



## The US-Israel Free Trade Area: Myths versus Facts

The US Trade Representative (USTR) negotiated the US-Israel Free Trade Area (UIFTA) in 1984. UIFTA became law in 1985 and some observers hail America's first bilateral free trade agreement as a triumph in lowering barriers and boosting trade. But as the 25th anniversary of UIFTA approaches and the economy continues to decline, many Americans question how beneficial this deal has been for the United States.

**They have much cause for concern.** *The agreement failed to deliver on most of the promised benefits.* Ongoing violations of American intellectual property rights and overseas crime financed by Israel's access to US markets compound heavy losses of American jobs.

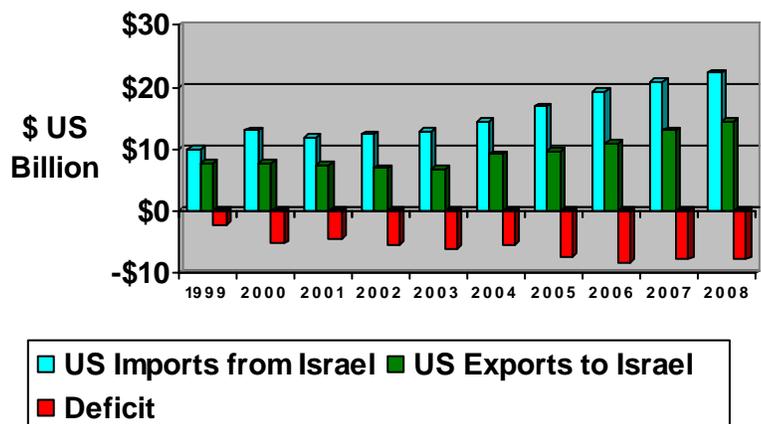
**Myth:** The US Israel Free Trade Area (UIFTA) delivers "mutual benefits".

**Fact:** Since 1985 US trade with Israel shifted from a surplus to a cumulative \$71 billion deficit (adjusted for inflation). The \$7.8 billion US deficit with Israel in 2008 was equivalent to 126,000 US manufacturing related jobs. UIFTA is the only bilateral pact producing multi-billion dollar losses to the US every year for the last decade.

**Myth:** UIFTA is generally supported by US industries and associations.

**Fact:** During 1984 negotiations seventy-six leading American companies such as Monsanto, Dow Chemical, Sunkist, Hunt-Wesson Foods and organizations such as the AFL-CIO, American Farm Bureau and the US Bromine Alliance provided urgent testimony **against** the UIFTA. Only seventeen organizations—most with no direct economic stakes in the proposed UIFTA—testified in favor. More

Cumulative \$71 Billion US Deficit with Israel



recently pharmaceutical, agricultural and other industry associations have continued to lobby against ongoing trade barriers erected by Israel.

**Myth:** The 1984 UIFTA negotiation process was open and fair.

**Fact:** In 1984 the FBI investigated how the American Israel Public Affairs Committee (AIPAC) obtained during bilateral negotiations the classified official report containing trade secrets and other confidential business information of industries opposed to the UIFTA. The International Trade Commission (ITC) later confirmed that the Israeli government also obtained a copy of the still-classified 300 page report. US industries most opposed to the UIFTA were its first victims. In 1984 the *Washington Post* reported that the classified "report would give Israel a significant advantage in the trade talks because it discloses how far the United States is willing to compromise on contested issues. Some of the proprietary information, moreover, could help Israeli businesses competing with U.S. companies." The *Washington Post* was right—UIFTA and subsequent epidemic of intellectual property violations has **cost the US economy billions of dollars.**

**Myth:** The UIFTA promotes Middle East peace and regional stability.

**Fact:** The UIFTA was conceived by Israel during the Reagan administration as a reward for its covert supplies of captured Palestinian arms to the Nicaraguan Contras in the early 1980's—just as Congress began the Boland Amendment restrictions. Israel, which was trying to reestablish its own arms sales to Iran after the 1979 Islamic Revolution, later profited as the author and intermediary in the Reagan administration's unsuccessful arms-for-hostages scheme which exploded into the "Iran-Contra" scandal. With such antecedents it is unsurprising UIFTA has done little to produce peace in the Middle East. In the 1990's US counter-intelligence agencies documented numerous instances of Israeli copycat US weapons systems sales to rogue nations such as Iraq. Currently, Israeli cut diamond exports to the United States under UIFTA fund destabilizing and illegal West Bank settlements.

**Myth:** The US-Israel Free Trade Agreement strengthens global rules based trade.

**Fact:** Israel has been on the USTR's punitive "watch list" **for the past four years.** Top industry and government concerns include Internet music and software piracy, ongoing industrial espionage targeting the US for trade secrets and systematized misuse of patented US pharmaceutical innovations by Israeli generic drug exporters in collusion with the Israeli Ministry of Health.

**Learn more about the movement to suspend the UIFTA, contact the Institute for Research: Middle Eastern Policy (IRMep) in Washington, DC — Telephone: 202-342-7325 — email: [info@irmep.org](mailto:info@irmep.org) web <http://IRMep.org/UIFTA>**

American Jobs lost to UIFTA

