



## PERSPECTIVES

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# The Revised Arms Export Policy of Israel and the US

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**EXECUTIVE SUMMARY:** The divergence between the Trump administration's desire to increase arms sales to the Middle East and the capacity limits of Arab clients for what the US currently markets makes the release of new types of advanced US weapon systems to the region more likely, which could undermine Israel's qualitative military edge. While the administration's global arms export drive may increase US-Israel competition for certain markets, it could also offer opportunities for joint arms export cooperation. Israel should be wary of following the American lead in relaxing export standards for approving arms sales.

On April 19, 2018, the White House [issued](#) a national presidential security memorandum laying out a revised US Conventional Arms Transfer (CAT) Policy. Following a sixty-day period for feedback from the industry, a proposed action plan to implement the revised policy guidelines regarding conventional arms transfers and unmanned aerial systems export policy will be submitted by the State Department in coordination with the Defense, Commerce, and Energy Departments for the president's approval.

At its core, this new policy initiative is designed to ease regulations and increase the accessibility and competitiveness of US weaponry in order to bolster America's share of the global arms market. As Peter Navarro, White House National Trade Council head [stated](#), the change "will allow allies and partners to more easily obtain American security goods, which in turn improves the security of the United States while reducing the need for them to buy Chinese and Russian systems."

Increasing arms sales is an important policy objective of the Trump administration, with the president himself pushing foreign leaders to buy

American-made military systems and equipment. Expanding arms sales is seen as not only serving security and foreign policy interests but also underwriting the administration's "America First" policy through the economic benefits that will be derived from expanding the ability of the defense industrial base to create jobs and innovate.

Arms exports constituted over 6% of the value of all US exports in the period from 2007 to 2014. According to a recent [release](#) by the authoritative Stockholm International Peace Research Institute (SIPRI), between 2013 and 2017 the US extended its lead in arms exports to 34% of total arms sales in the world. Increasing or even preserving the significant contribution of foreign military sales to America's economy will require continued substantial orders from the Middle East and Asian markets that have led the rising trend of arms imports over the last decade. The consequent effort to maintain the Middle East as a substantial outlet for US-made arms could have a number of notable implications for Israel.

### **Breaking the quality barrier**

While the Middle East market accounted for half (49%) of total US arms exports in the 2013-17 period, the combination of a present downward swing in demand for major US-made weapon systems in the Middle East and a deliberate policy of arms purchase diversification by the Arab states means innovative measures are going to be needed if the US is to achieve or exceed previous levels of arms sales to the region. This will necessitate going beyond current limits on arms sales to the Arab states.

Following a decade of large-scale sales of fighter jets, helicopters, warships, and air-defense systems, the Arab clients are close to or at their capacity limits for these types of US-made arms. With the residual market for such expensive weapon systems being shared with European and Russian arms manufacturers, the US will need to push the envelope in order to garner large-scale arms sales to the region in the coming years.

This makes the release of new types of advanced capabilities to the Arab states in the near future much more likely. Prime candidates are the F-35 fifth-generation fighter jet and armed drones. Though this would be very problematic from a Qualitative Military Edge (QME) perspective, the sale of F-35s and armed drones to the Arab countries would be very lucrative and could contribute considerably to keeping the Middle East as a major arms market in the years to come.

### **Between competition and cooperation**

In 2017, Israel's arms exports reached a record \$9.2 billion thanks to increased sales to India, Asia, and Europe of air-defense systems, radars and electronic warfare systems, and drones. Increased competition between Israel and the US for certain arms markets is growing more likely, but mutual benefit through cooperation on specific arms export projects is also possible.

Obviously, Israel and the US will not compete on arms sales across the board, but a more assertive US drive could bite into traditional Israeli markets. The military UAV market, especially armed UAVs, is one such area of potential competition. To date, the US has adopted a strong presumption of denial when considering the sale of armed UAVs around the world. The review initiated by the administration of the UAV export policy, including the intention to try and reform the Missile Technology Control Regime (MTCR) that governs the export of missiles and drones, indicates that the US is looking to expand its share of the UAV market, in which Israel is a major player.

More competition in places central to Israel's success in arms exports – like India, Asia, and Europe – may also be in the cards. The US has upped its marketing efforts in these places, as exemplified by the Trump administration's recent [approval](#) to supply India with armed Predator-B (MQ-9) UAVs. Up to this point, India's armed drones have been Israeli-made Harpy systems.

On the other hand, there may be more opportunities for cooperation in arms exports between Israel and the US. Poland recently signed a \$4.76 billion deal for the purchase of the US-made Patriot air-defense system. Initially, the Israeli-made David's Sling interceptor missiles were in the running to be integrated into the sale. Though [Poland eliminated the Israeli missiles from the competition](#), the demand for air and missile defense systems around the world could increase the potential for US-Israeli cooperation in this field.

### **Relaxing Israeli export rules**

The review of the US conventional arms and UAV export policy may also encourage some in the Israeli defense establishment to consider a comparable easing of Israeli regulations on arms exports. Recently, a number of [regulatory changes were made](#) to streamline arms export marketing procedures. These do not, however, circumvent the procedures that supervise Israel's arms export policy.

Israel is regularly criticized for selling weapons to countries that have problematic human rights track records, such as Myanmar, South Sudan, and Honduras. The upswing in Israel's arms exports to countries in Africa, South America, and Asia that suffer from corruption or poor human rights records highlights the need to maintain strict standards and procedures for the approval of arms exports.

In short, Israel should be able to compete for arms markets globally without compromising the rigorous guidelines that govern the arms export process.

### **Recommendations**

Within the context of its security dialogue with the US, Israel must relay its strong opposition to the release of the F-35 fifth-generation fighter jet to the Arab states. Israel must retain its regional exclusivity of this platform since its regional aerial superiority depends, to a large degree, on the technological advantages that the F-35 fighter affords it.

In addition, areas of cooperation in arms exports need to be earnestly explored with regard to those systems for which Israeli-US collaboration provides mutual benefits in securing arms deals. Air defense systems seem to be the prime candidate for this kind of partnership. At the same time, rules of competition need to be established with regard to the other arms export endeavors that will be contested between the US and Israel.

Finally, Israel should be wary of relaxing standards and procedures for approving arms exports. A more competitive global arms market is no excuse for the reversal of human rights, corruption, and security restrictions on arms sales.

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