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# EU Foreign Policy on the Israeli–Palestinian Conflict: A Reevaluation

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## Introduction

Over the years, a gradual shift has taken place in the foreign policy of the European Union on the Israeli–Palestinian conflict. In large part, this is due to the recognition that peace will take much more time to achieve than was believed a decade ago. A quiet convergence of the EU and Israeli positions can be detected. Under these circumstances, a review of EU–Israel relations is certainly warranted.

## Bilateral Relations 1975–2004: Free Trade Area Followed by Association

Until 1991, relations between Israel and the European Community (the precursor to the EU) were strictly dictated by the 1975 Cooperation Agreement signed under Article 113 of the original Rome Treaty of 1957. Unlimited in duration, it provided for the establishment of an industrial Free Trade Area (FTA) to come into full effect at the latest by 1989, as well as an asymmetric preferential deal for agricultural products that was of very limited scope but favored Israel. Over this long period, there was an updating (though not a real upgrading) of the agreement upon the accession of Spain and Portugal to the EC in 1986. The FTA was but one of the trade agreements the EC signed within the framework of the so-called Global Mediterranean Policy of November 1972, not an association agreement signed under Article 238 (a much deeper institutional agreement sought by Israel but rejected by the EC).<sup>1</sup>

The real upswing in relations from an institutional (i.e., not only economic, but also political) viewpoint can be traced to the beginning of the Oslo Process

(1993) and to the launch of the 1995 Euro-Mediterranean Partnership (EMP), the objective of which was to provide a general framework for the reinforcement of political, economic, and social relations between the two Mediterranean coasts. In that context, Israel was offered an association agreement with the EU (an entity created in 1992 as an outgrowth of the EC that now included fifteen member states, not nine, as was the case with the 1975 agreement). The term of the association agreement was left open ended, and it has served as the only legal basis for EU–Israel relations since 2000, when it was entirely ratified by the European Parliament, the fifteen member states, and Israel. Strictly speaking, the agreement was signed in November 1995, but it took five years for it to come into force because of the many objections submitted by several individual member states that linked ratification to progress in political negotiations between Israel and the Palestinian Authority (PA). The agreement created an association council at the ministerial level that was to meet at least once a year. In practice, however, it has not convened since 2012, following the near freeze in political relations more than a decade ago.

Significantly, the agreement was limited by the fact that it was a part of a Mediterranean policy (the so-called EMP) that continued to treat Israel like other non-member Mediterranean countries, even though the gap in economic development between Israel and the rest of those countries had widened from the 1970s through the 1990s. In fact, it is worth recalling that for some years now, Israel's GDP per capita has surpassed that of several Mediterranean member states that joined the EU in the 1980s, such as Greece and even Spain. More significant still, since 2004, the economic asymmetry between Israel and all other Mediterranean countries (except for Turkey) has been increasing. As will be demonstrated later, Israel is now the third most advanced economy in the Mediterranean after France and Italy, two prominent EU member states.

### **Bilateral Relations after 2004: The European Neighborhood Policy and Sectoral Agreements<sup>2</sup>**

Relations between the EU and Israel did not change course until the accession of ten new member states in 2004. It was not the EMP, but rather the expansion of the EU and the start of negotiations with Turkey and Croatia with a view to their eventual membership that led the European Commission to urgently review its relations with countries in proximity to the newly enlarged EU. The result was the European Neighborhood Policy (ENP). The idea was to economically anchor the countries neighboring the EU without offering them the prospect of full membership. This policy was attractive to Israel because it was bilateral and also differentiated according to the level of the development of the neighbor and its needs. In other words, it took the specificities of Israel into account. An action plan between Israel and the European Commission was concluded de

facto in December 2004. At the end of three years, it was reevaluated in order for both parties to decide whether there was any reason to alter the existing arrangement by signing a new agreement or through an amendment to the original one.

The Action Plan listed four priorities: the reinforcement of political dialogue; increased economic integration; the development of cooperation on matters of law enforcement (policing, legal cooperation, the battle against organized crime) and several other fields (environment, energy, transport, science and technology); and increased people-to-people contacts (for example, participation in Erasmus-style educational programs). What Israel liked most was that it was an approach that favored carrots over sticks: The EU would apply a so-called positive conditionality that highlighted shared values rather than a negative conditionality employed in the context of the association agreement of 1995 (which provided for a possible suspension of the agreement by one of the parties if the other was found to have committed human rights violations). All this did not help much, however, when in early 2009 the EU decided to freeze government-to-government relations—and therefore substantive sections of the Action Plan attached to the ENP, such as political dialogue—as a result of Operation Cast Lead in Gaza.<sup>3</sup>

By then, however, two important sectoral agreements were in the making: one on free agricultural trade between the two parties (2009) and the other, an Open Skies Agreement liberalizing commercial aviation between the EU and Israel (which entered into force in 2013).<sup>4</sup> The fact that Israel had been included in the EU's R&D space since the mid-1990s as well as in its Galileo program must also be noted.<sup>5</sup>

### **EU Policies on the Conflict before 2015: Combating Asymmetry<sup>6</sup>**

It was partly due to the EC that the Israeli–Palestinian conflict was transformed in the 1980s from a refugee issue to one of self-determination.<sup>7</sup> This shift was spurred by the Venice Declaration—adopted by the nine EC member states in June 1980—which recognized the Palestinian right to self-government. But this verbal transformation occurred largely outside the official machinery of EC institutions (the so-called EPC or European Political Cooperation). With the Treaty of Maastricht (1992), the EU began to advance its own policies on the conflict under a unified, legally recognized framework, namely the Common Foreign and Security Policy (CFSP). Although the EU was not directly involved in drafting the Oslo Accords, it championed the two-state solution, which was touted as the end game of what had been termed Oslo Process.

From the outset, the EU, an association primarily focused on economic issues, was cognizant of the huge economic imbalance between Israel and the new Palestinian entity led by the PA. For political reasons, it officially ignored that imbalance, and,

for instance, signed an EMP agreement with the PA as if it were an independent country and as if there were no previous customs union agreement between Jerusalem and Ramallah (a kind of customs regime imposed by the occupier). The EU was officially treating the PA as if it were just another Mediterranean non-member state, like Israel. All this was to give the impression that the PA and Israel were on the same level. For instance, an EU delegation was set up in Jerusalem to deal exclusively with EU–PA relations, which worked independently of the much older EU delegation to the State of Israel based in Tel Aviv. More than anything else, the EU sought to reduce economic asymmetries between Israel and the Palestinians, but this effort was largely unsuccessful.

The EU position on Israel changed after 9/11 and the subsequent attacks that took place within the EU itself. Since 2003, Brussels has regarded Hamas as a terrorist organization. The Quartet, of which the EU is a member (together with the UN, Russia, and the US), decided to boycott Hamas following its victory in the 2006 Palestinian legislative elections after which the organization took total control of the Gaza Strip by force. This was very significant for Israel. (Later on, Israel accepted the Quartet's 2007 Road Map.) However, at least two further diplomatic developments have marred Israel–EU relations since then. One was the the Trump administration's recognition of Jerusalem as the capital of Israel—a move the EU does not plan to imitate anytime soon, despite the fact that a few member states are prepared to consider steps that could lead to the recognition of the western part of the city as the capital of Israel. Second, the possible recognition of a Palestinian state by several EU members is not a new item on their respective agendas, and some seem prepared to do so without waiting for the resolution of the conflict. Thus far, only Sweden has taken this step. Successive Likud governments, in power from 2009 until mid-2021, were adamantly against recognizing a Palestinian state prior to a negotiated settlement.

Since the 1980s, the EU has stressed that any solution to the conflict must adhere to UN Security Council Resolution 242, passed in 1967 and based on the principle of "land for peace." The assumption was that Israel and the Palestinians were negotiating partners on equal footing. Perhaps unintentionally at the beginning, but later on pragmatically, the EU has been perpetuating the present situation in the territories: Without the EU's annual grants to the PA, the latter would have collapsed. Since the late 1990s, Brussels has been committed to the two-state solution. UN Security Council Resolution 1397 of March 2002 subsequently reaffirmed this principle. But since the beginning of the Second Intifada in 2000, Brussels, like many moderate Israelis and Palestinians, began to doubt the long-sought peace dividend. The EU bodies sought to prevent the collapse of the Oslo Process, but Brussels was now between a rock and a hard place. Sometimes it had seen its investments ruined by the Israeli army, such as Gaza's international airport opened in 1998 at Dahaniya, which was destroyed during the Second Intifada. On the other hand, it has had to recognize the right of Israel to defend itself

against Hamas in four operations: Cast Lead (2008/9), Pillar of Defense (2012), Protective Edge (2014), and Guardian of the Walls (2021).

## Changes in Bilateral Relations since 2004

### *Changes in Israel: The Economic and Social Environment*

From modest beginnings as a small, semi-industrialized country, Israel has become a medium-sized advanced economy. More than half of its industrial exports originate in the high-tech sector. In 2009, quite unexpectedly, significant gas deposits were discovered close to the Israeli coast. Exports of gas to Egypt, Jordan, and the PA are increasing thanks to the exploitation of the Tamar field, and since early 2020 gas has been extracted from the even larger Leviathan field, assuring Israeli self-sufficiency in natural gas for the coming decades. The country can now contemplate exporting gas to other countries as well, which could be used to wield political influence, for example with EU member states in Southeastern Europe such as Greece, Cyprus, Bulgaria, and Romania.<sup>8</sup> As a result, the new Israeli government formed in June 2021 and presided over by Naftali Bennett and Yair Lapid does not need the support of illiberal democracies quite so much as the prior Likud governments did, and the Visegrád countries (Poland, Hungary, Czechia, and Slovakia) also become rather less important.<sup>9</sup> In other words, the margin of diplomatic maneuver has been substantially enlarged by the gas discoveries.

Domestically, a steady effort has been made to increase the participation of the ultra-Orthodox population in the labor force, as well as Arab women. This has obviously led to an increase in overall productivity and a reduction in poverty at the same time. In parallel, a prudent macroeconomic policy (pursued by the Bank of Israel under the stewardship of Prof. Stanley Fischer) and Israel's reduced exposure to international banking helped mitigate the worst effects of the Great Recession (2008–13). Since 2003, Israel's economy has grown by more than 3 percent annually, with the exceptions of 2009, and, due to the coronavirus pandemic, 2020. This means that as of the Great Recession, Israel's GDP per capita in nominal terms is higher than Spain's, and it has also just surpassed Italy's according to IMF figures for 2018. When corrected for purchasing power, Israel ranks just behind Italy in that same year. On the international trade front, high-tech exports being less distance-sensitive than the products of other sectors, Israel has been able to diversify its export markets and sell to India and China, which have become important trade partners. As a result of all the above, reliance on the EU as an economic anchor is perceived as less necessary than before. OECD membership (attained in 2010) seems to be a good substitute in the eyes of many in the Israeli establishment.

***Changes in Israel: Perception and Public Opinion***

It has become fashionable in the academic literature as well as in the media to attribute the rightward shift of the Israeli electorate on foreign policy issues and the conflict with the Palestinians to the populist ideology promoted by the Likud and other nationalist parties.<sup>10</sup> Those analysts stress Islamophobia, anti-elitism, and the biased narratives of those parties, which delight in portraying the center and the left as unpatriotic. At most, some observers are willing to recognize that the Second Intifada really traumatized segments of the voters who had previously been supportive of the peace process. They fail to understand that the phenomenon of suicide bombings in well-to-do urban populations led to a quantum shift in electoral terms. While the gains made with these new strategies by extremist Arab groups such as Hamas seem meager, it is evident that they were successful not only in instilling fear, but also at casting doubt upon the wisdom of Oslo. No rational voter would push for a process that is perceived to lead to less security.

There was, however, much more behind this shift in public opinion beyond the Al Aqsa Intifada, which ended in 2003.<sup>11</sup> Among the other factors at play were the disappointment, again, of the left, with the unexpected fallout from Israel's unilateral 2005 withdrawal from the Gaza Strip. Israelis began asking themselves if a pullback from additional occupied territories, however densely populated, was a worthwhile gamble from a security standpoint. Of course, the moral argument against occupation, so important to the EU, was completely ignored by the Israeli public. Furthermore, not enough is made of two other external events marking a new trend in public opinion that had nothing to do with fear, but with opportunism. The first was 9/11. Israelis clearly saw the move toward a heightened emphasis on security in the West (above all in the US), which by then was obsessed with suicide terrorism, leading to the introduction of the "zero tolerance" doctrine. Many reached the conclusion that the moral pressure from the West against occupation was going to recede for a while. The perception was that there was no need to rush an end to the conflict—something that could even precipitate civil war in Israel given the fanaticism demonstrated by hardline settlers, which had led to the assassination of Prime Minister Yitzhak Rabin.

A second external event put a nail in the coffin of any notion that peace was currently possible: the onset of the Arab Spring at the end of 2011. This alone explains the "wait and see" attitude observed from 2012 through 2015. It signified for most Israelis, including those on the left, that there was no longer any possibility of "Peace Now." How could Israel engage in negotiations with a weak and unrepresentative PA<sup>12</sup> at a time when peace agreements with Jordan and Egypt could be at stake and when Syria was under the thrall of Iran? It is sometimes argued that "peace later" emerged as a result of Prime Minister Ehud Barak's statement that there was no partner for peace. Such a declaration might have had, at most, a marginal influence on the electorate, but certainly not as strong an effect as suicide bombings had had.

It is worth noting that “peace later,” reflecting a new Israeli consensus, was not based on the idea that settlements contribute to security. Since 1973, the prevailing view in the security establishment has been that the existence of settlements—including those in the Jordan Valley and the Golan, and all the more so those in the West Bank—most certainly do not. Of course, most Israeli Arabs (roughly 20 percent of Israel’s total population) would concur. The situation is somewhat different among the Israeli Jewish public, where there has been no clear consensus on the contribution of settlements to security in recent years.<sup>13</sup> On the other hand, there is widespread agreement that settlement evacuation has become more complicated and that ceding territory does not, at least for the moment, seem likely to improve Israel’s situation.

### *Changes in Europe: The Economic and Geopolitical Environment*

The EU Enlargements after 2004 incorporated thirteen new member states all relatively close to Israel geographically; many were also close culturally and politically (i.e., security-minded and pro-American). This factor, rather inconsequential at first, now seems to be enabling the EU to better understand Israel’s needs. Furthermore, since 2008, the EU has become more inward looking for several reasons: the euro crisis; the refugee and migration crises in the EU’s eastern and southern peripheries; and Brexit. Hence, it has had less interest in, and fewer resources to dedicate to, exporting its values and model of integration. What’s more, the Mediterranean is no longer an EU priority geopolitically, and even less so geoeconomically; at most, its Southern members (Emmanuel Macron’s France included) insist only on maintaining EU influence in the Maghreb. Indicative of this is the fact that the EU has signed FTAs with various countries in distant parts of the world, some more generous than those signed with its Mediterranean partners (Israel included), e.g., Canada. Finally, and quite significantly, the so-called Arab Spring that erupted in Tunisia at the end of 2010 caught the EU unprepared. The naïve expectation of a smooth transition to democracy in key Eastern Mediterranean countries (such as Egypt and Syria) has given way to hopelessness, leading to widespread disappointment, confusion, and, in the case of acts of violence, revulsion in Brussels.

Turkey has become a headache. Although it is still not politically correct to say so openly, both in the EU and Israel one often hears that Turkish President Recep Tayyip Erdoğan wants to establish a neo-Ottoman empire, or more specifically, that he wishes to Islamize Europe by letting economic migrants from Asia and Africa pass through Turkey. The common perception is that Ankara has distanced itself from Brussels since the rise to power of Erdoğan’s Justice and Development Party (AKP) well over a decade ago. This is partly a reaction to European dithering in negotiations for the admission of Turkey to the EU, which began in 2005.

***Changes in Europe: Antisemitism, Israel, and Public Opinion***

Over the last decade, acts of Islamist terror on EU territory have contributed to the rise of Euro-populism. Two salient features of that phenomenon have been fear of and hostility toward Muslim immigrants to the EU. To be sure, latent antisemitism on the far right coexists with these anti-Muslim sentiments. On the other hand, Islamic antisemitism<sup>14</sup> fueled by Israel's wars with Hizbullah and Hamas is a new variant of Jew-hatred. It is not clear if this new brand of antisemitism has been on the rise since then or not, as there are contradicting reports on the matter.<sup>15</sup> What is evident is that Islamist extremists like ISIS seem to be busy with subjects other than Israel and Palestine. This also applies to a segment of the European public that was frankly hostile to Israel until the Arab Spring. Some disappointment with the evolution of events in the Arab world (not necessarily in the Occupied Palestinian Territories or OPT) are likely to have had some moderating effect on public opinion. All this enabled the EU and its member states to shift their attention to new theaters of conflict such as Kurdistan, Ukraine, and Iran.

Even so, antisemitic incidents perpetrated by those on the extreme right (obviously with a negligible presence of Muslims among them) or the extreme left (which in some European countries has attracted a not inconsiderable share of Muslim citizens) did contribute to a verified increase of antisemitism in some key member states in recent years. It must be noted that the reaction of the EU has been rapid and rather efficient. Since 2009, Brussels has mobilized at the highest level. The Vice President of the EU Commission and High Representative of the EU in the last EU Commission, Frederica Mogherini, stated that antisemitism was an attack on European values. This has led to very tangible steps in the struggle against antisemitism. For instance, Holocaust denial has been criminalized on the European level. The dramatic increase in antisemitic posts on social media has also led to concrete action, as it was recognized that only the EU (and not individual member states) had the muscle to confront Facebook and Google. This led it to draw up a code of conduct for internet use to be followed by IT companies based in the EU. It was decided that illegal hate speech must be deleted within twenty-four hours. Additional laws have been passed in fourteen member states.

**The EU Response 2015–20**

The EU institutions decided to trail behind public opinion regarding the Israeli–Palestinian conflict. In interviews and conversations conducted by this author at Israel's Ministry of Foreign Affairs, it was stated time and again that what drives public opinion in the EU regarding the conflict is the media impact (i.e., images) of the sporadic but very violent events that take place in and around Israel. This is combined with the ongoing demographic change in the EU, where the share of

Muslim and Arab citizens is on the rise in key member states (such as France and Germany), and the share of voters who have not heard about the Holocaust or the factors that led to the creation of the Jewish nation-state is constantly on the rise. At the institutional level, the EU supported President Barack Obama's strategy regarding Iran that led to the Joint Comprehensive Plan of Action (JCPOA), of which the EU was a co-signatory.<sup>16</sup> It was understandably very much in favor, having all along maintained European unity when drafting the EU position on the agreement.

### Explanations for the Ongoing Official Freeze in Bilateral Relations

The near freeze of Israel–EU relations for more than a decade now (or “only” nine years if the last Association Council of 2012 is taken as the benchmark) can be explained by diverse hypotheses:

- As of February 2020, the global reach of Brussels was reduced, as one key member state, the UK, left, reducing the EU's GDP by 16 percent. Brussels's capacity to engage in robust foreign relations has been limited because of this and other internal developments requiring much of the time and resources available to its institutions. These included the Brexit negotiations, the euro crisis, the Euro-populism distraction, and the management of massive migration and refugee flows from the south and the east.
- Inertia since the initial freeze and the short-term search for stability at all costs (e.g., giving practical expression to the two-state solution in the long run by financially supporting the PA and ensuring that the situation does not further deteriorate in the OPT—without pushing Israel too much).
- The changing geopolitics and geoeconomics in the Eastern Mediterranean and the Middle East encouraging the EU to wait until the dust settles (e.g., the Arab Spring; gas discoveries in the Eastern Mediterranean; Turkey–EU and Turkey–Israel relations; Russia's comeback; and Iran's intentions).
- The realization that Israel is a new economic “dragon” and that the asymmetry with the Palestinians is greater than ever (e.g., European firms are coming to see and starting to invest in Israel more than two decades after comparable US firms did the same. Previously they stayed away for fear of the direct and indirect Arab boycott; even German SMEs [small- and medium-sized enterprises of the *Mittelstand*] have begun to invest in Israel).<sup>17</sup>
- Israel's persistent pursuit of policies that led to the original freeze (e.g., its conduct in Gaza, settlement construction) or new initiatives (e.g., pressure on EU member states to move their embassies to Jerusalem, following the example of the US).

- Lack of interest and/or tools of foreign policy to maintain any influence in the Eastern Mediterranean and the Middle East (e.g., President Macron's repeated demand that the EU focus on the Maghreb and Sub-Saharan Africa "only").

A rapid qualitative assessment of the six explanations may be accomplished by distinguishing between those that play a major, medium, and minor role. Those that play a major role are explanations 1 (the EU's incapacity to act) and 2 (the EU's inertia and search for stability). Those that play a medium role are explanations 3 (changing geopolitics) and 4 (Israel as an economic miracle). A minor role is played by explanations 5 (Israel's policies) and 6 (the EU's lack of both the tools and desire to exert influence).

### **The Efficacy of EU Policies Applied to Israel**

The EU has used both carrots and sticks. Among the sticks, the most relevant are the non-application to the OPT of the favorable economic provisions included in the Association Agreement; the obligation to label products produced in the OPT for the protection of European consumers; and the non-application of Horizon 2020 to Israeli academic institutions in the OPT.<sup>18</sup>

Among the carrots are the continuous and expanding application of Israel's participation in the Erasmus+ program; Israel's participation in the EU's fifth R&D Framework Program and afterward in Horizon 2020; Israel's participation as an observer in the Bologna Process; and the funding by the European Investment Bank via Bank Leumi of innovation in the field of medical equipment and desalination. The activities of the Twinning and Technical Assistance and Information Exchange instrument of the European Commission (TAIEX)—introduced under the ENP—are proceeding smoothly, with €2 million per year devoted to such initiatives. Twinning enables EU experts to liaise with the Israeli public sector for periods of eighteen months to two years, while TAIEX allows for bilateral meetings between European and Israeli officials occasionally, nowadays via Zoom. Of course, in addition to all those carrots, the agricultural and Open Skies Agreements mentioned above are also noteworthy.<sup>19</sup>

A summary analysis demonstrates that the carrots have certainly helped the EU in developing a strongly pro-European constituency among segments of Israeli civil society, particularly among universities and research centers, academics, and students. For instance, in 2018 there were more Israeli students studying in Europe than in the US, and in 2020, the EU underwrote the tuition and expenses of more than 7,000 Israeli students at European universities. Additionally, in recent years, low-cost European airlines such as Easy Jet, Wizz Air, and Ryanair have become household names in the Israeli tourism industry, which has become an enthusiastic

supporter of the Open Skies Agreement. Likewise, Israeli tourists have realized the huge benefits of low-cost travel to Europe, which helps alleviate the country's quasi-island status. Even a right-wing nationalist government would understand that it would now be very difficult to erect barriers to cheap travel overseas.

The sticks were not successful, as they did not lead to any real shifts in Israeli policy toward the Palestinians or to a reignition of the peace process. On the contrary, judging by opinion polls carried out by the think tank Mitvim, it appears that the popularity of the EU in Israel, quite high until a decade ago, has sharply decreased. According to a 2018 poll, 45 percent of the public saw the EU as a foe and only 24 percent as a friend. This indicates that EU policies are not well understood or received. It is quite common to read in the Hebrew-language media that Israelis have despaired of Europe or that the EU has become irrelevant in the resolution of their conflict with the Palestinians or with Iran. This severe downturn in the country's public opinion has led the EU to allocate NIS 1 million to improve its image there.<sup>20</sup>

### **The Progressive Shift of EU Policy**

Until a decade ago, the EU had always insisted on linking further development of institutional relations with Israel—in which Brussels was very interested—to a freeze or roll-back of Israeli settlement construction, the creation of a Palestinian state, and the end of the occupation. The first basic assumption was that by applying the correct mix of economic sticks and carrots, the EU could influence any Israeli government to adopt a more moderate stance toward the PA and the conflict in general. This line of thinking was not borne out. A relevant example was the EU's offer to Israel of a Special and Privileged Partnership in the aftermath of the failure of the Kerry initiative in 2014, which was dismissed outright by the Israeli government.

The second basic assumption was that the resolution of the Israeli–Palestinian conflict should be based on symmetry, be it in the form of a just partition of the territory between the Mediterranean and the Jordan River or by taking into account demographic realities (i.e., that in the area of what was once Mandatory Palestine there is a roughly equal number of Jews and Arabs). The EU did not ignore the security issues stressed by Israel nor the matters of international law stressed by the Palestinians, but it did totally ignore geoeconomics and geopolitics.

Clearly, the EU now has only a few residual reasons to cling to these assumptions. For an increasing number of EU member states, Israel–EU economic and security relations are seen as a must and not a luxury, entirely overriding any need to pressure Israel politically. One consequence of this might be that the EU begins to question the value of the aid it supplies year after year to the PA. In relative terms, this assistance is almost invisible at the EU-27 level. Israel and the EU

might quietly continue to support the PA to maintain a measure of economic stability in the region until new windows of opportunities for peace open.

However, the importance to the Palestinians of the aid provided by the EU and member states should not be underestimated—it amounts to nearly €1 billion per year. These funds support operating costs and the pensions of the 60,000 civil servants in the PA. Furthermore, the EU and its member states combined are the largest contributors to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA). This became even more important after August 2018 when the Trump administration ceased US payments to the organization. EU aid is exclusively transferred to the PA, which distributes it, if it so wishes, to Gaza; the EU has not cooperated with Hamas since 2006. As the EU's aid to the PA has been seen as a given, there has been considerable investment by the Palestinian private sector in various projects in the West Bank. It is patently clear that the EU has a vested interest in keeping the PA functioning in order to forestall the chaos that could very well follow its collapse, its substitution by Hamas, or the reoccupation by Israel of the entire West Bank. In that, it seems that Israel and the EU share a common interest. In fact, it can be argued that thanks to the EU, there was no Arab Spring-type revolt in the West Bank.

Moreover, Ursula von der Leyen, the new president of the European Commission who took office in December 2019, has said that the organization wants to become more “geopolitical,” in essence admitting that its attention to this field of activity had been insufficient. It also indicates the need for a reassessment of the relative importance to the EU of different conflict zones around the world, and that the EU might possibly allocate less time and resources to the Israeli–Palestinian issue moving forward. Taking a greater interest in geopolitics and geoeconomics could also mean deprioritizing the export of European values and focusing on containing the migration from the Middle East and Sub-Saharan Africa.<sup>21</sup> This would also entail recognition of the fact that Egypt is a ticking time bomb and that the best the EU can hope for is to prolong stability, even if it is based on support for authoritarian regimes capable of keeping terrorism at bay and controlling the movements of populations to Europe. Regarding terrorism, the EU understands the importance of the lead taken by Israel in the fight against cyber-terrorism and will most likely be driven to cooperate more closely with Jerusalem on that issue. Civil society in Europe also understands the danger of modern terrorism in densely populated urban areas and over time has become more accepting of the kind of restrictions to which Israeli and US citizens have long been accustomed.

### **Sharing New Geopolitical and Geoeconomic Assumptions**

Both the EU and Israel share the view that the US is progressively abandoning the Middle East and focusing its attention on other parts of the world, irrespective

of who is in the White House. Arguably for this reason, and due to the fact that the US has become much less dependent on imported fossil fuels over the past several years, the region will be of greater relative importance to Europe than to the US. Both Europe and Israel understand this new reality. Geographical proximity also plays an enormous role in this equation. Migration and water and fossil fuel flows are distance-sensitive, as is the movement of terrorists. Hence, cooperation between neighbors in this part of the world is of critical importance. Over the last decade, Greece, Cyprus, Romania, and Bulgaria—all EU member states—have come to consider Israel an important ally in the fields of energy and defense.

Both the EU and Israel understand that the economic and political stability of Lebanon, Jordan, and the PA very much depend on the combined economic input of the EU, Israel, and the Gulf Cooperation Council. All of them have difficulties assessing whether in the future Turkey's foreign policy will be cooperative or hostile toward other Eastern Mediterranean countries in the EU or non-members in the area, such as Israel. Therefore, at least in this context, Jerusalem sees Brussels as a stabilizer.

In geoeconomic terms, both the EU and Israel share the view that their relative economic power will greatly depend on excelling in R&D. It is now recognized in most EU member states that Israel has a special role to play in this domain. Germany, Denmark, Sweden, the Czech Republic, Ireland, and France have all chosen to open R&D centers in Israel (despite the testy relations several of them have with the Jewish State). Israel is eager to participate in future EU R&D programs, as its participation in Horizon 2020 has been a boon. The EU is now by far the largest target for Israeli investment overseas, accounting for 40 percent of the total. It also continues to be Israel's top trading partner, and that will likely remain the case, although countries such as China and India will probably increase their share at the expense of the EU. This is not something unique to Israel but a result of globalization. For instance, the share of intra-EU trade will also decrease over time with the emergence of China and India as world trading powers, and, of course, in the aftermath of Brexit.<sup>22</sup> Geoeconomically, trade between the EU and, of course, the PA is no match for EU-Israel commerce, the former constituting less than 5 percent of the latter. There is also a dramatic asymmetry between Israel and the PA in trade, as the PA represents 3.4 percent of Israel's trade while Israel accounts for 60 percent of the PA's.

## **Conclusion**

Given the EU's internal problems and the UK's departure, Israel will probably be tempted to question, as will other EU neighbors, whether it is wise to systematically adopt European standards and proceed with the Europeanization of the economy. In the coming years it will certainly draw from the UK, Swiss, and

Norwegian experiences in their approaches to the EU-27.<sup>23</sup> Israel has few other options (unless it wants to further expand its military dependence on the US). In this respect, Israel can only wish that both the EU and the US rally the OECD and NATO and work toward the preservation of the transatlantic alliance. The prospects of this happening did not look promising until November 2020 when Joe Biden was elected US President. The new administration has clearly told the EU that “America is back.”

The EU might argue that the downfall of Netanyahu’s Likud government is due indirectly to the election of Joe Biden and the end of the Trump era. Following this rationale, it looks as if the EU margin of maneuver to pressure Israel on the Palestinian issue is greater than in recent years. This is the case not primarily because of the end of the Netanyahu era, but because of the failure of Donald Trump, whose policies were seen as overly skewed toward Israel. But that is also not the whole story. Some EU member states, (e.g., Ireland) might be tempted to push for increased pressure now that Netanyahu has lost power. In some ways, that would be a kind of retribution for Israel’s “bad behavior” over the last decade. However, if the thesis of this article stands, the EU will use the opportunity presented by the change of government in Israel to say that it is willing to unfreeze political relations, overruling countries such as Ireland, Luxembourg, and Belgium. In other words, the EU will adjust its policies to the new geoeconomic and geopolitical realities on the ground. In this respect, the last Gaza conflict of Spring 2021 must be seen as a bump on the road of this EU adjustment.

## Notes

- <sup>1</sup> For a more detailed analysis see Alfred Tovias, “Relations Between Israel and the European Union,” Alain Dieckhoff (ed.), *Routledge Handbook of Modern Israel*, (2013), pp. 240–45.
- <sup>2</sup> For a thorough treatment of this issue, see Ariel Reich, “The European Neighborhood Policy and Israel: Achievements and Disappointments,” *Journal of World Trade*, XXXIX:4 (2015), 619–42.
- <sup>3</sup> Also known as the Gaza War, it was fought between Israel and the military forces in Gaza, most notably Hamas, and lasted for three weeks between December 27, 2008, and January 18, 2009.
- <sup>4</sup> Alfred Tovias, “Open Sky Agreements Between the EU and Mediterranean Countries: A New Form of Deep Integration Bypassing the European Neighborhood Policy,” (2017), unpublished.
- <sup>5</sup> Galileo is a global navigation satellite system launched by the EU shortly after 2000, of which Israel became a partner in 2004.
- <sup>6</sup> For thorough analysis on the EU and the Israeli–Palestinian conflict, see Raffaella A. Del Sarto, “Israel and the European Union: Between Rhetoric and Reality,” Colin

- Shindler (ed.), *Israel and the Great Powers: Diplomatic Alliances and International Relations beyond the Middle East*, (London, 2014), pp. 155–86; Raffaella A. Del Sarto, “Stuck in the Logic of Oslo: Europe and the Israeli–Palestinian Conflict,” *Middle East Journal*, LXXIII:3 (2019), 376–96; Rosemary Hollis, “Europe,” Joel Peters and David Newman (eds.), *The Routledge Handbook on the Israeli–Palestinian Conflict*, (London, 2013), pp. 336–45.
- <sup>7</sup> The legitimate rights of the Palestinians had been recognized by the United Nations General Assembly before.
- <sup>8</sup> For an introduction to the subject of Israel’s energy discoveries, see Angelos Giannakopoulos, “The Eastern Mediterranean and its Relationship to the EU in Light of Recent Energy Developments,” Angelos Giannakopoulos (ed.), *Energy Cooperation and Security in the Eastern Mediterranean: A Seismic Shift towards Peace or Conflict?* (Tel Aviv, 2016), The Daniel Abraham Center for International and Regional Studies, Research Paper 8, 11–22; Vanguardia Dossier, *El Nuevo Israel*, No. 75, January–March, 2020.
- <sup>9</sup> Bálint Molnár, “Israel and the Visegrád (V4) Group: Challenges and Opportunities,” *Israel Journal of Foreign Affairs*, (2019), XIII:1, 3–21.
- <sup>10</sup> Raffaella A. Del Sarto, *Israel Under Siege* (Washington, 2017); Yonatan Levi and Shai Agmon, “Bankers, Suicide Bombers, and the ‘Real People’: What Israeli Right-Wing Populism Can Teach Us About its European Counterparts,” (2019) unpublished.
- <sup>11</sup> For an excellent public opinion survey carried out among members of the Israeli establishment, see Nimord Goren, Eyal Ronen, and Emir Bayburt, “Israel, the EU and the Mediterranean: Understanding the Perceptions of Israeli Elite Actors,” Aybars Görgülü and Gülşah Dark Kahyaoglu (eds.), *The Remaking of the Euro-Mediterranean Vision*, (Bern, 2019), pp. 171–207.
- <sup>12</sup> Note that Hamas had taken power of the Gaza Strip in 2007.
- <sup>13</sup> Kelsey Jo Starr, “No consensus among Israeli Jews about settlements’ impact on security,” Pew, January 3, 2017, <https://www.pewresearch.org/fact-tank/2017/01/03/no-consensus-among-israeli-jews-about-settlements-impact-on-security/>.
- <sup>14</sup> “Islamic antisemitism is a religiously motivated form of modern antisemitism and a specific expression of Jew-hatred that draws upon two very different sources: the Islamic anti-Judaism of the seventh and eighth centuries, and modern European antisemitism, which emerged in the nineteenth century.” See Matthias Küntzel, “Islamic Antisemitism: Characteristics, Origins, and Current Effects,” *The Israel Journal of Foreign Affairs*, XIV:2 (2020), 229–239.
- <sup>15</sup> See, for example, Meir Litvak, “Islamic Radical Movements and Antisemitism: Between Old and New,” Armin Lange, Kerstin Mayerhofer, Dina Porat, and Lawrence H. Schiffman (eds.), *Confronting Antisemitism in Modern Media, the Legal and Political Worlds*, (Oldenbourg, 2021) p. 146.
- <sup>16</sup> Israeli European Policy Network (IEPN), “Challenges in the Changing Middle East, the Iran Deal Revisited: Israel and European Perspectives,” Friedrich-Ebert-Stiftung (FES), Israel Office, (2018), <http://library.fes.de/pdf-files/bueros/israel/15079.pdf>.

- <sup>17</sup> Emanuele Giaufret, “Europe as a Formidable Power in the Middle East” Foundation for European Progressive Studies (FEPS), *Global Challenges and Their Impact on the Middle East*, (Tel Aviv, 2017), 38–40.
- <sup>18</sup> IEPN, “Major Earthquakes? Tectonic Shifts in the EU and Israel after the elections: Implications for Europe and the Middle East-Israeli and European Perspectives,” FES, Israel Office (2019), <http://library.fes.de/pdf-files/bueros/israel/16738.pdf>.
- <sup>19</sup> Information collected from interviews (2021) with Lena Zeiger, Director, Foreign Trade Administration, Ministry of Economy and Industry; Ilan Fluss, Former Deputy Head, Economic Division, Ministry of Foreign Affairs; and Dan Catarivas, President of the EU–Israel Chamber of Commerce and Director General, Foreign Trade and International Relations at the Manufacturers Association of Israel.
- <sup>20</sup> Information released by the EU Delegation to the State of Israel.
- <sup>21</sup> On normative Europe, Israel, and the Middle East, see Guy Harpaz and Asaf Shamis, “Normative Power Europe and the State of Israel,” *Journal of Common Market Studies*, XLVIII:3 (2010), 579–616, and Raffaella A. Del Sarto, “Normative Empire Europe: The European Union, Its Borderlands, and the ‘Arab Spring,’” *Journal of Common Market Studies*, LIV:2 (2016), 215–32.
- <sup>22</sup> Ariel Reich, “The EU, the UK and Israel: What to Brexpect,” *Israel Journal of Foreign Affairs*, X:2 (2016), 203–1.
- <sup>23</sup> Nellie Munin, “Europeanization of Israel, Is It Desirable?” (2019), unpublished.