

Israel, the United States, China, and India: Partnerships with Conflicting Interests

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Since the 1990s, there has been a significant improvement in Israel's international relations, especially on the economic level. The collapse of the Communist bloc, the establishment of relations with India and China, and the upgraded relations with the European Union have enabled Israel to enter new markets, while leveraging its innovation capabilities in a variety of fields, from development and production of weapon systems to desalination, water recycling, and irrigation technologies.

The international arena, which until the fall of the Soviet regime in Russia was characterized by bipolar blocs, and then, for the next two decades, saw the undisputed dominance of the United States, has changed drastically. United States technological-military dominance remains, but deep cultural-political changes, especially in the West – such as the need for the political leadership to explain the use of military force to its voters, public opposition to military operations that are difficult to explain in terms of “defending the homeland,” and harsh criticism of the “disproportionate” use of military force – narrow the gap created by technological dominance.

Along with the development of processes that lowered United States ability or desire to express its technological-military superiority, economic superpowers have arisen such as the European Union and China; in the not-too-distant future they will perhaps be joined by India and others. In addition to the traditional international economic bodies such as the World Bank and the International Monetary Fund, since World War II dominated by the United States, new organizations based on geography or economic power have been created, in which the United States is not a member or its

membership does not provide it with superiority. The ability of a country to join such organizations is an important component of its economic and even political power (for example, regional banks or the G20).

For these reasons the political-military-economic strategic realm in which Israel maneuvered in 1990 has changed dramatically, and the map of economic-political interests in 2019 has transformed considerably. Israel's political and military anchor 30 years ago was the United States and it remains so today, while Europe remains Israel's main trade partner, followed by the United States. But this picture is overly simplistic, as it does not portray the rise of Asia in Israel's trade relations (both civilian and military) and the potential rise of industries such as innovation in various fields or energy.

Israel-China-United States

Like other countries, Israel too gained an understanding of China's enormous economic potential, and it has focused its efforts on developing strong bilateral economic relations. China's interest stemmed from a number of Israel's assets, including innovation in various fields, such as in the development of weapon systems, agriculture and irrigation systems, and food production – an issue of supreme importance in a centralized state such as China, which places a high priority on food security.

As long as Israel-China efforts focused on developing relations in clearly civilian fields, there was no conflict of interest between the United States and Israel. The problem arose in full force in 1999 when Israel and China reached an agreement on the sale of the Phalcon radar plane. Even though the aircraft did not have American parts or technologies, the US administration forced Israel to cancel the deal, threatening to cut military aid significantly (by \$250 million). The deal was canceled, and a special department was established at the Ministry of Defense to supervise exports. In at least one other instance, the United States intervened to prevent an Israeli military export deal with China.

In 1999-2000, China was not yet seen as a threat to the United States or its allies, and one of the explanations given for the US pressure was China's threat to Taiwan and against this background, the danger of a conflict between China and the United States. Within a decade the situation had changed, such that the arena of contention between the United States expanded to include extensive areas of the Pacific Ocean. The speech by Chinese President Xi Jinping at the Communist Party Congress indicates the deep change in

China's conduct in its near and distant strategic environment, which it sees as vital for advancing its military and economic interests, as well as the United States perception of this change.¹ The Chinese President emphasized the reforms carried out during the past five years in the Chinese army, the improvement in training and readiness for war, and "major missions related to the protection of maritime rights, countering terrorism, maintaining stability...[and] escort services in the Gulf of Aden... We have stepped up weapons and equipment development, and made major progress in enhancing military preparedness. The people's armed forces have taken solid strides on the path of building a powerful military with Chinese characteristics."² As with other issues, the President of China set objectives: mechanizing the army by 2020, completing the full modernization of all branches by 2035, and making the armed forces into "world-class forces" toward the middle of the 21st century.³

In addition to military tools, China is developing economic power that makes it a leading superpower in a number of fields and provides it with enormous financial power. In order to fulfill the Chinese President's vision, political-economic tools have also been put in place in the form of the Belt and Road Initiative (BRI), along with a financial arm – the Asian Bank for Investment and Infrastructure (AIIB).

Meanwhile, since early in the 21st century, the United States has increased its interest in the western part of the Pacific Ocean. Of the many who have spoken about this change, prominent among them is Hillary Clinton, Secretary of State during Obama's first term, who emphasized the rising importance of the Asia region, the Pacific Ocean, and the Indian Ocean, and the United States need to allocate diplomatic, economic, and strategic resources to this part of the world.⁴ This strategic outlook became even clearer in the annual "National Security Strategy" document from December 2017:

The United States will respond to the growing political, economic, and military competitions we face around the world. China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity. They are determined to make economies less free and less fair, to grow their militaries, and to control information and data to repress their societies and expand their influence... China and Russia want to shape a world antithetical to U.S. values and interests.

China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor.⁵

In a document on the National Defense Strategy from January 2018, the US Department of Defense uses the same words, and adds: “Long-term strategic competitions with China and Russia are the principal priorities for the Department, and require both increased and sustained investment.”⁶

Despite the reciprocal visits by the Presidents of China and the United States in 2017, relations between the two superpowers are tense, and the points of conflict encompass the fields of trade, innovation, investments, policy toward Iran and North Korea, and China’s policy in the South China Sea. In the middle of 2018, the trade war between the two countries intensified. The administration’s decision in July 2018 to implement Section 301 of the Trade Act, which provides it with the authority to impose tariffs unilaterally and increase the tariff rate on the import of iron, aluminum, and electronics products from China, brought about a harsh and equivalent Chinese response – raising tariffs on imports from the United States valued at \$34 billion (after China first attempted to calm the situation). At the time of this writing, the two are still engaged in negotiations, though it is clear that regardless of the results, China and the US are bound to collide again in the future, whether economically or over spheres of strategic significance.

The process that began with President Trump’s meeting with North Korean leader Kim Jong Un on June 12, 2018 in Singapore and continued with a second and third meeting, is still underway, and its final results are not yet known. China’s role is also controversial: on the one hand, China is interested in resolving the conflict, but on the other hand, it is not interested in providing the United States President with an international achievement. The US allies in the region, which clearly want to disarm North Korea of its nuclear power, may be disappointed by the immediate result before a tangible agreement on a disarmament process has been achieved, that is, the weakening of US military presence and activity in the region. Such a result could strengthen China’s standing vis-à-vis Japan and South Korea.

Against the backdrop of the hostile competition intensifying between the United States and China, Israel has a developing relationship with China, particularly economically. The Israeli Prime Minister’s visit to China in March 2017 included the signing of over ten agreements on a range of

issues. The agreements reflect only part of the set of economic connections between the two countries, and they join Israel's membership in the AIIB, its interest in China's flagship BRI project, and the involvement of Chinese companies in a several large infrastructure projects, mainly in the fields of sea and land transportation in Israel. However, China's main economic interest in Israel is in the realm of innovation. In a shared announcement during the visit, the two countries agreed to upgrade their relations to Innovative Comprehensive Partnership. This broad and undefined field is an opportunity for Israel to connect to a financial and economic engine, but is also a risk that cannot be ignored on two levels. The first relates to protecting the assets and the advantages of the products of Israeli innovation, and its ability to successfully compete in the international arena with countries that have similar capabilities. Aside from the Israeli investor-innovator's interest in maintaining his capabilities as much as possible in the long run, it is also important that the State of Israel has ways and mechanisms to monitor, and in sensitive fields also approve, collaborations with external entities. Late in 2018 the Israeli government indeed began an intra-governmental process to establish ways and means of protecting national assets against foreign takeovers. The American context likewise touches on this issue. The White House's "National Security Strategy" states:

Every year, competitors such as China steal U.S. intellectual property valued at hundreds of billions of dollars....Over the years, rivals have used sophisticated means to weaken our businesses and our economy...We must defend our National Security Innovation Base against competitors.⁷

The existing partnerships and those that might be created in the future between Chinese (and other) economic organizations and Israel could spill over into fields or topics where there could be tension with American considerations towards China. The monitoring system that the United States has developed on the export of equipment, software, and technology that is highly sensitive for national security provides it with a broad range of information on business connections and dealings, including with businesses outside of the country. It underscores the need of countries like Israel – whose business community has considerable military-technological capabilities and broad connections with the United States – for a similar system of

legislation, licensing, and enforcement that would prevent political and economic damage.

Chinese activity in the field of infrastructure in Israel contributes to important improvements that have occurred in recent years, especially the development of Israel's two main ports, Haifa and Ashdod, and Israel's railways. In advancing development programs in these areas, such as laying railways from the Mediterranean coast to the Red Sea, it will be necessary to consider Israel's relations with neighboring countries and other countries that are active in the field of infrastructure, and to take into account political, economic, and legal considerations. US concerns arose in late 2018 and early 2019 in the context of the US Navy port call in Israel (and port calls elsewhere), as the issue of US naval visits at ports where Chinese companies are engaged has yet to be precisely defined, as Chinese companies are present and active in some US ports and in Mediterranean ports frequented by the US Sixth Fleet.

India-Israel-China

Despite their geographic proximity, India is entirely different from its neighbor China, including in various aspects of its relations with Israel. While India voted against the Partition Plan in 1947, it recognized the State of Israel in 1950 and agreed to the presence of an Israeli representative – not in the capital Delhi, but in Mumbai. A breakthrough occurred in 1992, at the same time as with China, and the two countries established full diplomatic relations. Until the election of Narendra Modi as Prime Minister of India in 2014, India's votes at international organizations on issues related to the Israeli-Palestinian conflict were no different than those of China. Since then, a certain change has occurred, in which India has moved from automatic support of the Palestinian side to abstention, and in July 2017, Modi became the first Indian prime minister to visit Israel.

The published figures on trade between India and Israel (around one billion dollars in each direction in 2017) do not reflect the full picture, as they do not include military exports. In this field, the United States is not a political impediment. It was the Bush administration that approved the sale of the Phalcon from Israel to India in 2004, which the Clinton administration blocked to China in 2000.⁸ This is just one example of the military relationship, which has expanded over the past two decades and made Israel the second largest exporter of weapons to India, one of the largest importer of weapons

in the world. However, the fact that the American weapons industry also sees India as its primary target for exports causes latent competition with the potential for tension.⁹

Along with the reciprocal visits – President Rivlin in November 2016, India’s Prime Minister Modi in Israel in July 2017, and Prime Minister Netanyahu in India in January 2018 – economic relations between India and Israel are developing, and the two countries are discussing the establishment of a free trade area between them. An Israel Export Institute review stated that “India’s development processes make it a country with enormous economic potential...it is a first-rate strategic objective for Israeli exports.”¹⁰

Even though on the official level of relations with China the question of Israel’s military relations with India has not been raised, there is no doubt that the warming of these relations has been noticed in Beijing, in part due to increased tension between India and China. Border conflicts between the two continued in 2017, as did the issue of the Dalai Lama and his visit to the disputed area of Arunachal Pradesh. Tensions rose especially against the background of China’s attempt to pave a road in the Doklam border region, which is disputed between China and Bhutan and has strategic importance for India. In recent years, suspicions and hostility have increased against the background of China’s activity to advance the Belt and Road Initiative, which India sees as contrary to its security, especially its maritime branch. India has refrained from participating in China’s activity surrounding the plan, and instead decided to join the four-way military dialogue that was renewed between the United States, Japan, India, and Australia. China for its part expressed its displeasure with this forum, and especially its maritime component. The importance that the Trump administration places on activity in the Indo-Pacific region only strengthens China’s sense that this is the United States guided response to its activity in the South China Sea.¹¹ India’s response to China’s increasing influence in this region was expressed at a summit meeting of ten leaders of the Association of Southeast Asian Nations (ASEAN) with India in January 2018, which ended with the Delhi Declaration. Without mentioning China, the Declaration emphasizes freedom of navigation and aviation in the region.¹² The concluding declaration reflects large scale joint activity and discontent among the ASEAN countries toward China’s increasingly aggressive approach in the region from their perspective.¹³

The establishment and management of these delicate and complex relationships within the Israel-China-India-United States quartet is an impressive achievement of Israel's foreign policy and of the capabilities that have developed in Israel in a variety of fields, from the defense industry to irrigation and food production technologies. These relationships contribute to Israel's diplomatic-military and economic strength, yet they also contain contradictions and dilemmas. Not all sides of this quartet are equal. It is clear that the American side is the strongest and certainly more influential when it comes to Israel, and despite the increase in the importance of India and China globally and in the Israeli context, there is no replacement in the near future for the United States, and certainly no diplomatic-military replacement. There is no other member of the UN Security Council that will veto anti-Israel draft resolutions, and there is no other country with which Israel can reach the level of security cooperation that it has with the United States.

Unlike relations with the United States, Israel's relations with China and India are on a different level in part because they lack the Jewish dimension, the historical dimension, and the cultural dimension. There is and will be no replacement for these. Even if India dramatically changes its patterns of behavior at international organizations and China uses its veto power at the Security Council when issues related to the Israeli-Palestinian conflict are discussed, Israel's relations with them will not be as close as those it has with the United States.

The United States, China, and India have close relations with Arab countries. The two latter countries depend on energy imports from the Gulf states that produce oil and natural gas, and this dependence will only increase with demographic expansion and accelerated growth of the industrial sector. The desire to reduce the use of coal will also lead to maintained and even increased import of energy from the Middle East. In the case of India, the factor of remittances from Indians working in Arab countries is also significant.¹⁴ Both countries have a large Muslim population, and the governments of India and China are understandably sensitive to the undercurrents in these minority communities. There are no signs, however, of anti-Israel activity within India and China, nor is there proof that the domestic Muslim communities affect the actions of India and China within international bodies with respect to Israel's relations with its neighbors. Neither India nor China has shown a desire to be politically involved in

the region's issues, although China has appointed emissaries for the Syrian issue and for the Israeli-Palestinian conflict.

China has joined the group of countries that provide weapons to countries in the Middle East, and even though it is not the main supplier, the question that arises – as it does with respect to some of the other suppliers – is the desire and ability to control the leakage of weapons supplied to secondary users. Chinese-produced C-701, C-704, and C-705 anti-ship missiles supplied to Iran or produced there under Chinese license have found their way to the Houthi rebels.¹⁵ The types of Chinese-produced missiles that the Houthis have are also in the hands of Hezbollah in Lebanon, and Chinese assistance to the arsenal of missiles in the hands of Iran since the middle of the 1980s – and afterwards to the production of missiles by Iran itself – is well-documented.¹⁶

The Israel-India-China relations triangle is therefore complicated, delicate, and requires a kind of “agreement not to agree” on many issues. Many countries maintain simultaneous close relations with both China and India, but few of them have the type of “sensitivities” that Israel has, whether because of its Arab neighborhood or its special relations with the United States. China provides military aid to Pakistan, which India sees as the main threat, and for this reason it arms itself with weapons from Israel, as well as from other suppliers. China also provides military aid to Iran, some of which is received by Hezbollah – an axis that Israel sees as the primary threat to its security. Israel is one of the largest weapons suppliers of India, a country that challenges the vision of the Chinese President, which seeks to make China a global superpower. This vision contains elements that Israel has an interest in and can benefit from, such as the maritime and land Belt and Road Initiative. Israel is interested in being involved economically in making the vision a reality, as well as in the Asian bank AIIB, even if these initiatives have met with American suspicion and resentment. But Israel cannot or will not want to ignore United States considerations, if at some point in the future a conflict emerges between China and the United States that requires reexamining the nature of the three-way relationship of the United States-China-Israel.

Even though it is difficult to foresee a significant change in the political stances of China and India toward Israel when it comes to the Israeli-Palestinian conflict, and the economic and military cooperation with them should not be conditioned or dependent on improving their voting patterns at international organizations, it is important to continue the political dialogue with them.

At this stage, the dialogue has brought about modest achievements, but it could expand with changes that occur in the political reality of the Middle East, e.g., the long term implications of the “Arab Spring,” or with the increased interest of China or India in the political aspects of the different conflicts in the Middle East.

Thus, managing relations with the two Asian superpowers requires multi-departmental coordination within the government, and between the government and the private sector. Managing these relations also requires considering the American outlook and conduct toward China and India, and toward other countries such as Australia, Japan, or Singapore with which Israel has extensive relations.

Globalization and the economic empowerment of new countries and societies, that until a few years ago were not a significant part of the international arena, also create the need for countries large and small to be part of this arena as well as the need to defend their human, technological, and natural resources. Israel is just at the beginning of the process of preparing these defensive mechanisms, and it can certainly benefit from the experience of other countries in order to complete it. With the help of these mechanisms, it can manage the opportunities and the risks inherent in these relationships.

Notes

- 1 Full text of Xi Jinping’s address at 19th CPC National Congress, “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era,” *Xinhua*, November 3, 2017, <https://bit.ly/2FgUqmL>.
- 2 Ibid., p. 5.
- 3 Ibid., p. 48.
- 4 Hillary Clinton, “America’s Pacific Century,” *Foreign Policy*, October 21, 2011, <https://foreignpolicy.com/2011/10/11/americas-pacific-century/>.
- 5 White House, “National Security Strategy of the United States of America,” December 2017, pp. 2, 25, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.
- 6 Department of Defense, “Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military’s Competitive Edge,” p. 4, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.
- 7 “National Security Strategy of the United States of America,” p. 21.

- 8 Louise Tillin, "US-India-Israel: Strategic Axis?" *BBC*, September 9, 2003, http://news.bbc.co.uk/2/hi/south_asia/3092726.stm; "Israel and India Seal Radar Deal," *BBC*, March 5, 2004, http://news.bbc.co.uk/2/hi/south_asia/3536901.stm.
- 9 During Netanyahu's visit, a \$500 million dollar deal to supply anti-tank missiles produced by Rafael was discussed. Netanyahu announced that following his intervention, the deal is still on the table. See Joshua Davidovich, "Netanyahu Says \$500m Israel-India Arms Deal Back on the Table," *Times of Israel*, January 17, 2018, <https://www.timesofisrael.com/netanyahu-says-500m-israel-india-arms-deal-back-on-the-table/>.
- 10 "India – 2017 Economic Review," Israel Export Institute, April 12, 2017, <http://www.export.gov.il/files/economy/indiaecoreport2017.pdf?redirect=no> [Hebrew].
- 11 See a comprehensive review of China-India relations at Ivan Lidarev, "2017: A Tough Year for China-India Relations," *The Diplomat*, January 4, 2018, <https://thediplomat.com/2018/01/2017-a-tough-year-for-china-india-relations/>.
- 12 India's Ministry of External Affairs, "Delhi Declaration of the ASEAN-India Commemorative Summit to Mark the 25th Anniversary of ASEAN-India Dialogue Relations," January 25, 2018, <https://bit.ly/2EiM9QK>.
- 13 C. Uday Bhaskar, "How India and Asean are Working Together Without Pushing China Away," *South China Morning Post*, January 31, 2018, <https://bit.ly/2EhRHuK>.
- 14 \$16.1 billion for the first quarter of the 2017-18 budget year. See Reserve Bank of India, Press Release, September 15, 2017, https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=41684.
- 15 Minnie Chan, "China Battles Fierce Competition and Quality Issues in Fight for Weapons Sales," *South China Morning Post*, October 31, 2016, <https://bit.ly/2EhVxEk>.
- 16 See for example *China-Iran: A Limited Partnership*, CENTRA Technology, Inc. Report for the US-China Economic and Security Review Commission, April 2013, pp. 35-44, <https://bit.ly/2V2LAQA>.