



Weapons Export Diplomacy: How the Israeli Defense Industry Furthers Foreign Policy

by Tyler Johnson

BESA Intern Insights No. 1, July 2024

EXECUTIVE SUMMARY: The Israeli defense industry is a pivotal extension of the nation's foreign policy, leveraging its technological advancements in air defense, UAV production, avionics, and cybersecurity to forge and strengthen diplomatic ties. Israel, while maintaining its sovereignty in defense production since the 1967 French arms embargo, has utilized its sophisticated weapons exports to cultivate mutually beneficial relationships and strategic alliances globally. In Asia, Israel's defense ties with India, South Korea, and the Philippines have bolstered its geopolitical influence, while in Europe, its advanced missile defense systems have become crucial amidst the Russian-Ukrainian conflict. Despite the ongoing war with Hamas and its repercussions on international relations, Israel's defense industry continues to play an integral role in its foreign policy.

The Israeli weapons industry, as an extension of the Israeli government, acts in an essential diplomatic and foreign relations capacity. Through the remarkable technological achievements of the weapons industry, Israel has emerged as a world leader, particularly in air defense, medium UAV production, avionics equipment, and cybersecurity. Though the United States remains the biggest arms seller

worldwide, Israel has the unique geopolitical position to further diplomatic, foreign relations, and national security goals through the export of weapons to countries around the world. Though exports alone are not enough to influence voting trends among recipients of Israeli weapons exports in the United Nations, it nonetheless creates both a mutually beneficial relationship, as well as a network of dependents for Israeli weapons that has the potential to supersede international pressures.

Background

Israel, from a place of necessity as much as pure technological prowess, has always strived to maintain autonomous weapons production, knowing that most of the international community would not provide diplomatic recognition, much less arms support. France, having initially been Israel's largest supplier of arms since the establishment of the state, subjected Israel to an arms embargo prior to the Six-Day War in 1967, causing Israel to shift to domestic production and attain a large level of self-sufficiency to bypass any future embargoes altogether. This led to the state directly owning many of Israel's defense companies until the present, such as Rafael Advanced Systems and Israel Aerospace Industries.

With government funds and expertise being poured into the defense industry, the Israeli defense industry flourished by importing foreign technology and improving upon it. This led Israel to export weapons to ostracized countries, Third World countries, and even former enemy states. This can advance Israeli diplomacy and political goals in non-western spheres. Still, it also has the potential to be a source of tension with the United States in the ensuing geopolitical chess match. However, the reward outweighs the risk, as Israel's weapons industry continues to serve a vital functionary role as an extension of foreign policy and diplomacy.

Asia

Folding weapons exports under the Ministry of Defense, the Knesset passed the Defense Export Control Law in 2007, requiring the export of defense equipment to be approved by the government under the auspices of the Defense Export Control division. A recent report by the Stockholm International Peace Research Institute (SIPRI) for arms exports in 2023 has Israel listed as the world's ninth largest arms exporter, with the fastest growing area of export going towards Asia in the form of

UAVs and electronics systems, specifically India and the Philippines. Israeli relations with Asia have become a major area of focus for the Ministry of Foreign Affairs, and India is one of Israel's strongest political supporters in Asia. India seeks to become a world power, and to this end, it has become the world's number one weapons importer, with India accounting for 37% of Israel's defense exports from 2019-2023. Though the current war against Hamas has exacerbated Israel's international standing, in the past, India has abstained on several United Nations resolutions condemning Israel.

Other countries throughout East and Southeast Asia are becoming significant partners as well. IAI has had relations with South Korea going back to the late 1990s in providing UAVs and anti-aircraft weaponry to counter North Korea, and the South Korean government is seeking to expand these deals. The long-standing defense relationship then progressed into the economic sphere when, in 2021, Israel and South Korea established a bilateral free trade agreement, the first such agreement between Israel and an Asian country. Similarly, the Philippines has long been an ally of Israel as the only Asian country to vote for the U.N. partition plan in 1947. Though economic ties with the Philippines remain less critical than those with other Asian trade partners, in the last decade, Israel has expanded its relationship with the Philippines and supplied their military with patrol ships, armored personnel carriers, missiles, firearms, and electronics systems. SIPRI listed the Philippines as the third largest importer of Israeli weapons, and with tension rising in the South China Sea over territorial disputes and freedom of navigation, Israel has become an important security partner for the Philippines. Sympathy for Israel is strong in the Philippines, particularly after Israel rescued Filipino workers that Hamas had taken hostage on October 7th.

Though the Ministry of Defense prefers to keep much of its arms export data classified, many recipients of Israeli defense infrastructure publicly tout their purchases as an open secret. Such is the case with Azerbaijan, which imports most of its arms from Israel, including drones, anti-aircraft, and missile defense systems, bringing in well over \$1 billion to the Israeli economy. Azerbaijan is the only majority Shia nation with whom Israel has good relations and acts as a buffer state with Iran. Azerbaijan is also Israel's largest oil supplier, accounting for about 40% of Israel's oil imports through the Baku-Tbilisi-Ceyhan pipeline, underscoring

Azerbaijan's strategic importance for Israel. Azerbaijan came under intense international scrutiny for its occupation of the contested Nagorno-Karabakh region in 2023, during which Israeli drones and weapons were deployed by the Azerbaijanis, and thousands of civilians were killed. However, Israel is no stranger to international criticism, and has weathered the storm from its Western allies, and has nonetheless secured several important sales to European allies despite the criticism.

Europe

Europe has long had a mixed relationship with Israel, quick to condemn its actions internationally while still seeking all the benefits of Israeli innovation and economic trade. In the realm of defense, this primarily concerns air defense systems. The Russian-Ukrainian war has sparked new life in the arms industry for Europe, and imports to Europe overall have skyrocketed. However, unlike other Western countries, Israel has maintained its relationship with the Kremlin, has not imposed sanctions on Russia, and, most significantly, has not exported defensive weaponry to Ukraine.

Appeasing Russia is an important cornerstone of Israeli foreign policy and regional cooperation, as Russia allows Israel to conduct airstrikes against terrorist infrastructure in Syria, namely Hezbollah and the Iranian Revolutionary Guard Corps (IRGC), to counter Iran. However, the war with Hamas has strained Israeli-Russian relations. The Russians have turned to Hezbollah and the IRGC for the training and production of loitering munitions to deploy against Ukraine, which has led to an increase in demand for Israeli missile defense technology from NATO countries. For instance, following their acceptance into NATO in April 2023, Finland and Israel signed an agreement to sell David's Sling air defense system valued well over \$300 million.

Germany is one of Israel's oldest European allies, partially out of shared Western values but also making amends for Nazi Germany's perpetration of the Holocaust. Though diplomatic relations between the two countries did not officially begin until 1965, Germany had been supplying Israel with arms and equipment before then, and Israel remains one of the largest importers of German military hardware. As Israel's domestic weapons production prowess grew, Germany turned to Israel for the

purchase of Rafael's Spike anti-tank missile, an important deterrent against potential Russian aggression. Just before the October 7th attacks, the sale of IAI's Arrow 3 ballistic missile defense system was approved by Israel and the U.S. to Germany as the largest arms deal in Israeli history, valued at \$3.5 billion. The purchase is part of the German-led European collective defense initiative called Sky Shield to counter the ballistic missile threat posed by Russia. This relationship goes deeper than weapons diplomacy, with Germany intervening as a third party on Israel's behalf with South Africa's failed genocide case at the ICJ.

Middle East & North Africa

Since October 7th, overall weapons imports from Abraham Accord signatories have dramatically decreased due to overwhelming popular support for Palestinians in the Arab world and to renege on normalization with Israel. However, they are still occurring, even in smaller quantities. Before the war, Israel had been exporting UAVs, missiles, and air defense systems, and in 2022, it accounted for 24% of overall defense exports valued at almost \$3 billion. While it was predictable that, overall, Arab cooperation with Israel would decrease in reaction to the ongoing war in Gaza, it is important to note that security cooperation, whether public or not, had not ceased even well before normalization took place.

With Iran seeking to escalate regional tensions, as demonstrated by their attack on Israel in the spring, missile defenses are needed for the Gulf states' security. As Israel is the only country able to provide such systems, and Israel, in turn, requires good relations with its Arab neighbors, both parties need each other. Though the weapons flow slowed, it did not stop, signaling that the Abraham Accord countries were unwilling to walk away from relations, even while criticizing Israel and voting against it in the U.N.

Conclusion

As regional hostilities both in Europe and the Middle East show no sign of ending soon, neither will the demand for weapons. Though politically, Israel is currently being ostracized on the world stage, realpolitik considerations trump public image considerations, and Israel is one of the few countries in the world that has the weapons systems needed for defense against UAVs and missiles. So long as Israel

maintains its technological weapons and production capabilities, it retains the political capital needed to pursue further foreign policy goals.

Tyler Johnson is an undergraduate student at Brandeis University, majoring in Politics and Israel Studies. He has previously contributed to Middle East research at the Foundation for the Defense of Democracies based in Washington, D.C., and plans on pursuing a career in security studies.