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Issue Brief

Israel's Rising Defence Exports Amidst Regional Conflicts

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Summary

Europe accounted for the largest share of Israel's defence exports in 2025, fuelled by its defence relationship with Germany, despite other countries such as Spain cancelling major defence deals in the aftermath of the Israeli military offensive in the Gaza Strip. India continues to be a significant market for Israeli defence exports. The demand for combat-proven niche capabilities such as air defence systems, along with a slew of domestic policy measures that the Israeli MoD is taking, are expected to fuel the Israeli defence exports boom further.

The Israeli Ministry of Defense’s (IMoD) International Defense Cooperation Directorate (SIBAT) stated on 2 June 2026 that Israel’s defence exports in 2025 stood at US\$ 19.2 billion, a 30 per cent increase over the previous year. Government-to-Government (G2G) agreements accounted for over half of the deal volume at US\$ 10 billion, and over 53 per cent of deals exceeded US\$ 100 million. Missiles, rockets and air defence systems accounted for nearly 30 per cent of the deal volume, while observation and optronics systems accounted for 22 per cent, as against 6 per cent in 2024.¹ Defence Minister Israel Katz affirmed that Israel’s rising defence exports amid multiple conflicts in which Israel is involved “speaks of the confidence the global community has placed in Israel’s defense establishment” and “reinforce Israel’s position as a leading defense-technology power”.²

Israel Defence Exports and European Markets

Europe, at 36 per cent, accounted for the largest share of Israel’s arms exports in 2025, followed by Asia and the Pacific at 32 per cent, the Middle East and North Africa (MENA) at 15 per cent and North America at 13 per cent.³ Europe accounting for the largest share of Israel’s defence exports in 2025 is significant given that in the aftermath of Israel’s military action in the Gaza Strip following the 7 October 2023 Hamas attacks on Israel, some European countries had restricted arms trade with Israel.

The Spanish Foreign Ministry in February 2024, for instance, stated that “no arms sales operations” have been authorised with Israel since October 2023.⁴ In April 2025, Spain cancelled a US\$ 7.5 million deal to purchase ammunition from IMI Systems, a subsidiary of Elbit Systems.⁵ In June 2025, Spain cancelled a US\$ 325 million deal for Spike anti-tank missile systems.⁶ The deal was signed a few days before the 7 October 2023 Hamas attacks. In September 2025, the Spanish government further cancelled an October 2023 deal to procure 12 PULS rocket launcher systems from Elbit Systems Limited. The deal to make the rocket systems by a consortium of Spanish companies was reportedly valued at US\$ 825 million, with Elbit’s share at US\$ 175 million.⁷

¹ [“All-Time Defense Export Record: Israel Crosses the \\$19 Billion Threshold”](#), Israel Ministry of Defense, 2 June 2026.

² Ibid.

³ Ibid.

⁴ [“Statement on Arms Sales to Israel”](#), Ministry for Foreign Affairs, European Union and Cooperation, 12 February 2024.

⁵ [“Ceding to Internal Pressure, Spain Scraps Purchase of Israeli Bullets”](#), *The Times of Israel*, 24 April 2025.

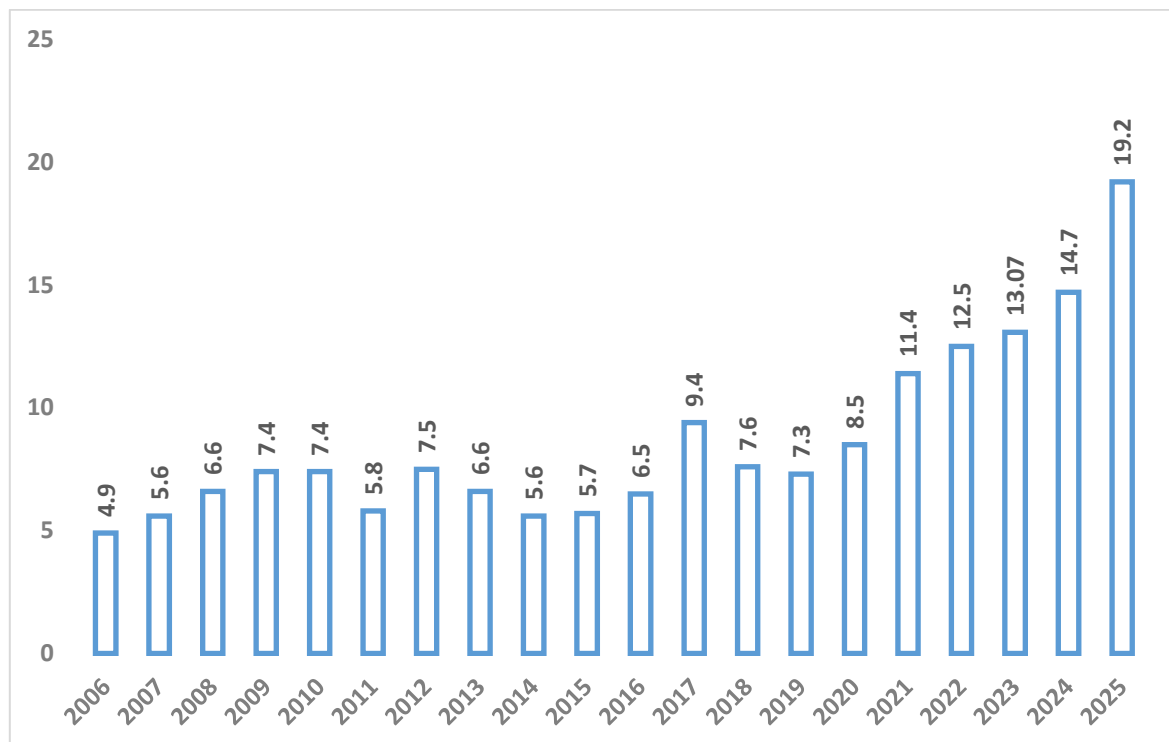
⁶ Lazar Berman, [“Spain Reneges on \\$325m Purchase of Anti-Tank Missiles from Israel’s Rafael”](#), *The Times of Israel*, 3 June 2025.

⁷ [“Spain Cancels Major Arms Deal with Israel amid Gaza Backlash”](#), *The Times of Israel*, 15 September 2025.

The United Kingdom, meanwhile, in September 2024 suspended over 30 arms export licenses (out of around 350) to prevent the export of UK arms to Israel. Then Foreign Secretary David Lammy noted a clear risk that UK arms could be used “to commit or facilitate a serious violation of international humanitarian law provisions”.⁸ In August 2025, Slovenia under a liberal coalition government became the first European Union (EU) nation to ban all weapons trade with Israel. This decision was, however, reversed by the centre-right government in June 2026, after assuming power in May 2026.⁹

Pertinently, the Israeli MoD highlighting the country’s rising defence exports came on the heels of the French government’s decision to ban the display of offensive Israeli weapons at the nation’s premier defence and security trade fair, Eurosatory, in Paris, from 15 June to 19 June 2026. The French Armed Forces Ministry stated that only Israeli equipment and systems related to air defence and missile defence may be displayed at the show.¹⁰ Even at the 2024 Eurosatory, as indeed at the 2025 Paris Air Show, restrictions were placed on the participation of Israeli defence companies.

Figure 1. Israel's Defence Exports 2006–25 (US\$ Bn)



Source: [“Israel Ministry of Defense.”](#)

⁸ [“UK Policy on Arms Export Licences to Israel: Foreign Secretary's Statement”](#), Foreign, Commonwealth and Development Office (FCDO), 2 September 2024.

⁹ [“Slovenia Lifts Ban on Arms Trade with Israel”](#), *Reuters*, 11 June 2026.

¹⁰ Serge Duchene, [“France Bans Display of Israeli Offensive Weapons at Eurosatory Arms Fair”](#), *Euronews*, 2 June 2026.

Given the above, which countries accounted for the largest share of Israeli defence exports in 2025? As per the Stockholm International Peace Research Institute (SIPRI) Arms Transfers Database, Germany accounted for nearly 50 per cent of Israel’s defence exports in 2025, followed by India at 34 per cent and Morocco at about 9 per cent.¹¹ Over the five years of 2021–25, Germany was the recipient of 21 per cent of Israel’s defence exports, after India at 29 per cent and the United States at 7.8 per cent. Israel, meanwhile, accounted for 10 per cent of German arms exports during the same period and was the third-largest market for them after Ukraine (24 per cent) and Egypt (14 per cent). Overall, Germany was the fourth-largest arms exporter in the world in 2021–25, while Israel was the seventh-largest.¹²

Israel’s largest-ever defence export deal is with Germany for the Arrow 3 ballistic missile defence system, valued at US\$ 6.5 billion. While the initial September 2023 deal was valued at US\$ 3.5 billion, the German Bundestag approved the expansion of the contract in December 2025, valued at US\$ 3.1 billion.¹³ The handover of the system’s initial operational capability took place in December 2025.¹⁴ The Arrow is jointly developed by Israel’s Directorate of Defense Research and Development (DDR&D) and the United States Missile Defense Agency (MDA). Israel Aerospace Industries (IAI), Elbit Systems, Tomer, and Rafael Advanced Defense Systems produce the radars, command-and-control systems, and interceptors of the missile system.

The US–Israeli Arrow system will be part of the 24-nation European Sky Shield Initiative, originally proposed by Germany in August 2022. Ahead of the system’s commissioning, German Defence Minister Boris Pistorius was quoted as saying that the system “for the first time” provided Germany with protection against long-range ballistic missile threats.¹⁵ German Leopard 2 main battle tanks (MBTs) are also being upgraded with Israeli Trophy active protection systems, with the upgrade agreement signed in 2020. The first of the tanks so upgraded with the tank protection system developed by Rafael Advanced Defense Systems was handed over to the German Ministry of Defense in October 2024.¹⁶

¹¹ [“SIPRI Arms Transfer Database”](#), Stockholm International Peace Research Institute.

¹² Mathew George, Katarina Djokic, Zain Hussain, Pieter D. Wezeman and Siemon T. Wezeman, [“Trends in International Arms Transfers 2025”](#), Stockholm International Peace Research Institute, March 2026.

¹³ [“German Bundestag Approves Expansion of the Arrow 3 Defense System Contract with Israel”](#), Ministry of Foreign Affairs, Israel, 17 December 2025.

¹⁴ [“Historic Milestone: Arrow 3 System Handover Marks New Chapter in Israeli-German Defense Partnership”](#), Israel Ministry of Defense, 3 December 2025.

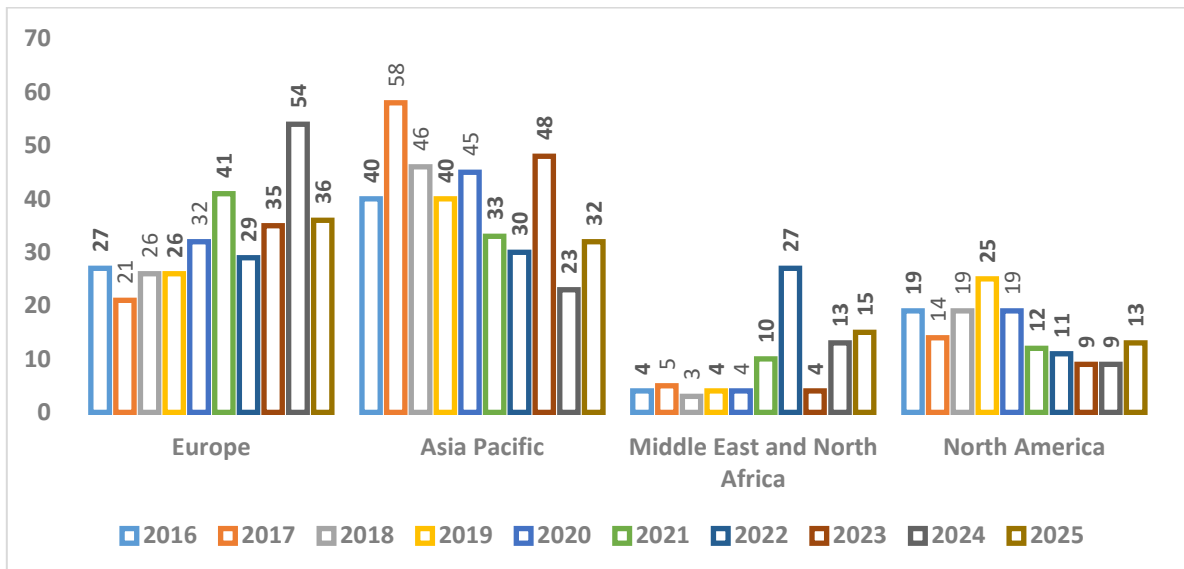
¹⁵ Emanuel Fabian, [“Israel Delivers Arrow 3 to Germany, in Largest Defense Export Deal Ever”](#), *The Times of Israel*, 3 December 2025.

¹⁶ [“Historic Ceremony in Germany Marks the Launch of the First Leopard Tank Equipped with Israeli TROPHY Active Protection System”](#), Israel Ministry of Defense, 29 October 2024.

Germany meanwhile has supplied submarines, naval frigates, torpedoes, armoured vehicles, anti-tank weapons and ammunition to Israel in recent years. The naming ceremony for the latest HDW ‘Dolphin’ Air-Independent Propulsion submarine, *INS Drakon*, was held in November 2024, and the submarine was expected to join the IDF Navy in 2025. The IMOD calls the Drakon a ‘strategic combat asset’.¹⁷ Some reports note the submarine has been modified to carry nuclear-tipped long-range cruise missiles. Most recently in June 2026, Israel’s Elbit Systems teamed up with Diehl Defense to offer the Sky Striker loitering munition to the German armed forces.

Israel’s significant defence trade with Germany, though, was not unaffected by Israel’s military intervention in the Gaza Strip. According to reports, Germany exported arms worth US\$ 137 million to Israel in 2024, compared with more than twice that figure in 2023 (US\$ 326 million).¹⁸ In the aftermath of an Israeli Cabinet decision in August 2025 to undertake a renewed military offensive in the Gaza Strip against Hamas, German Chancellor Friedrich Merz stated that the German government will not approve the export of arms that could be used in the Gaza Strip.¹⁹ Merz also called on Israel not to undertake any steps towards the annexation of Gaza. The partial suspension of weapons deliveries to Israel was lifted in November 2025, in the aftermath of the October 2025 ceasefire in the Gaza Strip.

Figure 2. Israel's Defence Exports 2016–25: Geographic Share (Percentage)



Source: “[Israel Ministry of Defense.](#)”

¹⁷ “[Amid the Ongoing War, the IDF Reveals Its Sixth Submarine—INS ‘Drakon’, Which Will Serve as a Strategic Combat Asset Across the Various Operational Arenas](#)”, Israel Ministry of Defense, 12 November 2024.

¹⁸ Matthew Ward Agius, “[Amid Calls for Arms Embargo, who Supplies Israel's Weapons?](#)”, *DW*, 26 May 2025.

¹⁹ “[Chancellor Friedrich Merz Comments on the Developments in Gaza](#)”, Federal Press and Information Office (BPA), Press Release 178, 8 August 2025.

Apart from Germany, other European countries with significant arms trade relationships with Israel include Greece, which signed a US\$ 750 million agreement in April 2026 for the PULS rocket artillery systems for the Hellenic Armed Forces.²⁰ Elbit Systems makes the PULS system, and the contract will be executed over the next four years. In April 2023, Greece signed a Euros 370 million agreement to acquire Rafael’s Spike anti-tank guided missiles.²¹

In May 2023, the Netherlands also signed a US\$ 305 million deal to procure the PULS rocket artillery system. This was the first government-to-government (G2G) defence exports agreement between Israel and the Netherlands.²² The contract, to be executed by 2028, will see Elbit Systems supply 20 PULS systems to the Dutch armed forces. In February 2025, Germany selected the PULS rocket artillery system in a joint procurement deal worth US\$ 57 million, involving the Dutch, German and Israeli defence industries.²³

The Slovak Air Force received the Barak MX integrated air defence system, capable of countering a wide range of threats—from aircraft to unmanned aerial vehicles to cruise and ballistic missiles—in April 2026.²⁴ The Euros 560 million deal for the system was signed in December 2024. This is Israel’s largest-ever defence export deal with Slovakia. At the time of the signing of the deal in December 2024, the then Director General of the IMOD—and the current head of the Israel Defense Force (IDF), Maj Gen (Res) Eyal Zamir, remarked that Israel’s rising defence exports were “a direct result of Israeli technologies proving themselves on the battlefield”.²⁵

The Hungarian and Croatian Ministers of Defence visited Israel in January and February 2026, respectively, while the Prime Minister of Greece visited Israel in March 2025 to explore opportunities for mutual defence collaboration. Finland signed an agreement worth over Euros 300 million with the IMOD for the David’s Sling air defence system in November 2024.²⁶ The system has been jointly

²⁰ [**“Landmark Defense Deal During Wartime: Israel MOD to Supply Advanced Elbit Systems PULS Rocket Artillery System to Greece in Deal Worth Approximately \\$750 Million”**](#), Israel Ministry of Defense, 6 April 2026.

²¹ [**“370 million Euro GTG Defense Exports Agreement”**](#), Israel Ministry of Defense, 10 April 2023.

²² [**“Israeli & Dutch MODs Sign First GTG Defense Exports Agreement Valued at \\$305 million”**](#), Israel Ministry of Defense, 18 May 2023.

²³ [**“Germany Selects PULS Rocket Launcher Artillery System for its Armed Forces”**](#), Elbit Systems, 6 February 2025.

²⁴ [**“Israel MOD Delivers IAI’s BARAK MX to Slovak Armed Forces”**](#), Israel Ministry of Defense, 23 April 2026.

²⁵ [**“Israel MOD Seals 560 Million Euro Agreement: Barak MX Integrated Air Defense System Produced by IAI Sold to Slovakia in Landmark Agreement”**](#), Israel Ministry of Defense, 23 December 2024.

²⁶ [**“Historic Agreement Signed for the Procurement of the ‘David’s Sling’ System by Finland”**](#), Israel Ministry of Defense, 12 November 2024.

developed by Israel’s DDR&D and the US MDA. The US had approved Finland’s procurement of the system in August 2023.

Israel Defence Exports and Asian Markets

Countries in the Asia Pacific accounted for 32 per cent of Israel’s defence exports in 2025. India has been the largest recipient of Israeli defence exports in recent decades. India accounted for 35 per cent of Israeli defence exports in 2016–25, 24 per cent in 2006–15, and 23 per cent in 1996–2005.²⁷ The defence partnership has been the strongest pillar of the India–Israel relationship—now designated as the Special Strategic Partnership for Peace, Innovation and Prosperity, when Prime Minister Narendra Modi visited Israel for the second time in February 2026, after his highly successful and historic 2017 visit on the occasion of the 25th anniversary of the establishment of diplomatic ties (in January 1992).

The massive growth in defence trade with Israel during this period has been due to mutual complementarities—India’s force modernisation requirements, along with multiple security challenges, and Israel’s niche capabilities that address those requirements.²⁸ Israeli defence equipment imparted an operational edge to the Indian armed forces in conflict situations, be it in Kargil or in Operation Sindoor. The defence relationship with Israel has also contributed to the growth of the Indian defence industrial base. Kalyani Rafael Advanced Systems Limited, for instance, was the country’s first private-sector missile subsystem manufacturing entity. Nearly half of the offset contracts (by number) are currently being executed by Israeli OEMs in association with their Indian Offset Partners (IOPs).²⁹

During the visit of then Israeli Defence Minister Benny Gantz in June 2022, the India–Israel Vision on Defence Cooperation was adopted, and the Letter of Intent on enhancing Cooperation in the field of Futuristic Defence Technologies was exchanged. At the Seventeenth Joint Working Group (JWG) on Defence Cooperation in November 2025, an MoU on Defence Cooperation was signed, expected to promote further co-development and co-production, and expand cooperation in research and development and technological innovation.

Some of the recent procurement deals with Israel include Rampage air-to-surface missiles for the Indian Air Force’s (IAF) fighter aircraft fleet. Bharat Dynamics Limited (BDL) signed a MoU with Rafael Advanced Defence Systems Limited in February 2025 to produce the Ice Breaker air-to-surface missile. Going forward,

²⁷ [“SIPRI Arms Transfer Database”](#), Stockholm International Peace Research Institute.

²⁸ See S Samuel C Rajiv, [“The India-Israel Defence and Security Partnership at 30”](#), Monograph No. 75, Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA), 2022.

²⁹ See [“Defence Offsets Management Wing”](#), Ministry of Defence. Government of India.

mega projects such as Mission Sudarshan Chakra—the Indian Integrated Air and Missile Defence (IAMD) system—announced by Prime Minister Modi from the ramparts of the Red Fort in August 2025 and expected to become operational by 2035, will provide multiple opportunities for Israeli companies to co-develop and co-produce in India to address the modernisation and operational requirements of the Indian armed forces.³⁰

Other Key Markets

The Middle East and North Africa (MENA) and North American markets accounted for 28 per cent of Israeli defence exports in 2025. In the MENA region, the Abraham Accord countries such as Morocco and the United Arab Emirates have been significant recipients of Israeli defence exports. As noted in earlier sections, Morocco was the third-largest recipient of Israeli defence exports in 2025 (according to SIPRI Trend Indicator Values). Morocco signed the US\$ 500 million Barak MX air defence deal in 2022, as well as a US\$ 150 million deal for Elbit’s PULS multiple-launcher rocket system. Israel Aerospace Industries (IAI) signed a US\$ 1 billion deal for Ofek 13 satellites in 2024. Israeli companies are also making loitering munitions in Morocco. The Israeli Iron Dome air defence system was used by the UAE to shoot down Iranian missiles in recent conflicts, becoming the third country to deploy the system after Israel and the United States. Azerbaijan, meanwhile, accounted for more than 7 per cent of Israel’s defence exports in 2016–25, while the Philippines accounted for more than 4 per cent in the same time period (as per SIPRI TIV).

Conclusion

The Israeli Ministry of Defence, while releasing the defence export figures for 2025 in June 2026, noted that increasing defence exports is “a cornerstone of ensuring the IDF’s force buildup in a challenging budgetary environment, advancing foreign policy goals, strengthening the defense industry, and generating additional budgetary resources for defense”.³¹ Earlier in November 2025, at the IMOD Defense Export Controls Agency (DECA) Annual Conference, the Director General of the IMOD Maj Gen (Res) Amir Baram stated that increasing defence exports are “a central mechanism to strengthen the IDF with new systems, as a tool for international policy influence, and to fortify both our defense industry and

³⁰ Sukhbir Kaur Minhas, “[Mission Sudarshan Chakra and the India-Israel Special Strategic Partnership](#)”, Issue Brief, Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA), 6 March 2026.

³¹ “[All-Time Defense Export Record: Israel Crosses the \\$19 Billion Threshold](#)”, no. 1.

economy”, especially given that “the prolonged multi-front war has ... depleted resources, capabilities, and reserves”.³²

The IMOD has also taken a series of steps in recent months to ease export licensing policies and expand strategic partnerships with a host of countries. The Committee for Strengthening and Expanding Defence Exports submitted its report to the Israeli MoD in November 2025. Key recommendations of the Committee included expanding the list of countries eligible for license exemptions, establishing a committee within the IMOD to oversee time-bound registration of technological products, and reducing license processing times, among others.³³ The demand for combat-proven niche capabilities, such as air defence systems, is expected to rise worldwide, especially in regions such as West Asia and South Asia. Cumulatively, the domestic policy measures that the IMOD is taking to boost defence exports, along with international factors, can be expected to fuel Israel’s defence exports boom further.

³² [“Israel MOD Outlines Strategic Defense Export Priorities at DECA Annual Conference”](#), Israel Ministry of Defense, 25 November 2025.

³³ [“Israel MOD Advances Major Reform to Boost Defense Exports”](#), Israel Ministry of Defense, 18 November 2025.

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