

Sino-Israeli Relations: Current Reality and Future Prospects

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Abstract: *More than 60 years' Sino-Israeli relations experience twists and turns. Republic of China government has helped the Jews and in deed supported the establishment of Jewish state. One year after the founding of State of Israel, the People's Republic of China was established, Israel turned to the new regime, but the Korean War and the Bandung Conference made the relationship between Israel and China become cool and eventually break. The ease of Sino-US relations, Israel-Egypt peace talks and Sino-Vietnam border war provide the opportunity for the development of Sino-Israeli relations again, and Hong Kong became the bridgehead of dual military, economic and political cooperation; the two countries established diplomatic relations in 1992 eventually. Due to the repeated Israel-Arab relations, the American pressure on Israeli arms exports to China and China's internal ethnic separatism, China swifts between Israel and Islam-Arab countries with limited success in the involvement in Middle East peace process. In the current global financial crisis, the international community recognizes the important position of China, Israel needs new China policy which fits the era of international system transformation.*

Key Words: *Sino-Israeli Relations; Israel's China Policy; Military and Technical Cooperation; Global Financial Crisis*

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When Israeli leaders arrived in the People's Republic of China 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 policymakers in the United States, is now in the midst of a distinct transformation. It focuses on the need to translate the astonishing results of its opening-up Door economic policy, adopted in the early 1980s, into global diplomatic influence. The extravagant Olympic Games and the Expo projects are just two more steps towards 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 resources, geopolitical achievements, and – increasingly – political-diplomatic hegemony in various global centers, particularly in Asia and Africa, the question is how Israel can prepare itself to adopt a reassessed China policy for the near future, particularly in the post-crisis era?

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 (Rivilin, 2008: October 28). The multi-billion dollar bailout plan has to a great 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 Afghanistan), 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, the national savings rates have also fallen. The sub-prime crisis in the real estate sector has ignited an additional crucial threat to the American economy.

In light of this situation, it seems quite obvious that the United States cannot 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 establish a presence in South America, Saudi Arabia, Iran, and many other countries. ^① Similarly, even though it would have liked China to assume a mere secondary role in the Middle East, it seems that Beijing continues to invest in the region and to be increasingly involved there. These are undoubtedly crucial developments to be reckoned with.

Similarly, China can boast impressive economic indicators. Until 2007 China had a huge positive balance of trade versus the United States (over \$256 billion in 2007). This positive balance was on the rise when the world financial crisis erupted in September 2008. By April 2009, for example, China offered its Asian neighbors a \$25 billion credit line aiming at assisting them to extricate themselves from the severe repercussions of the world crisis. Clearly, this initiative did not lack an obvious political motive, namely, to enhance and advance Beijing's influence in the region. China's offer of financial aid indicated, as did other developments, that Beijing, now the world's second largest economy, was the first to show signs of overcoming the

^① There are numerous articles and sources on this issue in the web. See, for example, Stephen Johnson, "Balancing China's Growing Influence in Latin America"; October 24, 2005, <http://www.heritage.org/research/latinamerica/bg1888.cfm>.

recession. China's central bank announced in March 2009 that the government's economic and monetary steps disclosed in late 2008 may indeed salvage the Chinese economy from the crisis. And, indeed, in the past two-three years there are clear signs that China's economy again reached an impressive annual growth.

In light of the overall arguments presented, serious thought should be given in Jerusalem 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 Sino-Israeli relations are not, as far as global international relations are concerned, so significant. US-China bilateral relations, the China-India-United States triangle, or even Beijing's dynamic role in the United Nations Security Council are 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 envoy 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 Sixty-Year Retrospective

Two ancient nations, cradles of rich civilizations, are geographically situated at opposite ends of the Asian continent.^①

^① This chapter is based on numerous primary and secondary sources including the Israeli and the Chinese foreign offices and Aron Shai, "China and Israel - Strange Bedfellows 1948-2006", in Simon Shen, ed., *China and Antiterrorism*, New York: Nova Science Pub Inc.2007.

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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 Kuomintang 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 ten nations to abstain from the historic 1947 vote of the United Nations 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 January 9, 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 daring diplomatic initiative during the Cold War. From then on Israel-Taiwan relations were conducted at the unofficial, non-governmental, and chiefly commercial level.

Israel's recognition of the PRC was not reciprocated by Beijing. Minister for Foreign Affairs Zhou En-lai merely acknowledged a receipt of the Israeli telegram of January 9. 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 June 25, 1950. On July 2, 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, 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 South Korea, and its contribution to the UN forces represented a first step away from non-identification with the West and towards 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 towards the PRC. Thus, for example, on September 19, 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 towards the common goal of legitimizing the Communist regime. With the exception of 1954 (due to personal disagreement or misunderstanding between A. Eban and M. Sharett), Israel's UN delegation continued to advocate Beijing's legitimate right to China's seat in both the General Assembly and the Security Council for several years. It thus followed countries such as India that clearly distinguished between supporting United States policy on Korea and having a fundamentally favorable policy towards the PRC.

The years 1953-55 were crucial for Sino-Israeli relations and non-relations. 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 Zhongming, contacted David Hacoheh, his Israeli counterpart. Hacoheh 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 relations with China. What interested Hacoheh very much was to

promote trade between the two countries. Gradually, 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. Hacoheh also met with Zhou En-lai when the latter visited Rangoon.

In late January 1955 Israel dispatched a commercial mission to the PRC. An almost mythical vision of an Eldorado-like Chinese market gripped Israel, especially within the Israel Trade Union Federation (Histadrut), where Hacoheh 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 (and possibly the administrative preparations preceding the conference), whose architects decided to exclude Israel and Taiwan and indeed actually boycotted them. The 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 in 1956, and Beijing accused Israel of serving the imperialist cause. PRC-Israeli relations were frozen for a long time, and the era of non-relations (during which, the Israeli Communist Party was the only Israeli body to stay in ongoing contact with the Chinese) began. At the same time, Israeli decision makers could hardly ignore warning messages from Abba Eban, then Israeli ambassador to Washington. Eban argued that further evenhandedness in Israel's policy towards China as advocated by Ambassador Hacoheh could irreparably damage United States-Israel relations. After thoroughly debating the question, the cabinet rejected Hacoheh'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 non-aligned 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 discernable improvement in PRC-Israeli relations. On the contrary, the decade only witnessed 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 that were 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.^① During this period of military cooperation between the two armed forces, Israel supplied the PLA with upgraded T59 tanks, originally Soviet-designed and re-equipped with 105 mm guns.^② Now, relations with Israel seemed to be of

^① In 1987, the Israeli government decided to foster trade relations with China, and Amos Yudan was elected to manage this operation by establishing a commercial company in Hong Kong, named COPECO. The company was very instrumental in the future establishment of the commercial relations between the two countries.

^② The T-59 is a Chinese produced version of the ubiquitous Soviet T-54A tank. It formed the backbone of the Chinese Army until early 2000s.

increasing significance. It was the beginning of the path leading towards 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 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 was opened in Tel Aviv, and an Israeli academic mission opened in Beijing.^① Furthermore, the collapse of the Soviet Union; China's push for modernization and its growing belief in Israel's ability to further this objective and 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, initially moderately and later more rapidly. Israeli technologies in fields such as hi-tech,

^① This was headed by Prof. Joseph Shalhevet (appointed in 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 towards the establishment of Sino-Israeli diplomatic relations.

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 it had reduced only by 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. Imports to Israel amounted on 2010 to \$4.7 billion, and Israel's exports to China were \$2 billion (a growth of 92 percent comparing with 2009!).^①

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.^②

Fortunately for Israel, the Chinese are interested in more than just military hardware, and 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 (GES) is 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

^① See, e.g., <http://www.israeltrade.org.cn>; <http://www.tamas.gov.il> and memoranda sent to the author by the Trade Representative to China, Embassy of Israel, Beijing, August 8, 2008 and March 2009.

^② Indeed, the China-Israel trade between January and April 2009 decreased by 18 percent in comparison to the same period in 2008. The Israel Export and International Cooperation Institute. Accessed July 7, 2011.

companies have entered the Chinese market. As with other countries, entry into the Chinese market has not always been easy for Israeli companies, and in fact, how much money 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.^① As for transactions regarding Patriot missiles, American suspicions were never proved and were 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 AWACS – 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 US Pentagon. Initially, the Clinton administration urged Israel to cancel the delivery and curb other weapons sales to the Chinese military. Later, heavier pressure was applied on Tel Aviv.

Eventually, in July 2000, despite repeated assurances to China that it would honor its promise to sell the Phalcon regardless of

^① On this issue, many references can be found in the net. For a summary and some interpretation see, Aron Shai, "China and Israel – Strange Bedfellows 1948-2006".

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. This, as far as Tel Aviv was concerned, 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 Straits and Taiwan itself. Apparently both the US 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 Tel Aviv and Beijing. The Americans believed that Israel not only intended to serve the Harpy aircrafts, but to upgrade them as well, although this was denied by Israel. Late in 2004, State Councilor Tang Jiaxuan visited Israel. This visit, the first visit 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. By 2011 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, Tel Aviv 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 Defense Ministry following American demands that he resign, and 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 Jonathan Pollard case broke twenty 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 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 in 2006, 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 non-state organizations, dramatized acutely as an example by the July 14, 2006 incident (Israel Ministry of Foreign Affairs). A missile fired by Hizbollah early in the Second Lebanon War damaged the Israeli warship *Hanit*, a Saar 5-class missile ship off of Lebanon, killing four IDF sailors. It was assumed that elite Iranian troops helped fire the missile, a Chinese-made C-802 Silkworm land and sea launched anti-ship 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 (Shai, 2007). 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.

Nevertheless, 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 towards the Palestinian Authority, alongside 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 2011 educational and academic ties between the two countries have certainly proven 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.

Regarding defense and security matters. Between June 12 and 16, Israeli defense minister, Ehud Barak, visited China. It was the first visit of its kind in over a decade. This was undoubtedly an important breakthrough in Sino-Israeli relations since 2000. During his visit,

Barak met with his Chinese counterpart, the chief of staff and the deputy prime minister. He made an official inspection at some military. Though there were no indications that concrete agreements were reached regarding the sales of arms or military technology transfer, it is to be noted that three weeks following Barak's visit, it was learned that Israeli industries would participate in an international tender concerning the establishment of an executive jet planes factory in Chengdu, the capital of Sichuan province. In the tender, initiated by the Chinese Aviation Industry Cooperation (AVIC), Canadian and American companies participated alongside with Israeli ones.

On August 14, 2011, the Chinese Chief of Staff, Chen Bingde, arrived in Israel. He met with President Shimon Peres, Prime Minister Binyamin Netanyahu, the defense minister, Ehud Barak, and IDF Chief of Staff, Benny Gantz.^① Strategic matters, collaboration in various technological fields between the two countries and the international tender were most probably discussed.

It can certainly be said that summer 2011 signified a turning point in Sino-Israeli relations.

China, the Palestinians, and the Middle East

September 2000 saw the outbreak of the second intifada. Like most of the world, the Chinese government has been and still is highly conscious of the threat of global terrorism. Thus, even though it has shifted towards greater support for the Palestinian cause and harsher criticism of Israel's actions in the Palestinian areas, Beijing is 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.^② Early in July 2009 serious riots broke out in

^① See e.g. <http://www.jpost.com/Defense/Article.aspx?id=232878>.

^② For more on Xinjiang in this context see, for example, Colin Mackerras, "Xinjiang and the War against Terrorism," in *China and Antiterrorism* and Yitzhak Shichor, "Ethno-Diplomacy: The Uyghur Hitch in Sino-Turkish Relations", in *Policy Studies* 53, Honolulu: East-West Center, 2009.

Urumqi, the capital city of that remote northwestern province. After about 200 people were killed and about 1800 were injured.

Even prior to the crisis in July, some Palestinian circles have made statements effectively calling Xinjiang "occupied" territory. If this approach continues, the Palestinians could stir up serious difficulties for China. Similarly, if China persists in criticizing Israel and continues to advocate a strict right to self-determination for Palestinians and Israeli Arabs, its campaign may well backfire and affect the delicate situation in Xinjiang and Tibet. In other words, if China criticizes Israel for opposing self-determination, what is there to prevent foreign countries and institutions from supporting China's Muslim and Tibetan minorities should they demand the same?

On July 25, 2006, during the Second Lebanon War, a Chinese UN officer, Du Zhaoyu, and three observers from Austria, Finland, and Canada were killed when an Israeli bomb hit their bunker near Khiyam. China strongly condemned the Israeli raid on the UN peacekeeping post and urged Israel to carry out a thorough investigation and apologize to China and the victims' families. China's ambassador to the UN called for a ceasefire in Lebanon and demanded that Israel be condemned in view of its air strikes in Lebanon. Beijing also requested that the UN be involved in an inquiry of the incident. These two diplomatic initiatives were blocked by an American veto in the UN Security Council.

On the whole, however, it can be argued that by the beginning of 2006, following the legislative elections victory by Hamas in the Palestinian Authority and the intense concern about Iran's nuclear energy program in the United States (with particular anxiety regarding 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 and joined UN observers stationed there. In 2007 China conducted talks over the Lebanon question with Iran. Overall, China, being a permanent member of the UN Security Council, is

expected to play a more active role in various conflict arenas worldwide, the Gaza Strip and Lebanon included.

Another example of China's Middle East policy emerged from the visit by China's Foreign Minister Yang Jiechi to the Middle East in late April 2009. In his discussions, Yang encouraged the resumption of Israeli-Palestinian talks and 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 Authority (PA) Chairman Mahmoud Abbas. He also offered a more comprehensive perspective on the greater conflict arena: "We would like to see the resumption of the Israeli-Palestinian peace talks at an early date; at the same time, we would also like to see the launching of the Israel-Lebanon, Israel-Syria peace negotiation as soon as possible" (*Xinhua News*).

He repeated China's policy when he met Israeli Prime Minister Binyamin Netanyahu, and said 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. For his part, Netanyahu informed Yang of Israel's approach and said the Israeli government attached great importance to its relations with China. Israel was ready to expand mutual beneficial cooperation and achieve common development.^①

On April 26, 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. First, the parties should continue the peace talks and advance the peace process on the basis of relevant international proposals, including UN resolutions, the "land for peace" principle, the Roadmap, and the Arab peace initiative. Second, the parties should take positive confidence-building

^① See, for example, *China Daily*, http://www.mp3-mp4-ipod.cn/china/2009-04/24/content_7711957.htm, and <http://www.china-un.ch/eng/xwdt/t558942.htm>, April 23, 2009.

measures to restore stability and foster positive conditions for the peace process. Third, China upholds the two-state solution formula and calls for an early establishment of an independent Palestinian state and alongside Israel: "This is the ultimate way out for the Palestinian issue, which can give guarantee to the Middle East peace and security." Fourth, the international community should continue to attempt to resolve the Palestinian issue, including address of the internal Palestinian political and economic challenges. Fifth, peace negotiations on the various tracks – Palestinian, Syrian, and Lebanese – should be coordinated so as to advance a comprehensive peace in the Middle East. Thus, "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." (*Foreign Minister Yang Jiechi Makes Five-point Proposal to Promote Mideast Peace Process*).

In addition, Yang paid tribute to the ties between China and the four Middle East nations he visited, and affirmed the importance of cooperation, bilateral exchanges, mutual political trust, and coordination on international and regional affairs. Regarding the global financial crisis, Yang noted China's importance in weathering the situation, and pledged China's help in trade and energy-related outlets in the Middle East. In particular, China hopes to translate the financial crisis into mutually beneficial economic opportunities, particularly in areas of trade, investment, energy, infrastructures, and human resources development (*Foreign Minister Yang Jiechi Makes Five-point Proposal to Promote Mideast Peace Process*).

Yet despite the declarations and the presence of its special envoy, China's input in the Middle East has been hardly felt. The US and the Quartet are still the main diplomatic players in the Middle East scene. It seems that Israel's primary challenge is to have the Chinese emissary motivated to advance or at least understand better Israel's diplomatic agenda. China's default position is to a great extent pro-Arab in view of its energy interests and its traditional political and ideological interests in the Third World countries. China's oil import

from the Middle East has increased from 1.15 million tons in the 1990s to 45 million tons in 2004. In 2005 China's oil imports from the Middle East reached 58% of its entire oil imports, with 13.6% originating from Iran. Since the outbreak of the world financial crisis in the autumn of 2008, oil imports from the Middle East were down. After the government looked to other nations to secure its energy supply, the ratio of China's imports from the region to total oil purchased overseas dropped to about 40 percent in 2007.^① Still, it seems that dependence on Middle Eastern oil is considerable. No wonder, therefore, that China has on the whole adopted an accommodating policy towards 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 (Pentland, 2011: January 7).

Mainland China, Israel, and Hong Kong

Now that Hong Kong is an integral part of China, Israel's relations with the Special Administrative Region (SAR), as it has been called since reverting to China in July 1997, are also of relevance to Sino-Israeli bilateral relations.

For many years, Hong Kong was Israel's second largest trade partner in Asia after Japan. The former British Crown Colony then provided both direct and indirect export markets as well as an important source of imports.

When Israel opened a consulate general in the colony in 1973, hopes grew for an imminent Israeli-PRC rapprochement. However, after two years it was clear that Israeli efforts to improve relations with the PRC were doomed. At the same time, due to budget cuts in

^① For more on this topic see, e.g. *China Daily*, <http://www.chinadaily.com.cn>.

Israel, the consul general in Hong Kong was recalled, although the consulate offices remained operational under an honorary consul, a local Jewish businessman.

The 1984 Sino-British Joint Declaration on Hong Kong and the improvement in Sino-Israeli relations provided a further opportunity to promote PRC-Israeli exchanges. An article in the document granted that "consular and other missions of states having no formal diplomatic relations with the PRC may either be maintained or changed to semi-official missions." Thus in 1985, Israel's consulate general in Hong Kong was reopened to serve as Israel's principal China-watching outpost, and the colony soon became a convenient meeting ground for official and unofficial PRC representatives. This facilitated the discussion of political and economic issues, which made Hong Kong the channel through which Israeli businessmen, academics, and tourists passed on their way to the PRC. Besides its regular service of maintaining contact with the local Jewish and Israeli community and of promoting ties in different fields between Israel and the colony, the consulate general also acted as an advanced logistical base, offering services to the few Israeli companies and individuals wishing to develop business interests in the PRC.

The establishment of full PRC-Israeli diplomatic relations in 1992 naturally limited the role of Hong Kong as a bridge between the two countries. Nowadays, the former colony plays a more traditional consular role.

International Perspectives

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 twelve-part series on television. After all, China has itself become an empire (albeit without colonies) and a major international power, though international public opinion has yet to internalize this development. China amassed

foreign currency reserves of more than \$3 trillion by March 2011 (People's Bank of China, [pbc.gov.cn](http://www.pbc.gov.cn), March 31, 2011)^① (excluding reserves held by Hong Kong's Special Administrative Region), and if Beijing decided, for example, to transfer a large part of its investments into Euro-denominated holdings and did it 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. China recently invested billions of RMB in a variety of projects in Africa, most of which are intended directly or indirectly to access mines, oil, and other natural resources.

After the end of the Cold War, it became a commonplace that the bi-polar international system no longer existed and 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.

What characterizes the peaceful rise?

In recent years China has conducted a quiet but significant policy debate over the country's strategic direction in global affairs. In newspapers, magazines, and internal papers, Chinese officials and scholars have discussed China's strategic option of translating its impressive economic success into a new domain - international politics. From a Chinese viewpoint, adopting the "new pathway" (*xin daolu*) does not signal entering a global conflict with the United States or with any regional bloc, rather the contrary, signaling to the world that Beijing seeks to manage this process to prevent conflict. In fact, this move is regarded as compatible with China's well publicized "policy of harmony" (*he xie*) - a national campaign to build a harmonious domestic society aimed at rejuvenating China along its own rich and ancient cultural traditions. "Peaceful rise" is China's way of acknowledging the historical problems associated with being a

^①. People's Bank of China, http://www.pbc.gov.cn/publish/diaochatongjisi/3172/2011/20110414145815489148274/20110414145815489148274_.html.

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rising power, of similar mind with China's delayed reaction to the infamous "China threat" mentioned so often by its many rivals worldwide. Indeed, Washington is concerned about China's track record of weapons sales, technology transfers, and nuclear energy assistance to so called failed states such as Iran and Syria (which possesses a very small Chinese built research reactor).

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. While this has little to do with the immediate or near future, somewhat daring thoughts, even brainstorming, should take place for long term planning. This can be done, for example, by regular high level consultations with academics and other experts on Asia in the Ministry of Foreign Affairs, Ministry of Defense, National Security Council, and Prime Minister's Office. An essential precondition to such collaboration should be open and frank deliberations and the welcoming of non-conventional ideas.

There are other global issues that bear some relevance, albeit indirectly, to Sino-Israel relations. China's drive to seek scientific and technological cooperation and even multilateral security arrangements with countries in Asia, Europe, Central Asia, South America, Africa, Canada, and other US allies has little direct bearing on Israel or on Sino-Israel relations, even though this 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 following the end of the world recession, it might recreate deep anxiety in Washington and lead to 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.

Sino-Israeli Relations: Future Prospects

Israel came a long way since the late 1970s when the Foreign Ministry in Jerusalem, 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 in the consulate in New York was seen as much more urgent than maintaining delegations in emerging East Asia.

A consulate general in Guangzhou was opened in March 2009. It is to enhance cooperation between Israel and four important provinces in south-east China, Guangdong, Guangxi, Fujian and Hainan populated by about 220 million people on an area 30 times the area of Israel.

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 Sino-Israeli trade volume. They seem necessary in view of the limitations on Israeli exports to China currently imposed by the United States. These and possible sanctions imposed by Beijing 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.

True, 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 it can be argued 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 a more imaginative step could not have been or should be taken.

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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, significant steps should be taken in order to further improve Sino-Israeli relations and enable Jerusalem to benefit from ever closer relations with Beijing. Israel ought to try and gradually venture an alternative cautious fresh policy towards China. Its decision makers must internalize the emerging global situation, especially in light of the possible scenario that no longer one hegemonic power will be present in the international arena, but rather two (or three). Indeed, in the emerging bi- or tri-polar world, China will be cast as a major actor.

In light of the likely new realities, Jerusalem should:

1. Reassess its overall China policy. While it could certainly expect an increase of its exports of civilian products and technologies to the People's Republic of China, 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;
2. Conduct a serious examination of whether all proper efforts have been exerted to enhance trade with China;
3. Remove administrative obstructions relating to trade with China;
4. Take concrete steps in order to strengthen pro-Israeli sentiments prevailing among Chinese intellectuals and within wide circles of the Chinese public. Approach potential young promising cadres likely to become China's next reservoir of leadership both at the national and regional levels;
5. Seek further collaboration and enhancement in "neutral" fields - agriculture and sciences included;

6. Strengthen informal, academic and research contacts with various relevant circles in China;

7. Emphasize that some Israeli scholars and independent strategic and political thinkers maintain that a new and different China policy should be adopted by Jerusalem and that there are diverse ways of balancing the Israel-China-US triangle;

8. Collaborate further and more intensely with Chinese stationed at the United Nations headquarters.

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.

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