

Brussels, This Is Israel Calling

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Israel’s engagement with the European Economic Community (EEC) began even before the 1957 Treaty of Rome entered into force. On May 1, 1957, less than two months after it was signed, the treaty was already translated into Hebrew and published in Israel’s *Foreign Trade News Journal*. In fact, in mid-1957 some in the Israeli establishment worked hard to transform Israel’s initial relationship with the EEC into a full economic and political membership. Shimon Peres, then director general of the Israeli Ministry of Defense and special envoy of Prime Minister David Ben-Gurion, met secretly with Jean Monnet, the father of the European integration project, to explore the idea of Israeli economic and political accession to the EEC—such was Israel’s enthusiasm to get closer to the “United Europe.”¹

It did not take long, however, for Israel to understand its economic and political limitations and adapt its positions to existing European realities. While the Israeli political leadership had seriously considered full economic and political membership in the EEC in 1957, one year later, in 1958, Israel displayed a greater degree of political realism and started to advocate for an “associate member” status.² In February

¹ Sharon Pardo, “The Year That Israel Considered Joining the European Economic Community,” *Journal of Common Market Studies* 51, no. 5 (2013): 901–15.

² Gadi Heimann and Lior Herman, *Israel’s Path to Europe: The Negotiations for a Preferential Agreement, 1957–1970* (Abingdon, UK: Routledge, 2019).

1959 Israel was the fourth country in the world to establish full diplomatic relations with the European Community.³

In June 1964 Israel and the EEC signed their first nonpreferential trade agreement, and in June 1970 the two signed a new five-year preferential trade agreement. In May 1975 Israel and the EEC signed their first-ever Free Trade Area (FTA) agreement, under which, by the end of 1979, the European Community (EC) abolished all trade barriers on Israeli-manufactured goods.⁴ Israel hoped to upgrade its 1975 FTA agreement with the EC following the signing of the Israeli-Egyptian peace agreement in 1979, but the Israeli-European differences over the Middle East Peace Process (MEPP) rendered this impossible until the mid-1990s.

Indeed, the next decade was marred by political tensions, highlighted by the Venice Declaration of June 13, 1980. The declaration asserted that it was imperative to find a just resolution to the Palestinian problem and that this issue should not be viewed as simply a refugee problem. In addition to spelling out what was required for a viable solution to the Arab-Israeli conflict, the EC castigated Israel for its settlement policy, warned Israel over its policy in Jerusalem, and outlined the diplomatic steps needed in order to achieve a lasting resolution to the Palestinian question. Finally, the Venice Declaration called for the inclusion of the Palestine Liberation Organization (PLO) in any future negotiating process aimed at resolving the conflict.⁵

³ Sharon Pardo and Joel Peters, *Uneasy Neighbors: Israel and the European Union* (Lanham, Md.: Lexington Books, 2010); Sharon Pardo and Joel Peters, *Israel and the European Union: A Documentary History*, (Lanham, Md.: Lexington Books, 2012).

⁴ European Economic Community-Israel, "Agreement between the European Economic Community and the State of Israel," *Official Journal of the European Communities* L 136/3, May 11, 1975.

⁵ Sharon Pardo and Joel Peters, *Israel and the European Union*, pp. 156–58.

Israel's response to the Venice Declaration was furious and uncompromising. For Israel, the nine EC member states were ready to sacrifice the Jewish state's security in order to protect Europe's oil supplies and trade with the Arab world. The issuing of the declaration marked a turning point in Israeli-EC/European Union (EU) relations, adding a charged political undertone to what had previously been a primarily economic relationship. To this day, the Venice Declaration remains a defining moment in the Israeli-European discourse and in the Israeli perception of the EU as a biased mediator in the MEPP.⁶

Between the issuing of the Venice Declaration in 1980 and the November 1991 Madrid Peace Conference to revive the MEPP, Israel opposed any EC attempt to play a role in the peace process. Israel was especially angered by the stream of EC declarations on the Israeli-Palestinian conflict following Israel's invasion of Lebanon in 1982 and the outbreak of the first Palestinian *intifada* in December 1987. These declarations became increasingly critical of Israeli policies and more forthright in their endorsement of the PLO and the Palestinian right to national self-determination. The outbreak of the *intifada* triggered harsh criticism of Israel across the EC and drew widespread sympathy for the Palestinian cause in Europe. Israel saw the EC's approach as biased and as expressing simply no concern for Israel's well-being and security.

During the 1980s the European Political Cooperation (EPC) did little to advance the Community's ambitions of becoming a more significant player in the Arab-Israeli conflict.⁷ The Community possessed little leverage over Israel, and its voice was largely ignored in Jerusalem. With the end of the first Gulf War in 1991, when the United States turned its attention to the Arab-Israeli conflict, the EC expected to

⁶ Ole Elgström, Natalia Chaban, Michèle Knodt, Patrick Müller, and Sharon Pardo, "Perceptions of the EU's Role in the Ukraine-Russia and the Israel-Palestine Conflicts: A Biased Mediator?," *International Negotiation* 23, no. 2 (2018): 299–318.

⁷ Panayiotis Ifestos, *European Political Cooperation. Towards a Framework of Supranational Diplomacy?* (Aldershot, UK: Avebury, 1987).

play a key role in the diplomatic efforts to revive the MEPP. These hopes were short-lived, however, as Israel excluded the Community from any major role in the proceedings of the Madrid conference of November 1991.

The breakthrough in Israeli-Palestinian relations signaled by the 1993 and 1995 Oslo Accords led to a qualitative change in Israeli-EU relations,⁸ and negotiations for a new trade agreement between Israel and the EU followed immediately. EU leaders gave impetus to these discussions at the December 1994 Essen Heads of State and Government summit by deciding that Israel should enjoy “a special status” in its relations with the EU.⁹

The Euro-Mediterranean Partnership and the EU-Israel Association Agreement

In 1995 Israel and the EU signed a new FTA agreement, which entered into force in 2000.¹⁰ The new EU-Israel Association Agreement (AA) significantly upgraded the 1975 FTA agreement and marked an important milestone in this uneasy relationship.¹¹

The signing of the AA gave Israel a unique status. Aside from Turkey, the agreement made Israel the Southern Mediterranean partner country with the closest industrial and economic ties to the EU. The AA

⁸ Soren von Dosenrode and Anders Stubkjær, *The European Union and the Middle East* (London: Sheffield Academic Press, 2001); Sharon Pardo and Joel Peters, *Uneasy Neighbors*; Dimitris Bouris, *The European Union and Occupied Palestinian Territories: State-Building without a State* (Abingdon, UK: Routledge, 2014); Anders Persson, *The EU and the Israeli–Palestinian Conflict 1971–2013: In Pursuit of a Just Peace* (Lanham, Md.: Lexington Books; Raffaella A. Del Sarto, “Stuck in the Logic of Oslo: Europe and the Israeli-Palestinian Conflict,” *Middle East Journal* 73, no. 3 (2019): 376–96.

⁹ Sharon Pardo and Joel Peters, *Israel and the European Union*, pp. 198–99.

¹⁰ *Ibid.*, pp. 229–53.

¹¹ Sharon Pardo and Joel Peters, *Uneasy Neighbors*; also, Raffaella A. Del Sarto, *Contested State Identities and Regional Security in the Euro-Mediterranean Area* (New York: Palgrave Macmillan, 2006).

also led the two sides to intensify their scientific and technological partnerships. In October 1995 the EU and Israel concluded a research and development agreement through which Israel became the first non-European country to be fully associated with the EU's Research Framework Programs (FP).¹² Since 1996 Israel has been among the most active members in successive calls for research projects and an important source of innovation in both basic and market-oriented research conducted in the European Research Area. The EU is now Israel's largest source of research funding—even larger than the national Israel Science Foundation.¹³

Although primarily an economic accord, the AA has also created a framework for a regular political dialogue between Israel and the EU. The AA founded the institutional framework for a dialogue between the parties. An "Association Council" was established at the level of foreign ministers in order to examine major issues arising within the agreement,¹⁴ as well as an "Association Committee" at a senior official level, which is responsible for the implementation of the agreement. In addition to these, the AA created ten subcommittees and one informal working group on an expert level to discuss professional matters.

Despite the creation of this multilevel framework, the AA reveals a lack of any systematic thinking about the nature of Israeli-EU relations beyond the need for closer economic ties, both in Israel and the EU. Although the preamble refers to the traditional links between the EC, its member states, and Israel and the common values they share, the agreement fails to articulate what these values are or how exactly

¹² Sharon Pardo and Joel Peters, *Israel and the European Union*, pp. 205–10.

¹³ Delegation of the European Union to the State of Israel, "EU Commissioner for Research, Science and Innovation Visits the Start-Up Nation," press release. May 17, 2017. Ramat Gan: Delegation of the European Union to the State of Israel.

¹⁴ While the Association Council is expected to meet annually, due to political tensions between Israel and the EU, the last Association Council meeting was held in July 2012.

they should guide the relationship. In article 2, for instance, the parties state that “their relations, as well as all provisions of the Agreement itself, shall be based on respect for human rights and democratic principles, which guides their internal and international policy and constitutes an essential element of this Agreement.” But these words are largely declaratory. Ultimately, the AA should be viewed as remarkably apolitical, offering no grand strategy for the nature of their relations beyond the economic ones.¹⁵

Goods Produced in Israeli Settlements

Politics continued, however, to weigh over Israeli-EU relations, especially with regard to the issue of goods produced in Israeli settlements in the occupied Palestinian territories (OT) entering free of duty to the European Common Market.¹⁶ The question led to a protracted dispute between Israel and the EU over the terms of “rules of origin” (ROO) within the 1995 AA.

The Fourth Protocol to the AA defines the concept of “originating products” and the methods of administrative cooperation between Israel and the EU. The protocol specifies the origin criteria for different categories of products. Although the stipulations regarding ROO are well defined, the AA does not offer a specific definition of what constitutes the “territory of the State of Israel.”

¹⁵ Yehezkel Dror and Sharon Pardo, “Approaches and Principles for an Israeli Grand-Strategy towards the European Union,” *European Foreign Affairs Review* 11, no. 1 (2006): 17–44.

¹⁶ In 2019, 36 percent of Israel’s imports (excluding diamonds) came from the EU and 30 percent of its exports (excluding diamonds) were directed to the European market. See Central Bureau of Statistics, *Israel’s Foreign Trade in Goods by Country—2019* (Jerusalem, 2020). In 2018 Israel was the EU’s third largest trade partner among the Mediterranean countries, just behind Algeria and Morocco. See European Commission, “Client and Supplier Countries of the EU28 in Merchandise Trade (Value %) (2018, Excluding Intra-EU Trade),” September 13, 2019 (https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf).

Based on past EC/EU declarations on the Arab-Israeli conflict, the EU considers the “territory of the State of Israel” as the area within the borders determined by the 1949 armistice agreements. The EC/EU declarations subscribe to United Nations Security Council Resolutions (UNSCR) 242 and 338,¹⁷ which serve EU member states as the basic contours for any future agreement pertaining to the OT and the creation of a Palestinian state. In January 2016, in an unequivocal clarification of its position regarding the question of the “territory of the State of Israel,” the EU’s Foreign Affairs Council declared that, “in line with international law—all agreements between the State of Israel and the EU must unequivocally and explicitly indicate their inapplicability to the territories occupied by Israel in 1967.”¹⁸ Israel, for its part, prefers to leave the exact demarcation of its borders ambiguous because it considers the Jewish settlements in the West Bank as integral to the state.

The question of the origin of products produced in the OT was raised by the European Commission in the midst of a different investigation. As far back as 1993, the European Commission suspected that Israeli orange juice producers were using Brazilian juice concentrate in products labeled “Israeli juice” in order to enjoy tax benefits under the AA. Although the European Commission was not able to find conclusive evidence of fraud, in November 1997 it published a “First Notice to Importers” ,¹⁹ informing EU importers that there were grounds for doubt about the validity of the origin certificates for orange juice coming from Israel and that the importers would be liable for duty recovery. This investigation served as the impetus for questioning the origins of goods exported to the EU from the OT, since in the same notice the EU further informed importers of problems relating to Israel’s implementation of the ROO regarding products from Israeli settlements in the OT.

¹⁷ UNSCR 242, November 22, 1967, [https://undocs.org/S/RES/242\(1967\)](https://undocs.org/S/RES/242(1967)); UNSCR 338, October 22, 1973, [https://undocs.org/S/RES/338\(1973\)](https://undocs.org/S/RES/338(1973)).

¹⁸ See conclusion 8 in Council of the European Union, “Council Conclusions on the Middle East Peace Process,” press release 14/16, January 18, 2016, Brussels.

¹⁹ Sharon Pardo and Joel Peters, *Israel and the European Union*, p. 219.

In May 1998 the European Commission concluded that according to United Nations (UN) resolutions, no Israeli settlement in the OT could be considered part of the territory of the State of Israel. Thus, exports originating from Israeli settlements in the OT did not qualify for preferential treatment under the terms of the AA. Consequently, any origin certificates issued by Israel for goods produced in Israeli settlements contravened the AA's Fourth Protocol on ROO and would be brought to an end.²⁰

The discussions surrounding the ROO dispute were fractious and for several years the two sides failed to reach a satisfactory solution. Eventually, Israel succumbed to EU pressure, and in December 2004 the parties reached a "Technical Arrangement." In January 2005 the European Commission issued a new notice to European customs operators, informing them that "products coming from places brought under Israeli administration since 1967, are not entitled to benefit from preferential treatment" under the AA and therefore the full customs duty should apply to those products.²¹

Under the terms of this arrangement, which entered into force in February 2005, Israeli products from the OT continued to be labeled "Made in Israel," but Israel was now obligated to indicate the precise name of the place on all origin certificates, along with an accompanying postal code where production conferring originating status had taken place. In August 2012 the European Commission issued a "New Notice to Importers" along with an updated list of non-eligible locations.²²

²⁰ Ibid., pp. 222–23; Sharon Pardo and Lior Zemer, "Bilateralism and the Politics of European Judicial Desire," *Columbia Journal of European Law* 17, no. 2 (2011): 263–305.

²¹ Sharon Pardo and Joel Peters, *Israel and the European Union*, pp. 376–77.

²² The list of non-eligible locations was last updated in September 2019. See European Commission, "European Commission, "Notice to Importers: Imports from Israel into the EU," *Official Journal of the European Union* C 232/03, August 3, 2012.

In this context, it should also be mentioned that in February 1997, the EC had also signed an interim AA with the PLO for the benefit of the Palestinian Authority. Protocol Three of the interim AA defines the concept of originating products and methods of administrative cooperation.²³ The existence of parallel AAs with Israel and the PLO, and the fact that both agreements include ROO clauses, is vital. Simply put, if the EU did not implement the ROO clause in the 1995 AA it had signed with Israel, it would be in breach of the interim AA it had signed with the PLO. Indeed, in 2010 the Court of Justice of the EU (CJEU) held in the *Firma Brita GmbH v. Hauptzollamt Hamburg-Hafen* case (aka “the Brita case”)²⁴ that each of the two AAs shall have its own territorial scope, and there shall be no overlap between the two. For the CJEU, the customs authorities of each exporting country should have exclusive competence within their territorial jurisdiction to issue origin/movement certificates. The CJEU emphasized that as a consequence, the 1995 EC-Israel AA cannot be interpreted in such a way as to compel the Palestinian authorities to waive their right to exercise the competence conferred upon them by virtue of the 1997 EC-PLO interim AA. The CJEU concluded that the EC-Israel AA “must be interpreted as meaning that products originating in the West Bank do not fall within the territorial scope of that agreement and do not therefore qualify for preferential treatment under that agreement.”²⁵

In its November 2015 “Interpretative Notice” on indication of the origin of goods from the OT, the EU further clarified that “Made in Israel” labels used for products originating from Israeli settlements in

²³ European Community–Palestine Liberation Organization, “Euro-Mediterranean Interim Association Agreement on Trade and Cooperation between the European Community, of the One Part, and the Palestine Liberation Organization (PLO) for the Benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the Other Part,” *Official Journal of the European Union* L 187/3, July 16, 1997.

²⁴ Case C-386/08, *Firma Brita GmbH v. Hauptzollamt Hamburg-Hafen*, 2010 ECJ. *EUR-Lex LEXIS*, 63 (October 29, 2009; February 25, 2010).

²⁵ Paragraph 53, *ibid.*

the OT would mislead European consumers and therefore are inconsistent with existing EU legislation.²⁶ This 2015 “Interpretative Notice” was challenged in 2019 in the CJEU in the *Organisation juive européenne, Vignoble Psagot Ltd v. Ministre de l’Économie et des Finances* case (aka the “Psagot case), in which the court ruled that foodstuff originating in Israeli settlements in the OT must bear the indication of their territory of origin.²⁷

The ROO dispute is reflective of an important underlying shift in the long-term dynamics of Israeli-EU relations. For Israel, the 2004 “Technical Arrangement” was a clear sign of Jerusalem’s recognition of the EU’s importance for Israel, both economically and politically. For the EU, its continuous refusal to accept Israel’s arguments over the geographical scope of the AA was a sign of the EU’s growing role in the global scene and its self-confidence and perception as a “Normative Power” in the MEPP.²⁸

The Age of the European Neighborhood Policy

In 2004 the EU launched the European Neighborhood Policy (ENP). Israel warmly welcomed the

²⁶ European Commission, *Interpretative Notice on Indication of Origin of Goods from the Territories Occupied by Israel since June 1967*. C(2015) 7834 final, November 11, 2015, Brussels.

²⁷ Case C-363/18, *Organisation juive européenne, Vignoble Psagot Ltd v. Ministre de l’Économie et des Finances*, 2019 ECJ. *EUR-Lex* ECLI:EU:C:2019:954 (12 November, 2019).

²⁸ Ian Manners, “Normative Power Europe: A Contradiction in Terms?,” *Journal of Common Market Studies* 40, no. 2 (2002): 235–58; Ian Manners, “Theorizing Normative Power in European Union-Israeli/Palestinian Relations: Focus of This Special Issue,” *Middle East Critique* 27, no. 4 (2018): 321–34; Neve Gordon and Sharon Pardo, “The European Union and Israel’s Occupation: Using Technical Customs Rules as Instruments of Foreign Policy,” *Middle East Journal* 69, no. 1 (2015): 74–90; Neve Gordon and Sharon Pardo, “Normative Power Europe and the Power of the Local,” *Journal of Common Market Studies* 53, no. 2 (2015): 416–27; Sharon Pardo, *Normative Power Europe Meets Israel: Perceptions and Realities* (Lanham, Md.: Lexington Books, 2015); Anders Persson, “Shaping Discourse and Setting Examples: Normative Power Europe Can Work in the Israeli–Palestinian Conflict,” *Journal of Common Market Studies* 55, no. 6 (2017): 1415–31; Anders Persson, ““EU Differentiation” as a Case of ‘Normative Power Europe’ (NPE) in the Israeli-Palestinian Conflict,” *Journal of European Integration* 40, no. 2 (2018): 193–208.

announcement of the ENP and the opportunities it presented. In particular, Israel was encouraged by the EU's departure from the regional straitjacket of the Euro-Mediterranean Partnership (EMP; aka the "Barcelona Process") and responded enthusiastically to the possibility of developing a closer relationship with the EU. The enthusiasm was well placed. In December 2004 the EU-Israel Action Plan (AP) was the first such ENP instrument to be approved by the European Commission.

Although the AP is based on the 1995 AA, it lays out a much wider and more comprehensive set of jointly developed Israeli-EU priorities, including the possibility for Israel to participate progressively in key aspects of EU policies and programs. The AP places a special emphasis on the "upgrade in the scope [of] political cooperation" by calling for a renewed political dialogue "based on shared values, including issues such as the promotion and the protection of human rights and fundamental freedoms; improving the dialogue between cultures and religions; promoting effective multilateralism in the framework of the UN; combating anti-Semitism, racism, xenophobia and Islamophobia."²⁹

The AP further calls for enhancing dialogue around efforts to resolve the MEPP; containing the spread of weapons of mass destruction and their means of delivery including ballistic missiles; dealing with the question of the illicit trafficking of military equipment; and strengthening the fight against terrorism. In the economic sphere, the AP speaks of increasing economic integration by developing trade and investment flows; liberalizing trade and services—particularly financial services—with the prospect of preparing Israel for participation in the EU market; as well as deepening and enhancing the existing economic dialogue and identifying areas relevant for regulatory approximation with EU legislation.

²⁹ Sharon Pardo and Joel Peters, *Israel and the European Union*, pp. 347–73. According to the 2019 report of the European Union Agency for Fundamental Rights, anti-semitism is a growing problem in EU member states. See Fundamental Rights Agency, *Antisemitism. Overview of Data Available in the European Union 2008–2018*. Luxembourg: Publications Office of the European Union, November 2019; also Sharon Pardo and Hila Zahavi, *The Jewish Contribution to European Integration* (Lanham, Md.: Lexington Books, 2019).

The AP also details a range of programs and common initiatives covering the following four issue areas:

i) strengthening cooperation on migration related issues and fighting organized crime, including human trafficking, with police and judicial cooperation; ii) promoting cooperation in science and technology, research and development, the information society, transport, energy and telecom networks; iii) strengthening the environmental dimension of public policy; and iv) strengthening links and cooperation in “people-to-people” contacts in education,³⁰ culture, civil society, and public health.

Since its adoption in 2004, the AP has enabled Israel and the EU to intensify the level of their dialogue in the field of political and security cooperation, significantly raise the degree of economic integration, and boost sociocultural and scientific cooperation. Institutional cooperation, mainly through the sub-committees, has brought together Israeli and EU experts to oversee the implementation of the AP. In recent years, Israel stated that its new priorities for cooperation with the EU under the ENP are in the fields of energy, transportation, and security.

Without question, the adoption of the ENP AP has underscored the growing significance of the EU to the Israeli economy and the importance of the EU as an emerging political actor, one that Israel could no longer brush aside.³¹

³⁰ For an analysis of Israeli-EU cooperation in the field of education, see Hannah Moscovitz and Hila Zahavi, eds., *The Bologna Process and its Global Strategy: Motivations and External Responses* (Abingdon, UK: Routledge, 2020); Hannah Moscovitz and Hila Zahavi, “The Bologna Process as a Foreign Policy Endeavour: Motivations and Reactions to the Externalisation of European Higher Education,” *European Journal of Higher Education* 9, no. 1 (2019): 7–22. Also Hila Zahavi, “The Bologna Process in Israel as a Reflection of EU-Israel Relations,” *European Journal of Higher Education* 9, no. 1 (2019): 102–17.

³¹ Patrick. Müller and Sharon Pardo, “Israel and Palestine and the European Neighbourhood Policy,” in Tobias Schumacher, Andreas Marchetti, and Thomas Demmelhuber, eds., *The Routledge Handbook on the European Neighbourhood Policy* (London: Routledge, 2018), pp. 345–56.

Intensifying Relations within the ENP

Shortly before taking over the EU presidency in January 2007, Israel convinced the German government that the EU should revisit the 1994 Essen Declaration. Since the issuing of this statement, neither Israel nor the EU had given much thought to what a “special status” for Israel might mean in practice. The Essen Declaration had marked a high point in Israeli-EU relations, coming in the aftermath of the Oslo Accords and the signing of the peace treaty between Israel and Jordan. But the rapprochement between Israel and the EU was short-lived. The decade following the Essen Declaration was marked by sharp disagreements between Israel and the EU over the MEPP. These disagreements have often been accompanied by bitter exchanges between the two parties.

Israel’s desire for a formal upgrade of its relations with the EU reflected a steady shift in Israeli thinking about the growing importance of the EU for its economic development and the potential role the EU might play in guaranteeing its overall security. The EU responded positively to Israel’s request, and in June 2008 the EU-Israel Association Council decided to intensify Israeli-EU relations within the framework of the ENP in three areas: increased diplomatic cooperation; Israeli participation in European agencies, working groups, and programs; and Israel’s integration into the European Single Market. In this context, while the EU emphasized its commitment to develop a closer relationship with Israel, the EU also stressed that “such a partnership will imply a stronger involvement of the [EU] in the peace process and in the monitoring of the situation on the ground.” The EU underlined that “the process of developing a closer EU-Israeli partnership needs to be, and to be seen, in the context of the broad range of our common interests and objectives which notably include the resolution of the Israeli-Palestinian conflict through the implementation of the two-state solution.”³² In December that year, the EU

³² Sharon Pardo and Joel Peters, *Israel and the European Union*, pp. 470–79.

reaffirmed its determination to upgrade its relationship with Israel and issued guidelines for strengthening the political dialogue structures with Jerusalem (the so-called “Brussels Guidelines”).³³

However, two weeks after the EU issued the Brussels Guidelines, Israel launched “Operation Cast Lead” in the Gaza Strip. The European Union was outspoken in its criticism of the operation and its outcomes. In response to these new tensions, talks of upgrading Israeli-EU relations and negotiations of a more ambitious AP have effectively been frozen and the 2004 AP, which technically expired in 2008, has been extended on an annual basis ever since. At the June 2009 meeting of the EU-Israel Association Council, the EU emphasized that the upgrade process needed to be seen in the broader context of sustained progress toward a resolution of the Israeli-Palestinian conflict.³⁴ Still, in July 2012 European foreign ministers “updated” Israeli-EU relations in sixty concrete activities within the 2004 AP,³⁵ but the launching of more than twenty new potential areas for future Israeli-EU cooperation remains conditioned on progress in the MEPP.

In December 2013 the EU Foreign Affairs Council outlined the prospect of a higher status by offering Israel a Special Privileged Partnership (SPP).³⁶ The offer promised a generous package of European political, economic, and security support to both Israelis and Palestinians in the context of a final status agreement, “increased access to the European markets, closer cultural and scientific links, facilitation of

³³ Ibid., pp. 482–85.

³⁴ Ibid., pp. 491–501.

³⁵ Council of the European Union, *Eleventh Meeting of the EU-Israel Association Council*, July 24, 2012, Brussels.

³⁶ Bruno Oliveira Martins, “Interpreting EU–Israel Relations: A Contextual Analysis of the EU’s Special Privileged Partnership Proposal,” *Cambridge Review of International Affairs* 29, no. 1 (2016): 151–70.

trade and investments, as well as promotion of business to business relations”.³⁷ For its part, officially Israel has never reacted to the SPP offer, and it refuses to accept any direct link between the development of the Israeli-EU relationship and progress in the MEPP.

Prohibiting Funds to Israeli Entities in the Occupied Territories

In July 2013 the EU published guidelines prohibiting the allocation of funds to Israeli entities working within the Israeli settlements in the OT.³⁸ The prohibition included the EU research program Horizon 2020. A tug of war between Israel and the EU ensued, ultimately leading to a compromise on the implementation of the guidelines and to an agreement on Israel’s participation in Horizon 2020.³⁹

According to the guidelines, as of January 2014 EU bodies can no longer fund or dispense awards and grants to Israeli entities within Israeli settlements in the OT. In line with the 2010 CJEU Brita ruling—and as was reaffirmed in 2019 in the Psagot case—the guidelines made it clear that the EU does not recognize Israel’s sovereignty over the OT, irrespective of their legal status under Israeli law, as well as added concrete conditions to any ongoing public funding of Israeli entities.

Israel’s official response to the guidelines was one of fury. Israeli officials interpreted the guidelines as an integral part of the broader context of mounting external criticism, including the global Boycott, Sanctions and Divestment (BDS) campaign. This Israeli-EU dispute guaranteed that the guidelines —

³⁷ Council of the European Union, *Council Conclusions on the Middle East Peace Process*, December 16, 2013, Brussels.

³⁸ 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,” *Official Journal of the European Union* C 205/9, July 19, 2013.

³⁹ State of Israel and the European Union, *Agreement between the State of Israel and the European Union on the Participation of Israel in the Union Programme Horizon 2020—The Framework Programme for Research and Innovation (2014-2020)*, signed June 8, 2014. Brussels: European Commission.

which in this case denote a form of European normative power⁴⁰ — made headlines not only in Europe and in Israel but all over the world and thus empowered the normative stance they embody by rendering the European position visible.⁴¹

Conclusion

Israeli-EU relations have consisted of a number of conflicting trends that have resulted in the emergence of a highly problematic and volatile relationship: one characterized by a strong and ever-increasing network of economic, cultural, and personal ties yet marked, at the political level, by disappointment, bitterness, and anger. On the one hand, Israel has displayed a genuine desire to strengthen its ties with the EU and to be included as part of the European integration project. On the other hand, Israelis are deeply suspicious of the EU's policies and distrust Europe's intentions toward the Israeli-Palestinian conflict and to the Middle East as a whole. As a result, Israel has been determined to minimize the EU's role in the MEPP and to deny it any direct involvement in negotiations with the Palestinians.

The EU displays an equally ambivalent attitude concerning the nature of its ties with Israel. The EU talks of its desire to develop a Special Privileged Partnership with Israel and to afford Israel a separate standing from other countries in the Middle East. At the same time, the EU has failed to articulate what such a status might actually entail. Be that as it may, as François Duchêne has already explained: “Israel can never be wholly foreign to . . . Europeans . . . Jews are so much part of the fabric of European

⁴⁰ See Ian Manners, “Normative Power Europe”: Ian Manners, “Theorizing Normative Power in European Union—Israeli/Palestinian Relations; Sharon Pardo, *Normative Power Europe Meets Israel*; Anders Persson, “‘EU Differentiation’ as a Case of ‘Normative Power Europe’ (NPE) in the Israeli-Palestinian Conflict.”

⁴¹ Neve Gordon and Sharon Pardo, “Normative Power Europe and the Power of the Local.”

history and contemporary life that relations with Israel must, in some sense, be an extension of folk memories on both sides.”⁴²

⁴² François Duchêne, “Israel in the Eyes of the Europeans: A Speculative Essay,” in Ilan Greilsammer and Joseph H. H. Weiler, eds., *Europe and Israel: Troubled Neighbors* (New York: Walter de Gruyter, 1988), p. 11.