

Israel and Iran

Thrust Together by Eurasia

By **Daniel Amir**

Series Introduction:

With Europe and Asia growing closer, particularly through economic integration, it is no longer sufficient to see Iran as a *Middle Eastern* nation. This series of *Insights* will examine Iran's bilateral relations from a Eurasian perspective, drawing out the understudied and underappreciated economic and political considerations that increasingly shape the Islamic Republic's conception of its place in the international system and the power it is able to exercise in that system. This research project is a joint collaboration between MEI and Bourse & Bazaar, a London-based think tank focused on the economies of the Middle East and Central Asia, especially Iran.

Abstract

The rivalry between Israel and Iran is a key element of contemporary understandings of the Middle East. This article argues that despite highlighting the explosive hostility between Israel and Iran in certain areas, analysts sometimes neglect to examine the few points where the two do interact. A frequent theatre for this overlap is Eurasia. Here, the relative absence of American dominance sees Tel Aviv and Tehran thrust together, making space for nuanced relationships with and through common partners. The article ends by discussing the risks and challenges that Eurasia presents to the two countries' political, economic and ideological concerns.

Israel and Iran are often portrayed as arch-rivals in the Middle East. Divided over Iran's nuclear programme, the Palestinian question and a US-led global order, they appear to be irreconcilable powers in an unstable region. In spite of efforts to isolate Iran from this US-led system, Israel and the Islamic Republic find themselves sharing ground in an expanding Eurasian arena. Here we see both countries operating in parallel in an environment that is less weighted by American leadership. Overlapping and increasingly robust relations with alternative superpowers such as Russia or China serve to wrap both countries into a closer matrix of relations, where they share warm ties with many countries. This is an atypical dynamic, in which external changes encourage them to begin to accept the fact that "my enemy's friend is my friend, too."

Israel and Iran's separate relations with Eurasia are well studied. But absent from a great deal of the analysis is an understanding of the balance that exists between the two countries in the Eurasian context. The prevailing paradigm, which views the two in a much narrower Middle Eastern framework, fails to acknowledge the existence of this much more nuanced web of relations between them further afield. While the two clash over Syria or Iranian proxies in the Gaza Strip, in Eurasia, both pursue similar interests along similar lines. This trend thrusts the two into ever closer proximity without seeing them collide. Attractive forces draw Tel Aviv and Tehran nearer to each other on common ground, urging them to tolerate one another in a permissive environment fostered by the region's less ideologically motivated powers.

Peripheries

Soon after Israel's establishment in 1948, the country developed what became known as the “periphery doctrine” in an attempt to pursue ties with non-Arab regional countries, including Iran.¹ This aimed to protect against shared threats from the Arab states while also serving some of Israel's energy needs. These same concerns gave rise to Israeli assistance to Tehran during the 1980–88 Iran–Iraq War, culminating in the Iran–Contra affair.² Iran's nuclear programme, though, has proved to be a perpetual source of tension, with Prime Minister Benjamin Netanyahu often at the forefront of firm opposition to it. This has been exacerbated by the Trump administration, which has supported Israeli interests while seeking to apply “maximum pressure” on Tehran. Most notably, Washington has bolstered the Israeli narrative on Jerusalem and settlements in the occupied West Bank,³ while pulling out of the 2015 nuclear deal (officially known as the Joint Comprehensive Plan of Action or JCPOA).

This analysis comes at a moment of flux and difficulty for both Israel and Iran. At the time of writing, Israel's third election in 12 months has yet to yield a new government, while Netanyahu faces charges of bribery, fraud and breach of trust.⁴ In Iran, protests that followed a hike in fuel prices in the country saw hundreds of fatalities, and, more recently, the Covid-19 pandemic has exacted a heavy toll on the country, with more than 70,000 people affected and nearly 5,000 deaths as of mid-April 2020.⁵ And, the renewed fears of war between Iran and the United States in the wake of the latter's assassination of venerated Iranian general Qasem Soleimani at the start of the year have not receded.⁶

With Iran now very much at the centre of Israeli policy in the Middle East, it can be argued that Eurasia is becoming a new kind of “periphery”. It allows Israel some degree of strategic depth against Iran, while offering political and economic opportunities that the two countries must share.

A New Multilateralism

The emerging Eurasian political and economic sphere has proved to be an attractive prospect for both Iran and Israel. Although they pursue different objectives within it, they are brought closer together by the fact that the partners and institutions they must cultivate are often the same.

Operating from a position of relative weakness under US-imposed sanctions, Iran has consistently worked to diversify its economic and security relations away from a reliance on America or its allies. In October 2018, Tehran entered into a free trade agreement with the Eurasian Economic Union (EAEU) — whose members include Russia, Armenia and Kazakhstan — lowering tariffs on over 500 goods⁷ and granting the country access to a market with a total GDP of US\$4 trillion.⁸ Despite being several years in the making, the agreement came at an opportune moment for the Islamic Republic, with Parliament Speaker Ali Larijani hailing it as an “effective option to stop America's unilateralism in trade”.⁹

The country's efforts in the EAEU are paralleled by its work to join the Shanghai Cooperation Organisation (SCO), a Chinese-led Eurasian body sometimes seen as a rival to the North Atlantic Treaty

¹ Nathan Sachs, “Iran's revolution, 40 years on: Israel's reverse periphery doctrine”, *Brookings Institution*, 24 January 2019, <https://www.brookings.edu/blog/order-from-chaos/2019/01/24/irans-revolution-40-years-on-israels-reverse-periphery-doctrine/>.

² Dalia Dassa Kaye, Alireza Nader and Parisa Roshan, *Israel and Iran: A Dangerous Rivalry* (RAND Corporation, 2011), 18.

³ “Israel media jubilant over US policy change on settlements”, BBC Monitoring, 19 November 2019.

⁴ Netael Bandel, “Netanyahu charged with bribery, fraud and breach of trust, capping a dramatic political year”, *Haaretz*, 21 November 2019, <https://www.haaretz.com/israel-news/netanyahu-charged-bribery-fraud-corruption-israel-election-1.8137771>.

⁵ “Iran MP says foreign nationals killed in recent protests”, BBC Monitoring, 26 November 2019; “[Situation report 85: Coronavirus disease 2019 \(COVID-19\)](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200414-sitrep-85-covid-19.pdf?sfvrsn=7b8629bb_4)”, World Health Organization, 14 April 2020, https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200414-sitrep-85-covid-19.pdf?sfvrsn=7b8629bb_4

⁶ “Iranian official: General's killing strengthened regional unity”, BBC Monitoring, 13 January 2020.

⁷ “Iran to join free trade zone within Eurasian Union late October”, BBC Monitoring, 1 September 2019.

⁸ Omid Rahimi and Aweek Sen, “Iran trade deal with Russia-led bloc warrants cautious optimism”, *Bourse and Bazaar*, 22 October 2019, <https://www.bourseandbazaar.com/articles/2019/10/21/iran-joins-russian-led-trade-bloc-with-cautious-optimism>.

⁹ “Iran peaker calls for free trade among Eurasian countries”, BBC Monitoring, 9 October 2019.

Organisation (Nato). Tehran has submitted two applications to become a full member since 2008, both of which have stalled.¹⁰ Nevertheless, in a June 2019 speech at the forum, President Hassan Rouhani stressed Iran's readiness to boost ties with China and other regional powers on political, economic and security issues.¹¹ Iran, then, has for some time been looking to integrate into this emerging bloc as a counterweight to American pressures. Integration into the SCO would advance Iran's interests on both a practical and ideological level, where it frequently emphasises a sense of waning global American strength. But these groupings are interest based, and, despite Iran attempting to evade Washington and its allies, Israel is courting these same partners in Eurasia.

Unlike Iran, Israel is operating from a position of relative strength in its relations with Eurasia, where its technological and military expertise in particular is sought after by local partners. Its efforts to expand into the region are nonetheless evolving along similar lines. In February 2019, Russian and Israeli press reported on ongoing talks between Israel and the EAEU for Israel's own free trade zone with the body.¹² Elsewhere, Israel has reportedly sought a lower-level "dialogue partner" status within the SCO,¹³ given that membership of the body could potentially encroach on Israel's strong bonds with the United States.

Despite the obvious benefits an agreement with the EAEU would bring, Israeli authorities at the time were unclear about the implications of Israel joining a body that would also be alleviating the economic pressure that it had supported on Iran. Relations with the powers in Eurasia appeared to be Israel's first concern here. For Israel, the gains it derives from a deal with the EAEU could possibly be justified by the likelihood that any benefit Iran derives from its own partnership with the EAEU is likely to be far outweighed by the impact of the US sanctions on the Iranian economy.

Some of these partnerships are simply too profitable for Iran to represent a major sticking point. Israel's wider interactions and aspirations within Eurasia are perhaps most apparent in its ever-expanding relationship with China, now its largest trade partner after the United States. Since the establishment of diplomatic relations between the two countries in 1992, bilateral trade has risen from US\$51.5 million to US\$15.3 billion in 2018.¹⁴ Also, Chinese investment in the Israeli technology sector exceeded US\$325 million in 2018.¹⁵ Israel has signalled a continued openness towards investment from China in other sectors too, including the Belt and Road Initiative (BRI), and prospects of Chinese investment in Israeli infrastructure remain both lucrative and controversial.

Smaller powers are equally unfazed by their positioning between Israel and Iran. In 2018, Kazakhstan exported roughly US\$400 million in goods to each country.¹⁶ For these nations, there seems to be little inherent contradiction in cementing closer ties with the two rival powers even at a time of friction between them. As Kazakh President Kassym-Jomart Tokayev told Iranian diplomats: "The sun and the moon exist, and so indeed does Israel."¹⁷

The warm relations that both Tel Aviv and Tehran enjoy with the key players in Eurasia bring the two within touching distance of each other — something that Israel's alliance with the United States does not offer it. In 2018, Israel's minister for regional co-operation, Likud veteran Tzachi Hanegbi told

¹⁰ Ariane Tabatabai and Dina Esfandiary, *Triple-Axis: Iran's Relations with Russia and China* (Bloomsbury Publishing, 2018), 44.

¹¹ "Iran president hails 'strategic ties' with China", BBC Monitoring, 14 June 2019.

¹² Raphael Ahren, "Israel and Iran both set to join Russia-led free trade zone", *The Times of Israel*, 12 February 2019, <https://www.timesofisrael.com/israel-and-iran-both-set-to-join-russia-led-free-trade-zone/>.

¹³ "SCO family' widening? Many candidates share 'Shanghai spirit', but expansion not a goal", TASS, 5 September 2019, <https://tass.com/world/1076750>.

¹⁴ Mordechai Chaziza, "Israel agrees to monitor foreign investment", *BESA Center Perspectives*, 1, no. 340, (November 2019), <https://besacenter.org/perspectives-papers/israel-monitor-foreign-investment/>.

¹⁵ Chaziza, "Israel agrees to monitor foreign investment".

¹⁶ UN Comtrade, (United Nations Statistical Division: 2018).

¹⁷ Eldad Beck, "I told the Iranians: The moon and the stars exist and so does Israel", *Israel Hayom*, 13 June 2019, <https://www.israelhayom.co.il/article/665207>. [Translation by author]

the *South China Morning Post* that China could “talk sensitively” with Iran about the nuclear deal.¹⁸ For Israel, China and Russia are valuable middlemen in this Eurasian calculus, supported by a constellation of friendly ties with smaller states. This allows Israel to dedicate efforts to supporting Trump’s tough policies towards Iran on the one hand, but still have recourse to a more considered realpolitik in Eurasia.

Red Lines

Some have seen these attitudes as exemplifying a “naive” and “purely transactional approach”¹⁹ towards international relations. But elements of this very distinctly Eurasian outlook have also served to foster deconfliction and avoid crisis at military flashpoints, despite friction between Israel and Iran.

The most apparent case of this has been in Syria, where Russian intervention has provided a bulwark between conflicting Israeli and Iranian interests. Buoyed by an “apparent withdrawal of the US from the region”,²⁰ culminating in the pull-out of American troops from northern Syria in October 2019, Russia has set itself up as the conflict’s dominant superpower. Alongside Iran, it has helped to stabilise the war in favour of Syria’s embattled president, Bashar Assad. Tehran and the Islamic Revolutionary Guards Corps (IRGC) have in the meantime supplied military forces on the ground and some US\$6.6 billion in credit lines.²¹ Part of the Russian role has involved “posing as a mediator, facilitator and guarantor” for a number of US allies, including Israel and its concerns in the conflict.²²

With Israel, Russia has sought to accommodate the country’s concerns even when this has caused friction with Tehran. Netanyahu and Russian President Vladimir Putin met 13 times between Moscow’s initial intervention in Syria in 2015 and the September 2019 elections in Israel. Analysts have suggested that this has been part of a mechanism permitting Israel to undertake hundreds of strikes against Hezbollah and IRGC positions, while leaving Assad undisturbed in Syria.²³ Under this agreement, and fearing damage to its relations with Israel and Saudi Arabia, Russia has also demurred on sales of key military equipment to Iran,²⁴ including its famed S-400 air defence system. This demarcation of Russia’s relations with Iran and Israel, in part a product of a Eurasian realignment, may have helped to de-escalate a potentially much broader front opening to Israel’s north and a deterioration of an already bloody conflict.

Somehow then, both countries have been able partially to secure their interests in Syria through Russian brokerage. Echoing Hanegbi’s comment above, Israel clearly understands the Russian posture and is able to turn to it when the limits of its ties to the United States become apparent. The same interest-based forces acting on Israel and Iran in Eurasia, then, provide key channels for mitigating conflict. This is a much more fragile deconfliction than the overlapping economic and political interests discussed in the previous section. But relations with smaller states, too, show that Israel and Iran are willing to occasionally share relations even when security concerns present obstacles.

The Iranian military and security establishment has paid close attention to Israel’s courting of Eurasia. Over the last two years, the hardline news agency Tasnim, which has ties to the IRGC, published a seven-part analysis detailing its outlook on Israel’s bilateral relations with Eurasia, mostly focusing on Central Asia and the Caucasus. In its view, Israel’s ties with Eurasian countries aim to “create a chasm in

¹⁸ Teddy Ng, “China can use ‘good relationship’ to push Iran on nuclear programme, Israeli official says”, *South China Morning Post*, 4 July 2018, <https://www.scmp.com/news/china/diplomacy-defence/article/2153763/china-can-use-good-relationship-push-iran-nuclear>.

¹⁹ Brett McGurk, “China’s Risky Middle East Bet”, *The Atlantic*, 29 April 2019, <https://www.theatlantic.com/ideas/archive/2019/04/chinas-risky-middle-east-bet/588166/>.

²⁰ Sinan Hatahet, “Russia and Iran: Economic Influence in Syria”, Chatham House, March 2019, <https://www.chathamhouse.org/publication/russia-and-iran-economic-influence-syria>.

²¹ Sinan Hatahet, “Russia and Iran”.

²² Hatahet, “Russia and Iran”.

²³ Lidia Averbukh and Margarete Klein, “Russia–Israel relationship transformed by Syria conflict”, *SWP Comment* [German Institute for International and Security Affairs], 37 (2018): 5.

²⁴ Martin Russell, “Russia in the Middle East: From Sidelines To Centre Stage”, European Parliament Research Service, November 2019.

the Muslim front”, seek recognition from a larger number of Muslim countries and contain Iranian influence.²⁵ But Tasnim’s analysis did not go as far as condemning these Eurasian countries, even those with deeper security ties to Israel.

The agency’s analysis only briefly mentions Azerbaijan, as the “most [strategically] important” country in the region for Israel and one to which it “sells weapons”.²⁶ Indeed, as Iran continues to negotiate over its stake in the resource-rich Caspian Sea, the latter’s waters will be patrolled by Israeli-designed Saar-62 ships sold to Azerbaijan.²⁷ President Rouhani has nonetheless said that Iran would work with Baku for the “establishment of more peace and security in the region and the world”.²⁸ Clearly, this shared sphere of operations carries with it a sense of threat, but does so without crossing any of Iran’s red lines in an area of increasing value to it.

Shanghai Spirit

Iran and Israel are drawn in similar directions in Eurasia, but their integration into the area carries comparable risks for both, and there are limits to what these less aligned relations are able to provide.

Consistent Chinese support for Palestinian self-determination in international forums²⁹ represents one of the central tensions in Israel’s relations with China. Neither China nor Russia participated in the US-sponsored international conference on the Palestinian economy in June 2019 in Bahrain in what some outlets described as a “boycott” or “snub” of Trump’s so-called “Deal of the Century”.³⁰ Support for its narrative on Palestine on the world stage is of immense importance to Israel, which has striven to face down the Boycott, Divestment and Sanctions (BDS) campaign. In some arenas then, prosperity through Eurasia is no match for the existential support Israel gains in Washington.

America’s firm backing for Israel also puts the latter in a difficult position when it comes to China. Beijing’s interest in key Israeli infrastructure projects, including the possible management of the strategic Haifa Port by a Chinese company, has raised concerns in Washington. On the very day that the United States announced its effective recognition of the Golan Heights, Secretary of State Mike Pompeo warned that elements of security and intelligence co-operation with Israel could be downgraded if certain Chinese “systems go in certain places”.³¹

Pompeo’s warnings of China “spying through its commercial state-owned enterprises”³² were echoed by analysts in Israel.³³ Under US pressure, Israel has launched a monitoring body to supervise foreign investment in the country, although its unwritten purpose appears to focus on China.³⁴ A final decision on the Haifa Port and other major infrastructural projects has yet to be made. And since Israel’s

²⁵ “Israel’s Relations with the Countries of Eurasia — 7: the Soft Development Of Israel And Uzbekistan’s Convergent Relations”, Tasnim News Agency, 1 June 2019, <https://www.tasnimnews.com/fa/news/1398/03/11/2023265>. [Translation by author]

²⁶ “Israel’s Relations with the Countries of Eurasia — 5: the Soft Development Of Israel’s Relations with Armenia and Georgia”, Tasnim News Agency, 15 May 2018, <https://www.tasnimnews.com/fa/news/1397/02/25/1724007>. [Translation by author]

²⁷ Yvonne-Stefania Efstathiou, “The Caspian Sea: Formerly Troubled Waters?”, IISS Military Balance Blog, 10 September 2018, <https://www.iiss.org/blogs/military-balance/2018/09/caspian-sea-troubled-waters>.

²⁸ “Rouhani says Tehran-Baku cooperation in region’s interest”, BBC Monitoring, 24 October 2019.

²⁹ Shira Efron and Lyle J Morris, *The Evolving Israel-China Relationship* (RAND Corporation, 2019), 5.

³⁰ Zhenhua Lu, “China sides with Palestinians by snubbing showcase for Donald Trump’s Middle East peace plan”, *South China Morning Post*, 30 May 2019, <https://www.scmp.com/news/china/diplomacy/article/3012507/china-sides-palestinians-snubbing-showcase-donald-trumps>.

³¹ “Pompeo warns US could curb security ties with Israel over China relations”, *The Times of Israel*, 21 March 2019, <https://www.timesofisrael.com/pompeo-warns-us-could-curb-security-ties-with-israel-over-china-relations/>.

³² *The Times of Israel*, “Pompeo warns US”.

³³ Yossi Melman, “Israel continues to allow Chinese companies to infiltrate strategic infrastructure in the country”, *Maariv*, 6 July 2019, <https://www.maariv.co.il/journalists/Article-706878>.

³⁴ Noa Landau, “Israel panel to monitor Chinese investments following US pressure”, *Haaretz*, 30 October 2019, <https://www.haaretz.com/israel-news/.premium-israel-to-form-committee-to-monitor-chinese-investments-following-u-s-pressure-1.8058754>.

relationship with the United States is paramount, Tel Aviv will be forced to formulate a more nuanced long-term outlook on its ties to Beijing

When it comes to Iran, China and Russia’s support has also been far from unconditional. China alone has been unable to recoup the losses incurred by Iran as a result of sanctions. While not quite hitting zero, Chinese imports of Iranian oil have sloped off since the imposition of US sanctions³⁵ and in light of the availability of suppliers elsewhere. Iran’s response to sanctions, a rollback of its commitments under the 2015 deal, has been aimed chiefly at European signatories to the accords, who it says have not stepped up either. Even here, as Iran injected uranium into centrifuges at its underground nuclear facility at Fordow, Russia called its rollback from the nuclear agreement “deeply disturbing”.³⁶ While Moscow stressed Iran’s right to protest the US pull-out from the deal, both Russia and China have demonstrated their ability to curb their consonance with Iran around key issues.

This is not lost on Iranian analysts and officials. Despite its emphasis on Eurasia as a positive opportunity, Iran is wary of integration into the region at the expense of its independence. In Syria, where a Russian presence has been shown to be key to Tehran’s interests, there is a sense of competition with the regional superpowers. Hassan Danaeifar, an economic adviser to Iran’s first vice president, described China and Russia as “rivals” to Iran in the reconstruction of Syria and urged “vigilance” with respect to them.³⁷ Like Israel, Iran is aware of the limits that its closeness to Russia and China may have. A sanctioned Iran, however, under greater financial stress and lacking an outspoken ally like the United States behind it, will have very different considerations to take into account and less flexibility in how it structures its relations with Eurasia’s key figures.

Eurasia, then, brings mixed blessings for Israel and Iran, where they are thrust into somewhat closer contact in pursuit of their own security and prosperity. This is in stark contrast to their sometimes explosive relations elsewhere, despite deconfliction measures in theatres like Syria. Still, Eurasia sees the two countries pursuing warm relations with common friends in a web of dynamics that is broader than the framework of the Middle East alone. Both are aware of the disadvantages and risks of these developing ties, but they bring valuable points of contact through third parties that seek détente. This has not been a panacea for tensions or conflict, but does warrant a change in the paradigm of how analysts see the next chapter in the road between Tel Aviv and Tehran.

About the Author

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³⁵ Sharon Cho and Saket Sundria, “U.S. keeps eye on Iran oil buyers as sanctions squeeze flows”, Bloomberg, 30 October 2019, <https://www.bloomberg.com/news/articles/2019-10-30/u-s-keeping-eye-on-iran-oil-buyers-as-sanctions-squeeze-flows>.

³⁶ Parisa Hafezi, “Iran distances itself further from nuclear deal, alarming Russia, France”, Reuters, 6 November 2019, <https://www.reuters.com/article/us-iran-nuclear-fordow/iran-distances-itself-further-from-nuclear-deal-alarming-russia-france-idUSKBN1XG13D>.

³⁷ “Adviser says China, Russia Iran's main rivals in Syrian market”, BBC Monitoring, 6 October 2019.