

INTERNATIONALE POLITIK **SPECIAL**

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China and Israel: Power and Markets

Texts of the Sylke Tempel Fellows 2022





Dear Readers

Of the many issues that we publish throughout the year, the one that has the most unusual format is the IP Special featuring the texts of the Sylke Tempel Fellows.

The fellowship is one of the two entities established to commemorate the outstanding journalist, publicist, and former editor-in-chief of this magazine; You will find the text of the winner of the Sylke Tempel Essay Prize in the November/December issue of IP, which is published in parallel with this issue.

Following the tragic accidental death of Sylke Tempel, the Board of Trustees of the German-Israeli Future Forum Foundation established this program in 2018. In addition to IP, the partner organizations are the American Jewish Committee (AJC), the European Leadership Network (ELNET), Women in International Security Deutschland e.V. (WIIS.de) and, this year for the first time, Bar-Ilan University Ramat Gan.

Five years have passed since the death of Sylke Tempel. Already five years, say those who wonder where those frantic years have gone. Only five years, ask those who have seen the dawn of a new era, in which many of the things Sylke Tempel warned about and wrote against are unfolding.

In the face of these enormous changes, those who worked with her or were influenced by her, and there are many, still ask today silently or publicly: What would Sylke have said about this?

Sylke Tempel had a special connection to Israel, which can be read in her eloquent and intelligent books and texts. Israel is once again the focus of this IP Special. It brings together nine texts by 11 young authors. They have investigated China's role in the Middle East and especially with regard to Israel: You will read about infrastructure, images, IT, and much more. Why China? First of all, the actions of this emerging power in one of the world's most fragile regions are important and in need of explanation - especially beyond the short-sighted daily news cycles. Furthermore, this topic fits perfectly into the world of IP, where we offer the space for the in-depth exploration of fascinating complexity with new perspectives. We hope you enjoy reading this IP Special.

Martin Bialecki
Chefredakteur

How China Is Writing History

About the Sylke Tempel Fellowship Program

By Tamara Or

What do we actually stand for? This was the question with which Sylke Tempel began an article she wrote in 2013 about the direction of German foreign policy. She sharply criticized the attitude of those who advocated showing more accommodation and understanding to countries like Iran and China, with reference to their long history.

The importance of this long history was also emphasized by the so-called Historical Resolution adopted by the Communist Party of China on the occasion of its 100th anniversary in November 2021.

The resolution did not serve to reconstruct historical facts. It primarily pursued the goal of ideologically legitimizing and expanding President Xi Jinping's position of power. He plans to begin his third term in November 2022.

Likewise, the Russian war of aggression against Ukraine was preceded by an historical-political re-positioning of the relationship between Russia and Ukraine, which was clearly expressed in President Vladimir Putin's essay "On the Historical Unity of Russians and Ukrainians."

History is written by those who appropriate interpretative authority about the facts. Authoritarian regimes use the writing of history to make their own interpretation appear legitimate.

This kind of historiography is not backward-looking. On the contrary, resorting to history serves above all to legitimize current and new claims to power.

The interpretation of history by authoritarian regimes does not so much locate historical facts as ideological positions of the present. Moreover, they are meaningful not in relation to history but in relation to its authors' visions of the future.

We are not only arguing about a geopolitical space and the territorial integrity of states, but we are also engaged in an ideological dispute that is closely linked to different sets of values and interests.

This is also reflected in the scope for journalistic work. In democratic states, that observe the rules of law, fact-based journalism does not serve to legitimize power but to control it. Quality journalism does not serve one narrative, but rather the diversity of perspectives.

As part of the Sylke Tempel Fellowship Program, we are working with our partner organizations to support young people in Germany and Israel who this year have examined China's influence on Israel and the Middle East from various perspectives.

Sylke Tempel answered the question of how we must position ourselves from a foreign policy perspective, in order to find an appropriate way to deal with authoritarian regimes.

She spoke out clearly in favor of a values-oriented foreign policy that takes a clear stance on human rights issues.

Human rights policy is not an add-on to interest-driven foreign policy. Rather, the defense of our legal order and values should be at the core of our foreign policy interests. Authoritarian regimes may appear to be capable of action. However, the violent suppression of different perspectives on an issue is not a sign of strength, but of weakness – even if long history sometimes seems to suggest otherwise.

Dr. Tamara Or is Executive Director of The German-Israeli Future Forum

Table of contents

How China Is Writing History	2	How China Charms Israel	36
By Tamara Or		Is Chinese soft power embedded differently or more effectively in Israel?	
The Growing Global Challenges	4	By Maya Rollberg & Lukas Wiehler	
A greeting from Tzipi Livni		Silk Road to Cairo	43
A World without Order	5	How China is expanding its influence on the Nile – and how the West can respond. By Mareike Enghusen	
A greeting from Sigmar Gabriel		The Lion-Dragon Pact	50
Infrastructure without Vision	6	China and Iran share an authoritarian ideology and a rejection of the international order. By Julian Pfleging	
Tracing Beijing's New Silk Road in the Middle East.		Thus Spoke Confucius	58
By Maximilian Brien and Giacomo Köhler		What can we learn about our current moral uncertainties from German and Israeli academic engagement with Chinese autocratic systems. By Roy Zunder	
The TikTok Dilemma	14	Beijing's "Siege Mentality"	66
Israel cannot turn a blind eye to the hazards associated with the Chinese social network. By Einav Schiff		Understanding siege mentality and how it affects decision making in China could allow Israel to influence China's strategic moves in Iran. By Benaya Cherlow	
The Regulatory Challenge	22	The Fellowship	74
Israel has adapted to Beijing's increased interest in the Middle East.		Imprint	76
By Hila Roded			
Tech Ties with China	29		
Chinese investors have been attracted to Israel's thriving high-tech sector. But this entails security risks.			
By Klara Leithäuser			

The Growing Global Challenges

A greeting from Tzipi Livni



Tzipi Livni joined the Sylke Tempel Fellowship Program as its second patron in 2021. Livni was the foreign minister of Israel and filled numerous other high-ranking functions; she retired from active politics in 2019.

The challenges facing the free world are rapidly expanding. The world has not yet won the battle against COVID-19, while global warming and its dramatic consequences are threatening our very future.

The current war in Europe, the Russian invasion of Ukraine, is not just another war, even though it has not yet spread beyond the borders of Ukraine. It is in fact a direct provocation, and an explicit challenge to the entire Western world.

There is no doubt that the tough challenges we now face, require a coordinated worldwide, honorable, cross-border cooperation.

Unfortunately, our international organizations, that were established after the Second World War exactly for this purpose, have been considerably weakened over the years. The UN Security Council is practically paralyzed and unable to agree upon binding consensual decisions.

The rivalry between the United States, the leader of the free world, and China, a rising and significant global power, directly affects the entire world, especially democratic countries like Germany and Israel. The dilemmas faced by all free countries as a result of this rivalry between the two superpowers, are going to be with us for many years to come.

The same holds true in relation to global security threats. Whereas the free world has taken

joint actions to prevent Iran from acquiring nuclear weapons, the collaboration between China and Iran has a direct negative and dangerous impact on the Middle East.

The Abraham accords, the normalization agreements signed by Israel and Arab countries led by the United Arab Emirates and Bahrain were hard to imagine only a few years ago. It's not only part of a joint major effort to prevent Iran from acquiring nuclear weapons but a real game changer, part of a new Middle East, with expanding economic and security cooperation for the whole region and a better future. But yet, terror and extremism in the Middle East did not vanish. As an Israeli, believing in the values of Israel as a secured Jewish Democratic state, the need to solve the Israeli-Palestinian conflict is essential.

Hand in hand with these and other global challenges, more and more democratic countries are facing local extremist elements and, unfortunately, some of them receive wide public support in ways that undermine the values of democracy.

The need to share views and ideas in order to meet these challenges is unquestionable.

All of us are part of a group believing in the same set of values that connects Germany and Israel. These values should be protected and be the basis for every solution.

I wish you all success.

A World without Order

A greeting from Sigmar Gabriel

Russia's war of aggression against Ukraine has prompted much talk in Germany of a "Zeitenwende" or turning point. But as frightening as the return of military aggression to Europe is, Russia's invasion of a peaceful neighbor is probably the consequence rather than the cause of this turning point.

We are witnessing a tectonic shift in the world's power axes: The world's center of gravity is no longer located in the Atlantic and hinging on the transatlantic alliance between Europe and the United States. Rather, it is now in the Indo-Pacific. This is where 60 percent of the world's population resides, who also generate 60 percent of the gross world product. This region produces two thirds of the world's economic growth and, last but not least, five of its countries have nuclear weapons.

For some time the United States has seen its major economic, political, and military challenges in the Indo-Pacific, particularly in China. A country that, much like India and countries in Latin America and Africa, is challenging the dominance of Western liberal democracies in the global order.

These are all countries that were not involved in the postwar order that followed World War II, but which we perceive as "developing countries" and, as per the West's hubristic overestimation of itself, the "Third World." As such, we are currently living in a transitional phase in which the old global order can no longer deploy any peacemaking power, while a new order has yet to be found.



Sigmar Gabriel served as foreign minister, vice chancellor, minister of economics and the environment, and chairman of the Social Democrats (SPD). He currently serves as chairman of the Atlantik-Brücke and is patron of the Sylke Fellowship Program.

The world, which has been largely unipolar since the collapse of the Soviet Union, is transforming into a new bipolarity.

Russia's war of aggression was an obvious attempt to establish itself as a third superpower in the struggle for a new global order alongside China and the United States. The attempt can already be assumed to have failed even though there is no end in sight to the war in Ukraine. Russia has not become an equal partner of China, but rather is becoming dependent on it.

What does all this mean to us Europeans? How does this development affect the Middle East, a region whose abundance of fossil fuels no longer has any strategic significance, while the United States becomes an exporter of oil and gas, and the medium-term trend is in any case toward climate protection. Fossil fuels are being replaced in energy generation by solar, wind, hydroelectric, and geothermal power. And: What does this mean for Germany and for Israel in their economic development, their relationship with their neighbors and with the United States? What opportunities could arise from increased cooperation between Germany and Israel?

Plenty to discuss for the generation of young Israelis and Germans who, in this completely transformed world, must embrace their fate and sovereignty to ensure that they do not become the pawns of geopolitical rivalries. As the saying goes: "You have to take life as it is, but don't leave it that way."

Infrastructure without Vision

Tracing Beijing's New Silk Road
in the Middle East.

By Maximilian Brien and Giacomo Köhler

Europe's history is inconceivable without the Middle East and the trade routes that traversed it. In 2013, Chinese President Xi Jinping announced the start of a new government initiative based on the best-known of these trade routes, a New Silk Road also known as the Belt and Road Initiative (BRI). The project is a central component of Chinese policy and was even incorporated into the constitution in 2017. Officially, multilateral connectivity will be promoted by means of infrastructure projects — networks are to be created in Eurasia and Africa, and trade routes are to be established or improved. The Middle East plays an increasingly important role in this. But what is the situation of the initiative within the region? The following article embarks

on a search for tangible traces of the BRI in the Middle East.

At the heart of the Belt and Road Initiative are several transportation corridors spanning the Eurasian continent. Three rail corridors connect China with Europe through Central Asia, Russia, Iran and Turkey, and three others with the Indian Ocean and Singapore via Pakistan and South-east Asia. A so-called “Maritime Road” runs from China through the Indian Ocean to the Mediterranean Sea. In addition to classic transportation infrastructure, China is also investing in energy generation, digital infrastructure, and the health-care sector. According to Beijing, the focus of the initiative is on mutual development, growth, and regional and supraregional integration. The global



need for infrastructure investment is undisputed. The World Bank, for example, estimated annual investment needs for Middle Eastern countries at around \$100 billion between 2010 and 2020.

A frequently voiced criticism is that Beijing is pursuing domestic as well as foreign policy self-interests. In an interview, Gal Luft, director of the Institute for the Analysis of Global Security in Washington, emphasizes that China must, “promote the construction of infrastructure projects in order to keep state-owned enterprises operating at full capacity and avoid instability. For years, they have been busy building infrastructure in China, but the demand for new infrastructure there has been gradually depleted. Therefore, China needs to generate external demand.” Other experts emphasize geostrategic interests, such as securing alternative supply routes for China’s energy imports. In addition, China is accused of trying to gain control over essential infrastructure and foster economic dependencies in the sense of a neo-imperialist policy. Other points of criticism include the predominant use of Chinese labor, the neglect of environmental and anti-corruption standards, and the failure to take local interests into account.

A Patchwork Quilt

“The Middle East has never been the centerpiece of the BRI, it has always been a sideshow,” Luft says. Nevertheless, the region’s importance for China is growing steadily, and vice versa as well: in 2021, China’s total investment in Middle Eastern countries increased by 360 percent year on year. Carice Witte, head of the Israeli think tank SIGNAL, also stresses that China is the largest investor in the Middle East — and will remain so. “While investments in BRI projects have declined globally, they have increased in the Middle East. So, Beijing’s view of the Middle East has definitely changed.”

But what shape is the Belt and Road Initiative taking in the region? From a bird’s eye view, one sees a patchwork of different initiatives, projects, and investments that are interconnected in ways that are blurry and often difficult to discern. The

The BRI has no overarching legal basis. It is based instead on so-called memoranda of understanding (MoU) - often vague declarations of intent made by the government in Beijing with individual countries.

BRI is anything but transparent: there is no official website, no list of projects. It is steered by different governmental entities and funded from different sources. Initially, conventional infrastructure projects such as ports, roads, and railways formed the centerpiece, but by now, even in the Middle East, a variety of sub-initiatives such as the Health Silk Road or the Digital Silk Road are grouped under the vague label. This patchwork raises many questions: Does China have an integrated vision for the region? What is the impact of the Belt and Road Initiative in the Middle East on cross-border economic integration? And why does Israel, as so often in the Middle East, have a special role?

The Belt and Road Initiative has no overarching legal basis. Instead it is based instead on so-called memoranda of understanding (MoU) — often vague declarations of intent made by the government in Beijing with individual countries. While Israel and Jordan have not yet signed any MoUs at the government level, and Lebanon (2017), Oman (2018), and Syria (2022) have each signed only one, other regional powers such as Saudi Arabia, Egypt, Turkey, and the United Arab Emirates (UAE) have signed a large number of MoUs in recent years. There are also numerous MoUs at corporate level.

In addition, there are various projects with Chinese participation in the region that have a BRI-like character and are often treated as such, but are not officially part of the initiative. One example is the construction of the new terminal at the Israeli port of Haifa. The financing of the projects is just as complex as their legal basis. While Chinese state-owned banks and the state-owned Silk Road Fund are responsible for a large part, Israel and Western donor countries are also participating in the financing through the Asian Infrastructure and Investment Bank.

One Label for Various Projects

It is not only the fragmented legal basis that often makes the initiative seem vague. The Belt and Road Initiative also encompasses more than just classic transportation infrastructure, which one would associate with regional connectivity. In the

Middle East, China is also expanding both fossil fuel and renewable energy infrastructure as part of the BRI. In 2020, the country sourced 47 percent of its crude oil imports from the Middle East. Chinese companies are involved in the construction of fossil fuel power plants in Iraq, Jordan, Turkey, and the United Arab Emirates (UAE). In addition, Chinese state-owned companies are becoming increasingly involved in the expansion and also the extraction of oil and gas fields. Sinopec, for example, has acquired a 49 percent stake in Iraq's Manuriya gas field, and PetroChina has stakes in various concessions in Abu Dhabi. Saudi Arabia, the UAE, and China are also cooperating increasingly in the renewable energy sector. For example, the Silk Road Fund acquired 49 percent of the "clean energy" division of the Saudi group Acwa Power, and the Chinese company Jinko Power is involved in the construction of one of the world's largest photovoltaic plants in Al-Dhafra in the UAE. It remains unclear whether these are all just individual projects or whether they follow a clear regional strategy.

A mixed picture emerges for classic transportation infrastructure. Ports continue to play a central role in the Belt and Road Initiative. In the past decade, Chinese investors acquired shares in port facilities or invested in the expansion of terminals in Egypt, Israel, the UAE, Kuwait, Oman, Saudi Arabia, and Turkey. In addition, large special economic zones with extensive Chinese participation are being created around these port facilities, such as in Egypt with the Suez Canal Economic Zone. Together with planned or already completed port projects in Myanmar, Sri Lanka, Pakistan, and Kenya as well as in Greece and Italy, these ports are lined up according to the Maritime Road's so-called "string of pearls" strategy.

The focus on port facilities shows that China seems to prefer to expand or secure existing infrastructure rather than create new infrastructure at enormous cost. Accordingly, the expansion of regional road and rail networks is currently not a priority. Yet these are the projects that the public often associates with the BRI. Two such projects

that have been under discussion for some time — the Red-Med Railway, a rail link between the Israeli cities of Eilat on the Red Sea and Ashdot on the Mediterranean, and the so-called Peace Railway, which is to connect Haifa with the Persian Gulf — have long been in doubt for financial and environmental reasons, despite the alleged interest of Chinese donors. “Apart from political problems, both projects suffer from dubious economic viability. Therefore, their realization is unlikely,” says Galia Lavi, an expert on Israeli-Chinese relations at the Institute for National Security Studies in Tel Aviv.

Bilaterally, China is still supporting the expansion and renewal of railroad networks. An Egyptian-Chinese consortium is planning to build a high-speed line between the Egyptian ports of Ain Sokhna and Alamein, while China Exim Bank is financing the construction of the light rail between Madinat al-Aschir min Ramadan and Egypt’s new administrative capital. But elsewhere, similar projects have been quietly abandoned in recent years. Chinese donors, for example, withdrew from the electrification of the Tehran-Mashhad Railway in 2021. Other prominent cross-border rail projects have also failed to get beyond the discussion and planning stage. For example, the Turkish authorities and the Chinese Ministry of Transport and Infrastructure have so far failed to agree on the construction of the Edirne-Kars high-speed line, which would complement the China-Central Asia-West Asia corridor.

China’s Digital Silk Road, on the other hand, has grown in importance in recent years. In the Middle East, it encompasses at least 500 projects, including everything from 5G networks and submarine cables to mobile payment platforms and bioengineering. China is responding to an undeniable need for digital infrastructure. According to the World Bank, a comprehensive digitalization of the economies of the Middle East and North Africa could increase regional GDP per capita by 46 percent over 30 years. The expansion of 5G networks is a key factor. “The faster the network connection in a region, the faster that region can develop,”

argues Dale Aluf, research director at SIGNAL. The Digital Silk Road, in turn, enables China to create a comprehensive digital eco-system in which all data streams flow to Beijing. These data volumes serve as the basis for future technologies such as artificial intelligence or machine learning. In addition to that, there are also security concerns. The US government regularly cautions about the consequences of technological dependence on China. Countries in the Middle East are largely indifferent to such warnings, especially since the US cannot offer alternatives. At the same time, it seems premature to speak of Chinese dominance. “The reality on the ground is much more complicated. In fact, we see fierce competition [for 5G] between European, Japanese, and Chinese companies,” says Aluf. So, the countries in the region are quite capable of maneuvering between the powers and benefiting from their competition.

Prestige rather than Substance?

Instead of driving regional connectivity, the expansion of the physical Belt and Road Initiative in recent years has tended to consist of prestige projects such as Egypt’s new administrative capital, Saudi Arabia’s NEOM City, or Kuwait’s Silk City project. Experts like Witte, from the think tank SIGNAL, therefore assume that there is no overall strategic approach. “I don’t see an integrated approach in the Middle East. At the moment, the main issues are: What can be done here? What can be done there? What are the needs, what are the benefits? I don’t see an integrated Chinese policy there.”

Despite the lofty mission statement of a “common destiny” among participating states, Beijing seems to take more of a pragmatic approach, seizing country and context-specific opportunities on an ad hoc basis. According to Lavi of the Institute for National Security Studies, China is well versed in “developing ideas that can later take concrete shape, depending on needs, according to the situation.” Still, Luft of the Institute for the Analysis of Global Security points out that China’s partners in the Middle East, particularly among oil-produc-

Despite the lofty mission statement of a “common destiny” among participating states, Beijing seems to take more of a pragmatic approach, seizing country and context-specific opportunities on an ad hoc basis.

ing countries, have very different starting points, economic structures and needs, which makes pursuing a unified vision difficult. Economically weak, crisis-hit countries like Syria or Iraq “need to restore production in the first place, rather than thinking about how to increase it. Wealthy countries like Saudi Arabia don’t need Chinese investment per se, because they have sufficient resources. What they need is market integration. They need to provide demand security.”

In addition to the question of a regional vision, there is also the question of the implementation of concrete projects. After years of grandiose announcements, but also growing criticism, things have become noticeably quieter around the Belt and Road Initiative. Major projects have recently been put on hold, time and again. The Egyptian government halted construction of a massive 6MW coal-fired power plant in Hamrawein in 2021 due to environmental and social concerns. Plans for a major Saudi-Chinese oil refinery complex in Yanbu, Saudi Arabia, have also been in limbo since 2020, and major prestige projects such as the Mubarak al-Kabir port — part of Kuwait’s Silk City mega-project — are currently not being actively pursued due to financial problems. The economic turmoil of the COVID-19 pandemic has dampened the appetite for large infrastructure projects in China as well as among partner countries.

Grand Visions, Complicated Realities

It is often not only financial feasibility that slows down the implementation of an ambitious initiative. The lack of a comprehensive vision and the fact that half-baked projects are often not adapted to local circumstances repeatedly stoke resentments. Attacks on infrastructure projects in Pakistan’s Balochistan province and anti-Chinese protests in Kazakhstan show that this can also exacerbate local tensions. Critics have repeatedly complained about a lack of Chinese willingness to adequately address local needs and sufficiently consider social, environmental, and economic consequences during the planning phase. “The countries concerned have also real-

ized that the BRI is not a goose that lays golden eggs,” Lavi says.

Attempts to involve third parties in the financing and implementation of BRI projects have also been largely unsuccessful. For several years, Witte tried to gain insight into the contracting and participation guidelines of BRI projects in order to strengthen the involvement of Israeli companies and Israeli know-how. “None of this led to results. The answers from the Chinese side were always, ‘We can’t give any information. It’s not our job.’ We couldn’t find out who was managing the projects, what exactly they encompassed, and how we could participate.” Despite Chinese interest, attempts to involve Israeli security firms in protecting the expansion of Egypt’s power grid by Chinese companies, or to export Israeli agricultural technologies to Egypt with the help of Chinese funds, came to nothing. In the wake of growing criticism, representatives of the Chinese government emphasized their desire to work more closely with local partners and third parties. Many projects in the region, such as those in Egypt and Saudi Arabia, are now actually led by binational consortia. Nevertheless, the Belt and Road Initiative in the Middle East still seems to follow a bilateral rather than a multilateral logic.

Multilateral negotiations are more complicated and require a higher level of political commitment to reconcile numerous, sometimes conflicting, regional interests. Is China willing to make the necessary level of commitment? There are many indications that China is not yet willing to do so, despite its growing presence in the Middle East. According to Yoram Evron of Haifa University, China presents itself as “everybody’s friend” and tries to minimize tensions with all partner countries. For example, a headline in the Chinese state-controlled newspaper, Global Times, in the spring of 2022 declared: “China has no enemies, only friends in the Middle East.”

This is also reflected in China’s growing involvement in conflict mediation. Particularly in the context of growing economic ties with countries along the BRI, Beijing has launched mediation

attempts in various conflicts there, for example in Afghanistan, Yemen, as well as between Israel and the Palestinian National Authority. However, tangible results have remained the exception. Aluf of SIGNAL sees these mediation procedures often as a product of Chinese self-interest, such as the protection of economic interests or raising its profile on the international stage. The willingness to resolve complex conflicts of interest through time-consuming mediation procedures and to make ambitious cross-border projects such as the “Peace Railway” possible has been lacking up to now.

The BRI in Israel: A Mirage

Beijing’s unwillingness to address complex situations involving potential conflict and to invest in closer relations is also evident in China’s policy toward Israel. In 2016, the Chinese Academy of Social Sciences still designated Israel as an important BRI partner country. Today, however, the reality seems to be different. “There is no Belt and Road Initiative in Israel. We don’t have a BRI agreement and we don’t have BRI projects,” Witte said. Existing Chinese infrastructure projects such as the

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new port terminal in Haifa and the new light rail in Tel Aviv are not formally part of the BRI. Even the willingness to invest in Israel's high-tech sector is waning. "Israel is the last place China wants to invest now. They know there will be so many restrictions there. And I think any Chinese planner would prefer to put their hard-earned money where there is no American government official telling the Israelis to intervene at the last moment," according to Luft. Asked if China would mediate seriously between Israelis and Palestinians, he replied, "Absolutely not, they wouldn't even touch the issue with a 10-foot pole."

An Open Ending?

So, what remains of the grand visions of cross-border connectivity in the Middle East, made possible by China? Chinese companies will undoubtedly be involved in other infrastructure projects in the region in the near future, but one cannot speak of an integrated approach by Beijing. Despite the growing Chinese presence, the evidence on the ground points to a more pragmatic, selective approach. Since China seems to shy away from deeper regional involvement, large cross-border trade and transport corridors are a distant prospect for the time being. Chinese companies tend to invest bilaterally and prefer digital and energy-related projects to transportation infrastructure. Multilateral cooperation on BRI projects remains a rarity. Moreover, ambitious BRI projects repeatedly run into financial and logistical difficulties. Thus, the Middle East still seems far from multilateral connectivity under a Chinese aegis.

Still, large infrastructure needs are creating increasing room for China to maneuver. "I think China could definitely find a lot of common interests. Especially with countries where it feels it could trade infrastructure for oil and gas supplies," Luft said. Especially since the Belt and Road Initiative doesn't really have to fear competition. Indeed, the G7 recently announced a \$600-billion "Partnership for Global Infrastructure." However, according to Luft, the G7 initiative in particular represents a fundamentally different and more

abstract understanding of infrastructure that — unlike the Belt and Road Initiative — may miss the mark in terms of what emerging economies in the Middle East expect. He is also critical of the attempt to finance infrastructure projects through private investment. "One can only wish these projects good luck," he said. "I think it's ridiculous. The private sector doesn't like infrastructure at all." Despite the Belt and Road Initiative's many shortcomings, the Middle East needs more physical as well as digital infrastructure. So, be it under the BRI label or another, multilateral or bilateral, China will continue to play a role. •



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has been studying in the master's program 'Analysis and Policy in Economics' at the Paris School of Economics since summer 2021. For his bachelor's degree, he studied economics and political science in Heidelberg and Madrid. After graduation, he completed an internship at the International Trade Centre in Geneva. Since 2018, he has been involved with the Heidelberg Institute for International Conflict Research (HIIC). There, as Co-Editor-in-Chief, he was jointly responsible for the publication of the Conflict Barometers 2020 and 2021.



Giacomo Köhler

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The TikTok Dilemma

Israel cannot turn a blind eye
to the hazards associated with the
Chinese social network.

By Einav Schiff

On October 24, 2019, TikTok published a statement on its official website. The context was a heated debate about whether the Chinese privately-owned social media app was to be considered a national security risk in the United States and the rest of the Western world.

“Over the past several weeks, TikTok has been the focus of public statements by Members of Congress and others regarding alleged censorship of content, as well as questions about our data protection practices,” the statement said.

“At TikTok, we take these issues incredibly seriously as well. We are committed to transparency and accountability in how we support our TikTok users in the US and around the world.” The rest of the statement was dedicated to disproving the

allegations, which had prompted then President Donald Trump to sign an executive order to ban TikTok in the US. TikTok declared that all the data that is collected in the United States is stored in that country and in a backup redundancy in Singapore. It also stated that no censorship is being performed on content which could upset the Chinese regime. “TikTok does not operate in China, nor do we have any intention of doing so in the future,” the statement concluded.

That sounded sufficiently reassuring. While other tech giants, like Facebook, had an unfortunate habit of getting caught in a lie, TikTok was able to provide a direct response to similar allegations. It looked as if TikTok had successfully created the much-needed wall between TikTok and



China, despite the fact that TikTok is owned by Bytedance, a Chinese company that operates several popular services inside China, including Douyin, the Chinese version of TikTok. While inside China Bytedance is subject to strict rules of censorship and propaganda, TikTok became a global phenomenon, especially among Gen Z users. The numbers were staggering: 59.8 percent growth in 2020, and then 40.8 percent growth in 2021. Today, TikTok is considered the third most popular social network in the world, after Facebook and Instagram, both of which are owned by Meta.

And then, on June 17, 2022, a bombshell was published on BuzzFeed News. In internal records obtained by the website, TikTok employees admit that the data of US users is exposed to engineers in China. “Everything is seen in China,” said one person in a recording from September 2021. The revelation caused an immediate backlash against TikTok, and an urgent call to increase the scrutiny of the company’s data storage policy.

As the tensions between the US and China continue to escalate, many countries have had to develop a delicate balancing act between the two superpowers. One specific topic is how to approach the booming hi-tech industry in China, which produced a massive success like TikTok.

Small but thriving economies like Israel cannot overlook the opportunity of attracting Chinese attention. On the other hand, Israel cannot ignore the reports regarding the Chinese government’s hold over private companies. In other words: Israel wants to allow its people to use TikTok, but it cannot turn a blind eye to the potential hazards associated with it. This is what I call “The TikTok Dilemma,” which is relevant for any other Chinese content service that operates in the West. It is a dilemma that raises security, judicial, diplomatic, and economic questions.

And above of all, “The TikTok Dilemma” is part of a greater discussion that must take place about a new world, which is both brave and frightening. In this article I will first try to define the dilemma in the Israeli context, and then offer a few initial recommendations on how to handle it.

As the tensions between the United States and China continue to escalate, many countries have had to develop a delicate balancing act between the two superpowers.

The Twilight Zone

According to Datareportal.com, there are 2.5 million TikTok users in Israel, aged 18 and older. It is safe to assume that the total number of Israeli TikTok users is much bigger, as the app is famous throughout the world for its popularity with those who are much younger. In fact, the importance of TikTok in Israel has become clearer due to unfortunate circumstances. In the spring of 2021, a number of viral videos became a trend that was reported in the media under the title “The TikTok Terror”, meaning the documentation and spread of Palestinian violence against Jewish people, mainly around East Jerusalem. It turned out that following the government’s criticism of Facebook’s role as a platform for incitement, TikTok has similar issues.

But both Facebook and TikTok, like the rest of social media and the Internet in general, is working in a legislative twilight zone. The state of Israel doesn’t have a coherent cyber policy, which leads to a vacuum whereby it is the courts that decide whether to intervene in various issues: Freedom of speech, data collection, and even standards of customer service. “Currently, the state of Israel like most of the world, doesn’t regulate the Internet sphere,” Yoaz Hendel, Israel’s minister of communications, said in an interview. “Therefore the basic question is whether the state should regulate it. My answer is yes. That’s why we’re working on legislation and it is one of the office’s goals.”

Hendel’s active approach toward the online sphere, including social media, doesn’t distinguish between “American” and “Chinese” apps and services. On the issue of data collection, for example, TikTok’s relationship with the Chinese regime is no less or more relevant than Facebook’s ongoing tension with the US government and the European Union: In both cases, the state should have a say on a number of issues, like the responsibility in cases of defamations and transparent communication with users.

Nevertheless, China is still a different case because the relationship between the state and private industry is not balanced or business inclined.

Even though TikTok operates outside China and is commercially driven, assets like big data and a powerful algorithm could be attractive in terms of promoting Chinese interests in the West. “The problem is that we just don’t have a clue where the data is stored”, says Dr. Luwei Rose Luqiu of the Hong Kong Baptist University and an expert in mass communication. “It’s upsetting. For people in sensitive roles, like those with importance to national security, it creates concern.”

Luqiu emphasizes the fact that, currently, there is no proof that the Chinese regime has manipulated TikTok for its own interests. She also points out that the Chinese censorship mechanism isn’t interested in what’s going on inside TikTok posts, since the content is blocked for Chinese users. “They don’t have a problem with international users criticizing China, because it doesn’t get to Chinese users. In fact, I’ve recently read research regarding Palestinian videos, and it turned out that TikTok has less censorship than Facebook and Twitter.”

According to high-ranking sources in the Israeli ministry of communications, TikTok was more cooperative in terms of acting against incitement than other social media platforms. “The communication with the regulator was their initiative”, one source said.

And yet, dealing with incitement, important as it is, doesn’t address the wariness when it comes to the potential of a privacy breach by an authoritarian regime, with a well-known aspiration for global domination. The US Army, for example, has instructed soldiers not to use TikTok. It seems that the Chinese tech industry is about to be treated in the same way as Chinese infrastructure companies and core suppliers: with dismay, suspicion, and perhaps even sanctions, like the one President Trump tried to enact against TikTok.

This is a global issue, but for Israel it brings a different challenge: As the closest US ally in the region, it should be standing side by side with the US against China’s expansion. On the other hand, TikTok is overwhelmingly popular all around the world, and in any case limiting or blocking it en-

tirely won't happen without a legal and diplomatic fight. It also brings up the question mentioned above: Why is TikTok more of a problem than Facebook? What about, for example, an app like Telegram, which is Russian?

"The test is not Chinese or American, but privacy altogether," says Hendel. "The whole cyber sphere has privacy issues and, if I may speak frankly, I don't see the world going forward there".

Law & Disorder

The concern regarding China's real control over the tech sector has increased in recent years, as the Chinese market has changed its focus toward the boom of start-ups, venture capital etc. In June 2017, for example, China introduced a new cyber law that redefined the state's approach toward data collection on the Internet. One of the law's most controversial articles says that all the personal data that is collected in China must be stored in China, but it's not necessarily out of the state's reach.

In fact, according to article 28, security agencies are allowed to ask for assistance from network operators, who must comply. According to article 50, the authorities can demand the erasure of any information that is defined as illegal and dangerous. "The legislation demonstrates the Chinese government's awareness of the increasing economic and governmental potential of Internet applications that can be used to accumulate economic power in mainland China and abroad and exert political influence," wrote Israel Kanner and Doron Ella from The Institute for National Security Studies, one of Israel's most prestigious think tanks on issues of strategy and national security.

"Through the Chinese cyber law you can learn about China's approach toward data, and by that you can deduce what sort of information should be protected by other nations," says Dr. Tamar Groswald Ozery, an expert on Chinese political economy and law at The Hebrew University of Jerusalem. "Once China, in its national legislation, has defined cyber security through elements such as logistic alignments, one can learn how it can work in the opposite direction."

Another factor that should be taken into consideration is the recent government crackdown against the hi-tech sector. In 2021 alone, new laws and regulations have put pressure on Chinese tech giants like the commerce behemoth Alibaba and the online platform Tencent. President Xi Jinping's policy has signaled to the global markets that there is no sector that is beyond the government's reach. If the West thought that money would eventually overshadow an authoritarian regime, they were wrong. Therefore, any effort to differentiate between private companies inside China and outside will be mostly superficial. Or as Groswald Ozery says: "It's viable until it's not".

On the other hand, the crackdown on the tech industry has more than meets the Western eye. "A major part of the activity is meant to decrease the monopolistic power of giant companies," says Groswald Ozery. "Chinese consumers had many complaints about certain companies and services. The government is also concerned about economic inequality and the fact that many households have wasted their savings on what the government views as non-productive, speculative, and thus risky activities, such as the gaming industry, both areas have firms in the tech industry. If you look at the Chinese market's reaction after the first downturn, it seems that investors and consumers understand that."

"It's also important to mention," she adds, "that a lot of the recent steps that might restrict the tech industry are established under regulatory framework. This means that it is yet to be translated into practical regulations. Often, in China, the different ministries and provinces have a wide room for maneuver when it comes to implementation. This has contributed significantly to China's growth. For that reason, although the West is riled up, we don't really know how the tech industry will look under the new laws and regulations in practice. And yet, every non-Chinese company that wants to work inside China or every country in which a Chinese company operates should know: There is a fine line between non-interference by the government until the moment where a company

gains a lot of power, at which point it can be targeted for whichever political or economic goals the party-state prioritizes. The government has the ability and the means to do so, with the help of the law or without it.”

Facing the Future

In 2017, a BBC correspondent was given rare access to one of China’s most cutting-edge projects. He was sent to the walk around Guiyang, a city with a population of six million people, while his picture was flagged by the authorities. The purpose was to see how long it would take to locate him with the

help of CCTV and facial recognition technology. The result was stunning: seven minutes.

But that was relatively easy: The reporter’s identity was known before the chase had started. This is part of another major Chinese project: To be the most advanced industry in the world in the field of artificial intelligence (AI). In order to improve the learning capabilities of machines, they need to be fed with data. When we talk about facial recognition, for example, the Chinese companies are not satisfied with only Chinese people, or a curious BBC reporter.

This is one significant reason for the level of concern that Chinese tech services are causing in the West: What might be done with all the data that was willingly given, and what might happen if the authorities were to get their hands on that data?

In 2018, Foreign Policy magazine published an article that described China’s involvement in Africa. It turned out that as part of China’s efforts to expand to Africa via building infrastructures such as ports and communication systems, Chinese companies had also turned to Africa to improve their AI. In Zimbabwe, for example, the deal the government signed with the Chinese company CloudWalk has provided the government with the most advanced surveillance technology, and in return CloudWalk was provided with data that will help the facial recognition machines to learn more about people of color.

“If China has any interest in the Middle East besides economic growth and influence, it’s that”, says Galia Lavi, China researcher at the Tel Aviv-based Institute for National Security Studies (INSS). “China doesn’t care about individuals, maybe about a very few but not me and you. But China is the leading force in AI, and they are not dealing with dilemmas that the West is still concerned with, like privacy.”

China’s desire to become an AI superpower provides the theoretical missing link regarding the TikTok dilemma: If the data that is collected by TikTok is potentially made available to the Chinese authorities, they can theoretically use it in their own interests, which was never part of the deal

This is one significant reason for the level of concern that the Chinese tech services are causing in the West: What might be done with all the data that was willingly given?

between TikTok and its users. And that is without stating the obvious about the possible value of the data, such as predicting economic trends.” China’s way,” says Lavi, “is not coming out at you with blazing guns. They do things a lot more quietly and softly.”

What's Next?

While governments around the world struggle to refine a coherent vision regarding the relationship with tech companies, the need for a new paradigm is becoming more and more urgent. Therefore, a small but developed country like Israel could set an example, especially regarding personal data protection. Although the country is in deep political turmoil, shaping an agenda that finds a balance between the different aspects of the issue doesn’t seem like an impossible challenge, especially in light of the pressure from the US.

Israel’s privacy laws were last updated in 2017. The new regulations from the Justice Ministry have marked a significant improvement in imposing high security standards to the data they collect. However, the regulations fall short when it comes to how the companies themselves use the data they collect.

Therefore, the most urgent task for now is to update the regulations when it comes to data collection, regardless of the nationality of the corporation that seeks to collect personal data. The Justice and Communications Ministries should form a joint team to draw up a new government approach that protects data not only from hacking or leaks, but from the data collectors themselves. The team should also consult with experts in the fields of cyber, technology, and ethics.

The by-product of this team would be a new cyber & data collection law, which would establish the relationship between the state, the data collecting entity, and the public. For example, the privacy laws should update the definition of personal data according to technological and cultural developments, looking to other countries for examples.

To address the concern regarding China, the legislation should put up barriers in order to pre-

While governments around the world struggle to refine a coherent vision regarding the relationship with tech companies, the need for a new paradigm is becoming more and more urgent.

vent any company from being able to share personal data with a nation state. If the Chinese law forces companies to share data, Israeli law should impose judicial accountability on any entity that would share data with any government, including China. The accountability should be in terms of financial sanctions or exposure to civil lawsuits.

As part of updating the Israeli law, a new executive approach must be taken. Currently, the enforcing authority for privacy issues is part of the cyber department at the Ministry of Justice, and

is called The Unit for Protecting Privacy. But, as mentioned above regarding the last update of the privacy law, the main agenda is perpetuating and implementing the importance of protecting privacy and investigating cases of breaching privacy laws. That means that the data collection itself, especially if it is made with the user's consent, isn't handled as a threat — for the users or for national security.

Digital Responsibility

Therefore, protecting the public from the corporate misuse of their personal data should be broadened and include other aspects. It might be helpful, for example, to form a special taskforce that would operate under the National Security Council. The taskforce, made up of experts from different areas (justice, military, cyber security, private sector etc.) would analyze all aspects of data collection made by any large entity and assess whether there is a national aspect that all the relevant authorities should pay attention to.

Finally, as the legislators do their part, it is in the public's own interest to do theirs. Even as the myth of a good, willing, and responsible tech industry is dispelled, it's safe to say that not enough attention is given to the fact that, by spending more of our lives in the digital sphere, we're accelerating the process of being not only the users, but also the products. In Israel specifically, the Chinese regime is regarded much more favorably than other countries: a recent global poll has showed that the Israeli attitude toward China is much more positive than other Western countries. Unless a radical event should occur, like an invasion of Taiwan, it's safe to assume that these numbers won't change significantly.

This is why laws and regulations won't be enough. It's also the responsibility of the public and their leaders to have a meaningful debate about the possibilities and threats of this unprecedented era. Whether it's understanding what we're signing up for by using TikTok or demanding a new deal between the user and the platform, our generation must understand that data is the

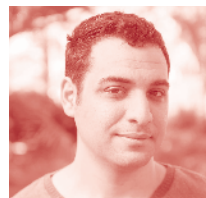
new oil, and we are manufacturing it. China, like Facebook and Google, understands this perfectly. Now the question is do we understand it as well as China does.

During the process of writing this article, which lasted a couple of months, genuine efforts were made to conduct an interview with an executive at TikTok. It took a while but for a short time it looked as if that was going to happen. Only days before the due date, which was already close to the deadline, a message came from the corporate: It's not going to happen.

Refusing an interview isn't uncommon and not even agreeing and then taking it back. Certainly, it doesn't say anything about the company's policy. It's definitely not evidence of any wrongdoing.

Having said that, the demand for transparency will not suddenly disappear. On the contrary.

There's an old myth in the Israeli media, about a veteran and popular radio broadcaster, Razi Barkai, who one day demanded from his staff: "Get me the person who is in charge of the Internet!" The reality is that TikTok today is one of the few entities that are in charge of the Internet. And with its affiliation to China, a superpower that very much wants to be in charge of most of the world, it is about time that countries like Israel started to hold them accountable. •



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The Regulatory Challenge

Israel has adapted to Beijing's increased
interest in the Middle East.

By Hila Roded

China and Israel share mutual interests when it comes to trade between the two countries, which has increased substantially over the past two decades. For China, Israel is a developed Middle Eastern country. The investments of Chinese companies in Israel and the establishment of infrastructure projects in Israel by Chinese corporations are greeted with mixed reactions in Israel, and may have political implications that are not yet clear.

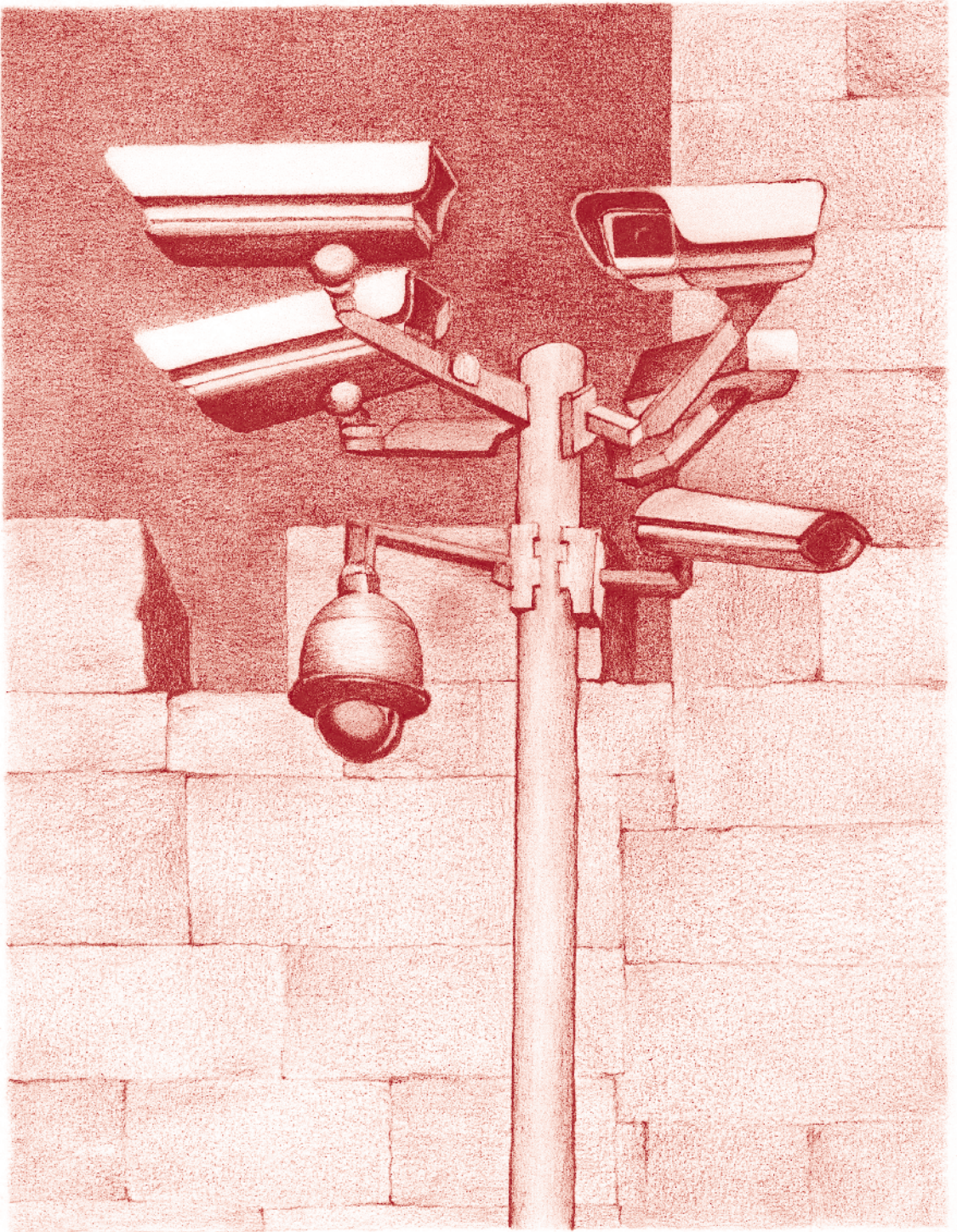
Foreign Investments

By definition, a foreign investment describes a situation in which an investor from a foreign country purchases an asset in another country

in order to manage it. The dimension of the impact on management is what distinguishes a foreign investment from a passive investment in a portfolio that contains foreign shares. Foreign direct investment is one of the key factors in promoting new industries and developing the economy as a whole. It is customary to divide the incoming capital movements from foreign investments into three types. These are direct investments, investments in securities, and other investments, which includes all other financial transactions.

The Belt and Road Initiative

In 2013, Chinese President Xi Jinping announced the Belt and Road Initiative (BRI), based on the an-



cient Silk Road linking Asia and Europe. This project was to be based on the establishment of a large network of infrastructure including roads, ports, power grids, oil pipelines, and more. According to the vision, the initiative would connect China with the Persian Gulf and the Mediterranean Sea via Turkey, Iran, Afghanistan, and Iraq, while connecting to the Mediterranean Sea via the Indian Ocean, the Gulf of Eden, the Red Sea and the Suez Canal. These connections would be via seaports, trains, airports and more. It was estimated that the initiative would integrate approximately 60 countries, 63 percent of the global population, and 21 percent of the world's gross domestic product.

In economic terms, the initiative enabled China to develop its economic growth. As China pursued an investment-driven growth model, it was eager to fuel its economic growth through the pursuit of new global markets. This, among other things, was to be achieved through the Belt and Road Initiative. Today, the Middle East is considered the largest source of oil imports to China, and the Belt and Road Initiative will help China establish alternative ways of importing oil supplies.

Geopolitically, the Belt and Road Initiative was a peaceful response to the US strategy toward China. It was intended to enable China to strengthen ties with other countries across Asia and Europe. The combination of extensive economic investment with the ambitious strategy in China's foreign policy acted as a warning signal to many countries around the world. In addition, Chinese companies engaged in infrastructure and construction projects had in-depth experience in execution, and their ability to successfully build infrastructure in a developed country like Israel would improve their image and give legitimacy to their activities, which could lead to increased cooperation in similar areas with other developed countries.

World's Response to Chinese Investments

Many Western countries, led by the United States, have defined strategic economic sectors, including infrastructure, technology, and others, broadly

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so that they can assess the extent of the impact an investor would have, in this case China, after the transaction.

The US Foreign Investment and Acquisition Regulations operate as part of the Foreign Investment and National Security Act, under which the US Foreign Investment Commission was established in 2008 to advise the president on these issues, and decide whether they endanger national security, or allow a foreign entity to control US strategic assets. In 2018, the US government pursued legislative efforts that expanded the committee's powers, and increased the restrictions on the acquisition of American companies in certain sectors by foreign state-owned companies, usually companies owned by the Russian and Chinese governments.

In the European Union, there are initiatives in several countries, including Germany, France, and Italy, to bring about legislation that would prevent non-European companies from acquiring European companies, among other reasons for economic reasons. In Germany, the German Federal Ministry of Economy and Energy examines acquisition or participation in German companies by non-European foreign investors, regardless of the target's sector or the investor. There is also a law that prohibits a foreign company from acquiring more than 25 percent of a company that is defined as "essential infrastructure" (including areas of software, security, power plants, energy, etc.).

Meanwhile, in 2022, G7 leaders pledged to invest billions in infrastructure development projects in emerging economies. The project, which was developed in response to the Belt and Road Initiative, is called the "Partnership for Global Infrastructure and Investment." The goal of the program is to support projects in low- and middle-income countries that will help them cope with climate change, improve health, gender equality, and digital infrastructure.

This followed on from the European Union's "Global Gateway" project, which was launched on December 1, 2021. The project is aimed at providing an alternative to the BRI, by supporting infrastructure development around the world.

Chinese Investments in Israel

In Israel, Chinese investments are overwhelmingly in the technology sector but increasingly they are also targeting infrastructure. In total, China has increased its average yearly investment over the past two decades in Israel from \$20 million in 2002, to more than \$200 million in 2022.

Chinese investments in Israel have followed two main courses of action. One is a collaboration in which the Chinese company finances the product development by the Israeli firm, and undertakes to assimilate it in the local market. The second is a Chinese investment in venture capital funds that finance Israeli technology companies and start-ups.

Investors from China in Israel can be classified into four categories. First, state-owned companies are companies under the auspices of the China Government-Owned Supervision and Management Committee, and are owned by the central government in Beijing, or by local governments. This category also includes government investment funds and venture capital funds that manage government funds. Government-owned companies may make investment decisions based on socio-political motives and not necessarily on purely economic grounds. Therefore, such investments are considered to be strategic investments.

In addition, there are public companies, which are companies traded on the stock exchange in China or abroad. Sometimes, the government holds shares in these companies, and it has been argued that by holding a relatively small amount of shares the Chinese government has some control over the company. Another type is privately-owned companies, whose shares are not traded on the stock exchange. However, they too may be subject to partisan and governmental influence.

The fourth type is venture capital funds – private investment funds that own capital raised from various sources, and whose purpose is to invest in start-ups or young companies, which may lead to potential growth and future profits. It has been argued that such venture capital funds often eventually become limited partnerships in the compa-

nies in which they invest in, thus allowing Chinese money that sometimes comes with some degree of influence to flow to economic sectors that would otherwise be blocked from Chinese investment.

China sees Israel as an attractive investment destination, both in the technology and infrastructure sectors. By 2016, there had been a gradual increase in the investment amounts and the number of transactions involving Chinese companies. However, by 2019, there had been a decline in the number of transactions and also in the value of these transactions. This trend is in line with what is happening in Europe and the US, where the volume of Chinese investments has been declining since the peak of 2016. Chinese investment in Israeli infrastructure comes exclusively from Chinese government companies, which have the knowledge, technology, experience, and capital required to successfully compete in Israel. Chinese investments in the high-tech sector come mainly from private companies and venture capital funds.

In 2021 Israel's Institute of National Security Studies released data that showed that China's investments and M&As in Israel were largely directed at the technology sector, with 449 deals taking place up to 2019, totaling a reported value of approximately \$9.14 billion.

In addition to the tech sector, there were eight deals in the infrastructure sector, which had a total value of \$5.91 billion. These included four in the transport sector, two in the electricity sector, and two in the ports sector, all of which were with Chinese state-owned enterprises (SOEs).

The activities of foreign companies from China in Israel, including the acquisition of strategic companies and winning tenders for the establishment and operation of vital projects and infrastructures, may have consequences in the areas of the economy and national security. On the one hand, these ties contribute to the economy, and on the other hand, there have been strategic concerns and concerns about the impact on Israel's ties with the US.

Among the significant acquisitions by Chinese companies in Israel are the acquisition of

Makhteshim-Agan (now: Adama) by the company ChemChina and the acquisition of Tnuva by Bright Food. In addition, China is involved in the development of Israeli infrastructure, such as the Carmel Tunnels, the light rail in Tel Aviv, the construction of the private port in Ashdod and the operation of the Gulf port in Haifa. On the other hand, there are transactions that have been prevented by the Israeli regulators, such as the failed attempt by Fosun International Limited to acquire Phoenix Holdings.

In 2019, there were approximately 135 documented investment transactions in Israel by Chinese investors, totaling between \$2.1 billion and \$1.27 billion. Most of the individual transactions were between \$1 million and \$20 million (approximately 107 transactions in total). The sectors in which the investments were made are diverse, such as life sciences (42 transactions), communications and Internet (31 transactions), technology (28 transactions), and others.

The Israeli government encourages economic cooperation with China. Given Israel's geographic location, China needs it as a land bridge that connects China's trade routes from the Far East, through Africa to the Middle East. Following the announcement of the Belt and Road Initiative, Israel did not take an official position on it. However, in 2015, it joined the Asian Infrastructure Investment Bank (AIIB), which supports the initiative.

Israel-US Relations Regarding Chinese Investments

China is Israel's largest trading partner in Asia, and the second largest in Israel after the United States. However, China's transactions with Israel account for only 0.3 percent of total Chinese trade. The fact that China has significant involvement in the Israeli economy increases competition between China and the United States. Although Washington's influence in the Middle East has waned to some extent, it remains the most prominent player in the arena. In addition, there are claims that China's involvement in critical infrastructure in Israel could pose a security threat.

For China, strengthening relations with Israel, a key player in the Middle East and a close ally of the United States, seems to serve its interest: It gains a better understanding of developments in the region, some counter-terrorism cooperation, and a foothold at a crucial geographical point in the Belt and Road Initiative. In addition, having closer technological relations with an ally of the United States may be considered a political achievement.

2018 is considered the watershed in China-US relations. With the outbreak of the US-China trade war, the Trump administration dramatically increased the pressure to stop or significantly reduce cooperation with China. It should be noted that, in response, Israel has set up committees to examine foreign investment from China, but the investments are still largely ongoing. It is likely that Sino-Israeli relations will expand as long as Sino-US relations remain stable to some extent.

It is likely that Sino-Israeli relations will expand as long as Sino-US relations remain stable to some extent.

However, based on past experience, any deterioration in Sino-US relations could also impose restrictions on relations with Israel.

The scope of China's investments in Israel have raised concerns in the US, as investments in technology sectors that the US considers critical to its national security, such as chips, software, IT, life sciences, Internet, and communications technologies, have the potential to contribute to China's future development. The question that arises is to what extent Chinese investment in infrastructure, such as in the port of Haifa, is indeed strategically risky in terms of security. The US has not opposed other cases of investments in the infrastructure, such as ports, in other countries, and hence, it is possible that its arguments about security risks stem from the strength of the specific tensions between China and the US.

China has begun to internalize the fact that Israel is under pressure from the US to reduce the involvement of Chinese companies in its economy. Therefore, China may decide not to approach certain tenders in advance or refrain from making deals, which in its view could be hampered by US opposition. For example, in May 2020, days before the decision was made in the tender for the construction and operation of the Whistling 2 desalination plant, then US Secretary of State Mike Pompeo arrived in Israel and warned against Chinese involvement in vital infrastructure. In the end, a non-Chinese competitor won the tender.

Israeli Policy toward Foreign Investments

Chinese companies' quest for a foothold in Israel through investments, acquisitions, and participation in infrastructure projects has been greeted with mixed reactions in Israel. On the one hand, the business sector, the government sector, and parts of the industrial sector welcome the process and see it as inevitable and adapted to global economic developments. Some even argue that the importance of the Chinese market and the progress of Chinese technology companies make cooperation between the Israeli and Chinese sectors vital. These views assume that investments originating

in China are not fundamentally different from any other foreign investment, despite the deep connection of Chinese companies with the regime.

On the other hand, there are opponents in the political and security community in Israel who are hesitant about the intrusion of Chinese companies in the Israeli economy, due to their close ties with the regime. One of the concerns is the fear of losing control over advanced Israeli technologies, and the transfer of advanced information to China, which could weaken the local industry and even produce a powerful competitor to the Israeli technology industry. At the same time, there are voices accusing Chinese companies of trying to advance China's political-strategic grip on the Middle East, sometimes contrary to Israel's national interests.

Advisory Committee

In October 2019, Israel's security cabinet decided to establish an advisory committee headed by the Ministry of Finance, to examine aspects of national security in the process of approving foreign investments in Israel. It was decided that this committee would be attended by senior representatives from the Ministry of Finance, the Ministry of Defense, the National Security Headquarters, and observers from the Ministry of Foreign Affairs, the Ministry of Economy, and others. The role of the committee is to assist regulators in incorporating national security considerations, in addition to the usual considerations, in the process of approving foreign investment. The role of the committee is to examine foreign investments in general, without a specific focus on Chinese investments.

The background to the establishment of this committee stems, among other things, from US pressure, in light of the increase in Chinese investments in Israel. The US recognizes that the committee is not authorized to examine transactions in the field of technology, so that Chinese companies can easily enter the Israeli high-tech sector. In addition, China has won major infrastructure tenders, for example in the country's transport infrastructure. The US concern in this area is that it could lead to Israel's growing dependence on

Chinese companies, which are upgrading and operating Israeli infrastructure facilities, some in security-sensitive areas.

The applications to the committee are to be made voluntarily, while transactions that do not require government approval will not be discussed at all. The committee submits its recommendations, and they are taken into account by the regulator.

According to the State Comptroller's report in August 2020, investments by foreign companies and their involvement in the Israeli economy could also have negative consequences when it comes to projects of national importance. The auditor also noted in the report that the mechanism for filtering foreign investment does not require regulators to consult with the advisory committee, and this allows the regulator to consult at its own discretion.

In conclusion, it seems that Israel has not yet adopted the regulation of foreign investments, including Chinese, in vital infrastructure in the country. It is possible that the failure to take this significant step is due to Israel's desire on the one hand to profit from the advantage of foreign investment in the country, and on the other hand, to act in accordance with US policy and pressure on the issue. However, the fact that many Western countries such as Germany, Australia, Canada, and others are taking more significant steps to restrict foreign investment in vital national infrastructures may in the future be an incentive for Israel to tighten its foreign investment policy. •



Hila Roded

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Tech Ties with China

Chinese investors have been attracted to Israel's thriving high-tech sector. But this entails security risks.

By Klara Leithäuser

China's ambitions to become a leading power in cutting-edge technologies are supported by numerous national plans that are aimed at boosting domestic innovation and China's high-tech sector. For example, "Made in China 2025" (MIC25) functions as the Communist Party's roadmap to transforming the Chinese economy from a labor-intensive, low-end manufacturing-focused model to a technology-intensive and innovation-driven knowledge economy, regarding both commercial and military purposes.

This digital focus is specifically important for China since the innovation and technology sector are a central arena in which the United States and China are vying for dominance. Linked to this is not simply actual technological achievement,

but also the setting of standards and norms. To meet the outlined technology goals and reduce the reliance on foreign technologies in the long run, Chinese companies are encouraged to invest in high-tech sectors overseas and to bring know-how back home.

Deepening Economic Ties

Israel's reputation as a start-up nation has attracted Chinese attention and investment on the tech front. As former Israeli Prime Minister Netanyahu pointed out after returning from a visit to China in 2013, China is interested in "three things: Israeli technology, Israeli technology, and Israeli technology." Technology transfer has always been a constant in Sino-Israeli relations. As for

Israel, its main interest in deepening relations with China remains economic. Netanyahu welcomed Chinese infrastructure projects in 2013 publicly and strengthened economic ties with the world's second largest economy by passing Government Resolution 251, which directs the expansion of all non-sensitive aspects of Israeli-Chinese cooperation. Israel hopes to diversify export markets and investments by expanding trade to Asia. Turning to China, Israeli tech companies are seeing a boom in demand for their technologies.

One cannot write about Sino-Israeli relations without mentioning the United States. As Israel's closest ally and a competitor with China, the US is watching China-Israel relations with a critical eye, particularly when it comes to tech exchange.

The PHALCON and HARPY incidents in the late 1990s and early 2000s, are probably the most prominent examples of US intervention in China-Israel relations. Yielding to US pressure, Israel canceled a deal to install the PHALCON advanced airborne radar system on surveillance planes for the People's Liberation Army's Air Force. Only a few years later, the US discovered that Israel had carried out maintenance and upgrades on the HARPY unmanned aerial vehicles, which Israel sold to China in the 1990s. Again, the United States insisted that Israel cut off the deal. These confrontations with the US resulted in, among other things, Israel's 2007 Export Control Law, which regulates the requirement for export licenses, restrictions on arms sales, and the export of dual-use technology. Consequently, relations between China and Israel ended when it came to the transfer of military technology and were moved to "civilian" fields and channels. Nevertheless, the level of US observation and concern has remained high.

Different Tactics of Transfer

In the early years of their relationship, technology transfer mainly consisted of Israel exporting technologies, parts for technologies, or know-how to China. Over time the playing field of tech ties has become somewhat more diverse and involves

surveillance and cyber issues, as well as growing investments in Israel's technology sector. To gain a broader understanding of how technology transfer between the two states works, it is necessary to take a more encompassing and analytical look at Sino-Israeli relations. The different tactics of technology transfer can thus be defined as:

- *Exports to China*

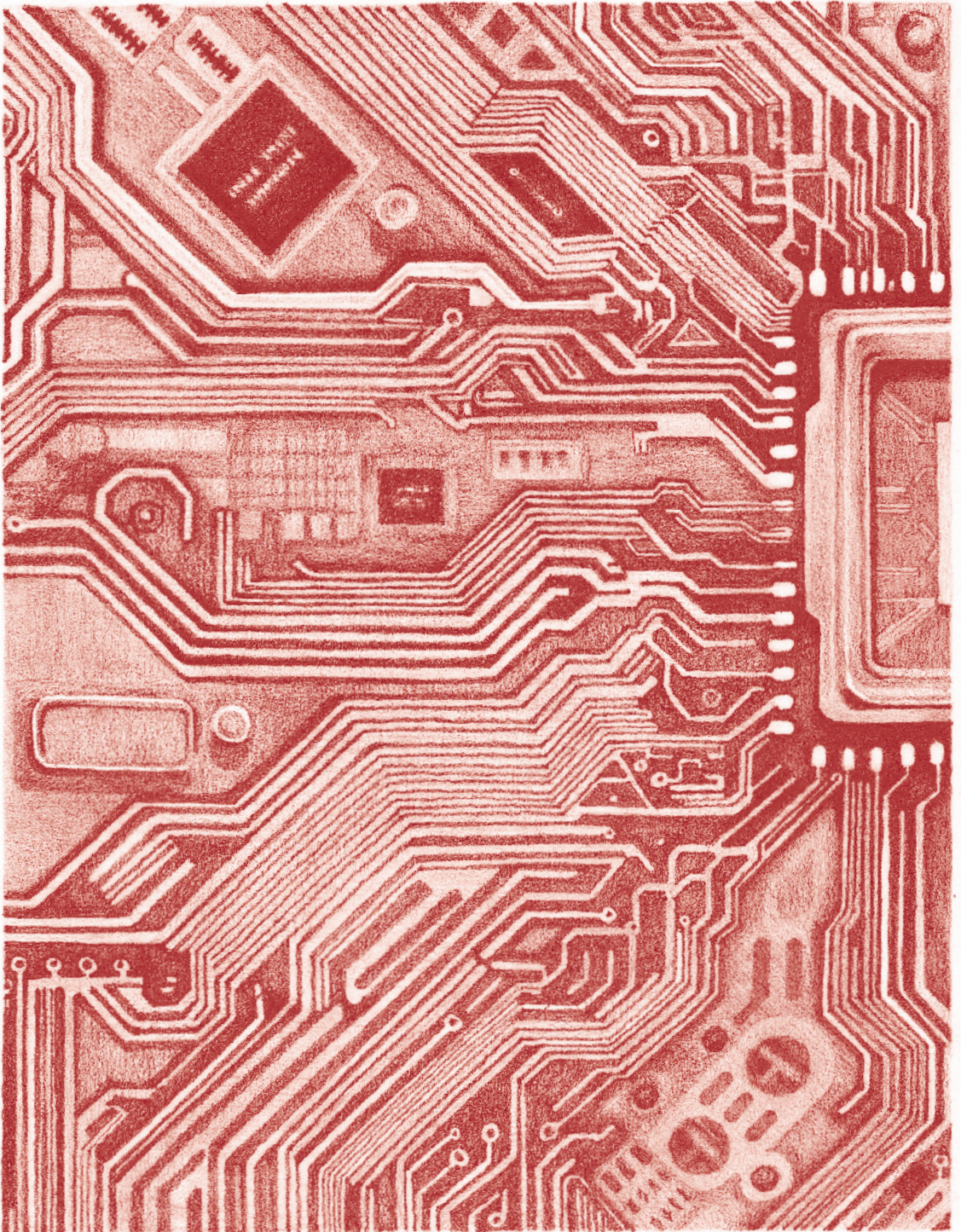
Restrictions on Chinese market access are designed in such a way that foreign companies are often pressured to transfer their technology or sensitive technical information to Chinese companies during the approval process and as a condition for conducting business in the Chinese market.

- *Academic exchange*

Over the past decade, Israel and China have substantially expanded academic exchange. In 2015, Israel and China agreed to implement the Israel-China 7+7 Research University Alliance to promote research and academic exchange between Chinese and Israeli research universities. In this sense, academic exchange not only includes student exchanges or joint research programs, but also the establishment of joint research centers. For example, the XIN Center, founded by Tel Aviv University in partnership with Tsinghua University in 2014, is a joint center for innovative research and education to be funded by government and private enterprise. These projects are academic in nature, but some of them – e.g., in nanotechnology, new materials, and satellite technology – can be of military relevance.

- *Investments*

Chinese Foreign Direct Investment (FDI) shifted from mining, energy, and manufacturing to the areas of high-tech industries, such as AI, robotics, and information and telecommunication technologies. Between the years 2011 and 2018, Israel's technology sector, companies, and R&D centers received the most Chinese investment.



- *Construction and operation of infrastructures*
Israel is a geographically relevant location for China's Belt and Road Initiative (BRI). Hence, under the umbrella of the BRI, infrastructure projects have been implemented, such as the expansion of the Port of Ashdod. Chinese construction companies are favored in Israel, since they put forward competitive bids, are more experienced than Israeli companies, and are known for implementing projects within a short amount of time. At first glance, it might not be so obvious where the technology transfer takes place in these interactions. Taking the Port of Haifa as an example, during construction, Chinese companies could use their own hardware and software to monitor the activities of the nearby military port. Technology transfer is performed through surveillance possibilities.
- *Cyber*
Between 2011 and 2012 alleged Chinese hackers stole sensitive information relating to Israel's Iron Dome antimissile defense system.

In all of these areas, certain security risks have been highlighted primarily through the work of think tanks and more critical outside observers. Whenever discussing Chinese activities and investment abroad, one thing that cannot be ignored is that the dividing line between private companies and state-owned companies is becoming increasingly blurred. Particularly in the technology sector it can be assumed that motivations for overseas activity stem from the Chinese technology strategy, outlined briefly at the beginning of this article, and on which the Chinese Communist Party keeps a close eye. This also means that commercial and military purposes and the transfer of technologies between these two areas are closely connected. Indeed, the RAND Corporation, a research organization, published a report in 2020, noting that of the 33 Chinese companies active in Israel, 11 could be classified as security threats. These include Huawei, Alibaba, Baidu, Tencent, and ZTE Corporation, which are under close scrutiny by

Whenever discussing Chinese activities and investment abroad, one thing that cannot be ignored is that the dividing line between private companies and state-owned ones is becoming increasingly blurred.

the US for their nebulous ties to the Chinese government and military.

Data and Security Risks

This is where a next point of concern arises: the handling of data by respective companies. It has been reported that browsers made by Chinese tech companies transmit sensitive information such as GPS data, Wi-Fi access points, and URLs visited. This is not necessarily an issue for Israel, but it is a thorn in the side of the US. Still, it should be regarded with concern that China's data collec-

tion activity and investment in Israeli technology companies could deprive Israel of a competitive advantage. Another security risk is that Israeli technologies – due to imprecise definitions of the term “dual-use” – could be used to strengthen and equip the Chinese military. In fact, the example of alleged Chinese cyber hackers stealing sensitive information related to Israel’s Iron Dome between 2011 and 2012 shows the ongoing interest in Israeli defense technology. Another aspect that should be mentioned is that of infrastructure construction and the high investment volume from the Chinese side, which could lead to some form of leverage, pressuring Israel to follow suit in political or symbolic statements regarding China. Furthermore, political leverage can be created by China, as the same Chinese companies doing business with Israel are also involved in Iran and could share insights with the Iranian government.

Nonetheless, many of the Israeli officials interviewed in the aforementioned RAND report “did not view China’s activities as a threat per se (...). However,” the report continues, “most of them expressed concerns about taking money from China because doing so could impact relations with the United States.” In 2019, Israeli newspapers report that then US President Donald Trump had warned that if Israel did not curb its ties with China, its security relationship with the US could suffer. Ongoing US efforts to control technology transfers between Israel and China culminated in the recent joint agreement to establish a dialogue between Jerusalem and Washington on advanced technologies.

Strategic Technology Cooperation

During his visit to Israel in July, US President Joe Biden issued a joint statement with Israeli Prime Minister Yair Lapid on the launch of strategic technology cooperation. This dialogue will not be overseen by the respective Ministries of Economy or Science, but will instead be led by the heads of both countries’ National Security Councils, indicating an emphasis that is also reflected in the US statement on the issue: “We pledge to boost our

mutual innovation ecosystems, to deepen bilateral engagements, advance and protect critical and emerging technologies in accordance with our national interests, democratic principles and human rights, and to address geostrategic challenges.” These words hint at countering the principles and values of China and Russia. Subsequently, this paper can be viewed as a shift toward the policy alignment of Israel and the US regarding the position on China. As mentioned above, the US has long sought to keep China’s involvement in Israel’s infrastructure and tech sector at a minimum. In the past, Israeli responses to US pressure have not necessarily been consistent. The investment screening mechanism implemented in 2019, for instance, was not a truly impactful tool. Thus, even in this case, Israel will not necessarily comply with the rules resulting from the agreement. As a matter of fact, this behavior is apparent in Israel’s current position on the war in Ukraine: Israel strongly condemns the war, yet, it has not followed the lead of the EU and US by imposing penalties against Russia, in order to avoid jeopardizing the relationship with Moscow, since Russia is a key player in the Middle East.

Likewise, China is expected to increase its presence and influence in the Middle East in the future. Among the main reasons for this is that China still obtains around 80 percent of its oil from the region. Linked to this dependency are Chinese infrastructure operations, especially regarding port infrastructure around the Gulf of Aden, the Gulf of Suez, and the Red Sea — highly important node points for world trade in geographical terms.

Nevertheless, the role of China as a responsible and peace-making power is very difficult to maintain in such a politically tense region, and China is bound to seek to balance its various Middle East relations. While most relations are concentrated on the trade of oil and other raw materials, Israel, with its advanced technology and innovative energy, has a unique selling point. With big tech companies in China having come under increased pressure since the end of 2020 – the political leadership is slowly becoming suspicious of their power and

has started to increase regulatory measures – Israel's technological lead over China has increased even further.

There are differing opinions about how Sino-Israeli relations should develop in the context of an intensifying great power competition being fought in the field of technology. Pointing out that MIC25 is a draft posing direct challenges to Israel, some argue China should be regarded as a competitor only. Hence, the US-Israel agreement on strategic technology cooperation suggests Israel is and should be aligned with US interests and policies. Similarly, however, a middle ground can be sought in which Israel is neither a pawn nor playing field of the Chinese-US power struggles. By no means would I argue that Israel should stab the US in the back. The security risks listed above are worrisome and deserve the utmost attention. Nevertheless, its technological advantage could provide Israel with political leverage and more room for maneuver in shaping Sino-Israeli relations in a broader regional setting.

Israel can take a clear position vis-à-vis China. The fact that accepted bids of Chinese companies were canceled following US interference has made Israel, even though the US was mainly blamed for this, an unreliable partner. In order to remain attractive for Chinese investment and infrastructure plans, clear conditions of operandi have to be formulated. In a first step, it is important to recognize the security risks and to develop a new awareness for the significance of infrastructures. Indeed, the strategic high-level dialogue with the US can help develop such a framework. For example, the Israeli investment screening mechanism could be improved by anchoring the mechanism in legislation, making its committee recommendations mandatory, and allowing it to examine technological investments. There have been reports that the Israeli government is willing to strengthen this tool. Furthermore, the term dual-use needs a more clear-cut definition. Especially in the field of technology transfer, dual-use aspects may not be apparent at first glance. Hence, the Export Control Agency,

run by the Israeli Ministry of Economy and Industry should increase the number of personnel who deal with questions of security and technology. Overall, it would be advisable to develop a cross-ministerial forum or China strategy so that the Ministry of Economy, as well as the Ministries of Education, Agriculture, Security, and others follow consistent policies. Suggesting there are political areas in the tech field in which cooperation can go ahead would be very naïve. However, if policies were implemented to better control and regulate Chinese engagement, then cooperation with China could be conceivable in the agricultural sector or in the area of climate change technologies.

Its technological advantage could provide Israel with political leverage and more room for maneuver in shaping Sino-Israeli relations in a broader regional setting.

As a result of rapid urbanization in China, pressure on agricultural production has encouraged Chinese companies to secure future food supplies overseas through the purchase and acquisition of farms, farmland, and food factories in Asia, Australia, and Africa. Additionally, environmental pollution has led the Chinese authorities to pay more attention to food and drinking water safety. Israel, on the other hand, has a barren arid landscape available for growing food, where much of the soil quality is poor and precipitation is sparse. The Israeli agricultural sector received the second most attention in terms of Chinese investment volume between 2011 and 2018. Joint research facilities could continue to work on solutions for the agricultural industry in the face of climate change under Israeli security measures, as mentioned above. Of course, there need to be negotiations on issues such as intellectual property rights and the export of technologies to third parties. However, given its technological lead, Israel does not have to shy away from using this leverage when discussing these matters.

The situation is very similar with technologies to combat climate change. China not only provides the necessary construction material for solar panels, for example, but is also a frontrunner in climate change technologies, partly due to domestic political pressure.

In line with almost all sectors, China is putting climate protection on its agenda with a strategic focus. In the processing of rare earths and the production of silicon, China already has a dominant position. Yet, cooperation with China remains fundamentally important and offers potential for Israeli innovation. The field of climate change cooperation could also be tackled in multilateral formats, including the EU. In this field as well, Israel needs to keep an eye on technology transfer and innovation, as well as dependencies in supply chains.

As outlined above, it is highly complex for Israel to find a position in the escalating US-China technology competition. On the one hand, there is, of course, the adherence to the principles and values of the US and the slow realization that Chinese

interests in Israel's technology sector also involve national security issues. On the other hand, it can be assumed that China's influence in the Middle East will grow steadily, and that technology cooperation could act as a lever for shaping the Chinese approach to the region. At the same time, the world is facing huge challenges when it comes to the issues of food and water supply, as well as climate change. It is therefore important to recognize that these questions and respective solutions are part of the strategic agendas of the US and China and their struggle for dominance.

Israel can take effective measures to protect its national security by adopting a more critical view of Chinese investments and infrastructures in its own country and in the surrounding region. This requires not only a lively exchange with the US, but also a more intensive engagement with China in the scientific field. A coherent China strategy can help to close security gaps and at the same time portray Israel as a more reliable partner to China again.

China's national technology plans are ambitious and sound impressive. However, it should not be forgotten that they primarily have a domestic political function. •



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How China Charms Israel

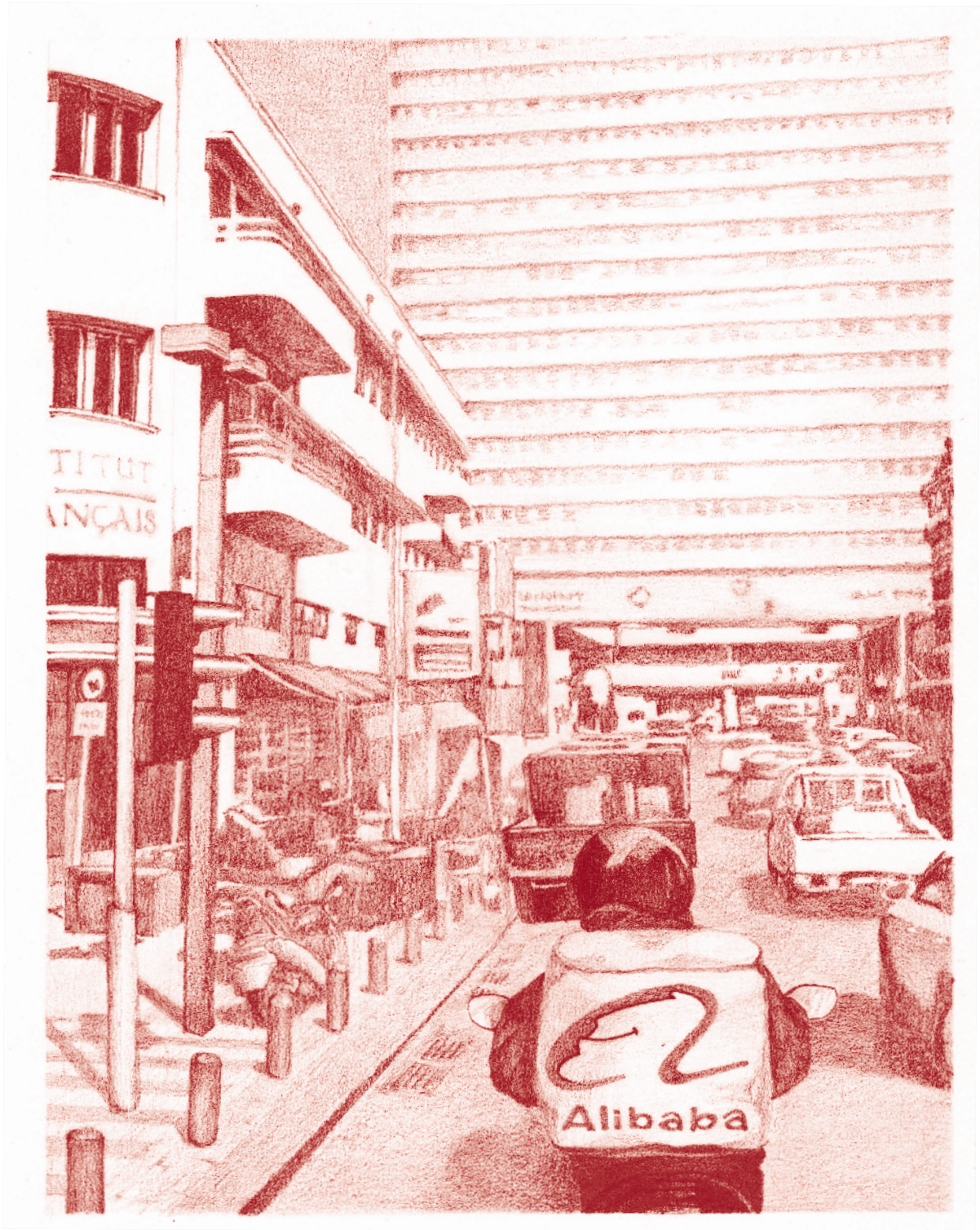
Is Chinese soft power embedded differently or more effectively in Israel?

By Maya Rollberg & Lukas Wiehler

There is a certain fascination with China among Israelis: According to Pew Research polls, 66 percent of Israelis have an overall positive and favorable view of China, which is more than in any other Western-oriented country. Possible explanations for this surprising polling have been debated in the Israeli and international press, including the fact that Chinese companies have made significant investments in Israel, Chinese influence in Israel media, TikTok as a Chinese-owned communications tool, smart public diplomacy, and high-tech collaborations. Are these polls merely a sign of admiration for Chinese investments, tech industry, and popular culture? Or do they allow for the drawing of conclusions about attitudes toward a Chinese value

system, including controversial issues such as democracy, freedom, human rights, and the rule of law?

This article will first take a general look at China's image abroad, and at the history of the diplomatic, economic, and cultural relationship between China and Israel. It will outline the different possible co-determinants that may have resulted in a positive perception of China: The strengthening of economic ties, security concerns, diplomatic channels as well as public diplomacy, (social) media, and finally China's cultural appeal. In the second part of the article, we will look at misunderstandings and ambiguities in Israelis' view on China.



The Image of China in the World

It is often argued that Chinese soft power is lacking, compared to its economic and recent diplomatic power. China has arguably become a global superpower but has not consistently managed to construct a particularly positive image abroad. In liberal democracies in particular the perception of China is negative. While China was once viewed as a huge, underdeveloped country and a source of cheaply-produced products, its image has since turned into one of a strategic geo-political competitor, threatening Western hegemony. Notably, China's economic rise has not led to a parallel rise in benevolent views toward its culture, cultural products, and values or its political and social system. So far, in Western democracies, a rise in Chinese influence has always led to new waves of criticism, antipathy, and the fear that China may undermine global stability and shape a new anti-liberal world order.

In Israel, however, the image of China seems to be drastically more positive, with 66 percent of Israelis having an overall positive and favorable view of China, with only Russia and Lebanon having a similarly positive attitude toward the country. In this way, the perception of China in Israel seems to have partly avoided the threatening and alarming image of China in the West. Is Chinese soft power embedded differently or more effectively in Israel with the use of economic, diplomatic, media and cultural tools?

Diplomatic History

The rapprochement between Israel and China has a long history: Israel was the first country in the Middle East to recognize the People's Republic of China in 1956, while China's support for the state of Israel and Zionism dated back to 1920, when the Shanghai Zionist movement was established. In 1947, China, was one of the 10 nations that abstained in the historic vote of the United Nations General Assembly in the matter of partitioning Palestine in 1947. Accordingly, China's abstention helped to create the state of Israel, for which a two-thirds majority was needed. With the

establishment of diplomatic relations in 1992, an increased openness for partnerships began to be cultivated. At the start of the 21st century, China started to recognize Israel as a global technology hub with importance to Chinese developmental and strategic interests, while China was seen as an alternative economic and developmental partner.

This look at the history of the relations between the two countries alludes to a remarkable phenomenon: The Israeli political landscape, unlike the European and Northern American, does not have a strong anti-Chinese lobby. While some Knesset members have called for more scrutiny into Chinese involvement in Israel, a consistent anti-Chinese lobby, as comparable to Republican Senator Marco Rubio's camp in the United States, does not exist within the Israeli political establishment.

Economic Factors in the Public Perception

Since the 1970s, Israel and China have focused on detecting synergies and realizing the opportunities and the potential of their diplomatic and economic relations in the innovation economy. Between 2001 and 2018, the volume of Israeli-China trade increased tenfold. According to figures from the Israeli Central Bureau of Statistics (CBS), in 2001 trade between Israel and China was worth \$1.07 billion, and in 2020, it had reached \$11.9 billion dollars. Meanwhile, In 2017 trade with China accounted for 8.88 percent of all of Israel's foreign trade, and by 2020 it had reached 10.66 percent. About 50 percent of Chinese investments in Israel have been investments in infrastructure, such as the new Haifa port. Less visibly, investments in high-tech have grown similarly, with 50 percent of Israel's exports to China being electronic components used for manufacturing in China. The economic partnership of the two countries has consequently been labeled a "comprehensive innovation partnership," allowing both countries mutual economic advantages.

This leads us to the perspectives of the consumers. It is interesting to note that Chinese e-commerce companies, such as Alibaba, are partly more successful in Israel than in other countries.

Technology cooperation seems to be viewed quite uncritically in Israel because it is such an important field of investment.

Despite Israel's small size, AliExpress, Alibaba's retail service, has reported that the Jewish state was one of its leading markets internationally, with growing popularity. Rami Blachman, a tech entrepreneur and expert on the tech sector in Israel and China, also underlined the far greater openness to business and even warmth for Israel in the Chinese market, because of the fact that it has valued Israel's history as a start-up nation much more than other countries. Thus, Chinese products as well as the Chinese markets seem to hold significant attraction for Israeli consumers and young entrepreneurs. This then also shapes perceptions about investments in Israel: Huawei's investments in Israel's solar market were welcomed with excitement, even though the US, Israel's most important security partner, criticized the company's involvement and tried to prevent the move. Nevertheless, technology cooperation seems to be viewed quite uncritically in Israel because it is

such an important field of investment. This is also underlined by a Pew Research survey conducted in 2022, which found that 57 percent of Israelis support strengthening economic relations with Beijing despite human rights issues. Furthermore, only 10 percent of Israelis seem to consider human rights abuses to be a severe problem in China.

Chinese Public Diplomacy

How have these significantly less critical perceptions in Israel come about? An important aspect of Israel's public perception of China is the Asian country's public diplomacy. For instance, the Chinese embassy in Tel Aviv has been publishing small news pieces on its website's sub-section "Embassy News" since 2008. Initially, the section published Hebrew translations of Communist Party propaganda pieces and talking points, some of which might seem strange and non-effective outside of the Chinese context (e.g., "CIA ran Tibet Contras Since 1959"). According to the Middle East Institute, the Chinese embassy has refined its news section by publishing pieces that are more targeted and tailored to an Israeli audience. For instance, the embassy reported on activities of its own officials in Israel, including diplomatic and business meetings but also featured community engagement with the Israeli society. Websites of embassies are not known to be significant shapers of the public discourse, but the content and narratives may find their way into the discourse indirectly if journalists pick up information from the website and use it in their reporting.

In a similar vein, Chinese officials working for the embassy addressed the Israeli public quite directly. For instance, Ambassador Zhan Yongxin started writing articles in the leading English-language newspaper, the Jerusalem Post in 2015. In these articles, he was trying to ease concerns about Chinese investments that were raising suspicions in the US, putting Israel in a difficult position. In 2018, the ambassador reached the local Hebrew-language news also through video interviews and a variety of online media, allowing direct access to ordinary and younger

Israelis. His narrative was: “China does not want to cause any harm to Israel’s special relationship[s] with other countries” and working together offers “opportunities to our businesses and people and even [for] the world.”

Ambassador Du Wei, Zhan’s successor, and other Chinese officials carried on this work in 2020, including engaging with an array of religious and secular constituencies from across Israel’s political spectrum. Through outlets such as Makor Rishon, a conservative Hebrew newspaper associated with rightwing religious Zionism, and Yated Ne’eman, a Hebrew paper associated with Israel’s Orthodox Haredi community, Chinese diplomacy was signaling a profound and diversified understanding of Israeli society, one that was barely recognized in the West. Through these direct and diversified forms of communication, China appealed to the Israeli public through multiple layers. Furthermore, the portrait of China was painted as a benevolent business partner doing everything to avoid international political tensions.

(Social) Media

The establishment of Chinese media outlets in Israel may be seen as one additional factor contributing to the positive view of China in Israel. In 2009, the Chinese Radio International launched its first Hebrew language websites. The CRI is China’s national foreign broadcaster, a network of over 14 channels in different countries controlled by the China Media Group that is in turn controlled by the Communist party. The Hebrew version of the CRI shows a positive image of China and promises to offer a “Chinese perspective on various issues,” and includes social media accounts.

Aside from conventional media, the CRI has also been active on social media. Xi Xiaoyi — or “Chinese Itzik” is a popular Chinese Hebrew-speaking influencer, who appeals to the Israeli audience with local social references, while at the same time entertaining with positive messages about China. Itzik is officially under contract with the Chinese Media Group. Aside from social media, Itzik has appeared on various TV shows and produced short

videos for different TV channels, where he has also taken a stance on geopolitics and Chinese culture. In an interview he criticized US foreign policies and defended China’s government. The social media star is a good example of how China has managed to produce highly localized and targeted messaging to shape public opinion abroad.

Improving China’s Cultural Appeal

The growing Chinese presence in the media is partly the result of China having invested significantly in exporting Chinese culture to Israel in the 2000s and 2010s. This move can be seen as part of the Chinese “charm offensive” to improve the Chinese image abroad. In 2007, China opened its first Confucius Institute in Israel at Tel Aviv University. The second followed in 2015 at the Hebrew University in Jerusalem. The Confucius Institutes are run through a subsidiary of the Chinese Culture Ministry and are therefore subject to the direct political control of the Communist party. It is interesting to note that Israeli Confucius Institutes do not focus on Chinese language training, like most other CIs around the world, but instead place a special focus on funding China-related research, conferences, and cultural activities like performances, Chinese festivals, and the celebration of Chinese holidays. All these activities aim to promote an interest in and understanding of Chinese culture.

In addition to the Confucius Institute, the Chinese government established a Chinese cultural center in Tel Aviv. Whilst Confucius Institutes target an academic audience, the Chinese cultural centers are aimed at the general public and spin positive narratives about China, as well as Chinese art and culture with the help of exhibitions, workshops, and events. Accordingly, this very localized and targeted form of cultural engagement displays the significantly modified soft diplomacy tools China is using to ameliorate Israeli perceptions.

Israeli-Chinese Relations

Despite the high approval rating for China in Israel, the perceptions are not all positive: There are also quite critical views of China and its influence

in Israel, highlighting the multi-faceted modes of interaction between Chinese and Israeli people. Looking beyond the overall positive perception of China in Israel, it is also the case that suspicion and mistrust concerning the Chinese involvement in Israel also exist and Chinese (public) diplomacy, strategic communications, and economic strategy is not always viewed positively.

Diplomatic Issues

In the realm of international politics, China and Israel have had major disagreements that were quite carefully debated in the Israeli public discourse. As outlined before, the conundrum of defense trade and security ties, especially due to the country's dependence on the US and its interference in Israeli affairs, has repeatedly led to negative debates and perceptions when it comes to China. Furthermore, China's long-standing support for the Palestinian cause in international forums, like the United Nations General Assembly (UNGA) and the UN Human Rights Council (UNHRC), was viewed with discontent. These forums were routinely belittled by the Israeli leadership as a "joke" or "circus." On the other hand, China's growing stakes in the wider West Asia region, in the form of arms, energy, and infrastructure deals, were equally criticized, and led to negative perceptions of China, particularly resonating with the Israeli elites, but also with narratives trickling down through the media.

Distrust of China in Media

Not all efforts in China's public diplomacy seem to be fruitful, as the level of attention, credibility, and trust still seems to vary. First, despite its growing economic and cultural significance, Chinese politics, Chinese affairs, and the Israel-Chinese relationship receive a low level of attention in the Israeli media. Israel's media is often lacking in-depth coverage of Chinese affairs and Chinese politics; most news outlets don't have experts who specialize on China. Furthermore, coverage of China is adapted or even translated from European or American newspapers. The lack of a local

perspective on China may have resulted in an underdeveloped or inaccurate depiction of Chinese activities in Israel.

Economic Wariness

Chinese investments and economic activities have also not been without criticism. For example, the acquisition of Israel's second biggest dairy company, Tnuva, by the Chinese state-owned agriculture and food company Bright Food was accompanied by fears over control and dependence on the Chinese corporate giant. Similar concerns were voiced when Phoenix, an Israeli insurance and financial group, was almost bought by the biggest private Chinese holding, Fosun International.

In response, the Phoenix labor union called for strikes, as the potential new owner allegedly refused to negotiate. Security concerns were voiced by several analysts arguing that Phoenix amounted to a systemically relevant company and the takeover could impact national security. Eventually, the deal was called off with the Chinese side citing corruption whilst an Israeli insider reported on a failed regulatory approval.

Some scholars have also highlighted a perceived general problem when it comes to the way China communicates with the outside world. For example, in 2021 Wang Yu, a Chinese academic expert on Israel, argued that "Chinese foreign owners are good at numbers but bad at understanding different mentalities." Arguably, Chinese overseas investments often fail not due to economic concerns but due to cultural skepticism. Even scholars who are generally positive about Chinese involvement, such as Yigal Maor, an expert on shipping and ports who has defended the lease of Haifa port to Chinese companies, has said "I agree that we don't fully understand China – they have a different mentality than we do."

The often raised (cultural) differences between Israel and China have even opened up a business opportunity: The "China Israel Innovation Accelerator" has been founded to bridge these differences and to allow for both Chinese and Israeli entrepreneurs to gain a foothold in their respective markets.

“In China, business is done differently,” says Rami Blachman, the tech entrepreneur who is familiar with both the Chinese and the Israeli tech scenes. He outlined the attractiveness of Israel for China as the new Silicon Valley, even though Israel is, in the larger picture of investment flows, not as important to China. China, in turn has presented itself in Israel as a very welcoming market, with few hurdles or political demands for those wanting to do business there. However, the early excitement in Israel about Chinese market opportunities have turned to disappointment to some degree, since Israeli tech companies could not gain a foothold in the Chinese market as easily as promised.

Conclusion

The comparatively positive perception of China in Israel is fascinating, given that globally, mistrust and criticism have increased. The reasons for these positive attitudes are manifold and this article is just a starting point for multifaceted and interwoven explanations. China has effectively implemented soft power tools in Israel to further its developmental agenda. Amongst these soft power tools, highly targeted and localized forms of public diplomacy have been employed through the media. The content of these communications was mainly focused on securing China’s business role and its non-interference around security concerns. Thus, beneficial economic opportunities have always stood at the center of the relations. China also tried to increase its cultural appeal through the Confucius Institute and cultural centers, as well as through local public figures and influencers who play a more active and soft-political role.

Nevertheless, these soft power tools do not balance out the persistent suspicion and criticism prevailing in debates about maintaining independence from political interference. Despite the focus on the economies, when economic visions did not materialize to the full extent, frustration have arisen quickly. In this regard, China is not perceived as a real alternative partner, one that is worth risking the benevolence of the partnership with the US. To maintain this relationship, the perception of

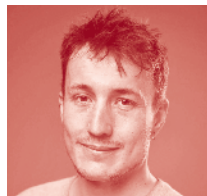
China in Israel will have to be carefully examined, especially to get a better understanding of its soft- and hard-power activities and possible motivations for their deployment, and what potentially results from them. The Israeli public, however, seems to find a lot of attraction in the soft power tools, offering alternatives and probably less value-loaden spheres of interaction and cooperation, especially appealing to younger audiences in Israel. Here, economic interests are sometimes prioritized over human rights values. Such developments should be further scrutinized in the context of looming economic, ecological, and social crises. •



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Lukas Wiehler

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Silk Road to Cairo

How China is expanding its
influence on the Nile – and how
the West can respond.

By Mareike Enghusen

For the West, Egypt is one of the most important partners in the Arab world. One of the reasons is its sheer size — with around one hundred million people, it is by far the most populous country in the region. Then there are the geopolitical developments — in 1979, Egypt became the first Arab country to make peace with Israel, ending a series of Arab-Israeli wars. Today, the two countries cooperate in the fight against terrorists in the Sinai, on border security, and on the blockade of the Gaza Strip, which is controversial.

Egypt is also of considerable strategic importance for Europe and the United States. Goods worth 12 percent of world trade are transported via the Suez Canal. Cairo cooperates with the West on security issues and its army is considered the

strongest in the region, with the exception of the Israeli army. And given its young, rapidly growing population and its proximity to Europe, Egypt is a potential source of large migration flows.

Global Rivals

For all these reasons, Europe, Israel, and the United States have an interest in Egypt remaining economically stable and within the Western zone of influence. Russia's invasion of Ukraine is a painful reminder that thinking in terms of zones of influence remains necessary to understand and evaluate global developments.

The West's real rival for global influence, however, is China. The People's Republic is steadily expanding its involvement in international forums



and other countries, including the Middle East in particular. Almost all Arab states are participating in the Chinese Belt and Road Initiative (BRI), a gigantic infrastructure project. China is also channeling billions of dollars into the region in the form of investments, loans, and donations. Egypt is one of the most important recipients of Chinese money and attention.

From a Western perspective, this raises several questions: What is the impact on the Egyptian economy of China's financial commitment? Will the money be used sustainably, will it create jobs and thus prospects for the young population? Or does it threaten to deepen structural problems? What is the political impact of the money? Does China expect reciprocation for its generosity? And how should the West respond?

Being Drip Fed by Foreign Donor Countries

Egypt's economy suffers from several structural problems that make the country dangerously dependent on foreign funds. It is true that the country's economy has grown by several percentage points in each of the past few years, but this growth is not sustainable and fails to meet the needs of the population at large. It is mainly driven by infrastructure projects that the government finances primarily with investments and loans from abroad. Often, these projects are prestigious and unprofitable constructions, such as new luxury housing complexes around Cairo, which only a tiny elite can afford.

The construction projects harbor another problem that lies at the heart of Egyptian mismanagement — the companies that carry them out are generally owned by the Egyptian military. The army maintains numerous companies in many industries. Many are active in the construction sector, while others run fish farms, produce baby food, or operate vacation resorts. These companies are regularly given preference in public contracts; they do not have to pay income taxes or import duties, and they do not have to pay value-added taxes on certain goods. In this way, Egypt's President Abdel Fattah Al-Sisi is strengthening his

most important power base, the military. But he is preventing real competition and inhibiting the private sector, which could provide sustainable growth. "Al-Sisi's economic policy, if we can speak of one, is based on a single strategy: borrowing," writes Egyptian political scientist Khalil Al-Anani. The national debt is rising accordingly — by the end of 2021, it had reached a level of \$392 billion. This put Egypt in 158th place out of 189 countries in terms of debt-to-gross domestic product ratio.

Current problems are exacerbating the crisis. Rising wheat prices in the wake of the Ukrainian war are putting a particular strain on the country, as Egypt is the world's largest wheat importer, importing around 80 percent of its wheat needs. After the Russian invasion of Ukraine, foreign investors withdrew billions of US dollars from Egyptian government bonds.

Center of China's Middle East Policy

In view of its chronic dependence on foreign funds the fact that China is bringing additional finance in suits the regime well. Under Al-Sisi, in office since 2014, bilateral relations have intensified. The president has already visited China six times during his term in office and signed at least 25 bilateral agreements. His predecessor, Hosni Mubarak, also visited China six times, albeit over the course of 30 years.

The exact volume of investments, loans, and donations that China is granting Egypt is not known. Hardly any country in the world keeps the details of its development cooperation so closely under wraps. In the Aid Transparency Index, which evaluates the transparency of various states with regard to their development aid, China ranks in one of the lowest places.

The database of the non-governmental initiative AidData, which lists Chinese aid projects, should be of help. The database is founded on available information such as media reports and announcements by the Chinese government, so it is inevitably incomplete. But it does at least provide a rough impression of the scope, nature and focus of Chinese development involvement.

One of the researchers involved in the AidData project is German development economist Andreas Fuchs. According to his analysis, the total amount of Chinese money flowing into African states is comparable to the sum raised by the European Commission and individual European Union member states combined — around €25 billion a year. The incomplete documentation does not reveal how much of this money reaches Egypt. One thing is certain, however — Egypt has special significance for China.

“Egypt is the center of China’s Middle East policy,” the Chinese political scientist Degang Sun told the Qatari news channel Al Jazeera a few years ago. According to the information provided by an Egyptian official, quoted by China’s Xinhua news agency, China is the largest investor in the Suez Canal. The country is also supporting the construction of Egypt’s new administrative capital — Chinese banks have agreed to provide loans worth several billion US dollars for this purpose.

China is also loaning the country billions for other Egyptian state projects, such as the construction of a light rail system for Cairo. In the wake of the coronavirus crisis, Beijing donated at least 16 million doses of its Sinovac vaccine to Egypt and is now helping the country to build up its own capacity to produce the vaccine itself. China is also Egypt’s largest trading partner and “one of the most active and fastest-growing investors” in the country, as Chinese Ambassador to Egypt Liao Liqiang recently wrote in Egypt’s Ahram newspaper.

A Tantalizing Promise

China has more than money to offer the regime in Cairo. It also offers a tantalizing promise. “China’s message to developing countries like Egypt is this — unlike the US, which invades other countries and overthrows regimes, we won’t interfere in your internal affairs,” says Israeli China expert Alexander Prevner.

While financial aid from Western countries is usually tied to conditions, such as human rights or environmental standards, Chinese money flows without such conditions.

In political terms, money coming in from Beijing is not likely to continue to be given without conditions. Despite all its promises of non-interference, China has show few scruples about exerting its influence.

The way money flows differs in other respects as well. The bulk of Western development financing consists of gifts or highly concessional loans. Most Chinese money, on the other hand, comes with hardly any concessions attached to the loans, or none at all. These carry the risk of over-indebtedness, as economist Andreas Fuchs has said. And while Western countries usually cooperate with the relevant ministries in the donor countries, Chinese funds often go directly to the president’s office.

In Egypt, unconditional money flows are particularly problematic because they threaten to reinforce existing undesirable developments — the regime’s tendency to invest the money in prestigious infrastructure projects and the supremacy of the army-owned companies, which deprives the private sector of breathing space.

“Egypt has become a beggar state under President Abdel Fattah Al-Sisi, its economy increasingly dependent on foreign support,” Middle East expert Robert Springborg warned in an acclaimed analysis. “There are remarkable similarities between Lebanon’s now miserably failed economy and Egypt’s ailing one. The devastating consequences of Lebanon’s economic collapse would be even worse if repeated on an Egyptian scale.”

An Ominous Scenario

This situation should also worry Western observers, as a collapse of the Egyptian economy, possibly accompanied by riots caused by poverty, outbreaks of violence, and political instability, could impair security cooperation between Western states and Egypt, trigger further waves of migration, and give radical groups a boost.

In political terms, too, money coming in from Beijing is not likely to continue to be given without consequences. Despite all its promises of non-interference, China has shown few scruples about exerting its influence — at China’s request, the Egyptian police arrested dozens of Uighur students in Egypt and had them deported to China. Andreas Fuchs and his research colleagues have also found that the donations influence the voting behavior of the recipient countries in the United Nations. Countries that benefit from China are more likely to vote in favor of their donors on issues that affect China.

Domestically, unconditional grants strengthen the regime’s autocratic structures because they allow it to expand its power base. Under President Al-Sisi, the repression of journalists, dissidents, sexual minorities, and even belly-dancing social media influencers has increased. Thousands of political prisoners languish in often deplorable

conditions in Egyptian prisons. The standards for human rights, governance, and economic reform set by Western donors are far from perfect, and are often not implemented, but at least they exist. The more alternative sources of money the regime has at its disposal, the less pressure it is likely to feel to bow to Western demands.

How the West Can React

China’s growing involvement in Egypt poses a challenge for Western states. Even if China has so far only made use of its growing influence in the country in isolated cases, the West cannot afford to passively trust that this will remain the case.

The US government is already pursuing a much more confrontational course in its dealings with China than most EU countries or Israel. That includes the Middle East. “The bottom line is: This trip is about once again about positioning America in this region for the future,” US President Joe Biden said during his Middle East trip in July. “We are not going to leave a vacuum in the Middle East for Russia or China to fill.”

To counter Chinese influence in developing countries such as Egypt, Western nations have already planned several initiatives in response to impetus from the United States. Extensive infrastructure projects such as “Build Back Better World” or “Partnership for Global Infrastructure and Investment” are intended to provide an alternative to China’s Belt and Road Initiative. Critics, however, do not consider this sufficient. For example, China experts Paul Haenle and Sam Bresnick write in the *National Interest* that, “The Biden administration is on the back foot in the developing world.” With regard to Egypt, many observers criticize the fact that Western money often also promotes undesirable developments, as standards are set incorrectly or are not implemented.

Therefore, the West should correct its own mistakes first. So far, Western donor countries as well as international institutions have failed to achieve many of the goals that they set themselves in Egypt. In return for loans from the International Monetary Fund (IMF), the Al-Sisi government

has committed itself to economic reforms that, according to the IMF, are intended to bring about “more sustainable, inclusive, and private-sector led growth.” However, prominent experts doubt that the reforms, if implemented at all, will achieve these goals — especially since the biggest problem, the dominance of the army-owned companies, persists. “All these investments are used by the military to increase its economic footprint,” says Egyptian political scientist Maged Mandour. For example, if the World Bank asks for a school to be built, the government hires an army-owned construction company to do it.

Western states should therefore clearly adjust the conditions they attach to aid money and loans. Egypt’s current debt crisis could provide an opportunity for this. Not without reason, President Al-Sisi made a strong pitch for German investment during his recent visit to Berlin in July. “The regime is at a critical juncture,” Mandour argues. “Its megaprojects are not paying off, a global recession is looming. All this makes the regime vulnerable.”

Giving and Shaping

In this situation, Western donor countries should demand reforms that will sustainably benefit the Egyptian economy and its population in return for further aid. In addition to an improvement in the terrible human rights situation, this includes, first and foremost, an end to the systematic preferential treatment of army-owned companies. Such reforms are likely to be difficult to implement and even more difficult to monitor because the regime regards the army as its most important power base, and because army-owned companies are often not easily recognizable as such — many have complicated ownership structures.

Nonetheless, there are currently comparatively favorable conditions for such influence, and the West should not miss this opportunity. Time is also pressing with regards to China — the more strongly Beijing expands its financial commitment, the easier it will be for the regime to evade Western demands.

Doing Good and Talking About It

In other respects, the West can learn from China. The country confidently advertises its overseas involvement. For example, it explicitly marks the vaccines it donates as Chinese vaccines and displays the Chinese flag on them, as development economist Andreas Fuchs reports. Vaccines donated by the EU, on the other hand, are less likely to be perceived as EU products. A more proactive external presentation of their good deeds could help the EU and other Western states to improve their reputation among the Egyptian population — something that, according to surveys, the US in particular urgently needs to do. It is true that autocratic regimes like Al-Sisi’s have to pay less attention to the sensitivities of the population than democratic governments in order to maintain power, but public opinion is not meaningless, even for autocrats.

Should Chinese involvement one day pose a concrete threat to Western strategic interests in Egypt, or contribute to a significant deterioration of the human rights situation — for example, through the export of advanced surveillance technologies — the West could be well-advised to take a more robust stance. Egypt is a major buyer of Western arms. This poses its own moral problems, but in any case, the Chinese arms industry cannot yet compete with those in the West.

If necessary, Western countries should use this competitive advantage to exert pressure on Cairo. Indispensable for this is cooperation based on trust between the major arms exporters, first and foremost the US and Germany. Israel, in turn, should ensure that Israeli companies such as the spy software manufacturer NSO do not sell their spy software to autocratic regimes such as the one in Cairo.

Moreover, Western states should cultivate and expand their relations with civil society and scientific and cultural institutions in Egypt, insofar as this is possible under the prevailing repressive conditions. The fact that the effect of soft power cultivated in this way is difficult to measure does not diminish its value. It is possible that Western

players will meet the leaders of tomorrow in one of these organizations or universities.

Finally, despite all the justified warnings, there's one thing it is important not to lose sight of — China's financial involvement in Egypt also holds opportunities. Some Chinese-financed projects, such as the construction of roads, railways and power plants, could promote sustainable growth. Egypt is also increasing its capacity for local vaccine production with Chinese help.

Reliable Helpers

Western donor countries should try to mitigate the potentially negative consequences of China's involvement in Egypt and present themselves as reliable helpers. Economist Andreas Fuchs suggests that Western countries could help developing countries like Egypt make efficient use of Chinese money, avoid excessive debt accumulation, and develop standards for the use of funds, for example in environmental issues. To be sure, the Egyptian leadership has so far shown little openness to foreign advice. But it can use all the good advice it can get on debt management. It is up to the Western donor countries to make such an offer of aid in a way that does not appear paternalistic, and to use the influence that can be gained wisely and sustainably.

Exploiting Room for Maneuver

The global struggle between China and the West, if it comes to that, will not be decided on the Nile. Nor is Egypt likely to transform itself into a model democratic country with a flourishing economy simply as a result of stronger or wiser influence. For all the justified criticism of the Egyptian regime, Egypt is a sovereign country; profound change must and can only come from within.

From the West's point of view, however, the consequence of all this should not be to withdraw in resignation. It should use the means at its disposal. The Western bloc still has more economic weight than China, it still produces more powerful weapons, and it still maintains an intricate network of

historic political, economic, and cultural ties in the Middle East.

These are all valuable resources in a region of high strategic interest to the West. It should use them, on the one hand to promote more sustainable, transparent, and democratic development in Egypt and elsewhere and, on the other, to preserve its own interests. Often, both goals coincide — a less repressive regime and a more sustainable growth strategy that benefits the broader population would reduce the risk of economic collapse, social unrest, radicalization, and uncontrolled migration flows.

Western states have by no means exhausted their room for maneuver in Egypt. A number of possible measures are described in this text and more can certainly be found. Decision-makers in Western countries should seek intensive exchange with Egyptian experts, activists, and entrepreneurs in order to develop new, innovative approaches that meet the country's special conditions.

The current debt crisis makes the leadership in Cairo more vulnerable to external pressure. And the scale of Chinese financial flows to Egypt is apparently not yet high enough to make Western donors superfluous. So, this is a good time for Western donors to review, sharpen, and deepen their engagement with Egypt. If new competition from Beijing brings the urgency of this into relief for them, there may even be an opportunity. •



Mareike Enghusen

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The Lion- Dragon Pact

China and Iran share an authoritarian ideology
and a rejection of the international order.

By Julian Pfleging

In 2019, Fariba Adelkhah was unlawfully arrested in Iran and charged with endangering national security and disseminating anti-regime propaganda. The Franco-Iranian anthropologist is director of research at the Institut d'études politiques in Paris. Adelkhah was sentenced to five years in prison and is currently held, along with many other political prisoners, at the notorious Evin prison on the outskirts of the Iranian capital, Tehran. Reports and videos have shown that detainees are tortured while held at the prison. These are not isolated cases. The human rights organization Amnesty International accuses Iran of taking innocent people hostage in order to achieve political goals. Three years later, in the summer of 2022, Irani-

an-American human rights activist Masih Alinejad escaped an attack: A heavily armed man attempted to break into her home in Brooklyn and was arrested. In the previous year, the Iranian secret service had tried to kidnap Alinejad, seeking to silence her feminist criticism of women's oppression and the compulsory wearing of the veil in the Islamic Republic. This cruel fate befell the journalist Ruhollah Zam, who was lured to Iraq from his exile in France and executed in Iran in 2020.

Jumping forward to the present: On September 13, 2022, a 22-year-old Kurdish woman, Jina Mahsa Amini, was taken into custody by the morality police in Tehran, and beaten so badly that she ended up in a coma. Three days later she died. The reason: her headscarf did not fit properly. Shortly there-



after, protests break out, spreading from Kurdish areas across the country. Videos show women removing their headscarves in public - a direct challenge to the Iranian regime. As in 2009 and 2019, the regime has responded to the protests with violence. To disguise this action from the world and make it difficult for protesters to network, the Internet is once again shut down. Nevertheless, the protests continue and the demands are expanding. Women and men are joining together to demand the end of the Islamic Republic, while pictures of representatives of the regime are being burned along with headscarves.

Bottom of the Freedom of Speech League

Such cases are unsurprising, given Iran's record of human rights abuses. Ulrike Becker, head of research at the Mideast Freedom Forum Berlin, points out that Iran is among the most repressive countries in the world. Reporters Without Borders ranks the country 178th out of 180 countries for freedom of expression, with only Eritrea and North Korea ranking worse. Women and ethnic and sexual minorities all suffer from structural oppression in Iran. Religious minorities like the Baha'i are systematically persecuted. Homosexual acts are punishable by death. Protests against the clergy, corruption, arbitrary rule, and the compulsory veil are violently suppressed, while also discredited using accusations of Islamophobia. In 2021, the World Justice Project ranked Iran last of 139 countries in terms of human rights abuses by the state.

The Iranian regime's first victim is its own people, but Iran's violence extends far beyond its own borders. In addition to supporting terrorism around the world, Iran is also destabilizing its immediate region. In Lebanon, Iraq, Syria, and Yemen, Iranian proxy groups are undermining or exerting influence on the state. Within the MENA region (the Middle East and North Africa), Iran's combination of revisionist foreign policy and an ongoing nuclear program is seen as such a significant threat that it brought about the Abraham Accords, the agreements normalizing relations between Israel and a number of Arab states in

The Iranian regime's first victim is its own people, but Iran's violence extends far beyond its own borders. In addition to supporting terrorism around the world, Iran is also destabilizing its immediate region.

the Gulf. Because of its nuclear ambitions, Iran is being isolated and sanctioned by the West. Since former US-President Donald Trump took the United States out of the controversial nuclear deal (JCPOA) in 2018, the pressure of sanctions against Iran has been immense. The population is bearing the brunt of high inflation. With the country in a precarious political and economic situation, Tehran is now looking East in its search for new partners.

China Seeks to Control the MENA Region

In recent years, China has significantly expanded its involvement in the MENA region. In 2013, China's President Xi Jinping launched the Belt and Road Initiative (BRI), which includes a large number of projects in almost 70 countries; the Chinese initiative came two years after former US President Barack Obama had announced his country's much-discussed "pivot to Asia," which opened up possibilities for China within the MENA region. Driven by its enormous need for resources and markets, China increased its investments in many regions, including the countries of the MENA region. Thus, China is now moving from an economic player to a geopolitical one in the Middle East, seeking to gradually take over control of the region from the United States.

Unlike many European countries, Beijing is not burdened by a colonial past in the region. It adopts a strictly Westphalian understanding of state sovereignty, adhering to an absolute principle of non-interference and respect for territorial integrity. All in all, this makes Chinese investments highly attractive to authoritarian states like Iran. Unlike the European Union, Chinese investments does not come with conditions on human rights or environmental protections.

And that suits Beijing just fine. In the aforementioned World Justice Project ranking, China stands 136th on of the list of 139 countries when it comes to human rights, just three places ahead of Iran; it executes more people than any other country in the world, with Iran in second place. To attract Chinese investment, a number of topics

have become strictly taboo for its putative partner. There must be no criticism of Beijing's one-China policy on Taiwan (which states that Taiwan is an inalienable part of China, and that the People's Republic of China is the sole legitimate government), its Hong Kong "security law," its treatment of the Muslim ethnic group, the Uighurs, the Orwellian mass surveillance of the Chinese population, or China's aggressive actions in the South China Sea. As a result, many countries are becoming asymmetrically dependent on China. Beijing then demands their political support for its efforts to fend off the growing criticisms aimed at China from democratic states. The Chinese calculation has been a successful one: most states in the MENA region support Chinese actions against Uighurs in the province of Xinjiang, for example, despite their own predominantly Muslim populations.

China is Iran's largest trading partner and its primary source of foreign investments. Both states share an authoritarian ideology and a rejection of the international order shaped by the United States. In addition, both states regard themselves as great powers previously colonized by the West and now reclaiming their "rightful" place in the international arena. China is the major purchaser of Iranian oil. Particularly since the United States imposed sanctions on Iran in 2018, following its withdrawal from the JCPOA, the country's exports to China have been vital. However, as Azadeh Zamirirad, deputy research group leader for Africa and the Middle East at the German Institute for International and Security Affairs (SWP) points out, Iran is currently losing market share in the wake of Russia's war against Ukraine, which it launched on February 24. The new context has pushed Moscow to offer better terms, leading China to buy more Russian oil.

Mutually Beneficial Rapprochement

The two regimes have certainly grown closer of late, as evidenced by their long-term bilateral cooperation agreement, Iran's application for membership in the BRICS group of states – the acronym used for the group of five major emerging

economies: Brazil, Russia, India, China, and South Africa – and indeed the process by which Tehran will become a member of the Shanghai Cooperation Organization (SCO), the world's largest regional organization. The cooperation agreement, signed in March 2021, sets out political, strategic, economic and military cooperation between the two countries for the next 25 years. For the Chinese, the deal secures long-term oil supplies on favorable terms; in return, it will invest some \$400 billion in Iranian infrastructure projects. The goal is to create an economic corridor between Central and East Asia, a move that will change regional geopolitics in the long term. However, the agreement has been controversial among Iran's population, where it has been criticized as selling out the country's interests.

Have No Fear of Confrontation

Iranian membership of the SCO is a significant move, since the organization includes military cooperation between member states, albeit of a limited kind. Until now, Iran has not been integrated into a system of collective security. Tehran has long sought to achieve SCO membership, but until recently this had been opposed by China, probably to avoid being snubbed by the United States. But China is now less afraid to seek confrontation with US interests in the MENA region. There has been a recent increase in the level of Chinese-Iranian military exercises, often also involving Moscow. "China, Russia, and Iran are clearly in a bloc opposing US hegemony. The Ukraine crisis has further strengthened ties between Beijing, Moscow, and Iran," says Dost Muhammad Barrech, a research associate at the Institute of Strategic Studies Islamabad (ISSI). In 2017, Beijing opened its first overseas military base in Djibouti, on the Horn of Africa, an action that symbolizes China's growing appetite for power under Xi.

Iran is an excellent partner for China, offering immediate material benefits, while also representing an geopolitical ace card. Another reason why China helps to keep the weak Iranian regime alive is because Tehran and its regional allies are a po-

tential trouble spot in the MENA region, helping to keep the United States occupied there, far from Chinese territory. Beijing's backing also helps to stabilize the Iranian regime, cushioning the effect of Western sanctions and boosting confidence in its nuclear program. Last year, the signatories to the JCPOA began the first of what would become many rounds of negotiations in Vienna to revive the deal but, so far, they have failed to reach an agreement. Meanwhile, in July 2022, Tehran further limited its cooperation with the International Atomic Energy Agency, increasing uranium enrichment levels beyond the 3.67 percent adequate for peaceful use and allowed by the JCPOA, while also installing more modern centrifuges. At the same time, Tehran switched off cameras inside nuclear plants, creating a control gap. As a result, what is known as the "breakout time" (the time Iran would need to produce a nuclear bomb) is now worryingly short. Any return to the JCPOA must include the dismantling of these capacities.

Azadeh Zamirirad of the German Institute for International and Security Affairs emphasizes the importance of Iranian-Chinese relations and Tehran's central position in the Belt and Road Initiative, but suggests that recent developments should not be overstated. Although the Chinese-Iranian relationship is presented as a strategic partnership, it still omits important elements, like the obligation to provide military assistance or coordinated voting behavior at the United Nations. Nonetheless, common strategic positions – including the rejection of a unipolar world order, and the hope of increasing their own power in a future multipolar system – have made it possible for Iran and China to bridge ideological differences between their two different systems, one nominally communist, the other theocratic.

For Iran, the Uighurs Are No Obstacle

One of these differences is reflected in the treatment of China's Muslim Uighur minority. Iran likes to present itself as the voice of oppressed fellow Muslims, especially in the case of the Palestinians. But Beijing's genocidal treatment of the Muslim Uighurs is a stark contrast to Iran's rhetoric.

China helps to keep the weak Iranian regime alive because Tehran and its regional allies are a potential troublespot in the MENA region, helping to keep the US occupied there, far from Chinese territory.

ghurs – which has been demonstratively proven by the Xinjiang Police Files, leaked documents from Xinjiang internment camps, published in May 2022 by an international consortium of 14 media groups – is no obstacle to Chinese-Iranian relations. Indeed, given the loud silence on the subject from powerful voices in Tehran, one cannot help asking whether Iran’s “solidarity with Palestine” is not primarily a means with which to combat the Jewish state.

However, close Chinese-Iranian cooperation has not prevented Israel from maintaining its own good relations with Beijing. That is no small matter, given Iran’s threats of annihilation against Israel, its anti-Semitic state ideology, its support for Islamist terrorist groups, and shadow cyber wars. Maintaining good economic relations with both Israel and Iran is characteristic of the previous Chinese strategy of superficially staying out of regional conflicts.

Relations between China and Israel differ from Beijing’s relations with the other countries in the MENA region. In an interview, Doron Ella, a China expert at Tel Aviv University’s Institute for National Security Studies, said: “Israel is the odd bird in the Middle East. We are a liberal developed democracy, a high-tech country. Many Middle Eastern countries are termed as strategic relationships, but with Israel, China does not have a strategic relationship. This shows what China wants from Israel: to acquire innovative skills, know-how, and technology and learn how to be as innovative as Israel. In contrast to other Middle Eastern states where China wants oil, markets, political support.”

The Separation of Business and Diplomacy

Economic relations are the focal point of Israeli-Chinese relations. China is Israel’s second largest trading partner. Pressure from the United States means that there is no significant security policy cooperation, and there are also numerous political differences between the two countries. As Ella emphasizes: “In diplomatic terms, China is still pretty much against us. We try to separate

economic and diplomatic relations and continue to do business with China while largely ignoring its diplomatic stance against Israel.”

Israel is banking on opportunities offered by the Belt and Road Initiative and is attempting to attract Chinese investment in high-tech sectors, including infrastructure and agricultural and medical technology. Chinese investments could also improve economic growth across the broader region, which – according to the liberal school of international relations – might lead to more peace, stability, and prosperity, thus benefitting everyone. “Apart from Iran and Syria, Israel is OK with China’s increased involvement in the Middle East,” says Ella.

The uncertain future of the United States presence in the region is forcing Israel to come to terms with China. But as Ella suggests, Israel does have one key red-flag issue: “What is concerning for Israel is China’s warming relations with Iran.” Crucial in all this, of course, is the Iranian nuclear program, which Israel views as an existential threat, given Tehran’s threats of annihilation. Ella reiterates this concern: “This is the main concern, we don’t want to see a nuclear Iran, a more aggressive Iran as a result of its heightened confidence due to its increasing relations with China. Israel has mentioned this several times to China, but we don’t have much influence.”

China’s Long-Term Strategic Investment

Just as Russia’s Nord Stream 2 gas pipeline, which would have transported its gas directly to Germany and which was halted as a result of its war in Ukraine, was never a purely economic project, neither is China’s Belt and Road Initiative one either. Chinese investments and loans are based on longterm geopolitical interests. Ella puts it like this: “Chinese initiatives are formally unconditional while informally they have some conditions such as the alignment of voting behavior with China. If you want to have good relations with China, you ignore human rights.” As Sigmar Gabriel, the former German foreign minister, said at the Munich Security Conference in 2018: “China currently seems like the only country in the world with a

Previously, doing business with autocracies was legitimized with the formula “change through trade.”

truly global, geostrategic concept, and it is pursuing this concept consistently.” For too long the transatlantic community of values did not stand up in opposition to this rival model of world order.

The unclarity of relations with China is clearest in the case of the European Union, which has a threefold relation with Beijing, at once China’s partner, its competitor, and its systemic rival. The cozy ambivalence of a simultaneous partnership and rivalry have allowed business and politics to be kept separate. For countries like Germany and Israel, this meant trade with China, which brought great economic advantage. However, the current global situation means that this division into separate spheres can no longer be maintained. Previously, doing business with autocracies was legitimized with the formula “change through trade.” But this policy can now be seen to have been a failure, as shown at the very latest by Russia’s invasion of Crimea in 2014. Moscow’s war of aggression against Ukraine and China’s military threats against Taiwan mark the end of the illusion that economic interdependence would almost automatically lead to democratization and integration into the rule-based world order.

No Criticism from the BRICS

In early March 2022, China abstained from the UN resolution against Russia's war against Ukraine, which it had just launched in late February. In some cases, Beijing has openly supported the war. The BRICS countries have not criticized Russia's actions; as far as China and Russia are concerned, the principle of non-interference appears to apply only to Western countries. Tehran, for its part, has explicitly supported both China's and Russia's acts of aggression. It is high time to actively take a stand against China's own version of "change through trade." This pitch from Beijing holds out the possibility of prosperity in return for the surrender of hard-fought universal human rights and global principles of order.

The new Strategic Concept adopted at the NATO summit in Madrid in June 2022 is a step in the right direction, in particular the statement that: "The People's Republic of China's (PRC) stated ambitions and coercive policies challenge our interests, security and values."

Democracy Must Be Defended

This would be the moment to accept that there is systemic competition from China and offer countries of the Global South alternatives to the Chinese model. In this way, it will be possible to counter Beijing's global influence. Projects like the Build Back Better World Plan (from the United States) and the Global Gateway Initiative (from the European Union) are long overdue. As Ella puts it: "Western alternatives like the Global Gateway Initiative should have been started five years ago. It's too late but better late than never."

These projects not only serve Western countries' economic and geopolitical self-interest, they can also have an impact on the quality of life in the MENA region. This is not about a plea for uncritical adulation of the West, nor does it offer apologetics for the West's own human rights violations. But there is a crucial difference between the West's imperfect democratic model, which at least claims to respect human rights, and dictatorships like China, Iran, and Russia, which engage in system-

atic violations of those rights. Without question, the democratic model must be defended against all forms of attack. The Iranian opposition holds to this belief in fighting for a democratic state, Western values, and civil liberties. People in Taiwan, Ukraine, Belarus, and many other countries believe the same. Even greater Chinese influence in the MENA region would wreak havoc on the rules-based international order and on local populations.

"If you look at human rights from a Western perspective, seeing human rights as individual rights, then China's growing influence does not bode well for human rights in the Middle East," says Ella. This applies to Masih Alinejad and the protesting women in Iran, support for whom would be a truly feminist foreign policy, as well as to Fariha Adelhah and all the other political prisoners in Iran and China.

The countries of the Global North must campaign for their release and their right to criticize the prevailing conditions. We can be certain that China and its authoritarian allies will not. •



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Thus Spoke Confucius

What can we learn about our current moral uncertainties from German and Israeli academic engagement with Chinese autocratic systems.

By Roy Zunder

Sometime between 1997 to 2001, during his time as Chinese ambassador to Germany, the idea of establishing a Chinese language and culture institute popped in the mind of Lu Qiutian.

Soon enough, a special meeting was arranged at which Lu shared his new idea. Only, it wasn't with the Chinese Language Council (Hanban), or anyone else from the Chinese Communist Party (CCP), but with some German scholars. "So, I sat down with a couple of people from Leipzig University and we developed this idea," Lu told Chinese Studies scholar, Dr. Falk Hartig, in 2016, while also recalling that the name "Confucius Institute" (CI) was actually the idea of the East Asian Institute, which had a research center that was specifically dedicated to the 2,573-year-old Chinese philosopher.

In retrospect, the meeting between the academics at Leipzig University and Ambassador Lu was a success. Originally understood as a "discussion of ideas," says Professor Ralf Moritz, who worked at the East Asian Institute at the time, it is now a pivotal chapter in China's history of globalization; "So, I mentioned this idea to someone at the Foreign Ministry and, seemingly, they picked it up," Lu later told Hartig. Three years later after his return to China, in 2004, the first Confucius Institute, the Seoul Confucius Academy, was established in Seoul, South Korea.

In light of Germany's remarkable success story with its own language and cultural institutes, the Goethe Institutes, it might not be so surprising that Lu wanted to know how to make a Goethe out of



Confucius. But if we consider that Lu came already well prepared with the explicit intention of normalizing a Chinese vision of world-wide autocratic educational institutes in Western universities, by shaping and modeling them as closely as he could to what the Europeans were already doing all over the world, then Moritz' statement about the "discussion of ideas" that he and his colleagues had with the Chinese ambassador seems somewhat naïve.

While we do not know much about the specific content of that extraordinary meeting at Leipzig University, we do know that Lu was given some very good advice, that contributed, among others, to what is now one of the world's largest culture institutes. There are 525 CIs operating in 146 countries and 369 Confucius Classrooms (CCs) in 96 countries, substantially exceeding the scope of the Goethe Institutes, which operate in 98 countries. There are currently 190 CIs within the European Union, of which 19 are affiliated with German universities.

Not to Be Touched or Spoken About

In October 2021, another Chinese diplomat had contacted a German university; only this time, the exchange failed to yield productive results. Apparently, soon after the Chinese consul in Düsseldorf, Feng Haiyang, found out about an upcoming online event celebrating a new biography titled "Xi Jinping: The Most Powerful Man in the World," hosted by Duisburg-Essen University, he personally intervened in time to pull the plug on the event. "One can no longer talk about Xi Jinping as a normal person; he should not be touched or spoken about," one CI employee allegedly told the Piper Verlag, the publishers of the biography that was co-written by the journalists Stefan Aust and Adrian Geiges.

Like many other documented examples of censorship ordered by the CCP and implemented by CIs, with limited but not negligible influence, some public outrage usually follows: "Not only is a dictatorship trying to overtake the West in economic terms but also trying to push its values

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internationally — values which are aimed against our freedom," Stefan Aust said about the cancellation. Others were even more harsh: "This episode should make it clear to every German university president that CIs should have no place at German universities or at any other academic institutions committed to academic freedom," Thorsten Benner, the director of the Global Public Policy Institute in Berlin, said to the media shortly after.

A little more than 10 years before the cancellation of the Geiges and Aust book event, a very similar incident occurred in Israel. In the winter

of 2008, the Central Library of Tel Aviv University hosted an exhibition on the Chinese body-mind practice “Falun Gong,” which is banned in China. The exhibition was canceled after all. Although it was initially approved by Professor Yoav Ariel, a former director of the East Asia department, he was also the one who ordered it to be cancelled. According to Ariel, his decision was based on several anonymous e-mails that he received from Israeli students in China, complaining that the exhibition depicts China as “Nazi or something,” which could promote anti-Semitism.

The true reason behind his decision would only be discovered a year later, after a lawsuit was filed against the university on the grounds of free speech violations. Apparently, the day before Ariel’s decision he received a surprise visit from the Chinese cultural attaché to Israel. The attaché expressed his dissatisfaction with the paintings depicting a “false propaganda that is directed at China.” In fact, the anonymous e-mails, which would have provided evidence in favor of Ariel’s censorship, were never presented to the court, and, as the judge himself implied, were probably never sent to him in the first place. “The Chinese pressure did the job,” the judge concluded in favor of the plaintiffs.

“A Bridge Too Far”

“After the horrors of the Nazi regime and the treatment of Jewish intellectuals, it is just illogical for me that German universities give their names to a neo-totalitarian country in which a well-proven slow genocide is taking place,” Professor Andreas Fulda, a political scientist at the University of Nottingham and harsh critic of the Confucius Institutes, told me. “There is no such thing as free lunch,” he continued, “Once the CIs are embedded in a German university it will have to make compromises, it is just inevitable. So, you would be soft on the CCP and not talk about Tibet, for example, and by doing so you are undermining academic freedom. This is a bridge too far.”

Fulda based his argument, among other things, on the public’s negative reaction to the 2017 revela-

tion about Berlin’s Freie Universität’s contract with its own newly established Confucius Institute. As indicated in the contract, which was first kept from the public eye, the FU agreed that the CCP would be able to terminate the five-year contract at any time (according to “Chinese law”), but the FU could not do so if it had already received the annual €100,000 from the CCP. The total amount of €500,000, to be paid over the five years, enabled Sinologist Andreas Guder to move from his previous position as co-director of the CI at Göttingen University to a full professorship at the Freie Universität.

It appears that this kind of contract is a very effective ready-made pattern. In spite of Germany’s poor attitude toward freedom of information (only four out of the country’s 16 federal states are obliged to answer freedom of information, Fulda told me), other sources can provide us with the remaining pieces of the puzzle. According to freedom of information requests in the United Kingdom, the CCP provided a total of £24 million to 17 British universities between 2006 and 2021, resulting in an average of approximately £100,000 going to each university annually.

In the United States, similar trends have also been observed. A retired University of Chicago anthropologist named Professor Marshall Sahlins, disclosed in 2013 that each CI comes with \$100,000 in “start-up costs,” following five years of similarly sized annual payments, as well as salaries for Chinese faculty members. In 2019, 11 universities in Australia were forced to reveal their contracts with CIs. Four of these contracts included the same clause requiring the host university to accept “the assessment of the [CI] Headquarters on teaching quality.”

The lack of transparency makes it very hard to condone German and Israeli universities for what they viewed as a reasonable deal. In the absence of universities disclosing their “official secret” with the CCP, one can only imagine the worst. It would seem inevitable that the contracts end up diverting universities from what they intended when they initially agreed to receive more resources from the

CCP: to do more research. By doing so, German and Israeli universities also encourage a not so democratic “should not be touched or spoken about” slogan when it comes to their own CIs.

In as Many Ways as Possible

Israeli governments have been aware for some time that hosting Chinese scholars in the country’s universities poses serious challenges. In a 2003 Knesset protocol, Yigal Caspi, the former Israeli ambassador to Switzerland (who resigned after citing Hermann Göring in a criticism of the opposition on Twitter), is quoted as saying:

“In China, education is a top priority, especially science and technology, as evidenced by the number of Chinese students studying at our universities on scholarships. Despite some perceptions that it is a one-sided knowledge extraction, we understand from the response of academics that it is a two-sided process. In the opinion of some professors, even if a Chinese Ph.D. student extracts information from Israel and then transfers that information back into the Chinese educational ‘nerve system,’ it is an investment for the future, as we will have a future connection with established professors. The cooperation is viewed positively by us, and we strive to further develop it in as many ways as possible.”

And so, they did. In 2007 Tel Aviv University opened the first Confucius Institute in Israel, followed by the Hebrew University of Jerusalem in 2009. In 2013, with the assistance of a \$130-million donation from Hong Kong’s wealthiest man, Li Ka-Shing, the Technion Institute of Technology and Shantou University launched a joint research center in science and technology (\$147 million was also contributed by the city of Shantou). A year later, Tel Aviv University and Tsinghua University launched a \$300-million innovation center in Beijing, described by the president of Tsinghua University as “the most extensive collaboration ever undertaken by Tsinghua.”

“During certain classes, a representative from the CI sat with us and wrote things down in a notebook,” said Tuvia Gering, who studied

and later also taught at the Hebrew University of Jerusalem’s CI, and now works as an analyst at the Jerusalem Institute for Strategy and Security (JISS). “However, hundreds of enrolled Chinese students are involved in this kind of espionage every day. The real danger is that the opening of the CI may have been forced upon the president of the Hebrew University in exchange for a more important collaboration with China’s universities vis-à-vis science and technology. However, we do not have any concrete evidence to prove this. We have no smoking gun,” he said.

According to Gering, “The existence of CIs within Israeli universities is far from ideal, and we should condemn China’s humanitarian wrongdoings, but we must remember that China is not our enemy, and the benefits of our mutual collaboration are greater than the costs.” When I reminded him that a similar attitude toward Russia had almost immediately been overturned and collapsed with the war in Ukraine, he replied that “we need to remember that Israel is not the most favorable country in the world. It will not be beneficial for a small country to jump ahead and burn all its bridges with China, like in the case of Australia and Lithuania. There is no doubt that justice is on their side, but I can assure you that it was not for their own good.”

From Rise to Fall?

Lately, things have not been going particularly smoothly for the Confucius Institutes in the West. Of the 118 CIs that once existed in the United States, 104 have closed or are in the process of doing so. Various CIs in Belgium, Sweden, Denmark, Norway, Canada, Japan, and France have closed or are in the process of closing due to censorship, official warnings of espionage, or public disputes. In Germany the universities of Düsseldorf and Hamburg have already terminated their partnership with their CIs, although they remain active just without the university logo on their websites.

“CIs should be decoupled from German universities,” Fulda said, when I asked him about the specific actions he advised Germany to take, in the

It is perhaps not surprising that the Foreign Agents Registration Act failed since many universities were required to return the funds that they had received from the CCP, sometimes exceeding \$1 million.

light of his criticism. “State intervention is perfectly legitimate. The state should give a strong signal to universities not to continue with their CIs. In this case, it is not aimed at telling people what they should think or write, but to ensure transparency and accountability,” he said.

In one of his articles, Fulda advises Germany to adopt its own version of the US Foreign Agents Registration Act and cut federal funding for universities that take Chinese money or that fail to implement some risk management. However, in reality, the US Foreign Agents Registration Act is largely ineffective. A recently published report by the National Association of Scholars shows that many defunct Confucius Institutes within US universities have just reappeared in new forms: Of the 104 universities that have closed their CIs, 28 have replaced them with similar programs; 58 have maintained close relationships with their former CCP partners; five have (and three may have) transferred their Confucius Institutes to a new host, thereby keeping it going.

Similar cases have also occurred in Europe. The Leeds University in England confirmed that since 2020 its funding route from CIs has now switched to its Chinese university partner. Similarly, Aberdeen University in Scotland began receiving funding directly from Wuhan University in 2021, thus effectively putting a stop to direct funding from the Chinese Ministry of Education.

Strengthen Transparency

It is perhaps not surprising that the Foreign Agents Registration Act failed since many universities were required to return the funds that they had previously received from the CCP, sometimes exceeding \$1 million. The idea of halting a constant flow of funds, while at the same time making universities return money they have already received and planned for, with no real alternative measures given to soften the financial blow, is not an ideal solution.

“I personally think that it will be the wrong decision to outright ban CIs and joint research programs” says Katja Drinhausen, a senior an-

alyst at the Mercator Institute of China Studies (MERICS), which is based in Berlin and Brussels. “Behaving like the CCP and essentially cutting off further connections between scholars would be fundamentally wrong. Instead, strengthening transparency and due diligence requirements can help ensure compliance with academic freedom and ethical standards.”

“Compared with other highly funded research endeavors, the Chinese state’s investment in Germany’s CIs is really peanuts. In my opinion, CIs make an easy target but ultimately distract from much more problematic fields of research that are taking place across Germany,” Drinhausen adds, pointing to a recent report titled “China Science Investigation,” which examined 350,000 scientific papers published in the past two decades, resulting in a grim picture of the moral standards of the German scientific community.

Following this report, we now know that many German scientists have collaborated closely with Chinese colleagues, resulting in nearly 350 joint studies, many of which are related to sensitive areas, such as artificial intelligence (AI). As many scholars already noted, merging AI with warfare is the focus of all advanced defense technology today. China, Germany, Israel, and the United States are already utilizing real-time AI visualizations of active battlefields.

A Moral Limbo

As we know, AI is being used not only for warfare and defense but also for domestic surveillance, which both progressed and standardized itself to some extent throughout the ongoing coronavirus pandemic. Recent reports indicate that Chinese individuals trying to attend a protest in the capital of Hannan Province over a recent bank scandal were blocked from accessing their homes after their COVID App, the data of which is used by the police, turned red. It’s not hard to imagine how all the above joint research could be used for totalitarian, discriminatory, and genocidal purposes.

As we have seen so far, engagement with autocratic regimes can be viewed as moral by some and

immoral by others. In the moral limbo in which we find ourselves, some scholars have proposed a more nuanced, yet limited, approach to the issue. “Fearing for the safety and liberty of a colleague, friend, or relative in China, for example, is generally a better reason for self-censorship than the desire to hold on to a ‘visiting researcher’ position that pays for one’s own expensive academic trips and research stays,” Professor Eva Pils from Kings College London wrote in a recent article about the intrinsic wrongdoings of democratic actors who contribute to China’s success.

What happens when some of the objectives of autocracies and democracies are in alignment with one another? Developing Artificial Intelligence is one of these mutual objectives.

But what happens when some of the objectives of autocracies and democracies are in alignment with one another? Developing AI, as we have seen, is one of these mutual objectives. When AI, or any other technological advancement for that matter, can both enhance human life (by improving medical treatments, for example) but also threaten it, it is extremely difficult to subscribe any form of practical moral guidance for scholars and universities regarding the way they interact with autocratic systems. Not only that, but if liberal democracies are willing to risk their own liberal values in the name of economic and geopolitical growth, or just for scientific knowledge production and advancements, then why should universities do otherwise?

A New Generation

A leading scholar who has since left academia and is now working as a corporate communications manager for a German automobile manufacturer responded to an e-mail asking for an interview by stating that: “It would be somewhat complicated to get approval from my organization to talk about a topic that has nothing to do with my current job.”

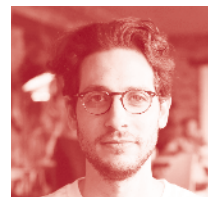
It is indeed complicated to talk critically about the topic of China if one works in the automobile industry, one that insists on warning the German public that “Germany would look completely different” if it turned its back to China, to use the words of Volkswagen CEO Herbert Diess from June last year. Audi even has its own in-house Confucius Institute lead by Professor Peter Augsdörfer from the publicly funded “Technische Hochschule Ingolstadt.” Indeed, if that they were to turn their backs on China, then Germany and Israel would appear completely different: much closer to the liberal image they both strive to portray globally.

Liberal states hold shifting ideals when it comes to freedom of speech and academic autonomy. As such, they are perfectly able to undermine their own democratic beliefs, without additional help from China or other autocracies. It was not a Chinese party leader that named the free press “the true enemy of the people,” it was the former US President Donald Trump. Recently, the Supreme

Court of Israel unanimously overturned the former Education Minister Yoav Gallant’s decision to block the most important excellence prize in Israel (“Israel prize”) from being awarded to Professor Oded Goldreich, a computer scientist at Israel’s Weizmann Institute, stating that he allegedly supports “boycotts against Israel.”

“Israel is also using censorship, sometimes even more effectively,” says Jonathan Elkobi, who recently completed a degree in Asian Studies at the Hebrew University of Jerusalem. “The CI in Jerusalem is not a research facility but a language and cultural one, in contrast to Africa, where they are, for example, training their next workforce, hence the amount of censorship really depends on the CI’s working model. To my professors, it seemed strange that I don’t want to continue my advanced studies in China. In the past, my professors’ teachers couldn’t enter China, so a lot of the literature about it was written from an external point of view. Today, with Twitter and other social networks, I can do the same without being possibly restricted in some way or another,” he says about his future plans.

Distance is an effective means of avoiding China’s wrongdoings, but it is a limited one, since remote data sources from China aren’t always accurate, to say the least. Nevertheless, the next generation of sinologists are already considering the immense costs of being dependent on China. Maybe it is time to start listening to them before they become forever silent in a new profession with much greater rewards and fewer moral expectations. •



Roy Zunder

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Beijing's "Siege Mentality"

Understanding siege mentality and how it affects decision making in China could allow Israel to influence China's strategic moves in Iran.

By Benaya Cherlow

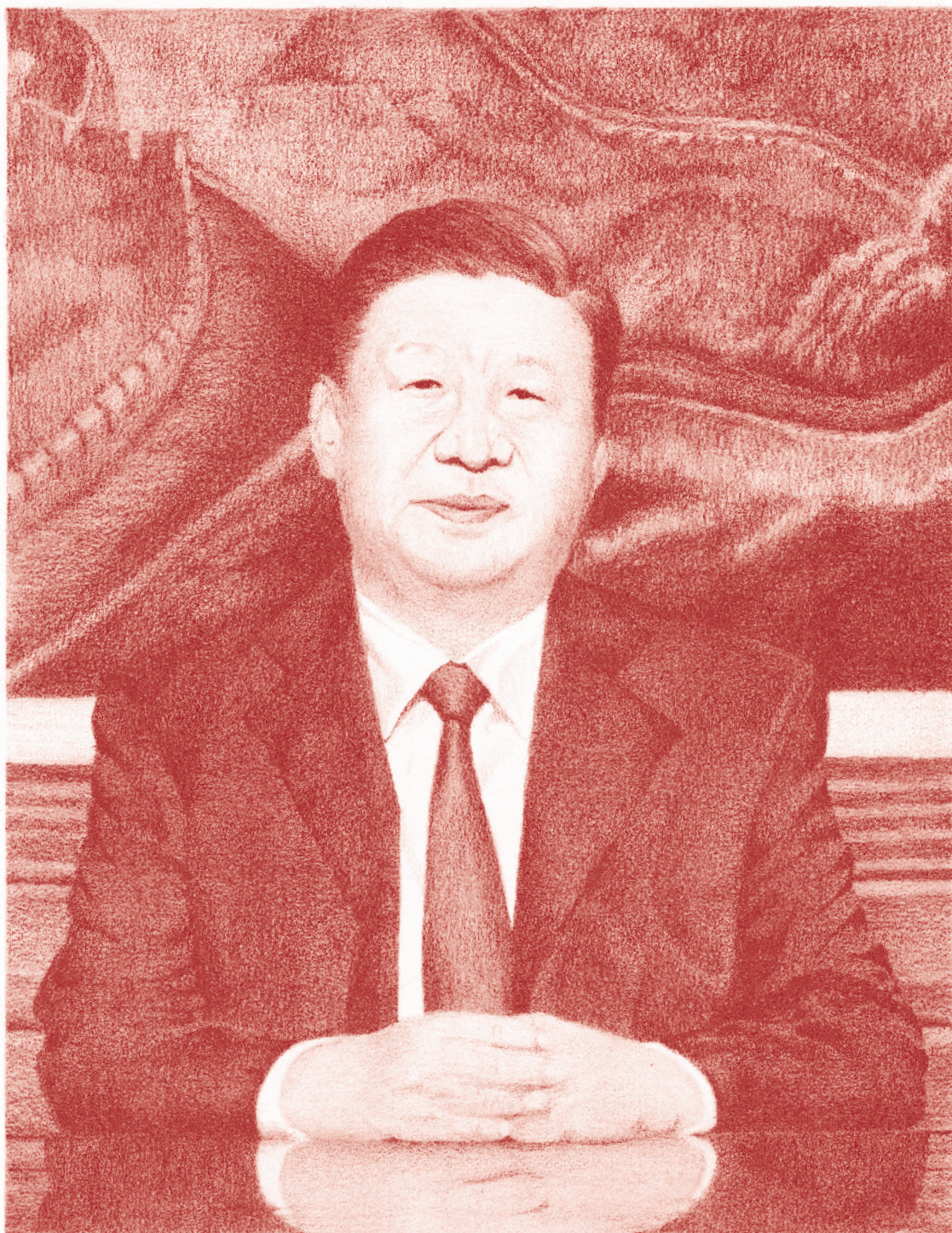
Chinese President Xi Jinping is considered to be one of the most intriguing, influential global leaders. His persona garners international coverage, but there is more to him than meets the eye. Since entering office, the president of the People's Republic has bolstered China's standing on the international scene, in several areas, including the Chinese economy, its international trade relations, and financial and infrastructural investments in developing countries, with a particular focus on Africa and the Middle East.

The Belt and Road Initiative

This is perhaps nowhere more apparent than with the Belt and Road Initiative (BRI), a strategic-economic project launched by Xi, with the goal of ad-

vancing China's interests, and to establish it as a key player in the international arena. The Belt and Road Initiative aspires to connect Africa and Europe to Asia, while aggressively forging a strategic network of cultural, governmental, trade, and investment connections between countries and cities across these continents.

The project, initially launched and named One Belt One Road in 2013, was relaunched by Xi in 2015 under the name Belt and Road. It aims to create an Asian-European continuous landmass, or a belt, as well as sea routes along the Indian Ocean to Europe, including the Suez Canal, i.e., the Road. The Chinese tactic involves investments in strategic infrastructures along the axis marked from Africa to Europe onto Asia and the oceans.



By launching the BRI, China left behind its decades-long policy of isolation to reach out across the globe. Does Xi have global influence and leadership in mind, as part of an effort to shape a polarized world vis-à-vis the United States? Or is he benefiting from the current state of affairs, where the US is the prominent superpower, allowing him to focus his efforts on bolstering China's security and power, in order to secure superiority over neighboring states?

While Xi's investment policy may be informed by a specific rationale and follow certain economic preferences, uncertainty prevails among experts when it comes to his decision making. It is important to note that there is insufficient transparency surrounding decision-making processes in China, so that it remains unclear whether a single person — Xi Jinping — is making the decisions, or a group of Communist Party top officials. This essay is predicated on the question of Xi's decision-making pattern, including decisions related to BRI, as framed by a "siege mentality." Is he risk seeking, risk averse, or rather risk indifferent when it comes to investments as part of this project?

This essay argues that the "siege mentality" framing influences actual decisions, with Xi alternating between risk seeking and risk aversion. If, by default, we feel mentally besieged (us vs. the entire world), we tend to seek risk, to escape loss. If our situation is beneficial to start with, we tend to be risk averse, in order to enhance our position further still. This essay offers some insights into this framing, while seeking to show that Xi and China can be influenced and either encouraged or discouraged from risk taking. It will show how Xi, under the guise of "siege mentality," has probably changed preferences, alternately choosing risk or avoiding it in order to achieve his policy goals.

The essay aims to decode Xi's decision-making process within the context of the Belt and Road Initiative, which enables us to understand the framework that governs his actions. As a powerful, influential world leader, analyzing Xi's decision-making process can offer a glimpse into his aspirations and show us how his maneuvers in

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the Middle East may be influenced. Whatever is behind each of Xi's decisions has significant implications for the fabric of relations across the Middle East, between its neighboring superpowers, and particularly when it comes to Iran and Israel. China's influence in the Middle East, notably in Israel as a strategic state in the Belt and Road Initiative, coupled with China's reliance on Iranian oil, forms an Israeli-Iranian-Chinese strategic nexus, which has implications for the nuclear threat. In addition, communications ambiguity prevails on the part of China in terms of the project's scope, management, and end goals. The two test cases analyzed here (i.e., investments in Israel and Iran respectively) offer clues to these two questions.

A key question here is the issue of conceptualization. How does Xi perceive the scope of the BRI, what is his motivation? Is it the equivalent of the American Marshall Plan in Europe, which set out to develop infrastructure and stabilize the economy in the wake of World War II? Or is it a reprisal of the ancient Silk Road, described in Marco Polo's 13th-century texts, which laid out a network of transportation, merchandise, and knowledge exchange between the West and China? Is Xi driven by an unprecedented political initiative that will allow China to establish relations and exert diplomatic and political influence, so that it can stand as a political-security economic bloc to challenge the unipolar US hegemony?

China's Investment Policy

China's policy across the countries involved in the Belt and Road Initiative can be predicated on three key issues: the economic/resource-related, the geostrategic, and the political-religious. As Asia's largest fuel importer, China has found a rich vein of valuable resources, such as fuel, oil energy, and different industrial products/raw materials in the Middle East and Africa. Geographic-economic collaboration could grant China extended financial powers. China has been showing its significant potential for establishing influence in these regions. Chinese control of resources, trade routes, and passage will grant it far-reaching advantag-

es. China has been striving to generate stability that draws on external and internal forces in the country. The rule of stability will grant it regional and political peace. In addition, China has been struggling with criticism levelled by human rights advocates about its policy vis-à-vis the Muslim Uighur minority; religious and political stability in the Middle East can serve as its defense.

One key advantage that China holds over other powers that seek to exert influence in the Middle East lies in the fact that while the US aid has traditionally come with the caveat of having to adhere to Western standards and democratic values, China seeks no such guarantees. This advantage allows Middle Eastern and African countries to accept support without changing their culture and governing ways, while granting China the ability to step into Middle Eastern countries at the expense of Western values. In return, they get stability and reliance on a superpower that surpasses the US in the Middle East. Many countries in the region are opting for China, thus empowering it in the global arena.

Siege Mentality, Chinese Style

Siege mentality is a concept that describes a collective social sense of being under attack by people with different worldviews who seek to harm the society/country in question; it is a society's collective sense that the whole world is conspiring to harm it. The social and behavioral psychological focus in this case becomes a protection, with the society feeling the need to defend itself against those who purportedly wish to destroy their way of life. China, as a collective society, has been in a mental fortress mode at two levels. The first one draws on an ancient Chinese philosophy, which is inherent to Chinese culture and thought, whereby the world is made of the sons of light, on the one hand, and the sons of darkness on the other, with the rest of the world being the sons of darkness, which means China must confer some of its light on them. When the Chinese first set foot in Africa, they did not take hostages to serve as slaves in their country, unlike their European or American

counterparts, but rather bestowed gifts on the locals, as part of their endeavor to confer light on the sons of darkness. Despite a Chinese government policy that involves human rights violations and notwithstanding Chinese local interests' frequent advancement to the detriment of the countries in question, the Chinese maintain this self-image as the sons of light, upholding superior Chinese values.

Israel and Siege Mentality

Even before the State of Israel was founded, the Jewish people had to practice a siege mentality; from the Old Testament tales of persecutions, followed by medieval history with the expulsions from England and Spain, on to the Eastern Europe pogroms and the horrors of the Holocaust during World War II. All these shaped the experiences of the Jewish people, and later the State of Israel itself. Nor did such extermination efforts cease once a state was established, granting Jews their sovereignty and independence. The 1948 War of Independence, the 1967 Six-Day War, and the Yom Kippur War in 1973 and others prove that Israel is under constant threat. In addition, the Iranian threat that has loomed over Israel for roughly a decade has been compounding the Israeli sense of siege mentality, the idea of us against them. Another layer is represented by rising anti-Semitism and the criticism levelled at Israel by international institutions. This siege mentality in turn influences Israel's decision making in respect to risk taking; history shows that Israel has taken risks in the past, like bombing the nuclear reactor in Iraq or its unconfirmed attacks in Syria and Iran, launched against the Iranian nuclear project.

Iran and Siege Mentality

Since the Ayatollahs gained power in Iran, the country has been under a siege mentality. Once in office, the Ayatollahs declared boycotts against the West and United States, with hatred expressed against all things Western. At the same time, Iran maintained that the West — notably the US — had been pushing for an uprising in the country, in a

bid to overtake and exploit its centers of power. Iran is seen as part of the Axis of Evil, while Israel and the US are likewise perceived as such by Iran. Having cast itself as the West's biggest rival in the Middle East, Iran has developed this notion of the entire world as its enemy, seeking to orchestrate revolutions and overtake it from within.

This essay will now present two test cases — Israel and Iran — within the context of the Belt and Road project, which will demonstrate the siege mentality, the strategic China-Israel-Iran triangle, and the potential to influence Xi's decision making.

The Israeli Port of Haifa

The Mediterranean ports, including the Israeli ports of Haifa and Ashdod, constitute a strategic point in the planning of the sea routes as part of China's BRI. Through these points, China can ship goods from Asia via the Suez Canal to the nearest European ports. According to Chinese sources, early in the Israel involvement in the Belt and Road Initiative, the port in particular was included as a prospective investment. In 2015, the Chinese government-owned, Shanghai-based international port operation and management conglomerate SIPG, won the bid to operate bay port, near Haifa port. Like the bid that it won for operating the Athens port, this port constitutes a strategic point for China, due to the Mediterranean, with its European ports, as well as the fact that US Armed forces are based in a nearby port. China has been operating in the port since 2015, while in 2020 it won a further bid to operate the port until 2046.

The fact that Haifa port is partly under Chinese control can pose a strategic challenge for Israel, as the US does not seem to approve of the Chinese presence, which may jeopardize its interests. There is also the fear of potential Chinese intelligence gathering in the region. Israel, sustained by US support, will block any Chinese attempt to undermine the US presence in the country, while the US in turn may force Israel into jeopardizing the Chinese project in Hamifratz port. This test case speaks to the discussion about whether or not China is wielding the Belt and Road as a means

to curb US hegemony. The realpolitik way to go for Israel would be to shift alliances in favor of either superpower, which it would then have to trust. In this case, China's presence in the port involves a risk, due to US sensibilities and their influence on Israel. It seems that China is set to continue investing in Haifa port, despite the risk.

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Xi is aware of the risk involved in the Haifa terminal and nevertheless is investing in it. In addition, decision makers in Israel have been discussing how to sway and influence Chinese and American decisions, should the US decide to act against Israeli interests in the matter. Manipulating Chinese decision making and priorities could be a strategic solution for Israel's security policy.

An Opportunity to Influence

In order to influence Xi's decision making, we must try and influence the framework in which he operates. Under siege mentality, Xi has decided to seek risk and invest in Israel, in order to improve China's position in the region. Caught between its Chinese and US collaborations, Israel must find a way to straddle the two. In addition, there is the looming Iranian nuclear threat, with the US as Israel's protector against it. On the other hand, China, with its involvement in Iranian nuclear program-associated areas, might also be able sway it in Israel's favor.

The proposed manipulation could allow Israel to straddle the two alliances and influence China, perhaps by preventing it from investing in the Haifa port, so as to protect US interests. Alternatively, China could be allowed to invest more, as long as it thwarts the Iranian nuclear program.

On the one hand, the US will not compromise on the Chinese presence in Israel, but on the other hand, China too is important for Israel, due to the strategic triangle with Iran.

It is therefore undoubtedly challenging to find a balance between the two superpowers, but the strategic answer may lie in an innovative proposal.

This alternative proposal would include a part-Israeli, part-Chinese, fully transparent company, which would include the full array of different technological tools and employ them transparently.

Such a company would, on the one hand, generate full transparency for the US side, so that they can see whatever China purchases and why, while on the other hand, it would allow China to purchase Chinese technology and continue to ad-

vance its interests in Israel with full collaboration. Israel thus might also be able to “spy” on China’s motives, which will grant it bonus points with the Americans, while also allowing it to grant China its wishes in return for the prospect of thwarting or impeding the Iranian nuclear plan.

This would enable China to pursue its trade with Iran as normal, while trading with Israel in technologies. The US would not stand as an obstacle, due to the Israeli-Chinese fully transparent company, which would enable the US to review the relevant technologies and their use. This alternative would not strike a perfect balance between Iran and Israel in regard to their collaboration with China; the latter would probably prioritize Iranian oil barrels over Israeli technology. But the alternative would nevertheless allow it to purchase both, while assisting Israel, by thwarting the Iranian nuclear program. This would have an effect on Xi’s siege mentality, shifting him from a state of risk to a point where he feels better positioned and reluctant to worsen his situation, where he collaborates with Israel and Iran, while avoiding conflict with the US.

Iran-China 25-Year Cooperation Agreement

Iran is another crucial strategic point in the Belt and Road Initiative, due to its situation, connecting the Middle East and Mediterranean to European ports. In addition, Iran is a critical asset for China as far as oil and energy are concerned. For Iran, China is a source of finance, which helps it tackle the economic crises it has experienced and the US sanctions imposed on it.

In March 2021, the Iran-China 25-year comprehensive cooperation agreement was signed, involving an economic, political, security, and strategic partnership, not least on Iranian oil supply to China for the next 25 years, in return for technological, military, and relevant development-related collaboration. China has gained access to valuable resources like oil and gas, as well as access to a sea and trade route that are key to the Belt and Road. Iran in turn gets economic and security support.

Iran is a critical asset for China, as far as oil and energy are concerned. For Iran, China is a source of finance, which helps it tackle the economic crises it has experienced and the US sanctions imposed on it.

Offering an Alternative

It seems to be in China's interests to invest in Iran. In order to hold sway over China's decision making in Iran, we would have to manipulate the framing that governs China. With its siege mentality, China would risk investing in Iran, despite the potential conflict with the West and the risk of instability in the Middle East, notably in Iran. In order to influence decision making and make China avoid the risk, we must find an alternative to China's interests in Iran, which could be crucial to China's decision making in the country. If, for example, the US and Israel pushed Saudi Arabia into forging relations with the Chinese, so as to strike energy-related collaborations, Iran would be less crucial, while China would be reluctant to jeopardize its energy consumption. Manipulating China's situation and finding an alternative to the energy it imports from Iran would put Xi Jinping in a good position, meaning he'd rather forego the risk of investing in Iran, as such an investment could jeopardize the energy agreement with Saudi Arabia and the West. Furthermore, this alternative could decrease Chinese support for the Iranian nuclear project, while skewing the Israeli-Chinese-Iranian strategic triangle in Israel's favor.

Influencing the Framing

This essay has analyzed the nature of Xi Jinping's decision making as part of his siege mentality when it comes to his investment policy in the Belt and Road Initiative, particularly in Israel and Iran. It has examined the assumption that Xi would reach a rational decision based on risk seeking/averting within the relevant framework. Judging by two test cases, Israel and Iran — two different countries with different government systems, different economic activity, and different strategic exclusivity for China — Xi seems to have acted rationally, within his current framework. I have argued that by manipulating Xi's framing, his investment policy can be changed, while remaining rational for his decision making. My con-

clusion is that the "siege mentality" framing has a direct bearing on Xi's rational decision making, which allows economic, geopolitical, and international rivals of China to influence Xi's policy, by way of the framework in which he operates.

This is not unlike the theory of Newton's cradle, with one sphere driving another without applying direct force. Influencing the framing that governs Xi's conduct can change his decisions. This conclusion is radical, offering a new point of view on the world of foreign affairs and geopolitical balance. Understanding the rival's rationality and framing, as opposed to their self-efficiency, allows one to propose an alternative for influencing the rival's actions without resorting to hard power. With their aggressive strategic plans, China and Xi are building a network of economic, commercial, and governmental ties, whose end purpose is still unclear. In the future, maintaining the power to influence framing will allow superpowers and aspiring rivals of China to influence the country without confronting it head on.

The fact that China, Israel, and Iran are all under a siege mentality creates an interesting triangle that is subject to the influence of soft and hard power applied by the West and the US. China has a stake in Israel and Iran, Israel has a stake in China and a wish to defend itself against Iran, while Iran has a stake in China and a wish to attack Israel. Understanding the siege mentality and how it affects decision making in China may allow Israel to influence China's strategic moves in Iran. •



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junior consultant at a strategic consulting company. In his studies, he specializes in Israeli-Chinese relations and is currently participating in an internship program at the INSS Institute. Benaya is also engaging as a spokesperson for the Student Union at Reichman University.

Sylke Tempel Fellowship

In memory of Dr. Sylke Tempel (1963-2017), the Board of Trustees of the German-Israeli Future Forum Foundation established the Sylke-Tempel-Fellowship program. It takes place annually and is organized in collaboration with partner organizations.

In the framework of the program, the Future Forum awards research fellowships to young experts exploring foreign policy and socio-political issues with relevance in Israel and Germany. The program is geared especially towards young journalists, authors, podcasters and other media creatives at the beginning of their professional careers. The research results are discussed in closed expert forums, introduced to the public at conferences and published.

Since 2020, the Sylke Tempel Fellowship program has run under the auspices of former Federal Foreign Minister Sigmar Gabriel in his role as chairman of Atlantik-Brücke e.V. Since 2021, former Israeli Foreign Minister Tzipi Livni also supports the program.



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The Sylke Tempel Fellowship Program 2022 is under the patronage of Sigmar Gabriel, Chairman of Atlantik-Brücke e.V.

TZIPI LIVNI joined the Sylke Tempel Fellowship Program as its second patron in 2021. Livni was the foreign minister of Israel and filled numerous other high-ranking functions; she retired from active politics in 2019.



Dr. Sylke Tempel (1963–2017) was editor-in-chief of *IP* from 2008 until she died in a tragic accident in Berlin on October 5, 2017. In addition to the fellowship, whose works from the 2022 volume are collected in this issue, an essay prize is awarded annually in her name to honor the life and work of this outstanding journalist, author, publicist and mentor. She is missed.

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