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AP Breaking News

Israel's weapons exports skyrocket, making it friends and money

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With an arsenal ranging from the Uzi to attack drones and airborne early warning systems, Israel has quietly transformed itself into one of the world's top defense exporters.

Defense News has ranked Israel as No. 3 based on 2002 contracts, and an Israeli expert told The Associated Press the country was now considered to be in the top five. Growing sales to Turkey and India, two major new markets for Israel, have driven the surge.

The country's success as a weapons exporter comes against the backdrop of three years of Israeli-Palestinian violence that has stifled Israel's economic development and deepened its isolation.

Until this summer, Israel's Defense Ministry refused to publish statistics on arms sales, although some figures had been provided in background briefings. The subject remains sensitive, especially because of some critics' charges that Israel passes on American military technology to third countries.

Defense Ministry figures show Israeli weapons export contracts were worth \$4.1 billion in

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2002 -- up from \$2.6 billion the previous year. Israel's overall exports are around \$30 billion.

In June, Defense News ranked Israel 3rd in defense exports, behind only the U.S. and Russia. The magazine, a U.S. weekly specializing in military issues, said those countries had defense exports of \$13.2 billion and \$4.4 billion, respectively.

But there is no consensus on the exact numbers, in part because some countries use contracts for their totals and others use actual deliveries.

Efraim Inbar of Tel Aviv's BESA Center for Strategic Studies estimated that the top five defense exporters -- not necessarily in this order -- were now the United States, Russia, France, Britain and Israel.

Richard Grimmatt of the Congressional Research Service in Washington, applying a strict standard, credits Israel in his latest annual report with contracts of only \$1 billion in 2002, placing it eighth -- although if Israel's figures were accepted, here, too, it would be third behind the United States and Russia.

Grimmett could not explain the discrepancy but said that "definitions count and countries have different ways of tabulations... We don't count letters of intent or memoranda of agreement."

A major reason for Israel's recent surge was a \$700 million deal to upgrade Turkish tanks, according to Barbara Opall-Rome, Tel Aviv correspondent of Defense News.

In addition to India and Turkey, other large markets for Israeli weapons systems include the United States, Singapore and Sri Lanka.

Some Israeli weapons have gone to controversial buyers -- the Pinochet regime in Chile, for example, or Li Peng's China in the wake of the Tiananmen Square Massacre in 1989.

Today, Defense Ministry spokeswoman Rachel Niedak-Ashkenazi says, a parliamentary

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committee must give its approval for all Israeli weapons transfers, and the Defense Ministry prevents weapons systems from going to countries with checkered political records.

Some 200 arms manufacturers operate in Israel, but five companies -- the state-owned Israel Aircraft Industries, or IAI, Israel Military Industries and Rafael, and privately held Elbit and Elrisa -- account for about 90 percent of all foreign sales.

Israeli and foreign analysts say Israel's evolution into a big time arms exporter reflects the lessons learned from fighting five wars in 55 years, and the close working relations between the Israel Defense Forces and Israeli defense industries. It also comes from knowing what to sell and where to sell it.

Israel has also benefited from its ties to the United States and access to U.S. technology. Much of Israeli avionics is based on U.S. know-how.

Missiles, pilotless aircraft and the upgrading of existing weapons systems are special areas of strength for the Israeli defense industry.

Israel Aircraft Industries had \$2.1 billion in defense sales in 2002, 75 percent of them exports. Israeli and foreign media have reported that India accounts for at least 50 percent of its foreign sales.

In September, India agreed to purchase four PHALCON airborne early warning systems, which consist of IAI avionics fitted onto Russian Ilyushin airliners. The deal, worth an estimated \$1 billion, will come into force when final details are worked out.

IAI is also angling to sell India the Arrow missile defense system, which it is developing together with the Chicago-based Boeing Company.

Because of Boeing's participation, the U.S. government will have to give its permission for any Arrow deal to go through.

This worries some Israeli defense officials. In

2000, the United States vetoed an intended \$2 billion PHALCON sale to China, ostensibly because of American fears of an increased threat to Taiwan and to U.S. pilots in the event of war with China.

The deals may have even broader strategic value, said Yitzhak Shichor, an Asian expert at Israel's University of Haifa.

"India has close relations with Iran, which Israel sees as a nuclear threat," Shichor said. "The diplomatic leverage accruing to Israel from the Indian weapons sales could help it in this area."

Shichor said the same process may also be at work in Turkey.

Israeli weapons sales there have amounted to \$3 billion since 1996, including modernization of U.S.-made F-4 and F-5 jet fighters and co-production of air-to-ground missiles.

Shichor noted that the Israeli air force regularly trains over Turkish airspace, and Israeli and Turkish intelligence services share information about military developments in Syria and Iran.

"Turkey is very important to Israel's interests," he said. "Weapons sales have helped to warm the relationship."

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