

Israel leads global drone exports as demand grows

June 5 2013, by Tia Goldenberg



In this picture taken on Monday, May 28, 2013, drones are seen in a hangar at Israel Aerospace Industries, near Tel Aviv. In an expansive hangar in central Israel, workers toil on one of the world's most contentious aircraft, fitting dozens of drones with advanced sensors, cameras and lasers before they are shipped to militaries worldwide. Whereas drones are criticized elsewhere for being morally and legally objectionable, in Israel they are a source of pride. Israel has emerged as the world's leading exporter of the aircraft, putting it in a key position as the industry grows worldwide.(AP Photo/Oded Balilty)

In an expansive hangar in central Israel, workers toil on one of the world's most contentious aircraft, fitting dozens of drones with advanced sensors, cameras and lasers before they are shipped to militaries worldwide to perform highly sensitive tasks.

Whereas [drones](#) are often criticized elsewhere for being morally and legally objectionable, in [Israel](#) they are a source of pride. Israel—a pioneer of drone technology—has emerged as the world's leading exporter of the aircraft and its accessories, putting it in a strong position as the industry continues to grow

A report produced by U.S. [consulting firm](#) Frost & Sullivan determined earlier this year that Israel is now the largest exporter of unmanned aerial systems, surmounting aerospace giants in the U.S. The report said that from 2005 to 2012, Israel exported some \$4.6 billion worth of systems, including aircraft, payloads, operating systems and command and control caravans. U.S. overseas sales for the same time period were between \$2 and \$3 billion, the report said.

Since Israeli drone makers do not release precise sales figures, the Israeli numbers are estimates based on the number of UAVs sold and the overall value of contracts that were announced during the seven-year period. Industry experts could not confirm the report's numbers, but said Frost & Sullivan is a respected firm and its conclusions reflected Israel's leading spot in the field.

Israel is well-positioned for the future. Analysts see demand for military UAVs quadrupling over the next decade, driven by their success in wars in Iraq and Afghanistan, where they have been used by Western forces to monitor and attack militants. Countries like Italy, Germany and South Africa, among others, also export their drones and dozens of others have started their own UAV programs.

Global spending on the technology is expected to jump from an estimated \$6.6 billion this year to \$11.4 billion in 2022, according to the Teal Group, which analyzes the aerospace industry. A fledgling civilian market is also expected to surge.

While the U.S. has faced criticism over the use of its drones in lethal missile attacks against militants, in Israel, they are being used in a growing number of operations.



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Defense officials say that drones account for roughly half of the military's flight time. Drones proved essential in Israel's last two wars in the Gaza Strip, providing its troops eyes over its enemies in congested urban areas of the Palestinian territory, and are lauded for sparing dozens of soldiers' lives. They also keep watch on neighboring Syria and Lebanon.

The Palestinians claim that Israeli drones, like their U.S. counterparts, can fire missiles and have carried out dozens of airstrikes that have killed civilians as well as militants. Israel does not say whether drones it uses can fire missiles, but foreign experts believe they can.

Exported Israeli drones, on the other hand, are believed to be used for surveillance and not thought to have attack capabilities.

Experts say Israel's long record of using drones in the region has turned it into a dominant force in the industry.



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"The Israeli companies are very good and very advanced and very smart at making systems that function in a tactical environment because they've been at war constantly," said Michael Blades, an industry analyst who authored the Frost & Sullivan report. "It came out of necessity but they got really good at it."

Israel first made widespread use of drones during the 1982 Lebanon war, after developing the technology following failures in the 1973 Mideast war. During that conflict, the Israeli air force suffered heavy losses, and defense officials sought a solution that would allow them to identify anti-aircraft missile batteries before sending in fighter planes. Drones that could paint a picture of the battlefield in real time were created to meet that challenge.

Since then, Israeli companies, such as Israel Aerospace Industries, Elbit Systems and Aeronautics Defense Systems, have begun producing drones, selling them at first to Israel's military, then branching out worldwide. Israeli drones have flown in conflict zones around the world, from Afghanistan to Mali. Britain and Brazil are among the biggest clients.

"We exist because of the international market," said Shmuel Falik, who

markets drones for state-owned IAI. "We're too big for Israel, to our delight." IAI, considered the leading Israeli unmanned aerial system exporter by Frost & Sullivan, sells drones to 49 customers worldwide and says 80 percent of its UAV products are destined for foreign markets.



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At a recent tour of the sprawling IAI complex in central Israel, The

Associated Press was shown some of the company's cutting-edge technology. IAI has produced one of the world's largest drones, the Heron TP, which has a wingspan of 26 meters (85 feet) and can reach Iran. Another, the Heron 1, can remain in the air for about 45 hours. A smaller drone can be assembled in the field, its parts carried on the backs of two servicemen.

IAI's subsidiaries produce sensitive radars that can scan swaths of territory even during the most inhospitable weather conditions. Software can detect in real time movements on the ground. A [laser](#) beamed from a drone can guide a missile fired from a nearby jet. Cameras transmit home high definition footage of enemy activity below

"The next step would be to make the payloads smaller, and on the other hand to make them smarter," said Igal Mevorach, head of marketing for the IAI division that makes the sensitive cameras.

IAI has also shown creativity when it comes to aircraft sales, carrying out short-term lease agreements with a number of countries, including Canada and Australia, which used their rented drones in Afghanistan.



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Experts said Israeli companies benefit from a strong link with Israel's army. Beyond that, drone manufacturers employ former soldiers, granting them a deeper understanding of a soldier's needs. Israel's head start in exporting the technology also secured it devoted customers, who often seek to remain with the same producer.

Israel also has managed to surpass its competitors in the U.S., like General Atomics and Northrop Grumman, partly because regulations on

exporting defense products are more stringent there, analysts say.

The American manufacturers have for years been able to rely on large contracts from the U.S. government. But recent cuts in the defense budget are pushing American companies to lobby to loosen export regulations, potentially threatening Israel's dominance.



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The market is also set to grow in civilian drones that can be used in a variety of industries, from monitoring crops to acting as lookouts for police SWAT teams, especially in the U.S. Industry experts predict the takeoff of a multibillion-dollar market for civilian drones as soon as the Federal Aviation Administration completes safety regulations.

Congress has directed the FAA to provide drones with widespread access to domestic airspace by 2015, but the agency is behind in developing regulations and isn't expected to meet that deadline. Still, Israeli companies hope to nab a chunk of that new market.

As long as military demand rises, Israel can expect to remain a top player.

"As long as they keep providing support and keep providing efficient and capable platforms, they're going to maintain their advantage," said Blades, the analyst.

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