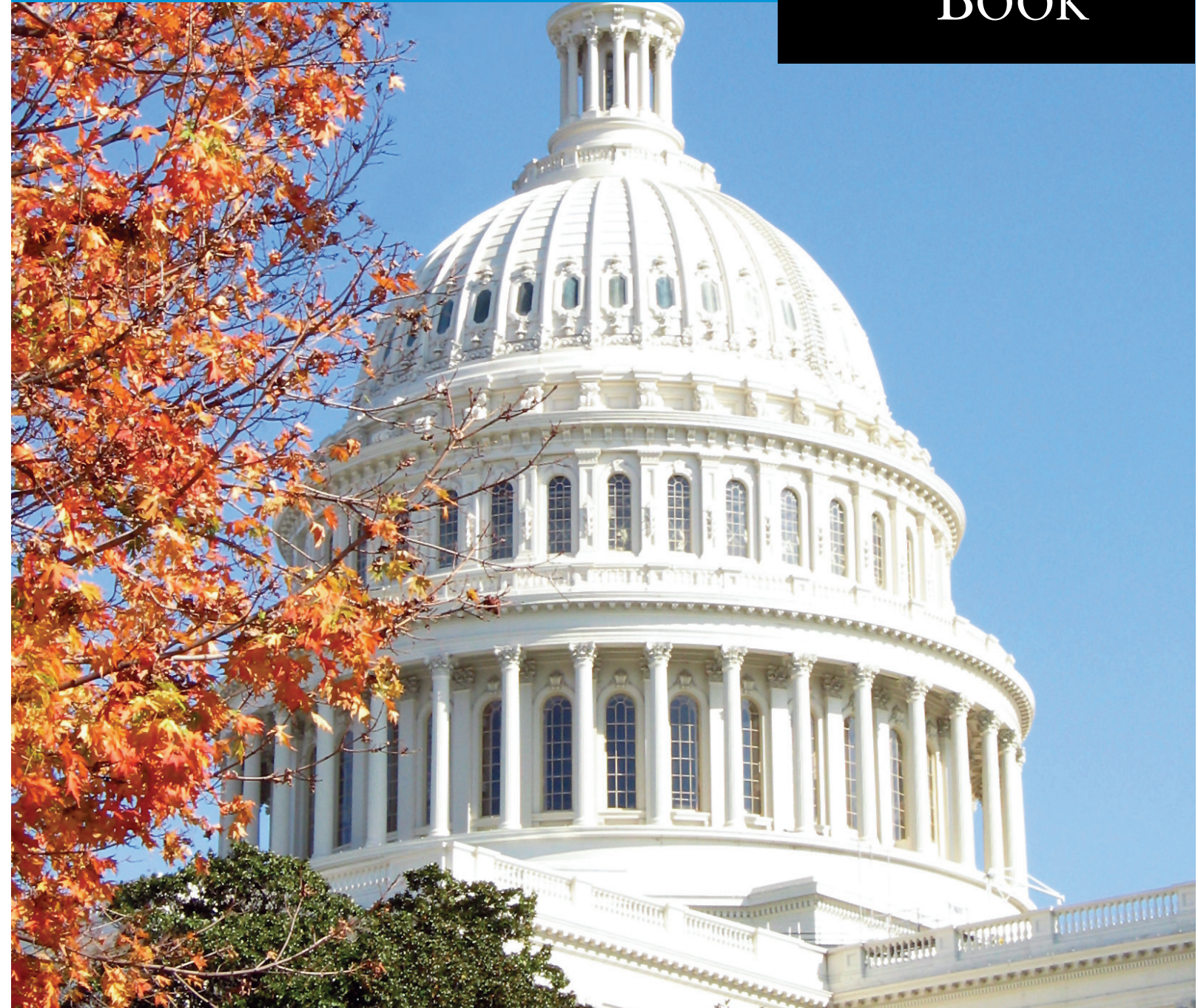


111TH CONGRESS,  
SECOND SESSION

# AIPAC BRIEFING BOOK





## Table of Contents

<b>Introduction</b>	3
<hr/>	
<b>Why Israel?</b>	
The Importance of the Jewish State	6
Map: Present Day Israel	9
Map: Israel's Narrow Waistband	10
Map: The History of Israel's Borders	11
Map: Israel Size Comparison	12
<hr/>	
<b>The U.S.-Israel Relationship</b>	
The Pillars of the U.S.-Israel Relationship	14
<hr/>	
<b>The Peace Process</b>	
Israel's 60-Year Quest for Peace	18
Key Principles of the Peace Process	21
<hr/>	
<b>Foreign Aid</b>	
U.S. Foreign Aid: Serving American Interests	26
Boost in U.S. Aid to Israel Vital Amid Increasing Threats	29
Chart: Increased Threats, Increased Costs: Israel's Urgent Defense Requirements	32
Key Provisions of U.S. Security Assistance to Israel	34
<hr/>	
<b>Iran</b>	
The Iranian Nuclear Threat	38
A Look Back: U.S. Action to Prevent a Nuclear Iran	41
America Can Take More Steps to Prevent a Nuclear Iran	44
Map: The Iranian Missile Threat	47
<hr/>	
<b>Hamas</b>	
Hamas Turned Gaza into Launching Pad for Terror	50
Map: Hamas Rocket Ranges	54

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**Lebanon and Syria**

Hizballah Consolidates Power in Unstable Lebanon	56
Map: Hizballah Rocket Range	59
Is Syria Ready for Peace?	60

---

**Defense and Homeland Security Cooperation**

Strategic Cooperation Heightens U.S.-Israel Partnership	64
Homeland Security: Expanding U.S.-Israeli Cooperation	67

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**Energy and Trade**

U.S.-Israel Energy Cooperation: A Renewable Resource	72
U.S.-Israel Trade: A Flourishing Relationship	75

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# Introduction

At a time when our country faces historic challenges and threats internationally, the unique bond between the United States and Israel is more critical than ever.

The close strategic, economic and diplomatic ties between the United States and Israel have proven critical to promoting U.S. interests, promoting peace and combating threats to the security of both nations.



**The goal of the American Israel Public Affairs Committee (AIPAC) is to work with Congress to strengthen the U.S.–Israel relationship.**

The United States and Israel share the same values and a common commitment to democracy and freedom. Israel is America’s most reliable and only democratic ally in the Middle East, one of the world’s most volatile and important regions.

The goal of the American Israel Public Affairs Committee (AIPAC) is to work with Congress to strengthen this relationship by supporting:

- Vital security assistance to Israel and a robust foreign aid budget
- Israel’s quest for durable peace with its Arab neighbors
- Economic, political and diplomatic measures to prevent a nuclear-armed Iran
- Critical defense, homeland security and energy cooperation between the two allies

For more than 50 years, AIPAC’s staff and its 100,000-plus citizen activists across the country have worked to provide our elected officials with the information and tools they need to make informed decisions concerning American policy in the Middle East.

This Briefing Book, which has been designed specifically as a resource for Members of Congress and their staffs, examines key aspects of the U.S.–Israel relationship and highlights some of the most important challenges concerning U.S. Middle East policy that Congress will likely deal with in the coming year.

We hope that you will find this material useful, and we look forward to working closely with you in the days ahead. Here are some ways that AIPAC can work with your office:

- **AIPAC’s staff is always available to serve as a resource**, so please feel free to contact us at any time at [information@aipac.org](mailto:information@aipac.org) or at 202-639-5222.
- **Please visit the “For Hill Staff” section of our website at [www.aipac.org](http://www.aipac.org)** for the latest news and analysis of the key issues and details on the legislative initiatives AIPAC is supporting.
- **Subscribe to AIPAC policy publications.** AIPAC produces a wide range of policy publications offering the latest news, unique insight and concise analysis on the critical issues affecting the U.S.-Israel relationship, including the *Daily News Digest*, a valuable Middle East news summary, the *Near East Report*, AIPAC’s flagship biweekly on U.S. Middle East policy and regular policy memos on the key issues. You can subscribe to these and other publications visiting the “For Hill Staff” section of the AIPAC website.
- **Attend Issue Briefings on the Hill.** AIPAC and the American Israel Education Foundation, a charitable foundation affiliated with AIPAC, regularly hold briefings on Capitol Hill for staff. The events are unique opportunities to hear from top AIPAC staff or leading policy experts on the key issues facing the U.S.-Israel relationship.

We look forward to working with you in the coming year to help strengthen U.S.–Israel relationship.

September 2010

**Why Israel?**

## The Importance of the Jewish State

**The Jewish connection to the land of Israel is rooted in three thousand years of history, dating back to when the Jewish people established the first independent political entity in the land of Israel. While foreign armies conquered the territory in subsequent centuries, they never managed to break the link between the Jewish people and the land or to completely dislodge Jews from the area.**

**In 1948, the Jewish people reestablished the Jewish state after millennia of exile and persecution. Based on the basic tenet of Zionism—that Jews must have their own country as a haven—Israel has served as a refuge for Jews the world over. Israel has been built on the principles of freedom and democracy, fulfilling both a political and historic imperative.**

### **An Idea to Build a New Nation in an Ancient Land**

The memory of Israel and the desire to return to its ancient homeland remained a central part of the Jewish faith. Most Jews were dispersed from Israel following the destruction of the Second Temple by the Romans in 70 C.E., although Jews have maintained a continuous presence in the Land of Israel for more than 3,000 years. Jews who left the Holy Land found themselves in locations as diverse as Europe, North Africa, and the Persian Gulf.



**The Holocaust demonstrated the need for the State of Israel as a safe refuge for Jews after the war.**

In most societies, Jews were the subject of discriminatory laws, violence and even expulsion.

The religious yearning of Jews to return to their land ultimately spawned the political movement of Zionism in the 19th century, when European anti-Semitism made itself plain in the form of persecution and massacres. Many Jews came to believe that they would only escape discrimination and murder in a state of their own. One of the first and most outspoken proponents of Zionism was Theodor Herzl, a prominent Austrian journalist. In the late 1890s, Herzl helped rally religious and secular Jews to the idea that a viable Jewish state could be re-established in the historic Land of Israel.

The Zionists sought international backing for their quest to form a new political entity in the land of their ancestors—a sparsely populated desert



wasteland described in the 1860s by writer Mark Twain as “a desolate country...given over wholly to weeds—a silent mournful expanse.” In a major political victory for the Zionists, the British issued the Balfour Declaration in 1917, pledging to facilitate the establishment of a national home for the Jewish people in the country. On that basis, Britain was awarded the Mandate for Palestine by the League of Nations in 1920.

## Since its establishment in 1948, Israel has been forced to wage a struggle for its survival.

### **Holocaust Increases Urgency for Establishing a Jewish State**

Less than three decades later, the genocidal murder of Europe’s Jews would clearly demonstrate to the world the vital need for a safe Jewish refuge.

Trapped without anywhere to flee, 6 million Jews—a stunning third of the world’s Jewish population—were systematically murdered during the Holocaust.

The Nazis killed Jews by massacres such as Babi Yar and in death camps like Auschwitz. After the war, hundreds of thousands of homeless survivors were kept in Displaced Persons camps. President Harry Truman was among the most prominent international

leaders urging increased immigration of Jews to Mandatory Palestine.

In 1947, the United Nations voted to partition the country into two states—one Arab and one Jewish. Even though more than half the area allocated for the Jewish nation was desert, the Jewish community in Palestine immediately accepted the compromise. The Arabs rejected the plan, and five Arab armies invaded Israel, openly seeking to abort the creation of the Jewish state.

### **A New Nation Struggles for Survival**

Since its establishment in 1948, Israel has been forced to wage a struggle for survival, facing hostile neighbors with numerically superior armed forces while also contending with the constant threat of terrorism against its civilians.

In its early years, Israel fought three defensive wars against its Arab adversaries: in 1948, 1956 and 1967. The Six-Day War in 1967 left Israel in control of territory including the Sinai (later returned to Egypt), the Golan Heights, Gaza and the West Bank as well as the Old City of Jerusalem. The united city is Israel’s capital, and Israel has opened the city to all—protecting Christian, Muslim and Jewish holy sites and guaranteeing access.

Even today, after more than six decades, Israel must fight to justify its own existence and legitimacy. Unfortunately, the calls for Israel’s destruction still resonate in Iran and parts of the Arab world. And the United Nations, which helped give birth to the modern state of Israel, has often become the forum for efforts to delegitimize Israel.

## A Home for Immigrants from Around the World



**Israel has shared its agricultural expertise and technologies throughout the world, including in impoverished Africa.**

While combating these challenges, Israel has also faced the task of forging a unified nation from an incredibly diverse range of immigrants. Israel welcomed immigrants who doubled the size of its population in its first few years of existence. Since its founding, the tiny state has absorbed millions of immigrants from more than 100 countries, including Jews from Europe, Ethiopia and those forced to flee from Arab countries.

The achievements of Israel are even more remarkable considering that the country possesses few natural resources—two-thirds of its land mass is arid desert. Israel has developed agricultural techniques that enabled the nation to develop a worldwide reputation for “making the desert bloom.” Today, Israel is home to world-class universities and is a global giant when it comes to high-tech and medical innovations.

## A National Ethos: Repairing the World

For Israel, it is not enough to serve as a safe haven for world Jewry. Equipped with first-hand knowledge of the challenges that resource-poor countries face, Israel has always strived to share its blessings with other countries that are less fortunate.

Before it had even established embassies in many world capitals, Israel sent experts abroad to teach Third World nations such skills as how to upgrade medical facilities, improve schools and coax crops from arid land. Today, Israel has one of the most extensive foreign assistance programs in the world.

Less than a century removed from being only a dream in the hearts and minds of millions of Jews, Israel has emerged as a thriving democracy and global leader, committed to fulfilling its Biblical mandate of being “a light unto the nations.”

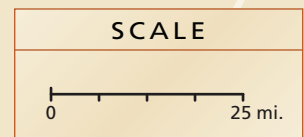
Like the United States, Israel is not a perfect country. But also like the United States, its government and people constantly strive to fulfill the principles embodied in its Declaration of Independence: freedom, justice and peace.

# PRESENT-DAY ISRAEL



Areas which came under Israeli control after the 1967 war. Final status pending negotiation. The Golan Heights have been under Israeli law, jurisdiction and administration since 1981. Israel withdrew from the Gaza Strip in 2005.

This map is for illustrative purposes only and does not imply any view regarding future agreements between Israel and its neighbors.



# ISRAEL'S NARROW WAISTBAND



**At its narrowest point, Israel is only nine miles wide from the Mediterranean to the West Bank. Thousands of Palestinian terrorist attacks have emanated from the West Bank and Gaza, which lie in close proximity to Israeli population centers.**

This map is for illustrative purposes only and does not imply any view regarding future agreements between Israel and its neighbors.

# THE HISTORY OF ISRAEL'S BORDERS



**BIBLICAL ISRAEL—circa 1020–930 B.C.E.**

The Kingdom of Israel, during the reigns of Kings David and Solomon, was composed of a vast territory with Jerusalem as its capital.



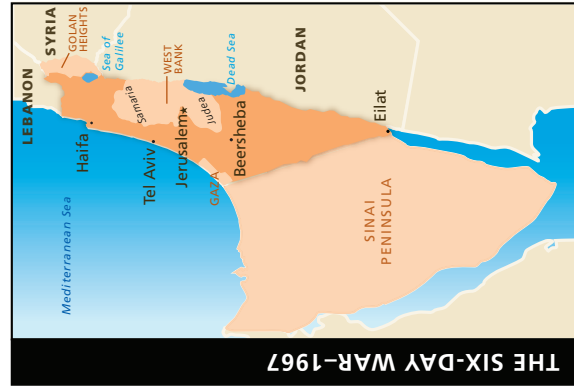
**THE U.N. PARTITION PLAN—1947**

The U.N. proposed dividing the British Mandate of Palestine into Jewish and Arab states. Israel accepted the plan. The Arabs rejected it and attacked Israel.



**ISRAEL'S ARMISTICE LINES—1949**

The modern state of Israel established its initial armistice lines after surviving invasions by five Arab armies during its War of Independence in 1948.



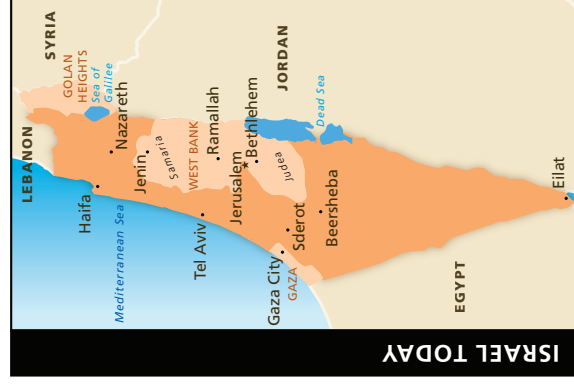
**THE SIX-DAY WAR—1967**

After successfully defending itself in the Six-Day War, Israel controlled territory that tripled its size. It traded most of that land in a peace treaty with Egypt.



**PEACE TREATY WITH EGYPT—1979**

As part of the 1979 treaty with Egypt, Israel yielded the entire Sinai Peninsula in return for an historic peace treaty sponsored by the United States.

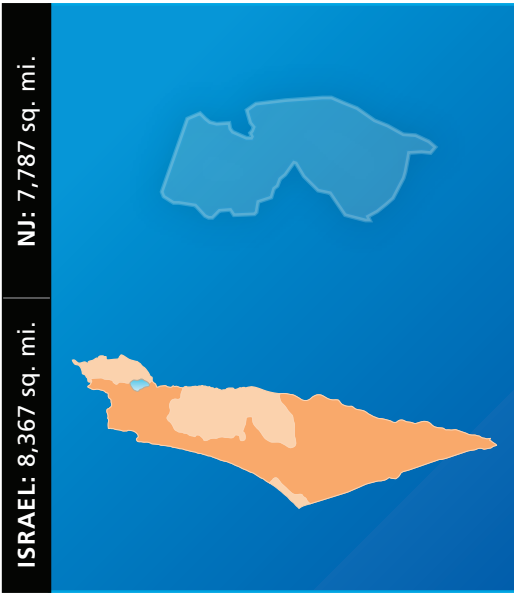


**ISRAEL TODAY**

Israel's current frontiers reflect its historic 2005 disengagement from Gaza, the first time that Israel ceded territory outside the context of a peace agreement.

This map is for illustrative purposes only and does not imply any view regarding future agreements between Israel and its neighbors.

# ISRAEL SIZE COMPARISON



This map is for illustrative purposes only and does not imply any view regarding future agreements between Israel and its neighbors.

# **The U.S.-Israel Relationship**

# Pillars of the U.S.-Israel Relationship

Israel and the United States have shared a special bond since the establishment of the modern Jewish state in 1948. The U.S. was the first country to recognize Israel, only 11 minutes after its founding. Since then, the two countries have developed a resilient friendship that transcends any element of partisanship either in Washington or Jerusalem. As the two countries experience their own respective leadership transitions, the pillars established during the past 60 years will continue to remain strong.

## ▶ Support for Israel is Bipartisan

During the past 60 years, bipartisan support for Israel, the only democracy in the Middle East, has been a hallmark of virtually every Congress. Even during periods of partisan divisions in Washington or during the frequent fluctuations between peace and violence in the Middle East, the United States Congress has been a bastion of support for Israel.

## ▶ Congress Has Strongly Opposed Anti-Israel Rejectionism

While the United Nations, other international organizations, and the governments of many countries of the world often adopt the positions of Israel's adversaries, Congress has remained unwavering in its moral stand behind Israel and its right to self-defense. Indeed, Congress has become the necessary counterweight to much of the world's imbalanced approach to the Arab-Israeli conflict. Congress has understood that every Israeli government has sought peace, even as it has often been forced to defend the Jewish state against aggression.



President Harry Truman (left) receives a Torah scroll from Israeli President Chaim Weizmann.



▶ **The United States and Israel Have Shared Values**

The United States and Israel share all the characteristics of an unbreakable partnership. The Freedom House group recognizes Israel each year as a “Free” nation, in contrast to all the other countries in the Middle East.

Israel’s commitment to democracy, the rule of law, freedom of religion and speech, and human rights means that it shares a common worldview with the United States. The two allies share interests as well as values. They face many of the same threats in a volatile but strategic region. Above all, they share a deeply held commitment to stand by one another to face the challenges ahead. In a world of great uncertainty and shifting allegiances, Israel has been a key partner, ally, and friend to the United States.



**President Obama met with Israeli President Shimon Peres during a trip to Israel in July 2008.**

▶ **The United States and Israel Stand United for Peace**

Both countries have long recognized that their mutual interests of deterring war, promoting stability and eventually achieving peace are only possible if the United States continues to stand behind Israel. U.S. support for Israel has undergirded the success that was realized in Israel’s treaties of peace with Egypt and Jordan. These states, and many others in the Arab world, have come to understand that an Israel allied with America cannot be destroyed, thus making peace possible.

The past 60 years have demonstrated that any hope of achieving the goals of stability and peace in one of the world’s most dangerous regions depends on the superiority of Israel’s military; the financial, security, diplomatic and moral support of the United States; and American acceptance of the fact that Israel must make its own life-and-death decisions without pressure. If peace is to be realized, then both potential adversaries and would-be partners must understand clearly the immutability of the U.S.-Israel relationship.

▶ **The United States and Israel Work Together to Combat Threats**

The United States and Israel face many of the same threats, including the proliferation of weapons of mass destruction, state-sponsored terrorism and the spread of Islamic radicalism. The two countries have set up a complex and cost-effective network of strategic cooperation programs, including sharing cutting-edge technology and valuable intelligence, conducting combined military exercises, and researching and developing new weapons.

The United States and Israel have also established joint anti-terrorism strategies. The United States has pre-positioned materiel in Israel for use in the event the United States ever needs to respond quickly to a future Middle East conflict. Through these cooperative efforts and the provision of advanced military equipment, the United States has committed to maintaining Israel's qualitative military edge over its potential adversaries.

▶ **The United States and Israel Maintain a Robust Economic Partnership**

As Israel's economy and technological prowess continue to grow, America will continue to benefit from the wide-ranging economic partnership enjoyed by the two countries. Clearly, the United States and Israel are two of the most technologically advanced countries in the world.

Several bi-national programs allow American companies and universities to benefit from Israel's expertise in agriculture and high technology, while others aim to break down barriers to trade and cooperation between the two countries to make collaboration easier. Israel was the first country to sign a free-trade agreement with the United States in 1985, which has resulted in a seven-fold increase in trade between the two nations.

## **The Peace Process**

# Israel's 60-Year Quest for Peace

Even before Israel was established, the leaders of the Jewish community in then-British Mandate Palestine sought peace with their Arab neighbors. The State of Israel has remained committed to that goal throughout its history, repeatedly demonstrating its desire to live side-by-side with neighboring states and peoples. Israel's willingness to trade land for peace has led to peace treaties with Egypt and Jordan. Likewise, Israel proved its willingness to make bold, painful concessions in order to secure agreements that it hoped would end the conflict with the Palestinians. The current Israeli government continues on this path.

## ► 1918 - 1919 – Early Zionists Reach Out to Arabs

Chaim Weizmann, who was to become the first president of Israel, led a mission to Cairo in 1918 to meet with leading Syrian Arab nationalists. He expressed the Jewish people's desire to live in harmony with the Arabs. The following year, he entered into an agreement with the Arab nationalist leader Emir Faisal, in which the two agreed to support each other's nationalist aspirations.

## ► 1937 – Jews Accept Peel Commission Report

In 1937, Israel's future Prime Minister David Ben-Gurion accepted the recommendations of the official British Peel Commission report as a basis for negotiations. The Commission allocated a very small percentage of Palestine to a Jewish state, while most of the country would have gone to an Arab state and Jerusalem would have remained under the British Mandate. The Arab governments vehemently rejected the plan.



**David Ben-Gurion, Israel's first prime minister, reads the Jewish state's declaration of independence in 1948.**

## ► 1947 – Jews Accept U.N. Partition Plan

The Jewish community of Palestine, and Zionists worldwide, accepted the partition plan approved by the United Nations that would create a Jewish state alongside an Arab state. They accepted that the plan although the Jewish

state it envisioned was truncated and non-contiguous, without Jerusalem. The Arab states rejected the U.N. resolution, invading Israel in 1948 with the explicit purpose of destroying the Jewish state. Israel won the war.

▶ **1948 – A State is Born**

Declaring independence, David Ben-Gurion, Israel’s first Prime Minister, said Israel would “extend the hand of peace to all its neighbors” as well as “full and equal citizenship and due representation” for the non-Jewish population.

▶ **1967 – Israel’s Offer to Withdraw is Rejected**

Days after successfully defending itself in the Six-Day War, Israel offered to return captured territories in return for peace treaties. Egypt and Syria immediately rejected the offer, as did the rest of the Arab League countries.



**In 1994, Israeli Prime Minister Yitzhak Rabin (left) and Jordan’s King Hussein (right), with the help of President Bill Clinton, signed a peace agreement.**

▶ **1978 – Israel Signs Camp David Accords with Egypt**

Israel agreed to return the entire Sinai Peninsula, an area more than twice the size of Israel, to Egypt in return for a peace agreement and normalization of relations. In 1979, Egypt and Israel signed a Treaty of Peace – the first such treaty between Israel and an Arab country.

▶ **1993 – Israel Inks Oslo Agreement**

Israel granted the Palestinians unprecedented authority over Gaza and parts of the West Bank and commenced negotiations designed to end the conflict between Israelis and Palestinians in exchange for a Palestinian agreement to recognize Israel and end terrorism.

▶ **1994 – Israel Establishes Peace with Jordan**

Jordan’s King Hussein and Israel’s Yitzhak Rabin signed a treaty of peace. Jordan became the second Arab state to formally come to terms with Israel.

▶ **2000 – Israel Makes Historic Offer for Peace**

Following talks at Camp David, Yasir Arafat rejected Israel’s far-reaching peace offer and the Palestinians launched sustained terrorist attacks. Nevertheless, by the end of 2000, Israel agreed to President Clinton’s

proposals for a final peace between Israel and the Palestinians: Israel would cede all of Gaza, 96% of the West Bank and additional territory from within pre-1967 Israel, recognize an independent Palestinian state, cede parts of eastern Jerusalem to serve as the Palestinian capital, and recognize the right of Palestinian refugees to return to a new Palestinian state. Arafat rejected these proposals as well.

Israel also offered Syria a peace deal in which Israel would withdraw from the Golan Heights, but the deal was rejected.

▶ **2000 – Israel Unilaterally Withdraws from Lebanon**

With backing from the United States, Israel unilaterally withdrew from southern Lebanon after 18 years of maintaining a security zone to prevent attacks on its northern communities. Israel's step toward peace was met with a massive military buildup by the terrorist group Hizballah, which regularly fired rockets into Israel and launched a war against the Jewish state in the summer of 2006 by ambushing and killing three IDF soldiers in Israeli territory and abducting from Israel and subsequently killing two more soldiers.

▶ **2005 – Israel Unilaterally Withdraws from Gaza**

With U.S. support, Israel took a historic step and unilaterally withdrew from Gaza, and parts of the West Bank, providing the Palestinians with an unprecedented chance to prove their intention to fight terrorism and govern effectively. Unfortunately, the Israeli step has been met by nearly 7,000 rockets and mortars fired from Hamas-controlled Gaza.

▶ **2007 – Israel Extends Hand in Peace at Annapolis Conference**

At the U.S.-sponsored Annapolis conference, Israel reiterated its commitment to peaceful negotiations with the Palestinians and Arab states. Israeli Prime Minister Ehud Olmert said he believes “that there is no path other than the path of peace. I believe that there is no just solution other than the solution of two national states for two peoples.”

▶ **2008 – Israel Continues to Seek Peace Despite Daily Attacks**

Despite daily Hamas rocket fire and other terrorist attacks against its civilians during the year, Israel held intensive negotiations with the Palestinian Authority to reach an agreement covering all remaining issues.

▶ **2009-2010 – Israel Endorses Demilitarized Palestinian State; Implements Settlement Moratorium**

Israeli Prime Minister Benjamin Netanyahu formally endorsed the creation of a demilitarized Palestinian state and announced a 10-month moratorium on the construction of new homes in the West Bank.

# Key Principles of the Peace Process

**The United States and Israel have long shared the goal of establishing peace between Israel and all of its Arab neighbors, including the Palestinians. For decades, the United States has engaged in diplomatic efforts to facilitate negotiations between Israelis and Arabs.**

**Throughout these efforts, successful American diplomacy has been founded on several core principles. These remain key to improving the likelihood for future success in Israeli-Arab talks.**

America's approach has been based on the following elements: (1) successful peacemaking requires close U.S.-Israel coordination during all phases; (2) the parties to the Arab-Israeli dispute need to engage in face-to-face, sustained negotiations; (3) no outside party—including the United States—can impose an agreement; (4) Arab parties can play a key positive role by normalizing relations with Israel and backing Palestinians committed to peace with Israel; (5) the United States maintains all elements of its close alliance with Israel even as it attempts to help broker agreements; and (6) the United States will support basic policies that protect the character and security of the Jewish state.



President Obama and Israeli Prime Minister Benjamin Netanyahu have pledged to work closely on the issues facing both nations, including peace efforts.

## Key Principles Vital As Direct Peace Talks Resume

Now that Israel and the Palestinian Authority (PA) have resumed direct peace talks, these key principles should continue to ground efforts by Washington and Jerusalem as they explore ways to advance Israeli-Palestinian negotiations aimed at solving the conflict.

### The U.S. and Israel Should Work Together

The chief guiding principle is that the United States and Israel must always work together, even if they are not in full agreement on every issue. Israel has been able to be more flexible in negotiations with the Arabs when it has great confidence in its relationship with the United States. Efforts to go around or pressure Israel on issues relating to its security and survival are

destined to backfire. When the United States and Israel closely coordinate their approaches to peacemaking and avoid surprises, the chances for success increase, as evidenced by the peace agreements with Egypt and Jordan.

The United States promotes negotiations in a variety of critical ways. The United States often hosts talks, and is obviously in close contact with regional and international partners. It can help rally support for negotiations and opposition to parties trying to undermine them. In the case of Israel's negotiations with the Palestinians, the United States can help isolate the terrorist organization Hamas until it forswears terror, accepts Israel's right to exist and accepts prior Israeli-Palestinian agreements.

## An enduring solution the conflict cannot be imposed by outside parties.

The United States also can help break logjams in the negotiations at key moments by working together with both sides. It can encourage the parties to work out their own solutions to problems by limiting the U.S. role to that of a facilitator, offering bridging proposals once the parties are quite close but need American help to break through logjams.

While the United States should be sensitive to the needs of both parties to negotiations, it should not adopt a posture of “evenhandedness” between its ally, Israel, and other parties. The United States should continue to approach negotiations with an acceptance of Israel's need for secure, recognized and defensible borders, with the understanding that Israel must determine its own security requirements. Negotiations should also be premised on the belief that a final-status agreement between Israel and a Palestinian state would entail the end of all claims between the parties. America's approach—including its special relationship with Israel—is an asset to the negotiations process, and has historically made the United States the only outside party trusted by both sides to be an effective mediator.

The United States can act to help the parties in a fair-minded way, and urge them to maintain their commitments. With respect to the Palestinians, it can support moderate leaders without abandoning its insistence that the Palestinian Authority decisively act to halt violence, incitement and terror. In fact, this continued support is more likely to lead to breakthroughs in Israeli-Palestinian negotiations because Israel will be more willing to take risks for peace when its security requirements are being addressed and when the United States is backing its efforts.

### **Direct Talks—Not Imposed Solutions—Are Necessary for Success**

An enduring solution to the Israeli-Palestinian conflict must arise from the parties themselves,



and cannot be imposed by the United States or other outside parties, as President Obama made clear at the outset of the new round of talks. “The United States will put our full weight behind this effort,” he said. “We will be an active and sustained participant. We will support those who make difficult choices in pursuit of peace. But let me very clear. Ultimately the United States cannot impose a solution, and we cannot want it more than the parties themselves.” A deal can only work if both parties enter into it willingly, feel vested in it and intend to implement it. Without buy-in from the two parties and the publics they represent, no accord will be viable. That is why direct, sustained bilateral negotiations—which can be facilitated by the United States—are still the best way forward.

### **Arab States Must Play a Role in Supporting Negotiations**

The Arab states have a vital role in supporting Israeli-Palestinian negotiations. To play a positive role in fostering such efforts, it is critical for the Arab states to accept Israel’s right to exist within secure and recognized boundaries as stipulated by U.N. Security Council Resolution 242, work toward normalizing relations with Israel and support Palestinian leaders committed to peace. The Arab states can also help support negotiations by taking sustained efforts to combat terrorists who are seeking to undermine peace efforts. And the United States should press Arab states to pay their long-overdue pledges to the PA, which are critical to its continued functioning and to a future Palestinian state.



**Hamas, which took over Gaza from the PA, is carrying out attacks aimed at scuttling peace talks.**

### **The U.S.-Israel Relationship Transcends the Peace Process**

Beyond the peace process, the United States and Israel have a deep alliance based on common values that benefits both countries. The two allies share intelligence, have extensive defense cooperation and work to counter the shared threats of terrorism and proliferation. It is critical that this vital cooperation is maintained irrespective of the daily ups and downs of Israel’s negotiations with its Arab neighbors.

Similarly, the United States should maintain our position as a trusted ally of Israel, providing the

support and assurance so vital to Israeli leaders as they consider tough compromises for peace. Differences should be worked out with Israel privately. Public differences have allowed the Palestinians to stall U.S. efforts to get the sides back to the negotiating table.

### **Palestinian Threats to Leave Talks Not Helpful**

In November 2007, the Bush administration launched a new diplomatic initiative in Annapolis, which led to formal negotiations between Israeli and Palestinian officials, with the backing of the Arab states. The goal of the talks was to try to reach a comprehensive peace agreement by the end of 2008.

When Israel was forced to launch a defensive operation against Hamas rocket attacks at the end of 2008, the PA refused to continue talking even though Olmert had offered an unprecedented peace deal to Abbas, who had refused calls by the United States and Israel to return to the negotiating table until now.

His decision to sit down with Israeli Prime Minister Benjamin Netanyahu is welcome, and both sides face hard work and difficult choices. Abbas must drop his threats to withdraw at the first sign of difficulty or to impose conditions for negotiations.

The issues to be resolved—borders, settlements, Jerusalem, refugees and security—are difficult and will require sustained effort and compromise. Abbas should not be given any cause to think that his withdrawal from tough

discussions will lead to U.S. pressure on Israel. Instead, the administration must make it crystal clear at the outset that the United States expects the negotiations to continue without threats or walkouts.

### **Critical for Congress to Support Time-Honored Principles**

As Israel and the PA pursue this new round of talks, the United States and Israel should continue the close cooperation that has characterized the current diplomatic process thus far. The United States also should remain supportive of moderate Palestinians interested in making peace with Israel and helping their people prosper.

## **Abbas must drop his threats to leave the talks.**

In this context, Congress and the executive branch should continue to closely adhere to the principles outlined above. The United States can maintain its special relationship with Israel while supporting the efforts of moderate Palestinian leaders to combat extremists and build their economy and civil society. An American position consistent with our historic principles offers the best chance of helping both Israelis and Palestinians ultimately achieve peace.

## **Foreign Aid**

# U.S. Foreign Aid: Serving American Interests

*“It has become clear that America’s civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long – relative to what we traditionally spend on the military, and more important, relative to the responsibilities and challenges our nation has around the world....For the first time in a long time, I sense real bipartisan support in Congress for strengthening the civilian foreign affairs budget.”*

— Secretary of Defense Robert Gates (July 15, 2008, U.S. Global Leadership Campaign Tribute Dinner)

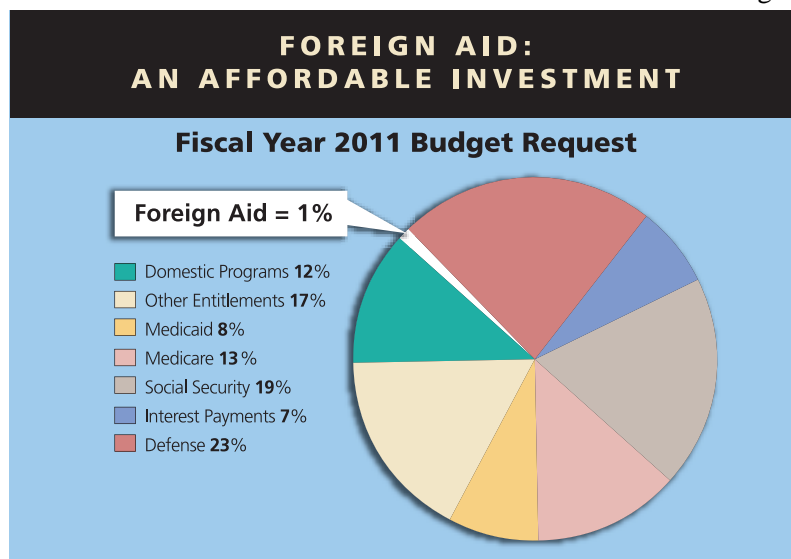
**Foreign aid, at about one percent of federal spending, is an essential, cost-effective tool for promoting American interests abroad and supporting our vital allies such as Israel. A robust international affairs and foreign aid budget reflects our humanitarian and democratic values and is critical to bolstering American national security and to building overseas markets for American goods and service and, in turn, creating jobs here at home.**

## Key Principles of Foreign Aid

### Foreign Aid Bolsters American Security

Foreign aid is an essential component of U.S.

national security strategy that supplements our defense budget. Foreign aid advances economic development and political stability in countries where radical opponents of peace use terror in an effort to destroy the prospects for reconciliation. Foreign aid programs help keep threats from our shores by supporting international efforts to curb the proliferation of weapons of mass destruction, stop narcotics trafficking, fight terrorism and thwart other criminal activities.



# For decades, presidents and lawmakers from both parties have strongly backed foreign aid.

## Foreign Aid Promotes Peace and Democracy

In the Middle East, and in other regions, U.S. aid bolsters friendly countries as they take substantial risks for peace after decades of violent confrontation. The United States provides critical security assistance to Israel, which helps the Jewish state maintain its qualitative military edge and feel secure in pursuing diplomatic talks with the Palestinians and Arab states such as Syria.

## U.S. Foreign Aid Spurs Assistance from Our Allies

As the world's sole superpower, the U.S. plays an indispensable role in the world. Nonetheless, we cannot and should not have to act alone. When the United States tangibly demonstrates its commitment to play an active leadership role, it is often able to secure the assistance of others, thus reducing America's financial share.

## Foreign Aid Creates Jobs Here at Home

By law, nearly all U.S. assistance must be spent on American-produced items. U.S. jobs that produce U.S. exports pay more: an estimated 13 percent to 18 percent more than the U.S. national average. Aid helps developing nations establish fair business codes, viable commercial banks and reasonable tax and tariff standards. This assistance helps create the necessary stable business environment and uniform standards for U.S. companies to operate.

### SOLID INVESTMENT: How Aid Benefits Israel and the United States



#### Signal of Support

Assistance shows Israel's adversaries that American commitment to the Jewish state is unwavering.



#### Industry Boost

The bulk of U.S. military aid is spent by Israel on procuring American defense products.

#### Defense Expertise

Joint U.S.–Israeli strategic cooperation helps develop new technologies for protecting Americans and Israelis.



#### Qualitative Edge

American aid helps Israel maintain military superiority and counter the great disparity in defense spending by Arab states and Iran.



### **Foreign Aid Supports Transitions to Democracy**

Foreign aid helps stabilize the economies of fledgling democracies and assist them in developing open and free political institutions. Democracy-building programs in Central America and Eastern Europe help organize free and fair elections, support due process, train future leaders and protect human rights. Foreign aid is being targeted to root out corruption in countries all over the world and help them build accountable governments and free market economies.

### **Foreign Aid Supports our Humanitarian Values**

Through our foreign aid program, the U.S. has led the world in supporting programs to reduce the spread of HIV/AIDS and other diseases. U.S. aid fights poverty and promotes economic and social development through programs that provide disaster relief, food aid and clean water to communities across the globe. Through this aid the U.S. reaches the most vulnerable populations and helps to create self-sufficient economies and empower women and the most disadvantaged.

### **Bipartisan Support for Foreign Aid**

For decades, presidents and lawmakers from both parties have strongly backed foreign aid and recognized its vital role in promoting U.S. foreign policy goals abroad. Over the past eight years, led by President George W. Bush, the U.S. has increased funding for foreign aid from \$15 billion to \$26 billion. President Obama has pledged to double U.S. foreign assistance spending by 2012 while also committing to

implement the 2007 U.S.-Israeli Memorandum of Understanding that calls for the United States to provide \$30 billion in assistance to Israel during the next decade.

**Foreign aid is being targeted to root out corruption in countries all over the world and to help build accountable governments and free market economies.**

President Obama and Congress should work to provide the necessary resources to support the vital foreign aid and diplomatic programs that will help the United States maintain a strong leadership position around the world.

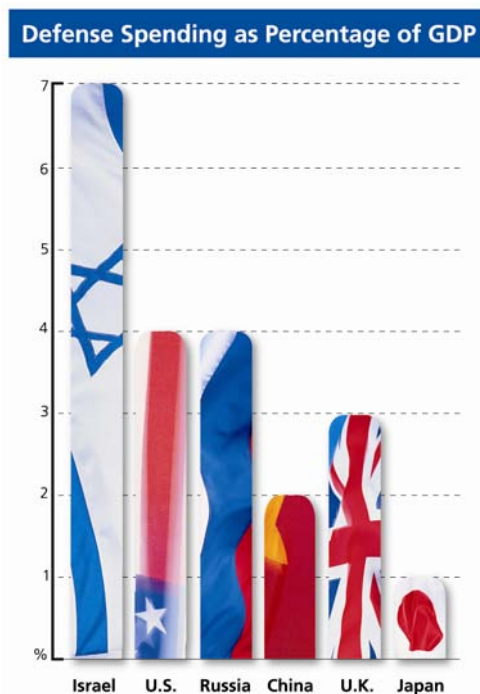
# Boost in U.S. Aid to Israel Vital Amid Increasing Threats

U.S. security assistance to Israel in the annual foreign aid bill is the most tangible manifestation of American support for Israel’s qualitative military edge. U.S. assistance helps counter the great disparity in defense spending between Israel and potential aggressors.

Israel is finding it increasingly expensive to keep pace with military challenges ranging from an Iran seeking nuclear-weapons capability to terrorist groups like Hamas and Hizballah. Implementation of a 2007 U.S.-Israeli security agreement, which pledges to provide Israel with \$30 billion in military assistance during the next decade, is vital to ensuring that Israel can prevail over those adversaries that threaten the Jewish state and work to undermine U.S. interests in the region.

## Agreement Aims to Help Israel Meet Increased Threats

American officials have recognized that while foreign aid has remained a cornerstone of the U.S.-Israel relationship for decades, in recent years the two countries have taken steps to solidify that commitment in order to ensure that the Jewish state has the means to defend itself for years to come.



**Israel spends more on defense as a percentage of gross domestic product than any other major industrialized nation.**

In 2007, the United States and Israel signed a 10-year Memorandum of Understanding (MOU) that calls for the U.S. to provide \$30 billion in security assistance during the next 10 years. Under the agreement, Israel is slated to receive gradual increases in aid during the first four years – before leveling off at \$3.1 billion for the remaining six years.

### First U.S.-Israeli MOU Phased Out Israel's Economic Aid

The 2007 MOU was inked as the first 10-year plan signed by President Bill Clinton and Israeli Prime Minister Benjamin Netanyahu in 1998 was coming to an end. The earlier agreement eliminated U.S. economic aid while gradually increasing military assistance.

The 2007 agreement reflected the two countries' recognition of a series of new threats and changing realities in the region, including the terrorist threat from Hamas and Hizballah and the prospect of a nuclear-armed Iran.

The 2007 MOU, signed by then-Undersecretary of State Nicholas Burns and Bank of Israel Governor Stanley Fischer, notes that foreign aid enhances the "political, security and economic interests of both countries" and that the two nations "intend to continue their active dialogue on security and economic policy in existing bilateral committees."

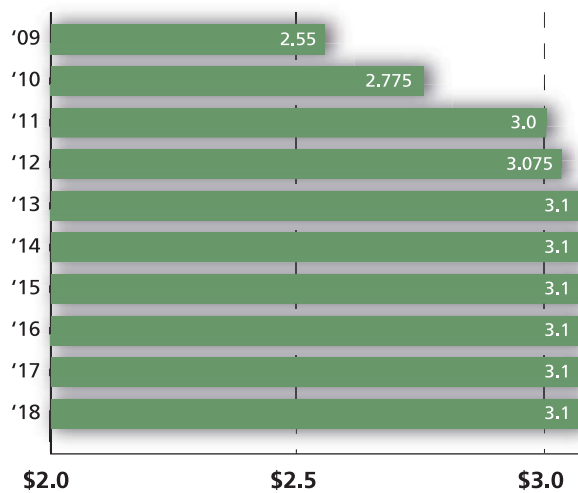
### Israel is Boosting Its Own Defense Spending

A potential nuclear-armed Iran. Waves of Hamas rocket attacks from Gaza against Israeli civilians. A resurgent Hizballah armed with 40,000 rockets aimed at Israel. These are just some of the unprecedented threats that Israel, along with the United States, is facing. And they require considerably more resources and military expenditures than the Jewish state has had to marshal in its recent history.

Spiraling defense costs are forcing Israel to spend more on defense as a percentage of gross

domestic product than any other nation in the industrialized world. Israel is spending eight percent of its GDP on defense, or nearly double the percentage the United States spends. However, the actual costs to the Israeli economy are much higher, when one takes into account lost productivity and the need for reserve duty, internal security and anti-terrorism spending.

### 10-Year Plan Funding Levels (in billions)



The 10-year U.S.-Israeli security agreement aims to provide Israel with increased aid to meet growing threats.

Israel has committed to a 10-year plan of sustained increases in its own defense spending to accompany the expected growth in U.S. security assistance. Israel is slated to spend \$150 billion on defense during the next decade, a 50 percent increase over the previous 10-year period.



## Israel's Defense Costs Have Risen Markedly

This increased spending comes as overall military spending has accelerated throughout the Middle East, fueled by windfall oil profits. From 2002 to 2006, the growth rate of Saudi Arabia's military budget was almost six times that of Israel's, while Iran's growth rate of military spending grew 16 times more than that of Israel's.

The military hardware—including American-built advanced fighter aircraft and naval vessels—that the IDF must acquire over the next decade to maintain its qualitative military edge is more complex, diverse and expensive than previous systems.

The most recent U.S.-produced front-line fighter aircraft deployed by Israel—the F-16I—cost \$45 million a piece. By comparison the U.S. F-35 Joint Strike Fighter, which Israel is seeking to purchase in the next decade, may cost up to \$100 million each.

Despite these costs, both countries have long recognized that their mutual interests in deterring war, promoting stability and eventually achieving peace are only possible if the United States continues to help ensure Israel's qualitative military edge over its potential adversaries.

# The military hardware that Israel needs to maintain its qualitative military edge is more complex and expensive than previous systems.

## Congress, Obama Have Strongly Backed U.S.-Israel MOU

President Barack Obama has strongly supported the 2007 agreement. “I will ensure that Israel can defend itself from any threat from Gaza to Tehran,” he said in a June 2008 speech. “As president, I will implement a memorandum of understanding that provides \$30 billion in assistance to Israel over the next decade, investments to Israel's security that will not be tied to any other nation.”

Late last year, President Obama signed into law a total of \$2.775 billion in security assistance to Israel for fiscal year 2010, marking the second year of the MOU. As part of his fiscal year 2011 budget, the president has requested \$3 billion in aid to Israel. This is in line with the funding level called for in the third year of the MOU.

# Increased Threats, Increased Costs:

## **THREAT:** Iranian and Syrian ballistic missiles

Iran continues to improve its Shihab-3 and other ballistic missiles, which are capable of striking Israel, U.S. troops in the region and parts of Europe. At the same time, Syria continues to perfect its most sophisticated missile—the Scud-D—the longest-range weapon in its arsenal that can hit all of Israel and be deployed with a chemical warhead.



## **ISRAEL'S RESPONSE:** Improve missile defense

Israel must focus on developing the next generation Arrow missile defense system capable of countering threats outside the atmosphere and, more immediately, deploy more accurate and longer-range ballistic missile interceptors. The IDF is planning to spend \$1 billion, including U.S. assistance, during the next five years on various missile defense programs.



## **THREAT:** Short- and medium-range rockets

Hamas and other Palestinian terrorists are targeting Israeli civilians on a daily basis with Qassam rockets and longer-range, Iranian-supplied Katyusha-style rockets. Hizballah has amassed 40,000 Katyushas and medium-range rockets such as the Iranian “Zelzal,” while Syria has 100,000 short- and medium-range rockets.



## **ISRAEL'S RESPONSE:** Improve rocket defenses

Israel plans to invest close to \$1 billion during the next several years to develop improved rocket defense systems, including the “Iron Dome” to combat short-range rockets and the jointly developed U.S.-Israeli “David’s Sling,” designed to protect against rockets and missiles fired from a range of 25 miles to 150 miles.



## **THREAT:** Sophisticated anti-aircraft weapons

Palestinian terrorists are acquiring better short-range shoulder-launched anti-aircraft missiles, while Syria and Iran are fielding new Russian radar-guided air defense systems. Meanwhile, Persian Gulf states are upgrading their fleets of sophisticated combat aircraft.



## **ISRAEL'S RESPONSE:** Enhance aircraft capabilities

Purchase premier combat aircraft for the 21st century, the Joint Strike Fighter F-35. Israel will order 25 planes this year, with a goal to eventually have a force three times that size. Each plane, with Israeli modifications, may cost as much as \$100 million—double the price of its immediate predecessor, the F-16I.



# Israel's Urgent Defense Requirements

## **THREAT:** Advanced anti-tank weapons

Syria, Hizballah and Palestinian terrorist groups are using advanced Russian and Iranian anti-tank missiles. These guided weapons were used with deadly effect against the IDF in Lebanon during the war with Hizballah and pose a mounting risk to Israeli armored forces.



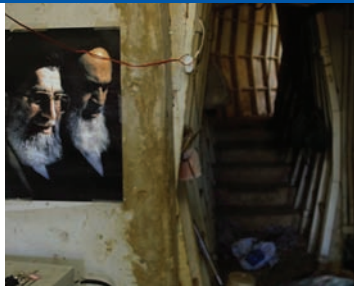
## **ISRAEL'S RESPONSE:** Better-protect tanks and other vehicles

The IDF must better protect its Merkava tanks and increase the size and readiness of its armored units. Israel plans to build dozens of Merkava IV tanks (\$4.5 million each) and deploy hundreds of heavy Namer armored troop vehicles (\$1.5 million each). By comparison, the vulnerable armored carriers from the 1970s used by Israel cost \$400,000 each.



## **THREAT:** Targets harder to locate and destroy

Israel's adversaries are increasingly adept at concealing and protecting their facilities such as rocket bunkers and command centers. As terrorist groups such as Hamas and Hizballah become more sophisticated, Israel also is forced to expend more munitions amid battles that are longer and more intense.



## **ISRAEL'S RESPONSE:** Purchase 'smart' U.S. munitions

Late last year, Israel signed a deal to purchase \$1.3 billion worth of American-guided missiles and smart bombs able to destroy deeply buried sites with pinpoint accuracy. The package, which will be paid for and delivered during the next few years, includes 2,000 TOW missiles, 1,700 Hellfire II anti-tank missiles and 100,000 rounds of 155mm high-explosive shells.



## **THREAT:** Increased sea-based threat

As neighboring navies are rapidly modernizing, Israel faces a decrease in its ability to secure strategic depth via naval power and protect vital trade routes while also trying to address the growing challenge of weapons being smuggled to terrorists in Gaza via the sea.



## **ISRAEL'S RESPONSE:** Expand naval fleet

The Israeli Navy must expand its fleet by purchasing two U.S. Littoral Combat Ships. When outfitted with the latest weaponry and electronic gear, these state-of-the-art vessels will cost close to \$400 million each. This represents a 54 percent increase over Israel's most recent ship purchase from the United States, the Saar 5 missile corvette, which cost \$260 million each in the 1990s.



# Key Provisions of U.S. Security Assistance to Israel

Several provisions included in the annual State Department-Foreign Operations Appropriations Bill help Israel maximize the benefits of U.S. assistance. Below is a brief explanation of the key provisions or terms used when discussing American assistance to Israel.

## ▶ Foreign Military Financing (FMF)

All of Israel's aid now comes in the form of military assistance through the FMF program.

## ▶ Early Disbursal

This provision in the annual foreign aid bill allows Israel to receive its security assistance at the beginning of the fiscal year, rather than as military purchases are made over time. Under this provision, Israel receives its full allotment of security assistance at the beginning of the fiscal year or 30 days after final enactment of the bill, whichever is later.

## ▶ Offshore Procurement

Under this provision, Israel is allowed to spend a portion of its security assistance to buy military hardware within Israel. The "offshore procurement" provision gives Israel the flexibility to use "no less than" 26.3 percent of American military aid to purchase home-grown equipment designed specifically to meet the array of threats Israel faces. Offshore procurement helps Israel preserve its military industrial base, which is critical to its national security.

## ▶ Qualitative Military Edge

For decades, the United States has been committed to maintaining Israel's "qualitative military edge," which has been defined by Congress as Israel's "ability to counter and defeat any credible conventional military threat from any individual state or possible coalition of states or from non-state actors." Direct U.S. security assistance provided in the annual foreign aid bill is the most tangible way that the United States



U.S. aid to Israel enables the Jewish state to purchase equipment that maintains its qualitative military edge.

helps Israel maintain its military superiority and counters the great disparity in defense spending between Israel and potential adversaries in the Middle East.

▶ **Refugee Resettlement Grant**

The U.S. government provides an annual grant (now \$30 million) to the Jewish Agency/United Israel Appeal to help transport and resettle immigrants within Israel. Today, these funds are primarily used for the absorption of immigrants from Ethiopia.

▶ **Earmark**

Congress can mandate (not just recommend) that a specific amount of money shall be spent for a specific purpose. For Israel each year, Congress mandates that “no less than” the slated level of aid for that fiscal year “shall” be provided. Israel’s annual earmark is a programmatic one and differs from the special project earmarks that have been the source of much controversy.

▶ **10-Year Plan**

The United States and Israel signed a 10-year security agreement in August 2007 aimed at boosting U.S. security assistance to help Israel deal with increasing threats. Under the plan, Israel received \$2.55 billion in fiscal year 2009, the first year of the decade-long program, and \$2.775 billion in fiscal year 2010, the second year of the program. The plan calls for Israel to receive \$3 billion in fiscal year 2011 and \$3.075 billion in fiscal year 2012 before leveling off at \$3.1 billion for the remaining six years. In 1998, the U.S. and Israeli governments agreed to the first 10-year plan to restructure U.S. assistance to Israel. Under this plan, U.S. economic aid to Israel was gradually phased out while the level of security assistance was gradually increased from \$1.8 billion in 1999 to \$2.4 billion in 2008.



**Iran**

# The Iranian Nuclear Threat

**Iran's nearly twenty-year secret nuclear program was exposed by an exile group in 2002, and subsequently confirmed by inspectors from the International Atomic Energy Agency (IAEA). More than seven years and six United Nations Security Council Resolutions later, the United States continues to lead the international effort to halt Tehran's uranium enrichment program and other activities that could lead to a nuclear weapon.**

As the leading state sponsor of terrorism, a nuclear-armed Iran would pose unacceptable threats to global security. The regime's brutal suppression of its own people protesting the June 2009 presidential elections has shown the world the true nature of the regime and has heightened the urgency of stopping Iran's nuclear efforts before they reach fruition. Iran has refused to hold serious talks with the United States and other world powers while continuing to enrich uranium in defiance of U.N. Security Council resolutions. Iran dismissed the 2009 end-of-the-year deadline set by the administration and its allies for Tehran to accept a deal offered by the United Nations to export the majority of its enriched uranium in exchange for nuclear fuel. On June 9, 2010, the U.N. Security Council passed sixth resolution on Iran's nuclear program that imposes significant new sanctions on the regime. On July 1, 2010, President Obama signed into law one of the most comprehensive and toughest sanctions bills



Iranian President Mahmoud Ahmadinejad has repeatedly said Iran will not end its uranium enrichment.

that America has ever enacted to date – legislation that Congress passed days earlier with near-unanimous majorities.

## Iran Nearing a Nuclear-Arms Capability

In 2006, Iran announced that it had successfully begun enriching uranium. By September 2010, the IAEA released a report showing that Iran had stockpiled more than 5,300 pounds of low-enriched uranium (LEU) that—if further enriched to weapons-grade level—is enough for three nuclear bombs.

Furthermore, Iran has begun converting its stockpile of low enriched uranium (uranium gas enriched to 3.5 percent) into a higher enriched uranium of 20 percent. Enrichment to the 20 percent level represents 85 to 90 percent of the work needed to produce weapons-grade fuel.

The IAEA report also said Iran possesses more than 6,700 centrifuges—machines that spin at



supersonic speeds to enrich the uranium needed to build a nuclear bomb. By increasing the number of centrifuges, Iran can reduce the time it needs to produce enough highly enriched uranium (HEU) for nuclear weapons.

Iran has tested more efficient and advanced centrifuge models, and its stated goal is to assemble more than 50,000 centrifuges for industrial-scale enrichment, which would enable Iran to produce enough HEU for up to 50 nuclear warheads per year.

## A nuclear-armed Iran would constitute an existential threat to Israel, but would not threaten Israel only.

### Iranian Nuclear Activities Have No Civilian Purpose

In addition, inspectors from the IAEA have uncovered evidence that Iran has carried out a number of nuclear activities with no known civilian energy purposes. Iran has experimented with polonium, an element whose primary use is to trigger nuclear explosions, and continues to block IAEA inspections of numerous nuclear facilities.

Iran's Green Salt Project, an alleged clandestine Iranian entity focusing on uranium processing, high explosives and a missile warhead design, remains a matter of serious concern and critical to an assessment of a possible military dimension to Iran's nuclear program. Iran reportedly conducted research and tests on a neutron initiator using uranium deuteride (UD<sub>3</sub>). The only application for UD<sub>3</sub> is as a neutron source to trigger an atomic chain reaction in a nuclear warhead.

In September 2009, the United States disclosed Iran was constructing a secret uranium enrichment facility. The size of the facility is insufficient to produce needed fuel for a nuclear power reactor, but ideal to produce (HEU) for at least one bomb a year, and perhaps more. Iran has also been conducting research and tests on technologies needed to deliver a nuclear weapon, including the rapid advancement of its long-range ballistic missile and space program. Tehran has also upped its violent rhetoric and military tests, including war games, rocket and land-mobile missile tests and threats to close the Straits of Hormuz.

### A Nuclear Iran Would Destabilize the World

A nuclear-armed Iran would constitute an existential threat to Israel, but would not threaten Israel only. It would likely lead to nuclear proliferation elsewhere in the region and around the globe while fundamentally altering the strategic balance of the Middle East, a vital region for U.S. national security interests.

### **Nuclear Weapons Would Embolden the Regime**

The repression of Iranian protestors after the disputed presidential elections shows the true nature of the Iranian regime: a brutal theocratic dictatorship. Possessing a nuclear weapons capability would only serve to embolden this regime, allowing it to extend its influence throughout the region as part of its hegemonic ambitions. A nuclear-armed Iran would feel confident in further intensifying its support for terrorist allies like Syria, Hamas and Hizballah, which are actively working to undermine U.S. interests and peace efforts. Iran could also share its nuclear technology with anti-American terrorist groups to carry out attacks against U.S. assets worldwide.

### **A Nuclear Iran Would Destabilize Pro-Western Arab States**

Arab countries with strong ties to the United States are terrified of Iran achieving a nuclear weapons capability. Gulf countries in particular fear that Iran will use its nuclear umbrella to intimidate them and radicalize their people. Iran might never need to actually use a nuclear weapon; the mere potential might persuade its neighbors to do Iran's bidding and further distance themselves from the United States.

### **Nuclear Arms, Missiles Would Pose Major Threat to U.S.**

By combining a nuclear weapon with its ballistic missile program—already capable of targeting American troops in the Middle East and parts of Europe—Iran also would pose a serious nuclear threat to the United States and its allies. Such a threat would increase as Iran is able to perfect



**Iran's Supreme Leader Ayatollah Ali Khamenei has repeatedly called for Israel's destruction.**

advanced ballistic missile technology and build missiles capable of striking the United States and Western Europe.

### **Nuclear Iran Would Spur Regional Arms Race, Kill Non-Proliferation Regime**

Iran's acquisition of nuclear weapons also would likely touch off a regional nuclear arms race. Indeed, many Arab states have expressed new interest in "peaceful" nuclear programs as Iran continues its nuclear weapons pursuit. This heightened interest in nuclear technology would likely spread beyond the Middle East, marking the death knell of the global non-proliferation regime. A world in which nuclear weapons have spread widely would be a much more dangerous place and exponentially increase the likelihood that such weapons might actually be used.

# A Look Back: U.S. Action to Prevent a Nuclear Iran

**For more than 15 years, the United States has played a central role in international efforts to stop Iran’s ballistic missile and nuclear weapons programs. Since 1992, Congress has passed some 20 bills and resolutions sanctioning and condemning the regime for its support of terrorism and its nuclear weapons pursuit. In 1995, President Clinton issued a critical executive order banning all U.S. trade (with minor exceptions) and investments in Iran.**

## Key Legislation Aimed at Preventing a Nuclear-Armed Iran

The purpose of these measures has been to raise the costs and prolong the time it would take for Iran to acquire a nuclear weapons capability and, ultimately, to persuade the Iranian regime to end its illicit activities. These moves have hampered Iran’s ability to attract needed foreign investment and have isolated the regime. But there are important additional steps the United States can still take to prevent a nuclear-armed Iran, which would present a major threat to the United States and international community.

In 1992, Congress passed the Iran-Iraq Nonproliferation Act, a law which requires the president to impose sanctions against nations that knowingly supply Iran or Iraq with technology that could contribute to their acquisition of nuclear, biological or chemical weapons. This legislation marked the first in a series of bills that would sanction Iran for its defiance of the international community. The following are other key pieces of legislation passed in the subsequent 16 years:



**Iranian President Mahmoud Ahmadinejad inspects the Natanz nuclear facility where Tehran continues to enrich uranium in defiance of the U.N. Security Council.**

### ► Iran and Libya Sanctions Act of 1996

The law mandates that the United States impose sanctions on companies that invest more than \$20 million per year in Iran or Libya’s petroleum sectors. It represents a landmark bill that served as the cornerstone for future efforts to isolate Iran, providing the executive branch with a critical tool to deter companies from investing in Iran’s energy sector, the lifeblood of the regime.

► **Iran Missile Proliferation Sanctions Act of 1998**

Passed by Congress but vetoed by President Clinton, the legislation was subsequently largely incorporated as a presidential executive order. It permits the president to sanction foreign companies that have transferred missile technology to Iran.

► **Iran Nonproliferation Act of 2000**

The law requires the president to report and sanction foreign companies that have transferred missile technology to Iran. It also requires the president to certify that the Russian government opposes the proliferation of weapons of mass destruction before America provides additional money to the Russian Space Agency for the International Space Station.

► **ILSA Extension Act of 2001**

The law authorized a 5-year extension of the Iran and Libya Sanctions Act (ILSA), which mandates the imposition of U.S. sanctions on companies that invest significantly in Iran or Libya's petroleum sectors.

► **Iran Nonproliferation Amendments Act of 2005**

The law strengthens and expands the Iran Nonproliferation Act of 2000 by authorizing sanctions on any entity that aids a potential Syrian nuclear weapons program and on any weapons of mass destruction-related technology and equipment exported from Iran or Syria.

► **Iran Freedom Support Act of 2006**

The law extends for five years existing sanctions – passed under the Iran and Libya Sanctions Act of 1996, which was renamed the Iran Sanctions Act – on foreign companies investing more than \$20 million per year in Iran's petroleum sector. IFSA also codifies executive orders barring U.S. firms from doing business in and with Iran, strengthens U.S. authority to sanction entities aiding Iran's nuclear pursuit, urges the administration to probe investments in Iran's petroleum sector and discourages the signing of nuclear cooperation pacts with countries assisting Iran's atomic program. The law also expresses support for Iranians seeking to promote democracy in their country.



**The United States has sanctioned Iran's Bank Mellī in an effort to isolate Iran from the international banking system.**

### ► **The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010**

The law constitutes the most comprehensive and toughest Iran sanctions legislation to date. It aims to stifle Iran's energy sector, restrict Tehran's ability to conduct international financial transactions, and hamper its ability to obtain components for its nuclear and missile programs. The law targets foreign firms—including insurance, financing and shipping companies—that assist Iran in importing refined petroleum. Similarly, new regulations require U.S. banks to restrict ties with foreign banks conducting any business with Iran's Islamic Revolutionary Guard Corps (IRGC) and with any Iranian bank designated by the United States as facilitating Iran's illicit nuclear program or its support for terrorism.

### **Administration Imposes Financial and Economic Sanctions Against Iran**

During the past few years, the United States government, primarily through the Treasury Department, has sought to isolate the Iranian regime from the international financial system as a way to persuade it to change course. The actions have included:

- cutting off four Iranian state-owned banks from the international financial system and designating the Islamic Revolutionary Guard Corps (IRGC) as a weapons proliferator;
- revoking Iran's so-called "U-turn" license, a move effectively barring all Iranian financial institutions from doing business in dollars;
- sanctioning the Export Development Bank of Iran, a key state-owned institution providing support to Iran's weapons program;
- discouraging foreign companies from investing in Iran's energy sector, threatening sanctions under the Iran Sanctions Act;
- warning financial institutions to exercise vigilance in dealing with the Central Bank of Iran because of its assistance to Iranian proliferation and terrorist-supporting entities, including sanctioned Iranian banks; and
- sanctioning the Islamic Republic of Iran Shipping Lines (IRISL) and its 18 affiliated companies for aiding the regime's rogue nuclear activities.
- increasing enforcement of export control laws to prevent sensitive technologies from entering Iran.
- imposing major financial penalties on international banks aiding Iran's circumvention of sanctions.

# America Must Implement Tough Iran Sanctions Now

**Congress' passage of the most comprehensive and toughest Iran sanctions legislation to date will—if implemented promptly and aggressively—dramatically increase the pressure on the Iranian regime to halt its illicit pursuit of nuclear weapons.**

**The Comprehensive Iran Sanctions, Accountability, and Divestment Act, overwhelmingly passed by Congress in June 2010, aims to stifle Iran's energy sector, restrict Tehran's ability to conduct international financial transactions, and hamper its ability to obtain components for its nuclear and missile programs. Quick implementation and strong enforcement by the administration hold the last best hope of persuading Iran to suspend its quest for nuclear weapons through political, economic, and diplomatic means.**

## **New Sanctions Can Have an Impact**

The new sanctions passed by Congress target foreign firms—including insurance, financing and shipping companies—that assist Iran in importing refined petroleum. Indeed, the mere threat of sanctions has led most major international fuel traders to exit the Iranian market.



**Iranian President Mahmoud Ahmadinejad has called for a world without the United States and Israel.**

Financial restrictions imposed by the legislation limit Iran's access to the international financial system. New regulations require U.S. banks to restrict ties with foreign banks conducting any business with Iran's Islamic Revolutionary Guard Corps (IRGC) and with any Iranian bank designated by the United States as facilitating Iran's illicit nuclear program or its support for terrorism. International banks must now clear all of their international dollar transactions—a very substantial portion of their business—through the U.S. banking system. As a result, these banks will be forced to choose between doing business with the United States or with Iran.

Many international banks previously ended relations with Iran as a result of U.S. efforts. The new regulations are likely to force out most of the remaining players, leaving Iran with the

prospect of a collapse of its financial system, and certainly without the ability to attract foreign investment.

The IRGC, by itself, accounts for as much as 50 percent of the Iranian economy and is involved in such major sectors as energy development, construction, telecommunications, transportation, and Iran’s nuclear program. If international banks no longer handle its financial transactions, both it and the Iranian economy will be severely impacted.

Similarly, Iran’s access to components for its nuclear and missile programs will be further hampered by new sanctions. For the first time, the new sanctions address the problem of countries that allow their territory to be used as diversion points to send illicit goods to Iran. The director of national intelligence is now required to identify such countries and work with them to improve their export control regulations. Countries that fail to improve their export

control systems and continue to allow sensitive technologies to be diverted to Iran will be subject to new restrictions and licensing requirements before they can receive U.S. exports. These regulations will help to prevent sensitive technologies from benefitting Iran’s nuclear program.

The legislation also bars the president from issuing licenses for the export of U.S. civilian nuclear technology to any nation helping Iran develop a nuclear weapons capability. Countries like Russia and the UAE will now have additional incentive to actively prevent the transfer of nuclear and missile components to Iran.

### Anticipation of New Sanctions Led Firms to Cut Iran Ties

Even before passage of the Iran sanctions, major Western firms began pulling out of Iran because their U.S. operations or connections to the U.S. financial system would be at risk if they

**Implement Existing Sanctions**  
The U.S. can implement existing sanctions to penalize companies investing in Iran’s energy sector as a deterrent to other firms.

**Limit Iran’s Importation of Refined Petroleum**  
Reducing Iran’s access to refined petroleum could cripple the regime, which must import 40 percent of its daily gasoline.

**Sanction Iran’s Central Bank**  
The Central Bank controls much of Iran’s proliferation and terrorist financing activities.

**Sanction Companies Dealing with IRGC**  
Iran’s Islamic Revolutionary Guard Corps plays a key role in Tehran’s proliferation efforts.

**PUTTING THE SQUEEZE ON IRAN**

**THE U.S. CAN TAKE CRITICAL STEPS TO PRESSURE IRAN TO HALT ITS ILLICIT NUCLEAR PROGRAM**

continued their Iranian operations. Glencore, LUKOIL, Reliance, Vitol and Trafigura are among firms that previously ended sales of refined petroleum to Iran.

Numerous energy firms—including ENI, Statoil, and Repsol—also announced that they would not go forward with new investments in Iran. Similarly, major international insurance and reinsurance companies began ending their Iranian business last year given the potential risks of losing access to the U.S. market. Allianz—Europe’s largest primary insurer by gross premiums—and German reinsurance company Munich Re announced in February 2010 that they were suspending ties with Iran.

### **New Sanctions Already Having an Impact**

Just days after Congress passed the new sanctions bill in the summer of 2010, Iran’s international isolation grew even further. France’s Total, the last major Western fuel trader dealing with Iran, announced that it would stop providing refined petroleum to Tehran. Both BP and Royal Dutch Shell have also suspended sales of jet fuel to Iran Air to comply with the new U.S. sanctions. Tehran is now having trouble refueling its airplanes at a number of major European airports.

Lloyd’s of London—a major insurance market that provides 8 to 10 percent of the global maritime insurance—has announced that it would restrict insurance for any vessels shipping petroleum to Iran. Likewise, the South Korean firm GS Engineering & Construction announced that it has suspended its \$1.89 billion project to construct a gas sweetening plant at Iran’s South

Pars natural gas field. Without the facility, Iran will have significant untapped gas production capacity.

### **President Obama Must Now Fully and Aggressively Implement the New Law**

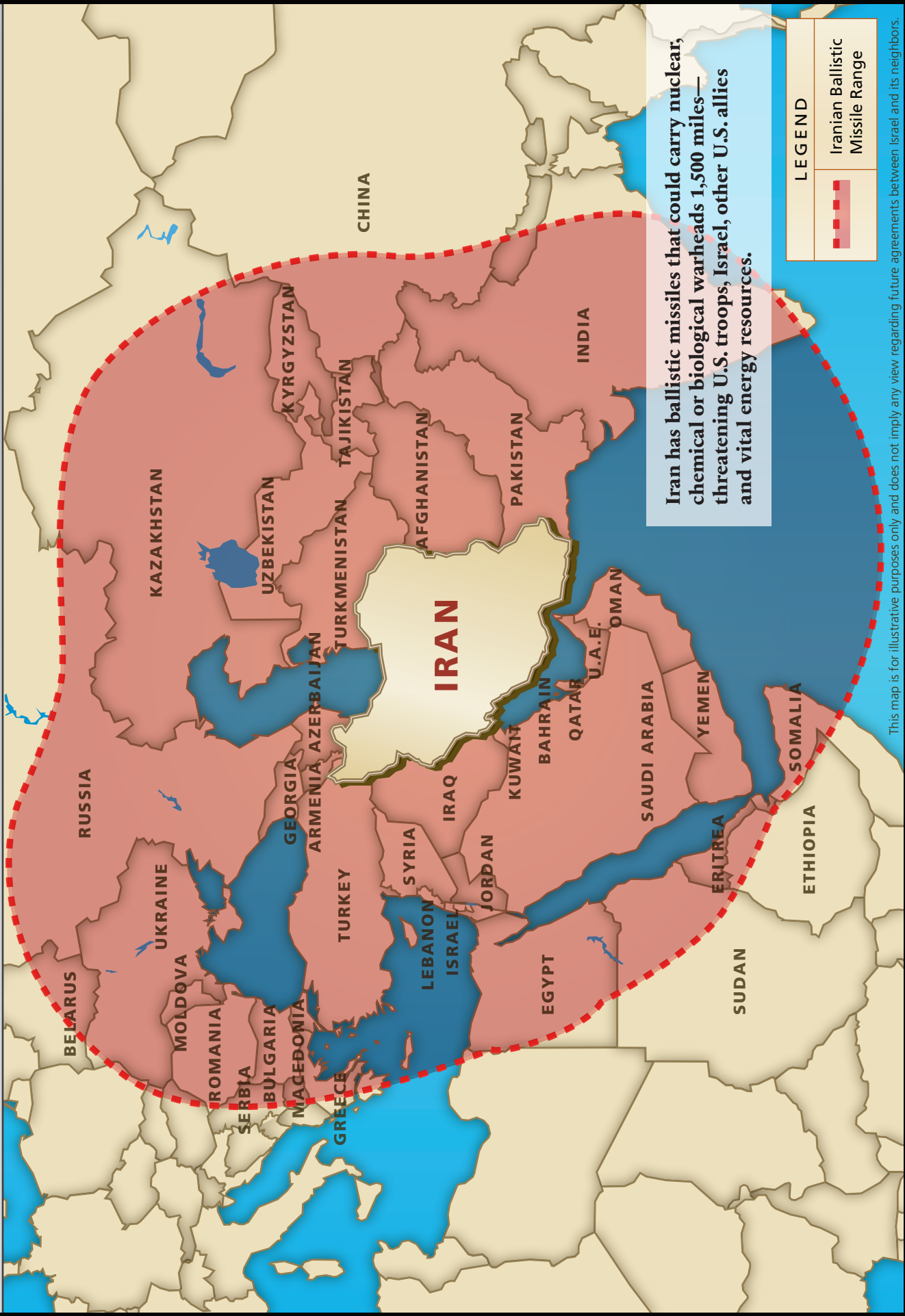
If fully implemented, the new sanctions legislation holds the last best hope to peacefully persuade Iran to end its illicit nuclear program. President Obama should quickly, fully and aggressively implement the law, which provides him with new mechanisms to increase pressure on Iran and companies that continue to work with it.

Companies continuing to provide Iran with refined petroleum should be sanctioned, including Turkish refiner Tupras and Chinese traders, Chinaoil and Unipet. Any Russian companies violating the sanctions in the wake of the Russian energy minister’s announcement of continuing cooperation with Iran in the oil, natural gas and petrochemical industries should be sanctioned as well.

Failure to implement these sanctions will leave policymakers only with two tragic options: accepting a nuclear-armed Iran or using military action to stop it. Sanctions combined with tough diplomacy provide the best chance to prevent having to face such a stark choice.



THE IRANIAN MISSILE THREAT



This map is for illustrative purposes only and does not imply any view regarding future agreements between Israel and its neighbors.



**Hamas**

# Hamas Turned Gaza into Launching Pad for Terror

Israel demonstrated its willingness to take dramatic risks for peace with the Palestinians when it unilaterally withdrew from Gaza in the summer of 2005. Israel's positive initiative was, unfortunately, met with increased violence. In June 2007, Hamas took control of Gaza through a violent coup against the reigning Fatah party. With a goal of destroying Israel, a position which has gone unchanged since its founding in 1987, Hamas has consolidated its power and turned Gaza into a launching pad for terrorist activity.

In response, Israel was forced in late December 2008 to launch Operation Cast Lead, a three-week operation aimed at stopping the rocket fire and deterring future attacks. Israel's actions in Gaza specifically targeted Hamas while taking extraordinary and unprecedented efforts to avoid civilian casualties. Israel facilitated humanitarian assistance to Palestinians in Gaza throughout the entire operation even while its soldiers and civilians were being attacked.



Hamas, Islamic Jihad and other Palestinian terrorists have fired close to 7,000 rockets and mortars in Israel since it withdrew from Gaza in 2005.

## Israel's Gaza Withdrawal was a Historic Move Toward Peace

In August 2005, Israel took a bold step toward peace by unilaterally withdrawing from Gaza, an area that came into Israeli hands during the 1967 Six-Day War. In a dramatic move that caused great trauma among the Israeli public, Israel dismantled all 21 settlements in Gaza and relocated roughly 8,500 residents. Israel hoped that the Palestinians would use this opportunity to develop their economy, build government institutions and move toward peace.

However, Hamas further consolidate its control of Gaza and step up attacks on Israel. After

Hamas' success in January 2006 elections, the international community represented by the Quartet—the United States, Russia, the European Union and the United Nations—said Hamas needed to adhere to a set of three requirements: recognize Israel, renounce violence and accept previous Israeli-Palestinian agreements.

Instead of taking such steps, Hamas and other terrorist groups in Gaza increased their attacks, firing more than 7,000 rockets and mortars into Israel since 2005.

#### **Hamas Carries Out Violent Coup in Gaza**

In June 2007, Hamas carried out a bloody coup against the Fatah party. The two groups were in a unity government at the time Hamas forcefully took over the area, leaving Fatah, the party of Palestinian Authority (PA) President Mahmoud Abbas, in charge only of the West Bank. After the coup, Abbas fired the Hamas-led government and established a technocratic government led by Prime Minister Salam Fayyad.

In June 2008, Egypt separately persuaded Hamas and Israel to accept a cessation of hostilities. Despite Hamas' commitment to stop firing rockets and mortars, an average of two attacks per day continued. Hamas refused to extend the lull in fighting in December, and resumed full-scale rocket fire.

#### **Hamas Expands Weapons Smuggling, Military Infrastructure**

Since the 2007 coup, Hamas increased its weapons supplies by smuggling tons of

explosives and weapons into Gaza. Hamas increased not only the amount of weapons, but also the sophistication of its arsenal. Beyond the crude Qassam rockets Hamas has indiscriminately fired at Israeli border towns such as Sderot, the terrorist group targeted larger population centers such as Ashkelon, Ashdod and Beersheba with longer range and more destructive Katyusha rockets. Hamas is now believed to possess rockets that can hit Tel Aviv.

**Smuggling has become so prevalent in Gaza that Hamas began regulating the tunnel industry by requiring tunnel owners to obtain licenses and pay fees.**

Hamas and other groups use a vast underground tunnel network under the Egypt-Gaza border to smuggle into Gaza hundreds of shoulder-fired RPG anti-tank missiles, thousands of assault rifles, millions of bullets, tons of high-quality explosives and a dozen anti-aircraft missiles.

Smuggling became so prevalent in Gaza that starting in late September 2008, Hamas began regulating the tunnel industry by requiring tunnel owners to obtain licenses and pay fees to Hamas. In addition to upgrading weapons, Hamas advanced its military capabilities by imitating Hizballah, creating formal quasi-military units and instituting more extensive training for troops.

### Israel Forced to Defend Itself

Because of Hamas' continued rejection of the Quartet requirements and continued violence, Israel was forced to take additional steps to protect its citizens, including tougher military action and restricting movement across the borders between Israel and Gaza. Throughout Israel's operation in Gaza, it continued to facilitate humanitarian aid into Gaza and allowed patients needing medical care to cross into Israel. Hamas bears full responsibility for the Palestinian hardships resulting from the attacks ordered by the group.

Israel's actions in Gaza specifically targeted Hamas command centers, security installations, rocket-launching sites, weapons stockpiles and smuggling tunnels. In its efforts to avoid civilian casualties, Israel transmitted specific warnings to Gazans about impending actions against Hamas targets. Unfortunately, Hamas located its terrorist infrastructure in civilian population centers to make it more difficult for Israel to target and to increase the likelihood of civilian casualties when Israel acted.



**Palestinians have used tunnels under the Egypt-Gaza border to smuggle arms into Gaza.**

### Congress, Administration Strongly Back Israel's Right to Self-Defense

Congress has steadfastly stood by Israel as it has taken necessary measures to defend its citizens. During Israel's actions in Gaza, the House and Senate overwhelmingly passed resolutions strongly supporting Israel's right to defend itself. A broad coalition of lawmakers and other top American officials also made a series of statements supporting Israel's efforts to defend its citizens from Hamas' terrorizing rocket attacks.

President Barack Obama also has strongly backed Israel's right to defend its citizens. Two

days after his inauguration, Obama said America “will always support Israel's right to defend itself against legitimate threats. For years, Hamas has launched thousands of rockets at innocent Israeli citizens. No democracy can tolerate such danger to its people, nor should the international community, and neither should the Palestinian people themselves, whose interests are only set back by acts of terror.” Additionally, Obama, like his predecessor, has opposed any dealings with Hamas until it meets the three requirements established by the international Quartet – rejecting violence, recognizing Israel and accepting previous agreements.

### **Working to Prevent Hamas' Rearmament**

The key to preventing further hostilities is to ensure that Hamas is not allowed to continue smuggling mostly Iranian-supplied weapons into Gaza. In the aftermath of the conflict, the United States and several European powers agreed to step up efforts to interdict and stop Iranian gun-running destined for terrorists in Gaza.

The United States and Israel also signed a historic Memorandum of Understanding (MOU) pledging joint efforts to stem the flow of weapons to Hamas and terrorists in Gaza. The agreement recognizes that Hamas' acquisition and use of arms against Israel were “the direct causes of recent hostilities” and that a durable and sustainable cessation of hostilities depends on denying weapons to terrorist groups and countering Iran's destructive activities. The agreement also strongly underscores American support for the security of the Jewish state and the importance of the U.S.-Israel relationship to America's national security.



**Palestinian rockets from Gaza have struck schools, synagogues, malls and homes, including the one in Ashkelon above.**

Israel's actions in Gaza have led to a major decrease in rocket and mortar attacks.

Unfortunately, this reduction appears to reflect a tactical decision by Hamas, not an ideological shift against the use of violence.

As Israel works closely with the United States and other allies to prevent Hamas from rearming, Israel is committed to working to ensure that the Palestinian people in Gaza continue to receive needed humanitarian supplies. Israel also said it will work with the PA, Arab states and the international community to ensure that rebuilding in Gaza helps empower those seeking peace, and not Hamas and its allies who call for Israel's destruction.

# HAMAS ROCKET RANGES



With Iranian assistance, Hamas has significantly upgraded its rocket arsenal. Hamas rockets now threaten more than 700,000 Israelis and critical infrastructure.





## **Lebanon and Syria**

# Hizballah: Amassing Arms in Unstable Lebanon

**Hizballah is a terrorist organization—supported by Iran and Syria—with global reach that poses a direct threat to Israel and to American interests at home and abroad. Hizballah has killed more Americans than any terrorist group other than al-Qaeda and has exploited Israel’s full withdrawal from Lebanon to bring about a bloody war in 2006. Today, the U.S.-designated terrorist group has amassed more than 42,000 rockets aimed at Israel.**

## **Israeli Withdrawal from Lebanon Met with Hizballah Build-up and War**

In May 2000, Israel unilaterally withdrew its forces from a security zone in southern Lebanon, ending an 18-year presence that began when Israel sought to defend its citizens from regular Palestinian attacks against northern Israel. By ending one of Hizballah’s stated pretexts for its persistent attacks against Israel, the withdrawal raised hopes that tensions would ease along the Israeli-Lebanese border.

Instead, Hizballah used the Israeli withdrawal to take control of southern Lebanon, amassing an arsenal of 14,000 rockets and missiles.

On July 12, 2006, Hizballah conducted a cross-border raid, killing five soldiers and kidnapping



**Hizballah has amassed more than 42,000 rockets since the 2006 war between Hizballah and Israel.**

two others (whom it ultimately killed as well), initiating a 33-day war with the Jewish state. During the war, Hizballah—which pledges allegiance to Iran’s supreme leader and calls for the destruction of the United States and Israel—launched an estimated 4,000 rockets at northern Israeli towns and cities.

## **Hizballah Rearms in Violation of U.N. Security Resolution**

Today, with the help of Iran and Syria, Hizballah has reportedly amassed more than 42,000 long- and short-range rockets and missiles—tripling the rocket inventory it had before the 2006 war and directly violating numerous elements of U.N. Security Council Resolution 1701, which ended the war and called for Hizballah to be disarmed. The

resolution also called for the deployment of Lebanese soldiers and an enlarged United Nations Interim Force in Lebanon (UNIFIL) in southern Lebanon. Although U.N. forces in Lebanon are specifically authorized to “take all necessary action ... to ensure that its area of operations is not utilized for hostile activities of any kind,” UNIFIL has done little to prevent Hizballah from rearming, rebuilding its command-and-control infrastructure, and sending select forces to Iran for training. Nor has the Lebanese army taken any significant measures to stem Hizballah’s illicit build-up in southern Lebanon.

Secretary of Defense Robert Gates wrote in the January/February 2009 issue of *Foreign Affairs* that Hizballah’s “restocked arsenal of rockets and missiles now dwarfs the inventory of many nation-states.”

### **Hizballah-Iran Alliance Threatens Entire Region**

Iran’s Islamic regime has utilized Hizballah since it founded the terrorist organization in the early 1980s as a vehicle for exporting its Shiite revolutionary ideology, using the group to destabilize Lebanon. Egyptian security has discovered and dismantled a large Hizballah cell that had planned to attack targets in Egypt and help Hamas attack Israel. Iran provides Hizballah with tens of millions of dollars a year, as well as arms and training, and provides direction during frequent meetings with Hizballah leaders. Director of National Intelligence Dennis Blair has testified to Congress that Hizballah is the “largest recipient of Iranian financial aid, training, and weaponry.”

## **Arab states were extremely critical of Hizballah for precipitating war with Israel in 2006.**

Most of the Arab nations—other than Syria—are increasingly troubled by the Hizballah-Iran alliance. After Hizballah initiated the 2006 war with Israel, several Arab states—Saudi Arabia and Egypt in particular—were extremely critical of Hizballah for risking a major war and trying to spread its revolutionary agenda.

### **Hizballah Gains Political Power**

In May 2008, Hizballah launched attacks on civilian neighborhoods in Beirut, an act seen by many as an attempted coup and one that placed the country on the brink of civil war. On May 21, 2008, after five days of intense negotiations in Doha, Qatar, all major Lebanese parties signed an accord to elect Michel Suleiman as president, and to form a national unity government with 11 out of 30 cabinet positions held by the opposition, thus enabling Hizballah to veto any governmental decision.

However, on June 7, 2009, Hizballah suffered a blow, with the pro-Western alliance led by Sa’ad Hariri defeating the Hizballah alliance in Lebanese elections. The outcome left the pro-Western coalition with 71 seats, while Hizballah’s coalition only garnered 57 seats.

Despite this setback for Hizballah, the pro-Western March 14 coalition, in its efforts to form a national unity government, acquiesced to the demands of the Hizballah-led opposition. The new government includes two Hizballah ministers, in addition to eight other opposition cabinet ministers, thus allowing Hizballah to influence government policy and block efforts to disarm the terrorist group.

### **LAF Killing of IDF Officers Brings New Scrutiny to U.S. Aid to Lebanon**

On August 3, 2010, Lebanese snipers targeted a routine IDF maintenance detail, killing an Israeli soldier and severely wounding another. A Lebanese soldier and a reporter were killed in the Israeli response. The entire LAF attack was staged south of the Blue Line, in Israeli territory.

Since the 2006 Israel-Hizballah War the United States has increased both economic and financial support for the government of Lebanon to approximately \$1 billion overall, of which over \$700 million is military aid and support. The George W. Bush administration, primarily through the Department of Defense, made U.S. support for the Lebanese Armed Forces (LAF) a very firm and public commitment as part of U.S. efforts to strengthen the central government and prevent Hizballah and its Iranian supporters from further destabilizing the country or taking it over completely. These efforts continued under the Obama administration.

Despite these efforts, the power of the elected government of Lebanon has decrease and Hizballah and Syria's influence increased. Lebanon remains a terrorist incubator. In

addition to the Popular Front for the Liberation of Palestine and Fatah al-Intifada, which operate in the Syrian-Lebanese border regions, extremist groups have developed in the Palestinian refugee camps. New evidence of the widespread coordination and intelligence sharing between the LAF and Hizballah, and the growing possibility of U.S. weapons supplied to the LAF being used against Israel, has also emerged.

### **Hizballah an Increasing Threat to Israel and Regional Stability**

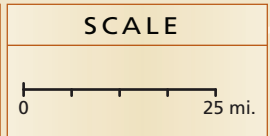
In light of these developments, Hizballah has effectively neutralized the Lebanese government and increased its capabilities to threaten not only Israel, but the stability of the entire region. In November 2009, Hizballah released a new party platform, the first since its original 1985 mission statement. Reiterating Hizballah's opposition to any recognition of Israel, the new statement also expanded Hizballah's goals to include armed opposition to the United States specifically.

Hizballah's calls for Israel's destruction and its ongoing amassing of rockets may harbinger future war if left unchecked. In the coming year, members of Congress and the administration will need to focus on the danger posed by Hizballah's continuing military build-up and to examine whether UNIFIL is carrying out this mandate. It also will be essential for Congress to review the U.S. program of assistance provided to the Lebanese army to ensure that the LAF understands the purpose and goals of the program, and does not seek further conflict with Israel.

# HIZBALLAH ROCKET RANGES



Hizballah Rocket Ranges	
KATYUSHA	12 mi.
LONG-RANGE KATYUSHA	24 mi.
FAJR-3	28 mi.
FAJR-5/SYRIAN 220mm	45 mi.
SYRIAN B-302	71 mi.
ZELZAL-2	130 mi.



This map is for illustrative purposes only and does not imply any view regarding future agreements between Israel and its neighbors.

# Is Syria Ready for Peace?

**For decades, Syria has been a force for instability in the region. Damascus' continued support for terrorism, cooperation with Iran, ongoing interference in Lebanon and support for insurgents in Iraq have harmed American interests and cost the lives of numerous U.S. military personnel. As Syria works to end its international isolation, Damascus must take concrete steps to demonstrate its readiness for peace and stability in the Middle East.**

## **Damascus: A Terrorist Hub in the Region**

Syria has been a charter member of the U.S. list of designated state sponsors of terrorism since its inception in 1979. Syria supports the terrorist groups Hizballah, Hamas and Islamic Jihad, among others, and allows their external leaderships to operate in Damascus. In April 2003, then-Secretary of State Colin Powell traveled to Damascus to seek Syrian cooperation on anti-terrorism efforts. While Powell secured a Syrian commitment to close the Damascus offices of Palestinian terrorist organizations, Syrian President Bashar Assad reneged on his word and the offices remain open.

In addition, U.S. and Iraqi officials are charging that Syria continues to allow terrorists to cross into Iraq to carry out major attacks against American troops and Iraqi civilians.



**Syrian President Bashar Assad must take serious steps to demonstrate he is interested in peace with Israel.**

## **Syria Helps Hizballah Rearm After War**

Hizballah, a key Syrian client, has killed more Americans than any terrorist group other than al-Qaeda. Its core principles, spelled out in its 2009 platform, pledge allegiance to Iran's supreme leader, call for the destruction of Israel and declare that Hizballah's "determination to fight the U.S. is solid."

During Hizballah's war against Israel in the summer of 2006, Hizballah fired more than 4,000 Syrian- and Iranian-supplied rockets into Israel, killing more than 40 and wounding more than 2,000. Syria continues to help Hizballah rearm, both directly and by permitting the shipment of Iranian arms through its territory in violation of U.N. Security Council Resolution 1701, which ended the 2006 war.

In 2009 and 2010, Syria increased tensions in the region further with the transfer of more advanced and longer-range weaponry such as M-600 missiles and Scud rocket launchers. Hizballah now has more than 42,000 rockets – nearly three times as many as it had prior to the war.

### **Syria Destabilizes Lebanon**

Syria has constantly meddled in Lebanese affairs for decades. It occupied Lebanon for 30 years under the guise of “providing stability” during and after the Lebanese civil war. Damascus is suspected in a string of assassinations of leading anti-Syrian Lebanese politicians and journalists, including the 2005 killing of former Prime Minister Rafik Hariri.

In response to these assassinations, a mass Lebanese movement, known as the Cedar Revolution, galvanized international pressure against the Syrian presence. In response, Syria formally withdrew its troops from Lebanon in late 2005. In August 2008, Syria and Lebanon finally began diplomatic talks to normalize relations, and exchanged ambassadors for the first time early this year. This marks an important milestone, as Syria traditionally has refused to recognize Lebanese sovereignty—believing that Lebanon is simply part of Greater Syria. While this new diplomatic activity has been welcomed and has led to the thawing of Syria’s international isolation, many policymakers and Lebanese politicians remain suspicious of Syria’s motives.

### **Syria Pursues Secret Nuclear Program**

An investigation by the International Atomic Energy Agency (IAEA) provides strong evidence that Syria also has been pursuing capabilities that could be employed in a nuclear weapons program. The IAEA concluded in a November 2008 report that there is strong reason to believe Syria was nearing completion of a nuclear reactor before Israel destroyed it in September 2007. The IAEA found a “significant” number of processed uranium particles in the soil at the site and said the features of the building resembled those of a nuclear reactor. A subsequent IAEA report highlighted the discovery of additional uranium particles at a reactor facility in Damascus. With Syria already maintaining the largest stockpile of biological and chemical weapons in the Arab world, an illicit Syrian nuclear weapons program raises serious concerns.

## **Damascus’ cooperation with Iran has run counter to U.S. interests.**

### **U.S. Takes Action to Sanction Syria**

In 2003, Congress passed the Syria Accountability and Lebanese Sovereignty Restoration Act, imposing diplomatic and economic sanctions on Syria for violating Lebanese sovereignty and for backing terrorist groups in Iraq. Under the law, the president was required to implement at least two of six

sanctions provided for in the legislation. President George W. Bush implemented sanctions banning all exports to Syria except food and medicine and barring Syrian aircraft from landing in or flying over the United States.

### Is Syria Ready for Peace?

Syria has felt the sting of international isolation, but it is not yet clear how far it is willing to go towards finding peaceful solutions with Israel and in Lebanon.

Syria has taken some steps that hint it may be ready to change course. In November 2007, Syria sent a delegation to the Annapolis peace conference in Maryland, and Israel and Syria also conducted indirect negotiations under Turkish mediation during 2007 and 2008.

While the Obama administration has renewed sanctions imposed under the Syria Accountability Act, it also has sought to improve relations between Washington and Damascus. President Obama said he would nominate career diplomat Robert Ford to become the United States' first ambassador to Damascus since 2005. In addition, a series of high-level visits to Syria have focused on persuading Syria to clamp down on the influx into Iraq of foreign fighters who have directly contributed to the instability of the new Iraqi government and the deaths of American soldiers. In August of 2009, a delegation from CENTCOM established a tentative protocol with Syria on the security of Iraqi-Syrian border posts. Iraqi Prime Minister Nouri al-Maliki visited Damascus to seal the tripartite deal, only to return to a series of truck bombings claimed

by al-Qaeda and again traced to terrorists entering Iraq via Syria. Baghdad recalled its ambassador and demanded that Syria expel the militants. Damascus immediately responded by recalling their own ambassador, effectively ending the U.S. initiative before it began.

If Syria wishes to emerge from its international isolation, Damascus must commit to peace and reject terrorism and extremism. For talks between Israel and Syria to succeed, Damascus must be ready to take steps to demonstrate that it is a serious partner for peace, including:

- closing down the Syrian offices of Palestinian terrorist groups
- ending support for the terrorist group Hizballah and for Palestinian terrorist groups
- distancing itself from the radical Islamist leadership in Iran
- answering questions about its illicit nuclear activity
- halting its destabilizing actions in Lebanon and allowing the Lebanese government to exercise sovereignty
- reducing Syria's massive military presence near its border with the Golan to create an environment that facilitates peace
- stopping the flow of terrorists from Syria to Iraq



**Defense and Homeland  
Security Cooperation**

# Strategic Cooperation Heightens U.S.-Israel Partnership

**For decades, the United States and Israel have shared a deep strategic relationship aimed at confronting the common threats to both nations. During the Cold War, the United States and Israel collaborated in limiting Soviet influence in the region. Today, in the post-9/11 world, the United States and Israel are working together more closely than ever before to defeat the common threats of radicalism, terrorism and proliferation of weapons of mass destruction.**

## **The Two Allies Train Together for Common Challenges**

The close strategic relationship between the United States and Israel originated with the allies sharing key intelligence around the time of the 1967 Six-Day War. This partnership was later broadened and formalized in the early 1980s when President Ronald Reagan and Israeli Prime Minister Yitzhak Shamir announced the establishment of the Joint Political Military Group to coordinate planning against threats faced by both nations in the Middle East. Later in the decade, Israel was formally designated as a major non-NATO ally of the United States.

Today, the United States prepositions military equipment such as ammunition and armor in Israel, and the two allies engage in joint military



**The Arrow anti-ballistic missile is a cornerstone of U.S.-Israel strategic cooperation.**

exercises involving American and Israeli land, sea and air forces. Twice annually, U.S. Marines conduct desert warfare training with their Israel Defense Forces (IDF) counterparts, and American soldiers and security officials have received Israeli instruction on urban combat techniques. U.S. pilots hold mock dogfights with the Israeli Air Force and have tested aerial combat tactics and practiced refueling. Research-and-development collaboration

between the United States and Israel has produced innovative technologies and security techniques that are now protecting American and Israeli lives.

In addition, Israel and the United States have cooperated on a wide range of intelligence sharing programs, including work on monitoring Iran, al-Qaeda and other terrorist groups. Such collaboration has played a critical role in stemming extremism in the region and boosting Israel's role as an indispensable player in the war against radical Islam.

### The United States and Israel Cooperate on Missile Defense

The close partnership between the United States and Israel has yielded leading military technologies such as the Arrow, anti-ballistic missile-defense system that is currently deployed in Israel. Jointly developed by the two allies, the Arrow is among the world's most sophisticated missile shields.

It is the only operational system that has consistently proven that one missile can shoot down another at high altitudes and supersonic speeds. Israel and the United States are also collaborating on the development of a quick-reaction defense system, called "David's Sling," to address the threats posed by a myriad of short- and medium-range missiles and rockets.

In addition, as the potential threat of long-range nuclear-armed ballistic missiles from rogue regimes looms, Israeli and U.S. missile-defense agencies and industries are developing a more sophisticated missile defense-system that can target enemy missiles at the highest reaches of the atmosphere.

### Israeli Technologies and Techniques Help U.S. Soldiers on the Battlefield

Strategic cooperation has also made other, important Israeli military innovations available to the United States, which is currently putting these systems to use in the Middle East.

## SAVING LIVES: Israeli Technologies, Techniques Used in Iraq and Afghanistan

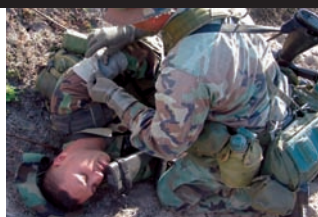


#### Bradley Reactive Armor Tiles

Hundreds of U.S. soldiers have been saved by the Israeli-developed armor plating that explodes outward, diffusing the impact of incoming fire.

#### Litening Pod

Israeli-developed and American-produced, this sophisticated system has revolutionized the targeting and navigation capabilities of American aircraft.



#### The Emergency Bandage

Used widely in Iraq, this state-of-the-art Israeli bandage enables medics to dress a wound while simultaneously stemming bleeding.



#### Hunter UAV

The Israeli-developed drone has been used daily by U.S. commanders in Iraq and Afghanistan to gather critical intelligence.

# Israel and the United States have cooperated on a wide range of intelligence sharing programs, including work on monitoring Iran, al-Qaeda and other terrorist groups.

## **Unmanned Aerial Vehicles and Litening Targeting Pod**

The American military routinely deploys Israeli-developed unmanned aerial vehicles, which have logged thousands of hours in Iraq and Afghanistan. U.S. planes in both countries have been equipped with the Litening targeting pod, an Israeli-origin system with infrared sensors that identify ground targets and enable pilots to fly at night and in bad weather. The Litening made it possible for American fighter pilots to deliver the munitions that eliminated al-Qaeda's top leader in Iraq, Abu Musab al-Zarqawi.

## **Bradley Reactive Armor Tiles and IED Protection**

Israeli-developed reactive armor tiles, which explode outward upon impact, have been used to

protect American armored personnel carriers in Iraq, saving hundreds of servicemen from potential death or injury. America and Israel have also cooperated to reduce the threat posed by improvised explosive devices, increase the accuracy and safety of multiple weapon systems, and improve aircraft self-protection and personnel safety.

## **Advanced Medical Training and Products**

Israeli battlefield medical expertise has yielded an increase in the survival rate of severely injured U.S. combat troops through both training and medical products heretofore unavailable. Beyond the hardware, Israel has opened its doors and its expertise to U.S. military doctors researching efforts to mitigate the effects of Post-Traumatic Syndrome and the psychological issues challenging amputees during rehabilitation.

# Homeland Security: Expanding U.S.-Israeli Cooperation

The reality of life in Israel during the past 62 years has forced Israelis to defend against constant terrorist threats. As a result, the Jewish state has become a leader in designing techniques and technologies in the arenas of homeland security and counter-terrorism.

Since 9/11, the United States and Israel have intensified their homeland security cooperation. Israel shares priceless information about terrorist organizations with the United States and is working with U.S. government and private entities to develop technologies and equipment aimed at thwarting terrorism and safeguarding citizens from both nations.

## Administration, Congress Act to Solidify Cooperation with Israel

American officials have recognized the tremendous benefits the United States can gain from working closely with Israel on homeland security matters. U.S. policymakers have taken major steps in recent years to increase U.S.-Israel cooperation and harness Israel's expertise in the homeland security arena.

On February 8, 2007, the United States and Israel formalized homeland security cooperation



The United States and Israel signed a 2007 landmark agreement boosting homeland security cooperation.

between the two nations. Then Israeli Minister of Public Security Avi Dichter and Secretary of Homeland Security Michael Chertoff signed a Memorandum of Understanding (MOU), opening a host of possibilities to further expand cooperation in the homeland security arena.

In 2007, Congress also passed legislation to strengthen homeland security ties between the United States and key allies, including Israel. The Promoting Anti-Terrorism through Science and Technology (PACTS) Act created an Office

of International Cooperation within the Science & Technology Directorate of Department of Homeland Security. Israel was one of five countries mentioned in the bill as an international partner in homeland security.

### State and Local Officials Also Building Ties with Israeli Counterparts

Several states also have recognized Israel's valuable input in protecting the American public: the Maryland-Israel partnership was announced in 2003, the Illinois-Israel partnership was adopted in June 2006 and as recently as November 2008, Michigan signed a Joint Declaration of Strategic Cooperation with Israel.

American law-enforcement officers and first responders are increasingly studying Israel's battle against terrorism to glean lessons for U.S. efforts to protect its citizens. Israel frequently hosts delegations of American police chiefs, sheriffs and emergency responders. These officials have returned to infuse their departments' training with lessons on how Israeli security forces prevent terrorist attacks such as suicide bombings.

### The United States Can Leverage Israel's Expertise and Technologies

Israel's expertise includes many elements, such as critical infrastructure protection, border security, explosives detection, bioterrorism preparedness, biometrics, airport security, water and food security, and emergency preparedness and response. In 2007, then Israeli Public Security Minister Avi Dichter said that the United States "should use Israel as a laboratory"

for the development of its own homeland security needs.

### Aviation Security

American aviation officials have done just that. The Transportation Security Administration (TSA) and airport officials from Massachusetts, California and Florida, among other states, have been working with Israeli experts responsible for security at Tel Aviv's Ben-Gurion International Airport—recognized as one of the world's most secure—on improving American airport security.

American law-enforcement officers are increasingly studying Israel's battle against terrorism to glean lessons for U.S. efforts to protect its citizens.

### Border Security

Israel's vast experience in protecting its borders from terrorists, and the technologies developed

as a result, has been put to use here in the United States. The Bureau of Customs and Border Protection (CBP) has been operating Israeli-designed unmanned aerial reconnaissance vehicles along our border with Mexico as part of the Arizona Border Coordination Initiative. These UAVs have been an effective force multiplier in CBP's effort to stem the flow of illegal immigrants, dangerous narcotics and potential terrorists from sneaking across the Southwest border.

**Cooperation will help ensure that the U.S. and Israel, working together, are prepared to combat and defend against those who seek to harm both nations.**

#### **Mall and Passport Security**

Israel's expertise extends beyond airport security and border protection. American security officials have recognized Israel's expertise in mall security and sought to learn from Israel's experience. Additionally, Israel's innovative microchip industry is being used by the

Government Printing Office (GPO) for U.S. Passports. As Israel's industry and expertise grows, the United States will continue to benefit as well.

#### **Looking Ahead: Important Steps the United States Can Take**

Recognizing Israel's unique role as a strategic asset and the common threats both nations face, policymakers from state governments to the military and DHS, as well as university research teams, should identify new ways to further harness Israel's expertise and promote the synergy by the two allies.

#### **Building on Successful Cooperation**

Cooperation will help ensure that the U.S. and Israel, working together, are prepared to combat and defend against those who seek to harm both nations. Building on a history of successful cooperation between the U.S. and Israel in the areas of military technologies and defense policies, homeland security and emergency response represents an additional opportunity to strengthen the critical alliance with our closest ally in the Middle East.

#### **Deepening Relationships and Cooperation**

The administration, with congressional support, should take advantage of the PACTS Act, DHS's Office of International Cooperation, and existing MOUs to continue developing partnerships with Israel and utilize Israel's expertise towards American security.





## **Energy and Trade**

# U.S.-Israel Energy Cooperation: A Renewable Resource

**In an era of booming populations, shrinking resources, environmental degradation and over-reliance on fossil fuel for energy, Israel is a world leader in critical fields such as solar power generation and seawater desalination. Israel's cutting-edge technologies promise to improve energy efficiency as well as reduce oil dependence, while making industry more efficient and minimizing the environmental impact of human activities. As the United States focuses on energy security issues, Congress and the administration have sought to expand cooperation with Israel to harness the Jewish state's expertise.**

## **Congress Moves to Foster U.S.-Israel Energy Cooperation**

In late 2007, Congress passed the U.S.-Israel Energy Cooperation Act as part of the Energy Independence and Security Act of 2007. The law establishes a grant program for joint cooperative ventures between American and Israeli business entities, government agencies, academic institutions and nonprofit entities aimed at developing alternative sources of energy.

The act also establishes an advisory board consisting of a representative of the U.S.



**The Israeli company Solel is building the world's largest solar energy park in California's Mojave Desert.**

government, a representative of the Israel-United States Binational Industrial Research and Development Foundation (BIRD) and a representative of the United States-Israel Binational Science Foundation (BSF). Working together, the grant program seeks to promote development of solar energy, wind energy, biomass energy, geothermal energy, wave and tidal energy, energy efficiency and advanced battery technology.

Noting that reducing dependency on foreign oil remains a long-term national security interest, the law authorizes a grant program through the year 2014.

In early 2009, U.S.-Israel energy cooperation received funding for the first time. In fiscal year 2009 and fiscal year 2010 spending bills,

Congress allocated a total of \$4 million for U.S.-Israel energy cooperation. President Obama signed the most recent allocation into law in October 2009. Members of Congress have already voiced strong support for funding in fiscal year 2011, which currently remains pending in committee.

In November 2009, the U.S. Department of Energy and the Israeli Ministry of National Infrastructures announced they would each contribute funds that amount to \$3.3 million to cooperate on clean energy initiatives. The Binational Industrial Research and Development (BIRD) Foundation awarded the funding as part of the U.S.-Israel Energy Cooperation Act. The joint-programs are researching the conversion of solar energy into electricity, Smart-Grid technology, solar energy capturing building materials, and biodiesel production.

### Israel's Energy Initiatives and Technologies

#### Project Better Place

Israel plans to become the first country to begin mass deployment of electric cars. Better Place, a venture-backed company that aims to reduce global dependency on oil through the creation of a market-based transportation infrastructure that supports electric vehicles, chose Israel to be the first market in which to deploy its model. By partnering with car manufacturers and battery suppliers, Better Place, the brain-child of Israeli entrepreneur Shai Agassi, offers subscribers access to lower car and battery prices, reducing the stranglehold of oil on its economy and

environment. Recognizing the possibilities of such an innovation, U.S. policy makers from California and Hawaii are developing plans to implement the project in their regions, while others have expressed a similar interest.

#### Solar Energy Parks

In 2007, Pacific Gas and Electric (PG&E) contracted with an Israeli company, Solel, to build in California's Mojave Desert the world's largest solar energy park. When completed in 2011, Solel's Solar Energy Generating Systems (SEGS) will have a capacity of 553 megawatts—enough electricity for 400,000 homes.

As the United States focuses on energy security issues, Congress and the executive branch have sought to expand cooperation with Israel to harness the Jewish state's expertise.

### **Water Desalination**

Israel also houses the world's largest seawater reverse osmosis desalination plant, located in its southern city of Ashkelon. The plant came online in 2005. It can produce up to 320,000 cubic meters of fresh water daily, or around five percent of Israel's total water needs. Given that Israel is 60 percent desert with limited resources of fresh water, desalination over time will become a necessity of life. Israeli companies also lead in revolutionary technologies for water purification, wastewater treatment, and water quality monitoring. Israeli products are being used by municipal water treatment plants and other facilities throughout the U.S.

### **Driving Toward Better Energy**

An Israeli company has recently announced that it found a way to capitalize on the pressure that is created by the weight of cars on the road in order to produce electricity. The company's aim is to produce commercial quantities of electricity that would help power street lights, reducing costs and increasing efficiency. The project was developed by scientists at Innowattech, a start-up company partially owned by Israel's Technion Institute and private investors and is soon to be piloted on a short section of road in northern Israel, in conjunction with Israel's Department of Public Works.

### **Sustaining and Expanding U.S.–Israel Energy Cooperation**

Cooperation between the United States and Israel has already led to many scientific, technological and commercial breakthroughs. With Israeli scientists and engineers at the forefront of renewable energy research and

development, enhanced cooperation between the U.S. and Israel could significantly benefit both countries.

**With Israeli scientists at the forefront of renewable energy research and development, enhanced cooperation between the U.S. and Israel could significantly benefit both countries.**

# U.S.-Israel Trade: A Flourishing Relationship

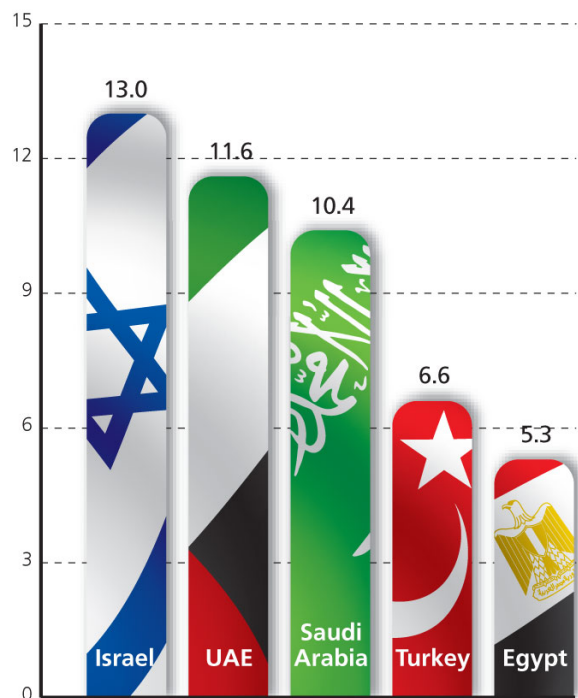
During the past 60 years, Israel has emerged as arguably America’s premier Middle East trading partner and a leading source of investment opportunities and innovative technologies for U.S. firms and entrepreneurs. In recognition of the close alliance between the two nations, the United States signed its first-ever Free Trade Agreement (FTA) with Israel in 1985, which resulted in a seven-fold increase in trade.

This landmark agreement helped to orient Israel’s trade posture toward America, strengthening the U.S.-Israel relationship and ensuring that Israel’s greatest friend is also its largest trading partner.

## U.S.-Israel Trade Fundamentals Are Strong

Israel has become the number one Middle East destination for U.S. exports, according to Department of Commerce figures. In 2007, the value of U.S. exports to Israel, totaling \$13 billion, exceeded the value of U.S. exports to any other country in the region. Leading U.S. exports to Israel include military equipment, machinery, agricultural commodities, computer hardware and software, and cultural and information products.

## U.S. Exports to the Middle East in 2007 (in billions of dollars)



Israel is the number one destination for U.S. exports in the Middle East.

With a population of just over seven million, Israel ranked as America’s 20th leading trade partner in 2006, ahead of countries such as Russia, Spain, Australia, and Indonesia.

## Israel is a Major Attraction for U.S. Investors and Companies

Israel is a preferred target for U.S. investment, attracting billions of dollars annually from American companies and investors looking to acquire cutting-edge technologies and secure a high rate of return.

A recent Deloitte & Touche survey of U.S. venture capital (VC) fund managers found that 70 percent rated Israel as a top destination in terms of continuous availability of quality investment opportunities. In 2006, Warren Buffet's Berkshire Hathaway made its first-ever foreign acquisition, buying 80 percent of Iscar, an Israeli maker of precision blades and drills, for \$4 billion.

# With a population of just over seven million, Israel ranks as one of America's leading trade partners.

Israel has become the preeminent foreign outpost of the U.S. computer, telecommunications and software industries. Looking to take advantage of its educated and innovative workforce, American companies such as Intel, Motorola, Cisco and Microsoft maintain

research or manufacturing facilities in Israel. Intel alone has almost 7,000 employees in Israel, making it the country's largest private-sector employer.

## Israeli Businesses Add Value to the U.S. Economy

Israelis also invest in America. Israel led all other Middle Eastern countries in direct investment in the United States from 2002 to 2005, according to Department of Commerce figures. During that period, Israelis invested about as much in U.S. firms and properties as residents of all other Middle Eastern countries combined.

Israeli companies are busy creating jobs throughout America. For example, according to a recent AP news report, 15 Israeli companies have opened shop in the Cleveland suburb of Beachwood in the past four years, thanks in part to the outreach efforts of the Ohio Department of Development's Tel Aviv office. Some of these firms have brought their headquarters and even manufacturing operations over from Israel, adding stable, high-paying jobs to the local economy.

Israel's Plasan Sasa, a kibbutz-owned company and leading manufacturer of armor kits for civilian and military vehicles, bought a carbon fiber composites plant in Bennington, Vermont, in 2006. The Vermont enterprise, renamed Plasan USA, has expanded its workforce from 67 to more than 200 employees and undergone substantial capital improvements. It is now filling orders for thousands of armor kits for the U.S. military's Mine Resistant Ambush

Protected (MRAP) vehicles, and also makes carbon-fiber parts for several American sports car models.

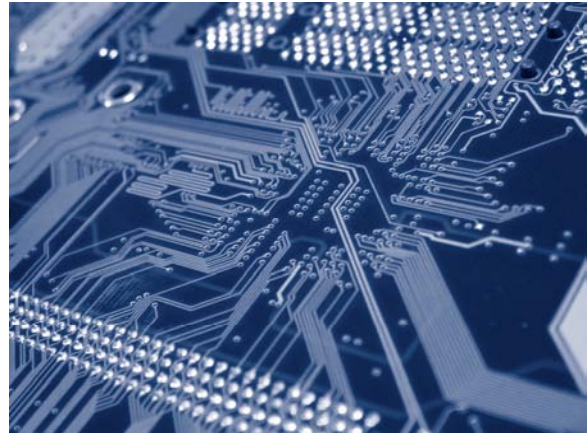
Israel's Check Point Software Technologies, maker of FireWall-1, one of the world's leading network security programs, maintains its U.S. headquarters in Redwood City, California, and has offices in 17 other states. In 2004, Check Point acquired the well known, San Francisco-based anti-virus and anti-spyware software developer Zone Labs for \$114 million in cash and 5.3 million of its own shares.

U.S.-Israel trade and investment is a two-way street, and provides tremendous benefits for both countries. Bilateral economic ties have truly become one of the pillars of the U.S.-Israel relationship.

### Further Steps to Enhancing U.S.-Israel Trade

While the trade relationship between the United States and Israel remains robust, both countries can still take several steps that would further enhance the relationship and provide further incalculable benefits to the two allies. Such steps may include:

- Continuing to fight the Arab League boycott of Israel, which impacts U.S. companies and investments in Israel as well as Israeli companies of U.S. origin.
- Evaluating methods for integrating the U.S.-Israel Free Trade Agreement with other regional agreements, starting with the U.S.-Jordan FTA.



Israel is one of the leading technology hubs in the world.

- Lightening the burden for Israelis wishing to travel to the U.S. by expanding the menu of visas for which they are eligible, or adding Israel to the Visa Waiver Program, which would allow for paperwork-free, short-duration visits to the United States.
- Supporting joint U.S.-Israeli research-and-development efforts by enhancing the mission and status of government-chartered, grant-making institutions such as the Binational Industrial Research and Development fund (BIRD), the Binational Agricultural Research and Development fund (BARD), and the Binational Science Foundation (BSF).