



PERSPECTIVES

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Taiwan and Israel: Don't Recognize, but Collaborate

by Roie Yellinek

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EXECUTIVE SUMMARY: More than 8,300 km separate Taiwan and Israel, but there are nevertheless important connections between the two small countries. They do not officially recognize each other, but over the past two and a half decades, they have found ways to collaborate.

In the late 1940s, both Taiwan and the modern-day State of Israel managed to face down massive powers that categorically rejected their rights to their land. The Israelis' opponents were an array of Arab armies and terror groups (and their international supporters) while the Taiwanese stood against the Communist Party of China. The two countries are both islands of sorts: Taiwan a literal island not far from mainland China, and Israel a metaphorical island surrounded by states that reject its very existence.

Because of their physical isolation, both countries needed a superpower to protect them, and the US was ready, willing, and able to play that role. Israel and Taiwan view the US as a great ally and benefit from its economic and military support, and both wish to be viewed by the US as important allies in turn. The two states have something else in common: a meager supply of natural resources but an abundance of human capital.

Both Israel and Taiwan struggle for international recognition, yet have not recognized one another. This is essentially because the Israelis want a positive relationship with Beijing and the Taiwanese want a positive relationship with the Arab world.

Israel was the first Middle Eastern country to recognize the Communist Party of China as the official and only representative of the Chinese people after the Chinese Civil War between the Kuomintang-led government of the Republic of

China (Taiwan's other name) and the Communist Party of China. (That war went on intermittently from 1927 through 1949.) Similarly, the Taiwanese, like the Chinese, were long afraid to recognize Israel or have any kind of open relationship with it for fear that doing so would endanger their relationship with the Arab world.

The countries started inching toward one another in the 1980s and picked up the pace in the 1990s. In 1993 (a year after Israel and China established diplomatic relations), the Ministry of Economy and Trade of Taipei opened in Tel Aviv and Israel opened an equivalent ministry in Taipei. This was the start of the relationship, but it took a decade for the connection to flourish. Israel and Taiwan have now signed more than 30 trade agreements, including a technology cooperation agreement (2006), an e-government cooperation protocol (2008), and a water cooperation agreement (2011).

This new level of cooperation was made possible by big changes in the international and regional geopolitical environment. The Iran-Iraq War (1980-88), the first Iraq War (1991), and the Madrid Conference (1991) sent a message to the world that the Israeli-Palestinian conflict is not the only, or even the main, conflict in the Middle East. This eased Taiwanese fears about losing their relationships with the Arab world. That geopolitical shift allowed Taiwan and Israel to collaborate in significant ways and strengthen their relationship.

Taiwan has limited access to the arms market because of its limited diplomatic relationships—but believes itself to be under constant threat from the Chinese. In August 2019 it was reported that Taiwan had unveiled a newly developed UAV that is strikingly similar to an Israeli UAV, the Harpy. This was not the first time the Taiwanese exhibited something that was almost an exact copy of an Israeli product. This could be a sign of undisclosed cooperation, a secret no one is trying very hard to keep.

Next to the defense industry, Israel is famous for its agricultural technology, an area of expertise that is even more attractive for Taipei. Taiwan's challenges in this field include a lack of sufficient land worthy of cultivation as well as changes in population composition through aging and urbanization, which are causing manpower shortages in agriculture. Israeli agricultural technology is supporting Taiwanese efforts to develop "smart agriculture" to mitigate these problems. In both cases, arms and agriculture, the benefits for Israel are clear: it is expanding its market and gaining new clients.

"Israel and Taiwan complement each other in the high-tech supply chain," said Walter Yeh, president and CEO of TAITRA (the Taiwan External Trade Development Council) after a meeting with his Israeli counterpart in 2016. What he meant was this: Israel is a major international start-up hub, while

Taiwan is a major international hub for hardware manufacturing (more than 83% of the world's laptops are produced in Taiwan). The countries complement each other and offer international consumers a complete package. This Taiwanese-Israeli synergy is expected to continue to grow.

The countries' close relationships with the US sometimes prompt moves that are directed from without. For example, the US has essentially forced Israel to establish a mechanism for examining foreign investment. This is something of a euphemism: it is primarily a mechanism for examining Chinese investment in Israel, which the Americans want to monitor.

An escalation of the China-US trade war could open up new opportunities, especially for Taiwan. Factories might leave China because of tariffs and other difficulties arising from the struggle between the two giants. On the other hand, the trade war could hurt the Taiwanese by encouraging the Chinese to provoke Taiwan to test American willingness to protect it. For Israeli companies, the trade war could open doors as they can serve as alternatives to US companies.

In an echo of the Taiwanese elections of four years ago, Tsai Ing-wen's resounding victory in the presidential election on January 11 was a blow to China. Tsai, the leader of the Democratic Progressive Party, won 57% of the vote versus her chief rival's 38%. Tsai supports separation from China and preservation of Taiwan's independence, while Han Kuo-yu of the Kuomintang Party backed a more conciliatory approach, advocating a strong connection with Beijing.

"Taiwan is showing the world how much we cherish our free democratic way of life and how much we cherish our nation," Tsai said in her victory speech, warning China to stay out of the island's affairs. "I also hope that the Beijing authorities understand that democratic Taiwan, and our democratically elected government, will not concede to threats and intimidation."

Roie Yellinek is a Ph.D student at Bar-Ilan University, a doctoral researcher at the Begin-Sadat Center for Strategic Studies, and a non-resident scholar at the Middle East Institute.