

al-shabaka executive summary

# THE “S” IN BDS: LESSONS OF THE ELBIT SYSTEMS CAMPAIGN

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## Key Points

The Israeli military industrial complex is facing hard times, as evidenced by Israel's biggest military companies sounding the alarm in 2015 about a decline in international contracts.

- Elbit Systems, one of Israel's largest military companies, has experienced losses in Brazil and France and exhibits a particular vulnerability due to its aggressive international acquisitions strategy.
- Although upcoming Israeli military sales to Europe, Latin America, and Asia appear promising, the fact that Israel's military industry is facing challenges provides an opportunity for the global Palestine solidarity movement to pursue avenues that would ultimately lead to an arms embargo.

## An “Invincible” Industry Faces Tough Times

Despite efforts by Palestinians and their supporters, including some financial institutions and governments, the Israeli military industry has traditionally appeared as invincible as the weapons it produces. However, the fact that Israel's biggest military companies called an October 2015 meeting with the government to discuss how to tackle the decrease in military exports shows that this is changing. Recent national and global trends, discussed below, also increase the industry's vulnerability.

## How Elbit Systems and Brand Israel Are Losing Ground

Elbit Systems, one of Israel's largest military companies, has suffered losses in France and in Brazil. The two countries are almost opposite in their approach to Palestine, with the French government unsympathetic to Palestinian rights and the Brazilian government that ruled from 2003 to May 2016 more so.

France decided against Elbit's bid in its latest drone tender in 2016. The French company that won the contract downplayed the fact that its drones also include Elbit technology. Just a few years ago, the "Made in Israel" brand would have counted as a plus. In Brazil in 2014, Elbit's subsidiary AEL Sistemas lost a technological park project where military satellites would have been constructed. In 2016, Elbit abandoned its drone research and development program in Brazil after the Ministry of Defense refused to fund it.

In the French case, it is unclear to what extent pressure from the Palestine solidarity movement influenced the decision, whereas in the Brazilian case, pressure from the Boycott, Divestment and Sanctions movement (BDS) as well as sour relations between the Brazilian and Israeli governments were clear drivers.

### **Dismantling the Myth of Israeli Technological Superiority**

The myth of Israel's superior weaponry has recently suffered setbacks, such as the questioning of the effectiveness of the "Iron Dome" in the wake of Israel's attack on Gaza in 2014.

While Israel now touts itself as a leader in cyber-security, the record of spying scandals involving its software and data processing companies has marred its reputation.

The transfer of Israeli technology also comes with political strings; for example, during India's National Congress administration from 2004-14, diplomats complained that close military relations with Israel made it difficult for the government to take steps in solidarity with the Palestinian people.

### **Local and Global Shifts in Israel's Military Industry**

The trend of privatization of Israel's military industry is likely to deepen the dynamic whereby the profits of the companies are their own while the burden of losses is carried by the state and citizens.

The growing trend in the global arms sector, including in Israel, to produce within the client country means that a company like Elbit Systems is always acquiring companies and entering into debt to ensure a continuous cash flow. This leaves it vulnerable to a solvency crisis. This trend also results in the client country's industry being outsourced to Israel at the expense of those countries' national industries.

Israeli military exports to Europe, Latin America, and Asia may see upcoming growth. As for Israel's current negotiations with the US for a new 10-year military aid deal, while the amount of funding may increase from the current \$3.1 billion a year, the US aims to cut the percentage of funds Israel is allowed to spend on its own military industry.

### **Making Common Cause Against Militarization**

The call for a military embargo on Israel is rooted not only in the Palestinian call for human rights, but is also part of a global struggle against the militarization and securitization of society. There is increasing awareness of the ways Israeli military and "homeland security" exports are contributing to these practices through new technologies and methodologies developed through its military occupation of Palestinian land. Connections have been made, for example, between the Palestine solidarity movement and Black Lives Matter in the US, which in August 2016 endorsed the BDS movement.



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### **Targeting the Israeli Military's Weak Spots**

To challenge the military industrial complex, there are a number of entry points through which activists can reduce the industry's profits and work toward an arms embargo until Palestinian rights are achieved.

These include public education and outreach as well as solidarity with Palestine by communities also impacted by wars and repression. Another entry point is disseminating evidence that Israeli military technology is neither as effective nor as problem-free as its public relations purport.

In addition, Palestinian activists need to pressure the Palestine Liberation Organization (PLO) and the Palestinian National Authority (PNA) to use their diplomatic contacts and influence with individual states and at the UN.

It is also key for activists to understand and target the vulnerabilities of specific companies. Elbit Systems is particularly vulnerable to activists' actions due to its financial speculation activities and localized presence in many countries.

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