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# China and the Future of the U.S.-Israel Alliance



AS THE USS *Gerald R. Ford* rushed to the Eastern Mediterranean in response to Hamas’s October 7 massacre, it sailed in the figurative wake of its predecessor, the USS *Independence*. During the Yom Kippur War, the *Independence*—followed by hundreds of U.S. planes laden with munitions and supplies—streamed toward the Jewish state to safeguard its security. Then, as now, a rattled, reeling Israel confronted an existential threat. And then, as now, Jerusalem depended on Washington to help beat back its foes.

For the United States, however, the comparison between 1973 and 2023 is less clear. After 10/7, the United States rallied to Israel’s side in kinship with a longtime friend and in revulsion at Hamas’s savagery—but with a strategic case relying less on U.S. interests in the Middle East than on a tenuous link to Ukraine’s fight for freedom. Perhaps sensing this ambiguity, in the weeks after the war began,

despite Americans' overwhelming sympathy for Israel, a majority of Democrats and independents opposed sending U.S. military aid to Israel, with only a modest majority of Republicans supporting it. And Washington's embrace of Jerusalem is as much a bear hug as a shield, meant to avoid a wider Middle Eastern war as the price of restoring Israeli deterrence — precisely the opposite of U.S. policy in 1973.

The U.S. government's approach to the Hamas massacre reflects the fact that the attacks did not reorient the long-term trend in American foreign policy. With the Cold War and the War on Terror over — conflicts in which Israel served as a crucial U.S. ally — Washington now faces a new struggle: great-power competition with China. In that fight, the ramparts in need of manning are in East Asia, not the Middle East. Cultural ties and lingering U.S. interests in Israel's neighborhood may compel some continued cooperation, but the partnership will not thrive without a core strategic purpose. The U.S.-Israel alliance was born out of strategy, not moral or religious considerations, and without any such foundation, it will decline.

How, then, can Israel ensure that the USS *Ford* will return in the event of a future crisis? The key is to make Israel matter to America in the fight against China. Failure to do so risks relegating Israel to the role of a niche player — and sometimes nuisance — on the fringe of the maps that matter most to the United States.

At first glance, through the China lens, the strategic logic of the U.S.-Israel relationship appears uncertain. East Asia is the central military arena of the superpower rivalry, oceans away from Israel. China remains far from obtaining Soviet-level military influence in the Arab world. And Israel lacks the kind of intelligence experience and capabilities regarding China that it possesses for threats in its own region.

But the U.S.–China challenge isn't simply about geography. At its core, it's a contest for innovation superiority, with the winner seizing

the commanding heights in technologies crucial to the 21st century, from artificial intelligence to biotechnology, and thereby becoming the world's preeminent power. To counter China, which commandeers its private sector and invests billions in strategic areas and industrial espionage to leapfrog American innovation, the United States must work closely with its partners. Only a tightly knit network of tech allies, combining their respective expertise in particular fields, can win the innovation race. And in that regard, if Israel is not on the geographic frontier of this next great U.S. foreign-policy struggle, it *is* on the technological frontier, thanks to seeds planted long ago by the United States itself.



Since Intel opened its first R&D center in Israel in 1974, the United States has played a key role cultivating Israeli innovation, and Jerusalem has long shared its pathbreaking military technology with Washington. But the technologies central to the U.S.–China competition extend far beyond defense matters, into areas with broad applications such as AI, semiconductors, advanced materials, and biotechnology. Israel generates pioneering innovations in these fields, with the latent human capital to create many more. It dominates cybersecurity, attracting nearly 20 percent of global investment. It is developing leads in several foundational technologies, including AI and microelectronics; quantum sensing, a groundbreaking advance in the accuracy of measurements; and bio-convergence, the synthesis of biotechnology and engineering that can produce advances in medicine.

The United States also has much to offer Israel. Just as Israel depends on U.S. power as a keystone of deterrence, Israel's start-up ecosystem has depended on American capital and customers. U.S.

venture firms are the largest foreign source of funding for Israeli start-ups. Hundreds of Israeli companies base their offices or headquarters in the United States, including more than 40 percent of Israeli unicorns—privately held companies valued at over \$1 billion. Israel’s ability to spearhead innovation in next-generation technologies will depend even more on American investment and scaling. Many of those technologies blend software, an Israeli strength, with hardware, an area in which Israel lacks advantages and in which fundraising often proves more challenging. Start-ups in these spaces require early and sustained financing and markets that Israel cannot alone provide. Moreover, to lead in fields that require foundational research and development, such as synthetic biology, Israel cannot rely on the army and its alumni networks to lead. Instead, it must harness its academic institutions—which in turn would benefit from access to America’s universities and research laboratories to bolster its own capacity.

These synergies should form the basis of a new logic for the U.S.-Israel alliance: a technological partnership, in which Israel, once an American surrogate in the Middle East, becomes its R&D center. The partnership should begin with establishing ground rules for technology relations with China. Since the U.S. government began raising concerns about Chinese investment in Israel a half-decade ago—an abrupt shift from a generation of U.S. officials celebrating greater engagement—Israel has taken steps to quarantine Chinese investments, such as creating a foreign-investment-screening committee and requiring cabinet approval of investments above certain thresholds in key fields. Even so, the Knesset has not passed these mechanisms into law, and they do not apply directly to Chinese investment in private high-tech ventures. These factors, among others, contribute to lingering perceptions in Washington that Israel is not aligned with its views on China. To alleviate

these fears, Israel should offer itself as a model for navigating Chinese engagement, including research security, export controls, and investment screening—questions also bedeviling the United States and other Western governments.

More important, the United States and Israel should expand pathways for tech cooperation. They can begin by harmonizing a series of promising but disparate efforts already under way. In 2021, for example, Washington and Jerusalem established the U.S.-Israel Operations-Technology Working Group, a joint body meant to draw on each country's innovation ecosystem to develop technologies and identify shared military needs. A year later, the United States and Israel launched the Strategic High-Level Dialogue on Technology to catalyze expanded cooperation in certain areas.

New initiatives to allow the United States to access Israeli ingenuity and Israel to access American scale could also include establishing joint innovation incubators in each nation; opening outposts of U.S. government innovation arms, such as the Defense Innovation Unit, in Israel; and creating new connections at the level of basic research. Such ties could involve launching joint fellowships to develop human capital, linking national labs to permit scientists from both countries to access one another's facilities, or creating pathways for joint U.S.-Israeli ventures to receive R&D grants. The U.S. and Israeli governments should especially encourage private-sector "track 2" efforts, such as a network of investors, major companies, and start-ups that could identify technological challenges in need of cooperative solutions and that would then coordinate investment opportunities.

Finally, the United States should include Israel in its efforts to forge alliances with other techno-democracies. Early efforts in this regard—such as the Quad dialogue among the United States, Australia, India, and Japan, and the AUKUS pact with the United States, Australia, and Britain—offer models for expanded networks that

could include the Jewish state. Eventually, the United States could make Israel a charter member of a Major Allies Industrial Base patterned after the National Technology Industrial Base meant to lower barriers for industrial cooperation among vital U.S. partners. Washington and Jerusalem should also leverage the Abraham Accords, which will need rejuvenating if they survive Israel's war with Hamas. Although U.S. officials harbor concerns about Chinese penetration of other Accords countries, Israeli leadership could help anchor the Accords in the U.S. orbit, allowing Israel to play its traditional role as a frontier bastion.



In the wake of Hamas's assault on Israel, more than 800 U.S. venture capital firms declared their solidarity with Israel. They were joined by scores of U.S. companies, from Nvidia, the U.S. graphics company powering the global AI revolution and operating one of the world's fastest AI supercomputers in Israel, to Anduril, one of the new-age defense tech companies powering the revival of America's industrial base. With Israeli start-up founders departing their companies for the front, and given the economic and political challenges of war, the support of these companies signifies that America's tech superpowers prize Israeli innovation.

Supporters of the alliance should translate that commercial instinct into a strategic one. To build a strong bedrock for the U.S.-Israel alliance in the coming generation, Washington and Jerusalem must combine forces in the contest for technological superiority. \*







