

SECURITY ASSISTANCE LEGISLATION & POLICY

THE UNITED STATES AND ISRAEL: PARTNERS FOR PEACE AND FREEDOM

By

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We Americans are united by values and ideals that have guided us since the founding of this nation. We seek to preserve and promote freedom--freedom to vote, freedom to speak, write, think, and worship as one chooses. We believe in tolerance--and religious tolerance, in particular. We believe in justice and equality under the law. We are committed to democratic government as the best, if not the only, way to protect the rights, well-being, and dignity of all men and women.

We have also understood that to pursue these noble goals, we have to be strong enough to defend our country and our way of life against aggression. And we must have an equally strong commitment to international peace and security. A world of peace offers the best hope for the spread of freedom; and a world of freedom offers the best hope for lasting peace.

In the latter half of this century, both the defense of freedom and the achievement of peace have come to depend on American strength. There can only be peace when potential aggressors know that they cannot hope to achieve their aims through war. In the modern world, that means that America, as the strongest democracy on earth, has a responsibility to stand with those who share our hopes and dreams.

These principles inform every action we take in our foreign policy. Today, I would like to talk about how our ideals, our morality, and our responsibilities in the world apply to our relationship with Israel and to our hopes for peace in the Middle East.

The United States supported the creation of the State of Israel, almost four decades ago, because of moral convictions deeply rooted in the American character. We knew of the centuries of persecution suffered by the Jews, and we had witnessed the horror of the Nazi Holocaust. No decent American could fail to see the justice and necessity of a Jewish state where Jews could live without fear.

But the founding of the State of Israel also had a wider significance. Certainly, America's support for Israel has been a moral response to centuries of persecution. But the birth of Israel also marked the entrance onto the world stage of a new democracy, a new defender of liberty, a new nation committed to human progress and peace. In a world where such nations have always been the exception rather than the rule, the creation of Israel was a historic and blessed event.

When Lincoln spoke at Gettysburg of rededication to the cause of freedom, he was saying that the survival of liberty depended on people's faith in liberty. Israel's success as a thriving democracy helps sustain our faith in the democratic way of life not only in America but throughout the world. Today, the principles of freedom and democracy are more alive than when Israel was founded. The number of countries around the world that are democratic or on the road to democracy is growing. I believe the example of Israel and the United States has something to do with this heartening trend.

No wonder, then, that the friendship between the American people and the people of Israel has grown so strong over the years. Our original moral commitment to Israel has never wavered, but over the years Americans have also come to recognize the enormous importance of Israel--as a partner in the pursuit of freedom and democracy, as a people who share our highest ideals, and as a vital strategic ally in an important part of the world. The moral and personal bonds that tie us together have strengthened us both.

America's Commitment to Israel's Security

For all these reasons, the United States has maintained unwavering support for Israel's security for nearly four decades. Until peace was made with Egypt, Israel was completely surrounded by hostile forces since its birth, and it has had to fight four wars in less than 40 years to defend its very existence. We know that the goals we share with the people of Israel--freedom and peace--cannot be achieved unless both America and Israel are strong. That is why we are committed, and always will be committed, to helping Israel protect itself against any combination of potential aggressors. And that is why we must always make clear to the world--through our material and moral support for Israel, our votes in the United Nations, and our efforts for peace--that we are a permanent, steadfast, and unshakable ally of the State of Israel.

Every year we provide more security assistance to Israel than to any other nation. We consider that aid to be one of the best investments we could make--not only for Israel's security but for ours as well. Even as we developed our own budget and worked with Israel on its economic program, we, nonetheless, went ahead with a major increase in our security assistance for Israel. This is a statement of our commitment; it reflects our understanding of who our friends are in the world and who can be counted upon in times of crisis. Americans know that we have no more reliable friend in the world than Israel.

Our common interests afford us an opportunity--and a necessity--to work together on many issues.

We face, for example, the common threat posed by the Soviet Union. The American people and the people of Israel both know what is at stake in the struggle against the spread of Soviet power--not just territory and natural resources but the very way of life for which both our nations have shed so much blood and made so many sacrifices.

The continuing persecution of Jews and other minorities by the Soviet government is an abomination. And we in America know that a threat to the rights of Jews anywhere is a threat to the rights of all peoples everywhere. In the Soviet Union today, Jews are not free to practice their religion or to teach Hebrew or Yiddish to their children; they are actively discriminated against throughout the government and society.

In the face of this injustice, hundreds of thousands of Jews seek to leave the Soviet Union. Many want to settle in Israel. But Soviet authorities continue to restrict Jewish emigration, and only a tiny number are allowed to leave. Those who have sought emigration and been denied exit visas often suffer additional persecution; those who stand up for their rights risk prison or confinement in so-called psychiatric hospitals. The United States is doing all it can to urge the Soviet Union to set the Jews free. Nothing the Soviets could do would more convince us of their desire to improve relations than to release Anatoli Shcharanskiy and others and grant Soviet Jews their right to emigrate.

In addition to denying human rights at home, the Soviet Union has also consistently sought to undermine the strategic interests of both Israel and the United States. Today, they seek to increase their influence in every corner of the globe, including within this hemisphere.

Today, we are trying to check Soviet-backed aggression in Central America. Everyone in this audience and supporters of Israel across the country know that, in the Middle East, America is committed to the security of its democratic ally. We all understand the need to negotiate from strength, not from weakness. We all understand the need for constant vigilance against aggressors heavily armed by the Soviet Union. Those who truly uphold these principles, which are the foundation of Israel's security, will see the vital importance of supporting these same principles elsewhere. The security of so vital a region as Central America is crucial to the global position of the United States. Let there be no illusions: a failure to contain communist aggression so close to home will only erode the security of all our allies and friends around the world.

In the Middle East today, the Soviet Union and its radical allies continue to block peace and to threaten those who seek it. They exert influence by their ability to intimidate with guns and through the terrorists they sponsor and direct. The United States and Israel can work together to help ensure that such attempts fail.

Strategic cooperation between the United States and Israel has become a formal, institutionalized process. We have established the Joint Political-Military Group to improve cooperation so that we can resist threats to our common interests in the Middle East. This kind of cooperation has been long overdue. Today, it is an important part of our strategic relationship.

The Challenge of Peace

Americans are committed to the security of Israel because we want to ensure that the Jewish nation and the Jewish people never again face a threat to their very existence. But our permanent commitment to Israel's security serves another and related goal, as well: the goal of peace.

Military might has prevented defeat on the battlefield, but true security and peace can come only when Israel has gained the acceptance and recognition of its neighbors. That is why, even as we assist Israel's capacity to defend itself, the top priority of our efforts in the Middle East is to promote Arab-Israeli peace through negotiations.

We have learned many important lessons over the years. One of them is that a strong, visible, and permanent American commitment to Israel offers the best hope for peace. The history of the Arab-Israeli conflict shows, without question, that movement in the peace process can only come when there is no doubt of our commitment to Israel. It can only come when no one in the Arab world or elsewhere has any delusions about the central reality that America's support for Israel can never be weakened. Israel has demonstrated, beyond doubt, that it will not bend or change its policies in the face of military or terrorist threats. Nor will the policies of the United States ever yield to terror or intimidation. On this principle, the United States and Israel stand together, solid as a rock. So others should not miss the point: the point is, to be sure people recognize there are no military options. There are no terrorist options. The only path to progress, justice, and peace in the Middle East is that of direct negotiations.

Negotiations work. We have tangible evidence of this today in the Peace Treaty Between Israel and Egypt. This relationship is the cornerstone of the peace process. We must build upon it. The Egyptian-Israeli relationship itself must grow and be strengthened. And others must learn from the example that Egypt and Israel have set. President Mubarak is committed to peace. Others must join him. We are glad that King Hussein has reestablished Jordan's diplomatic relations with Egypt. The process of building peace must continue, and the United States is committed to helping the parties move forward.

In recent months, there has been much activity. Many people on both sides are working to further the peace process. Today, for the first time in years, there are signs of a new realism and a new commitment on the part of key regional actors.

Prime Minister Peres has made clear Israel's desire to negotiate with Jordan without preconditions, and he has expressed his great respect for King Hussein. The King has also called for peace; he has undertaken an effort to organize the Arab side to negotiate peace with Israel on the basis of Security Council Resolution 242. There is also movement in the Palestinian community toward greater realism, and President Mubarak has played a constructive role in promoting negotiations.

Both Arabs and Israelis trust us, and they seek our help. They find reassurance in our participation as they face the risks and challenges of peace. Such an American role is indispensable.

We also know that those Arab nations that are moving toward peace are taking risks. Radical forces in the region use terrorism and threats of war not only against Americans and Israelis but against responsible Arabs who have worked to bring Egypt back into the Arab fold and who have sought to promote negotiations with Israel. As King Hussein took steps to move with the Palestinians to the negotiating table, we saw Jordanian diplomats killed; we saw Jordanian airline offices bombed. Those who take risks for peace should know that the United States will help them defend themselves. The United States must continue to support those who seek negotiations and peaceful solutions against those who promote violence and oppose peace. [Applause] That is a very important point, and I'm glad there was a little applause for that.

Assistant Secretary of State [for Near Eastern and South Asian Affairs] Richard Murphy is now in the region, on the President's behalf, exploring practical steps that might be taken toward peace. But whatever opportunities may emerge, no one in the region or throughout the world can have the slightest doubt about America's policy: Israel's vital interests will never be compromised; Israel's survival and security will never be put at risk.

At the same time, we have also made clear our concern for the Palestinian people. Lasting peace and security for Israel will require a just settlement for the Palestinians that assures their dignity and legitimate rights. How ironic and tragic it is, therefore, that those who claim to act on behalf of the Palestinians have continued to block negotiations--the only course that can achieve a just settlement for the Palestinians.

Now is the time for the Arabs to let negotiations proceed. Now is the time for the Arabs to let King Hussein come forward. There is no alternative to direct negotiation; the longer this truth is evaded, the longer the Palestinian people are the victim. Those who chased illusions of "armed struggle," those who engaged in terrorism, those who thought that Soviet support would intimidate the United States and Israel, have only brought death to innocents and prolonged the suffering of the Palestinian people. Such methods have achieved nothing constructive and never will.

But the way is open for progress--even early progress--and we know what that way is. President Reagan's initiative of September 1, 1982, remains the most promising route to a solution. Our policy will continue to be guided by six fundamental principles in the years to come.

First, we will continue to seek a lasting peace that respects the legitimate concerns of all the parties.

Second, the United States will oppose violent and radical challenges to peace and security. We will oppose governments or terrorist organizations of whatever stripe in their efforts to undermine the State of Israel and our Arab friends in the region.

Third, U.S. policy toward the PLO [Palestine Liberation Organization] is unchanged: we will never recognize or negotiate with any group that espouses violent solutions or refuses to accept Resolutions 242 and 338 or recognize Israel's right to exist.

Fourth, the only way to achieve a genuine, lasting peace is through direct negotiations between the Arab states and Israel. No other procedures can substitute. No other approach will get anywhere. No further plans or preliminaries are needed. There is one and only one place to negotiate--at the table, face to face.

Fifth, we will support a negotiated settlement by which the Palestinian people can achieve their legitimate rights and just requirements. We will not support the establishment of an independent Palestinian state in the West Bank and Gaza, nor will we support annexation or permanent control by Israel.

Sixth, and finally, we will always insist on Israel's right to exist in peace behind secure and recognized borders. As President Reagan said on September 1, 1982--part of his initiative--"In the pre-1967 borders, Israel was barely 10 miles wide at its narrowest point. The bulk of Israel's population lived within artillery range of hostile Arab armies. I am not about to ask Israel to live that way again." The United States stands firmly behind that solemn commitment.

If Israel and the United States continue to work together, we can make progress toward peace.

The Economic Challenge

We know that peace is essential to Israel's security. But there is another important element to that security. The strength of Israel also depends on the strength of its economy. Israel must work to overcome its economic problems. Because of our own deep interest in a strong, healthy, and secure Israel, we will also do our part in ways we can be most helpful.

We in America know what it is like to live through difficult economic times. Only in the past three years have we begun to pull ourselves out of the spiraling stagflation of the late 1970s. We also know how hard it is to make the tough political decisions and the sacrifices needed to put an economy on a stable path of growth without inflation. We know firsthand how tough it is to cut the budget. Yet these tough decisions must be made.

But remember, the Israeli economy is a spectacular success story. The Israeli standard of living has risen steadily and remarkably. Israeli goods compete successfully in the major international markets. In fact, in 1984, Israel increased its exports by 12.5%, while simultaneously reducing its imports by 2.5%. If the United States had done the same in percentage terms, our trade deficit would be more than \$80 billion lower than it is today.

Still, the Israeli economy faces real problems. Israel is consuming more than it produces, and its economy is beset by a large national debt, untenable budget deficits, structural rigidities, and powerful inflationary forces. There are no quick solutions to these problems--yet, Israelis have proved during the state's early decades that they could pull together to build and maintain a dynamic, growing economy. Israel has all the qualities needed for economic success: an educated, dynamic people; impressive capacities for

research and development of new technologies; and outstanding universities. Israel's economic achievements in previous years were a testament to the public spirit, bravery, creativity, and talents of its people. I have no doubt that those same qualities today hold out the promise of future prosperity.

But Israel must pull itself out of its present economic trauma. And the Israeli people must do it themselves; no one can do it for them. Israel will need support as it makes the needed adjustments, and here the United States can and must help. But our help will be of little avail if Israel does not take the necessary steps to cut government spending, improve productivity, open up its economy, and strengthen the mechanisms of economic policy. Israel and its government must make the hard decisions. Prime Minister Peres and Finance Minister Modai have shown courageous leadership; they deserve support, here and in Israel, for this effort.

From 1981 to 1984, the United States has provided almost \$9.5 billion in aid to Israel. In 1984, aid to Israel made up more than a quarter of our entire foreign aid program. Yet, we must all understand that this aid cannot really help unless Israel makes hard and far-reaching decisions for structural adjustment.

The United States can also help Israel in other ways, over the long term, to achieve the economic success Israel is capable of achieving. Tomorrow, for instance, the United States and Israel will formally sign the Free Trade Area Agreement. This will guarantee Israel completely open access to the world's largest and most diverse market. So, when you say to an investor, "What can be the market for what you're doing," the Free Trade Area Agreement provides guaranteed access to the biggest and most diverse market there is. It's a very important development. In 1983, the United States imported almost \$1.5 billion worth of Israeli products. The Free Trade Area Agreement will strengthen our trade partnership even further.

And we have created a Joint Economic Development Group for a continuing dialogue on the problems of the Israeli economy and on ways that our cooperation can help.

The future belongs to the free, the venturesome, the educated, and the creative. The Israeli people are all of these. Their future is bright.

America's Pledge

In the years to come, Israel and the United States will stand together in defense of our shared values and in support of our common goals. Our two peoples have the same vision of a better world--a world of peace and freedom, where the dignity of all men and women is respected by all nations. The evils we see all around us today--terrorism and the states that sponsor it, the persecution of Jews and other minorities in the Soviet Union, the outrages against Israel in the United Nations--these only strengthen our determination.

Every year thousands of Americans visit Yad Vashem--the memorial to the victims of the Holocaust. I will go there again next month. The images of Jewish suffering at Nazi hands still burn in our memories. Our pledge at

the end of World War II was simple: never again. And our support for Israel is the lasting embodiment of that pledge.

Our two nations know that eternal vigilance is, indeed, the price of liberty. The world will be safe for decency only if men and women of decency have the courage to defend what they cherish. Security and strength are the foundation of survival--and of any serious foreign policy. They are essential not only for the defense of liberty but for any hopes for peace. Those who would threaten peace and freedom must know that the champions of peace and freedom stand strong and united.

America and Israel have learned this lesson. Together, we will set an example for all free people: we will work tirelessly for peace and for a better world.

AUTHORITY FOR SHIPMENTS UNDER THE FMS PROGRAM (DSP-94)

[The following item is extracted from Munitions Control Newsletter No. 100, April, 1985, and provides implementing instructions for shipments of government-to-government exports under FMS cases, as provided for in the recently-revised International Traffic in Arms Regulation (ITAR).]

Section 126.6(c) of the revised ITAR provided for a new form (which was tentatively named DSP-XX) to be used instead of a Department of State license for shipments through commercial channels of unclassified defense articles and services sold under the Foreign Military Sales (FMS) program. A new form, DSP-94 entitled "Authority to Export Defense Articles and Defense Services under the Foreign Military Sales Program," implements this provision for all permanent exports; form DSP-61 will continue to be used for all temporary imports. (Per §126.6(a), a license is not required if an article sold under the FMS program is delivered to a representative of the recipient country or organization in the U.S., and is exported via a military aircraft or naval vessel of the foreign government or international organization.)

All DSP-5's previously issued for FMS shipments will remain valid until expiration or completion of all shipments. However, in lieu of license renewals and for all new FMS cases, only the DSP-94 should henceforth be used for commercial shipments of defense articles and services sold by the Department of Defense to foreign governments and permanently exported under the FMS program.

To make use of the DSP-94, freight forwarders must be registered with the Office of Munitions Control (OMC) (see Part 122 of the ITAR), file a letter with OMC from the foreign embassy or government appointing them as forwarding agent for that government's shipments, and file a statement with OMC assuming full responsibility for compliance with the ITAR. After July 1, 1985, OMC will, as a general policy, no longer accept applications for licenses or license renewals for exports which are eligible for shipment under a DSP-94; instead, such applications will be returned without action. We urge, therefore, that foreign missions and their freight forwarders familiarize themselves with the new procedures, and file the letter and statement required by OMC as soon as possible.

Form DSP-94 consists of four pages. The covering page includes detailed instructions on the authority and use of the form. Copy 1, when properly completed and submitted to U.S. Customs along with an authenticated DD Form 1513 and Shipper's Export Declaration, constitutes the authority to export FMS shipments. Copy 2 is a copy of the authority which, at the time of the first shipment, must be forwarded along with a copy of the DD Form 1513 to OMC. Copy 3 is a copy for the shipper's records.

OMC will provide the new form only to foreign missions representing countries eligible for participation in the FMS program and to freight forwarders who have complied with the requirements listed above. Inquiries regarding this new procedure may be directed to Richard Slott or Mark Wiznitzer at (703) 235-9756, or by writing to the Office of Munitions Control (OMC), U.S. Department of State, Washington DC 20520.

DUTY-FREE TREATMENT FOR MATERIAL ASSOCIATED WITH FOREIGN MILITARY SALES

[The following item is extracted from Munitions Control Newsletter No. 100, April, 1985]

The U.S. Customs Service will now accept an approved DSP-61 as authority from the U.S. Department of State for duty-free entry of defense articles which are the property of a foreign government and are being temporarily imported for repair and maintenance pursuant to an FMS case. The DSP-61 must cite the FMS case in block 10 and have attached a copy of the DD Form 1513. This will eliminate the need for foreign governments to separately request a duty-free exemption from the Department of State. (Per Customs Directive No. 3550-06, February 9, 1985.)