

Israel's Arms Sales to India

Yiftah S. Shapir

Reports in the media over recent months have claimed that Israel has become India's principal arms supplier, with sales surpassing those of major arms suppliers such as Russia and France. The reported transactions included a range of weapons, from deals on Phalcon airborne early warning (AEW) planes to spy satellites to air defense systems.¹ This article offers a brief review of recent developments in the field, and attempts to assess the nature of the security relations between Israel and India, examine the challenges inherent in these relations, and evaluate the prospective future of this relationship.

Background

For forty years relations between Israel and India were frozen. India refused to establish diplomatic ties with Israel and preferred to cultivate ties with the Arab world. This changed dramatically in 1991 as part of a comprehensive shift in India's perception of itself, its economy, and relations with the world. Diplomatic ties were launched in January 1992, and within a short period of time defense cooperation became an important factor in the bilateral relations. An even more dramatic turn of events relating to defense cooperation took place following the Kargil conflict in 1999, when Israel agreed to speed up the supply of arms and military equipment that India needed. The lessons from the war impacted on the strategic thinking of the Indian military establishment, and on the other hand proved to India that Israel is an arms supplier that can be relied on even during a crisis. Since then defense cooperation between Israel and India has grown considerably. Sales of weapons have skyrocketed and totaled close to \$1 billion over the last two years. There

Yiftah S. Shapir, senior research associate at INSS

have also been reports about cooperation in the field of anti-terrorism and exchanges of intelligence, and there have been several sets of reciprocal visits by senior defense officials of both countries.²

Another important turning point came after the terror attack in Mumbai (November 26-29, 2008). This attack, (which was widely covered by the Israeli media due to the targeting of a Jewish site and the Israeli casualties), shocked the Indian defense establishment and brought about another change in Indian strategic thinking. This led to a sharp rise in defense expenditure in general. An announcement was made about plans for large scale procurement of war planes, tanks, artillery, infantry equipment, air defense systems, and naval equipment. This indicates a further step in cooperation with Israel, particularly in the exchange of intelligence and counter-terror operations.³

The Hot Deals

There is little non-classified information about the scale of cooperation between Israel and India, intelligence exchange, or assistance, instruction, and training on combating terror. Thus despite the primacy of these issues, the scale of the defense ties can only be assessed through the weapons transactions, which naturally attract far wider coverage.

The following deals exemplify sales activities over the last two years:

- a. A transaction of Phalcon AEW planes: The deal was signed back in 2004 and included installation of Israeli-made early warning systems on Russian-made Beriev A-50 aircraft. The deal, worth about \$1.1 billion, experienced difficulties and delays. However, the first Phalcon was recently sent to India, and the other two are expected to be handed over to the Indian Air Force in 2010. Meanwhile, it was announced that India is interested in acquiring three more AEW planes from Israel, although this involves installation of the systems on smaller US-made G550 aircraft or on ERJ-145 jets made in Brazil.⁴
- b. Aerostats: India purchased between two and four EL/M-2083 radars from Elta Ltd. to be installed on aerostats. They will be positioned on the India-Pakistan border and will be designated to identify low altitude aerial penetration. The transaction is worth \$600 million. This is a follow-up transaction to two systems delivered in 2004-5. There is a likelihood that the terror events in Mumbai will lead to

- the purchase of additional radar systems; even before the Mumbai events India felt it needed several dozen aerostats to cover its border.⁵
- c. Air defense systems: Two large deals are in progress. One is a transaction for Barak-8 missiles or, as the Indians call them, MR-SAM. This is a land-based and enhanced version of the Barak missile that in the past was sold to the Indian navy and installed on its ships. The enhanced version of the system will protect installations against aircraft, helicopters, and cruise missiles up to a range of about 70 km. The transaction involves Rafael and Israel Aerospace Industries (IAI), and according to reports is worth some \$1.4 billion. The second deal is for SPYDER air defense systems, a short range mobile defense system based on the land version of Python-5 and Derby air to air missiles.
 - d. In April 2009 India launched its RISAT-2 reconnaissance satellite. The satellite was initially presented as purely for civilian purposes but it soon became clear that it was designed for military uses. It carries a SAR radar system made in Israel, and in fact it was inferred that it is similar, if not identical, to the Israeli-made TechSAR reconnaissance satellite launched in January 2008 by an Indian satellite launcher.
 - e. Enhancing jets and helicopters: IAI has completed upgrading Russian-made Mi-24 assault helicopters. Meanwhile an announcement was made about a large scale project involving enhancement of An-32 transport planes made in the Ukraine. India has approximately 100 such aircraft and at least half will be upgraded. The planes will be equipped with avionics systems made by Elbit Ltd. of Israel.
 - f. Attack UAVs: It was recently reported that India has purchased HAROP attack UAVs, a modern version of the Harpy anti-radar weapons that were sold to China in the past.

The Other Side of the Coin

The defense procurement relations between Israel and India are not necessarily one-sided, as India itself has a large defense industry. This industry has encountered numerous problems over the years in undertaking overly ambitious goals, such as the light combat aircraft (LCA) and the Akash and Trishul air defense systems – the latter was actually canceled when the Indian navy said it preferred the Barak missiles. However, the industry has achieved some significant successes

too, for example, in the field of ballistic missiles and space. Thus it is not surprising that Israel purchased the launch of its TechSAR satellite in India, using India's PSLV polar satellite launcher.

The Indian government does not hide its intention to increase its local acquisitions over the years in place of purchases from foreign sources. Yet the industry still needs to acquire technologies, and thus India asks that technology be transferred with every large arms deal, and usually transfer of production to India as well. All the transactions are carried out via joint ventures between Israeli and Indian companies, and with certain projects (such as the Barak 8 missile project), joint development as well.

Over the years India tried to interest Israel in other products it manufactures. In 2004 it was announced that Israel purchased the Dhruv light helicopters from India, though the deal was subsequently canceled.⁶ In general India does not have products that interest Israel, especially as Israel prefers to purchase US-made arms financed by the FMF military aid. However, there can be exceptions. Recently there was speculation over Israeli interest in the BrahMos supersonic cruise missile.⁷

Advantages

Close examination of procurement transactions between Israel and India reveals several important elements regarding Israel's strong and weak points in the Indian market. The specialization of the Israeli defense industry has earned it several key niches that give Israel important edges in the areas of electronics and optronics; radar and aerial deterrent systems – mainly airborne (such as on the Phalcon); UAV systems; antitank missiles (such as Spike), advanced air to land arms; and avionics systems for planes, including navigation, reference, and target acquisition systems. Israel also has extensive experience in enhancement of aircraft and Armored Fighting Vehicles (AFV), especially in enhancing equipment from the FSU, a practical area for India since much of its equipment came from the USSR. Satellites are likewise a strong area for Israel, in particular special reconnaissance satellites such as Ofek, Eros, and the TechSAR radar satellite.

Another advantage enjoyed by Israeli industries is Israel's willingness to transfer technologies and production lines as part of arms sales deals (as it has agreed to similar requests by other countries, e.g., Turkey).

Other countries generally do not agree to this (the United States, for example, is very strict about this). Due to the constraints of Indian law, large transactions are carried out via joint ventures – through Israeli companies and local companies or organizations.

Challenges

The road to arms sales is not without obstacles and risks. Indeed, a particular challenge stems from one of Israel's relative advantages, namely, the willingness to transfer technologies. In the short term this willingness constitutes an advantage, but in the long term it entails considerable danger. If the advantage of Israeli industries lies in their unique technologies and integration ability, establishing joint ventures and transferring technology enhances India's ability to use such technologies on its own in the future.

India's reasons for shunning relations with Israel for over forty years still exist. India always saw itself as the leader of the non-aligned movement (NAM) and as such, the hero of countries freeing themselves from the shackles of imperialism. Thus it identified strongly with the Palestinians, and this empathy has not changed. The desire not to provoke the Muslim countries, particularly the Arab world, also remains, given the large Muslim population in India and the concern lest their allegiance tend to Pakistan. This attitude is reflected in public and political opposition to defense ties with Israel. In fact, Indian government officials often labor to conceal or play down the importance of arms deals with Israel, if they cannot conceal them completely. Following the launch of the Israeli TechSAR satellite by an Indian satellite launcher, for example, the Indians took pains to point out that it was a commercial launch sale that did not involve defense cooperation.⁸

Over the last two years Indian law authorities have conducted investigations into former and current senior Indian officials, on the grounds that they were involved in receiving bribes from Israeli companies. The first Barak transaction was one of the deals reviewed by the Central Bureau of Investigation (CBI), and the investigators went as far as the former minister of defense. India recently blacklisted Israeli Military Industries (IMI) and legally banned commercial dealings with it. One cannot of course prove a clear link between an unfriendly approach to Israel in some quarters of the political establishment and investigations

into trading with Israel. Ultimately, other arms dealers in the world also find themselves in similar situations. At the same time, accusations of this sort are useful to opponents of transactions for political reasons. In any case, the criminal investigations have thus far delayed the conclusion and implementation of transactions, but have not precluded or canceled them.

The US Factor

Another more important limitation is Israel's dependence on the United States, and conversely, American interests in South Asia. India's renewal of its ties with Israel in 1992 was part of its new position vis-à-vis the United States. Its ambivalent approach to the United States, the symbol of imperialism, changed, and the Indian economy opened up to American methods and the American economy. Without this shift it would not have been possible for a change to occur in its stance towards Israel.

On the other hand, the United States has a range of interests in Southern Asia and as such, has a strong position on all aspects of Israeli arms sales to India. Israel's close ties with the United States and its dependence on it oblige Israel to be attentive to US requests and comply with its demands. Israel cannot sell equipment that contains US-made components without obtaining clear permission. In fact, even when no formal approval is technically necessary, there may be sufficient pressure to refrain from selling certain equipment. For example, Israel sold the Green Pine missile-detector radar system, manufactured by Elta, but New Delhi's request to obtain the full Arrow system was rejected due to United States opposition. In the case of the Phalcon AEW, Israel confirmed that Washington did not object to this deal since in 2000 Israel was forced to cancel a similar deal with China.

This state of affairs has an essentially damaging effect on Israel's credibility as an arms supplier, as in any future deal, the heads of the Indian establishment have to check whether Israel can be relied upon that it will not be told by the United States to withdraw from the transaction, even at advanced stages of the deal.⁹

To date India has desisted from buying American weapon systems, which have generally not even been offered to it. The gaps between American and Indian legislation have made it very difficult for such transactions to take place. India has demanded that any deal above a

certain value must be implemented via an Indian company – normally a joint venture between an Indian company and the seller company. On the other hand, US legislation is very strict on supervising defense exports and usually requires supervision and verification, to which the Indians are not willing to agree.

The situation has recently begun to change. The issue of supervision was one of the main topics touched upon by Secretary of State Clinton during her visit to New Delhi this year, and according to the Indian press, understandings were reached to pave the way for more extensive defense sales in India.¹⁰

India has greatly increased its defense budget over the past year and is about to purchase large amounts of weaponry. India's request for advanced war planes, for example, involves 126 fighter planes, and the American defense industries are competing for the project (with a unique version of the F-16IN. The entry of American companies to the race also means fierce competition for Israel, as well as a new kind of political pressure. For example, in the case of the fighter plane transaction, Israel was asked to cancel its plan to join in the competition with SAAB of Sweden, as the radar and avionics supplier for the version of the Gripen jet that competed in the tender. The entry of American companies into the Indian market may impact on Israel's ability to sell systems such as radar systems or early warning planes. This year US-made Hawkeye command and control planes were sold to India, and in fact, this may have an effect on any future early warning aircraft transaction.

The Israeli industry still holds an advantage in that it knows the arena and has experience working in the Indian market, which is very different from Western markets. It also has the advantage of the existence of Israeli-Indian joint ventures, and thus government or private Indian companies have a vested interest. However, because of the scale of the American industries and the support they enjoy from the administration, it is reasonable to assume that this advantage will gradually decline over the years.

Iran¹¹

India's ties with other countries in the region – i.e., all the Arab states and in particular, the Gulf states – constitutes another threat to Israel's defense ties with India. However, the most serious problem for Israel is

India's relationship with Iran, which has hundreds of years of history behind it. Today, Iran attaches special importance to its ties with Iran. On the economic level, energy-starved India is largely dependent on Iranian oil. Iran also serves as a very important channel for Indian trade with Russia and former Soviet republics via the ports of Bandar Abbas or Chahbahar, and from there overland to the Caspian Sea. In strategic terms, Iran acts as a base on the other side of Pakistan, which makes close defense ties with Iran an important strategic asset. India and Iran enjoy close defense ties, and even carry out joint military and naval maneuvers and reciprocal military visits. One striking example of this was the marine exercise between Iran and India in March 2006, while President Bush was on a state visit to New Delhi. The significance of the exercise went beyond the purely military sense, and was a statement of Indian independence in the face of international pressure.

India's independence will not allow Iran to interfere with or obstruct arms deals. However, in terms of defense ties between Israel and India this relationship constitutes a risk of leakage of information, technical information about Israeli systems, tactical information about modes of operation, and operational tactics – information that is conveyed by means of training on weapon systems and through cooperation between Israel and India in areas such as intelligence and counter-terror activities. This danger is particularly relevant in view of the fact that a major component of India's ties with Iran is based on cooperation in the areas of terror and subversion, an area that is a concern for both countries because of their borders with Pakistan.

Conclusion

Israel's trade and relations with India surveyed here – which are joined by extensive economic ties that have developed in parallel in the areas of agriculture, water, and other civilian technologies and far exceed defense commerce – are undoubtedly a source of pride to Israel. Yet in this regard Israel must not rest on its laurels. While in any one year Israel's total arms sales to India might exceed Russia's, for example, and as such India is Israel's major customer and Israel is India's main supplier, this is an entirely temporary situation. Israel enjoys niche advantages in the global arms market. It is not a supplier of main weapon systems, and India will necessarily procure its main weapon systems – fighter planes, war ships,

tanks, or artillery – from other, larger countries. Moreover, the Indians are aiming to achieve independence in the field of arms. As Israeli weapons sales also involve the transfer of technology, ultimately the Indians will develop their own capabilities based on the technologies they procure from Israel, and they will be able to forego the partnership. The residue of the past still impacts on internal Indian politics and it may hasten the processes of detachment. In addition, the entry of new players to the Indian weapons market, and in particular the entry of the American industries, will make it difficult for Israel to operate in India in the future.

A final question is, is the special relationship with India a “strategic relationship”? This depends on the definition of the term. Some argue that close defense ties, cooperation in development and manufacture of weapon systems, exchanges of intelligence, and training constitute a strategic relationship. If so, the relationship with India is certainly a strategic partnership.

However, these components are not sufficient. A “strategic relationship” must also include a convergent outlook on processes in the world, and the knowledge that the partner can be relied on in times of trouble. In this respect there is a large gap between Israel and India. Israel is a United States ally. India, meanwhile, despite its closer ties with the United States, has not given up its non-aligned identity. It maintains good relations with Russia and with non-aligned countries. Israel views the Iranian threat very seriously while for India, Iran is a partner, and an ideological partner that takes a negative view of American hegemony. India’s behavior in international forums does not indicate that it can be relied on to help Israel in any difficult situation. India’s position on all aspects of the Israeli-Arab conflict is not a neutral one, rather is decidedly pro-Palestinian. So it is no surprise that throughout the years of close ties with India, Indian visits to Israel were on a defense level rather than a political level.

Close cooperation between Israel and India is an impressive Israeli achievement, but Israel and India are not strategic allies. Israel’s achievement is an achievement of a window of opportunity, and there is no guarantee that it will continue over time.

Notes

- 1 Aama Sickoler “Israel Becomes India’s Largest Arms Supplier,” *Calcalist*, February 15, 1999, see <http://bit.ly/4m1YOB>.

- 2 On the start of relations between Israel and India, see for example: P. R. Kumaraswamy, "Strategic Partnership between Israel and India," *ME-RIA* 2, no. 2 (1998).
- 3 Middle East Newslines morning report, March 25, 2009.
- 4 See Yaakov Katz, "India to Finally Receive Phalcon AWACS," *Jerusalem Post*, May 9, 2009; and "Indian AWACS Moving Forward on 2 fronts," *Defense Industry Daily*.
- 5 See Rajat Pandit, *Times of India*, May 14, 2007; Middle East Newslines morning report, March 25, 2009.
- 6 *Haaretz*, November 28, 2004.
- 7 See Martin Sieff, "BMD Focus: BrahMos for Israel?" *Spacewar.com*, March 12, 2008. The BrahMos missile is a joint Russian-Indian project, and in fact is a development of the Oniks / Yakhony missile known in the West as SS-N-26 (the Russian names come from two versions of the missile - a model for local use and one for export). The BrahMos is an anti-sea craft missile and there are models that are launched from ships using land launchers, and from war planes. It has a range of 280 km (and the air launched model is thought to have a greater range) and its unique feature is its supersonic speed - Mach 2.6 at high altitude and Mach 2.0 at low altitude. This speed greatly reduces the flight time and makes it very difficult to detect or intercept.
- 8 See Samuel Cherian, "Media Takes Off on TechSAR, but No Takers," *IDSA Strategic Comments*, December 7, 2007, <http://bit.ly/1khjEP>.
- 9 A possibly even more illustrative case is the sale of the Harpy UAVs to China. The UAVs were sent to Israel from China for routine maintenance, but following US pressure Israel was forced not to return them to China.
- 10 See K. P. Nayar, "US Defence Deal: The Inside Story," *The Telegraph* (Calcutta), July 23, 2009, <http://bit.ly/hnGbf>.
- 11 For more on Indian-Iranian relations, see C. Christine Fair, "India and Iran: New Delhi's Balancing Act," *Washington Quarterly* 30, no. 3 (2007): 145-59, and Harsh V. Pant, "India and Iran: An Axis in the Making?" *Asian Survey* 44, no. 3 (2004).