CENTER FOR CIVILIANS IN CONFLICT
RECOGNIZE. PREVENT. PROTECT. AMEND.

ACMER

STIMSON

Mohammadjavad Alikhani

US Cooperative Defense Projects 101

Legal Authorities, Funding, and Risks

OVERVIEW

In the United States, a growing number of legislators are challenging the value and purpose of continuing traditional military aid to Israel. The brutality of the Israeli government's regional military campaigns has eroded the support that once prevailed for providing billions of US taxpayer dollars annually into Israeli accounts to purchase US weapons.

Proponents of the US-Israel partnership, including Israeli Prime Minister Benjamin Netanyahu, are now pitching a shift away from aid and toward jointly funded and built projects commonly referred to as "co-production," but more precisely meaning "cooperative projects." Supporters argue that the shift will deliver more value for US investments; however, that framing misrepresents how cooperative defense projects work in both theory and practice.

This policy brief lays out what cooperative projects are, how they fit within the United States' legal and regulatory architecture, how they have been funded and implemented in practice, and the risks that cooperative projects present.

COOPERATIVE PROJECTS IN CONTEXT

Though not a new feature of US security cooperation, the surge in interest in cooperative defense projects is driven by ongoing negotiations over a potential new Memorandum of Understanding (MOU) outlining multiyear US assistance commitments to Israel.

The current 10-year MOU signed in 2016 pledged $38 billion in military aid, subdivided into $33 billion in Foreign Military Financing (FMF) grants and $5 billion in cooperative missile defense programs. Netanyahu and his allies in Congress are advocating phasing out FMF in favor of deeper US-Israeli collaboration on cooperative defense projects.

Provisions within the House and Senate versions of the pending Fiscal Year 2027 National Defense Authorization Act (NDAA) propose codifying a US-Israel Defense Technology Cooperation Initiative, reinforcing the cooperative projects model.

Key Definitions

Cooperative Projects: Cooperative projects encompass a range of defense-related initiatives managed jointly by the United States and foreign partners, as set out in written agreements. These agreements require commitments for the United States and a foreign partner(s) to share the costs of research and development, testing, evaluation, or joint production (including follow-on support) of certain defense articles. Cooperative projects can be categorized as co-development, co-production, cooperative production, or a combination of those categories.

Co-Development: The US and foreign partner(s) jointly fund and design a new weapons system together.

Cooperative Production: Each country builds distinct parts of a defense system or capability, they exchange those parts with one another, and the complete system is assembled in one or both countries.

Co-Production: The US provides foreign partner(s) with the technical know-how to build US-designed weapons on their own.

Legal Authorities

Cooperative projects are governed by Title 22 and Title 10 of US Code, which provide authorizations, definitions, regulatory frameworks, and oversight measures. Cooperative projects are also subject to broader restrictions on security assistance and arms transfers.

Authorization

- **Section 27 of the Arms Export Control Act** (AECA) (22 U.S.C. § 2767) authorizes the president to enter into cooperative defense projects with partner countries and international organizations. In 1979, the statute exclusively applied to members of the North Atlantic Treaty Organization (NATO), but was amended in 1986 to authorize cooperative projects with any "friendly foreign countries."

- **Section 1102 of the Department of Defense Authorization Act for Fiscal Year 1986** (10 U.S.C. § 2350b) facilitates Department of Defense implementation of 22 U.S.C. § 2767 by providing the Secretary of Defense with various auxiliary authorities to carry out contracts and obligations associated with 22 U.S.C. § 2767. In practice, this means that the Department of Defense has a leading role in implementing the statute even though Title 22 is typically associated with the State Department.

- **Section 931 of the National Defense Authorization Act for Fiscal Years 1990 and 1991** (10 U.S.C § 2350a) authorizes the Secretary of Defense to enter into agreements with any "friendly foreign country" for cooperative research and development of weapons systems. Under authorities first delegated by executive order in 1980, the Department of Defense was tasked with leading and initiating cooperative projects, even without project-specific congressional authorization. In practice, Congress has included the projects in the annual NDAA. While not legally necessary, the NDAA process has allowed Congress to add more specific parameters, oversight measures, or facilitating authorities for a given project.

Appropriations

US funding for cooperative projects comes from annual defense appropriations. The NDAA often authorizes funding, but appropriations bills provide it. Once appropriated, a US government body jointly executes the particular program with its foreign partner covering a portion of co-development or co-production costs.

For example, the Department of Defense's Missile Defense Agency and the Israel Missile Defense Organization jointly execute missile defense cooperative programs, in which Israel is required to match annual US contributions and contracts usually require a percentage of procurement funding be spent in the United States.

Export Licensing

- **Section 38 of the AECA** (22 U.S.C. § 2778) authorizes the president to license exports of defense articles, services, and related technical data, all of which are potentially implicated in cooperative programs. Because cooperative programs often entail the transfer of proprietary technology and technical information, participating companies are required to obtain appropriate export licenses. If the finished article from a cooperative project is produced in the United States, additional licenses are required for export to the partner country.

Regulating Provisions

- **Section 3 of the AECA** (22 U.S.C. § 2753) requires the president to certify, before entering into a cooperative project, that the project will strengthen US security and promote world peace, and that the partner will abide by US restrictions on permitted uses and transfers.

- **Section 42 of the AECA** (22 U.S.C. § 2791) requires the State Department to notify leadership in the House and Senate, and relevant congressional committees (House Foreign Affairs, Senate Foreign Relations, and House and Senate Armed Services) before any cooperative project moves forward, including: what is being produced, its estimated value, and the impact on US jobs and production. The section also requires any related contracts to include a provision allowing the United States to cancel the contract in whole or in part if deemed to be in the national interest.

- **Section 931 of the 1990 NDAA** (10 U.S.C. § 2350a) mandates a report to the same relevant committees on any cooperative project agreement 30 days before the Secretary of Defense can officially sign the agreement. The provision allows for unequal cost-sharing and prohibits entering into a research and development cooperative project unless it will improve US conventional defense capabilities.

Statutory Restrictions: Cooperative projects are subject to restrictions in the Foreign Assistance Act (FAA), such as:

- **Section 502B** (22 U.S.C. § 2304), which prohibits the US from providing security assistance or selling arms to governments that consistently engage in gross violations of internationally recognized human rights;

- **Section 620M** (22 U.S.C. § 2378d), which prohibits the provision of US security assistance to units of foreign security forces implicated in the commission of gross violations of human rights; and

- **Section 620I** (22 U.S.C. § 2378-1), which prohibits the provision of US security assistance to countries that block the delivery of US humanitarian aid.

Section 502B of the FAA defines security assistance as any aid, sale, or license for defense articles or services. Cooperative projects entail the "sale" of a defense article coinciding with its production and/or the issuance of licenses for co-development.

The executive branch has traditionally interpreted "assistance," as used in Sections 620M and 620I, as applying only to support provided with US-appropriated funds and not to arms transfers paid for by a foreign government.

Cooperative projects that rely on US funding should therefore qualify as assistance and be subject to the appropriate restrictions.

COOPERATIVE PROJECTS: ISRAEL CASE STUDY

The United States and Israel have engaged in cooperative projects for decades, most of which have focused on missile defense and received relatively little scrutiny.

Cooperative projects with other countries include the F-35 Joint Strike Fighter program and the AUKUS partnership for nuclear submarines and advanced military technology.

The statutory architecture described above does not limit the types of cooperative projects into which the United States enters, meaning that an expansion of US-Israel projects could exacerbate civilian harm and international law risks, as discussed below.

The United States and Israel signed their first cooperative project MOU in 1986 to jointly develop an anti-ballistic missile capability for Israel, in what became the Arrow Anti-Missile System.

Subsequent cooperative projects have been heavily funded by the United States (more than $16 billion) for research, development, and production, and almost exclusively for Israeli military use.

Some analysts have raised concern that the projects' full costs were not equitably shared and both sides have not received an equitable share of the results, as is required by US law.

For example, from 1988-1995, the Government Accountability Office estimated that the United States was paying for 93 percent of the Arrow program.

In response, Congress has more explicitly conditioned US funds on Israel's contribution of its allotted share, but no transparency exists to ensure compliance.

US law further addresses some cooperative projects through provisions in Title 22 that facilltate US-Israeli cooperation on specific cooperative projects, providing guidelines and annual limitations on spending.

Program	Year of First Appropriation	Value of First Appropriation	Lifetime Appropriations
Arrow	1990	$52 million	$4.7 billion
Iron Dome	2011	$205 million	$6 billion
David's Sling	2006	$10 million	$3.8 billion
Anti-Tunnel Program	2016	$25 million	$415 million
Counter Unmanned Aerial Systems	2020	$25 million	$183 million
Iron Beam	2024	$1.2 billion	$1.2 billion

Table 1. Initial and Lifetime US Appropriations for Selected US–Israel Cooperative Defense Programs

Risks of US-Israel Cooperative Projects

Cooperative projects involve significant tradeoffs and risks. Proposals to substantially expand cooperative defense projects with Israel can carry risks to both civilians and US national security interests while entrenching US material support to the Israeli government's abuses.

Assistance in All but Name

The Israeli government and its allies in Washington are presenting the potential expansion of cooperative projects as a paradigmatic shift from an assistance-based relationship to one centered on mutual contributions.

Historically, however, Israel has been the primary beneficiary of cooperative projects, saving on costs and enhancing its military capabilities and defense industry.

Current cooperative initiatives related to missile defense programs, for example, have provided the United States with access to proprietary Israeli technology and combat data, but the capabilities generated from these programs have primarily reflected Israel's strategic and operational needs.

In addition, if past inequities in the distribution of costs and benefits from these joint initiatives are any indicator, shifting US funding towards cooperative programs would effectively constitute a continuation of security assistance with even less oversight and accountability.

Undermining Oversight, Accountability, and Transparency

Substituting Israel's FMF for cooperative defense projects weakens Congressional and public oversight and could strip critical human rights guardrails from US support.

Cooperative projects introduce additional layers of legal and regulatory ambiguity, creating opportunities for the executive branch to evade oversight and accountability mechanisms.

Although they should be subject to the arms-transfer and human rights restrictions mandated by the AECA and the Foreign Assistance Act, the executive branch is likely to claim that cooperative initiatives do not meet their definition of "security assistance" and are therefore not subject to human rights prohibitions and accountability mechanisms adopted by Congress.

These arguments would mirror past questionable legal interpretations that the executive branch has adopted to sidestep arms transfer restrictions or human rights prohibitions.

Additionally, cooperative projects do not have the same congressional notification requirements and public transparency as security cooperation or assistance programs.

Lastly, regulation and oversight of cooperative projects have largely been referred to the congressional armed services committees, but these committees are not designed to oversee US foreign policy, such as arms sales and security assistance.

Adding to Supply Chain Vulnerabilities

Over the past decade, experts, lawmakers, and both Democratic and Republican administrations have identified dependence on foreign supply chains as an increasingly acute vulnerability to US readiness and national security.

As recently as July 2026, an executive order titled "Securing America's Defense Supply Chains and Ensuring Domestic Acquisition of Critical Materials" noted that "defense contractors have historically under-prioritized domestic production and resilience" and laid out new policies intended to encourage on-shoring of defense acquisition and production.

Expanding cooperative projects with Israel conflicts with this executive order and undermines efforts to minimize US exposure to foreign defense production and development.

Moreover, cooperative projects will likely come at the expense of efficiencies and comparative advantages of the United States' much larger and more sophisticated defense industrial base.

For example, US funds spent in the Israeli research, development, and production sector would not only divert money from the US defense industrial base but would also miss out on the economies of scale and lower labor costs available in the United States.

Closer Integration Amid Diverging Interests

Expanding cooperative projects with Israel would further enmesh US and Israeli defense sectors at a time of mounting bipartisan recognition of the diverging strategic and security interests of the two countries.

Over the past several years, Israel has repeatedly defied US laws and policy preferences and jeopardized US national security objectives.

Israel's enduring disregard for Washington's requests for restraint and humanitarian access in Gaza, its repeated efforts to disrupt US peace negotiations in the region, and its increasingly brazen espionage campaigns against the United States illustrate the degree to which US and Israeli strategic perspectives are starkly at odds.

In addition, Israel blocked the US from transferring Iron Dome batteries to Ukraine, utilizing its leverage created through cooperative projects.

Deepening co-production and development with Israel now would tether the United States to a partner whose interests and policies are increasingly misaligned with its own, while providing the Israeli government increased political leverage.

Complicity in Atrocities

The Israeli military has engaged in campaigns in Gaza and Lebanon that independent research and documentation organizations have concluded involve war crimes, crimes against humanity, and genocide.

Extensive documentation indicates that the Israeli military has consistently used weapons, aircraft, and equipment from the United States to perpetrate serious violations of international humanitarian law.

The International Court of Justice has concluded that Israeli occupation of the Palestinian Territories is unlawful. Human rights organizations have documented a longstanding pattern of torture of Palestinians in Israeli detention.

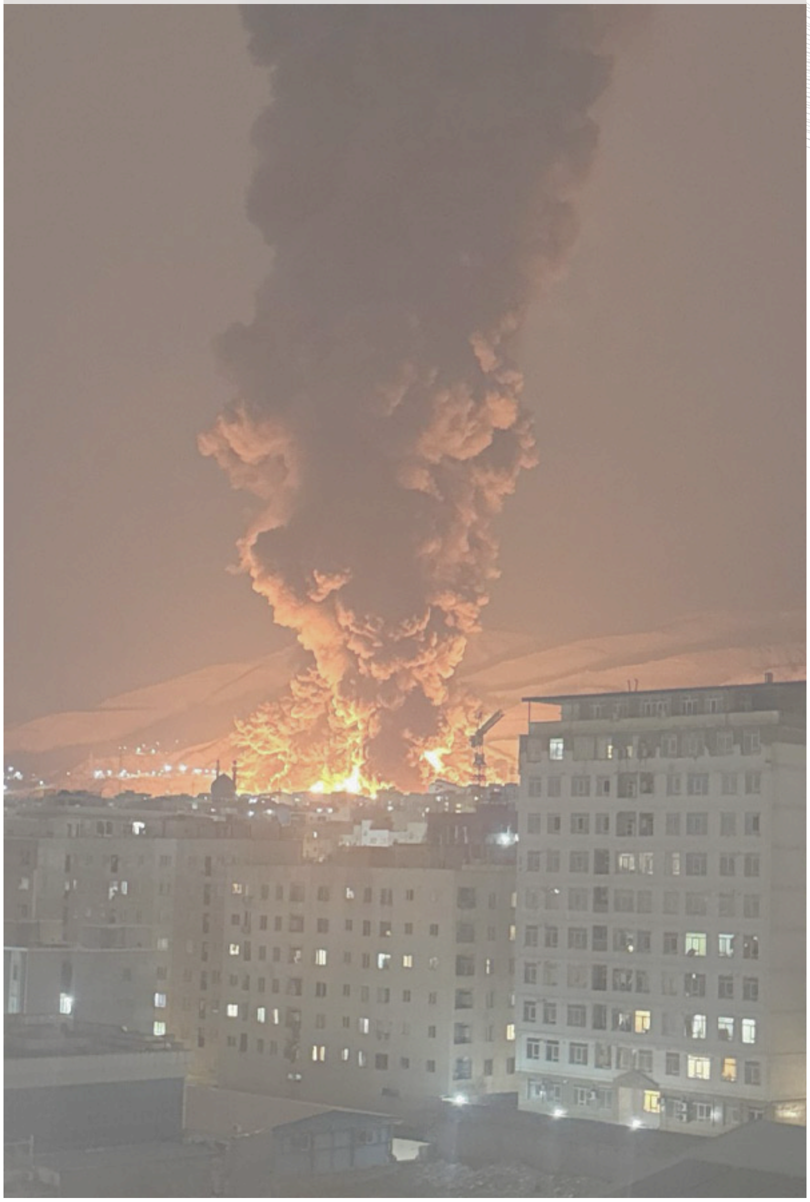
Under these circumstances, US and international law require the United States to withhold arms transfers.

Deepening the relationship through joint development and production perpetuates US contributions to immense human suffering, civilian harm, and atrocities.

While existing cooperative projects currently focus on missile defense systems, there are no legal obstacles to the co-development and co-production of systems most implicated in the

Israeli military's violations, including air-to-ground munitions and military aircraft.

New cooperative projects could also center on autonomous weapons or military applications of artificial intelligence. Accordingly, expanding cooperative arrangements with Israel substantially increases the risk that systems co-developed by US companies and funded by taxpayer dollars contribute directly to mass civilian harm.



ABOUT THE ORGANIZATIONS

Center for Civilians in Conflict (CIVIC) is an international organization dedicated to promoting the protection of civilians caught in conflict.

American Committee for Middle East Rights (ACMER) works to advance a US foreign policy toward the Middle East and North Africa rooted in democratic values and human rights.

Stimson Center is a leading foreign affairs think tank promoting international security and shared prosperity through applied research and global engagement.

ACKNOWLEDGEMENTS

Seth Binder (Director of Policy and Government Relations, ACMER), John Ramming Chappell (Advocacy & Legal Advisor, CIVIC), JP Reppeto (Legal Intern, CIVIC), and Elias Yousif (Fellow and Acting Director of the Conventional Defense Program, Stimson Center) authored this policy brief. Kristina Biyad (Executive Director, ACMER) and Annie Shiel (US Director, CIVIC) reviewed it and provided feedback.

T +1 202 558 6958
E comms@civiliansinconflict.org
civiliansinconflict.org