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Pandemic Tests Israel-China Ties

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Some Chinese nationals in the Jewish state say they feel discrimination, and businesses are feeling pressure to keep both Beijing and Washington happy

Israel's relations with China are being put to the test: The novel coronavirus appears to have originated in the People's Republic, and the Jewish state is caught in the middle of increasing tensions between Beijing and Washington.

This is being borne out in different ways, from Chinese nationals who experience racism to businesses faced with difficult choices.

"This year we managed to get two separate storms that align: the coronavirus and the situation with China and the US," Ilan Maor, a partner at Sheng Holdings Ltd. and vice chairman of the Israel-China Chamber of Commerce, told The Media Line.

"They are separately and together affecting our cooperation with China," he said.

Ke Zhang, a native of China's Anhui Province and now working for an Israeli hi-tech company focusing on the Chinese market, told The Media Line: "In Israel, I feel racism tension. I was yelled at in the street, [being called] 'Corona.' I feel more nervous when I go out."

Someone shouted the same thing at Z, a Shanghai resident currently studying at an Israeli university.

"I went with my friends to the Damascus Gate [in Jerusalem's Old City] to buy some groceries, and we asked the price of something," Z told the Media Line, asking not to be identified more specifically. "The owner deliberately ignored us and didn't want to sell us anything."

There have been more incidents.

"A few days ago," he said, "I took the 42 [bus] line to go home and my card didn't work on the machine. "I went to the bus driver and asked for help in Hebrew... and he refused."

As a result, Z says that he and many other Chinese students want to go home this summer.

"I just want to go back to [my own] society so I can feel normal, without people calling me Corona," he said.

Rebecca Zeffert, founder and executive director of the Israel-Asia Center, a Jerusalem-based non-profit that seeks to promote better ties through education and leadership development, believes

that if such incidents have no effect on future applications for study in Israel, the pandemic itself will.

“We will see fewer Chinese students studying in Israel this coming year as part of an overall drop in international students due to COVID-19,” she told The Media Line. “This is part of a global decrease in students choosing to study overseas... due to health, safety or financial concerns.”

There are, of course, Chinese nationals in Israel who have not felt targeted.

“We work as usual. We haven’t felt any discrimination,” Cee Phung of Haifa’s Yan Chinese restaurant, told The Media Line.

But businesses are certainly feeling the impact of the pandemic. In addition to lost income and employees who cannot come to work, the coronavirus has made it clear to owners that they can no longer source from just one place.

“COVID-19 has highlighted to companies the world over the need to diversify [their] supply chains,” Zeffert said. “So over the coming year, we will likely see more companies moving some of their manufacturing operations out of China to other countries, such as Vietnam.”

US-China tensions are also challenging Israeli business partnerships.

“The US-China trade war – or, shall we say, tech war – has been building up for the past couple of years and escalating significantly over the past year and a half,” she explained. “COVID-19 was simply fuel on the fire, intensifying the standoff and amplifying the rhetoric between Beijing and Washington.”



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Dan Catarivas, director-general for foreign trade and international relations at the Manufacturers’ Association of Israel, argues that Israel and China have an unequal economic relationship whether

based on population size or the fact that the country's imports from China outweigh its exports.

"As a small country, we are looking for markets anyway," he told The Media Line. "We are 9 million. We can't just ignore China's rise as an economic power, and we haven't. Nobody, not even in the US, expects a country like Israel, which is very much dependent on foreign trade, to ignore the importance of China."

Israel has also come to depend on China to upgrade its infrastructure.

"We see big participation by Chinese companies in infrastructure projects... because we need to find the cheapest and [fastest-working] companies," Catarivas said.

One example is Tel Aviv's coming subway system, which is being built by a Chinese firm. Another Chinese company lost a contract for what is slated to be the world's largest desalination plant because its bid was more expensive.

Catarivas believes that the Chinese presence in Israel is a conscious decision on the part of that country to use the Jewish state as a showcase for its capacity to operate in the West.

"Practicing their operations here will enable them to compete in other tenders in Western countries, and Israel is benefiting [from low] prices," he stated. "This is a very good return for our tax money."

While Catarivas says he himself is not sure, some allege that US pressure led Israel to turn down the Chinese bid on the desalination plant. Last month's decision to go with the Israeli firm IDE Technologies came two weeks after Secretary of State Mike Pompeo traveled to Israel, where he is said to have discussed Washington's dim view of Chinese investment in the country.

"Our major partner is the US," Catarivas explained, "so a lot of Israeli companies that have American connections understand that having Chinese investors might create a problem," he noted.

Most analysts, however, believe that the Israel-China relationship is strong enough to weather both the coronavirus pandemic and escalating tensions between Beijing and Washington.

"Our relations are broad enough [for] many different lines of communication, [for example] through friends and contacts in China, Israeli companies selling products to China and vice versa, and an official strategic dialogue between China and the [Israeli] Ministry of Foreign Affairs," Carice Witte, executive-director of SIGNAL, a body promoting what it calls "long-term scholarly alliances" between the two countries, told The Media Line.

"That is a huge improvement since 2000," she said, referring to Israel's withdrawal from a deal – at the behest of the US – to sell to China the Phalcon early-warning system.

"China has a lot of understanding for Israel's challenges regionally, and also [for] the very critical role the US plays for Israel," she explained. "It understands there are certain limitations that come with that, so there is a lot of flexibility in the relationship."

The pandemic, Sheng Holdings' Maor believes, has shown the resiliency of the two countries' economic bonds.

"We lost time and business and opportunities, but... there are so many others to grab, so I don't think in the long-term that it will damage the Israeli-Chinese relationship and cooperation. As soon as the doors [reopen], most of the Israeli businessmen dealing with China will travel [there], and vice versa," he said.

In order to maintain the good relationship, Witte argues for better preparedness among the Israelis.

"Business is never 'just business' with China, so when Israel is doing business with China, it should remember that there are many facets to the relationship, and Beijing has many diverse interests in Israel and the region," she said.

"Israel would do well to understand what those interests are," she added, "in order to make a plan of action [for maintaining] good relations with China while maintaining our very critical strategic and economic relationship with the US."

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