

China below the Radar: Israel-US Strategic Dialogue on Technology

Assaf Orion and Shira Efron | No. 1624 | July 26, 2022

During President Biden's recent visit to Israel and Saudi Arabia, there was ostensibly almost no discussion about the US strategic rivalry with China. In fact, however, during his visit, the President advanced practical steps to mobilize America's regional partners to its efforts, primarily in the tech sphere. A joint statement about establishment of a dialogue between Jerusalem and Washington on advanced technology reflects common understandings about the challenges of technological competition, and signals a new stage in the strategic partnership between Israel and the United States.

President Joe Biden's recent visit to the Middle East focused on the matters most important to his hosts in Israel and the Arabian Gulf: security guarantees against Iranian threats and the rehabilitation of Saudi Crown Prince Mohammed bin Salman. The President also addressed high priority US issues, above all increasing the flow of oil from the Gulf countries to the global market, and symbolic gestures on the Palestinian front. It appears, however, that the top issue in United States foreign policy, the strategic competition with China, was barely referenced. Is that so?

In a joint press conference with Prime Minister Yair Lapid on July 14, 2022, President Biden [underscored](#) that his visit was designed to demonstrate US commitment to the Middle East, and to avoid leaving a vacuum that would be filled by China and Russia. He [repeated](#) this message at a summit with leaders from the Gulf and Arab countries on July 16. A spokesman of the Chinese Foreign Ministry [dismissed](#) Biden's remarks, emphasizing China's efforts to contribute to peace and regional development, and a spokesman of the Chinese embassy in Israel [reiterated](#) this message. China as an issue per se ostensibly went no further during Biden's visit, but the details indicate otherwise.

On July 15, the White House [announced](#) the outcome of meetings with the Saudi king and his son, which included agreements in many areas, including removal of the observers from Tiran Island (with Israel's consent), the opening of Saudi skies to commercial flights (including Israeli flights), and a ceasefire in Yemen. President Biden later welcomed Saudi support for the Partnership for Global Infrastructure and Investment (PGII) initiative by the United States, and the signing of a memorandum on intergovernmental cooperation in deployment of 5G and 6G communication systems. The former is a belated American response to China's strategic Belt and Road Initiative (BRI) for infrastructure, which was launched in 2013. 5G and 6G communications are an area of intense conflict between the United States and China's communications giants, headed by Huawei. In other words, without any explicit anti-China statements that would embarrass his Saudi hosts, the Biden administration promoted practical measures mobilizing their support for US efforts in the Great Power competition. And what about Israel?

On July 13, before President Biden landed in Israel, [Jerusalem](#) and [Washington](#) issued a joint statement (with differences in wording in both versions) on the launch of strategic technology cooperation between Israel and the United States. The statement was designed to further research and development efforts in four fields: pandemic preparedness, including early warning and rapid countermeasures; artificial intelligence for optimization in transportation, medicine, and agriculture; climate change response, including water, waste, and clean and renewable energy technologies; and scientific exchange programs in quantum computing and other areas. The dialogue will be in an inter-agency format, with annual meetings held alternately in the two countries, the first of which is scheduled to take place in Israel this fall.

Media coverage of this statement paled in comparison with other issues – Iran, Palestinians, and regional normalization – even though it specifically demonstrated US appreciation of Israeli innovative value. Such an agreement thus far exists only between the United States and three of its closest and most advanced allies: Britain, Australia, and Japan.

Although this agreement may seem technical, concerning principally economics and technology, the fact that the dialogue will be led by the heads of the respective National Security Councils (and not, for example, by the Ministries of Science or the Economy) indicates that it is a matter of supreme strategic and security importance. Moreover, even though the partnership is solely between the two countries, another player, albeit not explicitly mentioned, emerges between the lines – China.

The second paragraph (in the text issued by Washington) pledges “to boost our mutual innovation ecosystems, to deepen bilateral engagements, advance and protect critical and emerging technologies in accordance with our national interests, democratic principles and human rights, and to address geostrategic challenges,” i.e., not merely economic or scientific challenges. Reference to these stated principles highlights the shared values of the Israeli-American partnership, which counter those of authoritative regimes, primarily China and Russia.

Later in the statement, the parties agree to “seek to increase coordination on policies on risk management in our innovation ecosystems, including research security, investment screening, and export controls, as well as on technology investment and protection strategies for critical and emerging technologies.” This agreement reflects joint understandings on challenges to securing technology, which, according to numerous international studies, China jeopardizes in various ways: technological espionage; forced or unwarranted technology transfer, inter alia by means of cooperation in research, investments, and unauthorized or unwitting exports; talent recruitment; and large-scale offensive activity in cyber espionage.

As early as 2017, the US [National Security Strategy](#) pointed to China as its top priority, innovation as a pillar of national security, and the key technologies for the future as an essential front in the Great Power competition. Since then, the Trump and Biden administrations have pressured Israeli governments to reduce the transfer of technology to China, fearing that it would help strengthen the Chinese military and

economy at the expense of the United States. The technological partnership between the United States and Israel, therefore, is aimed not merely at encouraging the flow of technology from Silicon Wadi to Silicon Valley, i.e., between Israel and the United States, but also at limiting China's access to Israel's technology and innovation, with an emphasis on cutting-edge technologies.

Over the past decade, Israeli policy focused on seizing the economic opportunity in its relations with China, and identified the main risks stemming from US disapproval. Washington's pressure on Israel focused on halting China's involvement in Israeli infrastructure, blocking Chinese-made infrastructure in 5G communications in Israel (which was not on the agenda in any case), investment screening, and hindering technology transfers. The Israeli government responded to this pressure partially by establishing an advisory [mechanism](#) for national security aspects of foreign investments in areas subject to regulation. From the outset, the mechanism was designed to prioritize economic over national security considerations, and has not covered foreign investments in technology, primarily due to (justified) concern lest additional government regulation would dampen the hi-tech sector. In light of Washington's limitations and threats, the Netanyahu governments chose to proceed gingerly and avoid trouble by employing moderate measures to assuage US anxiety somewhat, while continuing to advance ties with China, except in security, defense, and other sensitive areas.

On the eve of then-Prime Minister Naftali Bennett's first meeting with President Biden, his office announced that Israel was taking American concerns about China seriously and regarded it as a matter of national security. The recent statement by President Biden and Prime Minister Lapid reflects progress toward a change in attitude on both sides of the Atlantic. Instead of limits and threats by one side and tiptoeing by the other, Israel and the United States agreed to elevate their partnership, adapting it to challenges of the 21st century and the era of Great Power competition, with technology at its core. The statement and the partnership are not aimed against any third party, but respond to both Israel's development needs,

expanding its joint innovation base with the United States, and to US national security concerns pertaining to technological competition with China and to Israel's related role. The United States is also taking action to form a [technological alliance](#) between advanced democracies, and the required measures for cooperation with the United States would also pave the way for Israeli involvement in this emerging multilateral framework.

The official steps that led to the recent statement have not yet been made public, but the outlines of this new approach to US-Israel relations in the era of Great Power competition were already published in March 2022 in a [joint document](#) by three research institutes following a year of work: the Center for New American Security (CNAS) and the Foundation for the Defense of Democracies (FDD), from both sides of Washington's political spectrum, and Israel's Institute for National Security Studies (INSS). The document and an internal paper that preceded it were presented to government officials in the United States and in Israel, and helped in designing the newly announced agreement. The initial recommendations made in the joint document, parts of which were included in the statement, included clarifying and aligning differing strategic perspectives between the two sides on China; developing a joint working group for coordinating technological policy and strategy; increasing involvement by the private sector, academia, the legislatures, and enforcement agencies; launching track 1.5 and 2.0 dialogues; and improving regulation and oversight of new dual-use technologies and investments.

For two decades since September 11, 2001, cooperation between Israel and the United States was defined by the global war on terror. The strategic Great Power competition shifted the front line to the technological sphere, and accordingly, the cooperation between Washington and Jerusalem requires adaptation. The declaration by the leaders on the technological partnership will be put to the test in its implementation – the success of both National Security Councils, not only in launching processes leading to actual progress in fields of technological cooperation, but also in reinforcing the strategic relations between Israel and the United States, Israel's great ally. At the same time, Jerusalem and Washington will strive to

further fruitful and safe relations with China, an important economic partner of both countries, as of many others in the region and the world.

Editors of the series: Anat Kurtz, Eldad Shavit and Judith Rosen