

Sino-Israeli Relations: Current Reality and Future Prospects

Aron Shai

Memorandum

100



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Contents

Executive Summary	7
Introduction: Some Leading Contours	11
Chapter 1 A Sixty Year Retrospective	17
Chapter 2 Bilateral Relations since 1992	25
Chapter 3 International Perspectives	37
Chapter 4 Sino-Israeli Relations: Future Prospects	51
Notes	55
Additional Select Sources	59

Executive Summary

Scattered publications in books, articles, and websites have recently analyzed the social and economic situation in the People's Republic of China with an original and unconventional approach. Attributing much weight to the negative elements of China's international trade, environmental decline, corruption, the emerging private sector, the banking system, domestic tensions relating to Tibet and Xinjiang with its Muslim separatist movements, and even the interaction with the World Trade Organization (WTO), they reached the conclusion that China is on the threshold of collapse. The Olympic Games held in Beijing in 2008, the euphoria associated with them, and the great boost the event gave to so many aspects of life in China would not, it is believed, change these overall basic facts. In other words, Beijing's unique experience of moving away from radical socialism to complete reform is regarded by the more pessimistic critics as doomed to failure.

Following the outbreak of the world financial crisis in September 2008, some commentators expressed even more pessimistic views, namely, that China's exports were in dire straits, real property growth did not actually occur, and in order to compensate for these two lapses the Chinese government played an ever growing role in the country's economy. The crucial question raised, therefore, was to what extent government spending could make up for the two challenges – foreign consumers' inability to buy at the debt-supported levels of the past and the rising unemployment at home, which affected real property growth.

Most of the studies that analyze China's economic prospects, however, do not accept this thesis. They laud the Open Door policy launched in the 1980s and herald its subsequent achievements. They see the Olympic Games and the upcoming 2010 Expo that China will host in Shanghai as a springboard towards further development, a higher standard of living, and

promising breakthroughs in numerous fields. According to these optimistic views, future prospects are guaranteed. Concentrating on widely accepted economic indicators, the positive publications forecast an auspicious future for China. They envision an impressive China, rising to becoming a major power. Even the impact of the world financial crisis on China is seen in brighter colors. In many ways, it is argued, China is less affected due to its more closed financial system, the tight control the government enjoys, and the inherent potential to divert economic and financial attention to the domestic arena, for example, improvement of infrastructure.

What is the relevance of this rather speculative academic debate over China's future to Israel's foreign policy, perhaps even to its wider strategic long range planning? Are Sino-Israeli relations part of this calculation? In fact, yes: if China enhances its success story in the coming decades, overcomes successfully and relatively rapidly the negative effects of the financial-economic-commercial crisis, and emerges as an even stronger major power in the global arena, Jerusalem's future relations with China should incorporate a new and perhaps less traditional assessment. This is certainly so if, as Immanuel Wallerstein and many others have recently argued, the United States is in a geopolitical decline economically, politically, and even militarily.

The following study attempts to address this issue. It opens with a brief review of the historical background of Sino-Israeli relations from a sixty year perspective. It then analyzes the state of the current bilateral relations in various domains. In addition, it attempts to evaluate possible future developments affecting relations between the two countries located at the far ends of the Asian continent. It concludes with an assessment of how Israel should rethink its relations with China and how it should act on this reassessment.

Among the main assumptions of the present study are the following:

1. China does not see its impressive achievements in building, production, and the trade boom (up to September 2008) as final goals, rather as steps on the road to new heights.
2. China currently focuses on translating its Open Door performance and its relative advantageous position in the course of the present financial crisis into global political-diplomatic influence, i.e., towards further "rise," or development.

3. Until the outbreak of the present crisis, Beijing has been engaged in a world-wide competition, if not confrontation, with the United States over raw materials and global influence. This seems to have been an inevitable consequence of its global aspirations. Once the crisis is over the competition is most likely to resume.
4. The United States seems to be in dire straits at home and abroad – politically, militarily, and strategically. Obviously, the economic crisis worsened an already difficult existing situation.
5. This reality and Barack Obama’s election as president could very well result in Washington altering its traditional commitment towards its allies. In an emerging crisis, economic and strategic needs of client countries might therefore be put at risk. Israel should take this into serious consideration.

Among the main conclusions of the present study are the following:

1. In light of the likely reemergence, albeit in a new fashion, of a bi- or multi-polar international system in which the United States and China would be the main actors, Jerusalem should reassess its overall China policy.
2. While Israel can aim to increase its exports of civilian products and technologies to the People’s Republic of China, renewing exports of military materiel is unlikely, at least for the foreseeable future. Even the export of products with dual use characteristics appears difficult, if not impossible.
3. In light of the objective constraints, a serious examination should be conducted as to whether all proper efforts have been exerted to strengthen trade with China. Administrative obstacles should be removed and specific initiatives should be launched in order to enhance Israeli exports to China
4. Jerusalem should calculate the proper diplomatic means to approach the decision makers in Beijing in a more effective fashion. Concrete steps should be made in order to strengthen pro-Israeli sentiments among Chinese intellectuals and Communist Party cadres and within wide circles of the Chinese public, especially the young.
5. Other means at approaching Beijing, such as collaboration in “neutral” fields – agriculture and sciences, research and technology – should be

encouraged and enhanced. More frequent visits of interested parties in both countries should be encouraged.

6. Informal academic contacts with various quarters in Beijing should be strengthened. Trial balloons should be sent out aimed at emphasizing to the Chinese public and emerging decision makers that some Israeli scholars and independent strategic thinkers maintain that a new and different China policy should be adopted by the Israeli government.
7. There should be greater and more intense collaboration with China's mission at the UN headquarters through the creation of an integrative bi-national dialogue.

Introduction: Some Leading Contours

When Prime Minister Ehud Olmert arrived in the People's Republic of China¹ on a three day state visit on January 9, 2007, he and his entourage found an ancient country with a new outlook. Over the previous years China had reached a decision not to content itself any longer with foreign expressions of admiration for its unprecedented building boom or impressive production and trade figures, praise that inevitably smacked of paternalism and even condescension by the developed world toward a backward country. Instead, China, which is rising geopolitically (no longer only economically) and is a nuclear weapons state that arouses major anxiety among many policymakers in the United States, is now in the midst of a distinct transformation. It is focused on the need to translate the astonishing results of its Open Door economic policy, adopted in the early 1980s, into global diplomatic influence. The extravagant Olympic Games project, unprecedented since the renewal of this traditional event, is just another stride towards that goal. The visits of Chinese leaders in the past few years to South America and Africa are likewise partial expression of this new thrust that is not merely a matter of pride and prestige. Rather, it is also intended to secure the political influence that will allow China to entrench itself in various corners of the world, and perhaps more significantly, in the global consciousness, and enhance its gains in the international arena. Thus, it seems that the global struggle over raw materials, waged until the outbreak of the present economic crisis in late 2008, was a foreshadowing of the confrontation – economic and diplomatic – of the coming decades once the crisis is over.

In view of the underlying fundamental confrontation between China and the United States over materials, geopolitical achievements, and – increasingly – political-diplomatic hegemony in various global cockpits, 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.

Approaching the last quarter of 2009 it is quite clear that the United States has become increasingly entangled in its own economic morass. The huge budget deficit led to a massive increase in debt, both at home and abroad.² The multi-billion dollar bailout plan is likely to add to the domestic deficit. As the government is spending far more than it receives in taxes on defense spending (including, of course, involvement in Iraq and Afghanistan), the American economy, unlike the Chinese, is simply overburdened by strategic expenditures funded by borrowing at home and abroad. Moreover, not only is the government spending more than it earns; the national savings rates have also fallen. The sub-prime crisis in the real estate sector has ignited an additional crucial threat to the American economy.

In light of this situation, it seems quite obvious that the United States cannot expect to dictate its political line to China. In some respects Beijing even intimidates the planners in Washington by building a delicate yet firm response to Washington's intent to check China's global interests. Beijing continues to become a presence in South America, Saudi Arabia, Iran, and many other countries.³ Similarly, even though it would have liked China to assume a mere secondary role in the Middle East, it seems that Beijing continues to invest in the region and be increasingly involved there. These are undoubtedly crucial developments to be reckoned with.

Similarly, China can boast impressive economic indicators. Until 2007 China had a huge positive balance of trade versus the United States (over \$256 billion in 2007). This positive balance was on the rise when the world financial crisis erupted in September 2008. By April 2009, 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 an obvious political motive, namely, to enhance and advance Beijing's influence in the region. China's offer of financial aid indicated, as did other developments, that Beijing, the world's third economy, 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. There were even speculations that

China's economy could again reach 10 percent annual growth by the last quarter of 2009. Even if this target is not reached, by July 2009 it seemed that the 8 percent target was highly probable.⁴

China is the world's third largest trading nation (its global trade increased from \$20 billion in 1980 to \$1.21 trillion in 2007 and exports of trade and services account for 49 percent of its GDP). Until recently China received over \$70 billion per annum as foreign direct investment (FDI), making it the favored destination of global investors. Up to the present crisis China's GDP likewise grew at an impressive annual rate of around 11.4 percent (in 2007); it has been estimated (excluding Taiwan and the Special Administration Regions of Hong Kong and Macau) at \$3.43 trillion. It seemed likely to be able to overtake Japan by 2015 and the US by 2039 if indeed the expected tripling takes place over the next fifteen years, that is to say until 2022. In the last 25 years since the "reforms," the number of Chinese who live above the poverty line has increased to over 300 million and the per capita income has grown more than six fold, to around \$2,400 (international \$5,400 in PPP). China's foreign reserves are over \$2 trillion, and its saving rate is the highest in the world, about 50 percent of the GDP.⁵

While these indicators are widely acknowledged, one should not perhaps totally discard the "collapse of China" theory, a 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.

In *The Coming Collapse of China*, Gordon Chang argued that a case can indeed be made that China would dominate Asia, and thereafter the rest of the world.⁶ China has the necessary potential and vision to achieve that goal, and has thereby sought the recognition to become a power equal to the United States and the European Union on the international scene. Nonetheless, Chang ventured that China was a paper dragon on the verge of collapse. Among the indicators that encouraged his conclusion were the high corruption within the Chinese Communist Party and its government; the "armies of unemployed" who roamed the country; the dominating yet non cost-effective state-owned enterprises (SOEs) and banks with their nonperforming loans; and the budget deficit that mushroomed in the years preceding the publication of Chang's book. According to Chang, even the opening of China to the World Trade Organization did not augur well, but would 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 eight 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 foreseen damage, let alone a national collapse. Nonetheless, Chang’s basic thesis has continued to be embraced in some circles. An *Alternative Perspective* newsletter, edited by Madhukar Shukla, adopted a similar line. In a detailed article⁷ Shukla repeated the argument that available data posed serious questions as to 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 of the global supply chain, thereby having trade deficits with almost every economy in East Asia, even though it had large trade surpluses vis-à-vis the United States (and to a lesser extent vis-à-vis the other developed economies). A large percentage of Chinese international trade consisted of trade in raw materials, intermediate inputs, and semi-finished goods and services, rather than finished products. In addition, China defined its poverty line at \$76 per year (as compared to the World Bank norm of \$365 per year); and China had the largest income disparity between the rural and urban population.

One could, of course, add additional discouraging data: until the outbreak of the present crisis, at least 150 million rural workers have 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. Another long term threat to China’s growth, it can be argued, is the deterioration in the environment, notably air pollution, soil erosion, and the steady fall of the water table, especially in the north. China likewise continues to lose arable land due to erosion and economic development.

Yet weighing the two schools with their respective calculations and the entirely different conclusions reached, it seems that overall the prospects for China’s optimistic future hold greater weight. This is so since China has managed to check and balance counterproductive global waves working against it. Both the Olympic Games and the upcoming 2010 Expo seem to

assist it 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 present world crisis. There is no doubt that the relative absence of true civil society and the regime's successful neutralization of potential popular pressure enable the establishment to surmount major opposition quite successfully. At the same time, China's economy has been seriously affected by the world recession that developed into a full financial crisis. A reduction in its world trade, natural disasters, mounting inflation, and other similar signs indicate that in the remaining months of 2009 and the year 2010 China's world trade surplus will likely decrease by over 10 per cent and the yuan will be devalued.

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

It can be argued that Sino-Israeli relations are not, as far as global international relations are concerned, so significant. US-China bilateral relations, the China-India-United States triangle, or even Beijing's dynamic role in the United Nations Security Council are by far more noteworthy. Nonetheless, Sino-Israeli relations are important, especially considering Israel's military-strategic role and position in the Middle East equation. Beijing 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.

Beijing is also deeply interested in being fully involved in the peace process. This can be clearly seen, for example, by the fact that it appointed Sun Bi-gan as special envoy on the Middle East issue.⁸ In July 2007, Sun visited Egypt, Jordan, the Palestinian territories, and Israel. He conferred with various parties on the current situation, particularly on the Israeli-Palestinian issue. In December 2008 he attended the international donors' conference for the Palestinian territories in Paris, and visited Middle

East countries, including Lebanon, Israel, the Palestinian territories, and Syria.

In March 2009 Sun was replaced by Wu Si-ke who toured Middle East countries twice. In June he visited Egypt, Israel, the Palestinian territories, Jordan, Syria, and Lebanon. In Jerusalem he met with President Shimon Peres and Foreign Minister Avigdor Liberman.⁹ Wu said that as the region was facing “historical opportunities” and expressed his government’s hope that the parties to the conflict would resume negotiations on the basis of the two-state principle. In his second tour, in late July and early August following the riots in Xinjiang, Wu concentrated on some Islamic countries in an attempt to underline the common factor between them and China, which has 22 million Muslims.¹⁰

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 in a more consistent and regular manner reexamine its China policy in view of changes occurring in the international arena.

Chapter 1

A Sixty Year Retrospective

Two ancient nations, cradles of rich civilizations, are geographically situated at opposite ends of the Asian continent.¹¹ There is China, which can claim an unbroken history of development on its own land, and there is Israel, which has experienced what can be described as a virtual form of continuity – a ceaseless striving over millennia of exile to return once again to its ancient homeland. In considering the physical distance and the many wide differences between these civilizations, several questions spring to mind. What made it possible in the late twentieth century, seemingly against all the odds, for Israel and China to develop reciprocal relations? Specifically, what is the background behind the relations, 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 history of fascinating relations between the two latter 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 PRC was formed, the Republic of China under the Guomindang regime had established relations with the founders of the Jewish state. These relations continued after Israel declared its independence in 1948, and were expressed in China's active support for Zionism. Thus, for example, in a letter dating back to April 24, 1920, Sun Yat-sen wrote to Nissim Elias Benjamin Ezra, the founder of the Shanghai Zionist Association, expressing sympathy for the Zionist movement. Following diplomatic contact with Zionist activists, pre-Communist Nationalist China was one of the ten nations to abstain from the historic 1947 vote of the United Nations General Assembly to partition Palestine. The abstention by Nationalist China in fact helped to create the two-thirds majority needed to pass the decision, which demonstrated international legitimacy for the creation of the State of Israel.

A few months after achieving independence, Israel received formal recognition from Nationalist China. Not long afterwards, on January 9, 1950, following the Communist victory on mainland China and the declaration of the People's Republic, Israel took the surprising and even daring decision to recognize the new regime. 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 upsetting 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.¹² 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 Shafrir anti-aircraft missiles to Taipei. It likewise granted a license for the local production of Gabriel 2 anti-ship missiles and launchers.¹³

Paradoxically, the agreement of January 24, 1992 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, and in growing quantities, 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 time, however, was different than that of today. In 1950, Israel was essentially a moderate socialist country, and generally projected an evenhanded diplomacy of non-alignment. After all, it was not long since the new Jewish state had enjoyed Soviet support in the diplomatic arena (mainly the UN), and its emerging defense forces had been helped by Czech arms to win the war against the neighboring Arab states.

After achieving statehood, Israel nurtured high hopes of Jews flocking to the "old-new state" from their communities across the world. Northern China too had a Jewish population made up of thousands of refugees from White Russia, Central Europe, and elsewhere. For the Jews who had found 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. Thus in 1950, Israel's recognition of the new government in Beijing seemed a natural step to take. 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 a receipt of the Israeli telegram of January 9. On behalf of the Central People's Government, he extended greetings to Moshe Sharett, Israel's foreign minister, but left Israel's diplomatic move unilateral.

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

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

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

The years 1953-1955 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 place him in a position where he could assist in normalizing Israel's relations with Asian countries, particularly relations with China. What interested Hacoen very much was to promote trade between the two countries. Gradually, the dialogue between the two ambassadors grew wider in scope and became practical and constructive, with fruitful exchanges of ideas for economic and commercial cooperation increasingly evident between them. 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 within the Israel Trade Union Federation (Histadrut), where Hacoen was one of the leading figures. The delegation visited Shenyang in Manchuria, where it held important discussions with high-ranking Chinese officials; it seemed that Israel had reached an encouraging new turning point promising closer ties between Beijing and Jerusalem.

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

A year later, the Suez War broke out, and Beijing accused Israel of serving the imperialist cause. PRC-Israeli relations were frozen for a long time, and the era of non-relations began. At the same time, Israeli decision makers could hardly ignore warning messages from Abba Eban, then Israeli ambassador to Washington. Eban argued that further evenhandedness in Israel's policy towards China as advocated by Ambassador 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 until then – maintaining a de facto non-aligned foreign policy – simply evaporated.

In Israel, a fierce political and diplomatic debate has waged since, regarding what became known as “the missed opportunity.” In other words, did Israel miss a unique chance to normalize its relations with Beijing at some point prior to the Bandung Conference and thus open the door to the Third World? Should it, in other words, 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 discernible 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 Xiaoping 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 stay in ongoing contact with the Chinese, specifically with comrades in the Chinese Communist Party (CCP). (Mapam, the Israeli 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 argumentation almost solely on pure ideological ground, 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 the two parties were mended. For the ICP, the Great Leap Forward represented deviation from strict socialist orthodoxy.

When a rift arose 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, with the de-Maoization of China 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, and not 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), which found itself in an extreme state of crisis over its failure to dispatch the Vietnamese forces effectively, sought military and technological assistance, preferably from suppliers with experience in Soviet-made arms, especially suppliers that were capable of upgrading their materiel. Ironically, Israel was one of the few countries able to meet the PRC's urgent needs. Well acquainted with Soviet-made arms captured in the Middle East wars of 1967 and 1973, the Israeli military industry had incorporated highly impressive enhancements in the somewhat outmoded Soviet armaments. Shoul N. Eisenberg, a cosmopolitan Jewish businessman and entrepreneur who enjoyed exclusive privileges as an intermediary between Israel's military industries and the PRC, played a substantial role.¹⁴ During this period of military cooperation between the two armed forces, Israel supplied the PLA with upgraded T-59 tanks, originally Soviet

designed and reequipped with 105 mm guns.¹⁵ Paradoxically, China's military predicament and needs in the late 1970s and early 1980s helped official China overcome the traditional obstacle the Chinese Foreign Ministry had erected in the mid 1950s. Now, relations with Israel seemed to be of increasing significance. It was the beginning of the path leading towards the establishment of proper relations.

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

The period 1989-1991 saw significant strides forward in Sino-Israeli relations. A Chinese tourism office was opened in Tel Aviv, and an Israeli academic mission opened in Beijing.¹⁶ 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.

Chapter 2

Bilateral Relations since 1992

Trade and Cultural Relations

In 1992 Israel and China established full diplomatic relations. After embassies were opened in Beijing and Tel Aviv, economic and commercial ties between Israel and the PRC grew, initially moderately and later more rapidly. Israeli technologies in fields such as hi-tech, chemical industries, communications, medical optics, and agriculture were exported from Israel to mainland China. Sino-Israeli trade (over three-quarters of which comprises Chinese exports to Israel) climbed quite impressively in 2006, to approximately \$3.8 billion. In 2008 the figure reached \$5.53 billion (including diamonds), catapulting China to a significant position among Israel's trading partners. Imports to Israel amount to \$4.24 billion, and Israel's exports are \$1.29 billion.¹⁷ This is a highly significant statistic.

During his official visit to China in January 2007, Prime Minister Olmert stated that he expected a further increase in trade, to approximately \$10 billion annually by 2010. The China trade excludes business with Hong Kong even though much of it is redirected to the mainland. Thus, the actual trade figures are higher than officially announced. Past figures do not include Israel's lucrative arms sales to China. In the Cold War years of the 1970s through the early 1980s, these sales, according to outside observers, amounted to \$3-4 billion. These clearly could not continue following the pressure exerted on Israel by the American administration.¹⁸

Fortunately for Israel, the Chinese are interested in more than just military hardware, and therefore prospects exist for increased civil trade. China is interested in continued access to Israel's advanced technologies, particularly in the areas of agriculture, telecommunications, and defense. For example, China has become a big buyer of Israeli agro-technology, and companies such as Netafim, a world leader in drip irrigation systems, fared

quite well up to the outbreak of the present crisis. Indeed, water has been and still is a major topic of discussion between the two countries. For China, water is as important as oil, and China has a grave problem concerning the water quality. Israel's Global Environmental Services (GES) is involved in a \$5 million water purification project in Chinese Inner Mongolia. China is also especially interested in solar energy technologies.¹⁹

Israel's biggest export to China is hi-tech, and several established companies have entered the Chinese market. ECI Telecom, a maker of telecommunications equipment, initially entered the market through a joint venture, but in the course of 2006 took over full control of the venture. As with other countries, entry into the Chinese market has not always been easy for Israeli companies, and in fact, how much money Israeli companies have lost in China has yet to be studied.

At times Israel was China's second largest arms supplier after Russia, supplying Beijing with a range of weapons including electronic components for tank communication, optical equipment, aircraft, and missiles.²⁰ Besides the income, Israel also hoped that its sales of military technology would secure Beijing's agreement not to sell specific weapons to Israel's enemies in the Middle East. However, this arrangement placed considerable strain on American-Israeli relations, especially since Israel receives more American aid than any other country in the world. Indeed, since 1992 the US government has expressed concern over the transfer of native Israeli and derivative American military technology to the PRC, a concern publicized with regard to the Patriot Air and Missile Defense System, the Lavi jet fighter, and the Phalcon and Harpy.²¹ As for transactions regarding Patriot missiles, American suspicions were never proved and were consistently and adamantly denied by Israel.

The PRC's lack of access to advanced electronic and information gathering equipment has long plagued the Chinese military. In the mid 1990s, Israel agreed to sell China the Phalcon, an Israeli-developed sophisticated airborne radar system – with a price tag of \$250 million per plane. This improved AWACS – early warning radar surveillance aircraft – would allow Chinese commanders to gather intelligence and control the aircraft from a distance. However, Israel's decision to sell the aircraft to the PRC raised serious concerns at the 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.

The specific reason for Washington's anxiety, beyond the US-EU 1989 embargo on China, was the concern that Israel's advanced radar system could be used to enhance China's capability and help extend its might beyond its borders to threaten Taiwan. The United States had sold advanced weaponry, including fighter jets, to Taiwan. It had intended to equip Taiwan with advanced early warning airborne radar aircraft, including E-2T Hawkeye and other radar systems, but not with the more sophisticated AWACS. American apprehensions were amplified by the prospect of the transfer of American technology to Beijing via Israel, and despite Israeli assurances, the administration felt it would be difficult to actually separate American military technology from Israeli technology. In addition to Washington's objection to Jerusalem's transactions with the PRC, American military industries also used their own leverage in Washington to persuade Israel to cancel the Phalcon deal.

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 Zhang Ze-ming's visit to Israel in April 2000, notwithstanding the several guarantees from Israeli prime minister Ehud Barak that the deal would go through. Not surprisingly, Israel's breach of promise along with the deep mortification of the Chinese leader led to a diplomatic rift between Jerusalem and Beijing.

The Phalcon fiasco provoked heated debate in Israel. Ora Namir, a former Israeli ambassador to China, made it quite clear that even to contemplate selling the Phalcon to China was a serious misjudgment. In her view, Israel was so dependent on the United States that it was delusional to think that such a deal could go through. Others criticized the decision making process and its diplomatic repercussions. 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 misunderstanding with the US administration.

Eventually, Israel paid the Chinese \$319 million, part as a refund for the deposit paid by the Chinese, and part as compensation for the cancellation of the whole deal. The sum agreed on by the parties was in effect an escape

for Israel, given Beijing's original demand for \$630 million in expenses and another \$630 million as indirect compensation. This would have totaled \$1.26 billion, a sum that Israel would have found almost impossible to pay.

Like the Phalcon, Israel's Harpy drone, an unmanned assault aircraft, was exclusively the product of Israeli technology. The Harpy, equipped with laser-guided munitions, can loiter over enemy territory for hours and then hone in on radar systems and destroy them by crashing into the targets. Like the Phalcon, the Harpy could be invaluable to mainland China over the Taiwan Straits and Taiwan itself. Apparently both the US and China lagged behind Israel in the technology used in this drone. In 1994 Israel sold the Harpy planes to Beijing, and in 2004 and 2005, contracted to service and repair the drones (or parts thereof), which indeed arrived in Israel for this purpose.

The Pentagon objected to this move even though it was part of the signed contract between 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 Jia-xuan visited Israel. This visit, the first visit by a high ranking official after the Phalcon affair, increased American suspicions as to Sino-Israeli relations and sparked opposition to the Harpy deal. Deputy Secretary of Defense Paul Wolfowitz and Undersecretary of Defense Douglas Feith vigorously protested what they believed was a clandestine agreement to upgrade the Chinese-owned Harpy drones. Again, the security of Taiwan was Washington's main anxiety. The Americans demanded that Israel not return the Harpies to China even though they were undoubtedly Chinese property. By 2009 it was by no means clear whether Israel returned the Harpies without servicing them or whether the planes were ever returned at all. In any event, Jerusalem agreed to pay the Chinese considerable sums in compensation. Moreover, in early September 2005, the director general of Israel's Ministry of Defense, Amos Yaron, left the Ministry following American demands that he resign, 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.²² Despite scrupulous compliance checks, there are no guarantees that contracts will be met and the Chinese are uncertain that Israeli contracts will be concluded. Moreover, Beijing could always impose sanctions on Israeli enterprises not only on the mainland, but also in Hong Kong. This would indeed be a grave blow to Israeli exports to other parts of the world as well, since other countries may feel unsure regarding a possible US embargo, which would inflict serious damage on Israel's export trade.

Improved Israeli-PRC relations have failed to deter Beijing from exporting arms to Israel's potential enemies such as Iraq and Iran. Rather, China took full advantage of the protracted hostilities between the Gulf states, a practice that continued in different guises for a long time. Indeed, especially in light of the Second Lebanon War, it became clear that a new reality has emerged regarding China, Israel, and the Middle East. The PRC is now at the forefront of military technology. Furthermore, Israel is concerned about the sale and transfer of Chinese advanced weapons to non-state organizations, dramatized acutely by the July 14, 2006 incident.²³ A missile fired by Hizbollah early in the Second Lebanon War damaged the Israeli warship *Hanit*, a Saar 5-class missile ship off of Lebanon, killing four IDF sailors. It was assumed that elite Iranian troops helped fire the missile, a Chinese-made C-802 Silkworm land and sea launched anti-ship missile sold to Iran a decade earlier.

The signs of a certain lull or even a regression in Sino-Israeli cultural relations followed on the heels of two outstanding successes: the visit by the Israeli Philharmonic Orchestra to Beijing in 1995 and the exhibition on traditional China hosted by the Israel Museum in Jerusalem in 2001 over four months. This exhibition was unprecedented in the number of original exhibits brought specially from China. At the exhibition site an

art festival was conducted that included operatic scenes, acrobatics, dance, and various other traditional activities.

In the fall of 2000 an exhibition on the life of Albert Einstein was scheduled to visit five Chinese cities.²⁴ The exhibition was eventually cancelled when the Chinese Ministry of Culture insisted on removing three facts relating to the famous physicist's biography: that Einstein was Jewish; that he supported the creation of the Jewish state, and that Israel's first prime minister invited him to be Israel's second president, a position the elderly professor declined. Faced with heightening Arab-Israeli tension, China perhaps lacked the motivation to deflect the barrage of Arab criticism that would inevitably follow an exhibit highlighting Einstein's ties with the Jewish state.

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

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

By 2009 educational and academic ties between the two countries have certainly proven themselves. Chinese students study and conduct their respective fields of research in local universities. At Tel Aviv University, for example, the recently established Confucius Institute is active not only in academic research, but also in exposing members of the community, including high school students, to the Chinese language. An increasing

number of Israeli students travel to China and study Chinese in various provinces. They gain knowledge related to Chinese tradition, culture, and particular disciplines, including Chinese medicine. Indeed, the various exchange programs between the two countries and between their respective academic institutions testify to constructive and productive results. There is no doubt that on both official and popular levels, reciprocal acquaintance with the two societies is growing in an impressive manner. One very apparent feature in this respect is the growing numbers of Chinese books, mainly novels and translations of classical philosophy that have been introduced to the Hebrew reader. Likewise, Israeli works concerning Judaism, Jewish history, modern Israeli literature, and the Middle East have been translated into Chinese and are spreading in intellectual circles. Chinese internet sites focusing on Israel and the Arab-Israeli conflict are also quite common.

Chinese Workers in Israel

According to Yitzhak Shichor, between 5,000 to 7,000 Chinese workers live in Israel, part of the foreign worker population that has figured in Israel's economy in recent years.²⁵ 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 protesting delays by employers in paying them their wages or media coverage of the physical conditions in which Israel's Chinese community live, as well as raids to expel Chinese whose visas have expired.

While this 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 picture to an 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 people were wounded in an attack on the crowded Jerusalem Mahane Yehuda market.²⁶ 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 on the whole became much more conscious of the dangers awaiting them from extreme groups worldwide, and particularly from the separatist East Turkistan movement. They could

now sympathize with countries such as Israel that were targeted by suicide bombers and a range of clandestine cells. Indeed, various Chinese internet sites demonstrated an impressive sympathy towards Israel, greater than what is generally found in official circles.²⁷

China, the Palestinians, and the Middle East

September 2000 saw the outbreak of the second intifada. Like most of the world, the Chinese government has been and still is highly conscious of the threat of global terrorism. Thus, even though it has shifted towards greater support for the Palestinian cause and harsher criticism of Israel's actions in the Palestinian areas, Beijing is conscious of its own issues vis-à-vis its Uyghur population, namely, the predominantly Muslim residents in Xinjiang province, and the terrorist threat it entails.²⁸ Early in July 2009 serious riots broke out in Ürümqi, the capital city of this remote northwestern province. Hundreds of Han people clashed with both police and Uyghurs. President Hu Jin-tao was forced to cut short his attendance at the G-8 summit and return to China due to the grave unprecedented situation. After about 200 people were killed and about 1800 were injured, the government imposed a curfew in most urban areas and shut down internet services. It likewise restricted cell phone services. Fierce worldwide criticism against the Chinese authorities was launched.

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

On July 25, 2006, during the Second Lebanon War, a Chinese UN officer, Du Zhao-yu, and three observers from Austria, Finland, and Canada were killed when an Israeli bomb hit their bunker near Khiyam.²⁹ China strongly condemned the Israeli raid on the UN peacekeeping post and urged Israel to carry out a thorough investigation and apologize to

China and the victims' families. China's ambassador to the UN called for a ceasefire in Lebanon and demanded that Israel be condemned in view of its air strikes in Lebanon. Beijing also requested that the UN be involved in an inquiry of the incident. These two diplomatic initiatives were blocked by an American veto.

On the whole, however, it can be argued that by the beginning of 2006, following the legislative elections victory by Hamas in the Palestinian Authority and the intense concern about Iran's nuclear energy program in the United States (with particular anxiety regarding a Middle Eastern arms race), China's policy on these matters has demonstrated relative moderation. China was prepared to accommodate the new leaders in Gaza and the government in Tehran, yet at the same time it became gradually more involved in the Arab-Israeli-Palestinian conflict, and sent troops on a peacekeeping mission to Lebanon and joined UN observers stationed there. In 2007 China conducted talks over the Lebanon question with Iran. Overall, China, being a permanent member of the UN Security Council, is expected to play a more active role in various conflict arenas worldwide, the Gaza Strip and Lebanon included.

Another example of China's Middle East policy emerged from the visit by China's foreign secretary Yang Jie-chi to the Middle East in late April 2009. In his discussions he encouraged the resumption of Israeli-Palestinian talks and called for progress in the Middle East peace process: "We call upon all parties involved in the issue to take positive and trust-building measures to stabilize the situation, and pave the way for the resumption of the Israeli-Palestinian talks," said Yang at a press conference after meeting with the Palestinian Authority (PA) chairman, Mahmoud Abbas. He also offered a more comprehensive perspective on the greater conflict arena: "We would like to see the resumption of the Israeli-Palestinian peace talks at an early date; at the same time, we would also like to see the launching of the Israel-Lebanon, Israel-Syria peace negotiation as soon as possible."³⁰

He repeated China's policy when he met the newly elected prime minister of Israel, Binyamin Netanyahu, and said that China was ready to provide assistance to advance the Israeli-Palestinian peace talks. Indeed, as the top Chinese diplomat noted, China hoped to play a constructive role in the resolution of the Middle East issue. For his part, Netanyahu informed Yang of Israel's approach and said the Israeli government attached great

importance to its relations with China. Israel was ready to expand mutual beneficial cooperation and achieve common development.³¹

On April 26, 2009, while in Damascus, Yang, testifying to China's interest in assuming an active role in the region, issued a five-point proposal to advance the Middle East peace process. First, the parties should continue the peace talks and advance the peace process on the basis of relevant international proposals, including UN resolutions, the "land for peace" principle, the Roadmap, and the Arab peace initiative. Second, the parties should take positive confidence-building measures to restore stability and foster positive conditions for the peace process. Third, China upholds the two-state solution formula and calls for an early establishment of an independent Palestinian state alongside Israel: "This is the ultimate way out for the Palestinian issue, which can...guarantee to the Middle East peace and security." Fourth, the international community should continue to attempt to resolve the Palestinian issue, including address of the internal Palestinian political and economic challenges. Fifth, peace negotiations on the various tracks – Palestinian, Syrian, and Lebanese – should be coordinated so as to advance a comprehensive peace in the Middle East. Thus, "as a permanent member of the UN Security Council, China will continue to maintain close communication and coordination with parties concerned to play a constructive role in pushing for a comprehensive, just and lasting solution to the Middle East issue."³²

In addition, Yang paid tribute to the ties between China and the four Middle East nations he visited, and affirmed the importance of cooperation, bilateral exchanges, mutual political trust, and coordination on international and regional affairs. Regarding the global financial crisis, Yang noted China's importance in weathering the situation, and pledged China's help in trade and energy-related outlets in the Middle East. In particular, China hopes to translate the financial crisis into mutually beneficial economic opportunities, particularly in areas of trade, investment, energy, infrastructures, and human resources development.³³

Yet despite the declarations and the presence of its special envoy, China's input in the Middle East has been hardly felt. The US and the Quartet are still the main diplomatic players in the Middle East scene. It seems that Israel's primary challenge is to have the Chinese emissary motivated to advance or at least understand better Israel's diplomatic

agenda. China's default position is to a great extent pro-Arab in view of its energy interests and its traditional political and ideological interests in Third World countries. China's oil import from the Middle East has increased by almost 4000 percent, from 1.15 million tons in the 1990s to 45 million tons in 2004. In 2005 China's oil imports from the Middle East reached 58 percent of its entire oil imports, with 13.6 percent originating from Iran. Recently, oil imports from the Middle East were down; after the government looked to other nations to secure its energy supply, the ratio of China's imports from the region to total oil purchased overseas dropped to about 40 percent in 2007.³⁴ Still, it seems that dependence on Middle Eastern oil is considerable. No wonder, therefore, that China has on the whole adopted an accommodating policy towards the Arab world and Tehran.

The situation changed following the outbreak of the world financial crisis in the autumn of 2008. The overall prices of raw materials, for example, oil included, started to drop. An entirely new situation evolved, which is likely to alter the balance of trade power in late 2009 and 2010.

China, Israel, and Hong Kong

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

For many years, Hong Kong was Israel's second largest trade partner in Asia after Japan. The former British Crown Colony then provided both direct and indirect export markets as well as an important source of imports. 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.³⁵ 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 Kong³⁶ 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.

Chapter 3

International Perspectives

Prior to the outbreak of the world financial crisis, Chinese historians studied the rise and fall of great powers such as Spain, imperial Britain, and even the United States. An updated version of their research was presented to members of the Politburo of the Chinese Communist Party and shown as a twelve-part series on television. After all, China has itself become an empire (albeit without colonies) and a major international power, though international public opinion has yet to internalize this development. China amassed foreign currency reserves of close to \$2.13 trillion by July 2008³⁷ (excluding reserves held by Hong Kong's Special Administrative Region), and if Beijing decided, for example, to transfer a large part of its investments into Euro-denominated holdings and did it cautiously and thoughtfully, it could do considerable damage to the American economy. Indeed, China has become a major factor capable of influencing the fate of the world's leading power, not to mention other countries. China recently invested billions 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.³⁸

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*)³⁹ does not signal entering a global conflict with the United States or with any regional bloc, rather the contrary, signaling to the world that Beijing seeks to manage this process to prevent conflict. In fact, this move is regarded as compatible with China’s well publicized “policy of harmony” (*he xie*) – a national campaign to build a harmonious domestic society aimed at rejuvenating China along its own rich, ancient cultural traditions. “Peaceful rise” is China’s way of acknowledging the historical problems associated with 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 (which possesses a very small Chinese built research reactor).

Thus as far as Israel’s grand strategy is concerned, China’s economic-financial performance and the prospects for a tangible global diplomatic strategic rise ought to arouse serious thinking as to the future priorities of its global orientation. While this has little to do with the immediate or near future, somewhat daring thoughts, even brainstorming, should take place for long term planning. This can be done, for example, by regular high level consultations with academics and other experts on Asia in the Ministry of Foreign Affairs, Ministry of Defense, National Security Council, and Prime Minister’s Office. An essential precondition to such collaboration should be open and frank deliberations and the welcoming of non-conventional ideas.

There are other global issues that bear some relevance, albeit indirectly, to Sino-Israel relations. China’s drive to seek scientific and technological cooperation and even multilateral security arrangements with countries in Asia, Europe, Central Asia, South America, Africa, Canada, and other US allies has little direct bearing on Israel or on Sino-Israeli relations, even though this could potentially be a serious bone of contention between China and the United States. Only when repercussions are felt in the Middle East would those issues become urgent for Israel.

Should China’s appetite for natural resources increase again following the end of the present recession, it might recreate deep anxiety in

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

Taiwan

One question raised as to the term “peaceful rise” regards the Taiwan issue, which is still unsolved. Interestingly, in 2003 some Chinese leaders used the term. President Hu Jin-tao altered it slightly a year later by coining instead the expression “peaceful development” (*heping fazhan*), favoring a less confrontational phrase to refer to China’s external strategy.⁴⁰ The idea, on the whole, was to reassure the nations of Asia and the United States that the rise, or rather development, of China in military and economic prominence would by no means pose a threat to peace and stability anywhere in the globe. On the contrary, other nations would benefit from such development.

Taiwan remains a sensitive, potentially explosive issue in the East Asian region. 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, for example, 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 keeper and guarantor and continues to sell the Republic of China defensive weapons. This issue is critical for Beijing, which under some circumstances might be ready to venture a calculated risk and embark on preemptive measures that would cause vibrations not only around the Taiwan Straits, but even much further. Containing Taiwan’s independence movement leads Beijing’s national order of priorities.

In the past, as Moshe Yegar and Yitzhak Shichor have documented, Israel engaged in controversial civil and military commercial transactions with Taiwan.⁴¹ These transactions have allegedly involved the indirect transfer of American technology to Taipei, and have incurred Pentagon disapproval of Israel. Thus it seems that Israel should maintain and adhere

to its traditional policy vis-à-vis mainland China, the People's Republic, and should decidedly refrain from any diplomatic or strategic initiatives that might jeopardize the achievements hitherto reached.

India

In January 2008, Prime Minister Wen Jia-bao met with the current Indian prime minister, Manmohan Singh. He stressed that cooperation between China and India was of great importance to world peace and prosperity. As far as the two were concerned there was enough space in the world for both countries to continue to grow. The two pledged to strengthen trade ties and economic cooperation in fields of construction, investment, financial services, technology, education, and tourism. Indeed, in 2008, bilateral trade volume reached nearly \$50 billion against a projected trade of \$45 billion, almost 40 times the 1995 figure. China has become India's second largest trade partner, and India is China's tenth largest trade partner.⁴² The investment between China and India has expanded, and contracted projects have increased.

Security, another major concern common to these 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 and sticks to its well known rejection of autonomy of any sort. The fact that the Dalai Lama lives in exile in India creates a serious, almost structural difficulty in Sino-Indian relations. Yet New Delhi has made it quite clear that it would never back up an independent Tibet. As for Pakistan, China is a close ally of that country and India worries about Beijing assisting Islamabad in their dispute over Kashmir.

Against this background and in light of the fact that both Asian giants are of utmost importance to Jerusalem's global policy, Israel should 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 these relations have tightened of late, in part as a function of China's growth and Israel-China relations. The formal relations between the Jewish state and the Indian sub-continent established in 1992 were, among other reasons, 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 the mutual relations between Jerusalem and Beijing. Indo-Israeli relations developed in trade and agriculture, as well as in the military field. Indeed, given the problems with Russian acquisitions, there emerged a growing need to diversify purchases, and here Israeli offers seemed most attractive. They included cutting-edge weaponry that did not presuppose any political strings.⁴³ The biggest advantage of seeking military cooperation with Israel lies in the fact that its technology is largely indigenous and facilitates technology transfer with no end user problem. Israel offered India, for example, 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 maneuver. For India, Israel is a source of high technology in various fields, especially military. Building ties with Israel, as Farah Naaz and others have already noted, could serve as an effective counterbalance to Pakistan's military might. For Israel, India is a large and lucrative market that is particularly significant as restrictions on Israeli trade with China are increasingly tightened.

On the whole, China's economic success and its growing expenditure in the military sphere arouse great anxiety in India. While India grows closer to the United States, China remains a potential threat. This is the background to tighter relations between Israel and India.⁴⁴

South America

In late 2004 President Hu Jin-tao spent almost two weeks in South America (visiting Brazil, Argentina, Chile, and Cuba), the US "back door" considered by America for almost two centuries as their near-exclusive sphere of influence. 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 ground and enhance mutual political trust, expand trade and reach cooperation in hi-tech and industry, and expand cultural exchanges and deepen mutual understanding. The raw material exporters, including Chile and Brazil, have since increased their trade with China, which in turn invested in their economies.

While strategic and political interests between and among developing countries were at the top of the list, 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 these was the crux of the matter. China is clearly emphasizing trade and investments in energy resources, both because its need for energy and other resources is growing exponentially, and because it wants 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 a \$10 billion investment in Brazil (mainly in transportation, iron, and steel) over the next two years; by way of comparison, as of 2008 US investments in Brazil were approximately \$30 billion. The Chinese delegation promised nearly \$20 billion in investments in Argentina (mainly in railways, energy production, infrastructure, and housing) over the next decade, which will probably be the largest bilateral economic accord for Argentina since its economy collapsed. Another example of increased ties is Venezuela, the third most important supplier of oil to the United States. Venezuelan 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 intended to "diversify" his country's oil exports, in part to China, so it would not be as dependent on sales to the United States (60 percent of sales now go to the US). Chinese companies will invest in exploration for oil, setting up refineries, reactivating 15 mature wells, and producing natural gas. Bilateral trade is expected to more than double. China will also sell Venezuela radar equipment for its borders and a satellite intended to give the country "full sovereignty" in telecommunications.

On the whole, Beijing's economic ties to Latin America have witnessed comparable growth: from 1993 to 2003, China's trade with Latin America increased by 600 percent. President Hu Jin-tao set the mark for increasing trade with Latin America to \$100 billion by 2010, a goal easily met when trade surged to \$143.4 billion in 2008.⁴⁵ The rapid increase in trade between China and Latin America proves that the region can offer China a series of profitable markets. The largest market thus far has been Brazil, whose 2007 bilateral trade with China amounted to \$29.7 billion, followed by Mexico with \$14.9 billion.⁴⁶

Africa

A similar tour de force by the Chinese leadership took place early in February 2007, when Hu Jin-tao visited eight African countries.⁴⁷ Among these were China's closest allies and trading partners. He pledged new loans for schools, cultural centers, and other institutions on the continent. Moreover, 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 African countries that include 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 countries mentioned above, but also in Ethiopia, Tanzania, and Zambia. It likewise cancelled \$10 billion in bilateral debts from African countries.

The fourth ministerial meeting of the Forum on China-Africa Cooperation is scheduled for late 2009 in the Egyptian Red Sea resort of Sharm el-Sheikh. It will be the Forum's next gathering after the summit organized by Beijing in 2006. This meeting will be of great significance to furthering China-Africa relations and strengthening China-Africa cooperation in the current financial crisis. Indeed, 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. China expects that the meeting will play a positive role in deepening the new type of China-Africa strategic partnership and pushing for the sustainable development of the Forum.⁴⁸

Many African leaders and intellectuals, while acknowledging Beijing's recent involvement and aid, at the same time criticize China's overall attitude, term it as a new brand of "neo-colonialism," and express their anxiety lest Africa become an economic informal colony of China.

Should Chinese and American interests clash over raw materials in South America and Africa, it seems that Israel would have to form its own stand on the issue.

Iran-China-Israel

China, Iran's principal oil client, is well aware of Israeli and international objections to Tehran's nuclear program. During his January 2007 visit to China, Prime Minister Olmert made it clear that Beijing, as a permanent member of the Security Council, ought to act responsibly with respect to Iran's efforts to acquire a strategic nuclear capability. He expressed his appreciation of China's vote for Security Council Resolution 1737 of December 2006 that imposed sanctions on Iran. At the same time, however, he also firmly impressed on the president and 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.

In October 2007 Israeli foreign minister Tzipi Livni met Prime Minister Wen Jia-bao and Foreign Minister Yang Jie-chi in Beijing, and urged them to promote a UN decision to impose severe sanctions on Iran. The Chinese remained polite and diplomatic. In turn, they praised Israeli agricultural assistance to Chinese farms, but did not vouch for a change in their Iran policy. Indeed, notwithstanding the impression conveyed by members of Olmert's and Livni's parties, the Chinese did not budge from their traditional stance: 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 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 also one with military applications.

Even following Olmert's and Livni's visits, China remained committed to its gentle diplomatic approach. It is unwilling to ignore the important economic dimensions of its relationship with Iran, which provides over thirteen percent of China's oil needs. It is true that 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. Besides, Iran also purchases large quantities of Chinese goods, and China bases its economic future on a persistently favorable balance of trade.

Employing its “policy of harmony” in the international arena, China is not interested in finding itself at loggerheads with Iran. Israeli decision makers should understand that they cannot convince and certainly not impose on China their Iran policy parameters. In various quarters and in specific junctures Beijing tends towards and indeed will pursue appeasing and accommodating policies in the international arena. In this respect the visits by the Israeli prime minister and the foreign minister seem to have failed to alter Beijing’s policy. Israel ought to internalize that China is different, and pursues its own unique (strange, some may claim) priorities. Beijing has never been an eastern version of Washington and there is no chance whatsoever that it will be.⁴⁹

North Korea

Israel’s policy towards Iran and Syria, and how Jerusalem might best 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 their respective ties with China and North Korea. No doubt that recently Tehran’s nuclear policy has overshadowed the North Korean issue: Israel certainly has given its utmost attention to it. In any case, however, the two East Asian countries are quite likely to become increasingly more involved in future Middle East developments. This would naturally have a serious effect on Israel. Indeed, Jerusalem could not disregard the new factors added to the complicated 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 obtaining 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 to be worth \$1 billion. As part of the deal, Israel was to buy a gold mine and supply North Korea with thousands of trucks. It is still too early to evaluate the exact details of that strange initiative or assess who specifically was responsible for undermining it. Was it a truly viable and concrete proposition? Even Washington’s attitude towards the deal is not entirely clear. One fact is certain: nothing emerged from that proposal.⁵⁰

In recent years the United States relied on Beijing's diplomacy in bringing 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 to 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, ignoring 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.

In the two years that have elapsed since, North Korea has changed its tactics several times. Early in 2009 it once again took some steps towards escalation and its Foreign Ministry reaffirmed North Korea's status as a nuclear weapons state, asserting that improvements of diplomatic relations with Washington should no longer be linked to denuclearization. This line directly conflicts with the consensus embodied in the September 2005 Joint Statement of Six-Party Talks that explicitly linked diplomatic normalization to denuclearization.⁵¹ In April 2009 North Korea launched a multi-stage rocket, and in May Pyongyang conducted a nuclear test. In July it fired missiles into the Sea of Japan and appeared to have fired two mid-range Rodong missiles, which could reach all of South Korea and most of Japan, as well as five shorter range Scud missiles, which can strike most of South Korea.⁵² Early in August, former president Bill Clinton flew to North Korea and managed to secure the freedom of two American journalists detained there. The humanitarian mission, however, did not alter Washington's position vis-à-vis Pyongyang, and President Obama made it clear that the success of Clinton's mission did not ease the United States demands that North Korea alter its behavior if it wants to escape its isolation.

Up to September 6, 2007, it could be argued that Israel had little particular interest in the Korean Peninsula, the region, or its related security issues. Yet following the IDF's reported air strike in northern Syria at Dir a-Zur, Israel became deeply involved. Israel has not officially admitted any involvement in the attack nor has it disclosed any details. Yet in April 2008, Bush administration officials came out publicly with evidence saying

that the Syrian site was a plutonium reactor. The information disclosed was particularly significant because of regional security concerns and the impact on other countries' choices 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.⁵³

There were speculations that the Syrians saw a cheap opportunity to buy some of the basic components of a nuclear program, perhaps because Pyongyang was trying to remove elements of its nuclear program from the country to meet deadlines in a precarious denuclearization agreement with Washington. Though it has long sold 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.

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 exact identity of the participants, and the frequency in which the forum convenes have not been disclosed, it would be quite logical to assume that issues related to both Korea and Iran have been and are among the issues discussed there.

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 were most probably killed, reignited the debate over whether Syria was trying to overcome past obstacles by starting their own small nuclear program and buying nuclear components from an outside supplier. Israel, it could be indirectly understood, claimed that what its jets struck was tied to nuclear weapons development, not to missile production. Yet the overall picture is far from clear since so far there has been no hard evidence that Pyongyang ever tried to sell elements of its two nuclear programs. One of those programs, involving plutonium, is quite advanced, enough to produce six to twelve nuclear weapons. But selling that fuel would be enormously risky, and perhaps 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 assessed to be in its very early stages, and some doubt if

North Korea has made much progress on it at all. That program involves the construction of centrifuges to enrich 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.

Syria's efforts to bolster its missile arsenal have been a source of worry for Israel for years, especially given Syria's armament of Hizbollah. North Korean engineers in Syria (estimated in their hundreds or even thousands) are believed to have helped Syria develop a sophisticated class of Scud missiles that have a longer range (Class D with a range of 435 miles) and are more accurate than previous versions. Also, they upgraded Syria's sea vessels and submarines. Obviously, Israel has long been anxious about the emerging situation on its northern border.

China aspires to establish a peaceful and stable environment in its region. It certainly has no interest in a nuclear Korean peninsula, and success in this respect would allow Beijing to concentrate on the Taiwan and the China Sea issues that are far more important to it. Beijing, it is quite clear, does not approve of North Korea's international brinkmanship policy and adventurous behavior. It therefore continues playing its almost traditional role as an intermediary. However, China can pursue this policy as long as Kim Jong-il allows it and does not negotiate directly with the West, particularly with the United States. Whether China's ability to influence the situation in the region will continue and whether it can curb North Korean exports to Syria and Iran is unclear.

Furthermore, Beijing cannot afford disrupting its relationship with Pyongyang or even adopting a harsher attitude towards it. 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 UN's and the West's requirements, and certainly would not impose sanctions on Kim Jong-il's regime. Should war break out in the region or substantive tension build up, China is likely to suffer from a serious influx of Koreans (refugees, defectors) into its territory. Already it is estimated that 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 the

North Korean future position would serve as a time bomb developing into a serious bone of contention between the two powers.

It seems that Jerusalem has to take into account the new emerging reality as it pays greater attention to East Asian affairs. During Prime Minister's Olmert February 2008 journey to Japan he related to North Korea and the risk it might 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 formed by the Israeli intelligence agencies in all aspects related to Pyongyang's cooperation with Tehran and Damascus. Needless to say that Jerusalem can do very little, if at all, concerning this issue. Thus if indeed the Israeli Foreign Ministry is correct in its retrospective analysis of the 1992 North Korean initiative to approach Israel and work with it, there is reason to regret that the initiative was not pursued and, 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 stellar, if not outright unimpressive. The founders of the new Jewish state were continually more preoccupied and anxious about the viability of the Zionist project, and less with the principles of human rights.⁵⁴ They paid little serious attention to enhancing human rights worldwide, and did not fully embrace Western moral standards. Rather, it is claimed, Jerusalem often supported disgraceful regimes in Latin America, Africa, and Asia, sold arms to ill-famed military leaders, and even trained their guards or militiamen. It by no means demonstrated particular concern for moral issues.

Since the horrendous June 1989 Tien An Men square events in Beijing, international criticism of China's human rights record has grown fiercer. On the whole, however, it can be argued that a forgiving and charitable attitude towards Beijing characterized foreign policies of quite a few nations.

Moreover, at times it seemed that Washington and other governments cared more about property rights than about civil rights. The infringement of the former after all caused real damage to industrial and financial interests at home while disrespect for the latter had to do with a faint guilty conscience. Governments therefore were impelled to protect the former. Without dwelling on 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 to boycott the games were heard.

Israel systematically ignored the liberal protests voiced in Europe and the United States. Allegations concerning forced organ removal from live Falun Gong prisoners, organ harvesting from executed prisoners, and similar accusations were seldom heeded in Israel. President Shimon Peres often said abuse of human rights can be found in many places, not necessarily or only in China. Women in Muslim societies, for example, are oppressed, yet Israel does not shy away from relations with whoever is willing to have contacts with Israel. It is mainly in radical left and liberal circles that criticism of China is expressed relatively often. Former minister and MK Yossi Sarid is perhaps the best known public figure to be quite outspoken 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.⁵⁵

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 on the part of Muslim communities in particular often bring them together.

Chapter 4

Sino-Israeli Relations: Future Prospects

Ehud Olmert's state visit in 2007 marked a fifteen year period of full and formal Sino-Israeli diplomatic relations. During his brief stay in China the prime minister declared that Israel would open another consulate general in China, in Guangzhou, capital of the economically powerful Guangdong Province. This action, designed to promote more Israeli trade with China, indicated that Israel came a long way since the late 1970s when the Foreign Ministry in Jerusalem, facing budgetary cutbacks, decided to close Israeli missions in Hong Kong and South Korea. In those days, Israel's Eurocentric orientation was so strong that the appointment of yet another diplomat in Paris or in the consulate in New York was seen as much more urgent than maintaining delegations in emerging East Asia.

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

Objectives of Olmert's visit included stepping up cooperation in agriculture and technology for peaceful purposes and promoting Chinese tourism to Israel. These measures are designed to double and even triple the volume of Sino-Israeli trade. They seem necessary in view of the limitations on Israeli exports to China currently imposed by the United States. These and possible sanctions imposed by Beijing on Israeli enterprises could mean a grave blow to Israeli exports elsewhere in the world as well. Therefore, even following Olmert's visit, prospects for increased China-Israel trade are far from assured and hopes cherished in Jerusalem regarding bilateral trade relations, i.e., reaching the promising volume of \$10 billion, may not materialize. On the contrary, it seems that sooner or later reciprocal trade,

possibly after a certain rise, may well be on the decline due to American pressure and the constraints mentioned above.

Indeed, Olmert's and Livni's visits to China represented another positive effort to "maintain" and "service" the relations with Beijing. They, however, by no means symbolized a daring attempt at implementing new tactics vis-à-vis China or even a moderate turning point aimed at a conceptual change. Clearly, therefore, the visits were not a modification, revision, or correction of Jerusalem's traditional course towards China, the would-be new superpower. The two Israeli leaders, it seems, did not internalize China's new role and new capabilities. The longer range seems to have been missing from the diplomatic mental picture. To be sure, a drastic change of course vis-à-vis China is out of the question in view of Israel's quite precarious global situation. However, a certain shift could and should have been expected. In this respect the visits were somewhat disappointing.

True, a drastic change of course by Jerusalem vis-à-vis China could be seen as an unwise and premature move that could risk what Israel has at hand, namely Washington's sympathy and support. As for the disappointment regarding trade with China, again it can be argued that given the rigid constraints imposed by the American administration following the Phalcon and Harpy affairs, Jerusalem finds itself in an impossible position and has to continue to accept the American demands/requests unconditionally. Nonetheless, the question remains as to whether a more imaginative step could not have been or should be taken.

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 recently, in view of what may be termed an economic war between Beijing and Washington, have grown sour.

Policy Recommendations

In light of the narrative and thesis presented here, what policy is recommended for Israel?

It seems that despite the various constraints, significant steps should be taken in order to further improve Sino-Israeli relations and enable Jerusalem to benefit from ever closer relations with Beijing. Israel ought to try and gradually venture an alternative cautious fresh policy towards China. Its decision makers must internalize the emerging global situation, especially in the wake of the present world financial crisis, as well in light of the emerging scenario that no longer one hegemonic power will be present in the international arena, but rather two (or three). Indeed, in the emerging bi- or tri-polar world (Russia's August 2008 military incursion in Georgia underscored that Moscow must not be overlooked as a great power), China will be cast as a major actor.

In light of the likely new realities, Jerusalem should:

1. Reassess its overall China policy. While it could certainly expect an increase of its exports of civilian products and technologies to the People's Republic of China, the renewing of exports of military materiel there is unlikely, at least for the foreseeable future. Even the export of products with dual use characteristics appears difficult, if not impossible.
2. Conduct a serious examination of whether all proper efforts have been exerted to enhance trade with China.
3. Remove administrative obstructions relating to trade with China.
4. Take concrete steps in order to strengthen pro-Israeli sentiments prevailing among Chinese intellectuals and within wide circles of the Chinese public. Approach potential young promising cadres likely to become China's next reservoir of leadership both at the national and regional levels.
5. Seek further collaboration and enhancement in "neutral" fields – agriculture and sciences included.
6. Strengthen informal, academic, and research contacts with various relevant quarters in China.
7. Emphasize that some Israeli scholars and independent strategic and political thinkers maintain that a new and different China policy should

be adopted by Jerusalem and that there are diverse ways of balancing the Israel-China-US triangle.

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

A quiet yet substantial, transformation is taking place at present in the international arena, and decision makers in Jerusalem should be careful not to disregard it.

Notes

- 1 On the visit, see Aron Shai, "Olmert's Visit to China: A New Stage in Sino-Israeli Relations?" *INSS Insight* No. 8, January 21, 2007.
- 2 See, e.g., Paul Rivlin, "The Economic Melt-Down (1): America," *Tel Aviv Notes*, October 28, 2008.
- 3 There are numerous articles and sources on this issue on the web. See, for example, Stephen Johnson, "Balancing China's Growing Influence in Latin America," October 24, 2005, <http://www.heritage.org/research/latinamerica/bg1888.cfm>.
- 4 Tania Branigan, "Chinese Economic Growth Accelerates to Raise Hopes for Global Recovery," *Guardian*, July 16, 2009, <http://www.guardian.co.uk/business/2009/jul/16/china-economic-growth>.
- 5 See, e.g., World Bank, <http://www.worldbank.org/>; Chinability, <http://www.chinability.com>, International Monetary Fund, <http://www.imf.org>; Index Mundi, [http://www.indexmundi.com/china/gdp_per_capita_\(ppp\).html](http://www.indexmundi.com/china/gdp_per_capita_(ppp).html); and news reports at <http://news.xinhuanet.com/english>; and <http://www.chinadaily.com.cn/>. "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, which began around 1800. Instead of western universalism, we will find ourselves living in an increasingly unfamiliar world in which non-western cultures, and above all China, will be the dominant influences." See Martin Jacques, "Welcome to China's Millennium," June 23, 2009, <http://www.guardian.co.uk/commentisfree/2009/jun/23/china-martin-jacques-economics>.
- 6 Gordon G. Chang, *The Coming Collapse of China* (New York: 2001).
- 7 Shukla Madhukar, "A World Deceived by Numbers/Facts," in *Alternative Perspective Newsletter*, August 11, 2005.
- 8 On China's envoy, see, e.g., "China's Special Envoy Sun Bi-gan on the Middle East Issue to Visit Four Countries," June 22, 2006, <http://www.mfa.gov.cn/eng/wjdt/wsrc/t259214.htm>.
- 9 "China's Mideast Envoy Meets with Peres," <http://www.fmprc.gov.cn/eng/zxxx/t570475.htm>.
- 10 "Wu Sike, the Special Representative of Chinese Foreign Minister Yang Jiechi, Talks About His Visit to the Four Countries in the Middle East," <http://www.fmprc.gov.cn/eng/zxxx/t577031.htm>.
- 11 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 *China and Antiterrorism*, ed. Simon Shen (New York: 2007).
- 12 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.
 - 13 For more details, see Yitzhak Shichor, “Israel’s Military Transfers to China and Taiwan,” *Survival* 40, no. 1 (1998): 68-91.
 - 14 In 1987, the Israeli government decided to foster trade relations with China, and Amos Yudan was elected to manage this operation by establishing a commercial company in Hong Kong, named COPECO. The company was very instrumental in the future establishment of the commercial relations between the two countries.
 - 15 The T-59 is a Chinese produced version of the ubiquitous Soviet T-54 tank. It formed the backbone of the Chinese military until the early 2000s.
 - 16 This was headed by Prof. Joseph Shalhevet (appointed 1990). In 1992, when diplomatic relations with the PRC were established, he served as Israel’s cultural attaché. Israel’s consulate general in Hong Kong, headed by Reuven Merhav, was most instrumental in preparing the ground towards the establishment of Sino-Israeli diplomatic relations.
 - 17 See, e.g., “Trade Mission to China,” <http://www.israeltrade.org.cn>; “The China-Israel Connection,” Israel High-Tech and Investment Report, February 2007, <http://www.ishitech.co.il/0207ar6.htm>; and memoranda sent to the author by the Trade Representative to China, Embassy of Israel, Beijing, August 8, 2008 and March 2009.
 - 18 Indeed, China-Israel trade from January to April 2009 decreased by 18 percent in comparison with the same period in 2008. See Israel Export and International Cooperation Institute, www.export.gov.il/_Uploads/29373china2009.doc.
 - 19 <http://www.ishitech.co.il/0207ar6.htm>.
 - 20 <http://www.asianresearch.org/articles/2477.html>.
 - 21 On this issue, many references can be found on the internet. For a summary and some interpretation, see Shai, “China and Israel – Strange Bedfellows 1948-2006.”
 - 22 Interview with Chinese diplomat. It is quite possible that indeed the decrease by 18 percent of China-Israel trade from January to April 2009, in comparison to the same period in 2008, is an indication of this observation, yet it is too early to determine whether this is a long range trend. See Israel Export and International Cooperation Institute, www.export.gov.il/_Uploads/29373china2009.doc.
 - 23 Israel Ministry of Foreign Affairs. <http://www.mfa.gov.il/MFA/Terrorism>. July 15, 2006.
 - 24 See, e.g., Shai, “China and Israel – Strange Bedfellows 1948-2006.”
 - 25 “Israel: No. 12 in Imports of Chinese Workers,” *Kan Naim*, February 10, 2008, <http://www.kan-naim.co.il/artical.asp?id=12130>.
 - 26 Efrat Weiss, “Suicide Bombing in Mahane Yehuda Market in Jerusalem,” Ynet, April 13, 2002, <http://www.ynet.co.il/articles/0,7340,L-1832448,00.html>.
 - 27 See Zhang Ping, “Israel in the Chinese Cyber Space” in *Zmanim – Historical Quarterly* 85 (Winter 2003-4).
 - 28 For more on Xinjiang in this context see, for example, Colin Mackerras, “Xinjiang

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- 29 See, e.g., “U.N.: Observers Made Many Calls before Strike,” *cnn.com*, July 26, 2006, <http://edition.cnn.com/2006/WORLD/meast/07/26/mideast.observers/>.
- 30 Quoted in “Chinese FM Urges Resumption of Israeli-Palestinian Peace Talks,” *China View*, April 23, 2009, http://news.xinhuanet.com/english/2009-04/23/content_11238582.htm.
- 31 See, for example, “FM Urges Israel, Palestine to Peace Talks,” *China Daily*, April 24, 2009, http://www.mp3-mp4-ipod.cn/china/2009-04/24/content_7711957.htm; and “Israeli President Meets with Foreign Minister Yang Jiechi,” April 23, 2009, <http://www.china-un.ch/eng/xwdt/t558942.htm>.
- 32 See “Foreign Minister Yang Jiechi Makes Five-point Proposal to Promote Mideast Peace Process,” <http://www.mfa.gov.cn/eng/wjb/wjbz/2467/t559690.htm>.
- 33 Ibid.
- 34 For more on this topic see, for example, “China’s Crude Oil Import up 11% in First Half,” July 10, 2008, http://www.chinadaily.com.cn/china/2008-07/10/content_6835808.htm; Philip Andrews-Speed, “China’s Oil Companies Secure Access to Middle East Oil and Gas Reserves,” Centre for Energy and Mineral Law and Policy at the University of Dundee, Scotland, July 13, 2009, <http://www.dundee.ac.uk/cepmlp/gateway/index.php?news=30007>; and other articles in *China Daily*.
- 35 See Yegar, *The Long Journey to Asia*, pp. 253-63.
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