

# Israel's Unauthorized Retransfer of U.S. Technology Exposed

By **Shawn L. Twing**

**SEPTEMBER 1995, PAGES 8, 100**

Although allegations have been made on numerous occasions linking Israel to the illegal re-export of U.S.-origin defense and dual-use technology, there never has been an independently prepared, comprehensive and systematic analysis of the phenomenon available to the general public—until now.



"Israel's Unauthorized Arms Transfers," by Duncan Clarke, appearing in the summer issue of *Foreign Policy* quarterly, demonstrates beyond a reasonable doubt that some American defense technology received by Israel has been retransferred to other countries, some of which are potentially hostile to the United States, in direct contravention of

U.S. law. Clarke, a professor of international relations at American University in Washington, DC, maintains that these retransfers "have threatened American commercial interests, compromised intelligence, upset regional stability, strained diplomatic relations, and confirmed the U.S. national security bureaucracy's long-standing distrust of Israeli technology transfer practices."

In order to understand the magnitude of Israel's retransfer of U.S. technology, it is important to consider four factors. First, Israel receives the largest sum of annual U.S. security assistance, \$1.8 billion per year, and has access to much of the most sensitive U.S. technology. Second, Israeli defense firms which, according to Clarke, often re-export with the Israeli government's approval, retransfer U.S. technology to countries to which the United States will not sell (e.g., pre-Mandela South Africa) or who are potential adversaries of the United States (e.g., China). Third, Israel's defense industry produces nearly identical versions of U.S.-origin equipment which it then sells on the world market in direct competition with U.S. defense firms. Finally, the complaints made by U.S. officials responsible for safeguarding America's technological secrets fall on deaf ears in Congress, where domestic political maneuvering takes precedence over protecting American national security and commercial interests.

Israel's annual security assistance budget from the United States helps subsidize the Israeli defense industry, making it heavily dependent on the U.S. for its economic survival. The 1995 Foreign Assistance Act, for example, stipulates that Israel receive no less than \$625 million in U.S. taxpayer grant money in 1995 to research, develop and procure "advanced weapons systems" and "defense articles" in the United States and in Israel. This subsidy, combined with Israel's willingness to re-export U.S. defense technology, gives Israeli defense companies a substantial edge over potential competitors, including defense companies in the United States. By heavily subsidizing the research side of the development process, providing what are effectively working prototypes from which the Israeli firms can build, and allowing Israel to retransfer sensitive technology, the United States government has increased Israel's ability to compete in the international market exponentially.

Perhaps the worst aspect of Israel's contravention of U.S. export law involves the end recipients of U.S. technology. South Africa and China, the "principal recipients of unauthorized Israeli re-exports of U.S.-origin defense technology," according to Clarke, have received substantial amounts of sensitive U.S. technology from Israel. South Africa has acquired anti-tank missiles, aircraft engines, armored personnel carriers and recoilless rifles. China has obtained thermal imaging tank sights, air-to-air missile technology, assistance with "new generation" fighter aircraft (based partly on the largely U.S.-funded Israeli Lavi fighter) and even Patriot missile technology. Not only is most of the evidence for these allegations based on information deemed "reliable" by "virtually all policy and intelligence officials who follow technology transfer issues," it was partially substantiated with physical evidence when, ironically, U.S.-origin technology was found in captured Iraqi tank sights that had been re-exported from Israel to China, and then to Iraq.

## **Hard Evidence**

In an interview with the *Washington Report*, Dr. Clarke made it clear that normally such hard evidence of retransfers is nearly impossible to find. However, the massive loss of Iraq's military equipment during the Gulf war made it possible for U.S. military inspectors to get possession of the gun sights. (An earlier piece of tangible evidence linking Israel to illegal retransfers involved U.S. cluster bombs which Israel sold to Ethiopia. They were found in Sudan.)

The retransfer of Patriot missile technology is another example of alleged Israeli actions that directly threaten U.S. security interests. If the Patriot, which is a ground-to-air missile designed to intercept and destroy incoming tactical missiles, was retransferred to China, "this would have enabled China to modify its M-9 and M-11 ballistic missiles to prevent U.S. systems from intercepting them," thus eliminating one of America's crucial lines of defense against attack from a theater missile delivery system. Although there has been a lengthy dispute over the credibility of the evidence suggesting Israel's role in the retransfer of Patriot technology (which Clarke discusses in detail), it appears that

at the very least Israel gave China “technical data” about the Patriot which it could have used to modify its ballistic missiles.

Another issue relating to Israel’s retransfer of U.S. technology is the virtual duplication of U.S. defense products or the incorporation of significant amounts of U.S.-origin technology in Israeli-made defense items by Israeli firms, which then are sold on the international market in competition with the original American products, or sold to countries to which the United States is unwilling to sell either because they are potential threats to the U.S. or because of their human rights record. Among the examples Clarke cites are the Israeli-made Python-3 air-to-air missile (based largely on the U.S.-made AIM-9L Sidewinder); Israel’s Popeye air-to-ground missile, which is “virtually identical” to the HAVE-NAP missile made by the U.S. firm Martin-Marietta; the STAR cruise missile that the “CIA believed Israel was marketing [to] China”; and the U.S.-funded, Israeli-made Arrow anti-tactical ballistic missile, “which is unofficially opposed by the U.S. Army, many at Defense, the intelligence community, ACDA (Arms Control and Disarmament Agency), and some offices in State.” All of these are examples in Clarke’s article of how U.S. taxpayers subsidize the Israeli defense industry, which then competes unfairly with U.S. companies, eventually costing American jobs. Whatever their motives, Israeli defense firms, with Israeli governmental approval, frequently ignore U.S. re-export laws as well as American national security concerns, and continue to sell advanced American weaponry to whomever they please with little or no reaction from the U.S. government.

### **A “Black Hole”**

With a situation as frustrating as this one, it is easy to apply the blame for inaction on the U.S. government as a whole. However, many individuals within the executive branch who bear the responsibility for monitoring technology retransfer are working hard to discover and document the violations and report them to Congress. At least nine reports describing Israeli violations have been sent to Congress, two of them in January of this year. Unfortunately, none has had any effect. Instead, Clarke reports, the strength of the pro-Israel lobby on Capitol Hill creates what one observer calls a “black hole” into which all of these reports fall because of the belief among members of Congress that taking a strong, critical stand toward Israel’s misbehavior “could harm them politically.”

Nor, apparently, is relief in sight. Part of Israel’s reward for signing the 1993 Declaration of Principles with the Palestine Liberation Organization (PLO) has been the creation of two U.S. governmental groups “to facilitate technology flow.” Their activities, if history is an accurate indicator, may more than offset the efforts of U.S. defense experts to protect America’s military and commercial secrets by increasing the opportunities for more illegal retransfers of U.S. military and dual-use technology to third parties.

Further, the Clinton administration has been extremely lax in its handling of Israel's violations of U.S. law, and in fact has effectively rewarded the Israelis for their misbehavior by relaxing curbs on the transfer of sensitive technology to Israel, despite the fact that Israel violates U.S. defense re-export laws more frequently and with more sensitive technology than any other country. Overall, it appears Israel's persistent abuse of its special relationship with Washington will continue into the foreseeable future. Israeli officials are pursuing short-term financial gains. American officials are concerned about domestic political repercussions. Both, it seems, are ignoring long-term security concerns.

*Shawn L. Twing is the news editor of the Washington Report on Middle East Affairs.*