



The Taiwan Question in Sino-Israel Relations

A New Quartet of U.S., China, Israel and Taiwan

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Abstract

From May 5th to 10th, Israeli Prime Minister Benjamin Netanyahu visited Beijing at the invitation of Chinese Premier Li Keqiang, the first Israeli Prime Minister to visit in six years since 2007. During the same week, Palestinian President Mahmoud Abbas was in China at the invitation of Chinese President Xi Jinping. By receiving leaders of both countries, China's new leadership demonstrated their attention to the Middle East and the peace process, and signals a new era of China's proactive Middle East policy in view of the Arab Spring aftermath and America's Asia Pivot. As China recalibrates its Middle Eastern strategy and power balance with the U.S., Sino-Israel relation is gaining prominence, with important implications for U.S.-Israel relations. This in turn, needs to be viewed within the context of U.S.-China relations—with Taiwan as the cornerstone of this relationship. Because U.S.-China relation is the most important bilateral relationship for the People's Republic, which rests on Taiwan and stability across the straits, Sino-Israel relation automatically brings in two other actors of the U.S. and Taiwan in a quadrilateral dance of a new Quartet.

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ANALYSIS

From May 5th to 10th, Israeli Prime Minister Benjamin Netanyahu visited Beijing at the invitation of Chinese Premier Li Keqiang, the first Israeli Prime Minister to visit in six years since 2007. During the same week, Palestinian President Mahmoud Abbas was in China at the invitation of Chinese President Xi Jinping and received full treatment of a head of state in Beijing, something not often extended in the West to Palestinian representatives.¹ By receiving leaders of both countries, China's new leadership demonstrated their attention to the Middle East and the peace process, and signals a new era of China's proactive Middle East policy in view of the Arab Spring aftermath and America's Asia Pivot.²

As China recalibrates its Middle Eastern strategy and power balance with the U.S., Sino-Israel relation is gaining prominence. Upgrading Sino-Israel ties will thus have important implications for U.S.-Israel relations, which needs to be viewed within the context of U.S.-China relations—with Taiwan as the cornerstone of this relationship. As Chen Yiyi, Director of Center for Middle Eastern Studies at Shanghai Jiatong University observed, "The Sino-Israel relationship cannot be viewed out of the context of a Sino-U.S. relationship" and a quadrilateral tug-of-war involving China, Taiwan, U.S. and Israel.³ Because U.S.-China relation is the most important bilateral relationship for the People's Republic, which rests on Taiwan and stability across the straits,⁴ Sino-Israel relation automatically brings in two other actors of the U.S. and Taiwan in a quadrilateral dance of a new Quartet.

Strategic Context of Current Sino-Israel Relations: Arab Spring and Asia Pivot

In view of the U.S. Pivot to Asia, Lee Smith, senior editor with the *Weekly Standard* and Fellow at the Foundation for the Defense of Democracies, characterized the Obama administration's Middle East Policy as one of "extrication" from the region, which would create a vacuum that could be filled by unfriendly powers.⁵ In response, China is pivoting west to fill that vacuum. Wang Jisi, professor at Beijing University who once taught at the Chinese Communist Party (CCP)'s influential Central Party School, observed in October 2012 that while the U.S. pivots east, China should have a strategic plan of "marching west", which is a "strategic necessity for China's involvement in great power cooperation, the improvement of the international environment and the

¹ Rachel Beitarie, Massoud Hayoun, Tai Ming Cheung, "What's China's Game in the Middle East?" *China File*, May 10, 2013.

² Qi Li, "China is never far from the Middle East", *China Daily*, May 13, 2013; Li Shaoxian (CICIR), "Simultaneous Visits and Hope for Peace in the Middle East", *China-US Focus*, May 10, 2013; Haiyun Ma, "The Chinese Diplomatic Pivot to the Middle East and Beijing's Middle East Studies Establishment", *ISLAMiCommentary*, <http://www.juancole.com>, May 12, 2013; Ilan Evyatar, "China's power plays in the Middle East", *Jerusalem Post*, February 15, 2013; Bo Zhiyue, "China's Middle East Policy: Strategic Concerns and Economic Interests", *Middle East Insight No. 61*, April 19, 2013; Tom Pember-Finn, "China and the Middle East: The Emerging Security Nexus", *Stanford Journal of East Asian Affairs*, Summer 2011.

³ Chen Yiyi, "China's Relationship with Israel, Opportunities and Challenges: Perspectives from China", *Israel Studies*, Vol. 17, No.3, Fall 2012, pp. 1, 8.

⁴ "The Taiwan Question in China-U.S. Relations", Ministry of Foreign Affairs of the People's Republic of China, November 17, 2000, <http://www.fmprc.gov.cn/eng/topics/3713/3715/t19064.htm#>

⁵ Marilyn Stern, "America's Withdrawal from the Middle East under the Obama Doctrine: A Briefing by Lee Smith", Middle East Forum, February 6, 2013; Yuriko Koike, "Asia and the post-American Middle East", *Al Jazeera*, March 20, 2013; Vali Nasr, "The U.S. Should Focus on Asia: All of Asia", *The Atlantic*, April 2013; Riad Kahwaji & Theodore Karasik, "America in Strategic Retreat from the Middle East", Real Clear World, February 8, 2013; Panka J. Mishar, "America's Inevitable Retreat from the Middle East", *The New York Times*, September 23, 2013;



strengthening of China's competitive abilities.⁶ In fact, back in 2004, PLA General Liu Yazhou, an influential "princeling" and political commissar of the PLA's National Defense University, was already proposing for China to march westward to "seize the center of the world (the Middle East)".⁷

According to Yoram Evron at INSS in Tel Aviv, China believes that "strengthening its relationship with Jerusalem would be sign that it gradually is coming to possess a foothold in the region, while somewhat offsetting, and perhaps even undermining, American political influence there."⁸ As Willy Lam from City University of Hong Kong noted, "Beijing is certainly upping its game in the Middle East...the Xi administration hopes that it can exert more influence in defusing the Iranian crisis given China's huge investments in oil facilities in Iran."⁹ Wu Sike, China's Middle East envoy, underscored the continuing strategic significance of the Middle East to China: "The West Asia and North Africa region, because of its unique position as a geographic hub joining Asia, Africa and Europe, has always been of vital importance in military strategy, involved in various conflicts and frequent wars. No matter how the world's strategic center shifts between East and West, the region's strategic importance remains unchanged."¹⁰

From the Israeli perspective, China has gained prominence in its strategic calculus in face of a waning U.S. ally. Aron Shai in a 2009 INSS memo expressed concern that given America's declining power and strategic retreat from the Middle East, as well as fear that Obama's administration would not be as friendly towards Israel, Israel needed to seek new allies and hedge itself in this volatile region:

"The United States seems to be in dire straits at home and abroad—politically, militarily, and strategically...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."¹¹

Thus, in June 2011, Israel and China revived their military relations after a long hiatus, when then Israeli Defense Minister Ehud Barak visited Beijing, followed by a reciprocal visit to Israel by Gen. Chen Bingde, chief of staff of the PLA, and subsequent flurry of high level military exchanges.¹²

⁶ Wang Jisi, "Marching Westwards: The Rebalancing of China's Geostrategy", Center for International and Strategic Studies, Beijing University, *International and Strategic Studies Report*, No. 73, October 7, 2012; Yun Sun, "March West: China's Response to the U.S. Rebalancing", Brookings Institution, January 31, 2013; Beibei Bao, Charles Eichacker, and Max J. Rosenthal, "Is China Pivoting to the Middle East?" *The Atlantic*, March 2013.

⁷ Yun Sun, "March West", January 31, 2013.

⁸ Yoram Evron, "Netanyahu's Visit to China: Opportunities beyond Iran", *Canada Free Press*, May 2, 2013.

⁹ Calev Ben-David, "Israel pushes for China Investment as Xi Focuses on Peace", *Bloomberg*, May 10, 2013.

¹⁰ Wu Sike, "How the World Should Deal with Terrorism", *China-US Focus*, March 18, 2013; Wu Sike, "Leave Room for China in the Middle East Peace Process", *China-US Focus*, May 14, 2013.

¹¹ Aron Shai, "Sino-Israel Relations: Current Reality and Future Prospects", *INSS Memorandum 100*, September 2009, p. 9

¹² Barbara Opall-Rome, "Israel-China Revive Military Ties, but Not Defense Trade", *Defense News*, August 17, 2011; Ryan Villarreal, "China and Israel Expand Military Ties in Sign of Growing Cooperation", *International Business News*, May 25, 2012; "Israel steps up security ties with China", *Associated Press*, May 24, 2012.



China in Israel's Strategic Calculus

In face of U.S. strategic retreat from the Middle East and perceived waning influence as a security guarantor, Israel, like many other Arab Gulf states, are looking to hedge themselves with a rising power such as China. Moreover, China is an UN Security Council (UNSC) member, and Israel hopes to have China's ears on issues regarding Iran and Syria in order to break the pervasive stalemate on UNSC Resolutions. In fact, 10 days before PM Netanyahu left for Beijing, the head of Military Intelligence Maj.

Gen. Aviv Kochavi secretly visited his Chinese counterpart Major General Chen Youyi in China to discuss Iran's nuclear program and the civil war in Syria.¹³ The meeting was held at the Ministry of State Security (MSS), which is the equivalent of Israeli Mossad. Kochavi showed his Chinese colleagues the latest intelligence reports and presented Israel's evaluations regarding the progress of Iran's nuclear program, Syrian President Bashar al Assad's chances of hanging onto power, as well as fear of chemical and advanced weapons—some of them made in China—falling into Hizbullah's hands.¹⁴ Intelligence sharing, especially on Islamic extremism given China's concerns of Muslim Uyghur (e.g., ETIM and TIP) attacks in Xinjiang and their *al-Qaeda* links in Syria, is an area in which China is looking to upgrade with Israel.¹⁵

Also, China is a large export market for Israeli hi-technology products and arms, as well as a potential energy export market for Israel's newly discovered natural gas. Current bilateral trade stands at \$8 billion annually, and on this recent visit Netanyahu signed additional trade agreements that would help increase it to \$10 billion annually within three years.¹⁶ Given U.S. and European economic downturn and China's continual rise, Beijing thus offers an alternative attractive market for Israel's export earnings.

Israel in China's Strategic Calculus

For the Chinese, Israel offers first and foremost a source of advanced technologies.¹⁷ In addition to advanced technologies in renewable energy, agribusiness and green industry, China is also interested in dual-use technologies, specifically Israeli drones. During the 2013 Herzliya conference when someone asked what China hopes to get out of the relationship with Israel, Liang Yabin, a Chinese official from Central Party School, answered, "Unmanned spy planes, that is what we want to get." He added that he heard Israel had developed a technology that could break through physical walls, though he did not elaborate further.¹⁸

Indeed, China is entering a new era of military modernization by building drone fleets both for civilian and military use.¹⁹ In an October 2012 report, Pentagon's Defense Science Board (DSB) issued a "wake up" call

¹³ Barak Ravid, "Israeli head of military intel discussed Syria, Iran in secret Beijing visit", *Ha'aretz*, May 5, 2013.

¹⁴ *Ibid.*

¹⁵ Ananth Krishnan, "Xinjiang militant groups active in Syria, says China", *The Hindu*, October 29, 2012; Christopher Bodeen, "Beijing report says Chinese Muslims fighting with al-Qaida in Syria", *Associated Press*, October 30, 2012; Christina Lin, "Dragon in the Great Sea: China's Arrival in the 'NATO Lake' of the Mediterranean", *Institut für Strategie- Politik- Sicherheits- und Wirtschaftsberatung (ISPSW)/ ETH Zurich*, December 2012, pp.2-3;

¹⁶ Calev Ben-David, "Netanyahu Heads to China to Discuss Trade Amid Tension", *Bloomberg*, May 5, 2013; Sami Peretz, Zohar Blumenkrantz and Moti Bassok, "Netanyahu says he hopes Israel-China trade will reach \$10 billion annually", *Ha'aretz*, May 6, 2013.

¹⁷ Yoram Evron, "Netanyahu's Visit to China", May 2, 2013.

¹⁸ Eli Lake, "The Big Story Out of Herzliya Might Be About China and Israeli Drones", *The Daily Beast*, March 12, 2013.

¹⁹ Ian M. Easton and L C. Russell Hsiao, "The Chinese People's Liberation Army's Unmanned Aerial Vehicle Project: Organization Capacities and Operational Capabilities", Project 2049, March 11, 2013.



over Chinese UAV (unmanned aerial vehicle) development, calling the military significance of China's move into unmanned systems "alarming."²⁰ Beijing is already aiming to follow U.S. lead in using UAV to target enemies of the state even on foreign soil, such as plans to assassinate a drug trafficker in Burma who had killed 13 Chinese nationals back in 2011,²¹ similar to U.S. hunting down terrorists in Pakistan and Yemen. Another driver for deployment of drones is to tip the military balance across the Taiwan Strait in its favor as well as in territorial disputes in the East and South China Sea.

Israel and the U.S. retain substantial lead in the UAV field, with Israel as the world's number one exporter of drones, consisting 10% of their total military exports and earning some \$4.6 billion over the past eight years.²² As the Chinese Central Party School official admits at the Herzliya Conference, China hopes to eventually procure Israel's advanced UAV technology, similar to how they acquired 18 Austrian company Shiebel's vertical-takeoff UAV (VTUAV) camcopter S-100, supposedly for civilian use.²³

China is also increasing its economic footprint in the Eastern Mediterranean with various infrastructure projects as part of its "March West" strategy via a New Silk Road connecting China to Europe. Specifically in Israel, on key item on PM Netanyahu's agenda was a railway line that could turn Israel into a land and sea bridge for Chinese exports to Europe. Interestingly, the proposed railway line is along an ancient route used by caravans from Arabia and India to Europe. This "Med-Red" rail is an 180km railway from Eilat port in the Red Sea to the Mediterranean ports of Ashdod and Haifa. From there, cargo can travel onwards to Europe. Construction is expected to take about five years to complete and will cost about US\$4 billion, with plans to extend the railway to Jordan's Aqaba port later.²⁴

The railway is expected to increase trade from China, India and other Asian countries to Israel while reducing Tel Aviv's dependence on waterway such as the Suez Canal controlled by an increasingly hostile Egypt. Dr. Shalom Wald, Senior Fellow of the Jewish People Policy Institute said, "If the Suez Canal ever closes, it will be a catastrophe to trade and a blow to China also. A lot of Chinese trade goes through the Suez Canal also."²⁵ The new railway thus hedges against the chokepoint of the Suez Canal and will enable China to conduct trade of goods and services, including energy from Israel's new natural gas discoveries, to feed its growing economy.

Finally, China is also looking to use the Israel lobby in the U.S. to influence U.S. Middle East policy. In a recent 2012 article on Sino-Israel relations, Chen Yiyi from Shanghai Jiatong University as well as advisor to SIGNAL—an Israeli institute for Sino-Israel cooperation initiatives—argued that, "Israel can help China handle its relationship with its main competitors, the U.S." He added that, "Israel is promoting itself in Beijing as a diplomatic door to Washington by capitalizing on the influential nature of the American Israel lobby."²⁶ As such, rather than allowing U.S.-Israel relationship to be a burden, Chen recommends that Israel should embrace its alliance with Washington as a way to advance the cause of Sino-Israel relations in the twenty-first century.²⁷ He

²⁰ Wendall Minnick, "Chinese UAV development slowly outpacing west", *Defense News*, April 30, 2013.

²¹ Trefor Moss, "Here come...China's Drones", *The Diplomat*, March 2, 2013.

²² Yaakov Lappin, "Israel is largest drone exporter in the world", *Jerusalem Post*, May 19, 2013.

²³ Trefor Moss, "Here come...China's Drones", March 2, 2013.

²⁴ Hayley Slier, "Israel's railway plan to boost China's trade in Middle East, Europe," *Channel News Asia*, May 15, 2013.

²⁵ *Ibid.*

²⁶ Chen Yiyi, "China's Relationship with Israel" Fall 2012, pp13-4; Simon Quint Simon, "An International Relations Detective Story: The Mysterious Case of Modern Sino-Israeli Relations, 1948-2011" (Class of 2011 thesis, Walsh School of Foreign Service, Georgetown University, 2011).

²⁷ *Ibid.*



specifically pointed to the Taiwan question as a main obstacle to normalizing Sino-Israel ties in the past, especially in the military realm due to U.S. objections and its defense commitment to Taiwan under the Taiwan Relations Act (TRA), and therefore underscored the importance of factoring Taiwan into the equation of upgrading Sino-Israel ties.

Military Dimension: Taiwan and Cross-Strait Balance

U.S.-Israel relations hit a low in 2000 and 2005 when it came to light that Israel was selling advanced military technology to China, putting U.S. troops and military assets at risk in the Western Pacific.²⁸ The first was the Phalcon airborne early warning (AEW) system deal in 2000 and the second is the Harpy assault drone in 2005. U.S. defense officials were also troubled by Israeli transfer of the U.S.-financed \$1.3 billion Lavi fighter jet technology to China which they used to develop the J-10, as well as sale of the Python 3 air-to-air missile adapted from U.S. ALM-9L Sidewinder missile, which China used to develop their PL-8 version subsequently sold to Iraq.²⁹ Concerns of China using Israeli military technology to attack U.S. troops were punctuated in the EP-3 incident in 2001, when a Chinese F-8 fighter jet armed with Israeli Python 3 missiles collided with a U.S. Navy EP-3 surveillance plane. A Defense Department official said that the Python 3 “would have worked just fine” had the second Chinese fighter been given the order to shoot down the U.S. plane with its crew of 24.³⁰ Another former defense official familiar with U.S.-Taiwan security cooperation issued a stern warning that, “Our USN and USAF pilots might come face to face with the J-10 one day” should Sino-U.S. military conflict break out.³¹

Israeli arms sales to China, like the 2005 EU attempts to lift the arms embargo, highlighted their underestimation of U.S. concerns regarding tipping the military balance against the U.S. and its regional allies such as Japan, South Korea and Taiwan. Given U.S. has alliance treaties in the region to deter Chinese military aggression, whereas EU and Israel have no such commitments and view China mainly from an economic and export market (including arms export) lens, their military cooperation with China will continue to be a point of contention with the U.S. and her East Asian allies.

Phalcon AWACS Deal in 2000

In the first crisis regarding the Phalcon sale, China and Israel initially discussed the deal in 1994 and scheduled delivery in 2000. Below is a timeline of events.

²⁸ Jonathan Adelman, “The Phalcon Sale to China: The Lessons for Israel”, Jerusalem Center for Public Affairs, *Jerusalem Letter/Viewpoints*, No. 473, March 1, 2002; P.R. Kumaraswamy, “Return of the Red Card: Israel-China-U.S. Triangle”, *Power and Interest News Report*, May 23, 2005; Sudha Ramachandran, “US up in arms over Sino-Israel ties”, *Asia Times Online*, December 21, 2004.

²⁹ David Isenberg, “Israel’s role in China’s new warplane”, *Asia Times Online*, December 4, 2002.

³⁰ Chris Plante, “Chinese F-8 carried Israeli missiles”, *CNN*, April 17, 2001.

³¹ Author interview with former Pentagon official familiar with Taiwan security issue on May 25, 2013.

Table 1: Timeline of Phalcon AWACS Deal

1994	China and Israel discussed Phalcon deal. China sought to modernize its military with 4 to 8 Phalcons able to simultaneously track 60 planes and ships within a several hundred-mile radius reaching across the Taiwan Straits and into the South China Sea. Israel would receive \$1-2 billion. ³²
1995-6	Cross-Strait crisis. Sino-U.S. relation faced a flash point of potential military conflict over Taiwan. China fired missiles in waters surrounding Taiwan and mobilized forces in Fujian, conducted amphibious assault exercises, and threatened to use force against Taiwan. ³³ U.S. responded by upholding the Taiwan Relations Act and deployed the 7 th Fleet carrier battle groups to the Straits. ³⁴
1998	Phalcon deal finalized. ³⁵ Despite the near military clash between China and U.S. over Taiwan, Israel moved ahead with the arms deal to China.
1999	NATO/U.S. accidentally bombed Chinese embassy in Belgrade, further fueling Sino-U.S. tensions.
2000	Israel's phalcon delivery to China scheduled.

U.S. was upset that Israel would sell this system to China, its competitor and potential adversary in the Asia Pacific. However, some Israeli scholars dismissed U.S. concerns that it would undermine U.S. interests in the region and pose risks to U.S. troops, arguing that if Israel does not provide Phalcons to Beijing, the Chinese would probably procure them from Russia in great numbers.³⁶ Nonetheless, this dismissal misses an important point from U.S. Congressional perspective: Israel is an U.S. ally and Russia is not. Thus Congress expects Israel to refrain from providing arms to adversaries that would risk harming U.S. troops, whereas this standard would not be held for a competitor like Russia. Indeed, a spokesman for Senate Foreign Relations Committee Chairman Jesse Helms (R-NC) said he "expected more from an ally than to provide this type of weapon system to a potential adversary".³⁷

³² Jonathan Adelman, "The Phalcon sale to China", p.1; Ammon Barzilai, "The Phalcons Didn't Fly," *Ha'aretz*, December 28, 2001.

³³ "Taiwan Strait 21 July 1995 to 23 March 1996", *Global Security*, http://www.globalsecurity.org/military/ops/taiwan_strait.htm, accessed 27 November 2010; Robert Ross, "The 1995-1996 Taiwan Strait Confrontation: Coercion, Credibility, and Use of Force", *International Security*, 25:2, pp.87-12, Fall 2000; James R Lilley, Chuck Downs eds, *Crisis in the Taiwan Strait* (National Defense University, September 1997).

³⁴ *Ibid*; Christina Lin, "The Taiwan Calculus in China's Strategy Towards the North Korea-Iran Axis", *Inter-Disciplinary Journal of Asian and Middle Eastern Studies*, July 2, 2012.

³⁵ Jonathan Adelman, "The Phalcon Sale to China", p.1

³⁶ Yizhak Shichor, "Mountains out of Molehills: Arms Transfers in Sino-Middle Eastern Relations", *MERIA Journal*, Vol. 4, No. 3, September 2000

³⁷ Wade Boese, "Israel Halts Chinese Phalcon Deal", *Arms Control Today*, September 2000. To be fair, Israel also protested against U.S arms transfer to its adversaries such as AWACS planes to Saudi Arabia in 1981, but U.S. did not pay heed. See Yizhak Shichor, "Mountains out of Molehill", September 2000. However, the Taiwan Strait remains the biggest flash point for Sino-U.S. military conflict while Israel's flash point is not with Saudi Arabia but rather with Iran and Syria.



In this vein, Senate Majority Leader Trent Lott (R-MS) and other senior senators sent a bipartisan letter to then Israeli PM Ehud Barak expressing their “deep concerns” with Israel’s military cooperation with China, and warned Israel would risk the potential “multi-billion dollar U.S. aid package” being discussed as part of a possible peace agreement with Syria if the Phalcon deal went forward.³⁸ Representative Sonny Callahan (R-AL), Chairman of House Appropriations Subcommittee on Foreign Operations, Export Financing and Related Program, further proposed legislation to hold back Israeli aid worth \$250 million—the value of one Phalcon system—unless Pentagon certified that the deal did not pose a threat to U.S. national security.³⁹ Having underestimated Congressional uproar over this deal, PM Barak finally voided the sale, viewing its ties with the U.S. and military assistance outweighs any potential gain with the Chinese on this deal.

Harpy Assault UAV Deal in 2005

The second crisis involved upgrading Harpy UAVs in 2005. Produced by Israel Aircraft Industries (IAI), Harpy is a 500 km-range delta-wing lethal UAV with a day and night capability designed to detect, attack and destroy radar emitters with a very high hit accuracy. It is also an all-weather autonomous weapon system that can effectively suppress hostile SAM (surface-to-air-missile) and radar sites for a long duration.⁴⁰ Although Israel had already sold about 100 Harpy UAVs to China by 1999, Pentagon might have been concerned that Israel upgrading these Harpies might inadvertently leak joint-U.S.-Israeli technological achievements related to an even more advanced model.⁴¹

China contracted IAI to upgrade Harpy UAVs in 2003, and some were sent back to Israel in summer of 2004.⁴² At this time, tension in the Taiwan straits was building up due to the 2000 Taiwan election of the pro-independent president Chen Shui Bian. Subsequently, in December 2004, Beijing authorities announced they intended to introduce an “anti-secession law” to legalize a military attack on Taiwan. Around the same time, on December 15, Pentagon’s Undersecretary of Defense for Policy Dough Feith accused Israeli defense ministry official on the Harpy UAV deal and reportedly demanded the resignation of retired Maj. Gen. Amos Yaron, saying Israel misled U.S. to believe the transaction was merely to replace spare parts and not an upgrade of the system.⁴³ In March 14, 2005, the Chinese National People’s Congress passed the “anti-secession law”, thereby setting the stage for a potential military confrontation between U.S. and China over Taiwan.⁴⁴ Given the heightened Sino-U.S. military tensions, Israel finally agreed to cancel the Harpy upgrade contract in June of 2005.⁴⁵ Below is a timeline of the events.

³⁸ Wade Boese, “Israel Halts Chinese Phalcon Deal”, September 2000.

³⁹ *Ibid.*

⁴⁰ Yizhak Shichor, “The U.S. Factor in Israel’s Military Relations with China”, *China Brief*, Vol. 5, Issue 12, May 24, 2005.

⁴¹ *Ibid.*

⁴² “Israel-China UAV Deal Provokes Pentagon”, *Sino Defence*, December 25, 2004.

⁴³ *Ibid.*; Sudha Ramachandran, “US up in arms over Sino-Israel ties”, *Asia Times Online*, December 21, 2004.

⁴⁴ Edward Cody, “China Sends warning to Taiwan with Anti-Secession Law”, *Washington Post*, March 8, 2005.

⁴⁵ Scott Wilson, “Israel Set to End China Arms Deal Under U.S. Pressure”, *Washington Post*, June 27, 2005.



Table 2: Timeline of Harpy Assault UAV Deal

2003	China contracted IAI to upgrade Harpy UAVs.
2004	China sent Harpy UAVs to Israel for upgrades.
December 2004	China introduced “anti-secession law” to legalize a military attack on Taiwan. Pentagon accused Israel of misrepresentation regarding the nature of the Harpy deal—that it was for upgrades rather than replacing parts.
March 2005	China’s National People’s Congress passed the “anti-secession law”, setting the stage for military attack on Taiwan and armed confrontation between China and U.S. under Taiwan Relations Act.
June 2005	Israel cancelled Harpy upgrade contract.

Taiwan, Japan and India are especially nervous about the role of Israeli technology in China’s military modernization efforts. In 2005, Japan’s Foreign Minister Nobutaka Machimura asked the Israeli Foreign Minister Silvan Shalom to end arms sales to East Asia—meaning China.⁴⁶ In April 2002, a Taiwanese scholar penned a *Jerusalem Post* article expounding on Taiwan’s security concerns regarding the Phalcon deal to China, followed in May by a Taiwanese delegation to a trilateral U.S.-Israel-Taiwan conference at the Begin-Sadat Center in Israel.⁴⁷ In 1999, an Indian scholar P.R. Kumaraswamy noted that Israel’s military route to China is entering into a delicate Sino-Indian equilibrium, in addition to concerns of weapons proliferation to Pakistan.⁴⁸ Indeed, Israel’s military route to China will have important strategic implications not only for military balance across the Taiwan Strait, but also for other regional actors concerned with Chinese military aggression in the East China Sea, South China Sea, and the Indian Ocean.

Israeli Drones 2013 Onwards?

Now, China once again covets Israeli advanced UAVs for its new drone fleets. Chinese engineers have been able to draw on Israeli Harpy technology, and the PRC have built huge military industrial complex to support its growing drone fleet. As of mid 2011 China has about 180 military drones, according to a report released by Project 2049 on March 11.⁴⁹ The Chinese military envisions UAVs performing three main capabilities:

- (1) Scouting out battlefield targets;
- (2) Guiding missile and artillery strikes;
- (3) Swarming potential adversaries, such as U.S. carrier battle groups.

⁴⁶ Yizhak Shichor, “The U.S. Factor in Israel’s Military Relations with China”.

⁴⁷ Holmes Liao, “Taiwan security; U.S.-Israeli relations;”, *Jerusalem Post*, April 9, 2002; “Strategic Linkages in an American-Dominated World: East Asia and the Middle East”, *BESA Bulletin*, May 2002, No. 14. U.S. participants at the BESA Center included John Tkacik of the Heritage Foundation, Professor Andrew Bacevich at Boston University, Dr Eran Lerman as the American Jewish Committee rep in Israel, and senior official of the Project for a New American Century: Bill Kristol, Gary Schmitt and Ellen Bork.

⁴⁸ P.R. Kumaraswamy, “South Asia and People’s Republic of China-Israeli Diplomatic Relations”, in Jonathan Goldstein ed., *China and Israel, 1948-1998: A Fifty Year Retrospective* (Westport, CT: Praeger, 1999), p. 143.

⁴⁹ “Cheap drones made in China could arm U.S. foes”, *Tech News Daily*, April 15, 2013.



Indeed, PLA operational thinkers and scientists envision attacking U.S. aircraft carrier battle groups with swarms of multi-mission UAVs in the event of a conflict. The order of battle would be such that the attacks would likely open with initial waves of decoy drones simulating offensive air raids, designed to trick U.S. pilots and picket ship defenders into exhausting long-range air-to-air and ship-to-air missile stocks.⁵⁰ Formations of decoy drones would then be followed with groups of electronic warfare UAVs for attacking early warning radar platforms kinetically.⁵¹ Another challenge is that U.S. military may have problems detecting swarms of Chinese drones during future conflicts, either because some may go undetected by radar due to their ability to fly extremely low or that they may come in very small sizes.⁵²

As Israel retains its position as the world's number one drone exporter while China continues to upgrade its drone fleets, some observers predict it is a matter of time before China obtains coveted Israeli advanced technologies. As P.R. Kumaraswamy penned in his July 2012 article entitled "Israel-China Arms Trade: Unfreezing Times," given the current strategic context of waning U.S. influence and China's continual rise in the Middle East, "when it comes to the renewal of arms sale to China, the issue is not if but when and under what circumstances."⁵³ He highlighted that Israel's February 2012 appointment of then Minister of Home Front Defense Matan Vilnai as its ambassador to China, at a time when Israel is re-examining its relationship with China on the military front, may be a telltale sign of this trend.⁵⁴

However, given China's arms proliferation record to rogues states such as North Korea, Iran and Syria, it is probably unlikely Israel would transfer advanced UAV technologies to China. As Aron Shai in his 2009 INSS Memo concluded, "[past] improved Israeli-PRC relations failed to deter Beijing from exporting arms to Israel's potential enemies such as Iraq and Iran," as well as Chinese transfer of advanced weapons to non-state organizations, dramatized by the 2006 Second Lebanon War when Hizbullah fired Chinese C-802 Silkworm missiles and hit the Israeli warship *Hanit*.⁵⁵ Moreover, China had no qualms about selling M-9 nuclear capable missiles to Iran and Syria,⁵⁶ or proliferating drones to the Middle East.⁵⁷ In fact, Iran has already sold its own crude drones to Syria and Hizbullah, one of which Israel shot down in April this year.⁵⁸ As such, China's proliferation record may serve as a strong deterrent against Israeli arms transfer.

⁵⁰ Ian M. Easton and L.C. Russell Hsiao, "The Chinese People's Liberation Army's Unmanned Aerial Vehicle Project: Organization Capacities and Operational Capabilities," Project 2049, March 11, 2013, p.14; Hsu Show-hsun, "PRC's preparation to attack Taiwan accelerate: report," *Taipei Times*, July 19, 2010; Trefor Moss, "Here come...China's Drones", *The Diplomat*, March 2, 2013.

⁵¹ Ian M. Easton and L.C. Russell, Hsiao, *Ibid.*

⁵² "Cheap drones made in China could arm U.S. foes", April 5, 2013.

⁵³ P.R. Kumaraswamy, "Israel-China Arms Trade: Unfreezing Times", Middle East Institute, July 16, 2012.

⁵⁴ *Ibid.*

⁵⁵ Aron Shai, "Sino-Israel Relations: Current Reality and Future Prospect", INSS Memorandum No 100, Sep 2009, p.29.

⁵⁶ "Road to Damascus", *Far Eastern Economic Review*, August 22, 1991, p.6.

⁵⁷ "Cheap drones made in China could arm U.S. Foes", April 5, 2013; Trefor Moss, "Here come...China's Drones", March 2, 2013.

⁵⁸ Isabel Kershner, "Israel Shoots Down Drone Possibly Sent by Hezbollah", *New York Times*, April 25, 2013; Geoffrey Ingersoll, "Hezbollah Drone Shot Down Over Israeli Skies", *Business Insider*, April 25, 2013; "Israel's Military shoots down suspected Hezbollah drone", *Associated Press*, April 25, 2013.



Bridging the Threat Perception Gap in Sino-Israel Relations

Thus we see the Taiwan question is an important factor in upgrading Sino-Israel relations. Past crises revealed a quadrilateral tug-of-war among China, U.S., Israel and Taiwan, resulting in a break of official Sino-Israel defense relations. As such, Israel's renewed efforts to revive its strategic and defense relations with China would need to be coordinated within this Quartet.

Israel is courting China within the regional context of a waning U.S. and rising China in the Middle East, and as such is looking to partner with a rising power to hedge itself in a volatile neighborhood. Additionally, given China's persistent support of Iran and Syria in the UNSC, Israel seeks to entice and shape China's voting behavior with its advanced technologies in the offing.

Indeed PM Netanyahu's visit to China on May 6 was to convince the Chinese to move away from their traditional position that does not view a nuclear Iran as a dire international issue. However, it seemed to have fallen on deaf ears, due to a threat perception gap between China and Israel regarding Iran. According to the Israeli defense establishment, China is simply not afraid of Iran becoming a nuclear power.⁵⁹ A recent *AI-Monitor Israel Pulse* article said that, "China is so big that even an Iranian nuclear attack against it does not constitute a real threat. These Chinese could absorb the brunt of such an attack relatively easily, and then wipe Iran off the map without even breaking a sweat."⁶⁰ Even when others raised the issue of Islamic terrorism which China faces in Xinjiang, and fear of Iran as a state-sponsor of terrorism stirring up the Uyghurs, the Chinese are nonplussed. The reason may be that Xinjiang Uyghurs are Sunni, not Shia Muslims, and as such Chinese do not fear Iran's influence. Rather, China would be more concerned about Uyghurs being influenced by Saudi Wahhabism from the religious standpoint and Turkey from an ethnic and cultural standpoint.⁶¹

As China recalibrates its strategy towards the Middle East more broadly and towards Israel more specifically, Israel likewise would need to recalculate its China policy and factor in the quadrilateral actors of China, U.S., Israel and Taiwan. Finally, it is important to address concerns on the proliferation aspects of any military technology transfers to China and its impact on East Asian security in face of North Korean aggressions, as well as impacts on Israel's own security vis-à-vis Iran, Syria and their terrorist proxies.

Remarks: Opinions expressed in this contribution are those of the author.

⁵⁹ Ben Caspit, "Netanyahu's Chinese Wall", *AI-Monitor*, May 10, 2013.

⁶⁰ *Ibid.*

⁶¹ Author conversation with an Israeli official on December 5, 2012.



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