

## US aid to Israel not worth 'real cost,' researcher says

[PRINT](#)

Written by --

Wednesday, 26 January 2011

JERUSALEM – Israel is paying through the nose for US aid and would be better off without it, says a researcher for the Jerusalem Institute for Market Studies (JIMS).

US aid to Israel – about \$3 billion a year – has been maligned by many US conservatives and by the Arab world, but Israel actually loses more than it receives, according to JIMS analyst Yarden Gazit.

“US aid is a net loss for Israel and Israel would be better off without it,” he concluded in his report, released last Wednesday.

Gazit explained that the conditions for the military assistance are designed to help the American military-industrial complex at the expense of the Israeli defence industry.

One condition of the American aid to Israel is that three-quarters of the grant must be spent in the United States.

“The ‘buy US’ requirement causes Israel to buy defence products at a high price, sometimes even products Israel may not need,” Gazit wrote. He calculated the loss to the Israeli defence industry at between \$600 million to \$750 million per year.

The use of American materials instead of those from Israel also hurts competitiveness in Israel and on the world market, according to JIMS. Not using domestic materials for the IDF “hurts Israeli industry’s reputation on the international market and may cause a loss of sales,” the report added.

JIMS forecasts that if Israel does not forfeit the American aid, it risks losing out on the growing Chinese and Indian market for Israeli products. Those countries will be under pressure to shop in the United States in light of American economic problems and its bloated federal budget.

Gazit also pointed out that Israel is forced to spend more than \$3 billion a year to retain a qualitative edge over Saudi Arabia, Egypt and Jordan, which also receives massive aid from the United States.

Every dollar granted to Egypt requires Israel to spend between \$1.60 and \$2.10 to maintain the balance of power, according to JIMS.

Last Updated ( Thursday, 03 February 2011 )

**Close Window**

