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Central Intelligence Agency

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Israeli Political and Economic Interests in the Third World

Summary

Israel is eager to expand relations with Third World states in order to reduce its diplomatic isolation and to gain access to new markets for industrial and military exports. Israeli Government leaders believe that Israel and the United States can work together for mutual benefit in many developing and underdeveloped countries, particularly in Latin America, where Israel has long enjoyed commercial and security relations with a number of states. The Israelis clearly also would like to cultivate relations with countries in the Horn of Africa--particularly Ethiopia--because of Israel's need to assure safe passage for its ships through the Bab al-Mandeb strait. [redacted]

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Israel can provide economic and military assistance that is particularly well-suited to the needs of Third World countries in areas such as:

- agriculture and irrigation.
- high technology products that are easy to maintain and use.
- modern, battle-tested military equipment.
- [redacted] and counterterrorism [redacted]

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This memorandum was prepared by [redacted] of the Israel/Palestinian Branch, Arab-Israeli Division, Office of Near Eastern and South Asian Analysis. Information as of 10 October 1984 was used in its preparation. Questions and comments should be directed to Chief, Arab-Israeli Division, [redacted]

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Despite these selling points, Israel in recent years has encountered difficulties expanding its ties in the Third World. Even where Israel has good government-to-government relations, it has not been able to rely on support from those governments in multilateral forums.

- Israel's economic crisis has made it difficult to initiate new development assistance programs and expand existing ones.
- Arab countries have exploited Third World dependence on OPEC oil and Arab financial assistance to dissuade governments from establishing or upgrading relations with Israel.
- Third World governments have downplayed their relations with Israel to attract Arab support for their initiatives in the UN and other international forums.
- Many Third World governments, particularly in Asia and Africa, value their non-aligned status and are wary of being tainted by Israel's special relationship with the United States.

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Israeli Relations with African States

Israel has been a pariah in Sub-Saharan Africa since the Arab-Israeli war of October 1973, but it has never ceased to consider the region an important arena for diplomatic and economic activity. Israel's official presence is limited to ties with three states closely linked to South Africa--Malawi, Lesotho, and Swaziland--and to two countries closely associated with the United States--Zaire and Liberia. Israel, however, also has important informal economic and security ties with Ivory Coast, Nigeria, Kenya, Ethiopia, Togo, Central African Republic, Cameroon, Gabon, Botswana, and Ghana.

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The recent reestablishment of formal relations with Zaire and Liberia has led to an increase in Israeli assistance to both countries. In Zaire, Israeli military advisors are training and helping expand the Special Presidential Brigade, which is responsible for President Mobutu's personal safety. Israel has given Kinshasha some surplus military equipment, and more is expected. To date, Israeli economic aid to Zaire has been limited to technical assistance.

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Israeli help for Liberia also has focused on security, in particular training Liberia's elite presidential guard and Liberian police officers. Most Israeli economic assistance projects are still in the planning stage.

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In mapping out its future strategy for Africa, Israel probably is most interested in developing relations with countries in the Horn of Africa. This area is of strategic importance to Israel because of Israel's need to ensure safe passage for its ships through the Bab al-Mandeb strait to Eilat and to Mediterranean ports. Israel has modest economic relations

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with Kenya and Ethiopia, but no ties with Somalia. Israeli interest in Ethiopia is heightened by the presence there of a 25,000 member indigenous Jewish community. [redacted]

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Several factors work against the expansion of Israeli activities in Africa. Many African countries, such as Somalia and Nigeria, have sizeable Muslim populations that African leaders do not want to antagonize. Israel's close relations with South Africa further complicate its campaign to rebuild a diplomatic presence in black Africa. [redacted]

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Israel and Latin America

Israel's relations with Latin American governments are the most extensive and enduring it enjoys in the Third World. Israel has diplomatic relations with every Latin American country except Guyana, Cuba, and Nicaragua. Latin America is one of Israel's prime markets for arms exports; in recent years, arms sales to Latin American countries have accounted for approximately half of Israel's exports worldwide. Israeli exports to Latin America amount to only about 3 percent of its total world trade, but Israel imports about 40 percent of its oil from Mexico. [redacted]

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Israel sells mostly small arms, ammunition, and telecommunications equipment to Latin American countries, although the Argentines have purchased a considerable number of fighter aircraft. In Central America, Guatemala, El Salvador, Panama, and Honduras have purchased weapons from Israel for many years. Israel also has provided [redacted] to Guatemala, Panama, Costa Rica, and Mexico. Israel derives significant, visible political benefits from its friendly relations with certain Central American states; El Salvador and Costa Rica are the only countries that currently maintain their embassies in Jerusalem. [redacted]

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Because of its economic problems, Israel's economic assistance is largely limited to technical advice and training programs. The Israelis have extended agricultural and other small-scale technical assistance to many Caribbean and Central American states. [redacted]

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Israel wants to cooperate with the United States in Latin America, particularly in Central America. It seeks from the United States financial assistance to facilitate expanded Israeli arms sales, military [redacted] training programs, and rural development projects. [redacted]

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Despite Israel's cultivation of good bilateral relations with Latin American countries, many governments in the region continue to balk at supporting Israel openly in international forums. Most Latin American governments support Israel only when fundamental issues are at stake, such as Israeli membership in the UN, or when a secret ballot vote is stipulated. [redacted]

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Israel and Asia

Asia ranks below Africa and Latin America in Israel's foreign policy priorities. Israel, nevertheless, enjoys good relations with many governments in the region and is working to strengthen existing ties and establish new ones. Israel's major trading partners in the region are South Korea, Singapore, Thailand, and India. Israel currently is attempting to expand arms sales to Singapore and is seeking closer military cooperation with Seoul [redacted]

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Recent Israeli attempts to expand ties with countries in south Asia, such as India and Sri Lanka, have had mixed success. India has not been receptive to Israeli offers of closer cooperation because of New Delhi's desire to retain a dominant position in the non-aligned movement, its support for the Palestinians, and concern over the sensitivities of its minority Muslim population. The Israelis recently opened an interests section and have been able to expand security and economic ties with Sri Lanka, but Colombo does not want to become too closely linked to Israel for fear of jeopardizing its important economic and political relations with India and the Arab world. [redacted]

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A major Israeli regional concern is that Pakistan, with which Israel has no relations, might provide nuclear weapons-related assistance to Arab states [redacted]

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In southeast Asia, Israel has ties with Thailand, Singapore, Burma, and The Philippines. These governments, however, also limit their relations with Israel because of their position in the non-aligned movement or the presence of minority Muslim populations within their borders. [redacted]

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Israeli Relations with Selected Third World Countries

| <u>Country</u> | <u>Relations</u> | <u>Economic Aid/Trade</u> | <u>Military Sales/Aid</u> | <u>Comments</u> |
|----------------|--|--|--|--|
| <u>Africa</u> | | | | |
| Botswana | Broke relations in November 1973 | Negligible | None | |
| Ethiopia | Broke relations in October 1973 | Israeli exports valued at \$8.4 million in 1983, chiefly agricultural goods, chemicals, and manufactured goods | Israel provides spare parts for Ethiopian Army | |
| Kenya | Broke relations in November 1973. Israel has interests section | Israeli exports valued at \$10.5 million in 1983, chiefly agricultural equipment and chemicals | Minor military sales, including Gabriel shipboard missiles | |
| Liberia | Renewed diplomatic ties in August 1983 | Minor trade, technical assistance to Liberian central bank | Israel provides military [redacted] | 25X1 25X1 |
| Nigeria | Broke relations in October 1973 | Israeli exports totaled \$32.3 million in 1983, chiefly machinery and manufactured goods | None | OPEC member, received \$400 million loan from Saudi Arabia in 1983 |
| Zaire | Resumed diplomatic ties in May 1982 | Minor trade | Israel provides military [redacted] | 25X1 25X1 |

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| <u>Country</u> | <u>Relations</u> | <u>Economic Aid/Trade</u> | <u>Military Sales/Aid</u> | <u>Comments</u> |
|----------------|---|---|---|---|
| <u>Asia</u> | | | | |
| India | Diplomatic relations strained recently | Israel imports valued at \$24 million in 1983, chiefly textiles, copper, and coffee | Minor | India this year reduced Israeli diplomatic presence |
| Indonesia | No formal relations, [redacted] | None | None | 25X1 |
| Philippines | Diplomatic relations, but kept at low profile | Minor. Israel imports foodstuffs and exports manufactured goods | None | |
| South Korea | Diplomatic relations, but Israel closed its Embassy in 1978 for financial reasons | Total trade \$30 million in 1983. Israel imports footwear and cotton, exports machinery and chemicals | Minor | [redacted] 25X1 |
| Sri Lanka | Israel opened interest section in spring 1984 | Minor | Israelis recently offered security training and equipment | |
| Thailand | Friendly diplomatic relations | Total trade \$29 million in 1983. Israel exports chemicals and machinery, imports cereals | Minor | [redacted] 25X1 |

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| <u>Country</u> | <u>Relations</u> | <u>Economic Aid/Trade</u> | <u>Military Sales/Aid</u> | <u>Comments</u> |
|----------------------|---------------------------------------|--|---|---|
| <u>Latin America</u> | | | | |
| Argentina | Friendly diplomatic relations | Israel imports valued at \$67 million in 1983 | Israel's main Latin American market. Military ties have expanded in recent years as Buenos Aires searched for substitute to US arms | |
| Chile | Friendly diplomatic relations | Israeli exports valued at \$16 million in 1983, chiefly machinery and manufactured goods | Minor | |
| Columbia | Friendly diplomatic relations | Minor | Minor | |
| Dominican Republic | Friendly diplomatic relations | Some economic aid, regarded favorably by Dominican Government | Minor | Probably best relations of any Caribbean Government |
| El Salvador | Friendly diplomatic relations | Minor | Minor | |
| Honduras | Friendly diplomatic relations | Minor | Minor | |
| Mexico | Diplomatic relations, but low profile | No economic aid. Israel buys roughly 40% of its oil from Mexico | None, but deals have been discussed | |
| Suriname | Diplomatic relations, but low profile | Minor development aid | None | |
| Venezuela | Diplomatic relations, but low profile | No aid, minor trade | Minor | |

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