

The BRI and the Mashreq: The Case of Israel

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Abstract

Several factors affect the long-term viability of the Belt and Road Initiative (BRI) project in the Mashreq. The region is crucial to Beijing's interests for several reasons, ranging from its abundant energy resources to its strategic location. And yet the BRI has been facing three major ongoing challenges. First, the security risk posed by complex internal situations in several countries - Lebanon, Syria, and Iraq in particular. Second, the lack of regional cooperation, caused on the one hand by the Arab-Israeli conflict, and on the other by geopolitical competition between Iran and Saudi Arabia. Finally, the US unwillingness to let China play a leading role in the region. Focusing on Israel as a case study, this article argues that these constraints are relevant and prevent a fully successful implementation of the BRI in the Mashreq.

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The BRI and the Middle East

As is well known, the Belt and Road Initiative (BRI), launched in September 2013 by Chinese President Xi Jinping, initially excluded most Middle Eastern countries.¹ In line with traditional Chinese priorities, the Middle East was not at the core of Beijing's primary interests - which may be described as a set of three concentric circles: "China's sovereign territory, [...] those 20 states that share borders and maritime boundaries with China [...] [and] six regional orders (North-East Asia, continental South-East Asia, maritime South-East Asia, Oceania, South Asia, and Central Asia) that are home to direct Chinese security-related interests" (Fulton 2022: 4).

In the following years, however, the situation changed. As early as October 2014, Beijing announced its intention to create the Asian Infrastructure Investment Bank (AIIB), with the aim - as the name suggests - of financing infrastructure projects in Asia, and high-speed railway links between China, West Asia and Europe in particular. Since

then, most Middle Eastern countries have joined the AIIB. Jordan was the first to join in December 2015. Israel expressed interest in participating in March 2014 and joined in January 2016, as did Turkey and the United Arab Emirates. Saudi Arabia joined the AIIB in February 2016, followed by Oman and Qatar in June 2016, Iran in January 2017, Bahrein in August 2018, Syria in January 2022, and Iraq in August 2022.² Over that same period, Beijing signed memorandums of understanding with many Middle Eastern countries - such as the one with Jerusalem³ in May 2014 (Zhu 2019) establishing the China-Israel Joint Committee on Innovation Cooperation (JCIC). Similarly, Saudi Arabia and China signed an MoU during President Xi Jinping's visit to Riyadh in January 2016, elevating the Sino-Saudi bilateral relationship to a comprehensive strategic partnership, the highest level in China's hierarchy of diplomatic relations.⁴

The basis for a closer relationship with countries in the region had been established in the mid-2000s, when the China-Arab States Cooperation Forum (CASCF) and the Forum on China-Africa Cooperation (FOCAC) were launched. By the end of 2010, the China-GCC Strategic Dialogue was also established. But relations improved and economic ties became much closer in the mid-2010s, thanks to the BRI.

Why has the Middle East become increasingly relevant to the BRI strategy? The best explanation can be found in the speech that Xi Jinping, General Secretary of the Chinese Communist Party since 2012 and President of the Republic since 2013, gave on 22 January 2016 at the headquarters of the Arab League. In his speech, Xi Jinping stated that the BRI was based on guiding principles such as "peace, innovation, guidance, governance and integration". Accordingly, China and the other countries involved in the BRI would be "builders of peace, promoters of development, boosters of industrialisation, supporters of stability and partners of people-to-people exchanges in the Middle East". More specifically, the BRI would adopt an "oil and gas plus cooperation model". This is not at all different from the traditional approach, where Beijing provides oil and gas transportation infrastructure in exchange for energy supplies and, more generally, invests in infrastructure by providing capital and technology. As Xi Jinping said, "Chinese equipment is of high quality yet inexpensive price. Combined with technology transfer, personnel training, and strong financing support, they can help countries in the Middle East [...] fill the gap in their industrial structure and foster new comparative advantages. China's competitive production capacity and the human resources in the Middle East, when combined, will deliver more and better job opportunities for the region". Going into more detail, Xi Jinping defined the fields of action of the BRI according to the "1 + 2 + 3" cooperation pattern, that is, considering "energy cooperation as one priority, infrastructure development and trade and investment facilitation as two key areas, and nuclear energy, aviation satellite and new energy as the three high-tech areas for breakthrough".⁵

It is quite clear - and somewhat obvious - that besides China's energy-related investment in the region, both before and after the launch of the BRI, one of the

key reasons for the importance of the Middle East is its being a supplier of energy products to Beijing. Suffice it to say that in 2022 Saudi Arabia was the leading oil supplier to China, followed by Russia and Iraq,⁶ and that energy infrastructure projects accounted for 58 per cent of the USD 21.6 billion invested in the region by Chinese state-owned companies between 2014 and 2019 (more specifically, 40 per cent went towards oil infrastructure). Next came agriculture, which received only 14 per cent of total funding.⁷

However, if we focus specifically on the Mashreq (Iraq, Syria, Jordan, Lebanon, Israel and Palestine), also referred to as the Levant (Evron 2022), energy alone cannot explain Beijing's interest in the region. Apart from Iraq, which in 2022 was the second-largest Middle Eastern oil supplier to China,⁸ the other Mashreq countries are clearly not oil exporters. And the developments in terms of gas exploitation in the Eastern Mediterranean waters (Karbus 2018) are too recent to explain the relevance of this part of the Middle East. What, then, is at stake for China in the Mashreq? And how successful has Beijing's policy been in implementing the BRI in this area?

This article addresses those questions by highlighting the relevance of the Mashreq before claiming that three main factors affect the long-term viability of the BRI project in that area. First, the security risk posed by complex internal situations in several countries - Lebanon, Syria, and Iraq in particular. Second, the lack of regional cooperation, caused on the one hand by the Arab-Israeli conflict, and on the other by geopolitical competition between Iran and Saudi Arabia. Third, the US unwillingness to let China play a leading role in the region. Focusing on Israel as a case study, this article argues that these constraints are relevant and prevent a fully successful implementation of the BRI in the Mashreq.

The Relevance of the Mashreq and Its Constraints

The Mashreq's significance within the BRI results mainly from its location at the juncture of the BRI's overland and maritime routes (Scobell 2018). By virtue of its geographic location, the region is crucial to the BRI plan to reach Europe and the Mediterranean Sea from China, as it includes both land and sea routes connecting the Persian Gulf and the Red Sea to the Mediterranean Sea and, via Iran, the Caspian Sea to the Mediterranean. Even though the Mashreq countries were supposed to be excluded from the original overland route - the so-called China-Central Asia-West Asia Economic Corridor (CCAWEAC) was designed to pass through Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Iran, and Turkey⁹ - the increasing scope of the BRI and the region's strategic location have probably made their inclusion in the initiative almost inevitable. Similarly, one of the routes of the Maritime Silk Road passes through the Suez Canal and reaches Europe via the Israeli port of Haifa (Blanchard 2021). As Yoram Evron points out, an overland route through the Mashreq might represent "an alternative or complementary route to the Suez Canal" (Evron 2022: 97). Theoretically,

there are various possibilities as to the location of the proposed corridors. One such corridor might extend from the Lebanese port of Tripoli to the Syrian and Iraqi rail networks, thus linking the Persian Gulf to the Mediterranean Sea. Its route would somehow follow the path of the Kirkuk-Baniyas oil pipeline, which connected the Iraqi oilfields in Kurdistan to the Syrian port of Baniyas on the Mediterranean Sea between 1952 and 1982, when Baghdad shut it down due to Syrian support of Iran during the Iran-Iraq war. Another proposed corridor would connect Haifa with the Jordan railway system, thus reaching other Arab countries, such as Syria and Iraq. This route, too, would roughly follow that of an existing oil pipeline – the Kirkuk-Haifa pipeline operating between the Iraqi oilfields and the port of Haifa from 1935 to 1948, when it was shut down following the birth of Israel. However, for the time being, these corridors are bound to remain purely hypothetical due to the region's political instability, security concerns and the lack of coordination between the involved countries. And it is specifically the situation on the ground and the political and economic volatility of most of these states that challenges Beijing's willingness and capacity to implement the BRI project in the Mashreq.

Because of its location and oil resources, Iraq is extremely relevant to Chinese interests: with the fourth largest proven reserves in the world, estimated at 115 billion barrels, it is regarded by China as "the wild card" (Sassoon 2018: 158). Baghdad, on the other end, needs Chinese support to enhance its infrastructure. As is well known, Iraq has essentially been at war since 1980, when the almost decade-long Iraq-Iran war started, followed by the first and second Gulf wars, American occupation and the sectarian conflict that marked the following decade. Hence, the vast majority of the country's infrastructure is in need of repair or upgrading. This backdrop has led to a strong Chinese presence in the Arab country, and indeed in 2021 Iraq was the largest recipient of construction-related investment in the Middle East, and the third-largest partner in the BRI in terms of energy engagement after Pakistan and Russia.¹⁰ Yet, two key issues remain unresolved. Above all, China's involvement in Iraq, especially as regards the so-called "Chinese model", has been a contentious issue among politicians and in the business community. Both pro- and anti-BRI groups have held public protests in Baghdad. Second, a much more significant factor in determining the long-term viability of the BRI in Iraq is internal stability: sectarian strife, political divisions, and terrorism add to the country's instability. In the last two years, two worrying signals have raised questions over the viability of the BRI in Iraq. A Chinese oil services company was the target of a rocket and gunfire attack in Nasiriyah on 28 December 2021, and two Sudanese security personnel were wounded on 12 January 2022, in an attack on vehicles owned by Sinopec in the province of Maysan.¹¹

As to Syria, the civil uprising in the first half of 2011, followed by the regime's violent repression, deteriorated into a civil war marked by interference from other Arab countries at a regional level, and the involvement of Russia at an international level.

Although China maintained a cautious attitude in the first years of the war (Krajcsir 2023), soon after the capture of Aleppo by the Syrian government in 2016 – once Bashar al Assad's regime had proved it could reinstate control over Syria's most strategic areas, i.e., the Western regions, and Damascus and Aleppo in particular – it started delivering humanitarian aid.¹² This decision is representative of a broader policy that has brought Beijing and Damascus closer together and demonstrates a two-pronged strategy. First, China's direct aid provided crucial political backing at a time when Damascus had few solid international alliances. China's support of Assad is proof that Beijing sees the country's stability as the most important precondition for economic intervention – and that is indeed a common determinant of foreign investment decisions. But, at the same time, Beijing has concerns over Islamist transnational terrorism and its potential spillover into Chinese territory. In fact, among the militant groups fighting against the Assad regime was the so-called Turkistan Islamic Party (TIP) comprising around 5,000 Uighur Muslims, who targeted Chinese interests inside and outside China.¹³ Second, humanitarian aid, and the relations it fostered, paved the way for future investment in the private sector. As early as September 2017, Assad announced that at war's end, China, together with Russia and Iran, would be given priority in all infrastructure and reconstruction projects – the perfect chance to implement the BRI project in Syria. Syria's instability, however, is far from being overcome, and analysts such as Ibrahim Al-Assil, senior fellow at the Middle East Institute, underline that “the economy is still shattered, the country is fragmented, the corruption is deep within the Syrian state institutions, and that is not going to change anytime soon with the current condition”.¹⁴ Syria and Iraq signed memorandums of understanding with China in January and August 2022, respectively. While this corroborates Beijing's strong interest in these countries, thus validating once more the relevance of the Mashreq, it nonetheless highlights that the Chinese government took its time before officially involving them in the BRI, which may be viewed as a confirmation of its cautious stance towards investing in unstable contexts.

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Similar considerations can be made for Lebanon. After almost three decades of development following the end of the civil war in 1989, since the summer of 2019 Lebanon has been experiencing an economic, social, and political crisis; at the time of writing this article, it is difficult to foresee positive developments.¹⁵ Not only is Lebanon on the verge of economic collapse, but it is also rife with divisions and deep political-sectarian cleavages. A case in point is the political backlash received by Hezbollah leader Hassan Nasrallah for suggesting, in June 2020, that Lebanon should welcome Chinese investment in key infrastructure projects,¹⁶ which in the end created more problems than positive outcomes for Beijing. This is the reason why, despite Beirut and Tripoli being home to important ports that might serve Beijing's economic interests, Chinese direct investment in the country has been very limited in the past few years (Zreik 2021).

Jordan is in a different situation from that of Iraq, Syria and Lebanon, as it is politically stable: the Hashemite monarchy has been able to maintain its rule in the country despite the dramatic events of the last decades in Iraq and Syria. Thanks to Jordan's geostrategic location and stability, China views it as a "gateway to the Middle East".¹⁷ Beijing considers Amman an economic centre for regional renewal and a gateway for Chinese businesses to deepen their commercial and industrial ties to the area, especially in the light of post-conflict reconstruction in Syria. However, this does not mean that the BRI in Jordan faces no challenges. For example, Amman's concerns about growing debt with China have led to problems in the bilateral relations over the construction of an oil shale-fired power plant in Central Jordan, meant to meet 15 per cent of Jordanian domestic energy needs (Chaziza 2020: 102). In 2014, the Jordanian government signed a power-purchase agreement with the Attarat Power Company, a partnership between Malaysian, Jordanian and Estonian entities. In 2016 the Guangdong Power Engineering Corporation, a subsidiary of China Energy Engineering Group Co. Ltd., acquired a 45 per cent stake in Attarat, and the following year Beijing approved 1.6 billion dollars in financing for the project. Although the Chinese government does not have a majority stake in the project, it still is its de facto head. But the rising costs of energy are going to take a heavy toll on Jordan's public finances, with the country expected to pay an estimated 280 million dollars annually under the terms of the agreement. The situation is still unclear, but what is clear is that there are increasing tensions between Amman and Beijing. The removal of the agreement would jeopardise one of China's most important BRI investments in the entire region, but if the contract is not terminated, the Attarat project may fuel further criticism of China's BRI projects as "debt traps" for weak countries.¹⁸ The Attarat case shows that, even though Jordan is a stable country, the BRI still faces challenges there, as it generally does in low-to-middle-income countries. It may not come as a surprise then that Jordan too, along with Syria and Lebanon, has the lowest ranking for investment suitability among the countries where China is promoting the BRI - and this is the reason why, as Yanzhao Yin and Youjin Liu argue, Beijing has been cautious in implementing the project in the Hashemite kingdom.¹⁹

Finally, there is Palestine, which China recognises as a sovereign state, even though the Palestinian Territories have been under Israeli military occupation since 1967. Despite Chinese support for the Palestine Liberation Organisation dating back to the late 1960s (Chamberlain 2012), nowadays "Palestinians are largely overlooked by Beijing" (Burton 2018: 159). Among the reasons that might explain this attitude are the constraints preventing effective implementation of the BRI in Palestine. Apart from the occupation and the ensuing inability for the Palestinian Authority to exercise any effective control over its territory, the rift between the two main political factions - i.e., Fatah and Hamas (Marzano 2021) - makes Beijing's task particularly complicated, as the need to steer a middle course between the two parties weakens its efforts.

In addition to what has been said specifically about each country, on the whole the Mashreq is traditionally characterised by a lack of regional cooperation, and intraregional trade in particular. A 2010 World Bank report stressed that the causes of this situation are "trade restrictions, real exchange rate appreciation, and political uncertainty". More specifically, according to the report, "low levels of intraregional trade are explained by limited trade between Israel and its neighbours",²⁰ the most relevant political cause of which is the Arab-Israeli conflict. The 2020 Abraham Accords led to the diplomatic recognition of Israel by four Arab countries – Bahrain and the United Arab Emirates in September, Sudan in October, and Morocco in December of that year, respectively. But despite this, and despite the Israel-Lebanon maritime demarcation agreement signed in October 2022, Israel does not have diplomatic or economic relations with Syria, Lebanon, and Iraq and, therefore, economic policies would be very difficult to coordinate at a regional level. Any initiative that includes Syria, Lebanon and Israel sitting at the same table risks being jeopardised by ongoing political tension. The situation is further compounded by the impact of the Iran-Saudi Arabia rivalry on the Mashreq and the entire Middle East. The devastating Syrian civil war, the creeping conflict in Iraq and Lebanon's instability cannot be understood without consideration of the Iran-Saudi Arabia rift (Marzano 2022: 165-81). And the growing ties between Israel and Saudi Arabia – even though there is no formal diplomatic recognition between the two countries – are definitely related to Israel's strong stance against Iran (Beck 2020). This could pose a further challenge to China, one which falls outside the scope of this article but nonetheless deserves consideration: how will Beijing balance its relations with both Riyadh and Teheran (Dorraj 2020; Sahakyan 2022)? China has been strengthening its economic ties with both partners (Markey 2020: 119-56), as if they were not rivals for regional supremacy and on opposite sides of several conflicts, such as in Syria and Yemen. For example, in January 2022, a delegation of foreign ministers from Saudi Arabia and its closest allies in the region – Bahrain, Kuwait, and Oman – as well as the Secretary General of the GCC, visited China with the aim of strengthening relations. A few days later, the Iranian Minister of foreign affairs flew to Beijing to sign off on the implementation of the 25-year bilateral Comprehensive Strategic Agreement (CSA), which had been signed in 2021.²¹ On both occasions, economic and infrastructure agreements were drawn up. Clearly, oil supplies were central to the agreements. China imports nearly half of its oil from the Middle East: while Saudi Arabia is its top supplier, China is the largest buyer of oil from both the Persian Gulf and Iran. Despite the latter being under sanctions, oil exports to China have been higher than they were at the peak of 2017, before the US withdrew from the so-called nuclear deal and re-imposed sanctions on Iran.²² Of even greater significance is the fact that military agreements were signed with both Saudi Arabia and Iran and, as a result, Beijing has been selling arms simultaneously to Riyadh and Teheran, despite them being on opposite sides.

It follows from the above that the Mashreq presents several challenges that can certainly jeopardise the viability of the BRI, despite the region's great potential.

Israel and the BRI

From a strategic viewpoint, the Ashdod and Haifa ports in the Mediterranean Sea, and access to the Red Sea through the port of Eilat, make Israel crucial to the success of the BRI in the Mashreq. Unlike Lebanon, Syria and Iraq, Israel is also an extremely stable country: despite the ongoing conflict with the Palestinians, it is considered a safe and reliable investment destination. Going back to the "1 + 2 + 3" cooperation pattern that Chinese President Xi Jinping mentioned in his January 2016 speech, Israel is an ideal country for investment in the infrastructure and high-tech sectors.

Before evaluating the advantages and constraints of the BRI project in Israel, a brief overview of the history of Israel-China relations in the last three decades can help shed light on the current status of the partnership.

Israel and China established mutual diplomatic recognition on 24 January 1992. During the 1990s, their economic and (to a lesser extent) political ties grew steadily. Three main reasons explain this strengthening of relations between the two countries. First, after the events of Tiananmen Square in the spring of 1989, the sanctions imposed on China by the European Community and the United States pushed Beijing towards Israel, which had not joined in the embargo and continued to sell arms. In that year, for example, Israel sold China the Python-3 missile technology, which was used to create the PL-8 missile still employed by the Chinese Air Force. Second, the 1991 Gulf War undoubtedly demonstrated the clear superiority of the former Western bloc's armaments, confirming the effectiveness of Beijing's choice to purchase arms from Israel. Finally, the Oslo Accords - starting with the Declaration of Principles signed at the White House by the Israeli Prime Minister Yitzhak Rabin and the Palestinian leader Yasser Arafat on 13 September 1993 - made it easier for Beijing to dialogue simultaneously with Israel and the Arab countries. As a consequence, both political and economic relations between China and Israel improved (Chen 2012).

In the first two decades of the new millennium, relations between the two countries have continued to strengthen, especially in three fields: trade; Chinese direct foreign investment in Israel; participation of Chinese companies in construction and infrastructure projects in Israel. According to the Israeli Central Bureau of Statistics, trade between Israel and China was worth 1.07 billion dollars in 2001 and had reached 11.9 billion dollars in 2020. China has become Israel's third largest trading partner and the most important in terms of imports, for a total value of 9.44 billion dollars. Although China ranks significantly behind the United States (18 billion dollars in 2020) and the European Union (40 billion dollars), Israel's trade with China exceeds that with any single European state.²³ As to Chinese foreign direct investments (FDI), they have mainly targeted Israeli start-ups (Israel is the country with the highest number of start-

ups per capita in the world and the highest concentration outside of Silicon Valley) and have tripled between 2012 and 2015, reaching a total value of 16.5 billion in 2016.²⁴ The third area of economic relations, i.e., the participation of Chinese companies in renewing Israeli infrastructure, has proved even more significant. Two main reasons explain why many tenders are won by Chinese companies: on the one hand, these make extremely advantageous economic offers and can also meet very tight deadlines; on the other hand, those same companies are also willing to partially finance the projects (Evron 2018: 123).

Focusing in greater detail on the Sino-Israeli relationship as it relates to the BRI, Israel was, and still is, very attractive in the two areas mentioned by Xi Jinping in his 2016 speech at the Arab League headquarters, that is, infrastructure and high tech.

One crucial element that was not explicitly mentioned in the speech is Israel's strategic location as an overland connection between the Mediterranean and Red seas, and a potential alternative to passage through the Suez Canal – an area that plunged into uncertainty in the wake of the 2011 Arab uprisings. Indeed, Egypt experienced a time of political instability, with the fall of Hosni Mubarak, the rise to power of the Muslim Brotherhood and Mohamed Morsi, and a coup led by General Abdel Fattah al-Sisi, all in the span of three years. Israel's political stability, on the other hand, is perceived as a guarantee by China, and the possibility of avoiding the Suez Canal for the transport of energy and goods represents an advantage in strategic and economic terms. This explains China's willingness to invest in Israeli infrastructure, starting with its ports, and three of them in particular: Eilat, on the eponymous gulf that leads to the Red Sea, and Ashdod and Haifa on the Mediterranean Sea. Among the many projects that were discussed during Israeli Transport Minister Yisrael Katz's visit to China in July 2012, was the construction of the so-called Red-Med railway – a 350 km rail link connecting Eilat and Tel Aviv through Ashdod, featuring 63 bridges and 5 tunnels, with an estimated cost between 6.5 and 13 billion dollars.²⁵ The project would serve Beijing' interests, connecting the Mediterranean Sea to the Red Sea while avoiding use of the Suez Canal, as well as protecting the route between the Gulf and Europe that is vital for its own commercial exchanges. Although the railway was never built and the project is now frozen, it is nonetheless significant in that it helps understand Jerusalem's strategic importance and Beijing's interest in upgrading Israeli infrastructure. A similar project confirming Beijing's approach was effectively implemented in the Haifa port, where a section operated by the Shanghai International Port Group (SIPG) was opened on 1 September 2021. The Chinese company has committed considerable resources to the port's restructuring, allowing for the expansion of its commercial capacity (Wang 2021). The possibility of exporting its products faster, more efficiently, and guaranteeing the safety of the route in the medium term is vital to China's economy. What are the interests at stake for Israel? First, improved port infrastructures would bring huge benefits to the economy, as 99 per cent of Israeli goods are exported or imported by sea

(Teff-Seker, Eiran and Rubin 2018). At the same time, there are growing expectations that recent diplomatic recognition by Bahrain, the UAE, Sudan and Morocco could increase trade to these countries as well as towards Egypt and Jordan, the other two Arab countries with which Israel already had diplomatic relations. The March 2022 meeting in the Negev between Israeli Foreign Minister Yair Lapid, the foreign ministers of Bahrain, UAE, Egypt and Morocco, and US Secretary of State Antony Blinken – where economic relations, energy, the environment and security were discussed – proved just how likely Israel thinks that will be.²⁶

In terms of investments, Chinese economic presence in Israel has become increasingly apparent in the past ten years. Israel is one of the two main recipients of China's booming investment in the Middle East. In 2018, the majority of Chinese FDI in the region went to the United Arab Emirates (6.43 billion dollars, up from 2.3 billion dollars in 2014), followed by Israel (4.62 billion dollars, compared to 86.7 million dollars in 2014). As Aghavni Harutyunyan (2020: 423) points out, "China is a strategic market for Israel [and] Israel is a strategic investment for China". For China, investing in Israel has meant focusing on a solid and expanding economy, certainly among the most innovative in the Middle East. Indeed, many private Israeli companies in various fields have been acquired by Chinese state-controlled enterprises in recent years. Notably, ChemChina, the most important Chinese agrochemical company, bought a 60 per cent stake in Israel's main pesticide producer (which later changed its name to Adama) in October 2011, and assumed full ownership five years later.²⁷ In 2014, the Shanghai-based government-owned multinational, Bright Food, acquired dairy producer Tnuva, one of the best-known Israeli companies in the world.²⁸ And in 2016, Chinese multinational Fosun acquired Ahava, the cosmetics manufacturer well known for its Dead Sea Mud skin care products.²⁹ Israeli start-ups benefit from the inflow of capital while, at the same time, Israel is confident that China will never subordinate its economic commitment to sensitive political issues, such as the human rights of the Palestinian population. Given the recent divestments by countries that are particularly mindful of such issues – e.g., Norway³⁰ – Jerusalem considers the Chinese lack of interest an advantage.

Beijing's Constraints in Israel

Is this a success story? Or are there shortcomings in the implementation of the BRI in Israel? A step back is needed to address these questions. At the end of the 1990s, an event of great significance took place, exemplifying the difficulties faced by Beijing and Jerusalem in strengthening their relations. Israel had signed an agreement with China for the sale of Phalcon airborne early warning and control systems, but in July 2000, Washington forced the Israeli government to cancel the deal, threatening the Defence Ministry that otherwise military support and technological cooperation would be radically curtailed (Evron 2013). A similar episode occurred again in 2005, when Washington intervened to block an agreement through which Israel would continue to

sell Harpy remotely piloted aircraft that Beijing had begun purchasing in the mid-1990s. The US administration even demanded that officials who had negotiated the agreement be removed from the Department of Defence (Evron 2018). These two episodes meant, on the one hand, that military technology could not constitute a privileged sphere of Sino-Israeli relations. On the other hand, they confirmed that the relationship between Jerusalem and Beijing could not fail to take Washington's opinion into consideration (Rajiv 2017). Given the *special relationship* between the US and Israel, which is by far its strongest and most stable ally in the Middle East, Washington sought to thwart Beijing's growing presence in the country, and especially its investments in sensitive technology and critical infrastructure (Efron et al. 2019: 142-3).

It can be said that not much has changed since then. With the strengthening of the Sino-Israeli partnership, US concerns about excessive Chinese influence in the Israeli economy and – even more so – security risks have crept back in recent years, especially in sensitive sectors such as telecommunications. In June 2019, the Chinese company Huawei entered the Israeli solar energy market with its solar power inverters.³¹ The move came at a tense time, after the company had announced just a day earlier that it would no longer operate in the United States. In a meeting with Israeli Prime Minister Benjamin Netanyahu in January 2019, National Security Advisor John Bolton had expressed his opposition to Huawei's penetration of the Israeli market,³² but the Trump administration's requests went unheeded. US pressure on Israel to boycott Huawei was not an exception but rather part of a *global* strategy: the Trump administration made efforts to persuade its closest allies and achieved some level of success in doing so, with Australia and New Zealand following Washington's lead in banning Huawei's 5G technology. In July 2019, US Under Secretary of Defence John Rood visited Israel and asked the Israeli government to prevent Huawei from signing contracts to install 5G cellular infrastructure.³³ US pressure increased the following year, especially in May 2020. It is worth recalling that June 4 was the deadline for the submission of bids for the construction of 5G wireless grids in Israel. During a visit to Jerusalem on May 13, US Secretary of State Mike Pompeo asked the Israelis to place restrictions on Chinese companies operating in the country, even if that meant cancelling already commissioned projects.³⁴ And on May 26, in a conversation with Israeli Minister of communications Yoav Hendel, US Ambassador to Israel David Friedman stressed how crucial 5G technology was for security.³⁵ Although it cannot be confirmed, it is to be believed that US demands were met, and most likely it was Benny Ganz, Israel's Minister of defence, who vetoed the participation of Chinese companies in the tender for the construction of 5G network infrastructure, in line with what had been decided by Netanyahu and the Trump administration.³⁶ Moreover, on the day of the meeting between Friedman and Hendel, a contract for the construction of a large desalination plant in Nahal Soreq was awarded to a local company rather than a Chinese competitor. It is plausible that US influence played a role in that outcome, too, in addition to Israeli

concerns about the proximity of the plant to sensitive defence infrastructure.³⁷

The port of Haifa, used as a logistics base by the US 6th Fleet stationed in the Mediterranean, was also at the centre of tense discussions between the United States and Israel, with the former raising concerns over the already mentioned Sino-Israeli agreement for the rehabilitation of part of the port. Washington repeatedly expressed fears that Beijing could take advantage of the presence of Chinese companies to spy on US Navy operations. Amid escalating tensions, the influential Jewish Institute for National Security of America (JINSA), whose goal is to protect American interests in the Middle East and strengthen ties between Israel and the United States, also joined in on the matter, stating in its February 2021 report that "the future Haifa terminal presents an unacceptable security risk to US interests".³⁸ Meanwhile, much to its ally's irritation, Israel rejected US requests to carry out an inspection to rule out the possibility that China intended to use the facilities to spy on US military ships.³⁹

The US government has clearly been exerting considerable pressure on Israel to prevent excessive Chinese presence in its economy. Moreover, some in Israel have started sharing similar concerns. As Yoram Evron (2017) points out, several Israeli high-tech companies fear being blacklisted in the United States, where many of them also have their headquarters. Out of concern that partnering with Chinese companies would cost them the US market, they choose to avoid the Chinese market altogether.

On 24 January 2022, the 30th anniversary of diplomatic relations between China and Israel was celebrated. Although trade relations, after an interruption in 2020 due to the pandemic, have strengthened in 2021, China's Vice-President Wang Qishan expressed dissatisfaction with Israel's cautious approach towards Chinese investment, particularly in infrastructure, as well as disappointment over Jerusalem's support within the United Nations for an independent investigation into human rights issues in the Xinjiang region.⁴⁰ It is also worth mentioning that in February 2022, two state-owned Chinese companies' bid was rejected for the construction of the Tel Aviv light rail Purple and Green lines, most probably under American pressure.⁴¹

It is clear from what has been said that, despite Israel's many strong points, the BRI project faces huge challenges that prevent its full implementation. In fact, Beijing's penetration in Israel can only increase up to a certain point, if US interests put a ceiling to its growth. And Washington remains absolutely firm in its resolve to prevent China from playing a leading role in the country (Yellinek 2022).

Conclusion

While the use of economic tools for strategic and political purposes is a distinguishing feature of the BRI, one of China's main aims in the Middle East has been to detach trade and economics from the region's intricate politics (Small 2018). However, as I have tried to demonstrate here, that is unlikely to happen: political constraints in the Mashreq are too great not to have an impact on the implementation of the BRI. On

the one hand, widespread political instability and security concerns prevent Chinese investment in the region from reaching its full potential (Yang 2018). At the same time, the lack of regional integration makes the Chinese strategy vain, and it is not likely that existing divisions, namely, the Arab-Israeli conflict and the Iran-Saudi Arabia rift, will be overcome in the near future. Finally, the case of Israel highlights another barrier to Chinese penetration, one which also applies to other Mashreq countries and to the entire Middle East: the presence of the US in the region (Alterman 2018) means that China-Israel relations can only be as close as US interests will allow (Evron 2019). As Assaf Orion has argued, "Israel sees the United States as its strategic ally, while China is an important trading partner".⁴² This is the reason why Israel never had any intention in the past - and most certainly will not in the future either - to favour its relations with China to the detriment of those with the United States. If forced to choose one over the other, there is no doubt that - at least in the near future - Israel will prioritise the latter. This reality is not unique to Israel. It is true of other countries in the region, such as Jordan. Apart from the already mentioned problems facing China due to the fact that Jordan is a "low-to-middle-income country", there is another factor to consider: the boundaries of Jordanian-Chinese cooperation in the military field are determined by Amman's relations with Washington. Not unlike Israel, Jordan too is careful not to cross red lines that would undermine its relationship with the United States, especially where extensive military cooperation with China is concerned.

72 The consequences are clear. Beijing does not seem to have the capacity to overcome the challenges facing the BRI in the Mashreq. For this reason, Andrew Small's argument is even more relevant today than it was in 2018: "Until China is willing to make clearer strategic choices in the Middle East, [the BRI] is likely to take a more modest form there than in several of the regions on China's periphery" (Small 2018: 203).

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Notes:

- 1 - There are many definitions of Middle East (Khalil 2014). In this article, I refer to the Middle East as composed of two regions, namely Mashreq (Lebanon, Syria, Israel, Palestine, Jordan, Iraq) and the Gulf (Saudi Arabia, Yemen, Oman, United Arab Emirates, Qatar, Bahrain), and three countries: Egypt, Turkey, and Iran.
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- 11 - *Ibid.*
- 12 - *China in Syria: Aid and Trade Now, Influence and Industry Later?*, "Centre for Operational Analysis and Research", July 2021, <https://coar-global.org/2022/07/11/china-in-syria-aid-and-trade-now-influence-and-industry-later/> (last accessed on 1 December 2022).
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