Israel & The Belt & Road Initiative Blue Book Essay
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Section I: Executive Summary

Israel and the BRI: Introduction

Israel's growing ties to the PRC and its increasingly astute understanding of the possible political and economic impact of the BRI in the global order has brought about a rise in Israeli engagement with China. Examples of this engagement include Israel's charter membership and participation in the AIIB and various projects in the context of security, resource management, academia and technological innovation. Combining the strategic value Israel's physical location, which could play a role in the transport of Chinese goods to African and European markets, with the game changing technological advancements being developed in 'Silicon Wadi', Israeli expertise appears to have many applications within the BRI especially in the fields of security, big data and water management.

Shifting Political trends in the Middle East

The Belt & Road Initiative's ‘going out’ policy will take the New Silk Road West, traversing the Middle East. The political dynamics in the broader Middle East continue to reflect radicalism and geostrategic destabilization. The forces behind these conflicts have led to the nascent formation of regional networks of nations that include such unlikely parties as Israel Saudi Arabia and other Gulf Countries. These transformational relationships stem from the need to counterbalance the rise in hardline Shia Terrorism devastating the Middle East. Through its immense technological advancements, economic strength and political stability, Israel is working to build cooperation and regional stability. This will help securing the flow of goods and services throughout the Eastern Mediterranean.

5 Principles of the BRI & Israel

The 5 principles of the BRI became familiar to certain sectors of Israel in 2016. Some of Israel's business, innovation and technology, legal and governmental as well as academic communities, better understood that Chinese cultural outlook encompassing a holistic or comprehensive approach to this mega-geoeconomic initiative. As Israel has become more familiar with the BRI, it has learned that the initiative includes 5 areas to promote a comprehensive level of multinational cooperation: Peer-to-Peer Bonds, Facilities connectivity, Unimpeded trade, Cultural exchange & Financial integration. In its effort to build a thriving economic and geopolitical relationship with the PRC, Israel recognizes these core principles will dictate engagement between Beijing and Jerusalem for years to come. Therefore, Israel is taking steps to better understand and advance these principles:

1) Peer-to-Peer Bonds
   Through university level cooperation and academic opportunities for Chinese students to study in Israeli Universities, personal networks are being formed between Israeli and Chinese future thought leaders.

2) Facilities connectivity
   Through Chinese investment in the ports of Ashdod and Eliat, as well as the construction of the Tel Aviv Light Rail, Israel is conveying its commitment to increasing the flow of goods and services for Chinese markets to African or European destinations.
3) Unimpeded trade
Driven by the dynamic Chinese investment in a range of Israeli industry, and Israel's aim to reach Chinese markets, accessibility to markets and the removal of trade barriers has become a vital issue. To mitigate these barriers, Israel and China have entered into Free Trade Agreement (FTA) negotiations which will dramatically impact bilateral trade and increase economic development.

4) Cultural exchange
Ranging from critically acclaimed exhibition ‘Made in Israel’ held from June 1 through July 24 at the Redtory Museum of Contemporary Art (Organized by Consulate General of Israel in Guangzhou and Redtory Culture and Art Organization) and performances by the Israeli Philharmonic Orchestra (in three Chinese cities) in China, to the Photo Exhibit on the Jews of Modern China (hosted by Bar Ilan University) and diverse programming of the Glazer-CIS@ Ben Gurion Research Institute, 2016 presented new and exciting vehicles for cross cultural understanding and historical analysis.

5) Financial integration
Through Israel’s participation in the Asian Infrastructure & Investment Bank (AIIB) and the significant investment of Chinese companies and SOE's in the Israeli tech market, and Israel's investment in developing China's industries such as water (Netafim in Ningxia, “Israel Water City of Shouguang”) Beijing and Jerusalem are taking major steps to facilitate greater levels of financial integration.

Israeli Tech and Security applications
As a global leader in innovation and security technology solutions, Israel has the possibility of mitigating many of the massive security challenges that may be faced by the BRI. From the China-Pakistan Economic corridor to Central Asian Land Bridge, Israeli expertise in UAV’s, & Big Data could prevent loss and protect assets in the often-dangerous areas where the BRI will travel. In General, Israeli technological innovation and start-up culture can help decrease the BRI’s operational and investment risk. As over 60% of the BRI covers areas with significant drought, Israeli water management technology and agricultural solutions could help decrease investment risk while promoting environmentally sustainable solutions to increasing agricultural demand across the 60+ countries within the BRI.

Med-Red
In providing a land based support mechanism to the Suez Cannel, the Med-Red is envisioned as a high-speed rail connection between the ports of Eliat and Ashdod. Although much debate continues within Israel about the realization of this project, recent infrastructure projects, such as the Carmel Tunnels and the management of two major port facilities by Chinese companies have generated new levels of trust, and the realization of possible economic and diplomatic gains between Israeli and Chinese partners.

1 http://www.ipo.co.il/eng/Series/Tours/.aspx
Case studies of cooperation

Although still in its preliminary stages in many areas, the BRI has already presented opportunities for Israeli engagement. Highlighting Israel's eagerness to participate in the BRI, the Jewish State has become a charter member of AIIB as well as a receptive partner in the development of the Med-Red high speed cargo line. The establishment by Netafim of a factory for water technology in Ningxia province and the integration of numerous water solutions to create the Shouguang ‘Water City’ show how Israel's commitment to China's development can bring added value to the BRI, across Asia, Central Asia and beyond. As Israeli technology provides the conduit for broader regional engagement the prospects of these advancements contributing to BRI projects appears very promising.

Conclusion and Future Prospects

The BRI presents Israel with a unique opportunity to build regional engagement while advancing its relationship with China. Through a combination of its technological expertise and geographic location, Israel could provide the BRI with core components to support unimpeded trade and facilities connectivity. Additionally, as the BRI could enable Israel to diversify its diplomatic and economic partners, it could prove to be an essential vehicle to enhance the Jewish State’s security and financial viability in an often-chaotic region.
Located at the ultimate intersection between east and west, politically and geographically, Israel stands to make important contributions to the BRI due in large part to its ability to synthesize risk into pragmatic outlets for cooperation and technological innovation. Most prominently featured in security, water management and agricultural domains, Israel has used its adversity to carve a niche into the international arena as the preeminent ‘startup nation’. For China and the broader fate of the BRI, Israeli participation could spur creative thinking across the economic corridors and expansive public works projects, decreasing operational risk while facilitating a more interconnected physical and digital system.

In its attempt to support the infrastructure and systems connectivity process instituted through the BRI, Israel could potentially have a significant role (albeit behind the scenes) by volunteering its domestic intellectual resources to problem solve intricate and unforeseen challenges part and parcel in a multinational initiative such as the BRI. “Israel must recognize the significance of [BRI] and the enormous economic and diplomatic opportunities. If leveraged cautiously and with full consideration of America’s interests in the region, Israel…could become a small yet strategically critical outpost on China’s New Silk Road.”


In order to effectively convey the value of the BRI, to the broader Israeli community, further engagement on a grassroots level is still clearly needed. Within Israel “The establishment of an Israeli governmental task force aimed at the expansion of economic relations and the opening of another Israeli consulate [in Chengdu] are evidence of the Israeli government’s recognition of the importance it attaches to [Sino-Israel] relations.”

3. Eran, O., He, J., & Lavi, G. (2015, October). China and Israel: On the Same Belt and Road?

In 2016 more sectors of Israeli society began to actively engage with China via the modern-day Silk Road. University level cooperation and high tech investment on both Israeli and Chinese shores were facilitated through the establishment of the ‘Comprehensive Innovation Partnership” established in March 2017. The ‘Comprehensive Innovation partnership is indicative of contemporary trends increased collaboration Science, Technology, Education, & Math (STEM) to the progress of the BRI and Israeli markets.
Section III: Shifting Political trends in the Middle East and their potential impact on the BRI

Political strife and humanitarian disasters often dominate the headlines of media coverage in the Middle East. From the civil war occurring Iraq and Syria to the military campaign currently underway in Yemen, there is often great instability overshadowing the entire region. This does not bode well for China's aim to build trade and economic connections across the land bridge of the New Silk Road. However, for the shrewd observer, there may be room for optimism due to a new level of geostrategic cooperation between Sunni Arab States and Israel. These evolving relations are changing the tangible risk factors and reshaping the bonds between nations that have been adversaries for decades.

Regionally Israel has formed pragmatic bonds with moderate Arab states, all the while carefully approaching Russia and (increasingly) China to facilitate greater geopolitical stability.

In a significant sign of the changing geopolitical atmosphere of the Middle East, Israeli PM Binyamin Netanyahu stated that “for the first time in my lifetime, and for the first time in the life of my country, Arab countries in the region do not see Israel as an enemy, but, increasingly, as an ally.” He further stated that “the great opportunity for peace comes from a regional approach involving our newfound Arab partners in the pursuit of a broader peace with the Palestinians.”

As a direct corollary of Middle East unrest and a lack of natural resources, Israel has used its adversity to mitigate risk and generate homegrown industries, centered on security and technology based applications. “Israel, which has coped with terror for its entire existence and has developed practical and theoretical tools with which to deal with it, can help China tackle this threat.” As an internationally accredited hub for Counter Terror and security analysis, Israel provides its expertise of regional and global conflict to the benefit of Chinese partners. With 70+ years of managing strife, directed from state and non-state actors, Israel’s battle tested experience could enable a greater tactical understanding of the Middle East and the radical Islamic elements that could destabilize both the Maritime and land routes of the BRI.

“The perception left by the Barack Obama administration, that the United States is leaving the region and that an increasingly emboldened Iran is exerting power across the Middle East after the implementation of the 2015 nuclear agreement, has revived longstanding hostilities between Arabs and Persians, and presented an opening to realize mutual interests and foster cooperation between Arabs and Israelis.”

4 Haghirian, M. (2017, March 08). Arab nations face a stark choice: ally with Israel or Iran
5 Yellinek, R. (2017, March 26). Netanyahu’s China Visit
6 Haghirian, M. (2017, March 08). Arab nations face a stark choice: ally with Israel or Iran
Impact on Xinjiang and within the BRI

As Uyghur populations leave Xinjiang to join active conflict zones around central Asia and the Middle East, it is ever-more pressing for China to marginalize radicalization. By implementing Israeli experience, advanced technology and Big data analysis, Chinese partners can prevent civilian casualties while prompting a more stable Xinjiang for the foreseeable future. “China hopes to boost Belt and Road cooperation with Middle Eastern countries as development is both the root and solution to solving thorny issues in the conflict-torn region.”

“Israel is a center of excellence in managing terror threats, an issue that Beijing decision-makers view with concern as they try to limit the rise of Islamist groups in China’s Western provinces.”

Maritime Route of the BRI – A Brief overview of the strategic waterways surrounding Israel

Gulf of Aden

An often-dangerous impasse, located between major energy hubs in the Persian Gulf and prosperous markets just beyond the Suez, the Gulf of Aden and its security, dramatically impact the flow of energy resources coming out of the Middle East. In practice this has brought China, among other major international powers, into Djibouti to protect their strategic interests moving through the Gulf of Aden. For Israel, a nation with extensive security expertise, the ability to impart tested methods and innovative security scenarios on recently invested players—such as China, could help strengthen security in this region. Furthermore, it could potentially build closer cooperation between Israel and China in a number of pertinent fields.

Gulf and Canal of Suez

The Suez Canal represents the most important crossroad for goods traveling between Asian and European markets. The canal is also the life blood of Egypt and a locale of noticeable international investment—in port management and security systems. Compounded by the wave of Islamic extremism revived in the so-called ‘Arab spring’ and domestic unrest in Egypt, the Suez Canal is a source of much international concern. In attempting to minimize Egypt’s exposure to the growing regional instability in the Suez, Chinese and Israeli partners could build a number of support mechanisms (the Med-Red being just one of the options) to ensure the consistent flow of Chinese goods into Europe and Africa.

7 宋静丽 (2017, March 28). Why the Belt and Road Initiative has exceeded expectations
8 Breen-Portnoy, B. (2016, September 9). Analyst: Israel Must Take Advantage of Chance to Become Key Stop on New International Chinese Trade Route

Above, a 1581 Wood cut printed in Magdeburg, titled Die gantzé Welt in einem Kleberblat / Welches ist der Stadt Hannover meines lieben Vaterlandes Wapen
“Beijing’s current reliance on the Suez Canal for shipping Chinese exports to Europe represents an increasing risk to the continued growth of China’s economy. Prior to the Arab Spring in 2011, China invested heavily in the Suez Canal corridor and considered the Canal its primary access point to Europe, China’s largest export market. In 2008, COSCO Pacific, China’s largest shipping SOE, invested $185.6 million in a joint venture to operate and manage the Suez Canal Container Terminal (SCCT) in Port Said East Port, located in the western Sinai Peninsula at the northern end of the Canal. For this port’s second development phase, operating since 2012, state-owned China Harbor Engineering Company (CHEC) invested $219 million to construct a 1,200-meter quay.”

Gulf of Oman
Located at the exit point of gulf oil reserves into the Arabian Sea, security in the Gulf of Oman is nonnegotiable. With over 50% of its energy reserves originated in the Persian Gulf, the ability to protect freedom of navigation within the Gulf of Oman can have enormous influence on international energy markets, and in turn the domestic cost of production of Chinese goods. Israel could provide a collection of approaches to alleviate the risks generating in the Gulf of Oman. From Unmanned Arial Systems (UAS) solutions and satellite imaging, to dynamic marine sensors and Big Data driven security indicators Israel could give Chinese investors a set of ears and eyes on the ground to protect energy transport.

Eastern Mediterranean
Containing the most significant transit routes linking North African and Eastern European markets, the Eastern Mediterranean’s stability has vast implications for developing and established global markets. Containing Israel, Egypt, Syria, Lebanon, Greece, Cyprus and Turkey the Eastern Med represents a strategically important cross section of trade and energy transport.

Located between the major energy hubs in the Persian Gulf and prosperous markets just beyond the Suez and the Gulf of Aden, the eastern Mediterranean’s security dramatically impacts the flow of energy resources coming out of the Middle East.

Persian Gulf
The Persian Gulf represents the critical cog in the global energy market that is perhaps more significant than almost any other strategic waterway. As the nexus of oil production within the Middle East, stability and pragmatic diplomatic understandings of the politics and history of the Persian Gulf are essential. In basic terms, without security and data provisions to ensure the flow of energy to global consumers, the Persian Gulf becomes a strategic liability negatively impacting the broader energy sector. Consequently, between Israel’s growing ties with the Arab world, and its diverse technological skill set, the Jewish State is increasingly called upon to build comprehensive security assessments to minimize instability originating in the Persian Gulf.

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Section IV: 5 Principles of the BRI & Israel

The five core principles of the BRI include:¹¹
• Policy Coordination
• Facilities connectivity
• Unimpeded trade
• Cultural exchange/ Peer-to-Peer Bonds
• Financial integration

1) Policy Coordination

Progress in the field of government-to-government cooperation has grown significantly, as illustrated by the multitude of academic cooperation agreements and MOU’s between intergovernmental partners in Israel and China signed in 2016. The collaboration that is planned to take place due to these agreements is expected to build a new generation of Chinese innovators for the challenges of entrepreneurship. “This will better prepare China’s youth to contribute in meaningful ways to the Belt & Road in research and development by cultivating such expertise, even more of today’s youth will be ready to create and build their own companies or bring their area of specialty to benefit China’s government, health care system, private enterprise, State Owned Enterprises and all other sectors of Chinese society.”¹²

2) Facilities Connectivity

Israel is realizing the broader ‘Chinese dream’ of facilities conductivity through the management of its major port facilities by Chinese entities. Through the influence of critical Chinese operational partners Israel is actively engaged in the large-scale systems and shipping connectivity instituted by Chinese investors throughout major shipping centers in the eastern Mediterranean, most notably in Greece (Port of Piraeus) and the management of the Israeli ports of Ashdod and Haifa.

¹¹ Chart below from HKTDC. “Belt and Road Basics.” HKTDC Belt and Road Portal. N.p., Apr. 2015
3) Unimpeded trade

“In recent years China and Israel have fostered closer trade ties. China has now become the latter’s largest trading partner in Asia as well as the third largest trading partner in the world. Statistics from the Israeli Ministry of Economy show that during 2012 to 2015, Chinese investments in Israel saw an increase of 100% year on year. Like 2015, 40% of the venture capital used to set up start-up companies in Israel came from China, while 50% of the investment projects in Israel received Chinese funds. As an increasing number of Chinese enterprises have invested in Israel, China has now become a key market to Israeli companies and the Israelis.

Ms. Hila Engelhard, the Israel-China Economic & Trade Relation Team Leader under the Economic Affairs Division of the Israel Ministry of Foreign Affairs, stated that “Israel, [is clearly] a strategically important location along the “21st Maritime Silk Road”, an important transportation hub connecting Europe and Asia in the Middle East. As a founding member of the AIIB (Asian Infrastructure Investment Bank), Israel strongly supports the Belt & Road Initiative from which the country would benefit significantly.” Ms. Engelhard added that “Israel is now advancing its infrastructure construction, including a new port in Haifa and the Tel Aviv light rail dubbed “red line” with Chinese partners.

4) Cultural exchange

Cultural exchange between the Middle Kingdom and the Jewish State in 2016 was highlighted by an array of activities spanned the spectrum of the arts. From performances by the Israeli Philharmonic Orchestra (in three Chinese cities) to exhibition ‘Made in Israel’ held from June 1 through July 24 at the Redtory Museum of Contemporary Art (Organized by Consulate General of Israel in Guangzhou and Redtory Culture and Art Organization) in China, to the Photo Exhibit on the Jews of Modern China (hosted by Bar Ilan University) and diverse programing of the Glazer-CIS@ Ben Gurion Research Institute. 2016 in its expansive level of cultural exchange presented new and exciting opportunities for cross cultural understanding and historical analysis.

2016 set new records in academic exchange boding well for deepening people to people and cultural relations promoted by the BRI. During this year, student interest in studying in Israel increased by orders of magnitude. Case in point, competition for scholarships to the Islamic Studies Master’s Degree Program at Hebrew University grew significantly. Whereas in former years almost all top student applicants were accepted, in 2016 many students with top grades did not win a place in the master’s program. The cause was a sharp increase in number of high quality students applying for the scholarships.

At the same time, in 2016 Chinese universities greatly increased their pursuit of cooperation agreements with Israeli universities. “It started four years ago, with an agreement between Tel Aviv and Tsinghua universities to open a joint research center for environmental technology. The following year the Technion- Israel Institute of Technology was solicited to build and operate an institute of technology in the southern city of Shantou. And last year, China’s Jilin University, signed a deal with Ben-Gurion University of the Negev to build a center of innovation and entrepreneurship, while Shanghai’s Normal University invited the University of Haifa to open on its campus a neurobiology and biomedicine program.”

Laying the foundation for these recent agreements, was the 2015 signing by the Israeli “Council for Higher Education and the Chinese Ministry of Education (MoE) of a declaration regarding the establishment of the Israel-China 7+7 Research University Alliance. The 7+7 Alliance promotes research and academic cooperation between research universities in Israel and China. According to the

13 Zhonggang Construction Group and China Railway Tunnel Group
14 ChinaGoAbroad. (n.d.). China and Israel to enhance trade cooperation through the “One Belt, One Road” Initiative
15 Israeli Philharmonic Orchestra Performance Schedule (2016)
decision of the universities, on the Chinese side the participating universities are: Tsinghua University, Peking University, Nanjing University, Renmin University, Shandong University, China Agricultural University and Northwest A&F University. On the Israeli side, the participating universities are: Bar-Ilan University, Ben-Gurion University of the Negev, Hebrew University of Jerusalem, Technion-Israel Institute of Technology, Tel Aviv University, University of Haifa, and Weizmann Institute of Science.”

2016 saw the fulfillment of numerous important university-to-university level collaborations that had been formed in the previous 2-3 years. Headlining the academic partnership advancements were the progress of the Xin center at Tsinghua with Tel Aviv University, as well as progress on an assortment of agreements with the University of Haifa.

“The University of Haifa intends to establish a joint laboratory building on the campus of East China Normal University (ECNU), the largest university in Shanghai. The lab will specialize in research in ecology, big data, biomedicine, and neurobiology. The building will be funded entirely by the Chinese government, the University of Haifa said.” Furthermore, Ben-Gurion University of the Negev announced it was establishing a joint center for entrepreneurship and innovation with Jilin University (JLU).

Cooperation and desire for greater university level exchange expanded in all directions within both Israeli and Chinese University systems. Case in point, the expansion and popularity of the field of Israel Studies in China. Although new to the Chinese academic ecosystem, starting in 2011, the field of Israel studies is increasingly gaining traction among Chinese university students. 2016 saw 11 universities cooperating with SIGNAL in the field of Israel Studies Programs with faculty trained in Israel through the SIGNAL FTP Fellowship. Upwards of 2000 students a year take Israel studies classes. University students across the spectrum of China’s universities wrote over 350 research papers on Israel related topics in 2016. Interest in Israel and the Middle East solidified in 2016 with the establishment of Middle East research centers and area studies at universities across China.

For 4 years “Israel’s Council for Higher Education has been setting aside hundreds of scholarships for Chinese undergraduate, graduate, and postgraduate students many of these students are studying science and technology.” “Israel’s Council for Higher Education hopes to raise the number of Chinese students studying in Israel from the current figure of some 800 to 3,000 in five years’ time.” It is startling to consider that in 2011 there were a total of 5 Chinese students studying in Israel.

Israel's Jewish history and culture are known to be a key source of Western Civilization, having given birth to Christianity and dialectic thought. This perhaps contributed to Israel studies' increasing traction in Chinese academia. In 2016 alone there are numerous signs of this growth. The Israel Institute sponsored Israeli lecturers to teach at Peking University and Tsinghua University, while Sichuan International Studies’ (SISU) Sino-Israel paper competition received over 100 papers. Co-hosted by SISU and SIGNAL, the paper competition provided an extended research forum on Israel related topics. SISU published a book of the top 20 papers.

In 2016 SISU, was designated by China’s Ministry of Education as the 4th official university to teach Hebrew in China – an important sign of the growing interest in Israel Studies in China. Also, involved in Israel Studies is Sun Yat Sen University (SYSU). In 2016, SYSU expanded from hosting academic seminars on Israel to laying the groundwork to open a Middle East Area Studies Center. Also in 2016 SYSU sought an Israeli professor to head the new Center.

19 SIGNAL. (n.d.). SIGNAL » Israel Studies Programs
Given the overall interest in the study of Israel and the Middle East and the Israel Studies research paper competitions at universities across China, SIGNAL established an annual grand prize winner competition. The top first and second place winners of all the competitions across China became eligible to win a 2-week study tour in Israel. Two grand prize winners will be announced in 2017.

5) Financial Integration

Israel’s role as a member of AIIB and OCED give its participation in Chinese directed Multilateral Banking Institutions greater credence. Regarding the BRI, Israel’s financial expertise in both human and technology inputs could make it a valuable, strategic asset to cautious but creative Chinese investors. Additionally, the expected Israeli investment in AIIB (based off recent projections) stands around $416 Million, no small some for an economy 1/6th the size of Italy.22

Compounded by Chinese FDI in Israel estimated “to rise to $500 million this year compared to $118 million in 2012 and $467 million in 2014”, The Sino-Israel economic relationship is becoming more dynamic by the day.”23 Through enhanced partnerships, market acquisition and R&D cooperation, Israeli and Chinese companies and SOE’s are laying the groundwork for comprehensive financial integration between Beijing and Jerusalem.

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22 Tombe, T. (2016, September 08). How much will the Asian Infrastructure Investment Bank cost Canada?
Starting from humble beginnings, the Israeli high tech and startup community evolved to meet the growing needs of a nation surrounded by hostile advisories and lacking significant natural resources. Faced with this existential crisis, Israeli innovators stepped up to the challenge. Through the integration of ‘Jewish Traditional Values’, a conscription military, highly developed higher education and a government astutely aware of the necessity to spur creativity and innovation, Israel became a hub in the startup universe.

According to Israeli Startup pioneer, Reuven Ulmansky, “Innovation is part of the structure of [Israeli] society, but this isn’t a mechanism. The basic things are the values themselves, so the value of being able to support the weak guys, the old guys, the guys that are sick. These are human values” that Israel made into an international commodity. Starting in the 1970’s, the assortment of international high tech players investing and setting up R&D facilities in Israel grew exponentially.

According to Ulmansky, a participant in the early years of the High-tech industry in Israel, “I studied in the Technion from 1975 to 1978. I witnessed how they created at Matam with three buildings. That’s it. They were giving professional services, engineering services to this company no one heard of called Intel and this other little known company, IBM, and later to this start up called Google. OK. These Israelis began to apply their unique experience and values to the needs of innovative technology companies, laying the foundation for Israel to become the start-up nation.

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24 The chart above is courtesy of Reuven Ulmansky
25 Taken from an interview with Reuven Ulmansky by the author
26 The Center covers an area of 240 dunams, of which 240,000 square meters were built and leased to some of the most recognized world leaders in Hi-Tech, including Intel, Elbit, Google, IBM, Microsoft, Yahoo, Philips and others. Over 8,000 people are employed at the MATAM Hi-Tech Park
Israel's mixed model of multi-national tech companies working with the smallest innovation startups led to an interaction that is a key element of its innovation culture. The other is time; it takes time for the interactions to develop and solidify - it took 30 years to build upon a tradition thousands of years. Derived from the innovation and startup culture, these are samples of a few core areas in which Israeli technology can provide significant added value to BRI projects on a substantial scale:

**Satellite**

From agricultural and security applications in the Central Asian Economic corridor to Shipping and data management applications in the China Pakistan Economic corridor, satellite and space based technology offer of the most comprehensive viewpoints of any number of variables moving across the world. In general, Israeli technology, which is tested and market ready, can provide the vast technological capability needed to mitigate risk and decrease investment cost.

From 2011-15 it is estimated that China invested $695 million in space science with expectations for space science programs to reach $2.27 billion from 2026-30. Consequently, it appears evident that Israeli space based solutions could find their backers in Chinese space exploration and space based data composition.

**Unmanned Arial Systems (UAS)**

The BRI follows the ‘going out’ policy, going beyond the borders of China to the global community. In this capacity, providing comprehensive security and resource understanding through remote means will be critical to executing BRI projects. Drones represent a new and expanding field for multi-sector collaboration between China and Israel that address this pressing need.

Israeli technologies offer simple and low cost solutions to many issues sure to arise through the growth of the BRI. In the field of security and risk management, Israeli built and designed Unmanned Arial Systems (UAS) (Including Autonomous Platforms, Anti-Drone and Cybersecurity, Drone Providers and Systems & Components) provide comprehensive data recovery systems. Most notably in the heron class of drones, as well as new devices with advanced agricultural, water or data sensors, Israelis UAS set the tone of data collecting across a number of valuable domains.

These UAS are simple to operate, vast in technological capability and battle tested. In agricultural projects, Israeli UAS enable producers to see real time data sets covering, nitrogen concentration and heat sensors. Additionally, these drones often have UV and water sensors, all aimed at increasing yield while providing a detailed picture of what’s happening on the ground.

**Water Tech**

From desalinization and irrigation technology, to waste water management and systems to reverse the effects of desertification, Israeli high tech solutions area already solving major problems within the Chinese borders. In practice, Israeli water management technology can facilitate the ability to “enjoy technologies offered by Israeli firms in the fields of desalination, sewage management, irrigation, reuse of water for agricultural, water supply and more.”

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27 Taken from an interview with Reuven Ulmansky by the author
29 SIGNAL. (2017, February 16). SIGNAL » SIGNAL Note 19
31 Ibid
In a further sign of increased economic ties creating tangible facts on the ground, “Netafim [the global leader in smart irrigation solutions] inaugurated its first production plant in China in 2016. Located in Yinchuan, the capital of the northwest Ningxia Hui Autonomous Region (Ningxia), the facility will leverage Netafim’s latest patented technology to produce the world’s most advanced drip lines along with full irrigation solutions.

Underscoring Netafim’s growing commitment to China, the new plant will serve the country’s fast-growing water-saving irrigation industry; more and more farmers are investing in high-quality systems that enhance crop yield and quality while reducing water, fertilizer, and labor costs. The ISO-certified Ningxia plant includes a training center for irrigation design and agronomy, as well as a quality laboratory to ensure that its products meet the highest international standards.32 Enriched by the existing, water-based partnerships in Shouguang between Israeli and Chinese engineers, 2016 reverberated with an exponentially expanding level of green innovation to the betterment of both nations.33

“In effect, the rapidly growing Chinese mega-cities need to be able to attract the kind of technologies developed by Israel. Indeed, Chinese demographic and industrial growth generate the same kind of threat on sustainability, through for example, air and water pollution34 and environmental degradation as the combination of aridity, demography and economic growth in the case of Israel.”35

**Agricultural Tech**

“Agriculture is the biggest supplier of advanced agricultural technology to China, providing equipment and expertise in water desalination, water-saving irrigation, cattle farming, aquaculture and dairy production, among other areas. Bilateral trade in agriculture is targeted to reach US$450 million by 2020.”36

Israel currently is exporting around $60 million of various food stuffs to China, in a broader market of approximately $2.5 billion of food products globally, “while importing about $180m. of food products from China, and about $5.5b. of food products from the rest of the world” according to Agriculture Ministry’s deputy director-general for foreign trade and international relations, Itzik Ben-David.37 Through ever growing agricultural exchange and the implementation of Israeli Data management, water distribution, and high yield produce applications in the BRI, the possibility for improved cooperation, under the auspices of agricultural advancement seem likely.

32 Netafim. (n.d.). Netafim™ Advances the Use of Treated Wastewater in Irrigation to Help Ensure Food Security
33 Udasin, S. (2015, October 16). Israel, China advance water collaboration
34 Valantin, D. J. (2015, July 27). The Arctic, Russia and China’s Energy Transition
35 Valantin, D.J. (2017, April 19). China, Israel, and the New Silk Road
Section VI: Med-Red and the Maritime Silk Road

The Road section of the Belt & Road Initiative includes a path north on the Red Sea towards Egypt and Israel. Connecting the Israeli port of Eilat to the port of Ashdod on the Mediterranean, the Red-Med (red sea and Mediterranean) railway is envisioned as a 350-kilometer line. It is expected to include 63 bridges spanning a total of some 4.5 kilometres as well as five tunnels totalling 9.5 kilometers. Trains would travel at 250–300 kph with both passengers and cargo permutations.38

For Israeli policy makers, the Red-Med link for major maritime shipping is a decision still under consideration within Israel’s establishment. As with other aspects of Sino-Israel cooperation, the more mutual benefit achieved, without causing regional instability, the greater the likelihood of sustained economic bonds. Regardless of the realization, or lack thereof of the Med-Red, Israel could provide the cutting-edge technology to enhance the efficiency and effectiveness of the BRI from Central Asia to Africa.

As a support mechanism for Chinese goods traveling through the bustling Suez, “China [clearly] see[s] value in sending goods into the Persian Gulf, and shipping them overland to the Mediterranean via several lines that could cross through Saudi Arabia, Kuwait, Qatar or southern Iraq before finally continuing through Jordan and Israel.”39

“The Chinese entry into infrastructure in Israel was warmly received at all levels of government, and particularly in the Ministry of Transport. It has been steady and consistent in its declarations all along the way. Already in 2012, after Minister of Transport Yisrael Katz’s visit to China, he issued a press release, stating, “Israel and China began preliminary talks today regarding the possibility of

39 Ellis, N. (2016, September 29). Could Israel become a linchpin of China’s trade strategy?
establishing a train line to Eilat, through the Chinese government, which will serve to transport passengers and freight from Eilat to central Israel.”

To contribute to the New Silk Road, “Capt. Yigal Maor, director general of the Transportation Ministry’s Administration of Shipping and Ports, believes if China can invest in what he dubbed the Israel Gulf Economic Corridor (IGEC) that encompasses linking infrastructure projects in the Arab Gulf region with Israel and Jordan to trans-ship Chinese goods. This could push Gulf countries into more formal ties with Israel.”

Securing clear and open trade routes lies at the nexus of the BRI’s core ambitions—manifested in the prospect of broad unimpeded trade. To ensure Chinese and other BRI partners have free access to European and African markets, insulated from the Middle East’s assortment of political instability, Israel and the Med-Red present a way to support existing infrastructure while adding an overland passage which could augment current shipping routes directed through the Suez canal.

“Traditionally China has depended on the Suez Canal to reach its largest export market in Europe—with trade volume at €521 billion in 2015. However, the presence of ISIS, Al Qaeda and other Islamic extremist groups in the Sinai are threatening China’s maritime trade. With over 95% of global trade being seaborne and China now as the world’s largest trading state, this is a challenge for Beijing’s continued economic development.”

“She should such a project [Med-Red] in fact happen, it will be a triple-Chinese contract: Chinese contractors will build the train line to Eilat, trains and locomotives from China will provide the “hardware” – locomotives, train cars, and infrastructure at a cost of billions of shekels - and, in addition, it’s possible that a direct link to the new Ashdod port will be built, which will also be built by a Chinese company.”

“All while any land bridge would be secondary to the Suez Canal in importance and shipping volume barring political instability in Egypt, the “Red-Med” could still offer a relatively cost-effective alternative route, ideally enmeshing Israel and China with Egyptian cooperation.”

Israeli Prime Minister Benjamin Netanyahu welcomes China’s railway plan, as long as China is willing to pay for it. China’s Transport Ministry has been in talks with its Israeli counterpart since Israel opened the project to public bidding in late 2010, and the two Ministries signed a memorandum of understanding (MOU) in July 2012, paving the way for the official negotiations.

For Israel, China’s involvement in the project would bring Chinese funding, provided by the state-owned Import-Export Bank and a Dubai-based investment company, as well as a Chinese construction company to lead development. For Beijing, this government-to-government agreement would provide China export credits, boost its construction SOEs and create employment opportunities for Chinese nationals abroad. Yet, some in the Israeli government oppose the deal, so it is still in the early stages.
Regional instability

“The Chinese government, which strives for global stability that will support its economy, wants to see the fighting in Syria fade away, to be replaced by a stable and responsible central governing body. In addition, the Chinese government fears consequences inside China from the fighting in Syria. Still, despite ISIS’s direct threat towards China about four weeks ago, the Chinese government does not appear to be taking action against it.” 49

“This convergence between China and its Middle Eastern partners could become a powerful transformative force, given a likely future mammoth influence of China, in the Middle East. This could happen through the creation of new regional and international systems of shared interest between these countries and the Middle Kingdom, while allowing China to become a Middle East player.” 50

Impact on Egypt and the Suez

“Since the Red-Med line is not designed to compete with the Suez Canal for Far East-Europe trade, the land-based trade corridor could strengthen relations between Egypt and Israel. The cargo rail line would facilitate transport between the industrial centers of the north and those of the south, which would be of economic and political benefit to both states. The rail project would increase economic cooperation and strengthen security coordination, thus helping to maintain regional peace and stability. Israel’s relations with Egypt should not be harmed by the railway, and the project should be beneficial for Egypt’s economy.” 51

Section VII: Case studies of ongoing cooperation as Model for Israel-BRI relations

“Sino-Israeli collaboration projects are already underway. Case in point, the Chinese “city of water” - Shouguang: has benefited from Israel’s innovative water technologies for the development of municipal, agricultural, and industrial water infrastructure. 52 This kind of cooperation will be received favorably in north-western China, for example in Xinjiang province. China has sought to encourage development in this province in order to reassure and encourage stability in the region, and to bridge the economic gap between eastern and western parts of the country. Implementation of Israeli inventions and technological solutions in agriculture, water, and renewable energy sources can promote the Chinese objective of turning the west of the country into the center of agricultural production in order to meet China’s growing need for food.” 53

“Measurement technology through laser and cameras for the automotive and aviation industry are being developed by Nextec Technologies, which was acquired by a Chinese company in 2014. Other areas that suit the New Silk Road are the medical services sector and the finance and insurance fields. In December 2014, China bought the company Natali, and in July 2015, it included the company Shahal in its shopping cart. Both companies specialize in providing tele-medicine services and advanced emergency medicine.

50 Lim, K. (2017, January 21). How Israel can align its strategy with China’s Silk Road
52 Udasin, S. (2015, March 30). Chinese officials in Israel to advance Shouguang ‘Water City’ project
53 Eran, O., He, J., & Lavi, G. (2015, October). China and Israel: On the Same Belt and Road
Section VIII:
Conclusion and Future Prospects

In security, data and agricultural sectors Israeli technology could help realize the ambitious policy goals outlined in the BRI. The innovative tech originating from Silicon Wadi have clear (market ready) applications within existing Chinese investment projects. From the potential cost saved in utilizing UAS, to provide a more accurate image of tense and remote locations to the data rich solutions accessible through Israeli STEM capabilities, Chinese partners stand to be the beneficiaries of extensive Israeli R&D investments (over decades) to meet the evolving needs of the BRI.

“Closely connected to Israel’s geographical land bridge is its position as key node along any future information Silk Road. In March 2015, Premier Li Keqiang announced the ten-year “Internet Plus” initiative integrating cyberspace with industry, commerce and banking networks. However far-fetched the notion sounds, if China were to extend this to undergird the emerging steel-and-asphalt Silk Road, Israel could play a significant role. At present, submarine fiber optics and several communications satellites connect Israel to Europe and the US. From there, Israelis can place calls to virtually any other country, including Iran, via satellite link.

Communications connectivity does not technically require a geographically contiguous IT infrastructure linking, say, Jordan and Egypt via Israel. However, were China to decide on paving an information Silk Road linking the physical, hardware layer of national IT infrastructures in the Middle East with standardized protocols, this could improve the quality of communications among these countries, as much in the technical sense as in the political. Israel’s leading edge in cyber technology, backed by keen interest and investments from some of China’s largest hi-tech companies, might in this manner transcend bilateral cooperation to BRI’s broader benefit.” 54

In regards to China’s economic stability and the free flow of trade, there is no question that the long-term stability of the Suez Canal is imperative to the success of shipping lanes connecting Europe to Asia. Israel has no intention of jeopardizing the vitality of the Suez as it develops closer ties with China. Instead, the Start-Up Nation offers the opportunity to create an additional- support mechanism- to ensure regional tensions and geopolitical instability don’t affect the flow of Chinese goods into European and African markets.

As China builds the necessary foundations to ensure regional stability and the free flow of goods in the Middle East, Israel’s link from the Mediterranean could be the missing piece in its strategic regional investment. Adding to the existing Chinese acquisitions of port facilities in Greece (Port of Piraeus) and a military hub in Djibouti, closer ties to Israel, and the possibility of the Med-Red could be a valuable element in creating facilities connectivity and peer-to-peer bonds prioritized in the BRI.

“Accompanying Israel’s transit capability is its potential capacity as a major commercial logistics hub similar to historical entrepôt ports astride key trade and shipping routes such as Singapore, Hong Kong and Colombo. China Harbor is building a private port alongside Ashdod’s existing one, and the Shanghai International Port Group has secured a license to operate another deep-sea private port planned in Haifa. Though these ports are likely to improve competition, Chinese involvement has prompted mixed reactions within Israel, as with some of China’s large-scale commercial acquisitions in the country. Furthermore, in view of Israel’s growing gas reserves, some have suggested a potential Israeli role as in situ industrial-manufacturing base for China (and other countries) — more cost-effective than importing liquefied natural gas shipments to home industries from Israel via its Cyprus terminal — with easy access to energy and

54 Lim, K. (2017, January 21). How Israel can align its strategy with China’s Silk Road.
export markets such as the EU. An Israeli transit hub for goods, services, capital, energy, and innovation all in carries vast, transformative potential.”

**Med-Red as a key to closer cooperation?**

The Med-Red is the shiny, public image of potential synergy for Chinese investors in the Middle East. Nonetheless, much is needed to convince policy makers and the Israeli public that the Med-Red will provide enough added value to justify its cost both economically and politically. With this stated, successful cooperation in the construction of the Carmel Tunnels and the operations of major port facilities in Haifa and Ashdod have illustrated what Chinese collaboration can add to the strengthening of Israel’s infrastructure. If these major projects are any indication, with appropriate negotiating the Med-Red (in some manifestation) could very much become a reality.

From the Israeli perspective, the realization of a Chinese built and (possibly) operated Med-Red train line hinges on the broader strategic capital which can be gained through this investment. If Israeli policy makers can be assured of greater Chinese support in international forums such as the UN, ASEAN, or Peace Dialogs with regional players, the prospects of Israel agreeing to this project with Chinese contractors will notably increase.

**Future Prospects**

“Reflecting his country’s view of China’s involvement, Prime Minister Netanyahu said, “We have the ability to create an alternative transportation route that bypasses the Suez Canal—this is an insurance policy. Israel must become a continental land crossing route and create great power interests” Words are easily spoken, but actions take great strength and internal political support to fullfil. In the case of the Med-Red, the words of support are there, but the details and effective action are still awaiting increased consensus between the Israeli public and its representatives.

“As the Chinese go about restructuring their economy, they need assistance in preventing desertification, refining water desalination, improving their agricultural capacities, and integrating high-tech into their economy.” For these fields, Israel is an international leader bringing the ideas and innovative mind-set to reality across the globe. Due to its expansive and creative high-tech start-up scene, “Israel has become a strategic focal point for China, and if it fails to leverage this, it will miss a unique opportunity to not only upgrade and diversify its economy, but to position itself as a critical outpost on China’s New Silk Road,” “Israel has developed itself upon the idea of a sustainable Jewish state in a politically challenging context, combined with the necessity of accessing water and other basic resources necessary for a modern state and society in such an arid environment

In terms of quantifiable data “statistics show Israel’s rating in the investment index is 22 out of the 63 countries located along the [BRI], and ranked 20th in operational risk to investment in Israel (considered to be lower than average among countries along the BRI). Validated by an intensification of Chinese investment in Israel in the past two years, Chinese companies have completed more than $5 billion in acquisitions in various domains, including food (Tnuva), agriculture (Makhteshim Agan), healthcare (Shahal), hi-tech (Nextec), and infrastructure (construction of the new port in Ashdod).”

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55 Ibíd
56 Jamestown Foundation (Ed.). (n.d.). China’s Silk Road Strategy: A Foothold in the Suez, But Looking to Israel
57 Tepper, A. (2015, September). China’s Deepening Interest in Israel
58 Lim, K. (2017, January 21). How Israel can align its strategy with China’s Silk Road.
59 Eran, O., He, J., & Lavi, G. (2015, October). China and Israel: On the Same Belt and Road?
“The [BRI] has the potential of developing a major economic engine in central Asia, Turkey, and certain Middle East countries, which may enable Israel to leverage its relative economic advantages and improve its relations with these countries. The injection of Chinese-owned financial resources into the Israeli private sector and Israeli academic institutions is a welcome phenomenon against the background of an overall decline in foreign direct investment in Israel.” 60 For Israel, the BRI presents the a vehicle for dynamic economic investment, academic partnerships, and enhanced policy coordination with 60+ nations while promoting its cultural brand and innovations to markets previously untapped by Israeli creativity and technology driven solutions.

60 Ibid
11) Erickson-Davis), (Morgan, (Asia Times Staff), (Jeff Pao), (Doug Tsuruoka), (Ken Moak), (Salman Rafi), (John McBeth), (Asia Times and Reuters), (Reuters), (Asia Unhedged), (Xuan Loc Doan), (Asia Uhedged), (E Jaya Kumar), (Syed Arfeen), (Ben Kwok), and Christina Lin. “China, Israel, and a return to the cloverleaf world.” N.p., 27 Oct. 2016. Web. 20 Apr. 2017.

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