China and Israel
Relations and Future Prospects

ARON SHAI, PHD

When Israeli leaders arrived in the People’s Republic of China (PRC) in recent years, they found an ancient country with a new outlook. Indeed, over the previous years, China had reached a decision not to content itself any longer with foreign expressions of admiration for its unprecedented building boom or impressive production and trade figures, praise that inevitably smacked of paternalism and even condescension by the developed world toward a backward country. Instead, China, which is rising geopolitically (no longer only economically) and is a nuclear weapons state that arouses major anxiety among many policy makers in the United States, is now in the midst of a distinct transformation. It is focused on the need to translate the astonishing results of its Open Door economic policy, adopted in the early 1980s, into global diplomatic influence. The extravagant Olympic Games and the Expo projects are just two more strides toward that goal. The visits of Chinese leaders in the past few years to South America and Africa are likewise a partial expression of this new thrust that is not merely a matter of pride and prestige. Rather, it is also intended to secure the political influence that will allow China to entrench itself in various corners of the world and, perhaps more significantly, in the global consciousness and enhance its gains in the international arena. Thus, it seems that the global struggle over raw materials, waged until the outbreak of the 2008 economic crisis, was a foreshadowing of the confrontation—economic and diplomatic—of the coming decades.

In view of the underlying fundamental confrontation between China and the United States over materials, geopolitical achievements, and—increasingly—political–diplomatic hegemony in various global cockpits, in recent years it is quite clear that the United States has become increasingly entangled in its own economic morass. The huge budget deficit led to a massive increase in debt, both at home and abroad. The multi-billion-dollar bailout plan has to an extent added to
the domestic deficit. As the government is spending far more than it receives in
taxes on defense spending (including, of course, involvement in Pakistan and Af-
ghanistan), the American economy, unlike the Chinese, is simply overburdened
by strategic expenditures funded by borrowing at home and abroad. Moreover, not
only is the government spending more than it earns but also the national savings
rates have fallen. The subprime crisis in the real estate sector has ignited an addi-
tional crucial threat to the American economy. Is the American economy indeed
the “Biggest Ponzi Scheme”?2

In light of this situation, it seems quite obvious that the United States can-
not expect to dictate its political line to China. In some respects and at particular
junctures, it seems that Beijing even intimidates the planners in Washington by
building a delicate yet firm response to Washington’s intent to check China’s
global interests. Beijing continues to become a presence in South America, Africa,
Saudi Arabia, Iran, and many other countries.3 Recently, China had also inter-
vened in the civil war in Syria, when on 4 October 2011, alongside Russia it had
vetoed a Western-drafted resolution which would have threatened the Syrian
government with targeted sanctions if it continued military actions against pro-
testors.4 In August–September 2013, in view of the Syrian government’s chemical
attacks on its own civilians and the US intention to take action against Syria,
Russia and China made it quite clear that they would use their veto power in the
United Nations (UN) Security Council to again block resolutions condemning
Bashar al-Assad’s regime, let alone striking Syria. Earlier, according to Middle
Eastern officials, Syria's air force utilized intelligence provided by China to bomb
a Western weapons shipment on its way to arm the Syrian rebels.5

Even though it would have liked China to assume a mere secondary role in
the Middle East, Beijing seems to continue to invest in the region and be increas-
ingly involved there. These are undoubtedly crucial developments to be reckoned
with. Similarly, China can boast impressive economic indicators. Its economy has
reached significant annual growth even though recently a certain decline is dis-
cernible. It is the world’s second-largest economy by nominal gross domestic
product (GDP) and by purchasing power parity.6 It is the world’s fastest-growing
major economy, with growth rates averaging 10 percent over the past 30 years.7 It
seems that China could become the world’s largest economy (by nominal GDP)
sometime as early as the 2020s. Since the beginning of the reforms applied in the
late 1970s and early 1980s, the number of Chinese who live above the poverty line
has increased dramatically, and by 2012 the per capita income had grown to
$6,076 (international $9,233 in purchasing power parity). China’s foreign reserves
are about $3.3 trillion (the highest number in the world), and its saving rate is
incredibly high—about 50 percent of the GDP.8 While these indicators are widely
acknowledged, one should not perhaps totally discard the “collapse of China” theory, one that prevailed prior to the outbreak of the financial crisis. Nor should one overlook contradictory data that calls China’s optimistic scenario into question.

More than a decade ago, in his book *The Coming Collapse of China*, Gordon Chang argued that a case can indeed be made that China would dominate Asia and thereafter the rest of the world. China has the necessary potential and vision to achieve that goal and has thereby sought the recognition to become a power equal to the United States and the European Union on the international scene. Nonetheless, Chang ventured that China was a paper dragon on the verge of collapse. Among the indicators that encouraged his conclusion were the high corruption within the Chinese Communist Party and its government; the “armies of unemployed” who roamed the country; the dominating yet non-cost-effective state-owned enterprises and banks with their nonperforming loans; and the budget deficit that mushroomed in the years preceding the publication of Chang’s book. According to Chang, even the opening of China to the World Trade Organization did not augur well but would “shake China to its foundations.” In short, China’s leaders could by no means prevent what he regarded as a deterministic process, a “tragedy” in the making.

In the course of over a decade since Chang’s book was published, his pessimistic predictions have not materialized. China’s accession to the World Trade Organization, for example, has not incurred the foreseen damage, let alone a national collapse. Nonetheless, some circles have continued to embrace Chang’s basic thesis. *Alternative Perspective Newsletter* adopted a similar line. A detailed article repeated the argument that available data posed serious questions as to predictions and extrapolations signaling China’s promising future. The following facts were underlined: more than 50 percent of Chinese international trade is led by foreign direct investment (i.e., conducted by foreign-invested enterprises); more than 50 percent of Chinese international trade consists of intracompany trade; and China is often the last link of the global supply chain, thereby having trade deficits with almost every economy in East Asia even though it had large trade surpluses vis-à-vis the United States (and to a lesser extent vis-à-vis the other developed economies). A large percentage of Chinese international trade consisted of trade in raw materials, intermediate inputs, and semifinished goods and services rather than finished products. In addition, China suffers from a fast-growing wealth gap and from a large income disparity between the rural and urban population; in 2012 13.4 percent of China’s population lived below the poverty line. (However, it should be noted that in 2011 China set a new poverty line at 2,300 renminbi—approximately $363. This new standard is significantly higher
than the line set in 2009; as a result, 128 million Chinese are now considered below the poverty line.)

A very gloomy forecast regarding China was published in 2011 by Nouriel Roubini, who criticized China’s infrastructure projects, which in his opinion are completely uncalled for in a country at that level of economic development. Roubini also predicts that China’s current “overinvestment” will prove deflationary, both domestically and globally, and that once increasing fixed investment becomes impossible—most likely after 2013—China will undergo a sharp slowdown.13

Of course, one could add additional discouraging data: until the outbreak of the 2008 crisis, at least 150 million rural workers had drifted between the villages and the cities, many subsisting through part-time, low-paying jobs; furthermore, one demographic consequence of the one-child policy is that China is now one of the most rapidly aging countries in the world. Another long-term threat to China’s growth, it can be argued, is the deterioration in the environment—notably air pollution, soil erosion, and the steady fall of the water table, especially in the north. China likewise continues to lose arable land due to erosion and economic development.

Yet, when one weighs the two schools with their respective calculations and the entirely different conclusions reached, it seems that, overall, the prospects for China’s optimistic future hold greater weight. This is so since China has managed to check and balance counterproductive global waves working against it. Both the Olympic Games and the 2010 Expo seemed to help it advance economically and politically and overcome domestic difficulties; additionally, the central government has taken drastic measures to counterbalance and overcome the negative repercussions of the 2008 world crisis. There is no doubt that the relative absence of true civil society and the regime’s successful neutralization of potential popular pressure enable the establishment to surmount major opposition quite successfully. Chinese top leaders seem determined to improve the country’s economic performance. They are taking actions such as Xi Jinping’s and Li Keqiang’s visits to the most impoverished areas in China while pointing to the work that should be done to reduce poverty and financial gaps.14 The employment rate has grown, and the minimum wage has risen 20 percent since 2010. In addition China’s antipoverty alleviation programs were regarded a success story as the reform-oriented economy lifted 500 million out of poverty in the last three decades.15

In light of the overall arguments presented, Jerusalem should give serious thought to the option of periodically reassessing Israel’s familiar China policy. Perhaps the traditional line between mere “maintenance” or “service” of Israel’s relations with China and qualitative upgrades should be crossed. A more assertive China policy should be adopted. Israel might do well to encourage Beijing’s
deeper involvement in the Israeli-Palestinian conflict as well as in the strong tensions between Jerusalem on the one hand and Damascus and Tehran on the other.

It can be argued that, as far as global international relations are concerned, Sino-Israeli relations are not so significant. US-China bilateral relations, the China–India–United States triangle, or even Beijing’s dynamic role in the UN Security Council is by far more noteworthy. Nonetheless, Sino-Israeli relations are important, especially considering Israel’s military-strategic role and position in the Middle East equation. Beijing is deeply interested in being fully involved in the peace process. This can be clearly seen, for example, by the fact that it appointed its own special envoys on the Middle East issue. Beijing also seems to hope to continue enjoying Israel’s potential to serve as one of China’s main suppliers of advanced technology and perhaps even, once again, military supplies.

A 60-Year Retrospective

Two ancient nations, cradles of rich civilizations, are geographically situated at opposite ends of the Asian continent. There is China, which can claim an unbroken history of development on its own land, and there is Israel, which has experienced what can be described as a virtual form of continuity—a ceaseless striving over millennia of exile to return once again to its ancient homeland.

Before the PRC was formed, the Republic of China under the Guomindang regime had established relations with the founders of the Jewish state. These relations continued after Israel declared its independence in 1948 and were expressed in China’s active support for Zionism. Following diplomatic contact with Zionist activists, pre-Communist Nationalist China was one of the 10 nations to abstain from the historic 1947 vote of the UN General Assembly to partition Palestine. The abstention by Nationalist China in fact helped to create the two-thirds majority needed to pass the decision, which demonstrated international legitimacy for the creation of the State of Israel.

A few months after achieving independence, Israel received formal recognition from Nationalist China. Not long afterwards, on 9 January 1950, following the Communist victory on mainland China and the declaration of the People’s Republic, Israel took the surprising and even daring decision to recognize the new regime, thus becoming the first country in the Middle East and the seventh in the West to take such a bold diplomatic initiative during the Cold War. From then on, Israel-Taiwan relations were conducted at the unofficial, nongovernmental, and chiefly commercial level.

Israel’s recognition of the PRC was not reciprocated by Beijing. Minister for Foreign Affairs Zhou Enlai merely acknowledged receipt of the Israeli telegram
of 9 January. On behalf of the Central People’s Government, he extended greetings to Moshe Sharett, Israel’s foreign minister but left Israel’s diplomatic move unilateral.

This was the situation when the Korean War broke out on 25 June 1950. On 2 July, the Israeli cabinet decided that Israel should support the UN resolutions concerning the war. While Sharett and other members of the government called to support South Korea politically and diplomatically, David Ben-Gurion startled his cabinet colleagues by proposing to contribute a contingent of Israeli soldiers to the UN command. This support, he believed, should be extended on the grounds that if Israel genuinely considered this aggression, it should send troops to join the UN forces. Ben-Gurion was overruled by his ministers, but later Israel demonstrated its support by dispatching medical aid and food for civilian relief to the UN forces in Korea. Accordingly, it was now indirectly confronting China.

The goal underlying Israel’s identification with the UN resolutions was to help stop Communist aggression in Korea, and its contribution to the UN forces represented a first step away from nonidentification with the West and toward alignment. It can certainly be defined as a strategic decision, a crucial point in Israel’s embryonic relationship with China. Relations between the two countries were now an integral part of a far wider circle of global considerations.

Interestingly, in other spheres Israel maintained its earlier pre–Korean War policy toward the PRC. Thus, for example, on 19 September 1950, Israel’s delegation at the UN General Assembly voted to allow the PRC to assume China’s seat at the organization. In this move, Israel joined a bloc of 15 member states striving toward the common goal of legitimizing the Communist regime. With the exception of 1954 (due to personal disagreement or misunderstanding between Abba Eban and Sharett), Israel’s UN delegation continued for several years to advocate Beijing’s legitimate right to China’s seat in both the General Assembly and the Security Council. It thus followed countries such as India that clearly distinguished between supporting US policy on Korea and having a fundamentally favorable policy toward the PRC.

The years 1953–55 were crucial for Sino-Israeli relations and nonrelations. In late 1953, after the Israeli delegation opened in Rangoon, Burma, and with reduced tension on the Korean Peninsula, the PRC ambassador in Rangoon, Yao Zhong-ming, contacted David Hacohen, his Israeli counterpart. Hacohen believed that his presence in Rangoon would place him in a position where he could assist in normalizing Israel’s relations with Asian countries, particularly those with China. What interested Hacohen very much was to promote trade between the two countries. Gradually, the dialogue between the two ambassadors grew wider in scope and became practical and constructive, with fruitful exchanges of
ideas for economic and commercial cooperation increasingly evident between them. Hacohen also met with Zhou Enlai when the latter visited Rangoon.

In late January 1955, Israel dispatched a commercial mission to the PRC. An almost mythical vision of an El Dorado–like Chinese market gripped Israel, especially within the Israel Trade Union Federation (Histadrut), where Hacohen was one of the leading figures. The delegation visited Shenyang in Manchuria, where it held important discussions with high-ranking Chinese officials; it seemed that Israel had reached an encouraging new turning point promising closer ties between Beijing and Jerusalem.

However, it was not long before the renewed relationship between the two capitals deteriorated once more. This time the obstacle, at least for the PRC, was not Korea but the April 1955 Afro-Asian conference in Bandung, Indonesia (and possibly the administrative preparations preceding the conference), whose architects decided to exclude Israel and Taiwan and indeed actually boycotted them. Afro-Asian solidarity, which had strengthened during the conference, was immediately followed by closer ties between the PRC and the Arab world, especially Egypt. This in turn led to the almost total cessation of any positive developments in PRC-Israel relations.

A year later, the Suez War broke out, and Beijing accused Israel of serving the imperialist cause. PRC-Israeli relations were frozen for a long time, and the era of nonrelations began (during which the Israeli Communist Party was the only Israeli body to stay in ongoing contact with the Chinese). At the same time, Israeli decision makers could hardly ignore warning messages from Eban, the Israeli ambassador to Washington. He argued that further evenhandedness in Israel’s policy toward China as advocated by Ambassador Hacohen could irreparably damage US-Israel relations. After thoroughly debating the question, the cabinet rejected Hacohen’s “evenhandedness” in favor of the Western (American) stance on the PRC, which was largely nurtured by the atmosphere of the Cold War. The diplomatic freedom that Israel had enjoyed until then—maintaining a de facto nonaligned foreign policy—simply evaporated. In Israel a fierce political and diplomatic debate has waged since, regarding what became known as “the missed opportunity.” This debate continued even after 1992 when Israel and China agreed on full diplomatic relations.

Neither the 1956 Suez War nor the 1967 Six Day War saw any discernible improvement in PRC-Israeli relations. On the contrary, the decade witnessed only growing PRC support for Arab and Palestinian causes.

Only in 1979, during the border war between the PRC and Vietnam, did a new era dawn for Israel-PRC relations. China’s People’s Liberation Army (PLA), which found itself in an extreme state of crisis over its failure to dispatch the
Vietnamese forces effectively, sought military and technological assistance, preferably from suppliers with experience in Soviet-made arms—especially suppliers capable of upgrading their materiel. Ironically, Israel was one of the few countries able to meet the PRC’s urgent needs. Well acquainted with Soviet-made arms captured in the Middle East wars of 1967 and 1973, the Israeli military industry had incorporated highly impressive enhancements in the somewhat outmoded Soviet armaments. Shoul N. Eisenberg, a cosmopolitan Jewish businessman and entrepreneur who enjoyed exclusive privileges as an intermediary between Israel’s military industries and the PRC, played a substantial role. During this period of military cooperation between the two armed forces, Israel supplied the PLA with upgraded T59 tanks, originally Soviet-designed and reequipped with 105 mm guns. Now, relations with Israel seemed to be of increasing significance. It was the beginning of the path leading toward the establishment of proper relations.

Coinciding with Beijing’s predicament, certain fresh developments took place on the Arab-Israeli diplomatic scene that smoothed the way for improved Sino-Israeli cooperation. In 1977 President Anwar Sadat of Egypt visited Israel, and in 1979 a peace treaty between Israel and Egypt was signed. From then on, China’s relations with the Palestinians declined, and Israel–PRC relations steadily improved despite fierce criticism from Beijing regarding Israel’s repeated incursions into Lebanon.

The period 1989–91 saw significant strides forward in Sino-Israeli relations. A Chinese tourism office opened in Tel Aviv, and an Israeli academic mission opened in Beijing. Furthermore, the collapse of the Soviet Union; China’s push for modernization and its growing belief in Israel’s ability to further this objective; the belief in the myth of the American Jewish lobby; strained relations with the Palestinians; and the 1991 Gulf War, when Israel was attacked by Iraqi Scud missiles and refrained from retaliation, all combined to serve as a catalyst for the normalization of ties between the two countries. In addition, as a Security Council member seeking involvement in the Middle East peace process, the PRC was very aware that without full diplomatic relations with Jerusalem, Israel would simply refuse to accept Beijing as a legitimate power.

**Bilateral Relations since 1992**

In 1992 Israel and China established full diplomatic relations. After embassies were opened in Beijing and Tel Aviv, economic and commercial ties between Israel and the PRC grew, at first moderately and later more rapidly. Israeli technologies in fields such as hi-tech, chemical industries, communications, medical optics, and agriculture were exported from Israel to mainland China. Sino-Israeli
trade (around three-quarters of which comprises Chinese exports to Israel) climbed quite impressively in 2006 to approximately $3.8 billion. In 2008 the figure reached $5.53 billion (including diamonds), catapulting China to a significant position among Israel’s trading partners. Though affected by the global financial crisis, by 2009 trade had reduced by only 17 percent (to approximately $4.5 billion, including diamonds) and in 2010 showed a quick recovery with a growth of 48 percent—to $6.78 billion. In 2011 it grew by 19 percent and in 2012 by 32 percent, compared to 2010. The 2013 number is estimated at $8 billion.\textsuperscript{20} Imports to Israel amounted to $5.4 billion in 2011, and Israel’s exports to China were $2.7 billion.\textsuperscript{21}

The China trade excludes business with Hong Kong even though much of it is redirected to the mainland. Thus, the actual trade figures are higher than officially announced. Past figures do not include Israel’s lucrative arms sales to China. In the Cold War years of the 1970s through the early 1980s, these sales, according to outside observers, amounted to $3–4 billion. These clearly could not continue following the pressure exerted on Israel by the American administration.\textsuperscript{22}

Fortunately for Israel, the Chinese are interested in more than just military hardware; therefore, prospects exist for increased civil trade. China is interested in continued access to Israel’s advanced technologies, particularly in the areas of agriculture, telecommunications, and defense. Israel’s Global Environmental Services was involved in a $5 million water purification project in Chinese Inner Mongolia. China is also especially interested in solar energy technologies.

Israel’s biggest export to China is hi-tech, and several established companies have entered the Chinese market. As with other countries, entry into the Chinese market has not always been easy for Israeli companies; in fact, the amount of money that Israeli companies have lost in China has yet to be studied.

At times Israel was China’s second-largest arms supplier after Russia, providing Beijing with a range of weapons including electronic components for tank communication, optical equipment, aircraft, and missiles. Besides the income, Israel also hoped that its sales of military technology would secure Beijing’s agreement not to sell specific weapons to Israel’s enemies in the Middle East. However, this arrangement placed considerable strain on American-Israeli relations, especially since Israel receives more American aid than any other country in the world. Indeed, since 1992 the US government has expressed concern over the transfer of native Israeli and derivative American military technology to the PRC, a concern publicized with regard to the Patriot Air and Missile Defense System, the Lavi jet fighter, and the Phalcon and Harpy aircraft.\textsuperscript{23} As for transactions regarding Patriot missiles, American suspicions were never proved and consistently and adamantly denied by Israel.
The PRC’s lack of access to advanced electronic and information-gathering equipment has long plagued the Chinese military. In the mid-1990s, Israel agreed to sell China the Phalcon, an Israeli-developed, sophisticated airborne radar system—with a price tag of $250 million per plane. This improved Airborne Warning and Control System—early warning radar surveillance aircraft—would allow Chinese commanders to gather intelligence and control the aircraft from a distance. However, Israel’s decision to sell the aircraft to the PRC raised serious concerns at the Pentagon. Initially the Clinton administration urged Israel to cancel the delivery and curb other weapons sales to the Chinese military. Later, it put heavier pressure on Jerusalem.

Eventually in July 2000, despite repeated assurances to China that it would honor its promise to sell the Phalcon regardless of pressure from Washington, Israel cancelled the transaction. Announcement of the cancellation came following Jiang Zemin’s visit to Israel in April 2000, notwithstanding the several guarantees from Israeli prime minister Ehud Barak that the deal would go through. Not surprisingly, Israel’s breach of promise along with the deep mortification of the Chinese leader led to a diplomatic rift between Jerusalem and Beijing.

The Phalcon fiasco provoked heated debate in Israel. Officially Israel claimed that Washington had not been clear enough as to its objection to the transaction. As far as Jerusalem was concerned, this was the origin of the misunderstanding with the US administration. Eventually Israel paid the Chinese $319 million, part as a refund for the deposit paid by the Chinese and part as compensation for the cancellation of the whole deal. The sum agreed on by the parties was in effect an escape for Israel, given Beijing’s original demand for $630 million in expenses and another $630 million as indirect compensation. This would have totaled $1.26 billion, a sum that Israel would have found almost impossible to pay.

Like the Phalcon, Israel’s Harpy drone, an unmanned assault aircraft, was exclusively the product of Israeli technology. Like the Phalcon, the Harpy could be invaluable to mainland China over the Taiwan Strait and Taiwan itself. Apparently both the United States and China lagged behind Israel in the technology used in this drone. In 1994 Israel sold the Harpy planes to Beijing and in 2004 and 2005, contracted to service and repair the drones (or parts thereof), which indeed arrived in Israel for this purpose.

The Pentagon objected to this move even though it was part of the signed contract between Jerusalem and Beijing. The Americans believed that Israel intended not only to service the Harpy aircraft but also to upgrade them although Israel denied this. Late in 2004, State Councilor Tang Jiaxuan visited Israel. This visit, the first by a high-ranking official after the Phalcon affair, increased American suspicions as to Sino-Israeli relations and sparked opposition to the Harpy
deal. Again the security of Taiwan was Washington’s main anxiety. The Americans demanded that Israel not return the Harpies to China even though they were undoubtedly Chinese property. Eventually it was by no means clear whether Israel returned the Harpies without servicing them or whether the planes were ever returned at all. In any event, Jerusalem agreed to pay the Chinese considerable sums in compensation. Moreover, in early September 2005, the director general of Israel’s Ministry of Defense, Amos Yaron, left the ministry following American demands that he resign. Although Israel’s foreign minister Silvan Shalom expressed regret over the whole affair, the Harpy episode reduced American-Israeli relations to their lowest ebb since the case involving Israeli spy Jonathan Pollard broke 20 years earlier.

Explicit rules regarding the transfer of technologies to China have since been agreed on or, more precisely, dictated to Israel by Washington. Moreover, the Americans have imposed restrictions on Israeli exports to China of large and small equipment as well as components that might be suitable for military and civilian (dual use) purposes. According to Chinese sources, the new regulations greatly impede civilian exports to China since all items must be scrutinized, checked, and double-checked for compliance with American demands before they can be dispatched to mainland China. Despite scrupulous compliance checks, there are no guarantees that contracts will be met, and the Chinese are uncertain that Israeli contracts will be concluded. Moreover, Beijing could always impose sanctions on Israeli enterprises not only on the mainland but also in Hong Kong. This would indeed be a grave blow to Israeli exports to other parts of the world as well since other countries may feel unsure regarding a possible US embargo, which would inflict serious damage on Israel’s export trade.

Improved Israeli-PRC relations have failed to deter Beijing from exporting arms to Israel’s potential enemies such as Iraq and Iran. Rather, China took full advantage of the protracted hostilities between the Gulf states, a practice that continued in different guises for a long time. Indeed, especially in light of the Second Lebanon War, it became clear that a new reality has emerged regarding China, Israel, and the Middle East. The PRC is now at the forefront of military technology. Furthermore, Israel is concerned about the sale and transfer of Chinese advanced weapons to nonstate organizations, dramatized acutely by an incident on 14 July 2006. A missile fired by Hezbollah early in the Second Lebanon War damaged the Israeli warship Hanit, a Saar 5–class missile ship off Lebanon, killing four Israel Defense Forces sailors. It was assumed that elite Iranian troops helped fire the missile, a Chinese-made C-802 Silkworm land- and sea-launched antiship missile sold to Iran a decade earlier.
The signs of a certain lull or even a regression in Sino-Israeli cultural relations followed on the heels of two outstanding successes: the visit by the Israeli Philharmonic Orchestra to Beijing in 1995 and the exhibition on traditional China hosted by the Israel Museum in Jerusalem in 2001 over four months. This exhibition was unprecedented in the number of original exhibits brought specially from China. At the exhibition site, an art festival was conducted that included operatic scenes, acrobatics, dance, and various other traditional activities.

In the fall of 2000, an exhibition on the life of Albert Einstein was scheduled to visit five Chinese cities. The exhibition was eventually cancelled when the Chinese Ministry of Culture insisted on removing three facts relating to the famous physicist’s biography: that Einstein was Jewish, that he supported the creation of the Jewish state, and that Israel’s first prime minister invited him to be Israel’s second president, a position the elderly professor declined. Faced with heightening Arab-Israeli tension, China perhaps lacked the motivation to deflect the barrage of Arab criticism that would inevitably follow an exhibit highlighting Einstein’s ties with the Jewish state.

Nonetheless, both Israel and China remain committed to cutting-edge technological cooperation. At about the time of the Phalcon-deal cancellation and the Einstein impasse, China signed an agreement of almost equal value to the Phalcon contract for Israeli-made HK1 and 2 satellites to broadcast the 2008 Olympic Games in Beijing. It provided a good example of China’s ability to draw a distinction between its economic and diplomatic dealings. Understanding this aspect of Chinese behavior and mentality explains apparent disparities within the relationship, such as growing criticism still prevailing in official circles of Israel’s policies toward the Palestinian Authority alongside the conclusion of impressive financial contracts with Israeli companies to deliver hi-tech equipment.

On the whole, between 2002 and the 2005 Harpy affair, bilateral relations and commercial ties between the two countries proceeded uneventfully. An Israeli military mission visited China, and a Chinese mission visited Israel; the Chinese deputy prime minister visited Israel, and Israeli Knesset members visited China; a Sino-Israeli dry lands research center continues with its collaborative studies; and joint research projects were pursued in China’s westernmost province.

By 2013 educational and academic ties between the two countries had certainly proved themselves. Chinese students study and conduct their respective fields of research in local universities. At Tel Aviv University, for example, the Confucius Institute is active not only in academic research but also in teaching the Chinese language to members of the community, including school students. An increasing number of Israeli students travel to China and study in various provinces, exposing themselves to the Chinese language, culture, and particular
disciplines, including Chinese medicine. Indeed, the various exchange programs between the two countries and between their respective academic institutions testify to constructive and productive results. There is no doubt that on both official and popular levels, reciprocal acquaintance with the two societies is growing in an impressive manner. One very apparent feature in this respect is the growing numbers of Chinese books, mainly novels and translations of classical philosophy, that have been introduced to the Hebrew reader. Likewise, Israeli works concerning Judaism, Jewish history, modern Israeli literature, and the Middle East have been translated into Chinese and are spreading in intellectual circles. Chinese Internet sites focusing on Israel and the Arab-Israeli conflict are also quite common.

Gaining a Foothold in the Middle East

September 2000 saw the outbreak of the second intifada. Like most of the world, the Chinese government has been and is still highly conscious of the threat of global terrorism. Thus, even though it has shifted toward greater support for the Palestinian cause and harsher criticism of Israel’s actions in the Palestinian areas, Beijing was conscious of its own issues vis-à-vis its Uyghur population—namely, the predominantly Muslim residents in Xinjiang province—and the terrorist threat it entails. Early in July 2009, serious riots broke out in Ürümqi, the capital city of that remote northwestern province. After about 200 people were killed and about 1,800 injured, the government enforced curfew in most urban areas and restricted cell phone and Internet services. Even prior to the July crisis, some Palestinian circles have made statements effectively calling Xinjiang “occupied” territory. China knows that advocating a strict right to self-determination for Palestinians and Israeli Arabs may well backfire and affect the delicate situation in Xinjiang and Tibet (another problematic province as far as Beijing is concerned).

On the whole, by the beginning of 2006, following the legislative elections victory by Hamas in the Palestinian Authority and the intense concern in the United States about Iran’s nuclear energy program and a Middle Eastern arms race, China’s policy on these matters has demonstrated relative moderation. China was prepared to accommodate the new leaders in Gaza and the government in Tehran, yet at the same time it became gradually more involved in the Arab-Israeli-Palestinian conflict and sent troops on a peacekeeping mission to Lebanon, joining UN observers there.

Another example of China’s Middle East policy emerged from the visit by China’s former foreign minister Yang Jiechi to the Middle East in late April 2009.
In his discussions, he called for progress in the Middle East peace process. “We call upon all parties involved in the issue to take positive and trust-building measures to stabilize the situation, and pave the way for the resumption of the Israeli-Palestinian talks,” said Yang at a press conference after meeting with the Palestinian National Authority... Chairman Mahmoud Abbas.” He also offered a more comprehensive perspective on the greater conflict arena and said that China would like to see the launching of the Israel-Lebanon, Israel-Syria peace negotiation as soon as possible.27

He repeated China’s policy when he met Israeli prime minister Binyamin Netanyahu, saying that China was ready to provide assistance to advance the Israeli-Palestinian peace talks. Indeed, as the top Chinese diplomat noted, China hoped to play a constructive role in the resolution of the Middle East issue.28

On 26 April 2009, while in Damascus, Yang, testifying to China’s interest in serving an active role in the region, issued a five-point proposal to advance the Middle East peace process. “As a permanent member of the UN Security Council, China will continue to maintain close communication and coordination with parties concerned to play a constructive role in pushing for a comprehensive, just and lasting solution to the Middle East issue,” he said after presenting the proposal.29

Despite the declarations and the presence of its special envoy, China’s input in the Middle East has been hardly felt until recently. Its default position is to a great extent pro-Arab in view of its energy interests and its traditional political and ideological interests in Third World countries. It seems that dependence on Middle Eastern oil is considerable.30 No wonder, therefore, that China has on the whole adopted an accommodating policy toward the Arab world and Tehran. Some even say that China’s geopolitical power would increasingly hinge on access to the Middle East’s vast oil supplies. Another interesting fact shows that many Middle Eastern and African states selling oil or oil concessions to China are buyers of Chinese weapons. Arms sales have given China an opportunity to gain a foothold in the region and perhaps strategically develop long-term connections in order to secure its growing energy interests.31

However, by the beginning of the second decade of the 2000s, one could notice a relative improvement in Sino-Israeli relations regarding defense and security matters. Between 12 and 16 June 2011, Israeli defense minister Barak made a visit to China—the first visit of its kind in over a decade. Undoubtedly this was an important breakthrough in Sino-Israeli relations since 2000. Barak met with his Chinese counterpart, the chief of staff, and the deputy prime minister and made an official inspection at some military sites. Despite the absence of any indication that concrete agreements were reached regarding the sales of arms or military technology transfer, one should note that three weeks following Barak’s
visit, it was learned that Israeli industries would participate in an international tender concerning the establishment of a factory for manufacturing executive jet planes in Chengdu, the capital of Sichuan province. In the tender, initiated by the Chinese Aviation Industry Corporation, Canadian and American companies participated alongside Israeli firms.

On 14 August 2011, Chen Bingde, the Chinese chief of staff, arrived in Israel. He met with President Shimon Peres, Prime Minister Netanyahu, Defense Minister Barak, and Binyamin “Benny” Gantz, chief of staff of the Israel Defense Forces. Strategic matters, collaboration in various technological fields between the two countries, and the international tender were most probably discussed.

It can be said that summer 2011 signified a turning point in Sino-Israeli relations. This trend continued through 2012 and 2013 despite Beijing’s fierce criticism of Israel’s November 2012 “Pillar of Defense” military operation in Gaza. In August 2012, the Qingdao guided-missile destroyer, the Yantai guided-missile frigate, and the Weishan Lake comprehensive supply ship of the 11th Chinese Naval Escort Task Force under the Navy of the Chinese PLA arrived at the Haifa Port in northern Israel for a four-day-long friendly visit. It was the first time for Chinese naval ships to visit Israel. Israeli officials also visited China, one such visit taking place in July 2013 when Naftali Bennett, minister of industry, trade, and labor, met with Chinese officials such as the National Development and Reform Commission’s deputy head. As a former entrepreneur himself, Bennett tried to solve the sensitive issue of foreign ventures in China and help Israeli companies penetrate the Chinese market. Prior to this visit, Prime Minister Netanyahu visited China in May—the first visit by an Israeli prime minister since Ehud Olmert’s 2007 trip. Netanyahu met with Premier Li Keqiang, and the two leaders decided to set up a special work group to study bilateral economic and social cooperation. They also signed cooperation documents in such fields as agriculture, technology, finance, and education. Netanyahu reiterated that China was an essential engine for continued Israeli economic growth: “We don’t need to compete. . . . If we join our efforts, we can have competitive dominance in the world.”

During the Israeli prime minister’s visit, Abbas, the Palestinian Authority president, conducted his own tour of China. The Chinese thus made it crystal clear that they would no longer leave the Middle East peace process to the United States and Europe alone. The new leaders, Li and Xi, seem to have adopted a subtle shift in conducting their foreign policy—one that would allow China to emerge not only as a leading economic power but also as a prominent diplomatic authority. China would thus need to address sensitive issues—mainly those relating to the Israeli–Palestinian conflict—and maintain good relations with both Israel and Palestine. Beijing’s idea, which never materialized, to make the two
leaders meet while on Chinese soil seems to have been a clear indication of its future moves. Interestingly, Netanyahu’s visit was preceded by reported Israeli strikes against Syrian military sites. In order not to spoil the visit, Chinese spokeswoman Hua Chunying expressed restrained criticism of the strikes and avoided naming Israel. Xi and Li, on their part, stressed during their meetings with Netanyahu the need to create the desirable conditions that would enable restarting negotiations between the two parties with the view to advance peace in the entire region.37

Beijing’s foreign policy shift may have its own effect on traditional cordial relations between Washington and Jerusalem. Following Netanyahu’s visit, it was reported that he had succumbed to pressure exerted by Beijing and prevented a former Israeli intelligence official, Uzi Shaya, from testifying in a certain trial to be held in New York. The case involved the Bank of China, which had apparently acted as a conduit for cash used to carry out a Palestinian terrorist attack in which an American citizen had been killed. The victim’s parents decided to sue the bank, having guarantees from the Israeli government that relevant Israeli officials would testify in the trial. The Chinese authorities most probably threatened to cancel Netanyahu’s visit unless he prevented the crucial testimony.

According to some analysts, at a time when relations between Beijing and Washington seemed strained over issues of cybersecurity and theft of intellectual property, Netanyahu chose China. American senators and the victim’s family naturally criticized the decision, but to this day Israel has not been asked to pay a real price for this incident. Chinese officials described Netanyahu’s visit as “determining the direction [Sino-Israeli] the relationship will take in the coming years, elevating ties to a new level.”38 The questions to be asked are whether Jerusalem had not repeated the mistaken path it had taken in the arms-sale fiascoes from a decade earlier. Doesn’t the fact that the Chinese showed no interest in resolving the dispute peaceably and that they actually dictated their line to Israel serve as a sign of what will come? Isn’t the new, more-involved line in China’s foreign policy a symptom of an authoritarian, assertive, and demanding price tag?

International Perspectives and Future Prospects

Prior to the outbreak of the world financial crisis, Chinese historians studied the rise and fall of great powers such as Spain, imperial Britain, and even the United States. An updated version of their research was presented to members of the Politburo of the Chinese Communist Party and shown as a 12-part series on television. After all, China has itself become an empire (albeit without colonies) and a major international power although international public opinion has yet to
internalize this development. China amassed foreign currency reserves, and if Beijing decided, for example, to transfer a large part of its investments into euro-denominated holdings and did so cautiously and thoughtfully, it could do considerable damage to the American economy. Indeed, China has become a major factor capable of influencing the fate of the world’s leading power, not to mention other countries.

After the end of the Cold War, it became a commonplace that the bipolar international system no longer existed and that the United States, the sole superpower, maintained an almost two-decade-long, unshakable hegemonic position. This common belief seems not to have taken into account China’s “peaceful rise” (heping jueqi), especially apparent prior to the present global financial crisis.

Thus, as far as Israel’s grand strategy is concerned, China’s economic-financial performance and the prospects for a tangible, global, diplomatic strategic rise ought to arouse serious thinking as to the future priorities of its global orientation. In addition, China’s drive to seek scientific and technological cooperation and even multilateral security arrangements with countries such as Israel that are considered US allies could potentially be a serious bone of contention between China and the United States. Only when repercussions are felt in the Middle East would those issues become urgent for Israel.

Should China’s appetite for natural resources increase again, it might recreate deep anxiety in Washington and lead to a dangerous if not historical crossroads with ripple effects on Israel and the Middle East. Indeed, historically speaking, the clashes among two contending powers emanating from a search for mere living space or a battle over survival can lead to quite unfortunate results. Just as in the critical juncture during the Korean War, Israel might find itself in a situation with formative and far-reaching implications.

Israel has come a long way since the late 1970s when its Foreign Ministry, facing budgetary cutbacks, decided to close Israeli missions in Hong Kong and South Korea. In those days, Israel’s Eurocentric orientation was so strong that the appointment of yet another diplomat in Paris or New York was seen as much more urgent than maintaining delegations in emerging East Asia countries.

A consulate general in Guangzhou was opened in March 2009 to enhance cooperation between Israel and four important provinces in southeast China—Guangdong, Guangxi, Fujian, and Hainan—populated by about 220 million people in an area 30 times the size of Israel. A new consular mission is planned in Chengdu. Measures such as stepping up cooperation in agriculture and technology for peaceful purposes and promoting Chinese tourism to Israel are designed to double and even triple the volume of Sino-Israeli trade. They seem necessary in view of the limitations on Israeli strategic exports to China currently imposed by
the United States. These and possible sanctions imposed by Beijing, under specific circumstances on Israeli enterprises, could mean a grave blow to Israeli exports elsewhere in the world as well. Therefore, prospects for increased China-Israel trade are far from assured, and hopes cherished in Jerusalem regarding bilateral trade relations may not materialize.

A drastic change of course by Jerusalem vis-à-vis China could be seen as an unwise and premature move that could risk what Israel has at hand—namely, Washington's full sympathy and support. As for the disappointment regarding trade with China, again one can argue that, given the rigid constraints imposed by the American administration following the Phalcon and Harpy affairs, Jerusalem finds itself in an impossible position and has to continue to accept the American demands/requests unconditionally. Nonetheless, the question remains as to whether more imaginative and creative steps should be tried.

From the Chinese viewpoint, improved relations with Israel and the Jewish people risk bringing into focus China's difficulty with its Muslim minority, an issue reminiscent of Israel's past dealings with India. Robust Sino-Israeli relations are also likely to jeopardize China's relations with the greater Muslim world and hamper its growing dependence on Middle Eastern oil producers. On the other hand, closer China-Israel links could benefit Sino-American relations.

In light of the narrative and thesis presented here, and despite the various constraints, it seems that significant steps should be taken to further improve Sino-Israeli relations and enable Jerusalem to benefit from ever-closer relations with Beijing. Israel should try to gradually venture an alternative, cautious, fresh policy toward China. Its decision makers must internalize the emerging global situation, especially in light of the possible scenario that not one hegemonic power but two (or three) will be present in the international arena. Indeed, in the emerging bipolar or tripolar world, China will be cast as a major actor.

As already mentioned, it seems that Israel should periodically reassess its overall China policy. While it could certainly expect an increase of its exports of civilian products and technologies to the PRC, the renewing of exports of military materiel there is unlikely, at least for the foreseeable future. Even the export of products with dual-use characteristics appears difficult. Jerusalem should likewise conduct a serious examination and see whether all proper efforts have been exerted to enhance trade with China. Removal of administrative obstructions relating to trade with China is most urgent. Also, concrete steps to strengthen pro-Israeli sentiments still prevailing among Chinese intellectuals and within wide circles of the Chinese public must be taken. Israelis in various fields should approach young, promising Chinese likely to become China's next reservoir of leadership both at the national and regional levels and seek further collaboration and
enhancement in “neutral” fields—agriculture and sciences included. Strengthening of informal, academic, and research contacts with various relevant quarters in China is also of utmost importance.

A quiet yet substantial transformation is taking place at present in the international arena, and decision makers in Jerusalem should be careful not to disregard it. They should even take more daring steps toward Beijing, though at times this seems impractical.

Notes

1. See, for example, Paul Rivlin, “The Economic Melt-Down (1): America,” Tel Aviv Notes, 28 October 2008.


10. Ibid., xviii.


17. In 1987 the Israeli government decided to foster trade relations with China, and Amos Yudan was elected to manage this operation by establishing COPECO, a commercial company in Hong Kong. The company was very instrumental in the future establishment of commercial relations between the two countries.

18. The T59 is a Chinese-produced version of the ubiquitous Soviet T-54A tank. It formed the backbone of the Chinese Army until the early 2000s.

19. This was headed by Prof. Joseph Shalhevet (appointed 1990). In 1992, when diplomatic relations with the PRC were established, he served as Israel’s cultural attaché. Israel’s consulate general in Hong Kong, headed by Reuven Merhav, was most instrumental in preparing the ground toward the establishment of Sino-Israeli diplomatic relations.


23. The Internet includes many references to this issue. For a summary and some interpretation, see Shai, “China and Israel.”


25. See, for example, Shai, “China and Israel.”

26. For more on Xinjiang in this context, see, for example, Colin Mackerras, “Xinjiang and the War against Terrorism,” in Shen, China and Antiterrorism, 91–112; and Yitzhak Shichor, Ethno-Diplomacy: The Uyghur Hitch in Sino-Turkish Relations, Policy Studies 53 (Honolulu: East-West Center, 2009), http://scholarspace.manoa.hawaii.edu/bitstream/handle/10125/10349/ps053.pdf?sequence=1.


30. For more on this topic see, for example, China Daily, accessed 28 October 2013, http://www.chinadaily.com.cn.


