



# The EU's approach to Israel and the Palestinians: A move in the right direction

*By Clara Marina O'Donnell*

★ The divisions amongst Palestinians and the reluctance of the new Israeli government to work towards a viable two-state solution weaken the prospects for peace in the Middle East. Nevertheless the EU should do its utmost to support US efforts to bring both parties to the negotiating table.

★ The EU should embrace Israel with 'tough love'. Presenting itself as a true friend, it should make clear that it is keen to deepen bilateral relations and provide full assistance for peace talks, but insist on the need for Israel to fully recommit to the peace process.

★ Serious peace talks are impossible while the Palestinians remain divided. The EU must actively support Palestinian reconciliation and consider suspending its assistance to Palestinian police forces until a unity government is formed to avoid deepening divisions between Hamas and Fatah.

US President Barack Obama is firmly committed to making progress towards peace in the Arab-Israeli conflict. Since taking office, he has repeatedly emphasised the need to work towards a two-state solution – most recently in his first speech to the Muslim world in Cairo on June 4<sup>th</sup>, in which he said that he would “personally pursue” this objective. President Obama also looks set to take on the role of a more neutral mediator than his predecessors. He has made clear that while Israel and the US enjoy an unbreakable bond, he expects Israel to deliver on its commitments to peace, notably by stopping the construction of settlements on occupied Palestinian land.

However, conditions in the Middle East are far from propitious for peace talks. For the last three years Palestinians have been divided and feuding. Hamas, despite being isolated by the international community, is still strong and in control of the Gaza Strip. Disorder and radicalisation are spreading across the Strip, where the social fabric has been severely weakened by the humanitarian crisis caused by Israel's border closures and military conflict between Hamas and the Israeli army.

Meanwhile, the new Israeli government is only reluctantly endorsing a two-state solution. In a speech on June 14<sup>th</sup>, Prime Minister Benjamin Netanyahu made a significant concession. Breaking with his long-standing opposition, he agreed to the goal of an independent Palestinian state. But some of the conditions which he attached to this state – such as his insistence that all of Jerusalem should remain the capital of Israel – would make it unacceptable to Palestinians, while other conditions even raise questions about such a state's viability. In particular, Netanyahu continues to oppose freezing the growth of settlements, despite unprecedented US pressure. In addition, the Israeli government has shown no inclination to loosen the tight blockade on Gaza, while some parties in the coalition are hostile to Israel's Arab minority.

The EU, which has long sought to help end the Middle East conflict, will welcome the US commitment to achieving peace – particularly as it comes from an administration which has more in common with

Europe's worldview than previous US administrations. But if there is to be any hope of making progress towards peace, the EU must do its utmost to support US efforts. To be an effective partner, EU member-states must develop a consensus on the best way to engage with the new Israeli government, and on the conditions they would attach to engagement with a new Palestinian government of national unity.

### **EU-Israeli relationship: How best to engage**

The EU has always found it difficult to exert pressure on Israel. Despite strong cultural affinities and significant improvements in bilateral relations over the years, many Israelis do not rate the EU as a diplomatic heavyweight, and they consider some European countries to be insensitive to Israel's security concerns. As a result, Israel has been reluctant to grant the EU a significant role in the diplomatic track of the peace process.

Nevertheless, European governments should not stop trying to encourage Israel to fully recommit to peace negotiations. The EU should apply 'tough love' to Israel: it should present itself as a true friend, keen to deepen bilateral relations and provide full assistance to the peace process, including steadfast support for Israel's security. But because it is a friend, and because a two-state solution is essential to guarantee Israel's long-term security, the EU must make clear that it cannot deepen EU-Israeli relations if Israel does not demonstrate its commitment to the peace process by its actions on the ground.

The EU has repeatedly debated whether it should link its bilateral relations with Israel to progress in the Middle East peace process. Some member-states, such as Belgium, Ireland, and Greece, have favoured making deeper EU-Israel relations conditional on Israeli goodwill towards the peace process. Others, including the Netherlands and the Czech Republic, have firmly opposed any such linkage. As a result, the EU has developed the habit of obscuring the issue in its bilateral agreements with Israel with language ambiguous enough to satisfy both groups.

In 2008 the EU and Israel started negotiating an upgrade in their bilateral relations. Some EU countries were already uncomfortable when these talks started: Israel was not taking steps to freeze settlements and it was doing little to improve movement and access within the West Bank, despite the ongoing Annapolis peace process. Subsequent events have intensified EU frustrations. EU governments informally suspended the negotiations in response to the Israeli incursion into Gaza in January, which killed over 1,000 Palestinians and left infrastructure badly damaged, including EU-funded projects. The new Israeli government's attitude to the peace process, including its unwillingness to curb the growth of settlements and fully open the borders to Gaza for humanitarian purposes, has further strengthened the EU's reluctance to discuss an upgrade. At the EU-Israeli association council on June 15<sup>th</sup>, the EU informed Israel's foreign minister, Avigdor Lieberman, that the offer of deeper relations remained on the table, but that the Israeli government had to fully recommit to the peace process for negotiations to be concluded. Member-states welcomed Netanyahu's endorsement of a two-state solution as an important step in the right direction, but felt that Israel needed to do more.

It was no small achievement for the EU to adopt this stance. Even before Netanyahu officially endorsed a two-state solution, some member-states had been vigorously opposed to suspending talks on the upgrade. Italy's foreign minister, Franco Frattini, and the then Czech prime minister, Mirek Topolanek, had previously publicly stated that the upgrade should go ahead regardless of progress in the peace process. In addition, Israel threatened to end the EU's involvement in peace efforts if the upgrade was suspended. But bilateral relations are the only source of leverage member-states can use to influence Israel. So the EU was right to keep the upgrade on hold, while maintaining its extensive current bilateral co-operation.

Over the coming months, EU member-states must stand firm. They should insist on clear progress on the ground – both with regards to settlements and to opening the borders to Gaza for unrestricted humanitarian assistance and trade. In exchange, not only should the EU agree to deepen its relations with Israel, but it should also offer to assist Israel in stopping weapons smuggling into Gaza, reinstate its Gaza border monitoring mission, and take a leading role in any peacekeeping mission which might be called upon in the longer-term.

Furthermore, the EU should take advantage of the strong stance of Barack Obama on settlements to reinforce its own pressure on Israel. As well as reminding Israeli officials of the need for progress, the EU should strengthen its monitoring efforts to ensure that it does not support settlements unwittingly. Israel benefits from preferential access to EU markets, but products from Israeli settlements do not. There have been various allegations, most recently in a UK foreign office memo, that some goods from the

settlements are illegally using the preferential trade arrangements. The EU should explore any evidence of misuse, and if necessary it should consider renegotiating the monitoring mechanisms with Israel. There are also allegations that European Commission research funding has been inadvertently awarded to settlers in the West Bank. Again, the EU should explore these allegations and, if necessary, put an end to this practice. The amount of funds awarded to the settlements might be minimal, as might be the lost import duties, but by taking action European governments will be sending an important political signal to Israel that they take the settlements question seriously.

## **Support Palestinian reconciliation**

Even if the Israeli government fully recommits to a two-state solution, progress on serious peace talks will still not be possible if the Palestinians remain divided. A stable peaceful settlement can be negotiated only with a united Palestinian partner – one which can speak on behalf of all Palestinians, and has the authority to implement any decisions.

The last attempt to negotiate a peaceful settlement, the Annapolis peace process (which was launched in November 2007 by the former US president, George W Bush), was destined to fail because it was based on a ‘West Bank first’ approach. Peace talks were held between Israel and the president of the Palestinian Authority, Mahmoud Abbas, while the international community continued to isolate Hamas. The prospect of peace and improved living conditions in the West Bank was supposed to undermine Hamas’s support base amongst Palestinians. But Abbas’s power base was so weak he could barely speak on behalf of the West Bank, let alone on behalf of all Palestinians.

Not only did the peace talks not deliver but, by supporting the ‘West Bank first’ policy, the US, the EU and many Arab states contributed to deepening divisions amongst Palestinians by reducing the incentives for reconciliation. (The US and Israel even made clear that they would suspend negotiations if Abbas engaged with Hamas.)

Faced with the failure of Annapolis and of the policy of isolation, international opinion on how to deal with the Palestinians has been shifting. Egypt, previously a strong supporter of isolating Hamas, has been attempting to forge a Palestinian government of national unity, through several rounds of mediation.

The EU has supported efforts to promote Palestinian reconciliation. In addition, many member-states have been revisiting their terms of engagement for a national unity government. Officially, in order to provide financial support to a government involving Hamas, the EU (like the US) requires the group to respect three principles set out by the Quartet – recognition of Israel, acceptance of previous peace agreements and an end to violence. But unofficially, several member-states would be open to more flexibility – such as working with a national unity government which only implicitly recognised the three principles, or requiring only Hamas members of government (instead of the whole movement) to recognise the conditions. However the Netherlands and the Czech Republic lead a group of member-states still strongly opposed to loosening the Quartet’s principles.

An unfortunate consequence of the Palestinian factions’ failure to forge a government of national unity is that the EU and its international partners are effectively condemned to supporting a ‘West Bank first’ policy. President Abbas remains the only partner with whom the EU and others engage.

So the key contribution that the EU can make now is to promote more actively the formation of a Palestinian government of national unity. This presupposes that the EU develops an internal consensus on the conditions that a new Palestinian government would have to meet. Until the EU does so – and agrees on its terms for reinstating its border monitoring mission at Rafah – it will lack credibility in the eyes of Palestinians and Israelis.

Some EU officials believe that Hamas and Fatah are so reluctant to reconcile that the best hope for unity is to wait for the 2010 national elections. This would be a mistake. Gaza cannot afford to be left isolated for that long with no reconstruction. In addition to the unacceptable cost of human suffering, alienation and radicalisation are likely to thrive, and another war with Israel cannot be excluded. The EU should provide its full support to further immediate Egyptian mediation. It should also consider contributing more actively to the reconciliation talks through envoys or the involvement of third parties. As the largest donor to the Palestinian territories, the EU will be the leading player in the reconstruction effort for Gaza. It is also likely to be involved in monitoring the Gaza-Egyptian border. To facilitate subsequent economic development, the EU must be more proactively involved in the talks.

Finally, as long as a national unity government has not been formed, the EU should ensure that it does not inadvertently contribute to deepening the divisions amongst Palestinians. Importantly, it should reflect on suspending its work with the Palestinian security forces. The EU's police mission to the West Bank, EUPOL COPPS, designed to develop Palestinian police forces, is well intentioned. But because of Palestinian divisions, it is currently assisting only those security forces that respond to Fatah. This could have negative long-term implications, including undermining the already fraught political neutrality of the security forces.

## Conclusion

The EU is already deeply involved in the Middle East peace process, through its large financial assistance to the Palestinians, its membership of the Quartet, and its various missions on the ground. But if it wants to maximise the value of its generous assistance, it should try to increase its diplomatic influence. Europe should move away from the narrow role of benevolent financial provider it has all too often assumed.

The US, the EU and other international players, including the Arab League, should seize upon Netanyahu's conditional acceptance of a two-state solution to push both the Palestinians and the Israelis back to the negotiating table. Instability in Gaza could worsen at any time. President Abbas's authority is weak and his Fatah party is in disarray. The large Arab minority in Israel feels increasingly alienated, as the riots in Akko in October 2008 attest. Meanwhile Hezbollah continues to pose a threat to Israel, while Iran's growing influence and its nuclear ambitions risk destabilising the whole region. The situation on the ground in the Middle East might not be very conducive for peace talks. But without pressure from outsiders, there is scope for it to get much worse.

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