



PERSPECTIVES

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The Red-Med Railway: New Opportunities for China, Israel, and the Middle East

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EXECUTIVE SUMMARY: The Chinese “Belt and Road Initiative” (BRI) is a planned regional network of sea and rail infrastructure intended to strengthen the position of the Middle East as a critical trade route between East and West. One element of the planned BRI is the Red-Med rail project, which would connect the Israeli ports of Eilat and Ashdod. The Red-Med project offers significant potential benefits to Israel as well as the possibility of improved regional opportunities and relationships.

In order to ensure reliable access for Chinese commercial shipping from the Red Sea to the Mediterranean, Beijing is investing in a regional network of sea and rail infrastructure aimed at connecting China with Europe via Asia and the Middle East. The object of this ambitious and expensive project, known as the “Belt and Road Initiative” (BRI), is to create export routes to complement the Suez Canal, on which China now exclusively relies for its shipments to Europe.

One option under consideration is the Red-Med rail project, which would connect the Israeli Red Sea port town of Eilat to the Israeli port of Ashdod on the Mediterranean. The Red-Med railway, a 350-kilometer line, would include 63 bridges spanning a total of some 4.5 kilometers as well as five tunnels totaling 9.5 kilometers. The trains on the Red-Med railway line would travel at 250-300 kph and are expected to accommodate both passengers and cargo.

The project is expected to cost over NIS 25 billion (US\$6.5 billion), but this figure could reach NIS 50 billion (US\$13 billion). Operations are projected to

begin five years from the start of construction. The project has yet to receive either final approval or secure funding.

In addition to serving China's export interests, the Red-Med railway could be a boon to Israel's natural gas industry. With a cross-Israel natural gas pipeline between Eilat and Ashdod in place, Israeli natural gas could be pumped from Mediterranean fields currently under development and sent to Asian markets like China and India via the Red Sea.

The Red-Med railway through Israel thus has regional geo-strategic and geo-economic significance. It would provide a safe route, complementary to the Suez Canal, by which raw materials and energy vessels could be transported from Europe to China. It would also serve to move China's finished products back to Europe through the Gulf of Aden.

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

Israel can also leverage the Red-Med project to further its burgeoning economic and political relationship with China. Israel's location (like that of Djibouti) makes it a feasible overland bridge connecting China's trade routes from the Far East through Africa up to the Middle East and on to Europe.

Such a development would turn Israel into an essential part of the global trading ecosystem. It would boost its economy and transform its trade, infrastructure, and regional relationships. Israel could become a significant player by providing the technology needed to support the industrialization of the Middle East within the context of China's BRI.

There is one serious practical constraint, however. The port of Eilat is not currently equipped to permit entry to container vessels of the size that travel on the Asia-Europe loops. The average size of these vessels has grown considerably, and the trend is towards even larger vessels. The Eilat port can handle vessels of a maximum 8,000 TEUs (twenty-foot equivalent units), but almost half of current ship orders are for vessels exceeding 12,000 TEUs.

This in turn means that the Israeli government would have to invest billions of dollars in the Eilat port to prepare it to receive bigger vessels (10,000-plus TEUs) – with no guarantee that the mega-ships will call at their port. The government would also have to invest heavily in port infrastructure, including expanded railroad and highway capacity, to handle cargo from these ships. Such an extensive investment in the port, on top of the high costs of the rail project, makes little commercial sense.

However, if the rail project were extended to Jordan's Aqaba Port, the amount of cargo traveling the line from the Red Sea to the Mediterranean could increase dramatically. Aqaba Port is larger and better developed than Eilat. It consists of a main terminal, a container terminal, and an industrial terminal, suitable for the sorting out of larger vessels.

The Israeli government has acknowledged that Jordan could be involved in the Red-Med project, and there are plans to extend the line to Aqaba after the construction of the cargo rail line. Israel's use of the Aqaba Port facilities, which are among the largest and most modern in the Middle East, could create an alternative to overland transport, which is limited in terms of capacity and availability. Furthermore, involving Jordan in the project would strengthen bilateral relations and encourage Arab countries to use the Eilat port infrastructure.

Peace and stability in the Middle East begin from the bottom up, by creating economic value and boosting geopolitical relations in the region. Although political initiatives might lead to productive negotiations over issues of land, governance, and security, it would be a mistake to assume that they will ensure lasting peace. True peace and stability need regional economic development as well as a political settlement. That vision remains a distant prospect, but the Red-Med project – under certain conditions – could help to make it a reality.

China's economic involvement in the project has the potential to transform the Middle East's trade, infrastructure, and regional relationships, as well as provide new security, peace, and stability. The convergence of Beijing and its Middle Eastern partners can serve as a powerful transformative force, given its likely future influence on the region. If successfully built and implemented, the BRI could be a major economic engine for China, enabling it to leverage its commercial advantages and improve its geopolitical power with countries across the Middle East.

Chinese foreign policy in the Middle East, generally speaking, is driven by broad national interests: to continue Beijing's economic growth; preserve its

communist political system; defend its sovereignty from foreign threat; inhibit foreign intervention in internal affairs; and expand its global influence as a rising economic and political power. These broader national interests are reflected in China's main objectives in the region: to achieve energy security; enhance economic ties; foster friendly relations with all Middle Eastern countries; and promote regional stability that supports China's economic, political, and security interests.

Successful implementation of the Red-Med project as part of China's BRI would make Beijing a major player and a "responsible stakeholder" with an increasingly significant impact on Middle Eastern peace, stability and security. China can choose to become a stabilizing regional force, a position that would suit the local states as well as safeguard Chinese interests.

It must be recalled that there are risks inherent in the Red-Med railway project, from extensive engineering challenges through high projected costs through questions of economic viability. Moreover, the railway as a land-based passage for Chinese cargo poses similar risks to those of the Suez Canal in Egypt.

Yet China's exclusive reliance on the Canal for cargo shipments to European markets is itself an increasing risk to the continued growth of its economy. Beijing needs to minimize the danger of shipping disruptions by reducing its dependence on a single route.

A successful implementation of the Red-Med project, a strategic focal point of China's BRI, would allow the emergence of a major integrated economic trading zone and global transport infrastructure linking China with Europe via Asia and the Middle East. If Beijing fails to leverage this opportunity, it will miss a unique chance not only to upgrade and diversify its trade and energy routes, but to position itself as a critical player in the Middle East.

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