

Israel's booming arms exports under scrutiny

TEL AVIV, Israel, Sept. 18 (UPI) -- Israel's defense industry is under scrutiny for not being particular enough about its customers amid allegations it exploits the West Bank to develop security systems.

"A key component of the militarized state is the drive to increase the production and export of weapons while also becoming a global security-services provider," former Central Intelligence Agency officer Philip Giraldi said.

"This has led to a certain recklessness about who is being trained, where the arms wind up and what sensitive technology might be exposed in the process.

"The Pentagon has long been nervous about the freewheeling Israeli consultants and arms dealers operating worldwide, particularly as those weapons and expertise command the highest prices in areas of armed conflict," Giraldi, now executive director of the Council for the National Interest in Washington, wrote in *The American Conservative*.

"The United States, as the primary source and funder for advanced weapons for Israel, most definitely has a horse in the race as the arms flow frequently produces political instability, and the technology that is sold or bartered can endanger U.S. security."

In July, Israeli Comptroller Joseph Shapira reported serious flaws in the supervision of arms-exporting companies, which suggested there had been abuses.

In doing so, Shapira was taking on the Defense Ministry, one of the most powerful state bodies in Israel's highly militarized social system. It issues all defense export licenses and regulates the recipients.

Shapira's report cited poor enforcement concerning the export of sensitive technology, which is often developed with U.S. funding.

The report did not cite any specific violations. But Shapira's criticism has focused attention on an industry that includes 6,800 licensed arms dealers.

Weapons systems and other defense equipment constitute Israel's main exports. Its 2012 export total of \$7.5 billion, a record, ranks it the sixth largest in the world by volume, but, as Giraldi observes, No. 1 in terms of a percentage of the overall Israeli economy.

"As in Turkey and the United States, the business is largely run by retired senior officers," he wrote in the American Conservative.

"Unlike Turkey and the United States, there have been a number of scandals connected to Israeli weapons development and sales, including the arrests of Israeli weapons dealers in Latin America and Africa."

Israel has also been involved in illegal transfers of restricted U.S. technology, in particular the sale to China of F-16-derived avionics that had been intended for use in the ill-fated Lavi fighter jet.

That was Israel's first effort to build an indigenous combat aircraft, but the prestige Lavi program, based on the Lockheed F-16, was scrapped in 1987 because the Americans, who'd invested \$1.3 billion in the project, had re-export concerns. They also didn't want a competitor for the F-16.

Even so, in 2002, the Chinese unveiled their Jian-10 multirole, single-engine tactical fighter, based in considerable part on Lavi technology.

In March 1997, despite denials by Israeli officials, the U.S. Office of Naval Intelligence reported in its unclassified Worldwide Challenges to Naval Strike Warfare that U.S.-derived technology from the canceled Lavi program was being used in China's F-10 fighter, the export version of the J-10.

In 2000, the Americans blocked the \$1 billion sale of Israel Aerospace Industries'

Phalcon AWACS to China because it included U.S. technology.

Three months ago, a British government report said Israeli arms were exported to several Muslim countries -- Pakistan, Egypt, Algeria, the United Arab Emirates and Morocco -- in 2008-12.

Israel denied that. But there have been persistent reports of discreet diplomatic and intelligence contacts between Israel and Pakistan, as well as Arab states like the Emirates and Saudi Arabia because of their common opposition to Iran.

In August, the documentary "The Lab" by Israeli director Yotam Feldman argued Israeli defense companies have turned the occupied West Bank into a laboratory for developing and testing new security systems.

These are exported by Israeli companies that are major players in the international security industry, and dominate the global airline security sector.

"The occupied territories are crucial as a laboratory not just in terms of Israel's internal security, but because they have allowed Israel to become pivotal to the global homeland security industry," Israeli analyst Jeff Halper said.