

## Selling out to the new world order

Spain seeks to sell two warships to Israel in what would constitute the largest arms deal between the two states, reports **Serene Assir**

Recent weeks have witnessed the unfolding of negotiations to execute what could become Spain's largest military export deal to Israel to date. Spain's national shipyard Izar is competing under the tutelage of the Advanced Frigate Consortium (AFCON) to build two new corvettes valued at 785 million euros, and, seeking to further the deal, State Secretary of Defence Fernando Diez Moreno was in Israel on 8 and 9 February. During the course of the talks, the two states signed an accord binding them to research and develop the proposed project. They also announced the establishment of an office for the Spanish Ministry of Defence at the embassy in Tel Aviv.

It is expected that Israel will reach a final decision by the end of this year on whether or not to commission the warships. The highest probability is that two will be bought, though the acquisition of three has not been discounted. The Israeli Navy already owns three US-made corvettes. The new frigates would be equipped with the Aegis combat system -- the most advanced in the world -- which incorporates a helicopter landing pad, a SPY-1k radar, a vertical missile launcher and a 76mm cannon. They would constitute a miniature version of the Spanish Armada's F-100s and Norway's F-310s.

AFCON is in competition with another consortium -- composed of Northrop Grumman and Raytheon from the United States and ELTA Electronic from Israel -- to build the warships. Any purchase that Israel chooses to make will be credited by funds from the US Treasury Financial Management Service, which can only be used to buy US-made material. Should AFCON defeat the rival consortium, Spain will need to seek US permission for Izar to play out its lead role in the deal. However, given that the Spanish government is, after the United Kingdom, the staunchest ally of the US in Europe, it is unlikely that such permission would be denied. Spain was one of the main providers of diplomatic and military support to the US during the invasion and subsequent occupation of Iraq. Since the ruling party in Spain -- the Partido Popular (Popular Party) -- came to power and replaced the leftist Partido Socialista Obrero Español (PSOE) it has consistently sought to consolidate Spain's trans-Atlantic relations.

There is little doubt that, in the light of the "special relationship" between Israel and the US, a friendship with one state is as good one with the other. Clearly, the Spanish government is eager to start reaping the economic benefits of ignoring the population's verdict on the illegal invasion of Iraq in 2003. It is worth noting that while Spain negotiates to build the new warships Israel is in the process of selling on two of its used corvettes to Mexico. Built over 20 years ago, warships are usually active for a period of 20 to 30 years. The Mexicans have so far openly welcomed the deal, however, saying that the corvettes are in good shape.

Although the Israeli-Spanish deal would be unprecedented in scale, it would by no means be the first. According to official figures released by the Spanish government, Spain sold military equipment to Israel for a total value of 14.2 million euros between 1996 and June 2001. These figures account for the export of light weapons and munitions; small provisions in comparison to the corvettes that Israel is currently considering. Up until now, trade in defence material between Spain and Israel has witnessed far greater activity in the opposite direction -- from Israel to Spain. While Spain provides Israel with only two per cent of its defence-related imports (with the US providing an overwhelming 90 per cent), the second most important non-European provider of military equipment to Spain -- again, after the US -- is Israel.

The significance of Israeli exports to Spain is that they have not only been greater in quantity but also much more technologically advanced. For example, Israel equipped Spain's F-18 jets with sophisticated technology enabling them to operate in the dark and in bad weather conditions. The corvettes that Spain is offering would constitute the country's first high-technology export to Israel.

The deal comes at a crucial time for Izar, the Spanish company that seeks to build the warships. A publicly owned company with an 11,000-employee-strong base, it has been under immense pressure over recent weeks across Spain's coastal cities to raise wages. Izar's management alleges that such a demand cannot be met, for it would involve raising the prices of its defence equipment, a move that it does not seem to be able to afford. The workers' demands translated into protests across the country's public dockyards. In Cadiz and Seville, the protests led to open clashes with the police, leaving 38 wounded with three in critical condition.

It seems that Izar finds itself in the classic conundrum experienced by publicly owned companies in an increasingly globalised world, whereby employee needs cannot be met if management needs are. The proposed defence deal with Israel would be unlikely to address that contradiction. Perhaps this is unsurprising given the strategic importance to the Partido Popular of this sale.

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