



## Europe's Role in the Palestinian-Israeli Conflict

**America's** role in the Middle East has never been more controversial than it is today. In part, at least, this controversy is fueled by the perception that only the United States has the capabilities and links to play an effective role in that part of the world. Although touted as a superpower, at least in economic terms, the European Union has not yet emerged as a decisive actor in the Middle East conflict. And so the question to consider is whether Europe capable of assuming a more important position, and indeed is it likely to do so?

### Europe's Evolving Role in the Conflict

The first official involvement of the European Community (EC) in the Palestinian-Israeli conflict dates back to the 1973 Yom Kippur War and the resulting global oil crisis. One month after the war, the EC issued a declaration recognizing the “legitimate rights” of the Palestinians and calling for an Israeli withdrawal from all territories occupied during the 1967 Arab-Israeli War. Simultaneously, the EC initiated the “Euro-Arab Dialogue” to foster better understanding with the Arab world. These actions marked a historic change in European attitudes toward Israel, with unflinching support being much less likely after 1973. Indeed, following the failure of US mediations and the 1977 election of Israel’s right-wing Likud party, European backing for the Palestinian cause became more explicit. At the 1977 London summit, EC member states declared that a solution to the Palestinian-Israeli conflict could not be achieved without recognition of the national identity of the Palestinian people and their right to “a homeland”. This position was reinforced in the EC’s Venice Declaration of 1980. Issued in the wake of the US-sponsored Camp David Accords, the Venice Declaration proclaimed that “traditional ties and common interests” with the Middle East obliged EC member states to play “a special role” in the pursuit of a peace settlement. In a radical diversion from the US position, the EC also called for the participation of the Palestinian Liberation Organization (PLO) in peace negotiations and branded Israeli settlements as “illegal” under international law.

While the 1970s therefore witnessed the emergence of a more consolidated European position on the Palestinian problem, the EC’s influence on the conflict throughout the following decades remained minimal. Indeed, it was only with the onset of the 1993 Oslo Peace Process – aimed at preparing the ground for a final settlement – that Europe started to assume a greater role in regional affairs. Ceding the high-diplomacy of the peace process to the United States, Europe sought to back a final settlement through the provision of greater economic aid and by bankrolling the emerging Palestinian Authority (PA). The launching of the 1995 Euro-Mediterranean Partnership (EMP) was supposed to provide Europe with another tool to influence regional developments. The EMP was based on the philosophy that reaching a formal peace settlement at the political level

would not be enough, but needed to be backed by cooperation between civil societies, economic integration and cultural links, in order to make any peace agreement sustainable. By sponsoring various programs in these areas and providing a broad multilateral framework, it was hoped that the EMP would provide the glue needed for a formal settlement. Doing so, the EMP would not only reinforce final status negotiations, but also provide the EU with greater visibility in the region. However, with the unraveling of the Oslo Peace Process following the assassination of Israeli Prime Minister Rabin in 1996, the logic of the EMP itself became redundant.

Searching for new ways to help put the negotiations back on track, the EU decided to appoint Miguel Moratinos, a former Spanish ambassador to Israel, as EU Special Envoy to the peace process in order to provide it with greater visibility and a more direct impact on the negotiations. At the same time, the EU took a further step towards clarifying its position on the Middle East Conflict in form of the 1999 Berlin Declaration, calling for the creation of “a democratic, viable and peaceful sovereign Palestinian state”. While Europe therefore sought to assume a more active role in the peace negotiations since 1996, it continued to understand its involvement in the peace process as merely complimentary to that of the United States. This meant that when the peace talks resumed, following the 1999 election of the more moderate Labor party in Israel, the EU was once again excluded from the negotiating table where the US reasserted its traditional role as arbiter. As a result, the EU could do little but stand by and watch as the 2000 Camp David summit failed and the second Intifada erupted.

The diplomatic frenzy that followed the collapse of the Oslo process and the onset of the second Intifada once more saw a greater EU involvement in the peace process. In 2000, EU High Representative Javier Solana became a member of the Mitchell Commission, which sought to find a way for all sides to return to peace talks. Later, in early 2001, Europe together with the Egyptian government sponsored the Taba negotiations, which came close to achieving a final settlement. However, the negotiations broke down in the face of new Israeli elections, which saw a return of the Likud party under the leadership of Ariel Sharon. Soon after, a new US government under George W. Bush signaled its withdrawal from peace negotiations and refused to reengage the PA, as long as it remained under the leadership of Yasser Arafat, whom it branded a sponsor of terrorism.

Faced with a quickly deteriorating situation in the occupied territories, the European Commission began to provide the PA with direct budgetary subsidies and increased its humanitarian aid to ensure basic services and preserve a limited degree of social stability. At the same time, the EU became deeply involved in the reform of the PA and its institutions, in the hope that a more democratic Palestinian Authority would eventually emerge and lead to a return of the US to the negotiating table. In 2002, EU officials lobbied for the organization of elections in the occupied territories and the French and German governments presented separate peace plans. These proposals, however, went unnoticed as the US finally returned to the peace process, initiating a series of consultations with Russia, the EU and the UN in what became known as “the Quartet”. This group subsequently adopted a “Roadmap” (based on a German draft proposal) for a

phased peace settlement. Its basic formula was a simultaneous Israeli withdrawal from the Occupied Territories, dismantling of illegal outposts and a Palestinian curbing of militia activities and suicide attacks. Although accepted by all parties as a viable framework for a settlement, both Israelis and Palestinians have so far failed to meet their mutual obligations under the “Roadmap”.

The January 2006 election-victory of Hamas confronted the EU with a serious problem and put into question its role as a main sponsor of the Palestinian Authority. Following the elections – which were a long-standing western demand – the EU imposed three conditions on its continuing relationship with the PA. First, it demanded that Hamas renounce violence; Second, Israel’s right to exist was recognized, and that it expressed clear support for the peace process. When the Hamas-led government failed to meet these conditions, the EU suspended all direct aid in April 2006. In order to mitigate the impact of the boycott on the Palestinian people, the EU adopted the Temporary International Mechanism (TIM) to provide basic services and emergency aid. Following the failure of a National Unity Government in 2007 and the violent take-over of the Gaza strip by Hamas, Palestinian President Mahmoud Abbas expelled Hamas from the PA and imposed an interim government under Prime Minister Salam Fayyad. Both EU and US have since normalized their relations with the new PA government. The latest revival of peace negotiations at Annapolis in December 2007 once again leaves the EU on the sidelines. While Annapolis designates the US as the sole “monitor and judge” of the peace process, the EU’s previous boycott of the PA has considerably undermined its standing with the Palestinian people and it has also lost much of its credibility as a proponent of democratic reforms.

### **European Channels of Influence**

In recent years, the European Union has sought a larger role in the Middle East peace process through developing a unique set of instruments and policies. However, questions remain as to whether these instruments have delivered any real influence that will allow the EU to take on a greater political role in the process.

#### ***1. Multilateral Diplomacy and Crisis Management***

The EU has at its disposal several distinctive diplomatic instruments that it can draw on in its search for multilateral solutions and crisis management, most notably: the Euro-Mediterranean Partnership (EMP), the EU Special Envoy (EUSR), and the EU’s participation in the Quartet. To these has recently been added the new European Neighborhood Policy (ENP). However, the effectiveness of these tools can be reasonably questioned.

- The EMP has provided a multilateral diplomatic forum, which brings together Israel and a number of Arab countries in an attempt to foster dialogue and understanding. Designed to complement the peace process, the EMP was supposed to support

economic development and establish the foundation for regional integration and civil society cooperation. However, as long as the peace process remains fragile and floundering the EMP itself will be unable to have its anticipated effect. Indeed, it is now commonly agreed that the EMP has failed to meet its goals and that new solutions are needed. This realization has led the EU to turn towards the European Neighborhood Policy (ENP).

- Contrary to the EMP, the ENP seeks to deepen bilateral relations between the EU and the countries of the Middle East. Doing so, it seeks to offer incentives and rewards to Middle Eastern countries that are willing to engage in thorough domestic reforms. This is done through the adoption of so-called “joint action plans” which provide a timetable for domestic reforms and specify EU rewards for doing so. Both Israel and Palestine adopted joint action plans with the EU in 2005, although little progress has been made on the EU-PA Action Plan, due to the EU’s suspension of relations with it. Moreover, neither of these action plans sets out clear conditions relating to final settlement talks. Indeed, the carrots provided by the ENP – especially in case of Israel – seem much too insignificant to serve as incentive for pushing the two parties towards negotiations. Overall, the ENP is therefore unlikely to provide the EU with a greater role in peace negotiations.
- Some more tenable results have been reached by the EU Special Envoy (EUSR) Miguel Moratinos and his successor Marc Otte. Representing a point of contact between the conflict parties and the EU and at times serving as an interlocutor between the parties themselves, the EU Special Envoy has played a constructive role in daily crisis management and de-escalating tensions<sup>1</sup>.
- The Quartet was constituted at a time when many Arab countries felt that the US had not lived up to the role of an honest broker. Participation in the Quartet enabled the EU for the first time to play a direct part in US peace diplomacy. Thus, Quartet membership provided the EU with greater access to the policy-makers of the region, as well as easier access to US diplomats. Within the Quartet, the EU is often seen as useful bridge between the Arabs and America. However, it has also been open to allegation of submissively trailing the US line and has been under pressure to adopt American positions for the sake of preserving Quartet unity.

There are several well-known barriers to the EU attaining a more prominent role in the peace process. First, and most importantly, Israel has found sympathetic support for its policies in the United States, which it is able to influence through a large and efficient pro-Israeli lobby. This contrasts with the EU’s more even-handed approach to the peace process, based on a balance of pro-Israeli and pro-Palestinian lobbying forces within Europe, driven by historical contingency. Not surprisingly, this has meant that in the past Israel has granted the United States the status of preferred mediator, while accepting only the more limited involvement of the EU. Indeed, it seems that sometimes Israel has sought to undermine a more pro-active European role in the peace process: e.g. in declining permission for a European delegation to meet Yasser Arafat, shunning Europe’s

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High Representative Javier Solana, or shelling Arafat's headquarters during a visit of the EU Special Envoy.

Second, Europe's lack of military capabilities and its unwillingness to make use of higher-end diplomatic tools has been seen as an obstacle to a larger role for the EU in the peace process. Thus, from Israel's perspective, only the US is able to enforce a peace settlement and to provide a security guarantee for Israel. Finally, the EU has been reluctant to take a more pro-active role in the negotiations, even at times when the US had withdrawn from the conflict. EU policy-makers, especially since 2001, have pushed PA reforms and initiated the Roadmap primarily to cajole the US back into taking a major role in the negotiations. But Europe's dependence on the US and lack of initiative has only further undermined its credibility in the region. On the other hand, Europe's ability to influence the US on a subject that has such a deep resonance in US domestic politics remains very limited.

## ***2. EU-Palestine Relations: The Power of Trade and Aid***

The EC has channeled humanitarian aid to the Palestinian territories since 1971 through the UN Relief Works Agency (UNRWA). Subsequently, this was complemented by direct assistance to Palestinian civil society and the financing of large infrastructure projects within the framework of the Oslo Process. Indeed, EU aid has been instrumental in establishing public services in the occupied territories and has bankrolled some prestigious projects, such as the Gaza air and sea ports. Preferential trade access has been granted to some Palestinian products since 1986. Overall trade, however, remains limited and is frequently obstructed by Israeli restrictions. In 1997, the EU signed an Interim Association Agreement with the Palestinians that was supposed to facilitate greater trade liberalization and political dialog. The Association Agreement not only includes a "human rights clause", which in principle validates its suspension should violations of human rights occur, but European financial assistance has also been made increasingly conditional on the reform of Palestinian institutions. Since Europe is by far the largest aid donor to the PA, providing close to €1 billion in 2007<sup>2</sup>, the potential for EU influence through aid conditionality remains very real.

Indeed, since 1999<sup>3</sup>, the EU has placed political conditions on its aid in order to shape the development of Palestinian institutions. In doing so, the EU has prioritized judicial and electoral reform, the holding of open, fair and free elections, the transparency of public finances and the restructuring of the civil service and the security sector. Following the onset of the second Intifada, the EU has also increasingly footed the bill for the PA bureaucracy, as income through taxes collected by Israel came to an end. EU support for the PA was abandoned with the inception of the EU boycott of the PA in April 2006. Ever since, European aid has been channeled through the Temporary International Mechanism (TIM), bypassing the PA. With the imposition of a new PA government in summer 2007, the EU has reopened its channels with the Authority. In the future, a new financial instrument called PEGASE, scheduled to come into operation in 2008, will provide the basis for renewed cooperation with the Palestinians.

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In the past, European pressure and influence with the PA could score some notable successes. Thus, EU pressure has been instrumental in making the finances of the Palestinian Authority more transparent and convincing the Palestinian leadership to abolish State Security Courts. EU pressure has also been one of the main factors leading to the holding of free and democratic elections in the area in 2006. Through its role as main donor to the PA, Europe therefore held some beneficial influence with that organization in the past. However, due to the Authority's tenuous hold on power and the complicated internal dynamics of the territories, the EU's influence on the Palestinian side always remained very limited. As the EU does not entertain any official contacts with Hamas or any other terrorist groups in the territories, it lacks any leverage over their activities. Moreover, the EU's decision to interrupt all contacts with a Hamas-led government deprived it of even the limited influence it previously held with the PA. While EU funding under the Temporary International Mechanism has actually increased, it has not provided it with any leverage on the Palestinians. Indeed, Europe's boycott of Hamas has led to a considerable depreciation in Europe's reputation and influence within the Occupied Territories and made it vulnerable to allegations of hypocrisy. Whether it will be able to restore its ties with the new unelected PA administration under Salam Fayyad remains to be seen.

Finally, in 2005, the EU adopted two ESDP missions in the Palestinian territories with the aim of increasing Palestinian capacities and contributing to a much-needed reform of the Palestinian security sector: the European Coordinating Office for Palestinian Support (EUPOL COPPS), and EUBAM Rafah, a border assistance mission. Their purpose was to provide the EU with a stake in the vital security sector. Thus, the EUPOL mission sought to increase civilian oversight and contribute to the creation of a single Palestinian police force, while EUBAM was meant to guarantee the 2005 Israeli-Palestinian Agreement on Movement and Access. Although showing promising signs, both missions have been an operational failure. The boycott of the PA led to the suspension of the EUPOL mission, which by then was regarded by most Palestinians as a program helping to quash Hamas, rather than supporting security reforms. EUBAM similarly has been seriously curtailed due to the closure of the Rafah crossing for 80% of the time since June 2006, blithely demonstrating the EU's inability to guarantee Israeli-Palestinian agreements.

### ***3. EU-Israel Relations: A Lack of Potency?***

Israel has enjoyed limited preferential trade access with the EC since 1964, which has been broadened over the years. An EC-Israel Association Agreement entered into force in 2000. This agreement includes provision for free trade in industrial products, a gradual liberalization in agricultural products, political dialogue, free movement of capital, freedom of establishment, and many more. In addition, the EU and Israel have signed several partnership agreements, including cooperation on scientific research and on Israel's participation in the Galileo satellite project. The EU is Israel's largest trading partner, accounting for 40% of Israel's imports and 30% of its exports in 2002. For a country with extremely high trade dependence (Israel's imports and exports exceed 80%

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of GNP), good relations with Europe are of considerable importance for Israel. At the same time, political ties, although frequently in crisis, remain tight with most European countries. Israel's citizens enjoy visa-free travel to Europe and many are EU passport holders. Indeed cultural bonds between Israel and Europe remain strong, and according to some polls, an astonishing 85% of Israelis would support an application for EU membership.<sup>4</sup> Israel has also been included in the new European Neighborhood Policy (ENP) and signed a joint action plan with the EU in 2005. This has recently led to Israel joining as first non-European country in the EU competitiveness program.

It could be expected that these unusually close political, economic and cultural relations should grant Europe a certain leverage on Israel's position in the peace process. However, despite its firm rhetoric, the EU has refrained from pinning any conditions to its evolving relationship with Israel. Rejecting all calls for sanctions and embargoes, the EU instead has opted for a "constructive engagement" with Israel, which eschews any form of direct pressure. Apart from delaying the ratification of trade agreements by the European Parliament in 1987-88 and 1995-2000, the EU has avoided taking any position that could alienate Israel. Accordingly, the ENP Action Plan for Israel includes no concrete conditionality pertaining to the peace process. Indeed, Israel has welcomed that under the ENP the deepening of EU-Israeli relations will no longer be dependent on progress in the peace process. If this proves to be true, paradoxically the ENP will have led to an actual loss of EU influence on Israel. Regardless of its potential influence over Israel, the EU has in fact regularly turned a blind eye towards Israeli violations of commonly established rules under the EU Association Agreement. The main charges are that first, Israel insists on Palestinian exports to the EU going through Israeli intermediaries and second that Israel labels goods from illegal settlements as "made in Israel" and therefore eligible for EU preferences.<sup>5</sup> Ignoring these issues for a long time, while enforcing a strong conditionality on the Palestinian-side, the EU has often been accused of double-standards.<sup>6</sup>

There are several reasons that explain Europe's unwillingness to exert diplomatic pressure on Israel over its policies on the peace process and Palestine. First, Israel has frequently accused European countries of an anti-Semitic bias.<sup>7</sup> For historical reasons, this is a criticism which European countries, especially Germany, have been keen to avoid. Second, in the past, EU criticism of Israeli policies has only led to a marginalization of the EU as an actor in the peace process. Third, Israel continues to be one of the major European allies in the region and a guarantor for regional stability, e.g. by checking growing Iranian influence. Due to its reliance on Middle Eastern oil and gas, Europe has an inherent interest in preserving the existing precarious balance in the region and to maintain its good standing with one of the regions most powerful actors. Finally, although Israel largely depends on Europe in political and economic matters, Europe plays no role in Israeli security affairs. However, national security remains the overarching goal of Israeli policy and effectively supersedes its economic and political dependence on Europe. In this field, the US inevitably remains Israel's preferred partner, because of its superior capabilities and willingness to deploy.

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## **Internal Constraints**

Although Europe has been able to develop an increasingly united stance on the peace process, the real extent of its internal cohesion remains questionable. Indeed there are several countries, including Germany, the Netherlands, and the UK, which have been prone to veto any European attempt to criticize Israel's behavior or sanction its actions. These three, together with others, have shielded Israel from all proposals of embargoes and sanction and have repeatedly delayed EU actions over preferential trade access for goods from illegal settlements. In addition, the strong transatlantic leanings of many EU member states and their susceptibility to US influence has meant that they have been unwilling to assent to a larger EU role in the Middle East peace process. Under US pressure, the EU has frequently amended some of its policies and toned down its rhetoric about Israel. Here, prominent examples include the watering down of the Euro-Arab Dialogue and the inclusion of Hamas on a list of terrorist organizations. Finally, European countries have been deeply divided over how to approach Hamas after the 2006 elections. While Sweden, Finland, and Spain have argued for a normalization of relations with Hamas, they so far continue to remain in a minority. It follows that perhaps the greatest obstacle for a more determined European policy in the peace process remains the lack of unity among European countries themselves.

## **Conclusion: Europe's Future Role**

The Middle East peace process has been a priority of the European Union since 1973 and its solution remains one of Europe's prime foreign policy goals. While over the last forty years Europe has been successful in carving out a more influential role for itself, the limits of its influence are a good representation of the problems haunting Europe's Common Foreign and Security Policy (CFSP). Contrary to popular opinion, the EU has at its disposal a unique set of instruments that it could potentially use to play a more assertive role in the peace process. It has important political and economic ties with the two conflicting parties, and in many ways has followed a more even-handed approach toward the conflict than America has. Still, two major obstacles prevent Europe from taking on a more prominent role. First, Europe remains unable to offer American-style security guarantees to Israel. The recent ESDP missions in the Occupied Territories and European participation in UNIFIL can hardly rival the commitment provided by America's superior military machinery. Second, Europe remains simply too divided to play a more decisive role. While EU member states are in broad agreement about the desired outcome of a final settlement, they continue to be divided over specific steps in the peace process and are split in their support for the Palestinians and the Israelis.

And still, for all its failures, the EU has had a not negligible impact on the peace process in the past. Indeed, most impressively, the EU has been the first major international actor to defend three principles that have now become fundamental to the peace process: self-determination for the Palestinians; a Palestinian state; and a state which is viable in terms of independence and sovereignty. It is partly due to EU advocacy that these principles have now been commonly accepted. Moreover, as has been demonstrated above, the EU

has played an important role with the Palestinian side: building up state-capacity and pressing for much needed internal reforms. However, the outlook for the EU role in the post-Annapolis future seems less promising. Annapolis designates the US as the sole arbiter of the peace process, leaving little space for the EU, or indeed the Quartet, in the negotiations. More worryingly, the EU seems to have gambled away much of its credibility with the Palestinian side, due to openly taking sides in the latest row between Hamas and Fatah. The danger is that this will lead to a long-term reduction of EU influence over the Palestinians. Simultaneously, the adoption of a joint EU-Israeli Action Plan under the ENP, rather than providing a new leverage, seems to have aimed at isolating EU-Israeli relations from the drawbacks of the peace process, further diminishing EU influence in this regard. As a result of these parallel processes, the EU has recently lost much of the influence it had painfully won over many years. Overall, this is bad news indeed, since it will prevent the EU from playing the positive role in the peace process that it has played in the recent past.

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<sup>1</sup> Negotiating and observing local cease-fires, facilitating a solution to the crises of the Church of Nativity and the Muqataa in 2002, etc.

<sup>2</sup> This includes both European Commission contributions of around €50 million and the contributions of individual member states.

<sup>3</sup> The European Commission in fact has begun focusing on Palestinian reforms before the US and Israel did so, laying out its rationale in the Rocard-Siegmán Report of 1999.

<sup>4</sup> See poll conducted by the Dahaf Institute for the EC Delegation in Tel Aviv, February 2004.

<sup>5</sup> Published estimates of the volume of Israeli exports to the EU that come directly from settlements range between €150-200 million annually. However, the volume of Israeli exports that have undergone critical working or processing in settlements is thought to be much larger, ranging up to \$2 billion.

<sup>6</sup> There has recently been movement on the labeling issue, with the EU listing settlement postcodes that will be excluded from trade preferences.

<sup>7</sup> In autumn 2003, following a controversial Eurobarometer poll, indicating that a majority of Europeans considered Israel as a threat to world peace, Prime Minister Ariel Sharon accused European countries of a “collective anti-Semitism”.