Under pressure from the Bush administration and Congress to cut off arms shipments to China, Israel hopes to iron out an agreement this summer with the United States on how future potential sales to Beijing will be considered.

Israeli government officials and a nongovernmental expert in Washington familiar with the issue said the two sides were seeking to fashion a memorandum of understanding that would make such sales more transparent by defining “rules of the road.” The United States has considerable leverage over Israel as US defense technology is often incorporated in Israeli weapons.

“I believe that very soon we are going to agree on a procedure with regard to Israeli exports to China,” Yuval Steinitz, chairman of the Israeli Knesset (Parliament) Foreign and Defense Committee told Arms Control Today in a June 8 interview.

Still, Secretary of State Condoleezza Rice acknowledged June 16 that some outstanding issues remain. “We have had some difficult discussions with the Israelis about this,” Rice told reporters.

The nongovernmental expert said that the differences involved exactly how much Israel would defer to the United States on such sales and whether the agreement would be limited to Israeli sales to China or extended to Israeli sales to other countries. Israel is pushing for a limited agreement, while the United States would prefer a broader pact.

At the same time, a version of the fiscal year 2006 defense authorization bill approved by the House May 25 requires the secretary of defense not to procure any goods or services for five years from any firms that transfer arms to China, a provision that could affect Israel’s defense sector, which is one of its largest industries. US officials have been pushing in recent months to prevent US allies from selling high-tech weapons to China, which might be used against the United States or Taiwan in a future military conflict. Under US pressure, the European Union has delayed plans to lift its arms embargo on Beijing.

“Ireland has a responsibility to be sensitive” to US concern about China, “particularly given the close defense cooperation between Israel and the United States,” Rice said during a visit to Israel June 19. The United States provides billions of dollars of military aid to Israel each year.

The recent dispute stems in part from Israel’s planned sale to China of spare parts for a fleet of as many as 100 Harpy Killer unmanned drones. The drone sale was singled out in a 2004 report from the US-China Economic and Security Review Commission, which said that the unmanned aerial vehicles could “detect, attack, and destroy radar emitters,” posing a significant threat to command-and-control facilities on Taiwan and to US operational forces in the region. US officials fear that Israel planned to help China upgrade the systems and not just supply spare parts. In particular, they fear the addition of sensors that might be able to detect radar sites even when they are turned off.

The Israeli newspaper Ha’aretz reported June 26 that under the proposed memorandum, the Israeli government will not return the drone components to China and expects to pay compensation.

Ha’aretz reported June 13 that Washington has demanded that Israel provide details of more than 60 recent security deals with China. It claimed that, in the interim, the United States has suspended cooperation with the
Israeli Air Force on developing a new fighter through the Joint Strike Fighter project and on other high-tech military equipment used by ground troops, out of concern that China could then obtain the technology.

Independent analysts and government officials say that Israeli arms sales to China have fallen off since July 2000, when the United States persuaded Israel to cancel the sale to China of the Phalcon, an advanced, airborne early warning system. A senior Israeli government official said that incident “sensitized” Israel to US security concerns about Beijing and that it has subsequently been cautious about such sales.

By contrast, Israeli officials contend that US complaints elsewhere often reflect the desire of US defense firms to prevent competition from other suppliers.

As an example, they point to India, where the United States is considering selling a version of the Patriot missile defense system but has prevented Israel from selling the Arrow, a similar joint US-Israeli system. US officials argue that they oppose sales of the Arrow because they would violate the provisions of the Missile Technology Control Regime, whose 34 members are supposed to restrict exports of missile systems and technologies capable of delivering a 500 kilogram payload at least 300 kilometers. US officials say the Arrow system exceeds this threshold while the Patriot does not.

But Israeli officials seethe. “It is one of the great absurdities of US-Israeli relations. We developed this system together, we produced together, we can earn together, we can gain together,” former Deputy Defense Minister Ephraim Sneh, a leading Labor Party voice on defense policy, told Arms Control Today in a June 8 interview. “This is the best operational anti-missile defense in the world, and we are not allowed to export it?”

Miles Pomper is the editor of Arms Control Today. This article first appeared in Arms Control Today of July/August 2005, and is reprinted with kind permission. Arms Control Today is a publication of the Arms Control Association and is highly recommended to EPS members. You can subscribe online at http://www.armscontrol.org.

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