal would be worth up to \$2 billion, since each of the airborne radar systems costs \$250 million.

The project represents the zenith of transactions conducted by the Israeli Defense Ministry with China since the start of the decade. At the same time, the deal stands on its own and does not necessarily herald a breakthrough in Israeli arms sales to China.

Last month saw the first visit to Israel by a Chinese defense minister. However, Israeli defense sources emphasized that the visit was not intended to promote the sale of arms to China.

Only recently the former director-general of the Defense Ministry, Ilan Biran, confirmed that Israeli defense exports to China were at a nadir, totaling only tens of millions of dollars a year.

Sources in the defense establishment said there is a regular cycle in the U.S. administration's reactions to Israel's defense ties with China. Such reactions could come in the wake of a leak or in the wake of information made available to U.S. intelligence.

The sources said there is nothing new in the fact that Israel is building a radar system for installation in a plane to be delivered to the Chinese air force.

Another possibility is – although this has no confirmation from any U.S. source – that American defense concerns are putting pressure on the Pentagon to restrain Israel. The two largest defense firms, Boeing and Lockheed Martin, are competitors against IAI in international tenders to supply intelligence aircraft.

Those firms could argue that while they are barred from selling to China, Washington has no control over Israel's military industries.

The deal with China for the intelligence aircraft was launched about five years ago, when the two countries signed an agreement for the building of an early warning radar plane. However, the deal ground to a halt over a dispute regarding the cargo plane in which the system would be installed.

Israel suggested that it purchase a used Boeing 707 for the purpose, but the Chinese insisted on a Russian plane. That required the approval of Russian President Boris Yeltsin, which was finally given when former prime minister Benjamin Netanyahu visited Russia in the spring of 1997.

To keep the deal secret, a false statement was issued about the deal, according to which the agreement was for Israel to upgrade Russian weapons. IAI purchased the Ilyushin for \$50 million after tough bargaining with the Russians, and Israeli engineers went to Russia to implement the necessary changes in the plane's technical specifications so the radar system could be installed.