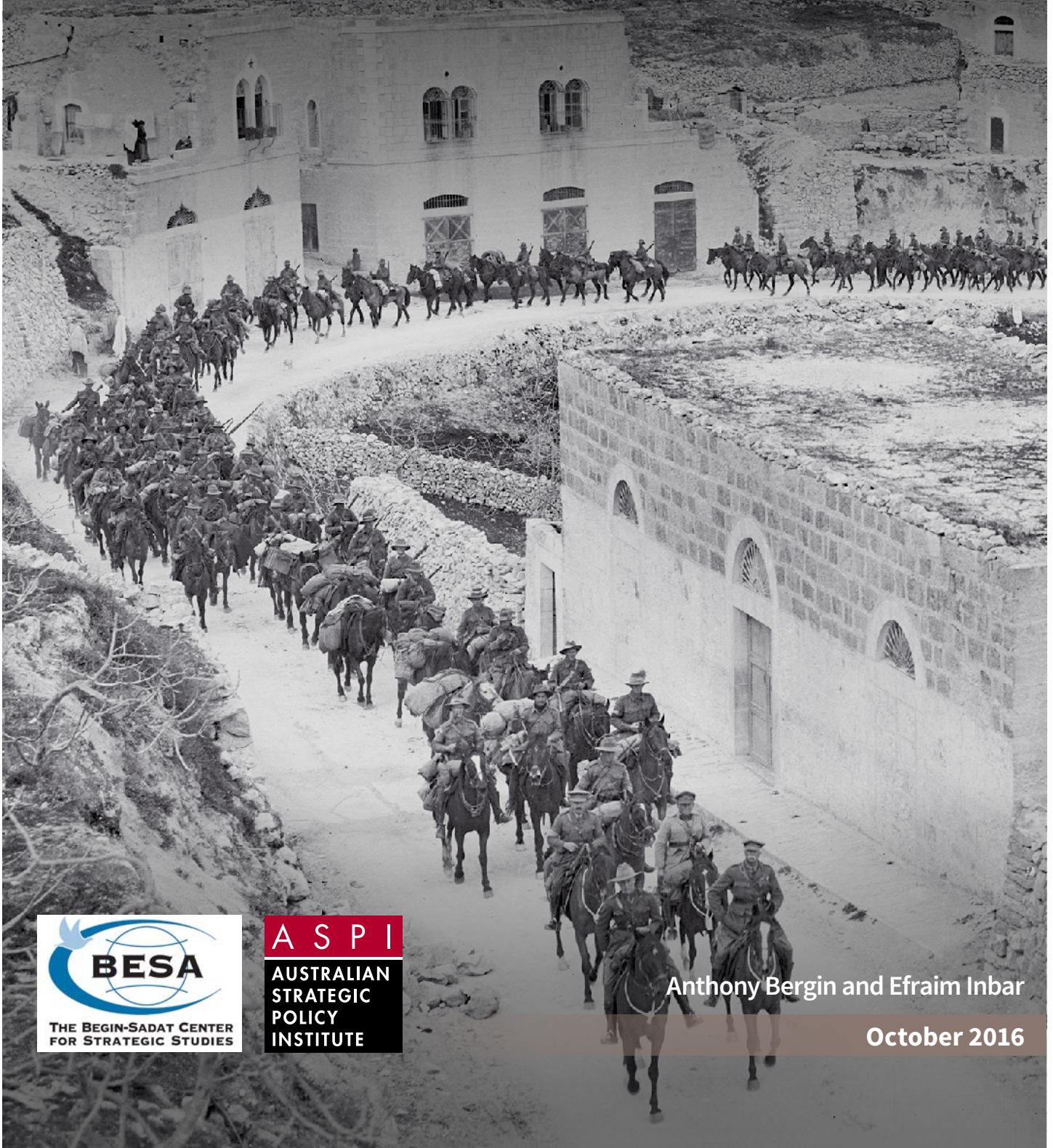


SPECIAL REPORT

A S P I

The wattle and the olive

A new chapter in Australia and Israel working together



A S P I
AUSTRALIAN
STRATEGIC
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Anthony Bergin and Efraim Inbar

October 2016



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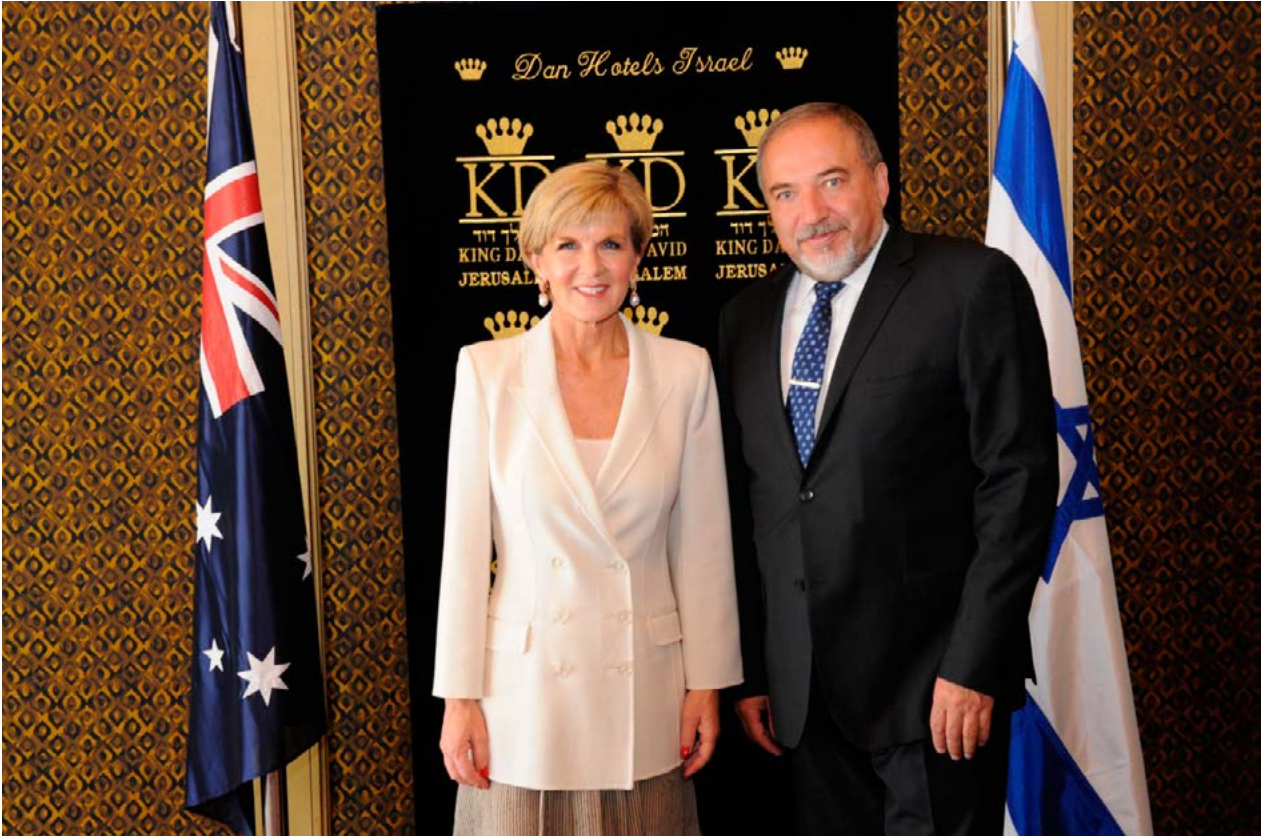
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Foreign Minister Bishop and Mr Avigdor Lieberman, Defence Minister of the State of Israel, Jerusalem, September 2016. Photo by Jorge Novominsky from the Foreign Minister's website.

EXECUTIVE SUMMARY

Next year will be the 100th anniversary of the World War I Battle of Be'er Sheva (Beersheba in English). The success of the Australian Light Horse regiments was due not only to their courage and daring, but also to their ability to be innovative and to take risks—the very characteristics we need today to enter a new chapter in relations between Israel and Australia.

The relationship between Australia and the small Jewish state is warm and close, despite occasional problems. Australia has always been seen as friendly by Israel, although it's rarely been a major focus of policy efforts in Jerusalem.

Israel has sought over the years to solicit Australia's support at international institutions and to gain access to diplomatic and economic opportunities in the Asia-Pacific region.

Both states are immigrant countries. Both societies pride themselves on being down-to-earth and on their egalitarianism, resourcefulness and social mobility. Both appreciate plain speaking and being up-front about the nature of any deal under discussion. All this provides a solid foundation for working together and doing business together.

Australia has a strong Jewish community of around 120,000 that's made an enormous contribution to the country. It can serve as one component in efforts to bring the two countries closer.

But, while there's a mutual recognition of shared values and a reasonably close bilateral working relationship, there hasn't been sufficient recognition given by either state to how each contributes to the other's national interests.

Underappreciating or simply ignoring the strategic benefits of closer ties means that each side won't be able to fully realise all the benefits of greater cooperation across the spectrum of traditional and non-traditional security issues.

Right now, there's a lot of rhetoric from both sides about the relationship, but not a lot of substance. While both publics have favourable views about each other's country, it's fair to say there's not a lot of real knowledge in each nation about the other. The relationship is in many ways underachieving.

Common strategic interests

Values won't sustain a relationship if it's not built on interests. Australia and Israel have significant common national interests that provide the basis for greater security and other benefits for both countries.

Rules-based order

At a time when the global rules-based order is under increasing pressure, both Israel and Australia share a commitment to conduct their activities in accordance with international law and international norms.

Middle East

While Australia's and Israel's national interests in the Middle East will never mirror each other precisely, both states have a range of common interests, such as:

- shared strategic perspectives on the prevention of nuclear proliferation
- combating terrorism and violent Islamist extremism
- a preference for peaceful, liberal, democratic change and economic progress
- limiting Iran's support for terrorist groups and its nuclear potential
- ensuring the security of vital trade and energy flows
- resolving the difficult, complex and often emotional Israeli–Palestinian issue based on a two-state solution
- alliance interests (keeping the US engaged in their respective regions).

Israel strongly supports Australia's longstanding contribution to the Multinational Force and Observers mission in the Sinai. Around a dozen ADF personnel are deployed to the UN Truce Supervision Organization in the Middle East.

Alliance management

Both Israel and Australia are friends and allies with the US, in good times and in bad. Both countries enjoy popular support from the American public, insofar as any foreign country is popular in the US.

For both countries, the US alliance is fundamental to each country's national security: both states wish to deepen their alliance with the US.

Both Australia and Israel have a strong interest in ensuring that the US continues to invest in the credibility of its security relationship with them and to allow access to its arms industries.

However, neither country has any interest in following US international policy blindly: they both want a strategic partnership, not compliance.

Both states have a clear interest in ensuring that the US doesn't pull back from its commitment to them and that the US defines its relationship with them as a core US national interest.

Both countries understand that their close defence relationship with the US requires their governments to invest heavily in sustaining the alliance relationship so that their voices are heard in Washington.

Both wish to strengthen American perceptions that the alliance with them also benefits the US: neither state wants to be thought of as a security 'free rider'.

Recommendation

Australia and Israel should support common approaches on an issue-by-issue basis with Washington, if both countries think there would be value in that. However, given our separate strategic geographies, such joint approaches would be relatively rare.

Asia–Pacific

Israel wishes to expand its economic links with Asia and the Pacific.

Its best and closest relations are with the North Asian states (Japan, South Korea and China) and with India and Singapore. These are all states with which Australia, too, has burgeoning relationships.

Both Israel and Australia recognise that China is challenging the US position in Asia. Australia has long appreciated Israel's decision many years ago to terminate sales of arms and dual-use technology to China.

China is Australia's largest trading partner and Israel's third biggest. As China becomes a bigger player in the Middle East, the issue of managing China relations will become a bigger issue for Israel.

Both Israel and Australia appreciate the rising importance of India.

There's a growing interest in Israel in the US pivot to Asia and what it means for the US position in the Middle East, and in the strategic implications of China's initiatives, such as the 'maritime Silk Road', the infrastructure 'belt' across Central Asia towards Europe and the Asian Infrastructure Investment Bank.

In the Pacific islands, where Australia has extensive security ties to the island states, Israel has had considerable goodwill engagement through sending out experts as part of its aid program.

Cooperation on traditional security issues

While Australia and Israel have worked successfully together, it's now time to transform a longstanding friendship into a more dynamic and enhanced partnership across both traditional and non-traditional security domains.

International policy

Australia hasn't really been on Israel's radar screen. No incumbent Israeli prime minister has ever visited Australia. The last visit by an Israeli foreign minister was in 1976. That sends a message that Israel takes Australia for granted. Australia has a better record on this front, although it's nothing to write home about.

Recommendation

In the next few years, each state's prime minister should visit the other's country. This should pave the way for more regular ministerial-level visits.

When the two states send prime ministers and foreign ministers to annual UN General Assembly sessions, meetings should be arranged as a standard procedure.

Israel is gradually seeing that Australia can provide it with a good understanding of Asia and might be a gateway for commercial opportunities in the region.

Israel would welcome Australia sharing its deep understanding of Indonesia and its contacts there.

Recommendation

Australia should convene a low-key 2nd track dialogue with Indonesia and Israel to share strategic assessments, especially as they relate to violent Islamist extremism.

There's been a foreign affairs dialogue between the heads of each nation's foreign ministries (Israel has the equivalent with Japan and India), but one hasn't been held in the past four years. It's now time to intensify that foreign affairs engagement.

Defence cooperation

There have been almost no high-level military exchanges between the two countries.

Israel doesn't have a uniformed military attaché in Canberra (although it has posted a Ministry of Defense civilian). The Australian military attaché to Israel is based in Ankara.

Australia can have robust and productive relations with Arab and other Muslim nations in the Middle East, Southeast Asia and elsewhere, while developing closer defence cooperation with Israel. It's not a zero-sum game.

Middle Eastern countries take it as a given that Israel and Australia have close relations. Australia's relationship with Arab countries has flourished over the past decade.

In the Middle East, Israel's also enjoying closer relations with many of its neighbours, albeit quietly.

Both the ADF and the Israel Defense Forces would benefit from enhanced cooperation: both operate American equipment; both states' militaries have invested heavily in world-class technology.

Israel has proven to be a prime source of effective counterterrorism and counterinsurgency tactics, techniques and procedures. On Australia's side, there's been unprecedented growth in its special forces' capability.

Israel has experience in urban warfare and the development of unmanned aerial systems for intelligence, surveillance, reconnaissance and combat. It has expertise in countering improvised explosive devices, an area where Australia also has considerable expertise.

Israel's a global pacesetter in active measures for armoured vehicle protection, defence against short-range rocket threats, and the techniques and procedures of robotics. It's developed a range of capabilities for battlefield intelligence, surveillance and reconnaissance and advanced munitions.

More broadly, Israel has a range of technologies relevant to the ADF's role in domestic security, such as border-monitoring technologies, smart sensors, access controls and security applications for mobile devices. Israel's Elbit Systems is the prime systems integrator for the battle management system of the Australian Army.

Israel, whose military doctrine is based on self-reliance, can learn from Australia's experience in operating as part of military coalitions.

Both countries' militaries are focused on how to incorporate cyber capabilities into their military operations.

Both countries are near to major choke-points along maritime oil and trade routes, making naval affairs an important component in their national strategies.

Both are focused on the undersea domain, submarines and deterrence and plan for the future development of undersea technologies, particularly unmanned subsurface vehicles.

Both are interested in indigenous naval design capability, maritime electronic support measures and electronic countermeasures.

Both are interested in the ramifications of renewed competition in the global maritime arena, especially between China and the US, but also between second-tier powers with global ambitions, such as India and Russia.

Both are interested in protecting offshore resources: the discovery of significant hydrocarbon deposits in the eastern Mediterranean has the potential to create conflict and damage the environment.

Both states' navies are interested in missile defence against seaborne land attack capabilities and surface-to-surface missiles.

In air power, both countries intend to acquire the F-35A variant of the Joint Strike Fighter. As two operators of the same variant, there might be potential for collaboration.

The RAAF is also developing its expertise in the use of unmanned aerial systems. There's much Australia can learn from Israel's pioneering extensive development and operational employment of unmanned aerial vehicles.

Recommendations

Starting in 2017, Israel and Australia should look to develop a strategic dialogue involving senior uniformed and civilian defence personnel. The dialogue should look at strategic thinking, military-to-military cooperation, US alliance issues, cybersecurity and industry cooperation. Israel already has such dialogues with the US, the UK, France, Germany, India and Canada (led by the Director-General of the Ministry of Defense or by a senior policy officer in the ministry).

The strategic dialogue could lead to meetings between the two defence ministers. Over the medium term, it may lead to an annual '2+2' strategic dialogue involving the foreign and defence ministers from both countries.

To generate military benefits, both countries should establish uniformed defence attaché positions.

There should be military staff exchanges at each other's defence colleges at least every two years and targeted training serials in Australia for junior Israel Defense Forces officers.

There should be regular exchanges between Australia's Defence Science and Technology Group and Mafat (the Administration for the Development of Weapons and Technological Infrastructure) in areas where there are win-win benefits, such as countering improvised explosive devices.

Defence industry cooperation is about operating integrated systems, mission planning and communications. There should be more regular meetings between Australian and Israeli defence industry end-users and operators.

Counterterrorism

There's scope for both countries to share information on terrorist financing, countering violent extremism, foreign fighters, the connections between Middle East terrorism and violent Islamist extremism in Asia, and developments in security technologies.

Recommendation

Israeli and Australian agencies involved in counterterrorism should meet for information exchanges.

Intelligence cooperation

Both states' intelligence services can enhance their interests by sharing information, particularly in the area of counterterrorism.

Australia's still undertaking military operations in the Middle East. Israel has strong capabilities for intelligence collection and assessments on key countries and issues in that region.

Australia has good information on Islamist extremist groups in Asia that Israel would find of interest.

Cybersecurity

Israel has world-class expertise in cybersecurity and is establishing a new national Cyber Security Authority.

Both sides can work to build an enduring partnership to try to secure the cyber commons while protecting their own critical infrastructure.

Recommendation

Australia and Israel should convene a cyber dialogue to examine issues such as internet governance, cybercrime, cyber regulations, information sharing between government and business, capacity building and incentives for industry.

Social cohesion and countering violent extremism

One of the most interesting areas in which Australia and Israel can learn from one another is the way each manages its Islamic communities.

Australia, working with its Muslim communities, has now developed an extensive program on countering violent extremism. Israel has recently started a 'youth at risk' program. Both countries are interested in how to measure the effectiveness of such programs.

Recommendation

Both countries should share information on how to integrate countering violent extremism programs into existing initiatives in education, employment and social policy and on how such programs can contribute to a cohesive society.

Cooperation on non-traditional security matters

Australia and Israel can also benefit from cooperation in non-traditional security areas.

Innovation diplomacy

Israel has one of the highest concentrations of innovators and entrepreneurs.

Through the National Innovation and Science Agenda, Australia is developing innovation policies to transform its economy.

Australia opened an innovation ‘landing pad’ in Tel Aviv in June 2016 to give Australians privileged access to those in Israel who have driven Israel’s economic transformation.

There could also be more grassroots academic cooperation between universities, especially in the sciences.

Recommendation

All efforts should be made to conclude the Australian Government’s agreement with Israel on industrial research and development. Australian companies should be encouraged to use the innovation hub in Tel Aviv. The best and the brightest in Israel’s innovation ecosystem should be invited to Australia to see how its tech scene is developing.

An internship program could be developed in Israel for Australian university students. It would incorporate both university study and working in high-tech enterprises, including on cyber matters.

Academic exchanges among Israeli and Australian institutions of higher learning should be encouraged.

Remembering the Anzac heritage

There’s not much awareness among young people in both countries of Australian military actions that set the ground for Israel’s independence. When Israelis talk about the Anzacs in their country, they’re really talking about Australia. There are many sites in Israel where Australian forces fought in World War I.

Recommendation

There should be public commemorations in both countries, involving senior leaders and military officers of both countries, to mark the centenaries in 2017 and 2018 of each of the large military engagements in Israel in which the Anzacs participated.

Resilience and disaster planning

Israel has a highly resilient population tested by many disruptive events. Its communities have very high capacities to continue operations and daily life during crises. Australian health authorities can certainly learn from the Israeli experience in dealing with the health aspects of terrorism.

Australia has resilience lessons to share based on its experience of mitigating and responding to the impact of natural disasters.

Both countries are heavily involved in providing overseas disaster response to nations suffering major natural disasters.

Recommendation

Australia’s national emergency management authority and Israel’s equivalent (under its Ministry of Defense) should exchange information on homeland disaster resilience and on humanitarian assistance and responses in overseas emergencies and disasters.

Smart cities

Australia's one of the most urbanised countries. If Australia's economy is to be led by innovation, the performance of its cities is crucial.

Israel's cities have been doing innovative work. Tel Aviv, for example, is the 'start-up city': it has the highest concentration of high-tech start-ups per capita in the world.

Tel Aviv's strategy of citizen-oriented governance operates from the bottom up, like a 'kibbutz city'. In Tel Aviv, about 60% of people participate in an online digital engagement platform that allows registered members to conduct their business with the city and allows the city to send them information.

The southern desert city of Be'er Sheva has been undergoing a near-miraculous transformation from a barren land of sand and camels into a cybersecurity powerhouse.

Recommendation

The Australian Council of Capital City Lord Mayors should meet with Israel's Conference of Mayors to discuss urban innovation, with a focus on issues and challenges facing mayors in both countries.

Serious and organised crime

Both countries face growing problems of serious and organised crime, drugs and money laundering. Gambling is a major crime industry in Israel, where gambling is illegal.

Recommendation

There should be exchanges between both countries' national police forces.

Water security

Israel is a world leader in water conservation and management and high-tech agriculture. It's a pioneer of drip irrigation for farming in arid regions and a major player in desalination, operating five large plants. Australia, too, is a leader in many aspects of water management.

Recommendation

Australia and Israel should exchange information on best practices in water management and work together on water management in Africa and the Pacific.

Concluding remarks

Deepening the Australia-Israel relationship will generate significant benefits in advancing both countries' national interests, although it will be necessary to select areas for cooperation that bring the highest mutual benefit.

Of course, it won't be a fairytale marriage or a completely trouble-free zone. Differences will arise, but they can be managed in a way that doesn't damage long-term relations.

If the bilateral relationship is to flourish over the longer term, Australian and Israeli political leaders should be pointing out that our relations are a net asset for both nations.

Expanding partnerships both in traditional security areas, such as defence, intelligence and cyber security, and in non-traditional areas, such as innovation and disaster and societal resilience, offer a win-win deal that will benefit Australia and Israel for years to come.

We should use the 2017 centenaries of the charge of the 4th Light Horse Brigade at Be'er Sheva, Australian involvement in the Middle East and the Balfour Declaration (which led to the creation of the modern state of Israel) to revitalise the relationship.

INTRODUCTION

Next year will be the 100th anniversary of the World War I Battle of Be'er Sheva (Beersheba in English). As part of the allied campaign in Palestine to defeat the Ottoman Turks and capture Jerusalem and Damascus, the 4th and 12th Australian Light Horse regiments swung out away from the coast into the waterless interior. At great risk, they took less than an hour to overrun the Ottoman trenches, enter Be'er Sheva and guarantee water supplies for the next stage of the campaign.

The success of the attack relied on the risky proposition of being prepared to fight for water in the desert, and on the daring and bravery of those soldiers commanded to charge into the heavily fortified town and take its precious wells.

The light horsemen—mounted infantry who theoretically used their horses only to get from one place to another—normally dismounted to fight as infantry. They weren't cavalry, who could charge and attack and overrun an enemy with sabres drawn. At Be'er Sheva, the light horse did what no-one, least of all the Turks, expected. Some 800 riders charged, short bayonets in hand, because they didn't have swords.

Their success was due not only to their courage and daring, but also to their ability to be innovative and to take risks—the very characteristics we need today to enter a new chapter in relations between Israel and Australia.

Israel is a vibrant democracy in a region that's critical to responding to global challenges such as Islamist radicalisation, international terrorism, nuclear proliferation and energy security.

The relationship between Australia and the small Jewish state is warm and close, despite occasional problems.¹ Australia has always been seen as friendly by Israel, although it's rarely been a major focus of policy efforts in Jerusalem.

Israel has sought over the years to solicit Australia's support in international institutions and to gain access to diplomatic and economic opportunities in the Asia-Pacific.

Over many years, Australia has offered strong political and moral support to Israel and its people on the basis of shared cultural and political values of democracy, common roots in Judeo-Christian tradition, a shared commitment to individual freedom, and a pro-Western foreign policy orientation.

Both are immigrant countries. Both societies pride themselves on being down-to-earth and on their egalitarianism, resourcefulness and social mobility. Among their cultural traits, both sides appreciate plain speaking and being up-front about the nature of any deal under discussion. Interestingly, when young Israelis travel, they usually encounter the world's other great travellers, young Australians. All this provides a solid foundation for working together and doing business together.

Australia has a strong Jewish community of around 120,000 that's made an enormous contribution to the country. It can serve as one component in efforts to bring the two countries closer.²

The relationship between the two small states is rooted in history: Australia's diplomatic relations with Israel go back to the Jewish state's inception in 1948, a fact remembered and appreciated by Israel.

Historical perspective

During World War I, the Australians at Gallipoli were joined by the 600-strong Zion Mule Corps, made up mostly of Jewish volunteers expelled from Palestine.

Four Australian Light Horse brigades and a battalion of camel-borne troops subsequently served in Allenby's conquest of Ottoman Palestine in 1917–18. Many of them, including their corps commander, Lieutenant General Harry Chauvel, were billeted with Jewish families in kibbutzim and communities in what's now central Israel.

Australian soldiers returned to the Middle East in large numbers during World War II. Many were stationed temporarily in Palestine and renewed good relations with the local Jewish communities. Australians and Palestinian Jews fought side by side. General Moshe Dayan lost an eye in Syria accompanying Australian troops in a military action against Vichy French forces.

Through the agency of Minister for External Affairs HV Evatt, Australia played an important role in securing the passage of the UN General Assembly's partition resolution of 29 November 1947. Australia was one of the 11 members of the UN Special Committee on Palestine, which ultimately recommended partition. Evatt was elected Chairman of the General Assembly's Ad Hoc Committee on Palestine, set up in September 1947. He used his role to see to it that partition was passed, by a vote of 33 to 13, two months later. As President of the General Assembly, Evatt facilitated Israel's admission to the UN as a member state in 1949.

In 1962, Australia became the first country to begin to publicly address the plight of Soviet Jewry—an issue of great concern to Israel. Bob Hawke championed this cause in the 1970s and 1980s, including as prime minister.

As the crisis that led to the 1967 Six-Day War heated up, Australia was one of the few nations prepared to contribute forces to an international flotilla to be deployed to open the Tiran Straits, which had been illegally closed by Egypt (the proximate cause of the war).

However, during the 1973 Yom Kippur War, the Whitlam government refused to condemn the Egyptian and Syrian attacks that launched the war.

In October 1981, Australia agreed to send its forces to Sinai to participate in the Multinational Force and Observers (MFO), which was part of the mechanism developed to monitor the Israel–Egypt peace treaty. Australia's been a contributor to the MFO ever since.

Successive Australian governments have defended Israel's right to use force to defend itself on a number of occasions. The two countries have shared sensitive military intelligence, most notably during the 1991 Gulf War.

There have, however, been rough patches. For example, Israel misused Australian passports in 2010, and Australian Foreign Minister Bob Carr objected to Jewish settlements and proposed Palestinian recognition in 2012 and 2013.

Overall, there's been a steady record of friendly relations.

There's no country in the Middle East whose people and government are so closely aligned with Australia as Israel: that's been reflected over many years in the way both states have voted on key issues at the UN and in popular sentiment.

Bipartisan political support for Israel and a two-state outcome between the Israelis and Palestinians (through direct negotiations between the parties) is closely woven into Australia's political culture.

Although there's strong support on the Australian Left for the creation of a Palestinian state, this has not translated into support for the Palestinians' campaign to dismantle or downgrade Australia's relations with Israel. The Coalition, the Australian Labor Party and most minor parties condemn the Boycott, Divestment and Sanctions movement.³

The finalisation of a bilateral double tax agreement, negotiations for which began recently, should strengthen further two-way trade and investment.

However, despite several high-profile visits to Israel by then Assistant Minister for Innovation Wyatt Roy, Lucy Turnbull (a former Lord Mayor of Sydney and the wife of Prime Minister Malcolm Turnbull) and NSW Premier Mike Baird, right now the economic relationship is limited. Israel's economy is particularly self-reliant for agricultural goods, which are a large part of Australia's exports. Israel–Australia trade is worth a meagre A\$1.2 billion a year.⁴ See the appendix at the end of the paper.

There's potential for Australia to export its technical expertise in exploration in the oil and gas sector, which is a relatively new industry for Israel.

It's a pity that two years ago the Australian firm Woodside Petroleum withdrew from a deal to acquire 25% of the huge Leviathan natural gas reservoir (located in the Mediterranean Sea about 130 kilometres west of Haifa) due to disagreements between the company and the Israel Tax Authority. It would have been a real 'game changer': Woodside would have operated any liquefied natural gas development for the reservoir.

Israel's Energy Minister, Yuval Steinitz, recently stated that there's another 2,200 billion cubic metres of gas under Israeli territorial waters, equal to four times the amount in Leviathan, which is the largest known Israeli field.⁵

However, Australian political leaders are now emphasising the Israeli model for becoming an economic powerhouse through being an innovator and pacesetter in the information and technology field. Israel's innovation in its high-tech sector is now central to its national branding.

Israel has long appreciated Australia's international position to support the right of all states, whatever their size, to be secure within their borders.

But while there's a mutual recognition of shared values and a reasonably close bilateral working relationship, there hasn't been sufficient recognition given by either state to how each contributes to the other's national interests.

Without that understanding, both states may well conclude over time that each contributes very little to the other's overall wellbeing.

Underappreciating or simply ignoring the strategic benefits of closer ties means that each side won't be able to fully realise all the benefits of greater cooperation across the spectrum of traditional and non-traditional security issues.

Right now, there's a lot of rhetoric from both sides about the relationship, but not a lot of substance. It's only the innovation agenda and initiatives such as the Be'er Sheva Dialogue (see box) that are now putting more 'flesh on the bone'.

While both publics have favourable views about each other's country, it's fair to say that there's not a lot of real knowledge in each nation about the other. The relationship is in many ways underachieving.

The Be'er Sheva Dialogue

In 2015, ASPI and the Begin–Sadat Center for Strategic Studies (BESA) launched the Be'er Sheva Dialogue, which is named after the Battle of Be'er Sheva.

The dialogue brings together experienced voices from Australia and Israel to share perspectives and analyses of the security and strategic challenges facing both nations.

It's the only bilateral dialogue that brings together government officials, serving and retired military officers, academics and non-government officials to discuss security issues and strategic perspectives between the two countries.

The 2015 Australian delegation included elected representatives from both major political parties, Australian diplomats (including Australia's Ambassador to Israel), former senior intelligence officials and senior active and retired Army officers.

BESA Center Director Professor Efraim Inbar headed the Israeli delegation, which comprised former and current foreign affairs officials, strategists, leading academics and representatives from the defence industry and the Israel Defense Forces.

The second dialogue will be convened in 2016. As we approach the centenary of the Battle of Be'er Sheva next year, the dialogue will provide further opportunity for Australians and Israelis to come together to discuss matters of mutual interest in strategy and military affairs.

The Be'er Sheva Dialogue gives delegates from both countries a valuable opportunity to focus on critical defence and security issues while reflecting more broadly on the outlook for the relationship between Australia and Israel.

The dialogue also gives both sides a clearer articulation of our overlapping strategic interests.



The Charge at Beersheba. It is likely that the above photograph is of a re-enactment some weeks after the event. AWM: PO3723_001

COMMON STRATEGIC INTERESTS

Values won't sustain a relationship if it's not built on interests. Australia and Israel have significant common national interests that provide the basis for greater security and other benefits for both countries.

The rules-based order

Australia and Israel feel comfortable with the stability in the international system that emerged after the end of the Cold War. This global environment is often referred to in Australia (not in Israel) as a 'rules-based order'. Israel is concerned about revisionist powers.

At a time when the global rules-based order is under increasing pressure, most notably in the Middle East but also in Asia, and newly powerful countries want to challenge some of the rules in the global architecture, Israel and Australia share a commitment to conduct their activities in accordance with international law and international norms.

Israel prides itself on being the only country in the Middle East with an independent judiciary recognised for the high quality of its jurisprudence, and on the lengths to which it goes to comply with international law, despite grave ongoing threats to its existence.

Because both countries are middle powers, they rely on the rules-based order more than most. For example, in the 2016 Australian Defence White Paper, 'rules' is used 64 times—48 of them in the phrase 'rules-based global order'.

Both countries are fiercely determined to ensure that the sea lanes remain secure and the skies are open. Israel is critically dependent on these rights, as in emergencies it's strategically like an island (it can't count on its Arab neighbours). Over 90% of Israel's foreign trade goes via the Mediterranean. Notably, it was the disruption of these rights that led to the Six-Day War. The exploitation of its newly found gas fields in its exclusive economic zone also requires 'rules-based global order' behaviour.

Australia is critically dependent on seaborne trade, especially maritime commerce through the South China Sea. The Australian Government welcomed the final decision by the UN Convention on the Law of the Sea arbitral tribunal on the Philippines' South China Sea case on 12 July 2016. It called on China and the Philippines to abide by the tribunal's award and stressed that this is a crucial opportunity for East Asia to uphold the existing rules-based international order.

The Middle East

The Middle East is home to many of the world's most serious and intractable security problems, and is also a major energy exporter. Australia and Israel have a range of common interests in the region:

- We share strategic perspectives on the prevention of nuclear proliferation (Israel is the only de facto nuclear weapons state in the region and has destroyed nuclear reactors in revisionist states such as Iraq in 1981 and Syria in 2007).



- We both need to combat terrorism and violent Islamist extremism (Israel is a bulwark against violent Islamism in the region). Continuing instability in parts of the Middle East means that terrorist groups in that region have the freedom to operate and plan attacks internationally. That's particularly true of Islamic State, al-Qaeda and their regional affiliates.
- We both prefer peaceful, liberal, democratic change and economic progress.
- We both want to limit Iran's support for terrorist groups and its nuclear potential. While Australia has lent support to the Joint Comprehensive Plan of Action signed on 14 July 2015 and lifted some sanctions against Iran, Australia and Israel share grave concerns over Iran's sponsorship of Hezbollah in Lebanon and Syria⁶ and Hamas and Islamic Jihad in the Gaza Strip.
- We both need to ensure the security of vital trade and energy flows.
- We both want to resolve the difficult, complex and often emotional Israeli–Palestinian issue based on a two-state solution (even though the prospects look dim, given the seemingly intractable gaps between Israelis and Palestinians on the issues to be resolved).
- We share alliance interests (keeping the US engaged in our respective regions).

Although the two countries share many views on security, inevitably Australia's and Israel's national interests in the Middle East will never mirror each other precisely. From Israel's perspective, Australia is a valued partner, but distance and different strategic geography will always mean that the two countries will have to strive to achieve closer engagement.

ADF personnel have been operating continuously in the Middle East for the past 15 years—in Afghanistan (on the border of the Middle East) since 2001 and in Iraq since 2003. Around 250 ADF members are currently deployed to Afghanistan.

The ADF in the Middle East

The current ADF contribution to the international coalition against Islamic State consists of around 780 deployed ADF personnel, including 400 personnel in the Air Task Group (which has flown hundreds of sorties over Iraq and dozens over Syria).

The ADF contribution in Iraq is likely to be the Australian military's most significant operational commitment for the next few years at least, barring unexpected Asia–Pacific contingencies.

Israel is less directly concerned about the Islamic State's potential for destructiveness and destabilisation and has demonstrated resilience in the face of terrorist threats. Moreover, Islamic State is fighting Shia Iran—Israel's key strategic rival in the Middle East.

Australia has participated in the Middle East conflicts not just because it's an American ally. Successive Australian governments have understood that the fight against fundamentalist extremism is global in its impact and has implications for Asia (where the bulk of the world's Muslims reside).

Israel strongly supports Australia's longstanding contribution to the MFO mission in the Sinai, where the MFO camp in North Sinai is now under continued threat from an insurgency affiliated with Islamic State. Australia contributes a contingent of 26 personnel.

Around a dozen ADF personnel are deployed to the UN Truce Supervision Organization in the Middle East (UNTSO), including staff officers in UNTSO's headquarters in Jerusalem (see box).

Australia, UNTSO and UNDOF

UNTSO is mandated to operate in Israel and neighbouring countries, although it doesn't currently have a presence in Jordan or the Palestinian territories.

UNTSO military observers are attached to the peacekeeping forces in the area: the UN Disengagement Observer Force (UNDOF) in the Golan Heights and the UN Interim Force in Lebanon (UNIFIL). These armed forces provide security and other support (such as medical evacuation if required) to UNTSO military observers.

Australia has contributed to UNTSO since 1956, and its involvement has no defined endpoint.

Australia's current contribution under Operation Paladin involves 12 ADF officers (11 military observers who work with UNIFIL and UNDOF and one senior staff officer located at the UNTSO headquarters). This is the fourth-largest contingent in UNTSO.

Since September 2014, ADF personnel previously serving on the Syrian side of the Golan Heights were moved back to safety on the Israeli side of the border due to security threat levels in the 'Area of Separation'.

There have been recent reports about UNDOF moving back into the Area of Separation, but they haven't been confirmed. UNDOF is monitoring the area from positions on the Israeli side, along with UNTSO military observers, including Australians.

Based on experience, Israel is sceptical about the role that peacekeeping forces can play in preventing military conflict. In its view, such international forces can at best serve as a trip-wire. Israelis remember the speed with which the UN peacekeeping force was withdrawn from the Sinai Peninsula in May 1967 when the Egyptian regime ordered it to leave. War broke out two weeks later. That scepticism was reinforced by UNDOF's units packing for home after encountering armed Syrian militias unbound by previously designed rules.

Both countries see the US presence in the Middle East as central, not just to protect the security of Israel but because both states fear that there would be an increased probability of regional instability, and in particular nuclear proliferation, if the US weren't able to be a reliable regional security provider.⁷ US military power also guarantees that crucial waterways in the Persian Gulf region remain open and thus ensures the stable flow onto the world market of the region's oil, which is vital for the global economy.

Both Australia and Israel recognise that any widely perceived US weakness in the Middle East will inevitably have ripple effects in other parts of the world. For example, it might risk US allies in Asia determining that it would be wise to hedge their bets and look elsewhere for support.

Alliance management

Both Israel and Australia are friends and allies of the US, in good times and in bad. Both enjoy popular support from the American public, insofar as any foreign country is popular in the US. At the Shangri-La Dialogue in Singapore in June 2016, US Secretary of Defense Ashley Carter said that 'the US–Australia alliance is, more and more, a global one.'

Unlike in Israel, where the US provides around \$3 billion of military assistance a year, the Americans don't directly fund Australian security. However, the ADF would lack capability without access to US intelligence and military technology and the capacity to train with the US military.

For Australia and Israel, the US alliance is fundamental to their national security: both states wish to deepen their alliance with the US.



Both countries must manage to balance their rapidly expanding trade ties with China with their alliance with the US. China is Australia's largest trade partner and Israel's third biggest. As China becomes a bigger player in the Middle East, the issue of managing China relations will become a bigger one for Israel.⁸ Significantly, as the world's largest oil importer, China has the same interest as the US in promoting stability in the Middle East. (They may, however, differ on the conditions conducive to stability and its nature.)

In the case of Australia, with greater strategic competition in the Asia-Pacific, Australia-US cooperation will expand in activities related to maritime surveillance, intelligence and reconnaissance, antisubmarine warfare, space, ballistic missile defence, cybersecurity, special forces, air combat capability and electronic warfare.⁹

With the US rebalance to Asia, Australia becomes more central to the US: the US Marine Corps and US Air Force presence will grow in northern Australia. Rotations of marines reinforce the US commitment to Australian security and provide continuous high-level training opportunities for Australian forces.

For Australia, it's the US alliance system in Asia that underwrites regional stability. Canberra also looks to Washington to continue backing a liberal trading order in Asia that's long supported the region's economic and political stability and facilitated Australia's exports to the region.

From Israel's perspective, the future of the US presence in the Middle East looks uncertain. From his early days in power, President Barack Obama has pursued a grand strategy of retrenchment from the Middle East.

US forces fought two costly wars there in the past decade, in Afghanistan and in Iraq, in an attempt to prevent those states from becoming hotbeds of terrorism and to promote their democratisation, only to be taught a painful lesson about the limits of power.

The desire for a lower profile in the Middle East was also the result of decreased American dependence on energy resources from the Gulf, thanks to new technologies that can extract natural gas and oil in the continental US.

With the US pivot to Asia, the Obama administration reduced military assets available for projecting power in the Middle East. For example, there are no longer plans for a permanent presence of aircraft carriers in either the eastern Mediterranean or the Gulf—an unprecedented situation since the end of the Cold War.

But a lower US presence in the Middle East is unlikely to affect US-Israeli relations in the short run. American public opinion displays high levels of support for Israel. The landmark US defence aid package of US\$3.8 billion a year, guaranteed for ten years, that was signed with Israel in September this year, underlines the basic friendship between the two countries.

Despite the tensions between President Obama and Prime Minister Netanyahu, the military and strategic dimensions of the relationship have become closer. There's little reason to believe that this aspect of the US-Israel alliance will decay anytime soon.

Moreover, the logic of 'offshore balancing', whereby one country uses favoured regional powers to check the rise of potential hostile powers, if pursued after Obama, ought to see an increase in Washington's dependence on Jerusalem; Israel is the strongest and friendliest military power in a highly volatile region, and its diplomatic influence in the region is also strengthening as Sunni Arab states make common cause with Israel to thwart Shia Iran's push for regional hegemony.

Ironically, the American desire to disengage from the Middle East increases Israel's leeway to act more independently: it's left with less of an obligation to weigh the consequences of its own actions for US interests and personnel in the region.

Both Australia and Israel have a strong interest in ensuring that the US continues to invest in the credibility of its security relationship with them and to allow access to its arms industries.

Neither country has any interest, however, in following US international policy blindly: they both want a strategic partnership, not compliance. They wish to act confidently within the alliance and believe that their value as allies is enhanced when they are prepared to act thoughtfully.

Each state, as is clear through the history of its alliance with the US, has acted independently: there have been plenty of policy matters on which Jerusalem and Canberra have disagreed with Washington.

But the fact remains that both Israel and Australia must determine what effort needs to be expended to reinforce their country's security alliance with the US. Both states have a clear interest in ensuring that the US doesn't pull back from its commitment to them and that the US defines its relationship with them as a core US national interest. Both understand that their close defence relationship with the US requires their governments to invest heavily in sustaining the alliance relationship, in which their voices are heard in Washington.

Both wish to strengthen American perceptions that the alliance with them also benefits the US: neither wants to be thought of as a security 'free rider'. Both are focused on reinforcing a US view that they bring valuable ideas and capabilities to bear on common issues.

If the US abandons some interests in the Middle East, Israel wouldn't want to be one of those interests it abandons. The same point holds true for Australia if US interests were to be significantly downgraded in Asia.

Israel has never asked the US to risk American lives on its behalf. That's unlikely to change. If Israel were to face an existential threat, it's similarly unlikely that Australia would be asked by either the US or Israel to provide direct military support (although, given Australian public attitudes, there'd probably be strong political backing to do so).

But Australia would be likely to offer political, diplomatic and intelligence support to Israel, outside of any alliance pressure to do so.

Australia's support for Israel in the international arena, where its position is occasionally challenged by the Arab bloc, is welcomed by Israel.

Recommendation:

Australia and Israel should support common approaches with Washington on an issue-by-issue basis, if both countries think there would be value in that. However, given our separate strategic geographies, such joint approaches would be relatively rare.

The Asia–Pacific region

In the Asia–Pacific region, Australia and Israel have common interests in increasing mutual engagement. Israel finds that its close relations with Australia can be helpful in developing its own relations with Asia.

Israel has understood the growing importance of Asia in world affairs and its clear strategic political and economic implications. From Israel's perspective, Europe is in decline and displays growing criticism of Israel, while the US seems to be in retreat.

As result, Israel wishes to expand its economic links with the Asian region. Prime Minister Netanyahu has expressed his preference for diversifying Israel's markets and increasing commerce with the East.¹⁰

Its best and closest relations are with the North Asian states (Japan, South Korea and China), and with India and Singapore. These are all states with which Australia, too, has burgeoning relationships. And both Israel and Australia recognise that China is challenging the US position in Asia (see box).

While Israel's close relationship with Singapore is well known (they've had an enduring relationship, especially a defence relationship, for more than 50 years¹¹), it's not so widely appreciated just how fast Israel and India are bringing their relationship out from 'under the carpet'.¹²



Israel's relationship with India has a strategic dimension. Since the mid-1990s, Israel has sold India considerable amounts of military equipment. There's been serious cooperation between the military industries and the intelligence services of the two states. This bilateral relationship is buttressed by similarities in their strategic agendas. The Israeli and Indian lobbies in Washington coordinate their activities.¹³

Both Israel and Australia appreciate the rising importance of India, the world's second most populous nation, its seventh-largest economy and an increasingly important player in Asia's balance of power. Prime Minister Modi is expected to visit Israel soon.

Five features of Israel's relations with the Asia-Pacific

Diplomatic relations

Israel maintains diplomatic relations with most of the Asia-Pacific nations through 19 diplomatic or consular representations in the region (five in China, three in India, one in each of the other countries, including Australia and New Zealand). Thirteen Asia-Pacific states have embassies in Israel. Israel's Ministry of Foreign Affairs has recently appointed a Roving Ambassador to the Pacific Islands, although that position is not based in the region.

Development assistance

The Asia-Pacific enjoys the lion's share of Israel's international development cooperation, which is delivered through MASHAV (the Israeli international development agency) and involves long-term projects, mainly in agriculture.

The region benefits from a large share of MASHAV's short-term consultancies, which number more than 20 per year. More than 280 trainees from the region visited Israel in 2015 for various courses and individual training.

That year, Israel delivered more than 700 training programs in the region. Israel has built 13 centres of excellence for agrotechnologies in India and demonstration dairy farms in Vietnam and China.

Israel is active in delivering humanitarian aid to the region after disasters. For example, it was the first country to set up a field hospital following the earthquakes in Nepal in April 2015 and in the Philippines in 2014.

Israel recently supplied two mobile desalination systems to the Marshall Islands and Papua New Guinea following drought.

Economic linkages

In a number Southeast Asian countries, Israel is perceived as an advanced nation in science and technology producing sophisticated products for cybersecurity; health care; water management; renewable technologies for wastewater and solid waste treatment; and high-tech applications in agriculture, such as irrigation and post-harvest preservation.

Over the past three to five years, Asia has become Israel's new economic frontier.¹⁴ In 2015, Israel's exports to Asia recorded a 15% growth rate and reached 26% of total exports.

For the first time, Asia took the place of the US as the second-biggest destination (after the European Union) for Israeli commodity exports. Israeli exports to Asian countries tripled between 2004 and 2014, totalling US\$16.7 billion.

Strengthening ties with China, India and Japan

Israel has developed strong relations with China, India and Japan.

Following state visits of Prime Minister Netanyahu to China in May 2013 and to Japan in May 2014, Japanese Prime Minister Shinzo Abe's visit to Israel in January 2015 and Indian President Mukherjee's visit to Israel in October 2015, Israel adopted special measures to strengthen its economic relations with the three countries, allocating funds to upgrade diplomatic missions and encouraging the exchange of business delegations.

China and India are among Israel's 10 leading export markets. In 2015, Israeli exports to China totalled US\$3.1 billion, up 21% from 2014. Electronic components have dominated the exports in the past few years. Exports to India rose by 21% in 2015 and reached US\$1.3 billion.

Since Netanyahu visited Japan and Abe visited Israel in May 2014 and in January 2015, respectively, there's been strong interest in Japanese and Israeli business circles in strengthening ties between the two countries. The total Israel–Japan trade volume for 2015 was US\$1.965 billion. The two countries are expected to sign an agreement for the liberalisation, promotion and protection of investment in 2016.

Free trade agreements

Israel is negotiating free trade agreements with four countries in Asia. The first round of negotiations with South Korea and Vietnam will be launched soon. The next candidates for agreements are China and India, after comprehensive feasibility analysis.

China and a rising India are critical to Australia's economic and security future, and both are rapidly becoming important markets and economic partners for Israel.

Australia is now particularly concerned that China has made abundantly clear that it doesn't accept the established rules in maritime East Asia. Australia has long appreciated Israel's decision many years ago to terminate sales of arms and dual-use technology to China. Due to American objections, that embargo will continue.

Israel was visited in April 2016 by Singapore's Prime Minister, Lee Hsien Loong, and a 60-member delegation (there was no criticism of the visit by Malaysia).¹⁵ Singapore is Australia's most advanced defence partner in Southeast Asia, and both countries recently concluded a comprehensive strategic partnership agreement.¹⁶

The first-ever visit to Israel by a Singaporean Government head is part of a larger trend: Israel's improving its ties with Japan and Vietnam, and has ongoing relations with Thailand, Taiwan and the Philippines.

In the past few years, there have been considerable high-level defence-oriented visits from both sides, and expanding Israeli defence exports to Southeast Asia.¹⁷

There have been growing Israeli trade and tourism contacts in Indonesia,¹⁸ although Jakarta doesn't recognise Israel. Jakarta supports direct negotiations between the Palestinians and Israel.¹⁹ However, it's proven much more difficult for Israel to make much headway in other countries that don't recognise it, such as Malaysia, Brunei, Pakistan and Bangladesh, not to mention North Korea. But these are all states of far less strategic weight than those with which Israel's relations are blossoming.

There's a growing interest in Israel in the US pivot to Asia and what it means for the US position in the Middle East, and the strategic implications of China's initiatives, such as the 'maritime Silk Road', the infrastructure 'belt' across Central Asia towards Europe and the Asian Infrastructure Investment Bank.

In the Pacific islands, where Australia's the regional 'Big Brother' with extensive security ties to the island states, Israel has had considerable goodwill engagement through sending out experts as part of its aid program.

The aid has both a humanitarian and a political objective: Pacific island states such as the Federated States of Micronesia, the Marshall Islands, Palau and Nauru always line up with Israel when UN votes concern the Jewish state.

Along with Solomon Islands, they receive Israeli aid not just from the government but also from Israeli NGOs, such as IsraAID and Tag International Development.

Israel's Agency for International Development Cooperation, at the Israeli Ministry for Foreign Affairs, has funded or partnered on agriculture, water, disaster preparedness and clean-energy projects in the Pacific. For example, Israel's G.A.L. Water Technologies has provided a unique water-purification system loaded into a vehicle to the Marshall Islands, which suffers a serious lack of drinking water.²⁰

Israel has provided assistance to several Pacific countries, such as Fiji and Vanuatu, after recent natural disasters. For example, in March 2016 an Israeli aid team was in Fiji addressing the mental health needs of cyclone survivors as well as their physical problems.²¹

Papua New Guinea has sent soldiers and police officers to Israel for specialist training in preparation for the 2018 APEC Summit in Port Moresby.

COOPERATION ON TRADITIONAL SECURITY ISSUES

While Australia and Israel have worked successfully together, sometimes on sensitive matters related to Israel's relations with its Arab neighbours, it's hardly surprising that on some issues Jerusalem and Canberra have had some differences (as occurs in most bilateral relationships).

But the two states remain old friends. It's now time to take relations to a higher level and transform a longstanding friendship into a more dynamic and enhanced partnership across both traditional and non-traditional security domains.

There are particular opportunities to expand Australian–Israeli cooperation in traditional security areas, such as international policy, defence, counterterrorism, cybersecurity and programs to counter violent extremism.

International policy

While the political relationship between the two countries is good, there's been a lack of recognition by both sides of opportunities to capitalise on the potential.

Australia hasn't really been on Israel's radar screen. No incumbent Israeli prime minister has ever visited Australia. The most recent visit by an Israeli foreign minister was in 1976. It's disappointing that the scheduled visit of Israeli President Reuven Rivlin in March 2015 was cancelled at the last minute so he could visit Russia to meet with President Vladimir Putin instead. Rivlin is among four senior Israeli politicians who have cancelled visits to Australia in the past two years. All this sends a message that Israel takes Australia for granted.

Australia has a better record on this count, although it's nothing to write home about. There have been occasional prime ministerial and foreign minister visits to Israel over the years, and recent high-profile visits have included those by a number of senior federal ministers, as well as the NSW Premier. Prime Minister Malcolm Turnbull's wife, Lucy Turnbull, led a group of Australian businesswomen to Israel in May this year to examine the start-up agenda.²²

Recommendation

In the next few years, the Israeli and Australian prime ministers should visit each other's country. This would pave the way for more regular ministerial level visits. An obvious theme for the prime ministerial visits would be to promote closer cooperation on innovation supporting economic growth.

When the two states send their prime ministers and foreign ministers to annual UN General Assembly sessions, meetings between them should be arranged as a standard procedure.

Israel is gradually seeing that Australia can provide it with a good understanding of Asia. It's interested in learning more from Australia about China, Japan and India, as well as violent Islamist movements in the region. There's also great interest in Israel in how Australia might be a gateway to Asia for commercial opportunities.

Israel would welcome Australia sharing its deep understanding of Indonesia and its contacts there. Israel recognises that if its ties to Indonesia are increased that will enhance cooperation with other Muslim countries.

Both Australia and Israel deeply appreciate that Indonesia is a voice of moderation and a model of democracy in the Islamic world, but are concerned about signs of Islamist extremism in Indonesia. About 500 Indonesians are thought to be fighting with Islamic State in Syria and Iraq, and some of them have returned to Indonesia. The rise of the Islamic State has revived jihadist sentiment across the archipelago.²³

Recommendation

Australia should convene a low-key 2nd track dialogue with Indonesia and Israel to share strategic assessments, especially as they relate to violent Islamist extremism.

There's been a foreign affairs dialogue between the heads of the Israeli and Australian foreign ministries (Israel has the equivalent with Japan and India), but one hasn't been held in the past four years. It's now time to intensify that engagement.

Defence cooperation

The Israeli armed forces have had minimal knowledge of or interest in other states' armed forces, with the exception of the American military. That's largely because of Israel's very limited experience of fighting abroad in coalitions.

Israelis are surprised when visiting the Australian War Memorial in Canberra by the number of expeditionary wars Australia has fought, and always in coalition.

There have been almost no high-level military exchanges between Israel and Australia (unlike between Israel and Singapore, India and South Korea).

In the past, Israel has raised the idea of enhanced defence cooperation with Australia, but little progress has been made: Canberra has been reluctant to take the defence relationship forward because of perceived costs to Australia in the Arab world and elsewhere.

The result is that Israel doesn't have a uniformed military attaché in Canberra (although it has posted a Ministry of Defense civilian). The Australian military attaché to Israel is based in Ankara. (The US, Britain, Canada, Korea, Japan, China, India, the Netherlands, Germany, Italy, Spain, Finland and Norway have all seen the advantages of having defence representation in Israel.)

Australia can have robust and productive relations with Arab and other Muslim nations in the Middle East, Southeast Asia and elsewhere while developing closer defence cooperation with Israel. It's not a zero-sum game, especially given the recent experience of cooperation between Israel and Sunni Arab Gulf countries.

There's no evidence that Australia's relationship with Israel has in any way hindered its defence relations with Arab countries, its defence engagement in Southeast Asia or the Pacific, its international efforts to counter terrorism and proliferation, or the ability of the ADF to operate in Afghanistan and Iraq.

It hasn't stopped Australia from developing a strong defence relationship with the United Arab Emirates that includes training, personnel exchanges and high-end exercises. The Emiratis are very pragmatic: for example, there are plans to open an Israeli energy office in Abu Dhabi.²⁴

Nor has it stopped Australia working with Iran on the return of Iranian asylum seekers from Australia. Although this work shows no sign of bearing fruit for Australia so far, that's for reasons that are unrelated to Israel.

In other words, it's just plain false that the level of Australia's international influence, credibility, defence diplomacy or leadership has suffered through its relations with Israel.

Middle East countries take it as a given that Israel and Australia have close relations. Japan has very close relations with Israel while maintaining very strong relations with the Gulf states, on which it depends for energy security. China has high-level military exchanges with Israel.

The record shows that Australia's relationship with Arab countries has flourished over the past decade. Australia's trade flows and investment relationships with Arab countries continue to grow, particularly inwards investment from Gulf countries. Trade with the Gulf states has increased an average of 6% per year since 2010. Arab states' representation in Australia continues to trend upwards. After extended gaps, the United Arab Emirates and Qatar now have ambassadors to Australia, and Qatar has welcomed the opening of an Australian Embassy in Doha. Arab countries continue to conclude bilateral agreements with Australia to cooperate and build links on a wide range of issues. There's a continued strong tempo of two-way ministerial visits.

This really isn't all that surprising. Israel has peace treaties with Egypt, the most important Arab state, and with Jordan. Generally, Arab countries are quietly getting closer to Israel because of the rise of Iran in the region and because of the fear of radical Islam. They face common enemies and threats from Iran and its proxies and clients, Hezbollah and Hamas.

Common interests have led to a situation in which many regional players realise that Israel isn't the problem, but a pathway to devising constructive regional outcomes. The Gulf states, concerned about Iran and Islamic State, have edged closer to Israel. Israel's dialogue with the large, important Sunni countries 'remains mainly under the radar, but it deepens all the time and it bears fruit'.²⁵ The recent willingness by Egypt to return two islands in the Straits of Tiran to Saudi Arabia entailed security understandings between Israel and the Saudis.²⁶ Saudi Arabia has stepped up its intelligence sharing with Israel.

Both the ADF and the Israel Defense Forces (IDF) would benefit from enhanced cooperation: both operate American equipment and have invested heavily in world-class technology. (Israel's defence budget is around US\$8 billion; Australia's is around US\$24 billion.)

Both countries operate small, high-tech forces. Israel's fighting is all about operating in complex terrain, how to manage collateral damage, and how to manage missile threats (a lot of attention is given to hard kill vehicle protection). Israel's air force, army and intelligence units are working to improve their ability to coordinate and share information in the event of a major conflict with Hezbollah. The IDF is refocusing the army's training on countering guerrilla-style opponents and is bringing all commando units under one organisational roof to develop appropriate doctrine while keeping the expertise of each unit. All this is of great interest to the ADF.

Israel has proven to be a prime source of effective counterterrorism and counterinsurgency tactics, techniques and procedures: the Israeli military pioneered many of the tactics adopted by counterterrorism forces in units around the world. On Australia's side, there's been an unprecedented growth in its special forces capability, especially in Iraq and Afghanistan.²⁷ Both countries' special forces would benefit from an exchange of knowledge about each other's approaches and from joint exercises.

Israel has experience in urban warfare and the development of unmanned aerial systems for intelligence, surveillance, reconnaissance and combat.

It has expertise in countering improvised explosive devices (an area where Australia also has considerable expertise),²⁸ and finding and destroying tunnels. It's developing a doctrine for underground warfare. (Israel destroyed 32 tunnels during Operation Protective Edge in Gaza in 2014, but Hamas has been rebuilding the tunnel infrastructure.) Israel has also made technological inroads in tunnel detection.

Israel's a global pacesetter in active measures for armoured vehicle protection, defence against short-range rocket threats, and the techniques and procedures of robotics. It's developed a range of capabilities for battlefield intelligence, surveillance and reconnaissance (ISR) and advanced munitions.

More broadly, Israel has a range of technologies and skills relevant to the ADF's role in domestic security, such as border-monitoring technologies, video surveillance and incident information management, particularly in the areas of explosives detection, video surveillance management and analytics, smart sensors, access controls and security applications for mobile devices.

Australia has taken advantage of access to unique Israeli capabilities in key areas of military technology. For example, the Israeli company Plasan is a world leader in armour and survivability systems for military vehicles. It's partnering with Thales Australia to deliver the fully protected body kit for the 1,100 Hawkei vehicles to be provided to the ADF on a contract spread over the next five years.²⁹

Israel's Elbit Systems is the prime systems integrator for the battle management system of the Australian Army (in essence, the system digitises the battlefield) and provides thermal weapon sights.³⁰

Because not many armed forces have deployed operationally with these battle management systems, it would be advantageous to develop a dialogue between users to reap the benefits of the operational experience of each user.

Australia and Israel could benefit from regular exchanges of perspectives in defence industries.³¹ Such topics might include ideas on how best to evolve military technology for profitable commercial applications, and how to maximise government investment in defence industries.

Israel has much to share with Australia on the readiness, mobilisation and use of reserve forces. In an extreme situation in which Australian society must be put on a war footing, Australia would need to understand what societal readiness requires. Israel's approach to readiness would help.

Israel, whose military doctrine is based on self-reliance, can learn from Australia's experience in operating as part of military coalitions. Australia has never fought a war outside of a coalition. The more secure Israel becomes in its own region, the more likely it will be that it will join coalitions. Australia can share lessons on how smaller powers work in such arrangements, especially with the US. This issue has become more important for the IDF: it's noted in a seminal document, *The strategy of the IDF* (Hebrew), published in August 2015.³²



Major Ben McLennan, 3 Brigade, briefing Commanding Officer 4 Regiment, Lieutenant Colonel Damian Hill, during the Combined Arms Training Activity at the Townsville Field Training Area on 10 June 2014. The briefing is utilising a Battle Management System table top display and incorporates a BMS developed Modified Combined Obstacle Overlay. Israel's Elbit Systems is the prime systems integrator for the BMS. Photo courtesy Department of Defence.

Both countries' militaries are focused on how to incorporate cyber capabilities into their military operations. The IDF is establishing a cyber command to lead operational activities in this emerging field.³³

The growing military dimension makes cybersecurity an essential subject for discussion between the ADF and IDF, especially in areas such as protecting their battle management systems from cyberattack.

A lesser known aspect of Israel's defence management is the policy links between the Israeli military establishment and the country's innovation agenda. The Israeli military is a lively ecosystem, spanning not just defence industry, but also its hi-tech sector, which feeds to and off the military. The IDF's elite 8200 Intelligence Unit is considered by many to be the 'breeding ground' for successful Israeli high-tech entrepreneurs.

Australia can learn how the IDF has managed to position software engineering and cyber science among the most elite units for new recruits. Those same elite military recruits go on to become the 'rock stars' of Israel's high-tech industry. While Israel has the advantage of conscription, there are aspects of Israeli military practice that Australia can adopt as it develops its crack troops in cyber operations.

Australia and Israel also have much to exchange in the domain of strategic naval thinking. The sea is important in their national strategies, and both are nearby to major choke-points along oil and trade transport routes. (Israel is relatively close to three major choke-points—the Suez Canal, the Bosphorus and Bab el Mandeb. The Indonesian Archipelago and the South China Sea remain critical choke-points for Australia.)

Over 90% of Israel's international trade goes via the Mediterranean. The newly found rich gas fields in Israel's exclusive economic zone beyond its territorial waters underscore its strategic interest in the eastern Mediterranean and in developing adequate naval capabilities.³⁴

Australian maritime strategic thinking is also focused on sea lines of communication and maritime access. Australia's concerned that China's construction of artificial islands in the South China Sea is creating a network of outposts that could enable China to establish anti-access/area-denial systems across one of the world's busiest trade routes.

Australia and Israel are both focused on the undersea domain, submarines and deterrence, including the future development of undersea technologies, particularly unmanned subsurface vehicles, notwithstanding the obvious and significant differences in their geographical capability drivers. (Australia needs transit and endurance capabilities to reach more distant choke-points; Israel's smaller displacement, high-performance niche submarine capabilities are needed for very shallow water operations, including counterterrorism roles and ISR.)

Both states are interested in indigenous naval design capability, particularly for high-technology and niche activities, including radar systems. Both are interested in maritime electronic support measures and electronic countermeasures, and could discuss collaboration in that field.

The Israeli public has shown unprecedented interest in various aspects of the sea in recent years.³⁵ Australia has significant ocean interests, and both countries can learn from mutual engagement on maritime affairs.

Both are interested in the ramifications of renewed competition in the global maritime arena, especially between China and the US, but also between second-tier powers with global ambitions, such as India and Russia. Both countries' navies are interested in the operation of unmanned surface and subsurface platforms at sea. And both states are interested in protecting offshore resources: the discovery of significant hydrocarbon deposits in the eastern Mediterranean has the potential to create conflict and damage the environment.

There's also a mutual interest in port security. For example, Israel is paying greater attention to setting up a civilian deepwater port for the Gaza Strip (despite concerns about Hamas being able to smuggle more weapons). Port security continues to receive considerable Australian attention and funding.

Both states' navies are interested in missile defence from seaborne land-attack capabilities and surface-to-surface missiles. Israel has recently tested a seaborne Iron Dome missile system to protect Israeli offshore oil and gas

platforms from Hamas and Hezbollah rockets. (Hamas fired missiles at Israeli offshore drilling platforms during Operation Protective Edge, but the missiles failed to make a hit.³⁶) Anti-ship missile defence remains a key Australian naval task group war-fighting capability.

In air power, both states possess medium-sized air forces and rely upon the maintenance of a regional technological edge to maximise their potency and utility as instruments of national power. The Royal Australian Air Force AP-3C Orion aircraft are currently fitted with an ESM system known as ALR-2001. Elta (a division of Israel Aircraft Industries) was awarded the contract to deliver and install the system to the fleet of RAAF Orions. The ESM system has capabilities for detecting and classifying electronic transmissions while scanning for hostile weapon targeting systems. The system is also fitted on the RAAF's E-7A Wedgetail aircraft.

Geography creates very different geostrategic challenges for Australia and Israel. Australia's size and location provide it with strategic depth, so the RAAF needs speed and reach to strike targets and support the other elements of the ADF. The lack of a declared threat to Australia, and activities in support of regional countries, such as disaster relief, require the RAAF to maintain a balanced force structure.

Israel lacks strategic depth and maintains a higher state of readiness in anticipation of proximate threats. The Israeli Air Force is more heavily weighted towards combat and ISR capabilities, and it has considerable operational experience in both.

Both states draw heavily on US-sourced systems in building their orders of battle, particularly their manned combat platforms. Both intend to acquire the F-35A variant of the Joint Strike Fighter. Australia has committed to buying 72 aircraft, and the first two are already flying as part of the multinational training establishment at Luke Airforce Base. Israel is planning to fit indigenous command and control capabilities into its aircraft. As two operators of the same variant, Australia and Israel could potentially collaborate. In the technical domain, this is most likely to occur in the broader community of international operators of the F-35A. (Israel is likely to integrate highly protected national capabilities into its aircraft, making them a unique configuration.)

The RAAF is also developing its expertise in the use of unmanned aerial systems. Its deployments to Afghanistan and the capability it sustains to maintain that expertise currently use a system based on the Israeli Aircraft Industries Heron air vehicle. The 2016 Defence White Paper makes provision for the acquisition of an armed ISR unmanned aerial vehicle. There's much Australia can learn from Israel's pioneering extensive development and operational employment of such systems.

In taking bilateral defence cooperation further, there'll be a strong need to engage the defence ministers from both sides. It's not well understood in Australia that the Israeli Defence Minister is the country's most important minister: the IDF is a people's army, and just about all of the state's Jewish citizens identify with it, having served in the military or having children serving in the IDF. Arab Christians are volunteering to the IDF in increasing numbers. Many of Israel's Bedouin and Druze citizens also serve in the IDF. Of all state institutions, the IDF's held in the highest regard.

Recommendations

Starting in 2017, Israel and Australia should look to develop a strategic dialogue involving senior uniformed and civilian defence personnel. It should look at strategic thinking, military-to-military cooperation, US alliance issues, cybersecurity and industry cooperation. Israel already has such dialogues with the US, the UK, France, Germany, India and Canada (led by the Director-General of the Ministry of Defense or by a senior policy officer in the ministry).

The strategic dialogue could lead to meetings between the two defence ministers. Over the medium term, it may lead to an annual '2+2' strategic dialogue involving the foreign and defence ministers from both countries.

To generate military benefits, both countries should establish uniformed defence attaché positions, as Australia has done in Turkey, Jordan, Saudi Arabia and the United Arab Emirates, and as Israel has done in Singapore and India.

Posted civilian defence personnel would be responsible for dealing with the civilian side of the defence ministry and commercial and industry matters.

There should be military staff exchanges at each other's defence colleges at least every two years and targeted training serials in Australia for junior IDF officers.

There should be regular exchanges between Australia's Defence Science and Technology Group and Mafat (the Administration for the Development of Weapons and Technological Infrastructure) in areas where there are win-win benefits, such as countering improvised explosive devices.

Defence industry cooperation is about operating integrated systems, mission planning and communications. There should be more regular meetings between Australian and Israeli defence industry end-users and operators.

Counterterrorism

In the area of counterterrorism, there's scope for Australia and Israel to share information on terrorist financing (Israel's an observer of the intergovernmental Financial Action Task Force and wishes to become a full member next year).

In November 2015, Australia and Indonesia co-hosted the first-ever Asia-Pacific counterterrorism financing summit, at which 20 countries committed to a range of initiatives to increase the sharing of financial intelligence information in the region. In August 2016 both countries convened the second Southeast Asian regional counterterrorism financing summit that produced the world's first regional risk assessment on terrorism financing.³⁷ Israel has appreciated Australia's very active diplomacy on financial sanctions on Iran, but has greater reservations than Australia about any relaxing of sanctions to do with the nuclear deal. (Australia still has some non-nuclear sanctions on sensitive goods, arms and ballistic missiles and special sanctions against designated persons and entities).³⁸

Other areas for cooperation relate to countering violent extremism, models of sharing information on foreign fighters, the connections between Middle East terrorism and Asian violent Islamist extremism, and developments in security technologies.

Recommendation

Israeli and Australian agencies involved in counterterrorism should meet for information exchanges.

Intelligence cooperation

It's reasonable to assume that there's still a cloud over intelligence cooperation between Israel and Australia. Six years ago, Australia expelled an Israeli intelligence officer in response to Israel forging Australian passports that were used in the assassination of Hamas leader Mahmoud al-Mabhouh. It was particularly unfortunate that the officer's name was leaked to the media.³⁹

Trust needs to develop continually so that ways may be found to cooperate in a more intimate way. Both states' intelligence services can enhance their interests by sharing information, particularly in the area of counterterrorism.

Australia's still undertaking military operations in the Middle East, including as part of the increasingly precarious MFO mission in the Sinai.

Israel has strong capabilities for collection and assessments on key countries and issues in the Middle East.

Israeli intelligence remains a major source of information on Iran's and Hezbollah's global activities. Australia, in turn, has good information on Islamist extremist groups in Asia that Israel would find of interest.

Cybersecurity

The threats and risks in cyberspace aren't diminishing: they're growing in pace, scale and reach.

Australia and Israel are working to protect critical infrastructure from cyber threats, working with foreign countries on cyber diplomacy and helping to develop commercial relations on cyber R&D abroad.

Australia published its Cyber Security Strategy in April 2016, and \$230 million will be invested to enhance operational capability.⁴⁰ A range of initiatives announced in the strategy will better enable the private sector to manage cyber threats and embrace opportunities for digital economic growth. Developing Australia's cyber workforce is one of the strategy's key aims.

Australia will soon have its first Cyber Ambassador, which will allow it to play a more active role in international cyber diplomacy, continuing already fruitful work in the ASEAN Regional Forum. Engagement with foreign partners on cybercrime will be a key part of the responsibilities of the new ambassador. Australia has had official cyber dialogues with India, China, Japan, and South Korea.

Israel has world-class expertise in cybersecurity (its cyber exports last year were US\$3.5 billion) and is now establishing a new national Cyber Security Authority.⁴¹

Both sides can work to build an enduring partnership to try to secure the cyber commons while protecting their own critical infrastructure.

Israel recently had its first-ever cyber dialogue, which was with Japan (Israel has also had close contact with South Korea on cyber matters).

As noted above, there's no reason why Israel can't become a major partner in Australia's efforts to exploit the military applications of cyberpower as part of broader state power.

Australia's Prime Minister recently made public, through the Cyber Security Strategy, that Australia has considerable offensive cyber capabilities (although he made clear that its use is subject to stringent legal oversight and consistent with international law).

Recommendation

Australia and Israel should convene a cyber dialogue to examine issues such as internet governance, cybercrime, cyber regulations, information sharing between government and business, capacity building and incentives for industry.

Social cohesion and countering violent extremism

One of the most interesting areas in which Australia and Israel can learn from one another is the ways each manages its Islamic communities.

Israel's population is roughly 20% Arab (mostly Muslim). They are fully-fledged citizens, and while they experience some discrimination and challenges, this population group has been remarkably free from radicalisation and extremist influence.⁴² Israel's government decided recently to invest billions of shekels in the country's Arab community to counteract discrimination and upgrade education and access to the labour market. It also plans to fund a new university in the Arab sector.

Australia, despite having some problems with small parts of its Muslim communities, which make up 2.2% of the population, has found that it's done well in mainstreaming and integrating its Islamic communities, at least compared to most other Western states.

Australia's policies of multiculturalism and citizenship have stressed integration into the core values of Australian life and on balance have provided an alternative societal model for those who might otherwise support Islamist

extremism. But there's no silver bullet here. Since September 2014, Australia has experienced three terror attacks and nine disrupted plots.

Around 110 Australians are fighting in terrorist groups in Iraq and Syria, 50–59 have been killed and around 40 have returned to Australia. Another 177 have been prevented from leaving Australia through passport cancellation, and 33 have had their passports suspended. Australian security agencies are investigating around 400 terrorism cases.

Australia has now developed an extensive program working with its Muslim communities on countering violent extremism.⁴³ It's devoting considerable resources to researching various countering violent extremism programs. The long-term effectiveness of such programs is as yet uncertain. Israel has recently started a 'youth at risk' program. Both countries are interested in how to measure the effectiveness of programs to counter violent extremism.

Recommendation

Both countries should share information on how to integrate countering violent extremism programs into existing initiatives in education, employment and social policy and on how such programs can contribute to a cohesive society.

COOPERATION ON NON-TRADITIONAL SECURITY MATTERS

Areas for Australia–Israel coordination beyond traditional security matters include innovation, Anzac heritage, resilience planning, urban development, water security and countering serious and organised crime.

Innovation diplomacy

Israel has one of the world's highest concentrations of innovators and entrepreneurs. It has attracted the world's leading technology companies, such as Microsoft, Facebook, Google and Intel, to establish R&D centres in the country. The Israeli Government offers safety net funding to young start-up companies to mitigate the risks for young people who are dedicating their best years to pushing technology into unknown territory.

Through the National Innovation and Science Agenda, Australia is developing the policies needed to transform its economy. In December 2015, the then Minister for Industry, Innovation and Science, Christopher Pyne, visited Israel, where he announced Tel Aviv as one of the first locations of the Government's overseas innovation 'landing pads'.⁴⁴ The landing pad opened in June 2016. It offers Australian companies, entrepreneurs, academic leaders and policymakers a one-stop shop to discover and learn from the Israeli innovation ecosystem. It will give Australians privileged access to those in Israel who have driven Israel's economic transformation. Foreign Minister Julie Bishop visited the innovation landing pad in Tel Aviv on a visit to Israel in early September 2016.

However, there hasn't been much interest in the best and the brightest in Israel's innovation system visiting Australia to explore technology cooperation in specific areas. This is about commercial opportunities for Israel, rather than just altruistic knowledge sharing.

Australia should be doing more to showcase its tech scene to Israel. There could be more grassroots academic cooperation between universities, especially in the sciences, including student exchange programs and researcher exchanges, such as mini-sabbaticals during summers. Australia has some of the world's best universities, so there could be opportunities for joint research projects and dedicated grants.

The New South Wales Government recently reached an agreement with Israel on international innovation R&D cooperation. The Victorian Government has established the Victoria–Israel Science and Technology Research and Development Fund (VISTECH), which aims to support the implementation of market-oriented collaborative R&D projects by Victorian and Israeli businesses.⁴⁵ Israel's Chief Scientist, Avi Hasson, visited Australia in November 2015 to strengthen bilateral technological and scientific ties.⁴⁶

Australia is negotiating an industrial R&D agreement with Israel to support joint R&D by Australian and Israeli companies and to encourage some of the best and brightest Israeli innovators to view Australia as a potential market. The Agreement on Bilateral Cooperation on Industrial R&D has the potential to boost bilateral cooperation in the high-tech field.

Israeli writer Saul Singer, who co-wrote the international best seller *Start-up nation*, has argued that if Australia joined forces with Israel it could become the innovation leader in the Asia–Pacific region: 'I think there is a huge opportunity between Australia and Israel. Australia can be our bridge to Asia ... Australia can become a regional innovation hub, a hub for Southeast Asia as well as combining forces with Israel.'⁴⁷



Australian Ambassador to Israel Dave Sharma opens the Tel Aviv Landing Pad, 20 June 2016. Photo courtesy Department of Foreign Affairs and Trade.

Recommendation

All efforts should be made to conclude the Australian Government's agreement with Israel on industrial research and development. Australian companies should be encouraged to use the innovation hub in Tel Aviv. The best and the brightest in Israel's innovation ecosystem should be invited to Australia to see how its tech scene is developing.

An internship program could be developed for Australian university students in Israel that would incorporate both university study and working in high-tech enterprises, including on cyber matters.

Academic exchanges among Israeli and Australian institutions of higher learning should be encouraged.

Remembering the Anzac heritage

There's not much awareness by young people in both countries of Australian military actions that set the ground for Israel's independence. The successful 1917–18 Palestine campaign isn't well known in either nation. While Be'er Sheva's name is known in Australia, what occurred there and its meaning aren't so well known.

Other extraordinary military exploits performed in the region by the Anzacs, or in which they participated, are also largely unknown. They include the capture of Bethlehem and Jerusalem, the capture of Jaffa, the massive encircling movement known as 'The Great Ride', which resulted in the capture of 50,000 Ottoman troops, the battle of Megiddo and the charge of the Australian Light Horse at Semakh at the southern tip of the Sea of Galilee. The last engagement was at least the equal of the charge at Be'er Sheva in courage, dash and sacrifice.

Battle of Be'er Sheva 2017 centenary

At 4.30 pm on 31 October 1917, soldiers of the 4th and 12th Australian Light Horse regiments lined up on high ground behind a ridge some four miles to the southeast of the Ottoman-held town of Be'er Sheva. The Australians were desperately short of water for their mounts. Surprise and speed were their one chance.

Facing sustained enemy fire, but galloping fast, the horsemen quickly fell upon the enemy lines, jumping the trenches, dismounting their horses, and then entering the trenches on foot, clearing them with rifle and bayonet. Although they were outnumbered, the momentum of the surprise attack carried them through the Turkish defences.

The Australians took less than an hour to overrun the trenches and enter Be'er Sheva. The capture of the town and its wells was complete by nightfall. The Gaza–Be'er Sheva defensive line was broken. The cavalry equivalent of 'shock and awe' had worked. Thirty-one light horsemen were killed in the charge.

The success of General Allenby's campaign—which began in Be'er Sheva—turned the outcome of the war against the Turks. It also helped to shape the postwar settlement, which reverberates across the Middle East even today.

On the same day as the charge at Be'er Sheva, the British War Cabinet approved the text for what would become the Balfour Declaration—a declaration of sympathy for Zionist aspirations. It set off a chain of events that would eventually lead to the creation of the modern state of Israel in 1948.



Australians of the Anzac Mounted Division watering their horses at the foot of Mount Zion. Photo by James Francis (Frank) Hurley, 22 January 1918. AWM B01518.

When Israelis talk about the Anzacs in their country, they're really talking about Australia. There are many sites in Israel where Australian forces were involved.

Despite the fine efforts of the Australian Pratt Foundation in establishing the Australian Soldier Park in Be'er Sheva in the memory of the Australian Light Horse regiments, there could be a higher awareness among young Israelis of Australia's contributions to their country and among young Australians of their own country's efforts during World War I, when Australian forces helped to wrestle the land of Israel from the Ottoman Turks.

Most Australians and Israelis wouldn't be aware of the Anzac war cemeteries in Jerusalem and elsewhere in Israel, the Anzac Memorial in the Be'eri Forest in southern Israel or the Anzac Garden in Meir Park, Tel Aviv.

Recommendation

There should be public commemorations in both countries, involving the senior leaders and military officers of both countries, to mark the centenaries in 2017 and 2018 of each of the large military engagements in Israel in which the Anzacs participated.

Resilience and disaster planning

From an international perspective, Israel has a highly resilient population tested by many disruptive events. It has unfortunately faced continuous external manmade threats to its security.

Its communities have very high capacities to continue operations and daily life during crises. There's a high rate of preparedness based on known doctrine and many exercises, continuous systems and programs to mitigate the effects of the disruptions. There's effective dissemination of information and trust in local leadership.

As a country that's endured decades of conflict and terror, yet still managed to build a flourishing economy and vibrant democracy, Israel offers insights into individual and societal resilience.

But Australia, too, has resilience lessons to share, based on its experience of mitigating and responding to the impact of natural disasters.

While major fires and floods are rare in Israel, there have been earthquakes (the last really big one was in 1927) and there will be more in the future because of the country's location on the Syrian–African rift.

Australia can share its knowledge of dealing with natural hazards with Israel, particularly in areas such as evacuation planning (a very sensitive subject in Israel), catastrophic disaster planning, public education, metrics for disaster resilience, and professionalising the emergency services through education and training programs.

Both countries are heavily involved in providing overseas disaster response to those suffering major natural disasters. In Australia, the lead for these efforts is the Department of Foreign Affairs and Trade; in Israel, humanitarian efforts are led by its aid agency, MASHAV.⁴⁸

Recommendation

Australia's national emergency management authority (part of the Attorney-General's Department) and Israel's equivalent (under its Ministry of Defense) should exchange information on homeland disaster resilience and on humanitarian assistance and responses in overseas emergencies and disasters.

Terrorist attacks in Israel, especially in Jerusalem, have brought about excellent cooperation protocols between emergency health services and other agencies of government.⁴⁹ Australian health authorities can certainly learn from the Israeli experience in dealing with the health aspects of terrorism.

Practitioners and administrators from both countries should collaborate on advances in emergency response, health drills that cover the chain of all agencies (Israel conducts these in public places, such as bus stops and stadiums), the use of volunteers, mass casualty treatment, responding to blast effects, and preventive education and information strategies.

Smart cities

Australia's one of the most urbanised countries. Its economy is increasingly dominated by services produced in cities. The centres of its bigger cities are growing fast.

In April 2016, Prime Minister Turnbull released his government's Smart Cities Plan, which aims to deliver jobs closer to homes, more affordable housing, better transport connections and healthy environments.

If Australia's economy is to be led by innovation, the performance of its cities is crucial. 'Great cities attract, retain and develop increasingly mobile talent and organisations, encouraging them to innovate, create jobs and support growth,' Turnbull has said.⁵⁰ Both Sydney and Melbourne have appointed Chief Resilience Officers, who are responsible for leading their city's urban resilience.

Israeli cities have been doing innovative work. For example, Tel Aviv started an initiative six years ago to position itself as a global city—a leading international business centre that specialises in innovation. Tel Aviv is the 'start-up city': it has the highest concentration of high-tech start-ups per capita of any city in the world.

Tel Aviv's strategy of citizen-oriented governance operates from the bottom up, like a 'kibbutz city'. It puts together technology and civic engagement. In Tel Aviv, about 60% of people participate in an online digital engagement platform that allows registered members to conduct their business with the city and allows the city to send them information. The city was chosen by the UN to host an international meeting in 2015 on the issue of civic engagement in cities in the lead-up to Habitat III (formally known as the UN Conference on Housing and Sustainable Urban Development), which was held in Quito, Ecuador, in October 2016.⁵¹

The southern desert city of Be'er Sheva has been undergoing a near-miraculous transformation from a barren land of sand and camels into a cybersecurity powerhouse.⁵² The IDF is moving its technology units out of the Tel Aviv area and into Be'er Sheva. An estimated 20,000 soldiers will be relocated to the south by 2020, and high-tech companies are interested in hiring the tech-savvy intelligence-unit soldiers upon discharge. Israel's national computer emergency response team is also moving to Be'er Sheva. The city's Ben-Gurion University is hoping to repeat the success of Silicon Valley, where Stanford was a major facilitator of the valley's revolution.

Recommendation

The Australian Council of Capital City Lord Mayors should meet with Israel's Conference of Mayors to discuss urban innovation, with a focus on issues and challenges facing mayors in both states.

Serious and organised crime

Israel and Australia both face growing problems of serious and organised crime, drugs and money laundering. Gambling is a major crime industry in Israel, where gambling is illegal. The cost of organised crime in Australia is \$36 billion per year.⁵³

The Israel Police is Israel's national police force and the lead agency against organised crime, while in Australia it's the Australian Federal Police.

New South Wales Police Commissioner Andrew Scipione went to Israel in 2016 searching for solutions to cybercrime. He has said that New South Wales will be looking to formalise ties in this area and seeking exchanges of officers.⁵⁴

Recommendation

There should be exchanges between both countries' national police forces.

Water security

In the coming years, many regions of the world are increasingly likely to experience freshwater shortages due to rapid population growth, climate change and economic development, with potentially serious implications for food security.

Israel is a world leader in water conservation and management and high-tech agriculture.⁵⁵ It recycles more than 80% of its wastewater—the highest level in the world.

Israel is a pioneer of drip irrigation for farming in arid regions. And it's a major player in desalination, with five large plants. Australia, too, is a leader in many aspects of water management.

There are opportunities for Australian water companies, such as Sydney Water, to exchange information on high-tech water management, resilience in water supply and water for 'smart cities' (Israel has unique practices for irrigation in cities).

Israel has worked with Singapore to help some Arab and African states solve their water problems.

Recommendation

Australia and Israel should exchange information on best practices in water management and work together on water management in Africa and the Pacific.

CONCLUDING REMARKS

There'll be some challenges in taking the Australia–Israel bilateral relationship forward.

For example, in Australia there's a view, albeit a minority one at this point, that Israel bears a strong measure of responsibility for the current impasse with the Palestinian Authority. Some Australian critics support the anti-Israel Boycott, Divestment, Sanctions (BDS) movement, which aims to isolate Israel.

Given the depth of support for Israel, it's doubtful that the BDS movement will gain much traction in Australia. But if that were to change and cause polarisation in Australia about Israel (for example, if Jerusalem were to make it clear that it didn't believe in negotiations or supported a one-state solution), that would obviously set a ceiling on advancing to a closer partnership.

However, our conclusion is that deepening the Australia–Israel relationship will generate significant benefits in advancing both countries' national interests, although it will be a matter of selecting those areas that bring the highest mutual benefit.

Of course, we're not suggesting that it will all be a fairytale marriage or a completely trouble-free zone. Differences will arise on both sides, but we're confident that they'll be managed in a way that doesn't damage long-term relations.

On Iran, for instance, Israel takes a harder line than Australia. Canberra welcomed the nuclear deal and has made efforts to upgrade its political and economic ties with Tehran (Australian Foreign Minister Julie Bishop went to Tehran in April 2015 and the Iranian Foreign Minister visited Australia in March 2016). In September 2016 Australia's Trade Minister Steven Ciobo led a business mission of Australian companies to Iran to begin rebuilding Australia's commercial relationship with the state. He re-opened an Austrade office there to help Australian business navigate the market.

It's worth noting that Israel has made no formal criticism of Australia's relations with Iran. It understands that Australia has some particular political interests with Iran, such as returning some of the estimated 7,000 Iranians who have arrived by boat in Australia since 2009. Israel's main focus is on ensuring that the international community doesn't take its eye off Iran. Australia has stated that it would support any UN Security Council investigation into Iran's missile testing, if that were to eventuate.⁵⁶

If the bilateral relationship is to flourish over the longer term, political leaders from both countries should be pointing out that our relations are a net asset for both nations.

Expanding partnerships both in traditional security areas, such as defence, intelligence and cyber security, and in non-traditional areas, such as innovation and disaster and societal resilience, offer a win–win deal that will benefit Australia and Israel for years to come.

This isn't just about common values, important as they are. It's about how best each side can better safeguard its own security and prosperity by taking advantage of the other's experience and expertise across defence, national security and technological areas.

Let's use next year's centenary of the battle of the Australian Light Horse at Be'er Sheva, 100 years of Australian involvement in the Middle East and the centenary of the Balfour Declaration, that led to the creation of the modern state of Israel, to revitalise the relationship.

Australia and Israel can transform their longstanding friendship by opening a new chapter in their relations through deepening existing areas of cooperation and catalysing new ones, such as defence cooperation (the 'low-hanging fruit', here) and sharing strategic assessments among a wide range of national security agencies from each country.

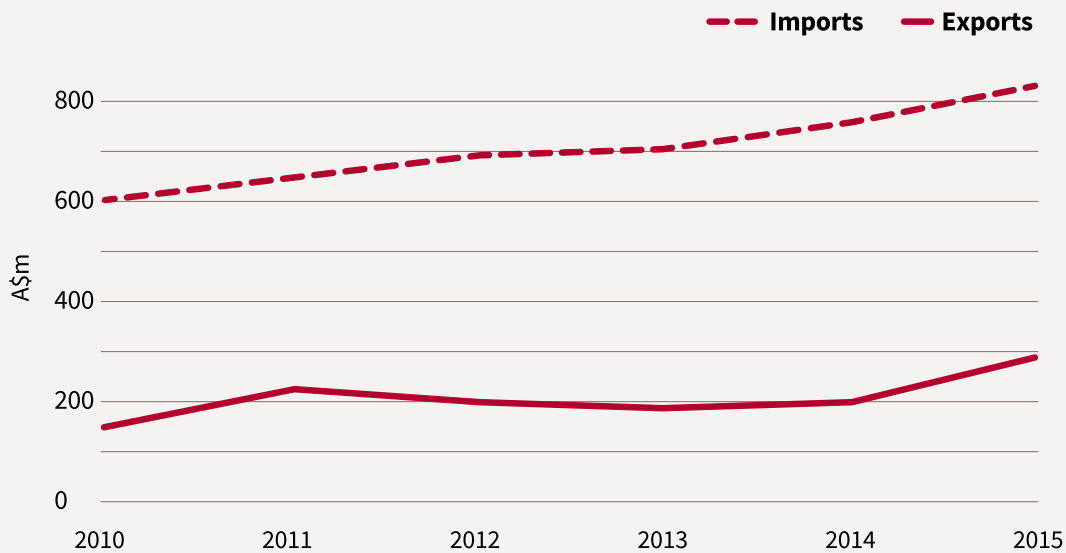
The word 'strategic' can be a label that too often gets applied to a bilateral relationship to simply make it sound grander.⁵⁷ But it's appropriate when upgrading a relationship that genuinely adds real benefits for both sides.

Israel and Australia will need to be as bold as the mounted infantry at Be'er Sheva if they are to succeed in forging a new strategic partnership.

APPENDIX

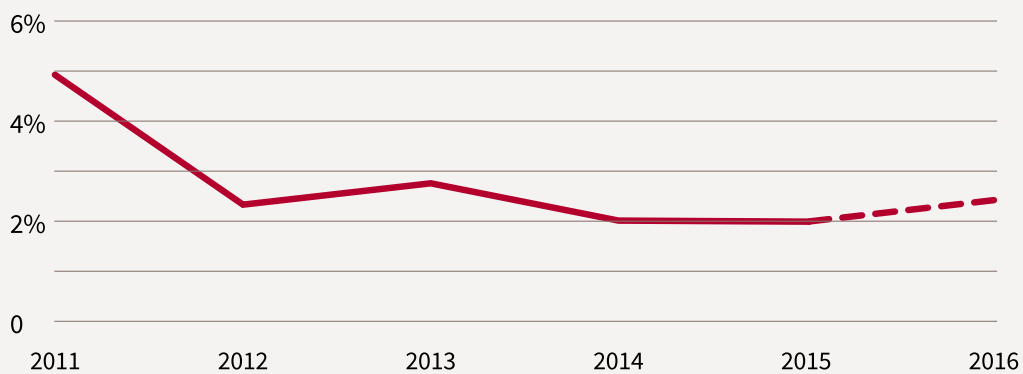
Australia's trade and investment with Israel

Figure 1: Australia's merchandise trade with Israel



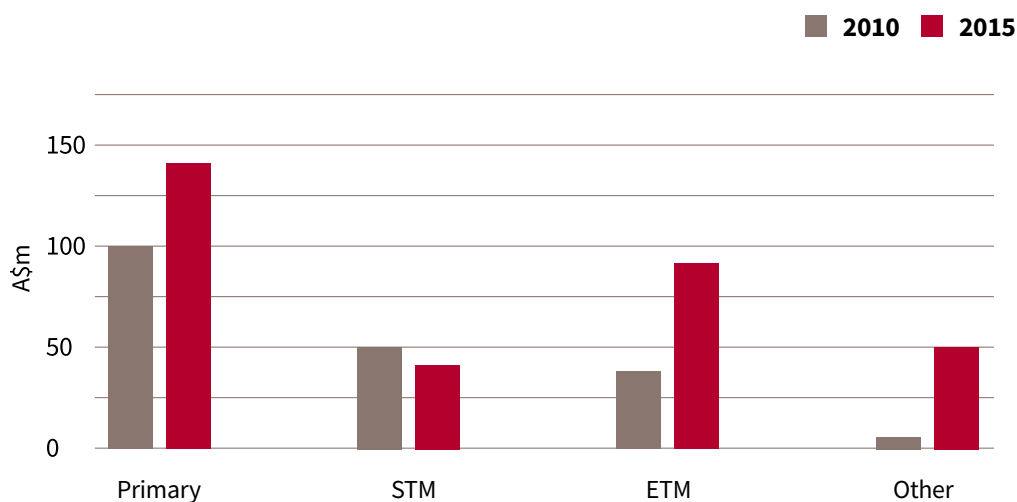
Source: Australia. Department of Foreign Affairs and Trade. Israel fact sheet.

Figure 2: Real GDP growth



Source: Australia. Department of Foreign Affairs and Trade. Israel fact sheet.

Figure 3: Australia's merchandise exports to Israel



STM Simply transformed manufactures ETM Elaborately transformed manufactures
 Other Other goods including non-monetary gold

Source: Australia. Department of Foreign Affairs and Trade. Israel fact sheet.

Australia's trade and investment relationship with Israel

Australian merchandise trade with Israel, 2015 (A\$m)	Total share	Rank	Growth (yoy)	
Exports to Israel	305	0.1%	46th	32.3%
Imports from Israel	795	0.3%	36th	8.2%
Total merchandise trade (exports + imports)	1,099	0.2%	39th	13.9%

Major Australian exports, 2015 (A\$m)		Major Australian imports, 2015 (A\$m)	
Live animals (excl seafood)	98	Mineral manufactures, nes	121
Aluminium	23	Pearls & gems	79
Aircraft, spacecraft & parts	20	Telecom equipment & parts	52
Coal	15	Fertilisers (excl crude)	45

*Includes \$46m of confidential items, 15% of total exports.

Australia's trade in services with Israel, 2015 (A\$m)	Total share	Rank	Growth (yoy)	
Exports of services to Israel	42	0.1%	74th	2.4%
Imports of services from Israel	99	0.1%	50th	-4.8%

Australia's investment relationship with Israel, 2015 (A\$m)	Total	FDI
Australia's investment in Israel	663	0
Israel's investment in Australia	262	np

Israel's global merchandise trade relationships

Israel's principal export destinations, 2014		Israel's principal import sources, 2014	
1 United States	26.9%	1 United States	11.8%
2 Hong Kong	8.9%	2 China	8.3%
3 United Kingdom	5.8%	3 Switzerland	7.2%
23 Australia	0.9%	42 Australia	0.2%

Source for tables: Australia. Department of Foreign Affairs and Trade. Israel fact sheet.

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- 3 At the ALP National Conference in 2015, Labor voted to move closer to a position of support for unilateral recognition, but not to endorse that position as yet. It voted explicitly to reject the Boycott, Divestment, Sanctions (BDS) campaign against Israel. The Greens do not support BDS (although they do not condemn it). They are, however, ambivalent about expanded economic and cultural ties with Israel.
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ACRONYMS AND ABBREVIATIONS

ADF	Australian Defence Force
ASEAN	Association of Southeast Asian Nations
BDS	Boycott, Divestment, Sanctions
BESA	Begin–Sadat Center for Strategic Studies
IDF	Israel Defense Forces
ISR	intelligence, surveillance and reconnaissance
MFO	Multinational Force and Observers
R&D	research and development
RAAF	Royal Australian Air Force
UN	United Nations
UNDOF	UN Disengagement Observer Force
UNIFIL	UN Interim Force in Lebanon
UNTSO	UN Truce Supervision Organization

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The wattle and the olive

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