

Report on the Cost of War in Israel and PalestineCost of Weapons

By The Campaign Against Arms Trade (CAAT) - <http://www.caat.org.uk>

The cost of military equipment depends on many factors such as the version of the equipment, who is buying, the size of the deal, the level of servicing and support, and where it will be manufactured. We have attempted to identify a normal, representative cost for each piece of weaponry and have tried to avoid complex deals and ambiguous information.¹

| Vehicles² | Cost | Producer |
|---|--------------------------|---|
| Leopard 2 Main Battle Tank | \$10m | Krauss-Maffei Wegmann |
| MRAV - Armoured Vehicle | \$1.5m | A consortium including Alvis Vickers |
| Ships | Cost | Producer |
| Aircraft Carrier | £1.5bn | BAE Systems |
| Astute Class Submarine | £662m | BAE Systems |
| Missiles/Bombs | Cost | Producer |
| AIM-120 AMRAAM (air-air missile) | \$41,300 | Raytheon |
| AIM-120 AMRAAM (air-air missile) | \$386,000 | Raytheon |
| BLU-82 'Daisy cutter' Bomb | \$27,000 | US |
| Cluster Bomb - UK RBL 755 (as used in Kosovo/Serbia) | £8,660 | INSYS |
| Cluster Bomb - US CBU 87 (used in Afghanistan) | \$14,000 | AlliantTechsystems |
| Hellfire Missile | \$100,000 | Boeing/Lockheed Martin |
| Mica Air-Air Missiles | €650,000 | MBDA |
| Stinger Missile | \$88,000 | Hughes Missile Systems/Raytheon |
| Storm Shadow Cruise Missile | \$1.75m | MBDA |
| Tomahawk Block IIIC Cruise Missile | \$1.8m | Raytheon |
| Small Arms | Cost | Producer |
| AK-47 Kalashnikov | \$400-600 | Originally Russia but now many imitations |
| M4 Automatic Weapon & Sight | \$1,384 | Colt |
| M16 | \$586 | Colt |
| SA-80 Rifle | £1,160 (91/92 prices) | BAE Systems |
| Uzi Sub-machine Gun | \$1,100- \$1,700 | Originally Israel Military Industries |

¹ Source: The Campaign Against Arms Trade (CAAT).

² The cost of a military aircraft can range anywhere between \$12m and \$1b. The cost of a military helicopter can range anywhere between \$4.2m and \$67m.

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| | | but now out of patent so produced worldwide. |
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| | Israel | Palestine |
|--|--|---------------------------------|
| Budget - Expenditure | \$70.06 billion | \$2.31 billion |
| Budget - Revenues | \$68.44 billion | \$1.149 billion |
| Debt – External | \$91.25 billion | \$0.00 |
| Economic Aid - Recipient | | \$1.400 billion |
| GDP (purchasing power parity) | \$205.7 billion | \$11.95 billion |
| GDP (official exchange rate) | \$188.7 billion | \$6.641 billion |
| GDP - per capita | \$28,900 ³ | \$2,900 |
| GDP Real Growth Rate | 4.2% | 0.8% |
| Human Development Index | 0.915 | 0.729 |
| Population below poverty line | 21.6% | 46% West Bank 80% Gaza Strip |
| Unemployment Rate | 6.1% | 41.3% |
| Military Expenditure | 7.3% of GDP (2006) ⁴ | NA* |
| Expenditure - dollar figure | \$ 9.11 billion | |
| Employment in Arms Production | 35,000 | |
| Weapon Holdings | 15,985,000 | |
| Manpower available for military service | Males: 1,717,362 Females: 1,636,574 | 337,670 |
| Air force personnel | 32,000 | |
| Armed forces growth | 21 | |
| Armed forces personnel | 172,000 | |
| Army personnel | 134,000 | |
| Conventional Arms Exports | \$283 million | |
| Conventional Arms Imports | \$724 million ⁵ | |
| Navy personnel | 9,000 | |

*In accordance with the peace agreement, the Palestinian Authority is not permitted conventional military forces; there are, however, public security forces.

³ Israel enjoys a GDP per capita 21 times that of the Palestinian West Bank and 33 times that of the Gaza Strip. Its military spending per capita tops the world.

⁴According to the CIA World Factbook, Israel ranks 6th in the world in terms of military expenditures (% of GDP).

⁵According to the SIPRI Arms Transfers Database, Israel is the 6th largest arms importer for the period 2003-2007, accounting for 3,80% of world deliveries. Also, Israel is the 12th largest arms exporter for the period 2003-2007.

SOURCES: CIA World Factbook, 2008 estimates. SIPRI (Stockholm International Peace Research Institute). World Development Indicators database. Energy Information Administration. US Department of Energy. Bonn International Center for Conversion (BICC). NationMaster.com

Israel – WMD Missile

Israel's missile program began in the 1960s. Israel has a varied missile industry, having developed ballistic and cruise missiles, as well as missile defense systems and unmanned aerial vehicles (UAVs). The Jericho ballistic missiles series was initiated in the 1960s with French assistance, beginning with the short-range ballistic missile (SRBM) Jericho-1 with a 500 km range. In the 1970s, Israel developed the intermediate-range ballistic missile (IRBM) Jericho-2, a two-stage, solid-fueled missile with a range of 1,500 to 3,500 km. There are some unconfirmed reports that suggest the existence of a 4,800 km-range Jericho-3 missile that may stem from Israel's space launch vehicle, the Shavit. Israel has also developed, with U.S. financial assistance, the Arrow theater defense missile, which has become one of the only functioning missile defense systems in the world. In addition to these systems, Israel has become a leading exporter of UAVs. Israel is not a member of the Missile Technology Control Regime (MTCR), though it has pledged to abide by the MTCR Guidelines. Israel has recently reported to have successfully tested the Arrow-2 anti-ballistic missile system, as well as new long-range guided missiles.⁶

Israel – WMD Nuclear

Israel has the most advanced nuclear weapons program in the Middle East. David Ben Gurion, Israel's first prime minister, clandestinely established the program in the late 1950s to meet the perceived existential threat to the nascent state. The program allegedly is centered at the Negev Nuclear Research Center, outside the town of Dimona. Based on estimates of the plutonium production capacity of the Dimona reactor, Israel has approximately 100-200 nuclear explosive devices. Officially, Israel has declared that it will not be the first to introduce nuclear weapons in the Middle East; however, it has not signed the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Israel's possession of nuclear weapons and its policy of declaratory ambiguity have led to increased tensions in current Middle East peace discussions and arms control negotiations. In July 2004, however, Israel accepted a visit from International Atomic Energy Agency director Mohamed ElBaradei. Israeli officials continue assert that they will address disarmament only after a comprehensive Middle Eastern peace is obtained, and to deny international inspection of the Dimona nuclear complex.⁷

⁶ Source: Bonn International Center for Conversion (BICC).

⁷ Source: Bonn International Center for Conversion (BICC).

Military Expenditure in the Middle East⁸

| Country | Military Expenditure (% GDP) |
|----------------|-------------------------------------|
| Bahrain | 4.5% |
| Egypt | 3.4% |
| Iran | 2.5% |
| Iraq | 8.6% |
| Jordan | 8.6% |
| Kuwait | 5.3% |
| Oman | 11.4% |
| Qatar | 10% |
| Saudi Arabia | 10% |
| Syria | 5.9% |
| UAE | 3.1% |
| Yemen | 6.6% |

A recent study⁹ conducted by the India-based Strategic Foresight Group (SFG) based on 97 parameters ranging from loss of human lives and civil liberties to consequences for water, the climate, agriculture, education, unemployment...found that twenty years of conflict has cost the Middle East USD\$12 trillion. The study examines the costs of the failure to conclude peace after the 1991 Madrid conference - an attempt by the international community to start Israeli-Arab peace talks in the wake of the Gulf War - negating many of the region's advantages in location, resources and education.

The report looks at conflict in the entire region from Iran to Egypt, including between Israel and its Arab neighbors, the war in Iraq, tension between Iran and Israel and al Qaeda's activities in the Middle East. It also includes rivalry between the Palestinian organizations Hamas and Fatah.

The SFG report analyses the total military expenditure by country and concludes that an arms race taking place over the last decade in the Middle east accounts for the military spending of Saudi Arabia leaping from \$18 billion to \$30 billion, Iran from \$3 billion to \$10 billion and Israel from \$8billion to \$12 billion. As a region, the Middle East ranks highest in terms of military expenditure (% GDP) with Oman, Qatar, Saudi Arabia, Iraq, Jordan, Israel and Yemen filling the first seven spots in the worldwide ranking of the CIA Factbook.

SFG estimates the opportunity costs of conflict in the region at 2 percent of growth in gross domestic product. It implies peace combined with good governance and sound economic policies would allow some countries to grow at 8 percent. The report suggests that the opportunity cost of conflict (1991-2010) seems to be the largest for Saudi Arabia at \$4.5 trillion or one third of the total opportunity cost incurred by 13 countries in the region. However, when the opportunity cost is compared to that of the size of the economy, Iraq wins hands down since the study claims that its GDP could have been more than 30 times its present size. One

⁸ Source: CIA Factbook.

⁹ Source: The Strategic Foresight Group (SFG), www.strategicforesight.com.

conclusion is that individuals in most countries are half as rich as they would have been if peace had taken off in 1991.

The report further states that incomes per head in Israel in 2009 would be \$44,241 with peace against a likely \$23,304. In the West Bank and Gaza Strip they would be \$2,427 instead of \$1,220. For Iraq, income per head in 2009 is projected at \$2,375, one quarter of the \$9,681 that would have been possible without the conflicts of the past two decades.¹⁰

The SFG report also takes into account intangible costs such as the loss of human dignity. The study draws attention to some economic consequences by calculating that negotiating checkpoints to and from Ramallah in the West Bank has cost Palestinians 100 million person hours since 2000.

The SFG report has come out at a critical moment when tensions between Israel and Palestine are mounting and the need for international cooperation and commitment is strongly felt. The report highlights not only the colossal cost of war but also the urgency of peace.

¹⁰ Source: Reuters.