

# Asset Test: New Strategic and Economic Dimensions of U.S.-Israeli Relations

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Brief Analysis

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**Read a summary or watch video of a recent panel discussion featuring Institute scholars Michael Eisenstadt and David Pollock, along with Intel's Greg Slater and Dr. Steven Phillips of the NIH, on the wide-ranging ways the United States benefits from its alliance with Israel.**

**O**n January 31, 2013, Michael Eisenstadt, David Pollock, Greg Slater, and Steven Phillips addressed a Policy Forum at The Washington Institute. Mr. Eisenstadt is director of the Institute's Military and Security Studies Program. Dr. Pollock is the Institute's Kaufman fellow. Mr. Slater is senior counsel and director of trade and competition policy at Intel Corporation. Dr. Phillips is associate director of the National Library of Medicine at the National Institutes of Health; the views expressed here are his own. The following is a rapporteur's summary of their remarks; read the related Washington Institute report [Asset Test: How the United States Benefits from Its Alliance with Israel \(/policy-analysis/view/asset-test-how-the-united-states-benefits-from-its-alliance-with-israel\)](/policy-analysis/view/asset-test-how-the-united-states-benefits-from-its-alliance-with-israel).

## MICHAEL EISENSTADT

Although the U.S.-Israeli relationship is asymmetric -- with Washington providing extensive diplomatic, military, and economic support -- it is also mutually beneficial, carrying many benefits for the United States on multiple levels. First, Israel is the Middle Eastern ally whose interests are most closely aligned with America's, whether in terms of promoting regional stability, countering violent extremist movements ( Hamas and Hizballah) and regimes (Syria and Iran), or preventing additional nuclear proliferation in the region.

Second, Israel has made numerous contributions that improve Washington's ability to confront "hard" (military) and "soft" (nonmilitary) security challenges. The hard contributions include intelligence sharing, counterterrorism cooperation, rocket/missile defense, homeland security, and defense-industrial cooperation. For instance, the United States has learned important military-technical lessons from Israel's efforts to counter

rocket and missile threats. Similarly, Israel's military experience has long played an important role in shaping the American "way of war" (e.g., the formulation of AirLand Battle in the 1970s; the U.S. approach to air-defense suppression in the 1980s; the post-9/11 approach to combating violent extremist groups).

Yet Israel must deal with significant challenges to its long-term security, economic well-being, and international standing if it is to retain attractiveness as a U.S. ally. These include the impasse with the Palestinians, tensions with Washington, economic gaps, educational shortcomings, demographic issues, delegitimization, and Iran's nuclear program.

#### **DAVID POLLOCK**

Israel makes significant "soft" security contributions to the United States, with numerous economic and technological partnerships that keep the relationship truly symbiotic. It is important to recognize that Israel is no longer a "tiny, struggling" country, but an advanced economy of eight million people that recently qualified to join the Organisation for Economic Co-operation and Development. Over the past seven years, it has provided a larger market for U.S. exports than Saudi Arabia -- despite having only 3 percent of the region's population, Israel accounts for some 25 percent of all American exports to the Middle East. It has also been one of the top twenty foreign direct investors in the United States since 2009. In addition, \$2.25 billion of the \$3 billion in annual U.S. aid comes back via Israeli purchases of U.S. military equipment -- and that is just 5 percent of the total bilateral trade each year.

Israel's contributions tend to focus on niche areas crucial to soft security. These include advanced cyber security technology, especially in protecting critical infrastructure. For example, U.S. computer giant Cisco recently acquired an Israeli firm that provides much of the commercial video encryption used around the world. Other important areas include energy diversification, societal resilience, and water/food security.

Israel's role as a "startup" nation is valuable as well. Each year, Israel provides the United States with thousands of highly skilled professionals and hundreds of joint patents and technical publications -- nearly half as many as Germany, an economic and technological powerhouse with ten times its population. Israeli firms and products also provide jobs for tens of thousands of U.S. workers.

In addition, U.S.-Israeli partnerships often produce innovations that benefit global development initiatives in fields such as water, food, energy, and medicine. For instance, Israeli adult circumcision techniques and technology are now being applied on a vast scale in Africa as a preventive measure against AIDS. Other examples include major international projects in vaccination, drip irrigation, desalination, fish farms, solar energy, and even dairy farming.

#### **GREG SLATER**

Intel and Israel have a very beneficial and important relationship. The country is home to some of Intel's major design centers and manufacturing facilities, and this arrangement has led to considerable technological innovations.

The company is also a leader in exports from Israel. In 2011, Intel Israel's exports reached \$2.2 billion, and the value of this trade will increase as technology improves. Currently, Intel's overall investments in the country total \$9.4 billion and will continue to rise.

Israeli innovations in the field are outstanding and play a central role in the development of global technology. They include Intel's Ivy Bridge and Sandy Bridge microprocessors, the most advanced of their type in the world. Previously, Intel Israel designed a breakthrough innovation for laptop computers: the 2003-era processor technology that enabled greater battery life and thinner, lighter forms.

Other Israeli advances include WiDi (which allows videos on laptops to be streamed to televisions) and Thunderbolt technology (which allows rapid transmission of huge amounts of data). Currently, Intel design engineers are moving into software development that incorporates Israeli innovations in identity protection technology.

#### **STEVEN PHILLIPS**

U.S.-Israeli healthcare collaboration is a two-way street in which America receives more information from Israel than it provides. To cite one relevant indicator, Israel ranks fourth in the world in the number of medical science publications.

A number of formal bilateral agreements support this partnership. As far back as 1985, a memorandum of understanding between the U.S. Department of Health and Human Services and the Israeli Ministry of Health increased the exchange of scientific information, health services research, administrative activities, educational training, and more. For example, intensive cooperation with Israel's National Center for Trauma and Emergency Medicine Research has yielded important scientific insights and practical benefits in this increasingly critical domain.

Another world-class partner for American scientific professionals is the Technion, an Israeli institute that has provided top-notch medical and other scientific and engineering research, procedures, and products for decades. The Technion American Medical School, established in 1979, is designed for U.S. students who train in Israel and then come back to America to practice.

The United States also works closely with Israeli first responders to share tools and technology, including the digital pen (which transfers information from a triage form to receiving hospitals), radio frequency identification tags (which track patients as they are transported to the hospital), and the Lost Person Finder (which creates photo records of victims to help identify and locate them). Another important contribution is guidance for responders and first receivers, including chemical management technology such as the WebWISER electronic library. The United States also works closely with Israel on preparations for radiological terrorism.

More broadly, Israel's overall healthcare system can provide useful insights for American practitioners. In many areas, Israel's system provides better outcomes at lower cost, which may hold valuable lessons for the United States.

*This rapporteur's summary was prepared by Heba Dafashy. ❖*

## ABOUT THE AUTHORS



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