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Pentagon, GAO Report Israeli Espionage And Illegal Technology Retransfer

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The new year started off on a sour note for the controversial U.S.-Israeli "strategic relationship" when two reports from the Department of Defense and one from the General Accounting Office (GAO) highlighted Israel's espionage activities against the United States and Israeli thefts of U.S. military technology secrets, and confirmed that Israel has illegally retransferred U.S. technology from the largely U.S.-funded Lavi fighter program to China.

The first round of revelations began with a report in the February issue of *Moment*, a Jewish monthly published in Washington, DC. The magazine described a Defense Investigative Service (DIS) warning to U.S. defense contractors about espionage by U.S. allies. One of the counterintelligence profiles provided with the memo detailed Israeli "espionage intentions and capabilities" aimed at the United States (see p. 113 for the full text of the DIS Counterintelligence Profile). The memo was sent to defense contractors last October by the Syracuse, NY-based agency responsible for issuing security clearances to Department of Defense employees and defense contractors.

Shortly after the *Moment* story appeared, Anti-Defamation League (ADL) executive director Abraham Foxman protested that the profile "impugns American Jews and borders on anti-Semitism" because of its reference to the potential security threat posed by individuals having "strong ethnic ties" to Israel, a euphemism for American Jews.

The Pentagon responded to Foxman by canceling the memo and promising not to issue a similar one in the future. In a letter to Foxman, Assistant Secretary of Defense for military intelligence Emmett Paige, Jr. wrote that, "The content of [the DIS counterintelligence profile] does not reflect the official position of the Department of Defense." He added that, "We have instructed appropriate personnel that similar documents will not be produced in the future."

Within days after the DIS warning became public, however, the General Accounting Office, the investigative arm of Congress, released a declassified report which also included numerous revelations about espionage against the United States by its allies.

The report, "Defense Industrial Security: Weaknesses in U.S. Security Arrangements With Foreign-Owned Defense Contractors," claimed that "Country A" (publicly identified as Israel in the Feb. 22 Washington Times) "conducts the most aggressive espionage operation against the United States of any U.S. ally." The list of espionage operations described in the report included the following:

- "An espionage operation run by the intelligence organization responsible for collecting scientific and technologic information for [Israel] paid a U.S. government employee to obtain U.S. classified military intelligence documents. [This is a reference to the 1985 arrest of Jonathan Pollard, a civilian U.S. naval intelligence analyst who provided Israel's LAKAM espionage agency an estimated 800,000 pages of classified U.S. intelligence information.]
- "Several citizens of [Israel] were caught in the United States stealing sensitive technology used in manufacturing artillery gun tubes.
- "Agents of [Israel] allegedly stole design plans for a classified reconnaissance system from a U.S. company and gave them to a defense contractor from [Israel].
- "A company from [Israel] is suspected of surreptitiously monitoring a DOD telecommunications system to obtain classified information for [Israeli] intelligence.
- "Citizens of [Israel] were investigated for allegations of passing advanced aerospace design technology to unauthorized scientists and researchers.
- "[Israel] is suspected of targeting U.S. avionics, missile telemetry and testing data, and aircraft communications systems for intelligence operations.
- "It has been determined that [Israel] targeted specialized software that is used to store data in friendly aircraft warning systems.
- "[Israel] has targeted information on advanced materials and coatings for collection. An [Israeli] government agency allegedly obtained information regarding a chemical finish used on missile re-entry vehicles from a U.S. person."

No U.S. Response

The release of the General Accounting Office report makes it clear that Congress is aware of the extent of Israeli espionage in the United States, but so far no public action has been taken by the U.S. government in response.

The third revelation of Israel's violation of its privileged security relationship with the United States came from the Office of Naval Intelligence (ONI). Its 36-page report, "Worldwide Challenges to Naval Strike Warfare," contained the first unclassified confirmation by the U.S. government that Israel has retransferred sensitive U.S. military technology to China. In reference to the Israeli-Chinese military relationship, the report reads, in part: "U.S. technology has been acquired through Israel in the form of the Lavi fighter and possibly [surface-to-air] missile technology." Prior to the release of the

ONI report, U.S. intelligence officials had been unwilling to state publicly what has become an open secret: that Israel violated U.S. law and numerous agreements with the United States by providing China with sensitive U.S. technology that has the potential to threaten U.S. national security interests directly (for a report on Israel's illegal retransfer of Lavi technology, see the January 1996 Washington Report, p. 12).

Defense and intelligence analysts have speculated that these reports signal the beginning of a new, downgraded chapter in the U.S.-Israeli intelligence and security relationship. One CIA veteran who has served in Tel Aviv told the Washington Report that "the CIA has seen less and less return for its investment with Israeli intelligence of late." The agent said that "the failure of their entire intelligence apparatus to anticipate the Rabin shooting, in many people's minds, was probably one of the biggest reasons for us to downgrade our ties with the Israelis."

Another U.S. government official from the Defense Investigative Service was quoted in the Saudi Gazette as saying that the frank DIS counterintelligence profile of Israel resulted from the fact that "the Pentagon has gone kind of sour on Israel as of late," because of Israel's "illegal sale of the Lavi fighter to China and dozens of other spy cases within the U.S. defense industry, which I'm not at liberty to discuss."

Criticism also has come from other, seemingly unlikely sources. Dov Zakheim and Stephen Bryen are Jewish Americans who held high-level posts in the Pentagon during the Reagan administration (Bryen was undersecretary of defense for trade security policy, and Zakheim was undersecretary of defense for planning and resources). They had much to say about the DIS counterintelligence profile.

In the Feb. 19, 1996 issue of The Jewish Week of Queens, NY, Bryen condemned the profile as "blatant racism," but admitted that "the biggest problem is primarily Israel's sale of war materials to countries that may be adverse to our interests, and maybe Israel's, too." He concluded that "Israel's attitude seems to be, we don't care about that we're just arms merchants." Bryen's comments were notable because he is the founder and his wife is executive director of the Washington-based Jewish Institute for National Security Affairs (JINSA), a hard-line lobbying group with ties to Israel's arms industry.

Zakheim, who currently is president of a security consulting firm in Arlington, VA, told the Israeli financial paper Globes that, in reference to U.S. allegations of Israeli espionage, "It's obvious that there is a lot of smoke, and Israel does nothing to dispel it. This is not an American problem but an Israeli problem." He also argued that raising the specter of anti-Semitism in the Pentagon is misguided. "Do you know how many Jews work in the Defense Department?" he asked. "I'd recommend to Israel and the Jewish establishment not to play this card. This can only cause damage."