
Balancing realism and vision

The prospects of EU-Israel relations in times of change and uncertainty

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BACKGROUND

Since an early Cooperation Agreement in 1975, EU-Israel relations have secured growing trade and investment interdependence, deep-rooted scientific and technological cooperation recently strengthened by Israel's association with the EU's Horizon 2020 research and innovation programme, a common cultural heritage, widespread people-to-people contacts, and a generally shared understanding of the fundamental values underpinning a liberal democracy. Yet, long-standing and brand new sources of controversy inhibit a more ambitious partnership.

The EU and Israel's positions towards the Middle East Peace Process (MEPP) remain scarcely compatible. Since its 1980 Venice Declaration, the EU has strived to maintain a strict, international law-centred approach, based on non-recognition of the post-1967 Israeli occupation of East Jerusalem, the West Bank and the Golan Heights. While this position served as an exceptional point of consensus among the EU's divided member states (ranging from historically pro-Israeli Germany all the way to pro-Palestinian Sweden), it has recurrently been criticised by Israel as counter-productive and heavily biased towards the Palestinians. The issuance in 2013 of guidelines limiting the eligibility for EU-funded grants, prizes and financial instruments to entities and activities based within Israel's pre-1967 borders was met with outrage by several Israeli leaders.

Israel's continued settlement activity in East Jerusalem and the West Bank, and its military presence in the presumed territories of a future Palestinian state, have convinced many Europeans that Israel is unwilling to compromise on any peace deal. Recent developments such as last summer's violent outbreak between Israel and Hamas in Gaza and the inability of all parties to enable its reconstruction, the Palestinian Authority's (PA) bid for international recognition (also triggering political resolutions by the European Parliament and several member state legislators across Europe) and its decision to join the International Criminal Court (ICC) have all complicated the resumption of the MEPP since its collapse in mid-2014. This has raised severe doubts about the feasibility of the traditionally bilateral negotiations brokered by the United States (US) and added further strains to EU-Israel relations.

The two sides have also developed different approaches towards the manifold challenges in the 'post-Arab Spring' Middle East and Northern Africa (MENA) region, including rising radicalisation and sectarianism in local societies and national politics, an increasingly intractable Sunni-Shia confrontation, the collapse of statehood and ongoing civil wars in multiple countries (Syria, Libya, Iraq and Yemen), the rise of the self-defined Islamic State (IS), the spread of jihadist insurgency and sectarian tensions in Lebanon, and political and domestic security challenges in Egypt. While the EU committed, with very mixed results, to enhancing its supposed but often overrated



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transformational power in the region, Israel has instead strengthened its traditionally pragmatic cooperation with several Arab neighbours, including peace partners Egypt and Jordan and some Gulf states.

Moreover, despite earlier diplomatic and intelligence coordination between Europeans and Israelis, the EU has been strongly involved in finalising last March's Framework for a Joint Comprehensive Plan of Action on Iran's nuclear programme, potentially paving the way for a final deal by June. Israel, for its part, considers Iran to be an existential threat, not least due to Tehran's radical discourse and persistently damaging involvement in several regional crises. As such, Israel has actively opposed the deal, as demonstrated by Prime Minister (PM) Netanyahu's speech at the Republican-dominated US Congress last March, challenging President Obama's diplomatic approach. Such divergence was worsened by Israel's neutral stance on the Ukrainian crisis, primarily driven by security considerations related to Russia's arms exports to the Middle East and the need to maintain some degree of diplomatic cooperation with the Kremlin on regional dossiers, but in sharp contrast with the positions taken by the EU and the US.

Israel's legislative elections in mid-March, leading to the victory of Netanyahu's Likud Party and the creation of a narrow right-wing coalition, were marked by the PM's harsh statements against the creation of a Palestinian state and the freezing of settlements, and his controversial remarks on the massive turnout of Arab Israelis to the polls. While Netanyahu later underplayed his stance, the polarising tone of his electoral campaign sent a disconcerting message to the international community, including across Europe. At the same time, the EU's official commitment towards the MEPP still lacks more concrete impact on the ground, e.g. in the case of Gaza's still unfulfilled reconstruction, and needs a more cohesive diplomatic strategy, as exemplified by France's autonomous intention to push for a draft Resolution by the UN Security Council outlining new parameters for the MEPP. The recent terrorist attacks in Paris and Copenhagen, also targeting the resident Jewish communities, and ongoing local activism by the pro-Palestinian movement of 'Boycott, Divest and Sanction' aimed against Israel, have also strengthened perceptions of a hostile European environment among many Israelis.

STATE OF PLAY

The uncertainties surrounding the domestic and foreign policy agenda of the new Israeli government, the apparent lack of prospects for a prompt resumption of direct peace negotiations between Israel and the PA, a highly volatile security landscape in the MENA region, and the diplomatic dynamics triggered by the US administration's overall strategy in the Middle East, including the recently announced review of its stance towards the MEPP and its continuing tensions with Israel, are all set to affect EU-Israel relations in the near future.

The outcomes of the recent elections have raised concerns in the international community over Israel's commitment to a peaceful resolution of its enduring conflict with the Palestinians, increasing disillusionment over the viability of the two-state solution. Despite harmful electoral rhetoric, the new Israeli government is aware of the risks of international isolation. Consequently, it has made some limited gestures in past weeks, including the unblocking of around half a billion dollars of tax revenues belonging to the PA and its reported participation in indirect negotiations over a long-term ceasefire agreement with Hamas. These actions were partially mirrored by the PA, notably through the continuation of security cooperation with Israel, and also because of the legal and diplomatic uncertainties surrounding its attempts to lodge a case with the ICC on Israel's conduct in Gaza.

Whether this highly fragile diplomatic truce will hold remains a matter of intense speculation. The US administration is focused on bringing the final deal with Iran to a successful completion, while preparing to defend it in Congress and *vis-à-vis* its hyper-sceptical interlocutors in the region, including Israel. Other regional dossiers such as IS, Syria, Iraq and Yemen, and the region's humanitarian and migratory crises, are all likely to remain high on the diplomatic agenda. Given the current unknowns of a possible UN Resolution on the MEPP, muddling through appears the most plausible short-term scenario for the Israeli-Palestinian question, but one doomed by mid-term political and practical unsustainability, given the persisting risks of security deterioration not only in Gaza but also in the West Bank and East Jerusalem.

At the same time, growing frustrations across Europe over Israel's approach towards the Palestinians and what is perceived by Europeans as a unilateral *fait accompli* strategy, notably on settlements, might translate into a new political crisis in the EU-Israel relationship, in turn aggravating Israel's deep-rooted perception of the EU as a 'pro-Palestinian' interlocutor. The recent letter by 16 EU foreign ministers asking the High Representative/Vice-President (HR/VP) Mogherini to push forward the process of labelling products from Israeli settlements demonstrates that tolerance is growing thin in many European capitals. The risks of deepening mistrust in EU-Israel relations should thus be tackled with a reasonable mix of diplomatic realism and political vision.

PROSPECTS

In such a potentially escalating context, the EU and Israel need to acknowledge that disagreement between their approaches towards the MEPP, particularly on Israeli settlements and, for some European capitals, on the modalities of Palestine's quest for internationally backed statehood, is not going to disappear anytime soon. They should thus follow a pragmatic approach and refrain from making their divergences the main driver of their relations. Both sides should try to consolidate a more mature and incrementally ambitious bilateral agenda in the policy areas where cooperation can prevail over confrontation, while maintaining a frank but respectful dialogue on the MEPP.

This tentative de-escalating approach should be based on common values, even if these are sometimes differently interpreted, such as democracy, the rule of law and a functioning market economy, and cemented by shared interests in trade and investment, science, research and technology, and possibly energy (given the discovered reserves in the Eastern Mediterranean). This dialogue should be strategically enriched by more constructive bilateral consultation and more frequent assessment-sharing on domestic, regional and global issues. In more concrete terms, the two sides could concentrate on: (i) the evolving geopolitical landscape in the MENA region, including on the 'day after' the Iranian nuclear deal; (ii) the fight against IS and Islamic radicalisation at large, building on the latest discussions in the bilateral Counter-Terrorism Working Group; (iii) the formulation of an effective preventive diplomacy approach towards Hamas in Gaza and Hezbollah in Lebanon; (iv) the security-development-migration nexus in the MENA region; (v) Russia's assertive posture in Europe and ambiguous stance in the Middle East (such as its potential sale of S-300 missiles to Tehran); (vi) non-traditional challenges like cybersecurity and water scarcity; (vii) sensitive internal issues like the rise of anti-Semitism and Islamophobia in Europe and the integration of ethnic and religious minorities, both in Israel and Europe.

A narrow window of opportunity should be intelligently exploited to this end. The current intra-European consultations on the reviews of the European Neighbourhood Policy (ENP) and Common Foreign and Security Policy (CFSP) provide a timely institutional framework, which could allow the two sides to reassess common challenges in an autonomous but joined up way. The new Israeli government is also in the process of reassessing its policies on the MEPP, as well as its overall global posture, including its approach to the EU. Constrained by a significant pro-MEPP component in the Knesset, the PM's reported willingness to co-opt the Labour Party into the coalition might add another 'wild card' to this game. HR/VP Mogherini's friendly message to PM Netanyahu after the creation of the new government, her earlier appointment of a new EU Special Representative for the MEPP, and her second trip to the region in less than a year, have signalled the EU's overall willingness to keep engaging with its Israeli counterparts, which Netanyahu should welcome. Such a difficult but much-needed *rapprochement* between the EU and Israel should also be underpinned by political and operational decisions which inevitably involve the wider regional picture.

The EU should do its utmost to assume a more active, visible and coherent role, not only in the bilateral relationship, but also *vis-à-vis* the MEPP and the transforming MENA region. This entails further exploring the possibility to contribute more effectively to the MEPP, alongside the US and other regional players including Jordan, Egypt and some Gulf states, provided that conditions allow for a new start. In order to play this role, there is a need to further detail the concrete contents of the Special Privileged Partnership the EU has promised to Israelis and Palestinians in case of a final deal, and assess the potential of regional frameworks like the Arab Peace Initiative as a broader negotiation format to overcome the current stalemate of the classic formula of direct bilateral negotiations between Israelis and Palestinians. The EU should better reach out to Israel's pro-European political and economic actors so as to influence the public discourse and improve citizens' perception of the EU. It must also capitalise on its considerable financial aid tools to encourage political and administrative reforms, diplomatic moderation and a sustainable Fatah-Hamas reconciliation in the Palestinian camp, based on the agreed principles of the Middle East Peace Quartet. An in-depth debate on the EU's involvement in securing a lasting ceasefire in the Gaza Strip, allowing for its overdue reconstruction, should also be conducted.

Moreover, the EU's poor ability to shape developments in the MENA region should be tackled in due course by a real foreign policy strategy, which can only be achieved by reconciling its development-oriented ENP with a stronger sensitivity towards the political and security landscape in the region, with the collective support of EU member states. For instance, given its diplomatic co-ownership in the ongoing negotiations with Iran, the EU should promptly involve Israel and the Gulf states in building a solid and credible architecture for long-term regional stability. In general, a realistic and in-depth assessment of the region's multidimensional challenges should be developed by leading EU actors such as the European External Action Service (EEAS) and the European

Commission, with the aim of crafting a 'smart(er) power' approach better combining the variety of EU external action tools: diplomacy, security cooperation, trade and development.

An unbiased understanding of the EU's complex policy-making process and delicate balancing acts *vis-à-vis* the MEPP should be developed by the Israeli leadership, while refraining from the confrontational discourse it has sometimes shown in its relations with Brussels. In addition, a constructive and self-restrained approach by the Israeli government towards Palestinians, notably on settlements, the modalities of Israeli actions in the West Bank's Area C and the still partial blockade of Gaza, is deemed by the EU a critical necessity for safeguarding the MEPP. On these matters, PM Netanyahu must strike a difficult yet indispensable balance between the demands of his political allies (notably the Jewish Home) and the pressures of his diplomatic partners in Europe and elsewhere.

The government should also demonstrate that the undeniable Jewish roots of the state of Israel are not at all incompatible with the full respect of the political and socioeconomic rights of non-Jewish minorities and their active participation in the country's democratic fabric. Last but not least, while Israel remains understandably diffident towards the ongoing transformations in the 'post-Arab Spring' MENA region, a more flexible and creative strategy of diplomatic outreach and regional partnerships is needed, empowering both state and non-state actors to counter religious and political extremism and promoting a resilient diplomatic and security system in the region.

Given the evident difficulties of upgrading EU-Israel relations at the highest political level, unofficial actors such as non-governmental organisations, think tanks, academia and civil society have a critical role to play in fostering dialogue and cooperation. This could be done, for example, by designing unofficial debate platforms such as last February's unique 'EU-Israel Strategic Dialogue'*; to address difficult matters and discuss practical ways out, while ensuring the adequate representation of diverse domestic voices from both sides. Moreover, a stronger emphasis on the human dimension and public discourse of bilateral relations, notably via cultural diplomacy, media cooperation, student exchanges and high-skilled labour mobility, twinning of cities, and civil society collaboration, would best guarantee a lasting and trustworthy partnership, fully exploiting the relevant provisions of the 1995 Association Agreement.

Despite frequent cacophony and recurring stalemates, the EU-Israel dialogue still has the potential to pursue shared strategic objectives. The two sides have to realign their relations, taking into account new realities and common challenges in the MENA region, and the current state of the MEPP. More careful differentiation and stronger prioritisation of the policy dossiers at stake are urgently needed. An autonomous but joined up review of the overall partnership, guided by courage, pragmatism and stronger strategic direction, is crucial in order to move ahead.

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