

TIME TO RETHINK EU STRATEGY?

THE EUROPEAN UNION'S ROLE IN THE PALESTINIAN TERRITORIES AND THE ISRAELI-PALESTINIAN CONFLICT

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INTRODUCTION

The European Union's (EU) role in the Palestinian territories and in the Israeli-Palestinian conflict is frequently limited to the EU's financial functions in the territories. In 2010, Bouris Dimitris, research fellow at the College of Europe, wrote: "It is clearly evident, that the EU is behind every aspect of Palestinian state-building and has supported numerous projects, making Palestine the first country in the world that has received so much assistance from the EU."¹ However, while the EU has supported every aspect of state building, this support has not translated into substantial political influence on the peace talks. Instead, this somewhat cynical, though not necessarily incorrect, slogan has defined the last decades of the Middle East Peace Process: "The US decides, [...] the EU pays and the UN feeds."

European financial aid was provided as a result of the 1993 Oslo Accords, wherein Israel and the Palestinian Liberation Organisation (PLO) agreed to pursue a peaceful process by which to implement a two-state solution based on the United Nation's Security Council Resolutions 242 and 338. The underlying rationale was that through financial aid the EU would support the building of a Palestinian state and the subsequent realisation of the two-state solution. This *raison d'être* remains true today.

However, taking into consideration the current context it is both pertinent and important to revisit this *raison d'être*. First and foremost, the peace talks between Palestinians and Israelis have



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1 | Dimitris Bouris, "The European Union's Role in the Palestinian Territory after the Oslo Accords: Stillborn State-building", *Journal of contemporary European Research* 6, 3/2010, p. 383.

broken down yet again and there is little impetus on both sides to restart them. On the one hand, the current Israeli government has shown little interest in reviving the peace talks. Despite later qualifying his statement, the Israeli Prime Minister Benjamin Netanyahu publicly rejected the establishment of a Palestinian state during his term in office. On the other hand, Palestinians are internationalising the conflict and seeking alternative fora, such as the United Nations, the International Criminal Court and recently FIFA, to address their demands. Secondly, the *raison d'être* of paying for state building has not produced a Palestinian state; instead the bulk of funding has been used for humanitarian and emergency assistance and budgetary support.² In the meantime, "while humanitarian symptoms are assuaged and a semblance of stability is maintained, there is little incentive to resolve the conflict".³ Finally, there is increased frustration among EU politicians with the status-quo and a growing debate on how to alter the situation. Therefore, it is in the interest of the EU and the Palestinian people to revisit the role of the EU in the Palestinian territories and explore opportunities for change that could shift the current dynamics of the Palestinian-Israeli conflict beyond the status-quo.

In order to discuss the EU's role in the Palestinian territories, this essay is divided into two parts. The first part will provide an overview of the current role of the EU in the Palestinian territories and the obstacles it faces in implementing its agenda. The second part of the essay will focus on the opportunities the EU has to increase its political involvement and challenge the status-quo that has defined peace talks over the last decade.

THE EU IN THE PALESTINIAN TERRITORIES

The Framework – Structures and Mechanisms

Technically, EU engagement with the Palestinian territories is defined by the European Neighbourhood Policy (ENP), which is an EU mechanism based on mutually beneficial political and economic reforms as a means to promote peace, stability and economic prosperity in the region.⁴ The European Neighbourhood

2 | Cf. Yezid Sayigh, "Inducing a Failed State in Palestine", *The International Institute for Strategic Studies, Survival*, 49, 3/2007, p. 7.

3 | Anne Le More, "Killing with kindness", *International Affairs*, 81, 5/2008, p. 995.

4 | Cf. European Commission, "EU & Neighbours – a renewed commitment", http://issuu.com/actionglobalcommunicationsltd/docs/eni_leaflet16_eu/1?e=6346130/8143223 (accessed 28 Aug 2015).

Instrument (ENI) regulates the financial engagement. Underlying the ENI is the European reward principle of “more-for-more”. Initiated in 2010, the more-for-more principle is incentive based, providing more funding when partners implement EU policy and programs and apply EU valued norms, such as democratic reform and respect for human rights. Incentives include greater access to European markets, easier mobility for peoples and increased financial aid.

Currently, the EU spends an average of 300 million euros per annum in the Palestinian territories via four different mechanism and institutions.⁵ The EU’s Mécanisme Palestino-Européen de Gestion de l’Aide Socio-Economique (PEGASE) is the EU’s largest financial mechanism and currently provides 178 million euros per year. PEGASE provides direct financial support to the Palestinian Authority (PA), supporting it in its financial obligations, including payments and salaries for civil servants, pensioners, vulnerable families and maintaining vital public services.

The EU’s Mécanisme Palestino-Européen de Gestion de l’Aide Socio-Economique attempts to promote long-term development goals, such as infrastructure, sanitation and electricity systems, and educational facilities.

It attempts to promote long-term development goals, such as infrastructure, sanitation and electricity systems, and educational facilities.⁶ The EU also provides 82 million euros via the United Nation’s Relief and Works Agency (UNRWA), making the EU and its members states UNRWA’s largest donor. Ten million euros are allocated specifically to East Jerusalem and another three million euros are provided to focal sectors. A further 20 million euros are assigned to themed projects and allocated via advertised call for proposals.

Political Realities

However, the provision of extensive funding has not been enough to realise the two-state solution. Instead, an evaluation of the European Union’s cooperation with the Palestinian territories, published by the European Commission in July 2014, indicated that the current state of affairs will not lead to a two-state solution: “Little was done to remove the most significant obstacles to sustainable cooperation outcomes and the achievement of a viable,

5 | Interview with Sergio Piccolo, Head of Cooperation at EU Representatives Office in Jerusalem, 11 May 2015.

6 | The European Institute for Research on Mediterranean and Euro-Arab Cooperation, PEGASE, <http://medea.be/en/countries/occupied-palestinian-territories/pegase> (accessed 28 Aug 2015).

democratic and contiguous two-state solution.”⁷ In reality, the EU (and the international donor community in general) faces three major political realities that stymie the effective implementation of aid and the subsequent realisation of a two-state solution: (1) The on-going Israeli occupation; (2) the state of Palestinian politics; and (3) regional and international political realities.

1. The Occupation

The international donor community identifies the Israeli occupation as one of the greatest obstacles that prevent the development of the Palestinian territories.⁸ The PA lacks autonomy and enjoys only limited jurisdiction. Furthermore, the Israeli occupation ensures that Palestinians continue to lack de facto control over land and resources, which hinders progress and economic growth. While the Oslo Accords stipulated that Area C would gradually be transferred to the PA, today 61 per cent of the West Bank remains under the control of the Israeli administration and Palestinian access to Area C continues to be very limited. Instead, economic development in the West Bank has focused on Areas A and B, where the Palestinian Authority has greater autonomy, however, Area C is the agricultural and resource rich land. According to a recent World Bank study, access to Area C’s agricultural land, water resources, quarries and mines, as well as developmental and tourism opportunities would add an estimated 35 per cent to the Palestinian GDP.⁹

The lack of autonomy and access to land further accentuated by Israeli settlement activity and land confiscation.¹⁰ The EU regularly condemns the building of settlements as illegal under international law, settlement activity has continuously increased. Similarly, the Gaza Strip, from which Israel withdrew in 2005, continues to be

7 | European Commission, “Summary of the Evaluation of the European Union’s cooperation with Palestine and support to Palestinian people”, http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/evinfo/2014/1327_ev_en.pdf (accessed 28 Aug 2015).

8 | Cf. Ministry of Planning and Administrative Development, “National Development Plan 2014-16”, http://mopad.pna.ps/en/images/PDFs/Palestine%20State_final.pdf (accessed 28 Aug 2015).

9 | Cf. The World Bank, “Palestinians Access to Area C Key to Economic Recovery and Sustainable Growth”, <http://worldbank.org/en/news/press-release/2013/10/07/palestinians-access-area-c-economic-recovery-sustainable-growth> (accessed 28 Aug 2015).

10 | Cf. Renee Lewis, “Israel confiscates nearly 1,000 acres of Palestinian land in the West Bank”, *Al Jazeera America*, <http://america.aljazeera.com/articles/2014/8/31/bethlehem-israelconfiscates.html> (accessed 5 Oct 2015).

under the Israeli blockade. The blockade limits and controls all movement across the border, hindering economic development and sustainability. Unemployment in Gaza was 43 per cent in the last quarter of 2014, with 60 per cent youth unemployment.¹¹ The result is that the development of a self-sustaining Palestinian economy remains restricted and the West Bank and Gaza continue to depend on foreign aid to prevent deterioration. In fact, Palestinians are among the largest per capita recipients of international development assistance in the world.¹²



Teenagers in Gaza: Unemployment in Gaza was 43 per cent in the last quarter of 2014, with 60 per cent youth unemployment. | Source: © Jens Büttner, picture alliance/dpa.

2. Domestic Realities

The current Palestinian domestic reality is a further obstacle that prevents the development of a Palestinian state. Most prominent is the Palestinian Authority's deepening paralysis. This is clearly evident in its lack of a democratic mandate. Since 2006 neither presidential nor parliamentary elections have been held, leaving both the current President and the Legislative Council without a democratic mandate. 68 per cent of Palestinians wish to see

11 | Cf. UN OCHA, *Humanitarian Bulletin – Monthly Report*, Apr 2015, http://ochaopt.org/documents/ocha_opt_the_humanitarian_monitor_2014_05_29_english.pdf (accessed 28 Aug 2015).

12 | Cf. Jim Zanotti, "U.S. Foreign Aid to the Palestinians", Congressional Research Service, 3 Jul 2015, <http://fas.org/sgp/crs/mideast/RS22967.pdf> (accessed 28 Aug 2015).

elections held either within several months or within the next six months.¹³ It is also evident in the neo-patrimonial leadership style of the Palestinian presidency and the concentration of power in said office.

The political situation is further complicated due to the persisting political split between Fatah and Hamas in the West Bank and Gaza Strip. The political split came about following the 2006 elections and despite numerous attempts to form a reconciliation government, real political progress has been limited. Political elites in the West Bank show an astounding lack of interest in the political progress in Gaza. Instead, both political factions are somewhat pleased with the status-quo. Diana Buttu, former legal advisor to Mahmoud Abbas, reported in an interview that despite the constraints “both sides [were] apparently pleased with ‘ruling’ a piece of territory without any democratic oversight”.¹⁴ In fact, since the schism, factional interests have been prioritised at the expense of the national wellbeing and further fragmented the Palestinian people, with interests of the West Bank and Gaza increasingly at odds with one another. Despite attempts at a national unity government, these have been unsuccessful to date.

3. EU and International Political Realities

The historical responsibility Germany has toward Israel results in a unique relationship that often differs to mainstream sentiments within Europe.

European political realities and the subsequent inability of the EU to speak with one voice are just as incapacitating. The different national relations EU members states share with Israel have prevented a coherent European approach. For example, the historical responsibility Germany has toward Israel results in a unique relationship that often differs from that of mainstream sentiments within Europe. This diversity was particularly visible following the Swedish initiative to unilaterally recognise a Palestinian State. In a parallel effort to strengthen the two-state-solution on the basis of the pre-1967 borders, the British, Spanish, Portuguese, Irish, Belgian and French parliaments passed motions pressing their governments to recognise a Palestinian state on these terms. However, these actions were neither coordinated by

13 | Palestinian Center for Policy and Survey, “Press Release – Palestinian Public Opinion Poll No (55)”, 24 Mar 2015, <http://pcpsr.org/en/node/603> (accessed 28 Aug 2015).

14 | Institute for Middle East Understanding, “Expert Q&A: Palestinian National Unity & The Schism Between Fatah and Hamas”, 26 May 2015, <http://imeu.org/article/expert-qa-palestinian-national-unity-the-schism-between-fatah-and-hamas> (accessed 28 Aug 2015).

the EU nor among the member states and once again reflect the inability to establish cohesion and an effective European voice and policy approach. The same applies as regards EU members states voting at the United Nations.

Table 1

EU Member States and their Recognition of a Palestinian State

State of Relations	Countries
EU Member States that have recognised a Palestinian State	1988 <ul style="list-style-type: none"> ▪ Recognition by the Eastern Bloc countries; Bulgaria, Cyprus, Hungary, Poland, Romania, Slovakia and the Czech Republic (but de facto no recognition today) ▪ Malta 2014 <ul style="list-style-type: none"> ▪ Sweden
EU member states who have passed a parliamentary resolution urging for the recognition of a Palestinian State	2014 <ul style="list-style-type: none"> ▪ United Kingdom, Spain, Portugal, Ireland and France 2015 <ul style="list-style-type: none"> ▪ Belgium
EU Member states that do not recognise a Palestinian State	<ul style="list-style-type: none"> ▪ Austria, Croatia, Denmark, Estonia, Finland, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, Netherlands and Slovenia

Table 2

EU Member States Voting at the UN General Assembly

2012 UN General Assembly Recognition of Palestine as a "Non-Member Observer State"	Countries
In favour	Austria, Belgium, Cyprus, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Malta, Portugal, Spain, and Sweden
Abstain	Bulgaria, Croatia, Estonia, Germany, Hungary, Latvia, Lithuania, Netherlands, Poland, Romania, Slovakia, Slovenia and the United Kingdom
Against	Czech Republic

The information in the table was compiled using the following sources: Permanent Observer Mission of the State of Palestine to the United Nations, "Diplomatic Relations", <http://palestineun.org/about-palestine/diplomatic-relations> (accessed 28 Aug 2015), "Portugal's parliament calls for recognition of Palestinian state", *Haaretz*, 13 Dec 2014, <http://haaretz.com/1.631519> (accessed 28 Aug 2015).

Furthermore, in the past the EU has frequently conceded to American leadership in the Middle East Peace Process. Despite providing extensive financial support and diplomatic initiatives,

the EU has not taken an active leadership role and has all too willingly accepted and even supported the American leadership style. Needless to say the U.S. has always fiercely protected its role as lead negotiator and applied pressure to ensure all political initiatives have prior U.S. approval. This is further bolstered by the special friendship Israel and the U.S. share and the Israeli apprehension toward Europe. Considering that the events of World War II and the Holocaust are enshrined in the Israeli national memory, Israel is apprehensive of all European initiatives, particularly when it comes to Israel's security interests.¹⁵ This perception continues despite the insistence by the EU and its member states that support for a Palestinian state based on the 1967 borders should not in any way be considered as an act against Israel, but as the only step toward a two-state solution.¹⁶

The emergence of the Islamic State in Iraq and Syria and the resulting refugee and migration crisis has become a European and international priority, sidelining the Palestinian issue.

Also, attention toward the Israeli-Palestinian peace talks has subsided as regional events and crises have grabbed European and international attention. Headlines now focus on the deterioration of stability that we are witnessing in Libya, Yemen, and increasingly Egypt. Furthermore, the emergence of the Islamic State in Iraq and Syria and the resulting refugee and migration crisis has become a European and international priority, side-lining the Palestinian issue. However, despite these challenges there are avenues the EU can pursue to increase its influence on the Israeli-Palestinian peace talks. There are the changing realities on the ground which allow for greater European involvement as well as incentives and pressure the EU can use to entice change.

WHAT CAN THE EU DO?

A Changing Reality

There are observable shifts in regional leadership the EU should capitalise on. The U.S. has been the traditional powerhouse and leading international political force regarding the Israeli-Palestinian peace talks. However, the critical debates that erupted as a result of Benjamin Netanyahu's congressional speech and the resistance Israeli has shown toward the P5+1 and EU

15 | Cf. Caroline du Plessix, "The European Union and Israel – A lasting and ambiguous 'special' relationship", *Bulletin du Centre de recherche français a Jerusalem*, 2011, p. 11.

16 | Cf. *ibid.*

brokered Iran nuclear deal, reflect a new low in American-Israeli governmental relations.¹⁷ On his visit to Jerusalem in March 2015, former President Carter officially expressed his hope that Europe would take a more active leadership role considering the low point of America influence in Jerusalem.¹⁸ While the U.S. will continue to be an influential and powerful player, there is room for Europe to take greater initiative and allow for greater EU leadership.

Also, the current political context is also ripe for a shift in approach. The Oslo process has failed to bring about a two-state solution. The optimism that accompanied the Oslo Accords and hope for the two-state solution have long evaporated. In fact, it seems the international community supports an "Oslo-Dream" that the PA and the Palestinian public have given up on.

The PA is increasingly willing to go beyond the status quo, which defined the last decades, and is seeking alternative fora (such as the UN, the ICC and lately even the FIFA) by which to achieve recognition for an independent Palestinian state. Furthermore, there is steadily growing disillusionment among Palestinians. A Konrad-Adenauer-Stiftung poll conducted in March 2015 showed that only 29 per cent of the population still believe that the establishment of a Palestinian state in the next five years is possible.¹⁹ Instead, "Palestinians are now contemplating a future with no state at all, at least not one to call their own".²⁰ Simultaneously, the implementation of a two-state solution is becoming increasingly difficult due to the growing number of settlements threatening the geographical integrity of a future Palestinian state. It is therefore in the interest of the EU, as a fierce proponent of the two-state solution, to provide a viable political strategy that promotes Israeli-Palestinian peace talks and ensures the viability of a future Palestinian state.

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There is historical precedence for greater European involvement. The EU has for many years been at the forefront of providing diplomatic solutions to the Middle East Peace Process, long before these became mainstream policies. The EU's Venice Declaration

17 | Cf. Julie Hirschfeld Davis, Administration Official Criticizes Israeli Ambassador Over Netanyahu Visit, *The New York Times*, 28 Jan 2015, <http://nyti.ms/1DiEBnK> (accessed 28 Aug 2015).

18 | Cf. Hans-Christian Röbler, "Fototermin mit Reizfigur", *Frankfurter Allgemeine Zeitung*, 4 May 2015.

19 | Cf. Palestinian Center for Policy and Survey, n. 13.

20 | Nathan Brown/Dimitris Bouris, "Can the EU Revive the Cause of the Middle East Peace?", Carnegie Endowment, 2014, <http://ceip.org/1EqKX39> (accessed 28 Aug 2015).

passed in 1980, which introduced the idea of including the PLO in negotiations, would become the blueprint for future negotiations. However, when it was introduced, both the U.S. and Israel rejected it, taking another decade until the Oslo Accords to accept the PLO as a negotiating partner.²¹ Similarly, the 1999 Berlin Declaration, in which the EU presented the acceptance of a future Palestinian state, was initially rejected. It too was eventually accepted as legitimate.



Jewish settlers in Hebron: The growing number of Jewish settlements on Palestinian land makes a realization of the two-state solution increasingly difficult. | Source: © Mamoun Wazwaz, Apaimages/Picture Alliance/Landov.

In fact, the EU has become a more critical player. Back in the 1990s the EU consensus was that little or no pressure was to be exerted on Israel or the newly established Palestinian Authority, so as not to threaten the peace process.²² Consequently, the EU continued to support Palestinian state building as a means to a two-state solution, without taking into consideration the violations that consistently undermined the viability of the future Palestinian state. Today, the EU is much more vocal in its criticism and subsequently has the ability to make use of available incentives and apply political and economic pressure to ensure that both

21 | Cf. *ibid.*

22 | Cf. Policy note by CIDSE Working Group Palestine/Israel, "The EU's aid to the occupied Palestinian territories – One year after the Paris Donors' Conference", Dec 2008.

Palestinians and Israelis return to serious final status negotiations.²³ Also, the reappointment of an EU special envoy to the Middle East is a step in the right direction, providing the EU with a continued presence and voice in the proceedings.²⁴

Applying EU Norms

Based on its experience, the EU believes in democracy as a means to peace and as such should focus on backing Palestinian democratic structures and processes. This can be achieved in two ways.

First, Europe should press for the holding of

Palestinian elections. The continued delay, as discussed above, only further undermines Palestinian democratic structures. Second,

there should also be greater European promotion of political reconciliation, a prerequisite to holding elections and continued Palestinian state building.

This would require that the EU review its approach toward Hamas, considering that the political side-lining of Hamas since the 2006 election has not yielded the desired results and instead revealed that a solution to the ongoing crisis in Gaza and the creation of a Palestinian state cannot be achieved by excluding Hamas. This realisation has been expressed by EU officials, including Javier Solana, in his former role as the European Union High Representative for Common Foreign and Security Policy: "Whether we like it or not, Hamas will be part of the solution."²⁵ The Israeli government has come to a similar realisation, as the last months have confirmed talks between Israel and Hamas regarding a long-term truce.²⁶ Therefore, the EU should pressure the entire Palestinian Leadership to follow a non-violent political approach, while always taking into consideration the security of Israel and the region.

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Also, EU assurance that human rights and international law are applied is another means by which the EU can positively engage the Palestinian-Israeli conflict. Highlighting both the Israeli and Palestinian violations of human rights and international law and

23 | Cf. Bouris, n. 1.

24 | Katherine Ashton had chosen not to appoint an EU special envoy, with a subsequent lack of EU presence in the conflict.

25 | Javier Solana, "Europe's Global Role – What next steps?", *Ditchley Foundation Annual Lecture*, http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/discours/109193.pdf (accessed 28 Aug 2015).

26 | Shlomi Eldar, "Abbas must accept Gaza, Westbank will not unite", *al-Monitor*, 20 Aug 2015, <http://al-monitor.com/pulse/originals/2015/08/israel-gaza-hamas-truce-abbas-west-bank-renew-negotiations.html> (accessed 28 Aug 2015).

the way in which they impede the development of the peace process is a framework within which the EU can legitimately raise concerns. For example, the building of Israeli settlements violates international law, and severely undermines the peace process. The EU should therefore follow up on its statements, such as one made in May 2015: "Israel's determination to continue its settlement policy despite the urging of the international community, not only threatens the viability of the two state solution but also seriously calls into question its commitment to a negotiated agreement with the Palestinians. Settlements are illegal under international law."²⁷

Applying Economic Pressure

The European Union is the largest multilateral donor to the Palestinians – since 1994 they have provided more than 6.5 billion euros in financial support.²⁸ However, the European Court of Auditors has concluded that "the EEAS does not make sufficient use of its large scale funding to leverage reform from the PA".²⁹ Therefore, the EU should make more use of its financial prowess to advance the Israeli-Palestinian peace talks.

Most importantly, EU funding to the Palestinian Authority should not be unconditional. This is especially relevant as the European Neighbourhood Instrument is based on conditionality and the EU principle of more-for-more. John Gatt-Rutter, the EU Representative for the West Bank and Gaza, himself expressed his hope that "the ENI will help to provide greater incentives to the Palestinian Authority to carry out further policy reform in crucial sectors such as justice and security, human rights and good governance, and energy and water".³⁰ To some extent this is already being implemented by the EU Representative Office for the West Bank and Gaza. In early 2015, based on the EU's more-for-more principle, the office initiated the pilot phase of its Result Oriented Framework. The underlying rationale of the framework is that following

27 | Statement by the Spokesperson on the latest announcement on settlement expansion in Ramat Shlomo, 8 May 2015, http://eeas.europa.eu/statements-eeas/2015/150508_02_en.htm (accessed 28 Aug 2015).

28 | Cf. European Court of Auditors, Special Report No. 14, "European Union Direct Financial Support for the Palestinian Authority", http://eca.europa.eu/Lists/ECADocuments/SR13_14/SR13_14_EN.pdf (accessed 28 Aug 2015).

29 | Ibid.

30 | EU Neighbourhood Info Centre, "Three Questions to the EU Representative (West Bank and Gaza, UNRWA), John Gatt-Rutter", 12 Feb 2014, <http://enpi-info.eu/medportal/features/718> (accessed 28 Aug 2015).

the successful compliance with EU requirements, the project and cooperation can move forward. In the case of non-compliance, Palestinians have to provide detailed evidence as to why not. However, while this mechanism is being implemented on a local level, the implementation of such conditions at a state level would be beneficial. It would allow senior EU officials to bring to the forefront the issue of national Palestinian reconciliation and the necessity to hold elections. Such an initiative would also address the growing donor fatigue among EU member states.³¹

The same logic applies to relations with Israel. The EU continues to provide funds and strengthens its economic and political agreements with Israel, despite the disagreements the two actors share.³² Israel is the only non-European country to be included in the EU's 80 billion euros research and innovation program "Horizon2020". However, the extensive and valuable financial relationship the EU and Israel share should also be based on conditionality and a means to ensure Israeli compliance with EU peace initiatives.

Europe is also Israel's largest trading partner. 32 per cent of total Israeli exports go to European markets.³³ In 2014, exports amounted to 1,542 billion U.S. dollars.³⁴ To some extent the EU has used this to exert economic pressure.

Since 2013, the EU prohibits the issuing of grants, funding, prizes or scholarships to projects/entities that are based beyond the 1967 border, much to the chagrin of the Israeli government.

Since 2013, the EU prohibits the issuing of grants, funding, prizes or scholarships to projects/entities that are based beyond the 1967 border, much to the chagrin of the Israeli government.³⁵ Currently, the EU is once again considering labelling Israeli settlement products, to raise consumer awareness in Europe. It has been argued that "differentiating between Israel and settlement activities within the EU's bilateral relations is one of the most powerful tools at the EU's disposal for challenging the incentive

31 | An interview with Sergio Piccolo revealed that for the first time in many years, the EU Representative Office in East Jerusalem faced difficulties in accruing the standard 300 million euros the EU provides to the Palestinian territories.

32 | Cf. du Plessix, n. 15.

33 | Cf. European Commission, "Israel", <http://ec.europa.eu/trade/policy/countries-and-regions/countries/israel> (accessed 28 Aug 2015).

34 | Cf. The Israeli Export and International Cooperation Institute, *Development and Trends in Israeli Exports*, 2014, http://export.gov.il/UploadFiles/04_2015/IEICIDevelopmentsandtrendsInIsraelExports2014summary.pdf (accessed 28 Aug 2015).

35 | Cf. Harriet Sherwood, "EU takes tougher stance on Israeli settlements", *The Guardian*, 16 Jul 2013, <http://gu.com/p/3hbb3/stw> (accessed 28 Aug 2015).

structure that underpins the Israeli support for the status quo.”³⁶ The move has been the repeated subject of debates but never implemented. However, in April 2015 16 EU foreign ministers wrote the EU’s High Representative Frederica Mogherini, requesting her to expedite the moves requiring the labelling of goods produced in illegal Israeli settlements.³⁷ European companies, from Denmark and the Netherlands for example, have already ceased collaboration with Israeli partners because of their activities in the West Bank.³⁸



Pickled gherkins from Israel: The EU is currently discussing a special label for products from illegal Israeli settlements. | Source: © Wolfgang Kumm, picture alliance/dpa.

- 36 | Hugh Lovatt/Maria Toaldo, “EU differentiation and Israeli settlements”, 22 Jul 2015, European Council on Foreign Relations, http://ecfr.eu/publications/summary/eu_differentiation_and_israeli_settlements3076 (accessed 28 Aug 2015).
- 37 | Cf. Peter Beaumont, “Foreign ministers petition EU to urge labelling of settlement products”, *The Guardian*, 16 Apr 2015, <http://gu.com/p/47tvb/stw> (accessed 28 Aug 2015).
- 38 | Cf. Daniella Cheslow, “Business Boycott: Israelis feeling the Pinch”, *Deutsche Welle*, 14 Feb 2014, <http://dw.com/p/1B8W8> (accessed 28 Aug 2015).

Finally, the EU can provide economic and political incentive via the Special Privileged Partnership. This partnership would allow Israel to elevate its relations with the EU beyond the current ENP, similar to that enjoyed by full member states. Benefits would include further access to the European market, closer cultural and academic ties, the facilitation of trade and investment, on top of increased political dialogue and security cooperation.³⁹

CONCLUSION

The EU's role in the Palestinian territories and in the Palestinian-Israeli conflict is defined by its role as the financial backer of the Oslo Peace Process and Palestinian state building. And while the EU has expressed that it will continue to play this role, the current context is ripe for greater European involvement.⁴⁰ The current domestic situation in Israel and the Palestinian territories, the failure of the last rounds of peace talks and the shifts in regional politics, as well as the means the EU has at its disposal present an opportunity for the EU to take a greater responsibility in the Israeli-Palestinian conflict and ensure that EU tax payers' money is not being spent on the continuation of the status-quo but on a tangible peace.

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39 | Cf. Michael Mertes, "Uneasy Neighbours. The EU and Israel – a Paradoxical Relationship", *KAS International Reports* 4/2015, <http://kas.de/wf/en/33.41161> (accessed 21 Sep 2015).

40 | Cf. Nathan Brown/Dimitris Bouris, "Can the EU Revive the Cause of the Middle East Peace?", Carnegie Endowment, 29 May 2014, <http://ceip.org/1EqKX39> (accessed 28 Aug 2015).