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Istituto Affari Internazionali

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ISSN 2280-4331 | ISBN 978-88-98650-92-7

IAI WORKING PAPERS 16 | 12 - MAY 2016

Europe and Israel: A Complex Relationship

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ABSTRACT

There is some degree of ambivalence, mistrust, and even hostility between Europe and Israel. Europeans see Israel on a path of permanent occupation of Palestinian territories. Israel sees the European posture as unbalanced and biased against Israel. Economic and institutional linkages are strong. A further strengthening of relations is however difficult unless a peaceful settlement of the Israeli-Palestinian conflict is reached. For the EU resolving the conflict is a matter of both interests and values. The engagement of the EU can take different forms, in the realm of sticks one may point to legislation concerning the labelling of products from Israeli settlements in the occupied territories and carrots such as the EU offer of a special privileged partnership with Israel. For the Israeli public a clearer perception of the costs of non-peace and the benefits from a resolution of the conflict could help unblock the stalemate and remove the deceptive illusion that the status quo is sustainable.

European Union | Israel | Palestine | Crisis management | Conflict resolution

keywords

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by Giorgio Gomel*

1. Europe and Israel mistrust each other

There is some degree of ambivalence, deep-seated mistrust, and even hostility in both directions between Israel and Europe, often apparent in public opinion and political leadership on both sides. Moods and sentiments on the issue vary across countries in Europe. Nonetheless, despite differences some generalisations are warranted. Europeans see Israel on a path towards permanent occupation and *de facto* annexation of the Palestinian territories, the obstinate denial of Palestinian rights, and a refusal to seriously entertain peace based on the principle of "two states for two peoples." Israelis perceive the European posture as unbalanced in its support of the Palestinians and hostile to Israel. On the Israeli side language has become simplistic and jingoistic both in the media and in official political statements. Charges of enmity and even antisemitism are levelled at Europe and Europeans in general, in their quasi-metaphysical totality. Such charges are exaggerated and frankly misplaced.

Antisemitism is a monstrous thing and charges of it are a very serious affair. Indeed, the resurgence of antisemitism in a variety of complexions is a disturbing trend affecting Europe as well as other regions of the world. There has been an increase in antisemitic acts in recent years, however we define them and by whatever standards and statistics we use. This is documented by rigorous research, conducted for instance by the EU Agency for Fundamental Rights.¹ The fact that antisemitism might become a normal, natural phenomenon in Europe 70 years after the Shoah is intolerable, although action by most governments against proponents of racial and religious hatred is strong, as is the protection and solidarity offered to Jewish individuals and institutions. On this account, simplistic parallels with the horrors

¹ European Union Agency for Fundamental Rights (FRA), *Discrimination and Hate Crime against Jews in EU Member States: Experiences and Perceptions of Antisemitism*, November 2013, <http://fra.europa.eu/en/node/8885>. See also the latest FRA report on: *Antisemitism. Overview of data available in the European Union 2004-2014*, October 2015, <http://fra.europa.eu/en/node/19213>.

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· Paper prepared for the Istituto Affari Internazionali (IAI), May 2016. Revised text of a talk given on 22 March 2016 at the Department of Political Studies of Bar-Ilan University, Ramat-Gan, Israel.

of the 1930s are unjustified. Current antisemitism in Europe is a confluence of different strands or colours, as the French philosopher Alain Finkielkraut has noted: "black" – as preached by the extreme right of fascist origin and reflecting ingrained prejudice which sociological inquiries continue to record; "red" – stemming from the manichean, dogmatic antizionism of some movements of the extreme left that deny the legitimacy of Israel and the right of self-determination of the Jewish people; and "green" – of the Islamist kind which combines different elements: i) anti-Jewish prejudice espoused by Arab-Christian literature in the early 20s of the last century, i.e. a transplant from Christian Europe ; ii) a by-product of the Israeli-Palestinian conflict imported into Europe which reached its climax during the Gaza war of 2014 with virulent expressions of anti-Jewish hatred in the streets of some European cities; and iii) finally, especially in France, the effects of decolonisation where social and legal inequalities between Jews and Arabs in French African colonies were replicated in French cities arousing resentment by frustrated Arabs against North-African Jews who had made it successfully in French society.²

Overcoming mistrust and suspicion is therefore incumbent upon Israel but also upon Europe which must uphold Israel's right to a secure, recognised existence, which is still in question in parts of the world almost 70 years after its birth.

2. Economic and institutional linkages

Economic and institutional linkages between Europe and Israel are strong. They are couched in the Association agreement between the EU and Israel, which is now over 15 years old,³ as an integral part of the Euro-Mediterranean process between the EU and 11 partners of the Southeast rims of the Mediterranean. Europe is Israel's biggest trade partner: 36 percent of Israeli imports come from the EU, 25 percent of Israel's exports go to EU member states.⁴ No tariffs exist on manufactured goods; small tariffs remain on agriculture. Cooperation is significant in research and development (R&D), transport, and environmental protection. Israel receives sizeable funds as part of the European Neighbourhood Policy Instrument – the main instrument for funding development cooperation with partner countries in the neighbourhood of the EU – and benefits from "twinning" programmes in the areas of transport, telecommunications, etc.

Yet, it is difficult to envisage a further strengthening of bilateral relations without a peaceful settlement of the Israeli-Palestinian conflict. For the EU, resolving the conflict is a case of conflation of interests and values. Interests lie in securing

² Maud S. Mandel, *Muslims and Jews in France. History of a Conflict*, Princeton and Oxford, Princeton University Press, 2015.

³ See Delegation of the European Union to Israel, *Agreements*, http://eeas.europa.eu/delegations/israel/eu_israel/political_relations/agreements.

⁴ Israel's Central Bureau of Statistics, *Israel's Foreign Trade in Goods, by Country 2015*, 20 January 2016, http://www.cbs.gov.il/hodaot2016n/16_16_013e.pdf.

regional stability, fighting Islamist extremism and its domestic repercussions such as terrorism affecting European cities, and stemming from the disintegration of states in the Middle East. Values are the self-determination of nations, human rights and the defence of democracy.

If a peace agreement were reached the EU would be prepared as indicated by past official statements to contribute to the burden of rehabilitating Palestinian refugees, to water management in the region and to providing security guarantees to the two states, i.e. monitoring borders in conjunction with the US.

A note of caution is in order here. Europe is currently enmeshed in a multitude of concurrent crises: the influx of refugees from conflict-ridden countries, large migration flows, the fight against ISIL-Da'esh, the Ukraine-Russia divide, the consequences of the British referendum on leaving the EU, and the economic situation in Greece. Moreover, within many European countries there are disturbing, dangerous outbursts of populism and virulent xenophobia. These many fissures weaken the Union and even threaten disunion. In this context, the Israeli-Palestinian conflict runs the risk of being placed on the back burner, perceived as something which is doomed to persist forever and to be left to the concerned warring parties. Yet, the two parties have proved over the years to be incapable of peace-making without a third party, traditionally the US, as an active mediator. The argument, so dear to Israelis, that outside pressure or intervention is tantamount to imposing a solution and no alternative exists to direct, bilateral negotiations is logically and factually weak.

3. Modalities of EU engagement: Sticks and carrots

Turning to the thorny question of the practical terms and modalities of the EU engagement in peace-making, it is useful to distinguish between sanctions and incentives – “sticks” and “carrots” in the common parlance.

In the realm of incentives, while levers on Palestine lie in budgetary support to the Palestinian National Authority (PNA) and to the United Nations Rehabilitation and Works Agency (UNRWA), those on Israel originate in merchandise trade, research funds, and the “special privileged partnership” which was proposed at the end of 2013 to both Israel and Palestine in the context of a final-status agreement to entail the highest level of ties with the EU for a non-member state. The partnership would imply increased access to European markets, closer links in scientific research, facilitation of trade and investment, etc. This proposal, referred to as “everything without membership,” has never previously been offered to a non-member country and would imply for the beneficiary a status akin to that of Norway and Switzerland. At the time, and afterwards, no official reaction was recorded from Israel; press reports alluded to disdainful silence by the government and a negative appraisal of the offer as lacking precision and concrete content. The Israeli public was unaware of its existence. Some months later, an opinion poll initiated by the Israeli Institute

for Regional Foreign Policies (MITVIM)⁵ showed that 84 percent of Israelis had not heard of it and only 16 percent of the interviewees judged relations with the EU as a top issue in Israeli foreign policy. The failure of the peace talks mediated by the US in 2014 led to the collapse of the proposal which has not been further mentioned in official EU documents.

As concerns “sticks,” the overarching principle of EU policy is that agreements apply only to pre-1967 Israel since the EU has never recognised Israeli sovereignty over any part of the occupied Palestinian territories.

The first formal act was the issue in 2013 by the Commission of guidelines prohibiting grants and financial instruments funded by the EU institutions,⁶ such as those available through Horizon 2020⁷ as well as the Erasmus and Tempus programmes, to benefit Israeli private entities legally established in the Palestinian territories. Those guidelines were non-binding for member states, yet they acted as a useful model for those seeking to comply with international law.

A second important domain is Horizon 2020 itself. Israeli participation in R&D programmes is important for both its universities and the high-tech industry. Israel receives large sums of money in research grants⁸ and is the only Southern neighbourhood country to be fully associated with Horizon, allowing Israeli entities to participate under the same conditions as EU member states. EU funding has been withheld for Israeli projects undertaken in settlements in the West Bank even when conducted by Israeli entities based in pre-1967 Israel. One example which is often quoted is the impossibility for an Israeli university to benefit from Horizon funds to conduct archaeological digs in Palestinian territories. These criteria represent tighter EU rules in comparison to past practices and Israel, while signing up to Horizon, included an appendix to the agreement stating that it objected to the EU’s guidelines excluding Israeli settlement-based entities. Israel and the EU then agreed on a joint mechanism to ensure that funds destined for pre-1967 Israel would not be used for activities conducted beyond the Green Line. The burden of the proof now rests on Israeli entities applying for funds by requiring them to declare that they meet the EU criteria.

⁵ See MITVIM poll findings: *84% of Israelis have never heard of the new EU incentive for Israeli-Palestinian peace*, March 2014, http://www.mitvim.org.il/images/Poll_findings_-_EU_peace_incentive_-_March_2014.pdf.

⁶ European Commission, *Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards*, 19 July 2013, <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:52013XC0719%2803%29>.

⁷ Horizon 2020 is the EU research and innovation programme providing large funding over seven years to eligible participants from all over the world.

⁸ European Commission, *EU Research Cooperation with Israel*, <http://ec.europa.eu/research/iscp/index.cfm?lg=en&pg=israel#projects>.

The case of Horizon 2020 proves that there is room for manoeuvre for effective EU action. Most Israeli universities as well as the R&D sector have little direct connection with settlements. In spite of tough, rhetorical declarations by the government and even threats to withdraw from the programme, the academic and research community pressed the point that cooperation with Europe was essential for Israel. On this occasion the government yielded and chose to benefit from that cooperation.

More recently, the EU issued legislation concerning labelling products from the settlements intended to allow consumers to make an informed choice in their purchases.⁹ This was seen as a decision consistent with the principle of distinguishing between Israel, Palestine and the settlements.¹⁰ Exports from the settlements to EU countries which are not eligible for duty-free status account for roughly 300 million dollars per year, less than 2 percent of overall Israeli exports to such countries;¹¹ they span from agriculture to food processing to industrial goods and to parts and components. They are much smaller than the settler population (roughly 7-8 percent of the Israeli population) or GDP (4 percent). Yet despite their small size they are important for the economic viability of some settlements and are much larger than Palestinian exports to the EU.

Technically while previously the burden on identifying settlement goods was on the European side (customs authorities or importing companies) now with the EU regulation designating the origin of settlement products, the burden is shifting to Israeli exporters. This unleashed a fierce debate in Israel involving virulent accusations against the EU of being anti-Israeli, even antisemitic. Yet these decisions are direct corollaries and consequences of EU law.

In response to such constraints stemming from the EU and the actual or feared pressure of foreign boycott coming from the Boycott, Divestment and Sanctions (BDS) movement or other organisations, several Israeli companies have moved back inside the Green Line or announced their intention to do so. Among those are Teva, Adanim Tea, Delta Galil, Ahava, and SodaStream.¹²

⁹ European Commission, *Interpretative Notice on indication of origin of goods from the territories occupied by Israel since June 1967*, 12 November 2015, <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:52015XC1112%2801%29>. See also Delegation of the European Union to Israel, *Fact Sheet on indication of origin of goods from the territories occupied by Israel since June 1967*, November 2015, http://eeas.europa.eu/delegations/israel/documents/related-links/20151111_fact_sheet_indication_of_origin_final_en.pdf.

¹⁰ Since 1 February 2005, settlement goods are excluded from preferential tariff treatment. See European Commission, *EU-Israel Technical Arrangement*, http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/israel_ta_en.htm.

¹¹ Israel's Economy Ministry estimates the impact will be about 50 million dollars a year. Steven Scheer, Tova Cohen and Robin Emmott, "Israel fumes over planned EU labeling of 'settlement' products", in *Reuters*, 10 November 2015, <http://reut.rs/1OBQU85>.

¹² Gush Shalom, *Gush Shalom presents: Settlement Products Wiki*, March 2016, <http://zope.gush-shalom.org/home/en/events/1459092710>.

Last January the EU Foreign Affairs Council reiterated the notion that agreements with Israel must apply only to pre-1967 Israel and not to the territories adding that the “EU must unequivocally and explicitly indicate their inapplicability to the territories occupied by Israel in 1967. This does not constitute a boycott of Israel which the EU strongly opposes.”¹³ In addition it said that “Recalling that settlements are illegal under international law, constitute an obstacle to peace and threaten to make a two state solution impossible, the EU reiterates its strong opposition to Israel’s settlement policy and actions taken in this context, such as building the separation barrier beyond the 1967 line, demolitions and confiscation – including of EU funded projects – evictions, forced transfers including of Bedouins, illegal outposts and restrictions of movement and access.”

Conclusions

There is a political undertone here. If impunity prevails on the Israeli side, how can the Israeli public be induced to demand real progress on the “two-state” solution as the pragmatic camp (from Barak to Olmert, Livni and Lapid) has proposed, warning that either Israel moves seriously and courageously towards a settlement based on two states or faces international isolation and sanctions? In general, the Israeli public appears rather insensitive to the costs and consequences of the occupation and settlements. It should be made more sensitive to the sizeable costs of the persistence of the conflict, and conversely the dividends from peace such as higher growth potential for the Israeli economy, reduction of military spending, less unequal distribution of income. In this regard it is helpful to consider the findings of the excellent work done by the AIX group, a group of Israeli and Palestinian economists founded by Gilbert Benayoun, an Economics Professor at the University of Aix-en-Provence, France, in particular their recent publication on the economics and politics of the Israeli-Palestinian conflict.¹⁴

A clearer perception of such costs and benefits alongside other conditions could help unblock the current stalemate, based on the deceptive illusion prevailing in Israel that the *status quo* is sustainable, the conflict can be managed absent a resolution, a peace agreement is impossible between the parties and the Palestinians are resigned to a condition of dispossession and subjugation forever.

Updated 25 May 2016

¹³ Council of the EU, *Council conclusions on the Middle East Peace Process*, 18 January 2016, <http://europa.eu/!Rb49Gd>.

¹⁴ Arie Arnon and Saeb Banya (eds.), *Economics and Politics in the Israeli-Palestinian Conflict*, The AIX Group, February 2015, <http://aix-group.org/index.php/2015/10/22/economics-and-politics-in-the-israeli-palestinian-conflict>.

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