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Arab Center for Research & Policy Studies

ASSESSMENT REPORT

The MOU on Expanded US Military Aid to Israel

Policy Analysis Unit | September 2016

Contexts and Contents of the US-Israel Military Assistance Memorandum of Understanding

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Introduction

The latest Memorandum of Understanding covering US military aid to Israel will see Washington provide the Israelis with US\$ 38 billion in the 10 fiscal years between 2019 and 2028. Signed at the US State Department on September 14, the terms of the agreement entail an expansion from the present annual figure of \$3.1 billion which the US has long committed to Israel, representing an increase of approximately 27 percent on the present agreement, which is soon due to expire.¹ The new MOU is the largest-ever US commitment in military aid to a single country, and Israel, according to the Congressional Research Service, "is the largest cumulative recipient of US foreign assistance since World War II."² According to the White House, and discussions of Israeli concessions on the Palestinian issue notwithstanding, the recent MOU is "the most recent reflection of President Obama's unshakeable commitment to Israel's security."³

Details of the Agreement

Based on the details published by the White House, the main provisions of the agreement are:

The total value of US\$ 38 billion for 2019-2028 is divided up as follows:

- \$33 billion (\$3.3 billion per year) in foreign military financing to be spent entirely on US manufactured military equipment.
- \$5 billion (500 million per year) to fund Israeli produced missile defense. The multi-year missile defense commitment in the MOU "will greatly facilitate long-term planning rather than missile defense assistance levels continuing to be appropriated year-to-year." The MOU also indicates that the USD 500 million in annual missile defense funding exceeds the average level of non-emergency support the US has

¹ Emma Green, "Why Does the United States Give So Much Money to Israel?" *The Atlantic*, September 15, 2016, accessed on September 22, 2016, at: <http://theatl.in.tc/2cMlkJ9>.

² "Israel, US to sign \$US38 billion military aid deal despite differences over Iran and Middle East peace process," *ABC*, September 13, 2016, accessed on September 22, 2016, at: <http://ab.co/2cSNkcf>.

³ "FACT SHEET: Memorandum of Understanding Reached with Israel," *The White House, Office of the Press Secretary*, September 14, 2016, accessed on September 22, 2016, at: <http://bit.ly/2cIeEtJ>.

provided to Israel for missile defense over the last five years. The US Congress has reportedly given Israel up to USD 600 million in annual discretionary funds for this purpose.⁴

The level of funding provided by the MOU will permit Israel to upgrade its airborne fleet, and to acquire F-35 fighter aircraft. The Israelis are already set to receive 33 of these fighters, the first two of which are due to be delivered by December, 2016.⁵

Finally, Israel has agreed to gradually phase out practices which previously shaped its spending of US military financing assistance. Specifically, the Israelis have hitherto been able to spend a portion of US military financing—up to 26.3% in previous years—on the procurement of non-US weaponry. In addition, Israel was able, under the terms of previous bilateral arrangements, up to 13% of the US military aid budget could have been earmarked for fuel.⁶ The phasing out of those two practices means Israel will spend more funding, as much as \$1.2 billion annually, “on the advanced military capabilities that only the United States can provide.” The MOU also indicates that, “the acquisition of additional U.S.-produced capabilities and technology provide the best means to ensure Israel preserves its Qualitative Military Edge (QME),” in the words of a statement released by the White House⁷.

Israeli “Concessions”

The ending of the two abovementioned practices might be seen as an Israeli “concession” to ensure the MOU was agreed. Likewise, Israeli Premier Benjamin Netanyahu has dropped his previous demands for the US annual military aid budget to increase to between \$4 and \$5 billion, as opposed to the agreement’s \$3.8 billion.

⁴ Matt Spetalnick and Patricia Zengerle, “Record new U.S. military aid deal for Israel to be signed in days: Sources,” *Reuters*, September 13, 2016, accessed on September 22, 2016, at: <http://www.reuters.com/article/us-usa-israel-dUSKCN11J12R>.

⁵ “FACT SHEET: Memorandum of Understanding...”

⁶ Nicole Gaouette, “Largest-ever US military aid package to go to Israel,” *CNN*, September 14, 2016, accessed on September 22, 2016, at: <http://edition.cnn.com/2016/09/13/politics/us-israel-military-aid-package-mou/>.

⁷ See “FACT SHEET: Memorandum of Understanding...”

Additionally, the Israelis have accepted that they cannot turn to Congress for additional military funding during the lifetime of this MOU unless a war breaks out.⁸

Overall, however, talk of Israeli compromise and concessions seems both erroneous and overblown: in reality, US military aid has risen from \$3.1 to \$3.8 billion USD per year. Portraying the end of the provision which allowed Israel to spend 26.3% of US funding on its own defense industry as a concession by Israel is also disingenuous. The allowance will be phased out over five years, affording Israel and the Israeli arms industry more than sufficient time to adjust. Indeed, it is possible that Israel will be able to effectively and openly get around this provision by working with Israeli weapons manufacturers who own US-based subsidiaries, with Israeli company Elbit Systems, a drone manufacturer, being only one such company.⁹ It seems that other Israeli arms companies may soon follow in Elbit Systems' footsteps.

More importantly, Congress is a strong ally of Israel, and may not in future adhere to the ceiling spelled out by the Obama Administration in the MOU. Senator Lindsey Graham, Chair of the State and Foreign Operations Subcommittee, in fact already released a statement indicating that Congress would not necessarily adhere to the pre-determined funding levels.¹⁰ Most likely, Israel will resort to requests for emergency assistance should it come under attack or launch attacks itself; in the case of any "progress" in talks with the Palestinian Authority; or to display anger at a potential US arms deal with an Arab state. For Israel, all of these eventualities represent opportunities to request additional money.

The Context for the Agreement

The MOU was the outcome of ten months of bilateral negotiations made harder by US-Israeli disagreement over the nuclear agreement with Iran, which Israel strongly opposed, and disagreement over how to make traction in the Israeli-Palestinian peace process, which Netanyahu has successfully scuttled despite Obama's vigorous efforts at

⁸ Jason Gewirtz, "Big US military aid package to Israel has strings attached," *CNBC*, Sep 15, 2016, accessed on September 22, 2016, at:

<http://www.cnbc.com/2016/09/15/big-us-military-aid-package-to-israel-has-strings-attached.html>.

⁹ Ibid.

¹⁰ Green.

reinvigoration. The MOU is a clear signal to all parties that US-Israel relations are above disagreements between individual cabinets, a sentiment echoed repeatedly by successive US presidents, including the outgoing Obama that "America's commitment to Israel's security is unshakeable."¹¹ The MOU also explicitly acknowledges and accepts the Israeli claim that it lives in a hostile and dangerous neighborhood, and that the agreement is also in America's interest. US National Security Advisor Susan Rice said as much in her speech at the MOU signing ceremony: "this MOU is not just good for Israel, it's good for the United States. ... When allies and partners like Israel are more secure, the United States is more secure."¹²

Motivations for Signing the MOU

The Obama Administration

The Obama Administration opted to sign the MOU for expanded military aid to Israel in spite of the serious disagreements with the Netanyahu government, and not to merely kick this problem over to the next president. This was mainly due to:

- Obama's aides' eagerness for the MOU to be part of his presidential legacy, proof that his disagreements with Netanyahu did not imply strategic differences between the two countries, and confirmation that relations between the US and Israel remain a cornerstone of US strategy in the Middle East.
- President Obama did not want to give ammunition to the Republicans, who have accused him and his administration of not showing enough concern for the security, interests, and concerns of Israel, and its strategic alliance with the US.
- To rally support for the Hilary Clinton candidacy among the pro-Israel lobby in the run-up to the presidential election in November.

¹¹ "Statement by the President on the Memorandum of Understanding Reached with Israel," *The White House, Office of the Press Secretary*, September 14, 2016, accessed on September 22, 2016, at: <http://bit.ly/2crU7IO>.

¹² "Under Secretary of State for Political Affairs Thomas A. Shannon, Jr., National Security Advisor Susan E. Rice, and Israeli Acting National Security Advisor Jacob Nagel at the Signing of a Memorandum of Understanding Between the United States and Israel on Security Assistance," *U.S. Department of State*, September 14, 2016, accessed on September 22, 2016, at: <http://www.state.gov/p/nea/rls/rm/261928.htm>.

The Netanyahu Government

Although the Netanyahu government asked for more than the MOU provides, and although a number of his Israeli opponents criticized him for making major “concessions” and suggested he could have achieved a better deal if he had not soured relations with the Obama Administration or had simply waited for the next president, Netanyahu signed the MOU in its ultimate form for three main reasons:

- Signing an MOU with the Obama Administration, which has been highly critical of Israel, affirms a cross-partisan American consensus on support for Israel. This is particularly important at a time when it appears as if increased support for Israel within the Republican Party grassroots has come at the cost of diminished pro-Israeli sentiment among the younger members of the Democratic Party, a phenomenon illustrated by the gains made by Bernie Sanders in the Democratic primaries.
- The MOU gives the Israeli defense establishment the ability to plan in advance.
- Despite signing the MOU, Congress, with the agreement of any future administration, can increase aid, which makes the current commitment merely a starting point for Israel.

Conclusion

With this MOU, the Obama administration has abandoned an earlier promise made by President Obama as soon as he became president in 2009 – to make real progress in talks between Palestinians and Israelis and reach a settlement leading to an independent Palestinian state. These attempts were foiled by the stubbornness of Netanyahu. Obama himself leaves no room for doubt over his humiliating retreat in the face of Netanyahu; his comments assert that “under President Obama’s leadership, the multifaceted cooperation between the United States and Israel has reached unprecedented levels.”¹³ In further, Obama pointed out that the US under his leadership gave \$27 billion of foreign military aid to Israel, including missile defense funding and development.¹⁴

¹³ “FACT SHEET: Memorandum of Understanding...”

¹⁴ “Statement by the President on the Memorandum of Understanding...”

The US alliance with and support for Israel, even its desire to please Israel, are not linked to Israel conforming to US policy positions in the region, particularly on Palestine. Obama's statement that "the only way for Israel to endure and thrive as a Jewish and democratic state is through the realization of an independent and viable Palestine", and his suggestion that the MOU would strengthen the likelihood of that, appear to be empty rhetoric and lip service.