



The S. Daniel Abraham Center  
for International and Regional Studies



Confucius Institute

# The Evolution of Israeli-Chinese Friendship

*Aron Shai*



Research Paper

7



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The S. Daniel Abraham Center  
for International and Regional Studies

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The Center's founding director is Prof. Raanan Rein. Rein is the Vice President of Tel Aviv University. He is the Elias Sourasky Professor of Spanish and Latin American History, author of numerous books and articles published in various languages and in many countries. He is a member of Argentina's Academia Nacional de la Historia, and co-President of the Latin American Jewish Studies Association (LAJSA).

The Argentine government awarded him the title of Commander in the Order of the Liberator San Martin for his contribution to Argentine culture. Rein was visiting scholar at the University of Maryland, College Park, and Emory University, Atlanta GA.

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The Confucius Institute at Tel Aviv University was established in 2007, the first Institute of its kind in Israel. Since its inception, the Institute has played a major role in the advancement of Sino-Israeli relations in general and the knowledge of China's rich culture in particular. The Institute has contributed to the furthering of research about China in Israel and at Tel Aviv University, the dissemination of China's culture and heritage, and the enhancement of Chinese language teaching.

The Institute's Director is Dr. Ori Sela. He is author of numerous publications in Sinology and an authority on China's early modern and modern history, thought, knowledge and identity.

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The S. Daniel Abraham Center  
P.O.B. 39040  
Ramat Aviv  
Tel Aviv 69978  
Tel: +972-3-6406667  
Fax: +972-3-6406660  
E-mail: [dacenter@post.tau.ac.il](mailto:dacenter@post.tau.ac.il)  
[www.tau.ac.il/humanities/abraham](http://www.tau.ac.il/humanities/abraham)

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## Preface

The study of China, Chinese literature, language, philosophy, history, geography and culture at Tel Aviv University is most impressive. It is conducted at the Department of East Asian Studies, the Confucius Institute, the faculty of Business Administration and at various other departments. Many of our students go to China annually to improve their knowledge of this unique country and its people and an increased number of Chinese scholars come to the University regularly and are being exposed to a variety of disciplines taught and researched here, be it nanotechnology, engineering, medicine, the Hebrew language, Jewish culture, conflict resolution etc.

But, as the present study shows, the various aspects related to Sino-Israeli relations are manifold and encompass a wide range of issues in addition to the mere academic. Indeed, the two countries are at the beginning of a new era of prolific and fruitful relations, relations between two of the greatest old civilizations.

I should like to thank my colleagues at the Confucius Institute, the Department of East Asian Studies, The S. Daniel Abraham Center for International and Regional Studies (SDAC) and the Institute for National Security Studies (INSS) for affording me the opportunity to pursue my research in their most congenial company. I am also indebted to Prof. Raanan Rein, the Director of SDAC, who carefully read the manuscript and suggested useful corrections and additions, to my research assistant Ms. Or Biron for her professional work and help and to Mrs. Shulamit Berman for reading and editing the manuscript.

This is a new and updated edition of an earlier version entitled, *Sino-Israeli Relations: Current Reality and Future Prospects*, published by the INSS in 2009.

Aron Shai



## The Awakening Dragon

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 developing country. Instead, China, which is rising geopolitically (no longer only economically) and is now a nuclear weapons state that arouses major anxiety among many policymakers in the United States, is 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 2008 Olympic Games and the 2010 Expo projects are just two more strides 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, one that is not merely a matter of pride and prestige. Rather, it is 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 2008 economic crisis, was a foreshadowing of the economic and diplomatic confrontation of the coming decades. China's declaration in late November 2013 that it had established an air defense identification zone (ADIZ) over a disputed island chain in the East China Sea, and that aircrafts entering that zone must first identify themselves to Beijing, is yet another indication of its new self-image as a superpower pertaining to have extraordinary privileges.<sup>1</sup>

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 arenas, 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 has become quite clear that the United States is increasingly entangled in its own economic morass. The huge budget deficit led to a massive increase in debt, both at home and abroad.<sup>2</sup> The multi-billion dollar bailout plan has to a great extent added to the domestic deficit. Since the government is spending far more than it receives in taxes on defense

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1 Simon Denyer and Chico Harlan, "China Sends Warplanes to New Air Defense Zone after U.S., Japan, S. Korea Incursions", *The Washington Post*. November 28, 2013.

2 See, e.g., Paul Rivlin, "The Economic Melt-Down (1): America", *Tel Aviv Notes*. October 28, 2008.

spending (including, of course, involvement in Pakistan and Afghanistan, and paying special attention to developments in the East China Sea arena), the American economy, unlike the Chinese, is overburdened by strategic expenditure, funded by borrowing at home and abroad. Moreover, not only is the government spending more than it earns; national savings rates have also fallen. The sub-prime crisis in the real estate sector has ignited an additional threat to the American economy. Financial bloggers and analysts recently published gloomy forecasts regarding the American economy; calling it names such as "The Biggest Ponzi Scheme in the History of the world" and warning of a coming collapse that will affect us all.<sup>3</sup>

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 formulating a delicate yet firm response to Washington's intent to check China's global interests. Beijing continues to constitute a presence in South America, Africa, Saudi Arabia, Iran, and many other countries, not to mention the East China Sea.<sup>4</sup> China also intervened in its own diplomatic way in the civil war in Syria. On 4 October 2011, along with Russia, it vetoed a Western-drafted resolution which would have threatened the Syrian government with targeted sanctions if it continued military actions against protestors.<sup>5</sup> Moreover, according to Middle Eastern officials, intelligence provided by China was utilized by Syria's air force to bomb a Western weapons shipment on its way to arm the Syrian rebels.<sup>6</sup>

Even though Washington would have preferred China to assume a secondary role in the Middle East, it seems that Beijing continues to invest in the region and its involvement continues to grow. 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 compared to the United States

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3 See, e.g., "Economist Warns We're Unable to See the Coming Economic Collapse", *PBS*; "40 Stats that Show the U.S. Economy's Real Collapse Over the Past Decade", *Zero Hedge*; "The Biggest Ponzi Scheme in the History of the World", *The Economy Collapse Blog*.

4 There are numerous articles and sources on this issue in the web. See, for example, "China Must Protect Iran even with WWII", *Press TV*. January 22, 2012; Manochehr Dorraj and Carrie L. Currier, "Lubricated with Oil: Iran-China Relations in a Changing World", *Middle East Policy*. 2008; Gordon Mathews and Yang Yang, "How Africans Pursue Low-End Globalization in Hong Kong and Mainland China", *Journal of Current Chinese Affairs*. July 15, 2012; "Africa and China: More than Minerals", *The Economist*. March 23, 2013; Katherine Koleski, "Backgrounder: China in Latin America", *U.S.-China Economic & Security Review Commission*. May 27, 2011; "China's Economic Rise Provides Mixed Benefits for Latin America", *Fitch Ratings*. May 9, 2012.

5 "Russia Will Not Allow Libya-Style Military Intervention in Syria", *Middle East Online*. November 1, 2011.

6 "Syria used Chinese Intel to Bomb U.S. Arms Shipment", *WND*. January 7, 2013. Retrieved Aug. 2013.

(over \$256 billion in 2007). This positive balance was on the rise when the world financial crisis erupted in September 2008. In April 2009 China offered its Asian neighbors a \$25 billion credit line aimed at assisting them to extricate themselves from the severe repercussions of the world crisis. Clearly, this initiative did not lack a political motive, namely, to enhance and promote Beijing's influence in the region. China's offer of financial aid indicated, as did other developments, that Beijing, now the world's second economy by nominal GDP and by purchasing power parity,<sup>7</sup> was the first to show signs of overcoming the recession. In March 2009 China's central bank announced that the government's economic and monetary steps disclosed in late 2008 may indeed salvage the Chinese economy from the crisis. And, indeed there were clear signs that China's economy had again reached an impressive annual growth. With growth rates averaging 10 percent over the past 30 years,<sup>8</sup> it seems that even the latest decline in GDP to around 7.5 percent hardly indicates a radical change for the worse. China, after all, is now one of the leading FDI recipients in the world. Until the mid-2000's, China received over \$70 billion per annum in foreign direct investment (FDI), making it the favored destination of global investors. In 2007, before the 2008 crisis erupted, China's GDP likewise grew at an impressive annual rate of around 11.4 percent. It seems that China could become the world's largest economy (by nominal GDP) as early as 2020s. Since the introduction of the reforms in the late 1970s and early 1980s, the number of Chinese who live above the poverty line has increased to over 300 million, and by 2012 per capita income had grown to \$6,076 (international \$9,233 in PPP). China's foreign reserves are approximately \$3.5 trillion (excluding Hong Kong, the highest number in the world), and its savings rate is incredibly high – about 50 percent of the GDP.<sup>9</sup>

While these indicators are widely acknowledged, one should not totally discard the "collapse of China" theory 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 *The Coming Collapse of China*, Gordon Chang argued that a case could indeed be made that China would dominate

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7 "China", *International Monetary Fund*. Retrieved Apr. 2013.

8 "Report for Selected Countries and Subjects", *Imf.org*. Retrieved Apr. 2013.

9 The World Fact Book, "Reserves of Foreign Exchange and Gold", *the CIA Website; World Bank Website; International Monetary Fund Website*. All retrieved in Aug. 2013.

"According to Goldman Sachs projections, the Chinese economy will overtake that of the United States in 2027, and by 2050 will be almost twice the size. This – together with the rise of India, in particular – will bring down the curtain on the age of the west. Instead of western universalism, we will find ourselves living in an increasingly unfamiliar world in which nonwestern cultures, and above all China, will be the dominant influences." See Martin Jacques, "Welcome to China's Millennium", *The Guardian*. June 23, 2009.

Asia, and thereafter the rest of the world.<sup>10</sup> China had the necessary potential and vision to achieve that goal, and had sought to be recognized as a power equal to the United States and the European Union on the international scene. Nonetheless, Chang ventured to suggest that China was a paper dragon on the verge of collapse. Among the indicators that led to 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 (SOEs) and banks with their nonperforming loans, and the budget deficit that mushroomed in the years preceding the publication of his book. According to Chang, even the opening of China to the World Trade Organization did not augur well, but would rather "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 dozen years since Chang's book was published, his pessimistic predictions have not materialized. China's accession to the WTO, for example, has not incurred the damage he foresaw, let alone a national collapse. Nonetheless, Chang's basic thesis continues to be embraced in some circles. The *Alternative Perspective* newsletter, edited by Madhukar Shukla, adopted a similar line. In a detailed article<sup>11</sup> Shukla repeated the argument that available data posed serious questions about predictions and extrapolations signaling China's promising future. The newsletter underlined the following facts: more than 50 percent of Chinese international trade is FDI-led, i.e., conducted by foreign-invested enterprises; more than 50 percent of Chinese international trade consists of intra-company trade; and China is often the last link in the global supply chain, thereby having trade deficits with almost every economy in East Asia, even though it has 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 consists of trade in raw materials, intermediate inputs, and semi-completed 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 populations; in 2012, 13.4% of China's population lived below the poverty line.<sup>12</sup> (However, it should be noted that in 2011, China set a new poverty line at 2,300RMB - approximately \$363. This new standard is significantly higher than the line set in 2009, and as a result, 128 million Chinese are now considered to be below the poverty line).

A very gloomy forecast regarding China was published on 2011 by Nouriel Roubini (who earned the nickname: *The financial markets' Prince*

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<sup>10</sup> Gordon G. Chang, *The Coming Collapse of China*. New York, 2001.

<sup>11</sup> Shukla Madhukar, "A World Deceived by Numbers/Facts", *Alternative Perspective Newsletter*. August 11, 2005.

<sup>12</sup> "China", *Index Mundi*. Retrieved Aug. 2013.



of *Darkness*, for predicting the 2008 financial crisis). Roubini criticized China's infrastructure projects, which in his opinion are completely uncalled for in a country at that level of economic development. Roubini also predicted 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.<sup>13</sup>

One could, of course, add additional discouraging data: until the outbreak of the 2008 crisis, at least 150 million rural workers drifted between the villages and the cities, many subsisting through part time, low paying jobs; and one demographic consequence of the one child policy is that China is now one of the most rapidly aging countries in the world. In November 2013 the Central Committee of China's Communist Party announced the relaxation of its one-child policy as part of major reforms aimed at securing its economic future. 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 also continues to lose arable land through erosion and economic development.

Yet, weighing the two schools of thought relating to China's economic future, the pessimistic and the optimistic, with their respective calculations and the entirely different conclusions reached, it seems that overall the optimistic prospects for China's future hold greater weight. This is because China has managed to check and balance counterproductive global waves. Both the Olympic Games and the 2010 Expo seemed to assist China to advance economically and politically and overcome domestic difficulties, and 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 have enabled the establishment to surmount major opposition quite successfully.

Top Chinese leaders seem determined to narrow the gaps between the rural and urban areas. They are taking action to advance this issue. It is in this light that Xi Jinping's and Li Keqiang's visits to the most impoverished areas of China<sup>14</sup> should be seen. They point to the work that must be done to reduce poverty and financial gaps. Since 2010 the employment rate has grown and the minimum wage has increased by 20 percent. In addition, China's anti-poverty alleviation programs have been regarded as a success story, because the reform oriented economy lifted 500 million out of poverty in the last three

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13 See Nouriel Roubini, "China's Bad Growth Bet", *Project Syndicate*. April 14, 2011. For other pessimistic forecasts regarding China, see, e.g. Gary Shilling, "Why China's Heading for a Hard Landing", *Bloomberg*. June 2011. Retrieved Aug. 2013.

14 "China Still has 200 Million Poor below Poverty Line", *Economic Times*. December 2012. Retrieved Aug. 2013.

decades, according to the World Bank report on China's road map for 2030.<sup>15</sup>

In light of the overall arguments, Jerusalem should give serious thought to the option of periodically reassessing Israel's familiar China policy. Perhaps the traditional line should be moved from mere "maintenance" or "service" of Israel's relations with China to qualitative upgrades. A more assertive China policy should be adopted. Israel would 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 United Nations Security Council are by far more noteworthy. Nonetheless, Sino-Israeli relations are important, especially in light of Israel's military-strategic role and its position in the Middle East equation. Beijing is deeply interested in full involvement in the peace process. This can clearly be seen, for example, in the fact that it has 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.



The first part of this study reviews the historical background of Sino-Israeli relations. The second analyzes China-Israel bilateral relations since January 1992, when full diplomatic relations between the two countries were established. The third part examines some of the international perspectives that involve both China and Israel. The fourth part ventures a look into the prospects of future Sino-Israeli relations. It also attempts to substantiate how Israel should reexamine its China policy more consistently and regularly, in view of changes occurring in the international arena.

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<sup>15</sup> "China Road Map", *IEG World Bank*. Retrieved Aug. 2013.

## A Sixty-Five Year Retrospective: From Mao Zedong to Xi Jinping

Two ancient nations, the cradles of rich civilizations, are geographically situated at opposite ends of the Asian continent.<sup>16</sup> One is China, which can claim an unbroken history of development on its own land, and the other 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. In considering the physical distance and the many vast differences between these civilizations, several questions spring to mind. What made it possible in the late twentieth century, seemingly against all odds, for Israel and China to develop reciprocal relations? Specifically, what is the background behind them, and what kind of relations do Israel and China have today?

A comprehensive survey of Sino-Israeli relations should address not only actual political entities, such as Israel, the People's Republic of China (henceforth "PRC" or "China"), the Republic of China, (henceforth "ROC" or "Taiwan"), Hong Kong, or even Singapore, but also more amorphous and fluid entities, such as Chinese communities overseas and Diaspora Jewry. Indeed, there is a fascinating history of relations between these two so-called "communities in exile," relations marked by a profound feeling of mutual esteem and even veneration. However, the focus of this study is the relationship between Israel and the PRC, which in turn is intimately connected to wider circles such as the Arab-Israeli conflict, the "special" longstanding relationship between Israel and the United States, PRC-Taiwan relations, and finally, the delicate fabric of China's international relations with Muslim states such as Egypt, Syria, Iran, and even Indonesia, and Sino-Palestinian relations – though most of these are beyond the scope of this study.

Before the formation of the PRC, 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. Thus, for example, in a letter dated April 24, 1920, Sun Yat-sen wrote to Nissim Elias Benjamin Ezra, the founder of the Shanghai Zionist Association, expressing his sympathy for the Zionist movement. Following diplomatic contact with Zionist activists, pre-Communist Nationalist China was one of the ten nations who abstained from the historic 1947 vote of the United Nations General Assembly to partition Palestine. In fact, Nationalist China's abstention

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<sup>16</sup> 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, 2007.

helped to create the two-thirds majority needed to pass the motion, 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. From then on Israel-Taiwan relations were conducted at the unofficial, non-governmental, and chiefly commercial level. Contact was mainly clandestine, reflecting Taiwan's desire to avoid disrupting relations with anti-PRC Arab countries. At times, it even adopted a rigid stance over the Middle East conflict. For example, during the late 1970s and early 1980s, Taipei's antagonism towards Israel's military presence in the occupied territories exceeded the spirit of the 1967 UN Resolution 242, which called for Israel's withdrawal from areas it had conquered. However, the late 1970s and early 1980s also saw burgeoning military contact between Taipei and Jerusalem. This apparently led to what was allegedly an indirect transfer of American technology by Israel to the Taiwanese authorities.<sup>17</sup> Analyzing Israel-Taiwan relations, Yitzhak Shichor has shown that when the US refused to provide the Taiwanese air force with Harpoon anti-aircraft missiles, for example, Israel stepped in to sell its Shafir anti-aircraft missiles to Taipei. It likewise granted a license for the local production of Gabriel 2 anti-ship missiles and launchers.<sup>18</sup>

Paradoxically, the January 24, 1992 agreement to establish full diplomatic relations between Beijing and Jerusalem led to freer, more direct communication between Jerusalem and Taipei, and to the mutual exchange of cultural and economic liaison bureaus. The volume of trade with the ROC increased and included not only military equipment, materiel, and expertise, but also growing quantities of non-military goods. In terms of the delicate balance of relations (between Israel and both the ROC and PRC), Israel reached a *modus vivendi* with the two.

Analyzing the reasoning behind Jerusalem's somewhat surprising diplomatic initiative – the *de jure* recognition of the People's Republic of China ("Red China," as it was termed in the West at the height of the Cold War) – demands an understanding of the *zeitgeist*, or actual spirit of the time, rather than a retroactive projection of later political affinities.

In January 1950, when the Israeli government decided to recognize Beijing, the People's Republic was almost completely ostracized by the family of nations, and certainly by the United States. Israel's dominant ethos at that

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17 For a brief survey of Israel-Taiwan relations, see Moshe Yegar, *The Long Journey to Asia: A Chapter in the Diplomatic History of Israel*. Haifa University Press, 2004, p. 290.

18 For more details, see Yitzhak Shichor, "Israel's Military Transfers to China and Taiwan", *Survival* 40, no. 1, 1998, pp. 68-91.

time, however, was different than that of today. In 1950 Israel was essentially a moderate socialist country, generally projecting an evenhanded diplomacy of non-alignment. After all, it was not that long since the new Jewish state had enjoyed Soviet support in the diplomatic arena (mainly the UN), and its emergent defense forces had won the war against the neighboring Arab states with the help of Czech arms.

After achieving statehood, Israel nurtured high hopes that Jews would flock to the "old-new state" from their communities across the world. Northern China too had a Jewish population of thousands of refugees from White Russia, Central Europe, and elsewhere. For the Jews who had found a haven in China, their best hope was to immigrate to the land of Israel, where a new Jewish state had just been declared. From Israel's standpoint, the goodwill of the Chinese authorities, whether Nationalist or Communist, was cardinal to achieving this aim. Thus in 1950, it seemed natural for Israel to recognize the new government in Beijing. Israel was the first country in the Middle East and the seventh in the West to take such a daring diplomatic initiative during the Cold War.

Israel's recognition of the PRC was not reciprocated by Beijing. Minister for Foreign Affairs Zhou En-lai merely acknowledged 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 Israel's diplomatic move remained 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 for political and diplomatic support for South Korea, Ben Gurion startled his cabinet colleagues by proposing to contribute a contingent of Israeli soldiers to the UN command, on the grounds that if Israel genuinely considered this to be aggression, it should send troops to join the UN forces. Ben Gurion was overruled by his ministers, but Israel later demonstrated its support by dispatching medical aid and food for civilian relief to the UN forces in Korea. Thus indirectly it was confronting China.

Israel hoped to help stop Communist aggression in Korea by identifying with the UN resolutions, 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. Sharett stated that although Israel's concept of democracy was far from that of the new government in Beijing, it nevertheless considered it a grave mistake to entirely ignore the political reality in mainland China and thus allow a regime that had lost control over its territory to retain a seat in the UN. With the exception of 1954 (due to a personal disagreement or misunderstanding between Abba Eban and Moshe 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. This was the same line followed by 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 from 1953 to 1955 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 Zhong-ming, contacted David Hacoen, his Israeli counterpart. Hacoen had resigned his seat in the Israeli parliament to take up an ambassadorial posting in Burma. He believed that his presence in Rangoon would put him in a position to assist in normalizing Israel's relations with Asian countries, particularly relations with China. Hacoen was very interested in promoting trade between the two countries. Gradually, the dialogue between the two ambassadors expanded in scope, becoming practical and constructive, with increasingly fruitful exchanges of ideas for economic and commercial cooperation. Hacoen 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 in the Israel Trade Union Federation (Histadrut), where Hacoen was a leading figure. The delegation visited Shenyang in Manchuria, where it held important discussions with high-ranking Chinese officials; it seemed that Israel had reached an encouraging turning point that promised 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 in fact 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. When the Suez War

broke out one year later, Beijing accused Israel of serving the imperialist cause. PRC-Israeli relations were frozen for a long time, and the era of non-relations began. At the same time, Israeli decision makers could hardly ignore warning messages from Abba Eban, Israel's ambassador to Washington. Eban argued that continued evenhandedness in Israel's policy towards China as advocated by Ambassador Hacoen could irreparably damage United States-Israel relations. After thoroughly debating the question, the cabinet rejected Hacoen'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 – maintaining a de facto non-aligned foreign policy – simply evaporated. In Israel, a fierce political and diplomatic debate was waged regarding what became known as "the missed opportunity". Did Israel miss a unique chance to normalize its relations with Beijing prior to the Bandung Conference and thus open the door to the Third World? Shouldn't it have carried on with its policy of "evenhandedness"? 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. Internally, China's foreign policy and its policy toward Western Asia in particular were constrained by the internal upheavals of the Cultural Revolution. This did not change until the late 1970s, when Mao Tse-dong died, Hua Guo-feng disappeared from the Chinese political scene, and Deng Xiao-ping came to the fore as a strong leader.

During the period of non-relations (1955-1979), the Israeli Communist Party (ICP) was the only Israeli body to maintain contact with the Chinese, specifically with comrades in the Chinese Communist Party (CCP). (Mapam, the Israeli Zionist Marxist Party, also showed great sympathy towards the Chinese Revolution and its leaders). However, the Suez War saw a turning point in ICP relations with Beijing. ICP's leaders, basing their arguments almost solely on ideological grounds, found the routine castigation of Jerusalem's ties with the United States and the European imperialists, namely Britain and France, perfectly understandable. However, they could not grasp China's unremitting antagonism towards Israel's right to exist as an independent state. After all, had Israel not been recognized, if not actually created, by the 1947 UN partition plan for Palestine? Had not Moscow, the very inspiration for international communism, sponsored the establishment of Israel?

During the second phase of the Great Leap Forward (1958-1960), a social-economic plan aimed at rapidly transforming the PRC from a primarily agrarian economy into a modern, industrialized society, the rift between

the two parties deepened. It would take twenty-five years before relations between them were healed. For the ICP, the Great Leap Forward represented a deviation from strict socialist orthodoxy.

When a rift occurred at the Fifteenth ICP Congress in 1965, leading to the formation of two rival Communist parties, both clung to a patent anti-CCP policy. Moscow's line was adopted. The criticism of both parties centered on China's nuclear policy and its attempts to export the socialist revolution to Third World countries before they were sufficiently mature. The two parties also subsequently criticized China's 1966-1976 Cultural Revolution: replacing Marxism-Leninism with Maoism was yet another deviation from established socialist orthodoxy.

It was not until 1987, when the de-Maoization of China was underway, that relations between the Israeli and Chinese Communists were restored. However, the Open Door policy, especially its economic reforms, continued to draw criticism from veteran Israeli Communists on the grounds that workers in the PRC lacked sufficient social protection and were, in fact, subject to exploitation. Thus, the main conclusion that can be drawn from an examination of ICP-CCP relations is that the ICP had very little impact on Israel's decision making regarding China. When Beijing eventually decided to establish full relations with Israel, it naturally dealt with Israel's mainstream majority parties, not with a marginal Communist party.

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), finding itself in a state of crisis over its failure to effectively dispatch the Vietnamese forces, sought military and technological assistance, preferably from suppliers with experience in Soviet-made arms, especially suppliers who were capable of upgrading their materiel. Ironically, Israel was one of the few countries able to meet the PRC's urgent requirements. Well-acquainted with Soviet-made arms captured in the Middle East wars of 1967 and 1973, the Israeli military industry had impressively enhanced the somewhat outmoded Soviet armaments. Here 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.<sup>19</sup> 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.<sup>20</sup>

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19 In 1987, the Israeli government decided to foster trade relations with China, and Amos Yudan was appointed to oversee this operation by establishing COPECO, a commercial company, in Hong Kong. The company was instrumental in establishing commercial relations between the two countries.

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



Paradoxically, China's military predicament and needs in the late 1970s and early 1980s helped official China overcome the almost traditional obstacles erected by the Chinese Foreign Ministry in the mid 1950s. Now, relations with Israel seemed to be increasingly significant. It was the beginning of the path towards the establishment of proper relations.

Coinciding with Beijing's predicament, fresh developments on the Arab-Israeli diplomatic scene paved the way for improved Sino-Israeli cooperation. In 1977 President Sadat of Egypt visited Israel, and in 1979 a peace treaty was signed between Israel and Egypt. 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 in Sino-Israeli relations. A Chinese tourism office opened in Tel Aviv and an Israeli academic mission opened in Beijing.<sup>21</sup> 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.

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21 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 instrumental in preparing the ground for the establishment of Sino-Israeli diplomatic relations.

# The Lure of Economic Opportunity: Bilateral Relations since 1992

## Trade and Cultural Relations

Israel and China established full diplomatic relations in 1992. After embassies were opened in Beijing and Tel Aviv, economic and commercial ties between Israel and the PRC grew, first moderately and later more rapidly. Israeli technology in hi-tech, chemical industries, communications, medical optics, and agriculture was exported from Israel to mainland China. Sino-Israeli trade (some three-quarters of which comprises Chinese exports to Israel) climbed 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 been reduced by only 17 percent (to approximately \$4.5 billion, including diamonds) and in 2010 it 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.<sup>22</sup> In 2011 imports to Israel amounted to \$5.4 billion, and Israel's exports to China were \$2.7 billion.<sup>23</sup>

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. This clearly could not continue following the pressure exerted on Israel by the American administration.<sup>24</sup>

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 fields of agriculture, telecommunications, and defense. Israel's Global Environmental Services (GES) was involved in a \$5 million water purification project in Chinese Inner Mongolia. China is also especially interested in solar energy technologies.

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<sup>22</sup> As reported by Israeli Minister of Industry, Trade and Labor, Naftali Bennett, during his visit to China. *Israel Ministry of Industry, Trade and Labor Website*. Retrieved Aug. 2013.

<sup>23</sup> Memoranda sent to the author by the Trade Representative to China, Embassy of Israel, Beijing. August 8, 2008 and March 2009.

<sup>24</sup> 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*. Retrieved July 7, 2011.

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, and in fact, how much money Israeli companies have lost in China has yet to be estimated.

At times Israel was China's second largest arms supplier after Russia, supplying Beijing with a range of weapons including electronic components for tank communication, optical equipment, aircraft, and missiles. Apart from 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. 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,<sup>25</sup> 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 in the 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 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 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 Jerusalem was concerned, was the origin of the

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<sup>25</sup> 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", *Op.Cit.*

misunderstanding with the US administration. Eventually, Israel paid the Chinese \$319 million, partly as a refund for the deposit paid by the Chinese, and partly as compensation for the cancellation of the whole deal. The sum agreed on by the parties was in effect a loophole 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 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 not only intended to service the Harpy aircraft 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 by a high ranking official since the Phalcon affair, increased American suspicions regarding 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 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 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. Especially in light of the Second Lebanon War, it has become 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 by the July 14, 2006 incident.<sup>26</sup> A missile fired by Hezbollah 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 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 a period of four months. This exhibition was unprecedented in the number of original exhibits brought specially from China. An art festival at the exhibition featured operatic scenes, acrobatics, dance, and other traditional performances.

In the fall of 2000 an exhibition on the life of Albert Einstein was scheduled to visit five Chinese cities.<sup>27</sup> The exhibition was cancelled when the Chinese Ministry of Culture insisted on removing three facts from 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 heightened Arab-Israeli tension, China may have 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. Around 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

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<sup>26</sup> "Terrorism", *Israel Ministry of Foreign Affairs Website*. July 15, 2006. Retrieved July 2011.

<sup>27</sup> See, e.g., Shai, "China and Israel – Strange Bedfellows 1948-2006".

2008 Olympic Games in Beijing. It is 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 the growing criticism still prevalent in official circles regarding Israel's policies towards 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 have certainly proven themselves. Chinese students study and conduct their 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 to study in various provinces, exposing themselves to the Chinese language, culture, and disciplines, including Chinese medicine. Indeed, the exchange programs between the two countries and between their respective academic institutions attest to constructive and productive results. In May 2014 Tel Aviv University and Tsinghua University of Beijing jointly inaugurated the Xin Center, a \$300 million center for innovative research and education, to be funded by government and private enterprise. The idea behind this project is to develop solutions for pressing problems in the fields of water, energy, the environment and medicine, as well as academic fields such as nanotechnology.

There is no doubt that on both official and popular levels, reciprocal acquaintance with the two societies is growing impressively. One very apparent feature is the growing number of Chinese books, especially novels and translations of classical philosophy, that have been introduced to the Hebrew reader. Likewise, Israeli works on 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.

## Chinese Workers Living in Israel

In the early 2000s it was estimated that around 23,000 Chinese were employed in Israel (less than half of them were employed illegally or worked in violation of the terms of their visas).<sup>28</sup> Some sources indicated that the real number was actually three times larger.<sup>29</sup> The Israeli Ministry of Trade and Labor (now the Ministry of Economy) estimated that from 1995 to 2004, some 30,000 Chinese workers had entered Israel.<sup>30</sup> Late in 2013 negotiations between the two countries were resumed with the intention of encouraging more Chinese workers to come to Israel. The number of Chinese employed in Israel had decreased in recent years. However, now it is expected that in 2014 a new agreement will enable the two governments to permit more workers to work here.<sup>31</sup>

As with other foreign workers, the presence of so many Chinese in Israel has led to several unfortunate situations, including Israeli police dispersing Chinese demonstrators who were protesting delays in the payment of their wages, media coverage of the physical conditions in which Israel's Chinese community lives, and raids aimed at expelling Chinese whose visas have expired.

According to Kav La'Oved, an organization which provides assistance to foreign workers, Chinese employees pay a \$12,000 commission to mediators for a permit to work in Israel.<sup>32</sup> Some allegedly pay up to \$19,000 for a work visa. This is usually paid through loans guaranteed by family members. It was estimated that about 70 percent of that amount went to Israeli manpower companies. Wages can be as high as \$1,500 a month, although Chinese workers are not always paid the full amount.<sup>33</sup> Manpower companies also often retain the passports of workers, allegedly for safekeeping, forcing workers to pay a certain amount to get their passports back.<sup>34</sup>

In April 2011, eight persons involved in providing Chinese workers for

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28 "Appeal to International Organisations - Stop the China-Israel Migrant Worker Scam!" (Press release), *Kav La'Oved*. December 21, 2001. Retrieved Sept. 3, 2006. See also "Assembly 259", *Knesset.gov.il*. December 12, 2001 (in Hebrew).

29 Nimrod Boso, "Be'Ikvot HaMachzor Be'Ovdim: Zinuk BeSchar Poaley HaBinyan HaSinim" (A Raise in Chinese Construction Workers Salary Following the Lack of Workers), *The Marker*. July 4, 2012 (in Hebrew).

30 Roni Bar-Zuri, "Ovdim Sinim HaMuasakim Be'Israel Leloh Heiter" (Chinese Workers Working in Israel without Permission), *Israel Ministry of Industry, Trade and Labor Website*. June 2005 (in Hebrew).

31 *The Marker*. November 21, 2013.

32 Ruth Sinai, "Government Urged to Stop Bringing in Chinese Workers", *Haaretz*. October 26, 2005. Retrieved Jan. 19, 2012.

33 Ruth Sinai, "Chinese Workers Are Harassed as They Protest Unpaid Wages", *Haaretz*. January 27, 2003. Retrieved Jan. 19, 2012.

34 Sarah Leibovich-Dar, "'I Came with Nothing, I Leave with Nothing'", *Haaretz*. September 5, 2003. Retrieved Jan. 19, 2012.

the Israeli construction industry were arrested on charges of exploiting the workers.<sup>35</sup> While this reality might have introduced a most undesirable note in Sino-Israeli relations, several terrorist attacks in which Chinese workers in Israel were among the victims, changed the overall picture to some extent. One such attack occurred in April 2002, when two Chinese workers, Cai Xian-yang and Lin Chun-mei, both from Fujian province, were killed, and two other Chinese were wounded in an attack on the crowded Jerusalem Mahaneh Yehuda market.<sup>36</sup> The attack brought home to the Chinese public the seriousness of terrorist activities against Israel, and altered for the better both official and non-official Chinese views of Israeli policies towards Palestinians suspected of planning terrorist actions in Israel. For their part, the Chinese authorities became much more aware of the dangers facing them from extremist groups worldwide, particularly from the separatist East Turkistan movement. They could now sympathize with countries like Israel that were targeted by suicide bombers and terrorist cells. Indeed, various Chinese internet sites demonstrated sympathy towards Israel, more than is generally found in official circles.

## China, the Palestinians and the Middle East

September 2000 saw the outbreak of the second intifada. Like most of the world, the Chinese government is highly conscious of the threat of global terrorism. Thus, even though Beijing has shifted towards greater support for the Palestinian cause and harsher criticism of Israel's actions in the Palestinian areas, it is aware of its own issues vis-à-vis its Uyghur population, namely, the predominantly Muslim residents in Xinjiang province, and the terrorist threat this entails.<sup>37</sup> Early in July 2009 riots broke out in Ürümqi, the capital city of that remote northwestern province. After some 200 people were killed and 1800 were injured, the government enforced a curfew in most urban areas and restricted cell phone and internet services. Even prior to that crisis, some Palestinian circles had made statements effectively calling Xinjiang "occupied" territory. China knows that advocating the 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).

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35 Dana Weiler-Polak and Tomer Zarchin, "Police Nab 8 for Exploitation of Chinese Workers", *Haaretz*, April 28, 2011. Retrieved January 19, 2012.

36 Efrat Weiss, "A Suicide Attack in Mahane Yehuda Market, Jerusalem", *Ynet*, April 13, 2002 (in Hebrew).

37 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", *Policy Studies* 53. East-West Center, Honolulu, 2009.



On the whole, by the beginning of 2006, following the legislative election 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 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 to join UN observers.

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 trust-building measures to stabilize the situation, and pave the way for the resumption of the Israeli-Palestinian talks," said Yang after meeting with Palestinian Authority Chairman Mahmoud Abbas. He also offered a more comprehensive perspective on the greater conflict arena and said that China would also like to see the launching of Israel-Lebanon Israel-Syria peace negotiations as soon as possible.<sup>38</sup>

He reiterated 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.<sup>39</sup>

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. "As a permanent member of the UN Security Council, China will continue to maintain close communication and coordination with the 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.<sup>40</sup>

Yet despite these declarations and the presence of its special envoy, China's input in the Middle East has hardly been felt until recently. China's default position is to a great extent pro-Arab, due to its energy interests and its traditional political and ideological interest in Third World countries. It seems that dependence on Middle Eastern oil is considerable. It is therefore not surprising that China has adopted a more accommodating policy towards the Arab world and Tehran. China's geopolitical power may increasingly hinge on access to the Middle East's vast oil supplies. Another interesting fact

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<sup>38</sup> "Chinese FM Urges Resumption of Israeli-Palestinian Peace Talks", *Xinhuanet*. April 23, 2009.

<sup>39</sup> *Ibid*.

<sup>40</sup> See "Foreign Minister Yang Jiechi Makes Five-point Proposal to Promote Mideast Peace Process", *Chinese Ministry of Foreign Affairs Website*. April 29, 2009.

is 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, develop strategic long-term connections in order to secure its growing energy interests.<sup>41</sup>

However, by the beginning of the second decade of the 2000's, a relative improvement in Sino-Israeli relations could be discerned regarding defense and security matters. In June 16 2011, for example, Ehud Barak, Israel's former defense minister, visited China. It was the first visit of its kind in more than a decade, and undoubtedly the most 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. Though there were no indications that concrete agreements were reached regarding the sales of arms or the transfer of military technology, it should be noted that three weeks after Barak's visit, it was learned that Israeli industries would participate in an international tender for the establishment of an executive jet plane factory in Chengdu, the capital of Sichuan province. In the tender, initiated by the Chinese Aviation Industry Cooperation (AVIC), Canadian and American companies participated along with Israel.

On August 14, 2011, Chen Bingde, the Chinese Chief of Staff, arrived in Israel. He met with President Shimon Peres, Prime Minister Binyamin Netanyahu, former defense minister Ehud Barak, and IDF Chief of Staff Benny Gantz.<sup>42</sup> Strategic matters, collaboration in various technological fields between the two countries and the international tender were probably discussed.

The summer of 2011 marked a turning point in Sino-Israeli relations. This trend continued through 2012 and 2013, with visits of Israeli officials to China. Naftali Bennett, the Minister of Industry, Trade, and Labor, visited China in July 2013 and met with Chinese officials, including the NDRC deputy head. As a former entrepreneur himself, Bennett hoped to solve the sensitive issue of foreign ventures in China and perhaps help Israeli companies to penetrate the Chinese market.<sup>43</sup>

Another important visit was, prime minister to China of course, that of Prime Minister Netanyahu in May 2013, the first visit by an Israeli prime minister since Ehud Olmert's trip in 2007. Netanyahu met with Premier Li Keqiang and the two leaders agreed to set up a special workgroup to study bilateral economic and social cooperation. They also signed cooperation

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41 William Pentland, "Did the U.S. Invade Iraq to Contain China?", *Blogs.forbes.com*. January 7, 2011.

42 See e.g. Yaacov Katz, "Chinese Army Chief is Due in Israel Next Week", *Jerusalem Post*. August 8, 2011.

43 "Minister Bennett: A Breakthrough in Sino-Israeli Trade Relations", *Israel Ministry of Economy Website* (in Hebrew). July 8, 2013.

agreements in the fields of agriculture, technology, financing and education.<sup>44</sup> In fact most of the visit focused on cooperation in trade and technology. For example, Netanyahu met with the heads of *Shanghai Pharmaceutical* to discuss investing in Israeli biotechnology, which is important for Israel's long-term security. Netanyahu clearly understands that China is indispensable for continued Israeli economic growth. "We don't need to compete," he said. "If we join our efforts, we can have competitive dominance in the world."

Netanyahu did not address regional and political issues until the last day of his visit, during his meeting with new President Xi Jinping. Perhaps he would have preferred the visit to focus only on business, but the Chinese had a different agenda. They made this clear by inviting Palestinian Authority President Mahmoud Abbas to visit the country at the same time as Netanyahu. The subtext of this action was that China would no longer leave the Middle East peace process to the US and Europe alone.

It seems that new top leaders Li and Xi are leading a subtle shift in foreign relations that will allow China to emerge as a prominent diplomatic force as well as the world's leading economic power. As such China will need to address sensitive issues such as the Israeli-Palestinian conflict. A balance should be maintained, of course. China wants Israel as its ally, but it also wants to maintain close ties with the Arab countries. With both Netanyahu and Abbas willing to visit, the hosts found a very polite "Chinese" solution: invite both leaders to come at almost the same time: Abbas from May 5-7 and Netanyahu from May 6-10. The Chinese offered to arrange a meeting between them should they wished to hold one - a first such gesture by China - but made sure they would not have to meet otherwise. "As a friend of both Israel and the Palestinians, China has always maintained an objective and fair stance, and is willing to strive together with all sides to actively advance the Middle East peace process", said Li.<sup>45</sup>

Another example of China's ability to maintain the delicate balance was the fact that Netanyahu's visit to China was preceded by reported Israeli strikes against Syrian military sites. In order not to ruin the visit, Chinese spokeswoman Hua Chunying expressed restrained criticism of the strikes without naming Israel, while Xi and Li stressed during their meetings with Netanyahu the need to create the conditions necessary to restart negotiations with the Palestinians in order to bring peace to the entire region.<sup>46</sup>

One can argue that the impact of this shift in Chinese attitude is

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44 "China, Israel Boost Cooperation", *China Daily*. May 9, 2013.

45 "China Dips a Toe into Middle East Peace", *The New York Times*. May 8, 2013.

46 There are multiple reports on the visits. See, for example: "China Dips a Toe into Middle East Peace", *The New York Times*. May 8, 2013; "The Symbiosis of China and Israel", *The Jerusalem Post*. May 11, 2013; "China Offers Subtle Signals of Encouragement for Netanyahu", *Times of Israel*. May 10, 2013; All retrieved on August 2013.

already being felt and may even result in a clash between Washington and Jerusalem. After Netanyahu's visit, an embarrassing incident was revealed. It was reported that Netanyahu had succumbed to pressure from Beijing to prevent a former Israeli intelligence official, Uzi Shaya, from testifying in a certain trial. The reason was that the case involved the Bank of China, which is believed to have acted as a conduit for the cash used to carry out an attack in which an American citizen was killed. The victim's parents decided to sue, having guarantees from the Israeli former and incumbent governments that relevant Israeli officials would testify in the trial. However, Beijing threatened to cancel Netanyahu's visit unless he prevented Shaya from testifying.

At a time when relations between Beijing and Washington were strained over issues of cyber-security and intellectual property theft, 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 price for this incident. Netanyahu completed his visit with Chinese officials, describing it as "determining the direction the relationship will take in the coming years, elevating ties to a new level".<sup>47</sup>

Nonetheless, a lesson still has to be learned, since apparently Israel followed the mistaken path it took in the arms-sale fiascos from a decade earlier. Again, Israel demonstrated a short-sighted China policy and its credibility and loyalty were damaged in the eyes of both Washington and Beijing. Another interesting fact is that the situation was brought to a head by Beijing rather than Washington. Unlike American diplomats, the Chinese showed no interest in resolving the dispute peaceably, but insisted on dictating Israel's decision. It seems that the new, more-involved foreign policy of China comes with an authoritarian, assertive and demanding price-tag.

China's growing interest in Middle Eastern affairs and specifically in Israel can also be seen in Foreign Minister Wang Yi's visit to Israel in December 2013. He and Prime Minister Netanyahu met in yet another effort to strengthen ties between the two countries. In fact China and Israel faced quite substantial political disagreements, for example, on the Iranian and the Palestinian questions. It was hardly surprising that the economic sphere, rather than the political, was publically emphasized during the visit. Netanyahu again mentioned, somewhat condescendingly, that, "our strengths... complement one another. China has massive industrial and global reach; Israel has expertise in every area of high technology..." Among the areas for collaboration, over and above hi-tech, the topics of agriculture, water management, global transportation and healthcare were mentioned. The Israeli prime minister stressed the importance of maintaining a tough

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<sup>47</sup> Sam Chester, "Netanyahu Favors Chinese Interests in Terror Case, Causing Dismay All Around", *Tablet*. August 20, 2013.

stance against a nuclear Iran. Iran, he said, should be denied the capability to develop nuclear weapons. "It must fully comply with UN Security Council resolutions. It must end all enrichment, dismantle its centrifuges, eliminate all stockpiles of enriched uranium and dismantle its heavy water reactor in Arak so that it will not be able to produce plutonium." Wang Yi, on his part, referred to the agreements between the two countries aimed at establishing a task force for economic growth between the two countries.<sup>48</sup>

It is worthy of note that the impact of the Chinese leader in Israel was quite minimal. Each and every visit by US Secretary of State John Kerry – and by late December he had visited Jerusalem ten times – has generated far more attention and public outcry. Israelis are hardly moved or impressed by Chinese dignitaries in the Holy Land. In April 2014, President Shimon Peres visited China. He indicated that China had a central role to play in the efforts to prevent Iran, the world center of terror, from acquiring a nuclear bomb. President Peres said that Iran funds terrorism and exports it across the entire Middle East and beyond. On his part, President Xi Jinping made it clear that China supports continued negotiations with Iran within the P5+1 framework (the five permanent members of the UN Security Council, United States, Russia, China, the United Kingdom, and France, plus Germany). He advocated a diplomatic solution and reiterated that China is opposed to the development of nuclear weapons by Iran. As for the Israeli-Palestinian conflict, he expressed the hope that Israel would act in accordance with its long term interests, bearing in mind the bigger picture, and make what he termed "courageous decisions" to work together with the Palestinians and the international community to push for substantive progress as soon as possible.<sup>49</sup>

President Peres said China could play a significant role in strengthening stability and advancing the cause of peace in the Middle East. He praised the increased cooperation between Israel and China in the fields of technology, medicinal agriculture and neuroscience. President Peres also called for direct flights by Chinese airlines from China to Israel, to increase tourism between the two countries.

## 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.

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<sup>48</sup> See, for example, *Yahoo News*. December 18, 2013.

<sup>49</sup> Press Room, "President Peres on State Visit to China", *Israel Ministry of Foreign Affairs Website*. April 8, 2014.

The former British Crown Colony then provided both direct and indirect export markets as well as an important source of imports. As in the case of many other countries, Hong Kong has served and in a way still serves as the best known re-export venue, particularly to the PRC.

When Israel opened a consulate general in the colony in 1973 after the end of the violent phase of the Cultural Revolution, 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 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.

## The "New Path": China's Global Diplomatic Strategy

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 close to \$3.8 trillion by the end of 2013<sup>50</sup> (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 also invested billions 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 bipolar 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 its entry into global conflict with the United States or any regional bloc, rather, to the contrary, it signals to the world that Beijing seeks 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, ancient cultural traditions. "Peaceful rise" is China's way of acknowledging the historical problems associated with

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<sup>50</sup> See for example, "China Foreign Exchange Reserves", *Trading Economics*. Retrieved Jan. 2014.

being a 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 failed states such as Iran and Syria. Both countries possess a very small Chinese-built research reactor – the Miniature Neutron Source reactor (MNSR) that was also supplied by China to Ghana, Pakistan and Nigeria.

The new regime took China's diplomacy a few steps further when in November 2013, following a four-day conclave of its senior leaders, China unveiled its boldest set of economic and social reforms in nearly three decades. They include the relaxation of China's one-child policy, abolishing "re-education" labor camps alongside other improvements in human rights, land and residence registration reforms needed to boost China's urban population, and further freeing up markets in order to strengthen and stabilize the world's second-largest economy.<sup>51</sup>

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 stimulate serious thinking as to the future priorities of its global orientation. While this has no relevance for the immediate future, bold thinking and brainstorming can prepare the groundwork 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.

Other global issues also affect Sino-Israel relations, albeit indirectly. China's drive to seek scientific and technological cooperation and multilateral security arrangements with US allies has little direct bearing on Israel or on Sino-Israel relations, even though it could potentially be a contentious issue for China and the United States. Only when repercussions are felt in the Middle East will they become urgent for Israel.

Should China's appetite for natural resources continue to grow, it may generate anxiety in Washington and lead to a dangerous situation with ripple effects in Israel and the Middle East. Just as in the critical juncture during the Korean War, Israel may find itself in a situation with far reaching repercussions.

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51 "China Legislators Vote to End Labour Camps", *AFP*. December 24, 2013; Ben Blanchard and Kevin Yao, "China Unveils Boldest Reforms in Decades, Shows Xi in Command", *Reuters*. November 15, 2013.



## Taiwan

One question raised in connection with the "peaceful rise" regards the as yet unresolved issue of Taiwan. In 2003 some Chinese leaders used the term. Yet, former president Hu Jin-tao altered it slightly a year later by coining the expression "peaceful development" (*heping fazhan*). He preferred a less confrontational term to describe China's external strategy. The word "rise", he felt, could fuel the perception that China is a threat to the established order, particularly as regards Taiwan. So, since 2004 the modified term has been used by the Chinese leadership. The intention was to reassure the nations of Asia and the United States that China's rise in military and economic prominence would not pose a threat to world peace and stability. On the contrary, other nations would benefit from such a development.

Taiwan remains a sensitive, potentially explosive issue in East Asia. China considers Taiwan's budding independence movement the single biggest threat to its own sovereignty and regional peace. Beijing maintains that it has the right to use force to "reunify" with its "renegade province." In March 2005 China's National People's Congress passed an "anti-secession law" codifying this longstanding assertion.

For its part, the United States regards itself as Taiwan's guardian and guarantor and continues to sell defensive weapons to the Republic of China. On 24 August 2010, the United States State Department announced a change in the commercial sale of military equipment in place of the previous high foreign military sales<sup>52</sup> in the hope of avoiding political fallout; and on June 2013, the Taiwanese Ministry of Foreign Affairs expressed gratitude for a US congress bill in support of Taiwan's bid to participate in the International Civil Aviation Organization (ICAO). A month later President Barack Obama signed into law H.R. 1151, codifying the US government's full support for Taiwan's participation in the ICAO as a non-sovereign entity.<sup>53</sup>

As for the commercial ties between the countries, Taiwan continues to enjoy export-import bank financing, overseas private investment corporation guarantees, normal trade relations (NTR) status, and ready access to U.S. markets. In recent years, the American Institute in Taiwan's (AIT) commercial dealings with Taiwan have focused on expanding market access for American goods and services. These issues are critical for Beijing, which under some circumstances might be prepared to take a calculated risk and embark on preemptive measures that would reverberate not only around the Taiwan Straits, but even beyond. Containing Taiwan's independence movement is

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52 "U.S. Arms Sales to Return to Normal Track", *ROC Central News Agency Taiwan Official*. August 26, 2010.

53 "Taiwan Grateful for U.S. House Support for ICAO Bid", *Latest Focus Taiwan – CNA English News*. June 19, 2013; "US Passes Law Supporting Taiwan ICAO Bid", *Taipei Times*. July 14, 2013.

Beijing's highest national priority. In the past, as Moshe Yegar and Yitzhak Shichor have documented, Israel engaged in controversial civil and military commercial transactions with Taiwan.<sup>54</sup> These transactions, allegedly involving the indirect transfer of American technology to Taipei, incurred Pentagon disapproval. Therefore it would seem advisable for Israel to maintain its traditional policy vis-à-vis mainland China, the People's Republic, and refrain from any diplomatic or strategic initiatives that might jeopardize its achievements.

## India

In January 2008, former Prime Minister Wen Jia-bao met with Indian Prime Minister Manmohan Singh. He stressed that cooperation between China and India was of great importance for world peace and prosperity. As far as the two were concerned there was space in the world for both countries to continue to develop. The two pledged to strengthen trade ties and economic cooperation in construction, investment, financial services, technology, education, and tourism. Indeed, in 2008, bilateral trade volume reached almost \$50 billion against a projected trade of \$45, almost 40 times the 1995 figure. Bilateral trade between the two countries reached \$73 billion in 2011, making China India's largest trade partner, but slipped to \$66 billion in 2012.<sup>55</sup> In any event, according to a 2012 forecast, India will have reached \$100 billion trade with China by 2015<sup>56</sup> and bilateral trade is expected to reach \$1 trillion by 2050. The investment between China and India has expanded, and projects have increased.

Security, another major concern for both countries, revolves to a great extent around two important issues, the "thorns in their sides" – Tibet and Pakistan. China regards Tibet as an integral part of the motherland, adhering to its well-known rejection of autonomy of any sort. The fact that the Dalai Lama lives in exile (in India) is a serious obstacle to Sino-Indian relations. New Delhi has made it quite clear that it will never back an independent Tibet. As for Pakistan, China is a close ally and India is concerned that Beijing may support Islamabad in the dispute over Kashmir. In May 2013, days before a scheduled trip to China by Indian Foreign Minister, Salman Khurshid, a three-week standoff between Indian and Chinese troops in close proximity to each other and to the line of control between Jammu and Kashmir's Ladakh region

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54 Yegar, *The Long Journey to Asia*, and Shichor, "Israel's Military Transfers to China and Taiwan", *Op.Cit.*

55 "India Gripes Over Border, Trade Woes on Li's First Foreign Trip", *Reuters*. Retrieved May 2013.

56 "India to Reach US\$ 100 Billion Dollar Trade with China by 2015", *Economic Times*. February 9, 2012.

and Aksai Chin was defused. Khurshid declared that both countries had a shared interest in not exacerbating the border issue or "destroying" long-term progress in relations. The Chinese agreed to withdraw their troops in exchange for an Indian agreement to demolish several "live-in bunkers" 250 km to the south in the disputed Chumar sector.<sup>57</sup> Later that month, Chinese Premier Li Keqiang made his first foreign visit to India in a bid to resolve border disputes and stimulate economic relations.<sup>58</sup> Against this background, and in light of the fact that both Asian giants are of vital importance to Jerusalem's global policy, Israel will have to reassess its diplomatic-strategic line not only vis-à-vis China and the United States, but also vis-à-vis the two Asian powers.

Relations between Israel and India are beyond the scope of this paper, but it is important to note that they have become closer of late, partly as a function of China's growth and Israel-China relations. The formal ties between the Jewish state and the Indian sub-continent established in 1992 were, to some extent, a result of the Gulf War and its undermining of the Arab world; the end of the Cold War; Arab-Israeli peace talks; India's need to improve relations with Washington; and the thawing of mutual relations between Jerusalem and Beijing. Indo-Israeli relations developed in trade and agriculture, as well as in the military field. The problems with Russian acquisitions created a growing need to diversify purchases, and Israeli offers were most attractive. They included cutting-edge weaponry with no political strings.<sup>59</sup> The biggest advantage of military cooperation with Israel lies in the fact that its technology is largely indigenous and facilitates technology transfer without end-user problems. Israel offered India a package deal that included Airborne Warning and Control Systems, Remotely Piloted Vehicles, and access to an air platform for anti-detection and anti-jamming maneuvers. For India, Israel is a source of high technology in military and other fields. Building ties with Israel, as Farah Naaz and others have noted, could serve to effectively counterbalance Pakistan's military might. For Israel, India is a large and lucrative market that is becoming more significant in light of increasing restrictions on Israeli trade with China. In general, China's economic success and its growing expenditure in the military sphere are generating anxiety in India. While India grows closer to the United States, China remains a potential threat. This is the background to the closer ties between Israel and India.<sup>60</sup>

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57 "India Destroyed Bunkers in Chumar to Resolve Ladakh Row", *Defence News*. May 8, 2013; "India Says China Agrees Retreat to De Facto Border in Faceoff Deal", *Reuters*. May 6, 2013.

58 "Chinese Premier Visits India", *Aljazeera*. May 19, 2013.

59 Farah Naaz, "Indo-Israel Military Cooperation", *Strategic Analysis* 24, no. 5, 2000.

60 For more on Israel-India relations see, for example, Ephraim Inbar, "Israel's Strategic Relations with Turkey and India", in Robert O. Freedman ed. *Israel: Political, Economic and Security Challenges*. Boulder: Contemporary Westview, 2008 and Rajendra Abhyankar, *The Evolution of India-Israel Relations*. The S. Daniel Abraham Center for International and Regional Studies, Tel Aviv, 2012.

## South America

In 2004 former President Hu Jin-tao spent two weeks in South America (visiting Brazil, Argentina, Chile, and Cuba), the US “back door” that America has regarded as its near-exclusive sphere of influence for almost two centuries. This visit represented more time than George W. Bush spent in all of Latin America during his first four years as president. In Brazil, Hu told members of the National Congress that China’s primary objectives in expanding relations in Latin America were to strengthen strategic common interests and enhance mutual political trust, expand trade, cooperate in technology and industry, expand cultural exchanges, and deepen mutual understanding. Exporters of raw material, including Chile and Brazil, have since increased their trade with China, which has in turn invested in their economies.

While the strategic and political interests of these developing countries are important, it is China’s need for raw materials (ranging from copper, oil, gas, and ore to soybeans and other agricultural products) and Latin America’s ability to supply them, that take priority. China is emphasizing trade and investments in energy resources, both because its need for energy and other resources is growing exponentially, and because it seeks to reduce its degree of dependence on supplies from the volatile Middle East. China may become one of Latin America’s foreign economic engines. On his trip, Hu pledged to invest \$10 billion in Brazil (in transportation, iron, and steel) over the two years following his visit; by way of comparison, US investments in Brazil were approximately \$30 billion circa 2009. The Chinese delegation promised nearly \$20 billion in investments in Argentina (in railways, energy production, infrastructure, and housing) over the following decade. Venezuela, one of the top five foreign suppliers of oil to the United States, is also strengthening its ties with China. Venezuela’s late president Hugo Chavez, a close ally of Fidel Castro and a thorn in the side of the United States, visited China for the third time in December 2004 and signed agreements to “diversify” his country’s oil exports, partly to China, in order to minimize its dependence on sales to the United States (60 percent of sales now go to the US). Similar agreements signed in September 2008 enabled Chinese companies to invest in oil exploration, establish refineries, reactivate 15 mature wells, and produce natural gas. In addition, China agreed to sell Venezuela radar equipment for its borders and a satellite intended to give the country “full sovereignty” in telecommunications. Further trade agreements worth \$12 billion were signed in February 2009 and Venezuela’s first cell phone factory, built with Chinese support, was inaugurated.<sup>61</sup> Sino-Venezuelan trade reached \$7.5 billion in

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<sup>61</sup> “China, Venezuela Boost Economic Cooperation with US\$ 12 Billion Fund”, *Venezuelanalysis.com*. February 18, 2009.

2009, making China Venezuela's second-largest trade partner.<sup>62</sup> On the whole, Beijing's economic ties to Latin America have experienced similar growth. Between 2000 and 2009 China's trade with Latin America grew from \$10 to \$130 billion dollars. In 2011 trade increased to \$241.5 billion, according to Chinese Trade Ministry Counselor Yu Zhong. The only larger trading partner was the United States. The top five countries involved in trade with China were Brazil, Mexico, Chile, Venezuela and Argentina.<sup>63</sup> Chinese president Hu Jin-tao set the mark for increased trade with Latin America to \$100 billion by 2010, a goal easily met when trade surged to \$143.4 billion in 2008.<sup>64</sup> The rapid growth in trade between China and Latin America proves that the region can supply China with profitable markets.

Be that as it may, Latin America apparently maintains a somewhat divided attitude to China. Neil Dávila, who heads Mexico's federal agency for promoting foreign commerce and investments, was quoted as saying "We do not want to be China's next Africa," reflecting a common concern regarding the consequences of Chinese involvement in Africa. Colombia, Brazil, and Chile have also expressed concern, although Venezuela and Argentina, who want to end their dependence on the United States, consider China to be the best opportunity for their exports.<sup>65</sup>

Some Central American and Caribbean nations continue to maintain official diplomatic relations with Taiwan. Although Taiwan has previously offered military exchanges, training, and economic aid in return, it apparently cannot compete with the opportunities and economic incentives China offers its allies.

In due course, Israel's decision-makers will have to deal with the new reality in Latin America. Can Israel maintain diplomatic and commercial relations with nations in that sub-continent if Beijing's agents are playing a growing role there? Moreover, if Chinese and American interests clash over raw materials in that part of the world, Israel will have to take a stand on the issue.

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62 "Latest Venezuela-China Deals: Orinoco Agriculture, Civil Aviation, Steel, and \$5 Billion Credit Line", *Venezuelanalysis.com*. August 3, 2010.

63 Katherine Koleski, "Backgrounder: China in Latin America", *U.S.-China Economic & Security Review Commission*. May 27, 2011 and "China's Trade with Latin America Grew in 2011", *Indo Asian News Service*. April 18, 2012.

64 "Growth Rate of China's Trade with Latin America and Caribbean Decreased", *People Daily*. March 4, 2009.

65 Louis E.V. Nevaer, "Latin America Divided Over Ties with China", *New American Media*. January 26, 2011.

## Africa

A similar tour de force occurred in February 2007, when Hu Jin-tao visited eight African countries,<sup>66</sup> some of them China's closest allies and trading partners. He pledged new loans for schools, cultural centers, and other institutions. As indicated in a recent update, China's voracious demand for energy to feed its booming economy has led it to seek oil supplies from Sudan, Chad, Nigeria, Angola, Algeria, Gabon Equatorial Guinea, and the Republic of Congo. An aid-for-oil strategy has resulted in increasing supplies of oil from African countries. In 2004 China contributed 1,500 peacekeepers to UN missions across Africa, including Liberia. It has undertaken or contributed to construction projects not only in the above-mentioned countries but also in Ethiopia, Tanzania, and Zambia. It has also cancelled \$10 billion in bilateral debts from African countries.

China is currently Africa's largest trading partner.<sup>67</sup> In 2011, trade between Africa and China grew by an astonishing 33 per cent from the previous year to \$166 billion. By 2012 the figure reached approximately the 198 billion mark. Chinese imports from Africa consist largely of mineral ores, petroleum, and agricultural products. China exports to Africa mainly manufactured goods.<sup>68</sup> In his Middle East tour of April 2009, Foreign Minister Yang Jie-chi reiterated China's commitment to Africa and stressed that Beijing is planning its next three year China-Africa cooperation. In order to maintain a stable relationship the Forum on China-Africa Cooperation (FOCAC) was established between the People's Republic of China and African countries. There have been five summits to date, the most recent in July 2012 in Beijing.

While African leaders and intellectuals acknowledge Beijing's involvement and aid, they criticize China's overall attitude, terming it "neo-colonialism" and expressing their fear that Africa may informally become an economic colony of China.

As is the case in Latin America, Israeli decision makers will have to rethink Israel's Africa policy in the event that Chinese and American interests clash over raw materials in the black continent.

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66 Stephanie Hanson, "China, Africa and Oil", *Council on Foreign Relations*. February 6, 2008.

67 Peter Wonacott, "In Africa, U.S. Watches China's Rise", *The Wall Street Journal*. September 2, 2011.

68 Mike King, "China-Africa Trade Booms", *JOC*. July 18, 2012 and "Africa-China Trading Relationship Synopsis", *Tralac.org*. August 2013.

## Iran

China, along with the US, Russia, France, Germany and Britain, is one of the P5+1 countries negotiating with Iran. Iran–China trade value reached \$45 billion in 2011<sup>69</sup> and is expected to increase to \$70 billion by 2017.<sup>70</sup> Ali Akbar Salehi, Iran's former representative to the International Atomic Energy Agency, has said that the two countries "mutually complement each other. They have industry and we have energy resources".<sup>71</sup>

In May 2009, Chinese ministers participated in a conference on foreign investment in Iran hosted in Tehran. Soon afterwards the Chinese National Petroleum Corporation signed a \$5 billion gas deal with Iran to develop Iran's South Pars Gas field. By mid-2009, as the result of the increasing volume of trade between Beijing and Tehran, China had become Iran's largest trade partner in Asia. Iran subsequently called on China to invest in a series of economic projects worth \$42.8 billion, including the construction of seven new oil refineries.<sup>72</sup>

In 2009, responding to street protests following the re-election of Iranian President Mahmoud Ahmadinejad, the Chinese foreign ministry stated that "China respects the choice of the Iranian people" and expressed the hope that "Iran could maintain stability and solidarity". During a meeting of the Shanghai Cooperation Organization, an inter-governmental trade and security organization in which China is a member and Iran an observer state, Chinese former President Hu Jintao reaffirmed his country's commitment to working with Iran, declaring "We are quite confident that friendly and profound economic relations between the two countries will continue forever."

In May 2009, the two countries held a joint trade conference in Tehran at which Chinese vice Minister of Commerce Chen Jian expressed his country's willingness to increase non-energy trade and improve bilateral communication. The conference was attended by over 500 Iranian and Chinese officials and businessmen, including Iranian Foreign Minister Manouchehr Mottaki and Chinese Minister of Commerce Jian. In 2005 Iran joined the Shanghai Cooperation Organization (SCO) as an observer and in March 2008 it submitted a request to join as a permanent member. In addition to its cooperation with China in the multilateral forum of the SCO, Iran has also supported Beijing's One China Policy, which rejects any possibility for a separate or independent Taiwan. It applauded China's recent anti-secession

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69 "Iran and China to Expand Trade Relations", *Payvand*. January 4, 2012.

70 "Iran-China Trade Value to Increase to \$70 Billion in Five Years: Iranian Envoy", *Tehran Times*. August 12, 2012.

71 Robin Wright, "Iran's New Alliance with China could Cost U.S. Leverage", *The Washington Post*. November 17, 2004.

72 Ariel Farrar-Wellman and Robert Frasco, "China-Iran Foreign Relations", *American Enterprise Institute for Public Policy Research*. July 13, 2010.

law, which explicitly stated China's rejection of an independent Taiwan. In June 2009, the leaders of China and Iran met in Russia during a meeting of the SCO. Chinese President Hu Jintao stated that "Tehran and Beijing should help each other to manage global developments in favor of their nations; otherwise the same people who are the factors of current international problems will again rule the world." However, it is also important to note that China is well aware of Israeli and international objections to Tehran's nuclear program. In 2010, the United Nations Security Council passed a resolution imposing a fourth round of sanctions on Iran for its nuclear enrichment program. China, after initially opposing the sanctions because of its ties with Iran, ultimately supported the resolution. According to foreign sources, Israel lobbied for the sanctions by explaining to China the impact a pre-emptive strike on Iran would have on the world's oil supply, and hence on the Chinese economy.<sup>73</sup> On December 2013, on the eve of renewed talks between Iran and world powers, Prime Minister Binyamin Netanyahu emphasized to Chinese Foreign Minister Wang Yi, who was visiting Israel, that Iran must be denied the capability to develop nuclear weapons. Wang did not mention Iran in his brief remarks to the press during his visit.<sup>74</sup>

Prior to Netanyahu, former Prime Minister Ehud Olmert made it clear that Beijing, as a permanent member of the Security Council, must act correctly with respect to Iran's efforts to acquire strategic nuclear capability. As early as January 2007, on a visit to China, he expressed his appreciation of China's vote for Security Council Resolution 1737 of December 2006 that imposed sanctions on Iran. However, he also firmly impressed on the President and the Prime Minister of China Israel's belief that this step was not enough. Beijing was expected to cooperate in more far reaching measures to be taken by the major powers.

As a rule, the Chinese politely ignore Israeli requests regarding Iran. In October 2007, Tzipi Livni, Israel's then foreign minister, met with Prime Minister Wen Jia-bao and Foreign Minister Yang Jie-chi in Beijing. She urged them to promote a UN decision to impose severe sanctions on Iran. The Chinese remained polite and diplomatic. They praised Israeli agricultural assistance to Chinese farms, but did not promise to change their Iran policy. Despite the impression given by members of Olmert's and Livni's parties, the Chinese did not budge: they agreed that Iran's nuclear program should be blocked, but were not prepared to deviate from what they consider a proper "balanced policy." It was therefore not surprising that just before Olmert landed in China, Beijing hosted Ali Larijani, the head of Iran's National

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73 Andrew Jacobs, "Israel Makes Case to China for Iran Sanctions", *The New York Times*. June 8, 2010.

74 "Netanyahu Warns Chinese Foreign Minister against Nuclear Iran", *AFP*. December 18, 2013.



Security Council and its chief negotiator on nuclear issues. Larijani took advantage of his visit to clarify some points and warn that in situations in which Iran felt threatened, it might well develop a nuclear program, not only for peaceful purposes, but for military applications.

Although China now maintains a warmer relationship with Israel, it has remained committed to its gentle diplomatic approach, due to the economic dimensions of its relationship with Iran, which provides over thirteen per cent of China's oil needs. In a crisis situation, China could purchase what it needs from other sources, such as Saudi Arabia, but China has always preferred to rely on as wide a range of suppliers as possible. Moreover, Iran purchases large quantities of Chinese goods, and China bases its economic future on a consistently favorable balance of trade. It has been reported that China is negotiating a new light crude contract that could raise imports from Tehran in 2014 to levels not seen since Western sanctions were imposed in 2012.<sup>75</sup> In the past the U.S. and several European countries have accused China of circumventing sanctions against Iran by selling dual-use metals that Iran could use to manufacture advanced weaponry, including long-range nuclear missiles. The United States has also sanctioned some Chinese companies for selling dual-use chemicals to Iran.

Employing its "policy of harmony" in the international arena, China has no desire to be at loggerheads with Iran. Israeli decision makers must understand that they cannot impose the parameters of their Iran policy on China. At specific junctures Beijing will pursue a policy of overall appeasement in the international arena. Israel appears to have failed to alter Beijing's policy in this respect. Israel must realize that China pursues its own priorities. Beijing has never been and will never be an eastern/Oriental version of Washington.

## North Korea

Israel's policy towards Iran and Syria, and how Jerusalem should mobilize international public opinion against these countries and their geopolitical ambitions, are beyond the scope of this study. It should, however, be borne in mind that the regimes in Tehran and Damascus maintain ties with China and North Korea respectively. Although Tehran's nuclear policy has recently overshadowed the North Korean issue, certainly as far as Israel is concerned, both East Asian countries are likely to become increasingly involved in future Middle East developments. This will naturally have serious consequences for Israel. Jerusalem cannot disregard any new factors in the complicated

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<sup>75</sup> Aizhu Chen, "China May Raise Iran Oil Imports with New Contract", *Reuters*. December 31, 2013.

regional equation. In 1992 Pyongyang approached Jerusalem and proposed limiting its arms sales to Israel's potential enemies such as Syria and Iran in return for Israeli (and Jewish, outside of Israel) economic aid and professional assistance in managing its gold mines near Unsan. According to foreign reports the Israeli package was worth \$1 billion. As part of the deal, Israel would purchase a gold mine and supply North Korea with thousands of trucks. It is still too early to evaluate the details of this strange initiative or determine who was responsible for undermining it. Was it a truly viable and concrete proposition? Even Washington's attitude towards the deal is not entirely clear. Only one fact is certain – nothing emerged from the proposal.

In recent years the United States has relied on Beijing's diplomacy to bring North Korea to the Six-Party Talks on its nuclear weapons program. On February 12, 2007 Pyongyang agreed to shut down its main nuclear reactor and eventually dismantle its nuclear program in return for aid – 50,000 tons of heavy fuel oil. Once it irreversibly disabled the reactor and closed all nuclear programs it would receive another 950,000 tons. This news came four months after North Korea surprised the world by testing a nuclear bomb, despite pressure from China, South Korea, Russia, and other powers. North Korea's decision to shut down its main nuclear reactor was the first concrete development towards disarmament in more than three years of the Six-Party Talks.

During the ensuing years North Korea frequently changed its tactics. Early in 2009 it again took steps towards escalation. North Korea's Foreign Ministry reaffirmed its status as a nuclear weapons state, asserting that improvements in diplomatic relations with Washington should no longer be linked to denuclearization. This conflicted with the consensus of the September 2005 Joint Statement of Six Party Talks that explicitly linked diplomatic normalization to denuclearization.<sup>76</sup> In April 2009 North Korea launched a multi-stage rocket, and in May Pyongyang conducted a nuclear test. By July it had fired missiles into the Sea of Japan and appeared to have fired two mid-range Rodong missiles, which can reach all of South Korea and most of Japan, as well as five shorter-range Scud missiles, which can strike most of South Korea.<sup>77</sup>

In response, China Foreign Ministry Spokesperson Qin Gang published a statement that "The Chinese Government is firmly opposed to this act by the DPRK. By conducting another nuclear test, the DPRK has violated the relevant resolutions of the Security Council, impaired the effectiveness of the international nuclear non-proliferation regime, and affected regional peace and stability." However, the statement also emphasizes "that the sovereignty,

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<sup>76</sup> Scott Snyder, "What's Driving Pyongyang", *Policy Forum Online*, 09-055A. July 7, 2009.

<sup>77</sup> Patrick Worsnip, "U.N. Council Discusses North Korea Missile Launch", *Reuters*. July 6, 2009.

territorial integrity and legitimate security concerns and development interests of the DPRK as a sovereign country and UN member should be respected."<sup>78</sup> Later that year, China imposed minor sanctions on North Korea such as aborting a joint mining deal<sup>79</sup> and cancelling steel shipments<sup>80</sup> to its problematic ally. Beijing also agreed with Washington to "continue efforts to achieve denuclearization of the Korean Peninsula as well as maintaining peace and stability on the Peninsula and in Northeast Asia" during the Strategic and Economic Dialogue (S&ED) on July 2009.<sup>81</sup> The Chinese recently built a high-speed rail line to the North Korean border. The line, under construction since 2010, will run from Shenyang to the border city of Dandong and is expected to be inaugurated in 2015. About 80 percent of trade between China and North Korea passes through Dandong, in the vicinity of North Korea's special economic zones.<sup>82</sup> China, which is North Korea's largest trade partner, supported the development of three special economic zones in North Korea, hoping to enjoy low labor costs and lobby for economic reform, even while publicly rebuking North Korea for its nuclear weapons program.

The railway is another sign that China remains committed to boosting trade and economic ties with the isolated, nuclear-armed state. As with Iran, China appears to strive for balance in international disputes.

Until September 6, 2007, Israel had little interest in the Korean Peninsula, the region, or its related security issues. Yet following Operation Orchard, the IDF's air strike at Deir a-Zor in northern Syria, Israel became deeply involved, although it did not officially admit to any involvement in the attack or disclose any details. However, in April 2008 Bush administration officials came out publicly with evidence that the Syrian site was a plutonium reactor. This information was particularly significant because of regional security concerns and the impact on other countries' decisions to develop nuclear programs. Evidence released by the Bush administration included images of the facility before it was destroyed. The images show a facility that resembles North Korea's Yongbyon nuclear center.<sup>83</sup>

There was speculation that the Syrians saw a cheap opportunity to buy

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78 "Foreign Ministry Spokesperson Qin Gang's Statement on the Adoption of the UN Security Council Resolution 1874 on the DPRK Nuclear Test", *Embassy of The People's Republic of China In The Republic of Bulgaria Website*. June 13, 2009.

79 "China Pulls Out of a DPRK Mining Deal", *North Korean Economy Watch*. July 30, 2009.

80 "China Stops Mining Project with North Korea", *The China Post*. July 31, 2009.

81 "First Round of China-U.S. Strategic, Economic Dialogue Ends with Positive Results", *Xinhuanet*. July 29, 2009; Scott Snyder, "What's Driving Pyongyang", *Policy Forum Online 09-055A*. July 7, 2009.

82 "China to Open High Speed Rail Link to North Korean Border in 2015", *Reuters*. January 2, 2014.

83 *BASIC - British American Security Information Council*. For more on the North Korean crisis and China see Wai Ting, "The Dilemmas of China's policies Facing in the North Korean Crisis", *China and Antiterrorism*.

some basic components of a nuclear program, perhaps because Pyongyang was trying to remove elements of its nuclear program to meet deadlines in a denuclearization agreement with Washington. Though it has long been selling its missile technology to Syria, Iran, Pakistan and other customers, North Korea has never been known to export nuclear technology or material; it was not, in other words, recognized as a nuclear proliferator.<sup>84</sup>

It is interesting to note that, just prior to the Israeli attack, Israel and China had set up a joint government-level forum for strategic dialogue. Even though details concerning the nature of the dialogue, the identity of the participants, and the frequency in which the forum convenes have not been disclosed, it would be logical to assume that issues relating to both Korea and Iran are among the issues under discussion.

The United States was already concerned about ties between Syria and North Korea, ties that had long focused on a partnership involving missiles and missile technology. The Israeli air strike inside Syria, in which some North Koreans may have been killed, reignited the debate over whether Syria was trying to overcome obstacles by initiating its own small nuclear program and buying nuclear components from an outside supplier. Israel claimed that the target struck by its jets was linked to nuclear weapons development, not to missile production. Yet the overall picture is far from clear since there is no hard evidence that Pyongyang ever tried to sell elements of its two nuclear programs. One of those programs, involving plutonium, is advanced enough to produce six to a dozen nuclear weapons. But selling that fuel would be enormously risky and easily detectable. The other program, based on uranium enrichment equipment believed to have been bought from the network created by Pakistani nuclear engineer Abdul Qadeer Khan, is thought to be in its very early stages, and it is doubtful whether North Korea has made much progress with it. That program involves the construction of centrifuges for enriching uranium, a path Iran has pursued. But it is complex, expensive, and hard to conceal, and many experts believe it is beyond Syria's capabilities or budget.

On November 19, 2008, the International Atomic Energy Agency reported that the Syrian complex resembled an undeclared nuclear reactor and U.N. inspectors found "significant" traces of uranium at the site. The report said the findings gleaned from the inspectors' visit in June were not enough to assume the existence of a reactor. Further investigation and greater Syrian transparency were required. On February 19, 2009, the IAEA reported that samples taken from the site revealed new traces of processed uranium, but it was still too early to link them to nuclear activity. The report noted Syria's refusal to allow agency inspectors to make follow-up visits to sites

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<sup>84</sup> Yossi Melman, "North Korea Supplying Syria and Iran with Prohibited Nuclear Technology", *Haaretz*, November 28, 2011.

suspected of harboring a secret nuclear program, despite repeated requests from senior agency officials. Syria disputed these claims. In a report dated November 2009, the IAEA stated that its investigation had been stymied due to Syria's failure to cooperate. The following February, under the new leadership of Yukiya Amano, the IAEA stated that "Syria has yet to provide a satisfactory explanation for the origin and presence of these particles". Syria disputed these allegations, saying that there is no military nuclear program in the country and that it has the right to use nuclear energy for peaceful purposes, especially in the field of nuclear medicine. Syria's foreign minister said, "We are committed to the non-proliferation agreement between the agency and Syria and we [only] allow inspectors to come according to this agreement...We will not allow anything beyond the agreement because Syria does not have a military nuclear program." Syria maintained that the natural uranium found at the site came from Israeli missiles. On April 28, 2010, Yukiya Amano, the head of the IAEA, countered Syrian assertions, declaring for the first time that the target was indeed the covert site of a future nuclear reactor.<sup>85</sup>

Syria's efforts to bolster its missile arsenal have been an ongoing source of concern for Israel, especially given Syria's armament of Hizbollah. It is estimated that hundreds or even thousands of North Korean engineers in Syria have helped develop a sophisticated class of Scud missiles with a longer range (Class D with a range of 435 miles) and more accuracy than previous versions. They have also upgraded Syria's sea vessels and submarines. Israel is clearly concerned about the emerging situation on its northern border.

North Korea, on its part, continues to deny that it is sending military aid to Syria and attacks 'misinformation' reports claiming that advisers and helicopter pilots have been sent to support Assad regime.<sup>86</sup>

China, which certainly has no interest in a nuclear Korean peninsula, aspires to establish a peaceful and stable environment in its region. Achieving this aim would allow Beijing to concentrate on the far more important issues of Taiwan and the China Sea. Beijing clearly does not approve of North Korea's international brinkmanship.

It therefore continues playing its traditional intermediary role. However, China can only pursue this policy as long as Kim Jong-un follows in his father's footsteps, despite the recent turmoil in his regime,<sup>87</sup> and refuses to negotiate directly with the West, particularly with the United States. Whether China's

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85 "Syria Site Hit by Israel Resembled Atom Plant: IAEA", *Reuters*. November 19, 2008; Robert Kelley, "Next Steps Forward for the IAEA and Iran", *ArmsControlLaw.com*. January 31, 2013; "UN Agency Finds New Uranium Traces at Syrian Site", *The International Herald Tribune*. February 19, 2009; "IAEA Inspects Nuclear Research Reactor in Syria", *AFP*. November 17, 2009.

86 "North Korea Denies Sending Military Aids to Syria", *The Guardian*. November 15, 2013.

87 See e.g.: "Kim Jong Un's Executed Uncle Was Eaten Alive by 120 Hungry Dogs", *NBC News*. January 3, 2014; "Kim Jong Un: Uncle's Killing Removed 'Filth'", *Sky News*. January 1, 2014.

ability to influence the situation in the region continues and whether it can curb North Korean exports to Syria and Iran remains to be seen. Furthermore, Beijing cannot afford to disrupt its relationship with Pyongyang or adopt a harsher attitude. An umbilical cord of friendship has bound the two regimes together for almost six decades. China can hardly press the North Koreans to abide by the requirements of the UN and the West, nor will it impose sanctions on the regime. Should war break out in the region or even a situation of substantive tension, China is likely to suffer from a serious influx of Koreans (refugees and defectors) into its territory. It is already estimated that some 100,000 to 300,000 have entered China illegally. Beijing cannot allow the collapse of the North Korean regime, and it cannot guarantee what the US wants – a "complete, verifiable and irreversible dismantlement" of all the nuclear facilities in North Korea. The question is, therefore, to what extent any future position of North Korea would develop into a serious bone of contention between the two powers.

Jerusalem has to take into account the new emerging reality, as it turns its attention to East Asian affairs. During Prime Minister Olmert's February 2008 journey to Japan he referred to North Korea and the risk it could present to the region and the world. He discussed with Japan's minister of defense North Korea's active involvement in Syrian and Iranian development of non-conventional weapons and long range missiles. He presented the detailed picture drawn by the Israeli intelligence agencies regarding Pyongyang's cooperation with Tehran and Damascus. Needless to say Jerusalem can do very little. Thus if the Israeli Foreign Ministry is correct in its retrospective analysis of the 1992 North Korean initiative to work with Israel, it is regrettable that the initiative was not pursued and was, in fact, allegedly undermined by the Mossad and the Ministry of Defense.

## Human Rights

The delicate issue of human rights in China and how it is addressed by different governments worldwide is a principal means of analyzing bilateral and multilateral relations with China. It is a sophisticated litmus test that should be examined by students of Sino-foreign relations.

Since its establishment, Israel's record on human rights diplomacy has been far from exemplary, in fact it is downright unimpressive. The founders of the new Jewish state were more preoccupied with the viability of the Zionist project, and less with the principles of human rights.<sup>88</sup> They paid little

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<sup>88</sup> A famous humanitarian gesture occurred when Israel rescued 66 Vietnamese boat people denied refuge by other countries, and subsequently offered these refugees full citizenship.

attention to improving human rights worldwide, and did not fully embrace Western moral standards. Rather, it is claimed, Jerusalem often supported somewhat embarrassing regimes in Latin America, Africa, and Asia, sold arms to ill-famed military leaders, and even trained their guards and militia. Israel has by no means demonstrated any particular concern for moral issues.

Since the horrendous Tian An Men square events in Beijing in June 1989, international criticism of China's human rights record has grown louder. On the whole, however, it can be argued that the foreign policies of quite a few nations are characterized by a forgiving and charitable attitude towards Beijing. Moreover, at times it seemed that Washington and other governments cared more about property rights than about civil rights. After all, the infringement of the former caused real damage to industrial and financial interests at home while disrespect for the latter had to do with a faintly guilty conscience. Governments were therefore impelled to protect the former. Without dwelling on the activities of human rights organizations, various NGOs, and journalists, it can generally be argued that the denigration of official China was contained. A year or so prior to the spectacular opening of the 2008 Olympic Games, international condemnation of China, mainly on its human rights record, predominantly in Tibet, became more intense and passionate. Calls were heard to boycott the games.

Israel systematically ignored the liberal protests voiced in Europe and the United States. Allegations concerning forced organ removal from living Falun Gong prisoners, organ harvesting from executed prisoners, and similar accusations were seldom heeded in Israel. President Shimon Peres often said that abuse of human rights can be found in many places, not only in China. Women in Muslim societies are oppressed, yet Israel does not shy away from relations with any country willing to maintain contact with it. It is mainly in radical left and liberal circles that criticism of China is expressed. Former minister and MK Yossi Sarid is perhaps the best known public figure to speak out on the issue of human rights in China. In an article dated August 8, 2008, the day the Olympic Games opened in Beijing, he fiercely attacked China's record and by the same token criticized President Peres' presence, along with other world leaders, at the opening ceremonies.<sup>89</sup>

One fact is clear: the human rights issue in China is by no means an obstacle to quality Sino-Israeli relations. On the contrary, the two countries' growing concern regarding terrorism in general and the potential hazards of Muslim communities in particular often bring them together.

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<sup>89</sup> Yossi Sarid, "Stop the Dream, I Want to Get Off", *Haaretz*. August 8, 2008.

## **Sino-Israeli Relations: Future Prospects**

The year 2012 marked 20 years of formal Sino-Israeli diplomatic relations. The occasion was celebrated in both Israel and China. Israel intends to further expand its consular services and representation in China. In 2014 a consulate will be opened in Chengdu, Sichuan. This will strengthen Israel's presence in Western China. At the moment impressive diplomatic, commercial and economic efforts are continuing in Beijing, Shanghai, Guangzhou and Hong Kong. Guangzhou, the capital of the economically powerful Guangdong Province, is undoubtedly a significant focus for promoting and enhancing Israeli trade with China not only in that province, but also in three other important adjacent provinces in south-east China: Guangxi, Fujian and Hainan, with a population of some 220 million people in an area 30 times the size of Israel.

Indeed, Israel has come a long way since the late 1970s when the Foreign Ministry, facing budgetary cutbacks, decided to close missions in Hong Kong and South Korea. In those days, Israel's Euro-centric and Americano-centric orientation was so determined that the appointment of yet another diplomat in Paris or in the consulate-general in New York seemed much more urgent than maintaining delegations in emerging East Asia.

Now, it is no longer merely cooperation in agricultural and technological spheres aimed at peaceful promotion of trade between the two parties (Chinese tourism to Israel included) which stands at the heart of developments. Rather, the intention is to diversify fields of cooperation aimed at reaching the \$10 billion trade volume, despite the limitations on defense and security domains on Israeli exports to China currently imposed by the United States.

Following the death of hundreds in the Syrian government attack on its own citizens in Ghouta in August 2013, a coalition of countries led by the United States and France threatened air strikes on Syria. Yet Russia and China managed to prevent the UN Security Council from adopting a resolution to this effect. In September, Russian President Vladimir Putin and U.S. President Barack Obama discussed the idea of placing Syria's chemical weapons under international control, an initiative that had partially materialized by the end of 2013. In Israel, this arrangement was coolly received. As far as Israeli policy makers were concerned, it again proved that not only are China and Russia far from accepting Jerusalem's line, but the American administration is not entirely trustworthy. Washington under Obama, it is felt, lends an ear to undesirable compromises, perhaps due to its geopolitical weakness. Whether or not the Security Council resolutions will be incorporated and bind Syria to strict implementation of the plan in the first part of 2014, Israel seems to be in the process of drawing serious conclusions from this development.



A tentative deal secured in late November 2013 to curb the Iranian nuclear program in exchange for initial sanctions relief, also signaled to Israel another unwelcome rapprochement that, even if it delays the Iranian threat, it will not reduce the risk of a wider Middle East war. And again, China's support of this interim agreement along with the United States, France, Germany, Britain and Russia, earned Jerusalem's censure. The Israeli government denounced the agreement as a "historic mistake". Although Obama sought to reassure Israel by promising Prime Minister Benjamin Netanyahu that his administration would remain firm in its commitment to Israel, Jerusalem was displeased. Here, again, somehow Beijing's role in the international arena seemed as crucial. Do not the rules of the well known game change?

It seems that although a drastic change of course vis-à-vis China is not yet very likely, a moderate shift could and should be expected. Jerusalem cannot risk losing Washington's sympathy and support. Given the rigid constraints imposed by the American administration following the Phalcon and Harpy affairs and the recent developments in the geopolitical arena, Jerusalem finds itself in dire straits. It must unconditionally continue to accept American requests and demands. Nevertheless, more imaginative steps could be seriously considered.

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, which in view of a geo-political and diplomatic confrontation, are growing sour.

In May 2014, a heated debate engulfed Israel over China's past and future investments in the country and its involvement in Israel's economy and infrastructure.<sup>90</sup> For decades, Egypt has had the potential to isolate Israel and strangle trade to the Israeli ports of Ashdod and Haifa by threatening to close the Suez Canal to marine traffic. However, the report that Israel and China are considering a historic agreement to jointly build a railway linking the port of Eilat to the ports of Ashdod and Haifa may be a game changer in terms of elevating Israel's economic/strategic position in the Middle East. This would enable boats to dock at Eilat and entirely bypass the Suez Canal, sending cargo by high speed rail to Ashdod and Haifa. The 180-kilometer route would be much faster than shipping cargo to the Mediterranean via the Suez Canal. From Ashdod and Haifa freight could be conveyed to the

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<sup>90</sup> Rhonda Spivak, "Bypassing the Suez Canal: Israel to have China Construct the Eilat Railway", *Winnipeg Jewish Review*. July 11, 2012.

European mainland. Later, it was learned that a Chinese company planned to compete for the development and construction of new deep-water private ports in Haifa and Ashdod. The Chinese hoped to be granted the rights to operate the ports as well.<sup>91</sup>

On May, 22, the Chinese government's Bright Food Group signed an agreement to buy control of Tnuva Food Industries Ltd. As part of the agreement, Bright Food must keep Tnuva's center of operations in Israel, including management, production, and development. Furthermore, most members of the board of directors and management, as well as the CEO would be Israelis, with a representative of Bright Food serving as chairman.

The Israeli Parliament's (Knesset) Economic Affairs Committee chairman, MK Avishai Braverman, called on the Israeli public to protest the possible sale of Tnuva to China's state owned company. Former Mossad chief Ephraim Halevy took a similar position, arguing that food security is a vital national interest. If China were to control Israel's agricultural technology, Israel could be in precarious situation. The crucial question was to what extent overturning the deal would harm Sino-Israeli relations and China's pro-active attempts to come closer to Israel, which is regarded as a source of technological innovation.

In light of the narrative presented here, it seems that despite the objective difficulties, steps should be taken to further improve Sino-Israeli relations and enable Jerusalem to benefit from ever closer relations with Beijing. Israel should gradually venture an alternative cautious and fresh policy towards China. Its decision makers must internalize the emerging global situation, especially in the wake of the present financial crisis, and in light of an emerging scenario where one hegemonic power no longer dominates the international arena, but rather two (or three). Indeed, in the emerging bi- or tri-polar world (the 2008 Russia's military incursion in Georgia, the 2014 development in Ukraine and Putin's emergence as a dominant leader), China will undoubtedly play a major role.

Moreover, Israel should take into consideration that growing European Community criticism and the partial boycott (in view of its inflexible settlements policy) may extend even further to Asia and to China. Should not Jerusalem therefore reassess its overall 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 is unlikely, at least for the foreseeable future. Even the export of dual use products appears difficult, if not impossible.

Furthermore, in order to enhance trade with China, steps should be taken to remove administrative obstructions, and the pro-Israeli sentiments

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<sup>91</sup> *Israel Ports Development and Assets Company*, May 2014; *The Marker*, May 24, 2014

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prevailing among Chinese intellectuals and within wide circles of the Chinese public should be strengthened. Potential young promising cadres (likely to become China's next reservoir of leadership both at the national and regional levels), should be encouraged and supported. Collaboration and enhancement in "neutral" fields such as agriculture and science should be sought and informal academic and research contacts with relevant quarters in China should be strengthened. And, perhaps no less important, the notion that Israeli scholars and independent strategic and political thinkers call for a different China policy should be mentioned often and frequently underlined. There are diverse ways to balance the Israel-China-US triangle.

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Prof. Aron Shai is the Rector (Provost) of Tel Aviv University and the incumbent of the Shoul N. Eisenberg Chair for East Asian Affairs. He is a well known authority in East Asian studies, the author of ten books and the editor of many others. He has published over 50 articles in academic journals.

His two recent books on the fate of foreign firms in China and the biography of Marshal Zhang Xue-Liang have been published in Hebrew, English and Chinese. His works on China and Israel appeared in several countries. Aron Shai also published two historical novels.

Prof. Shai teaches modern history, Chinese contemporary history and political economy at Tel Aviv University. He was a Guest Professor at St. Antony's College and Mansfield College, Oxford; University of Toronto; École des Hautes Etudes en Sciences Sociales, Paris; East-Asian Institute, Columbia University, New York; New York University, and the Hebrew University, Jerusalem. Shai is a frequent visitor at the Shanghai Academy of Social Sciences and various institutions of higher education in China.



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