

Israel and the European Union

Sharon Pardo

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Summary and Keywords

Israeli-European Union (EU) relations have consisted of a number of conflicting trends that have resulted in the emergence of a highly problematic and volatile relationship: one characterized by a strong and ever-increasing network of economic, cultural, and personal ties, yet marked, at the political level, by disappointment, bitterness, and anger. On the one hand, Israel has displayed a genuine desire to strengthen its ties with the EU and to be included as part of the European integration project. On the other hand, Israelis are deeply suspicious of the Union's policies and are untrusting of the Union's intentions toward the Israeli-Palestinian conflict and to the Middle East as a whole. As a result, Israel has been determined to minimize the EU's role in the Middle East peace process (MEPP), and to deny it any direct involvement in the negotiations with the Palestinians. The article summarizes some key developments in Israeli-European Community (EC)/EU relations since 1957: the Israeli (re)turn to Europe in the late 1950s; EC-Israeli economic and trade relations; the 1980 Venice Declaration and the EC/EU involvement in the MEPP; EU-Israeli relations in a regional/Mediterranean context; the question of Israeli settlements' products entering free of duty to the European Common Market; EU-Israeli relations in the age of the European Neighbourhood Policy (ENP); the failed attempt to upgrade EU-Israeli relations between the years 2007 and 2014; and the Union's prohibition on EU funding to Israeli entities beyond the 1967 borders. By discussing the history of this uneasy relationship, the article further offers insights into how the EU is actually judged as a global-normative actor by Israelis.

Keywords: Israel, European Union, European Communities, Israeli-Palestinian conflict, European Union foreign affairs, normative power, Europe, European integration, Euro-Mediterranean relations, Middle East, European Union politics

Introduction

Historically, geographically, religiously, and culturally, it has been argued that "Israel is from Europe, but not in Europe" (Dan Diner quoted in Heinrich Böll Stiftung, 2007). The history of the Jewish people and the Zionist movement "as an intellectual and political force that gave birth to the modern State of Israel are deeply interwoven with the histo-

ries and cultures of Eastern and Central Europe” (Avineri, 1996, p. 163). And as Shlomo Avineri warns, “Anyone who fails to understand this will be unable to grasp much of the structure and nature of Israeli society, its politics and culture, both on the practical and symbolic level” (Avineri, 1996, p. 163). In this regard, a reflection made by Israel’s first prime minister, David Ben-Gurion, in a letter to the Lebanese-Egyptian diplomat and historian George Antonius, explains the close bond between Israel and Europe:

Although we are [an] Eastern people we have become a European people, and we wish to return to the Land of Israel only in the geographical sense. Our aim is to create a European culture here, and we are at any rate linked to the major cultural force in the world as long as the cultural basis in this part of the world does not change.

(Ben Ami, 1998, p. 331)¹

And indeed the European Union (EU) is Israel’s economic, cultural and, in many respects, political hinterland. This article summarizes key developments in Israeli-European Community (EC)–EU relations since 1957: the Israeli (re)turn to Europe in the late 1950s; EC–Israeli economic and trade relations; the 1980 Venice Declaration and the EC–EU involvement in the Middle East Peace Process (MEPP); EU–Israeli relations in a regional/Mediterranean context; the question of Israeli settlements’ products entering free of duty to the European Common Market; EU–Israeli relations in the age of the European Neighbourhood Policy (ENP); the failed attempt to upgrade EU–Israeli relations between the years 2007 and 2014; and the Union’s prohibition on EU funding to Israeli entities beyond the 1967 borders. By discussing the history of this uneasy relationship, the article further offers insights into how the EU is actually judged as a global-normative actor by Israelis.

The (Re)Turn to Europe

Israel’s engagement with the European Economic Community (EEC) began even before the 1957 Treaty of Rome entered into force. On May 1, 1957, less than two months after the Treaty Establishing the EEC was signed, the Treaty was already translated into Hebrew and was published in Israel’s *Foreign Trade News Journal*. In fact, in mid-1957, there were those in the Israeli establishment who worked hard to develop Israel’s initial relationship with the EEC into a full economic and political membership. Such was Israel’s enthusiasm to get closer to “United Europe” that Shimon Peres, then director general of the Israeli Ministry of Defense and special envoy of Prime Minister David Ben-Gurion, met in the dark with Jean Monnet, the father of the European integration project, in order to explore with him the idea of Israeli economic and political accession to the EEC (Pardo, 2013).

It did not take long, however, for Israel to understand its economic and political limitations and to adapt its positions to existing European realities. If in 1957 the Israeli political leadership had seriously considered full economic and political membership in the EEC, one year later, in 1958, Israel displayed a greater degree of political realism and

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started to advocate for an “associate member” status (Harpaz & Heimann, 2016; Heimann, 2015, 2016; Heimann & Herman, 2019). In April 1958, Israel became the third country in the world, after Greece and the United States, to request the establishment of a diplomatic mission accredited to the EEC, and in February 1959 Israel was the fourth country in the world to establish full diplomatic relations with the European Communities (Pardo & Peters, 2010, 2012).

In June 1964 Israel and the EEC signed their first non-preferential trade agreement, reducing the Community’s most favored nation tariff on approximately 20 industrial and commercial products of special interest to Israel (European Economic Community–Israel, 1964; Heimann & Herman, 2019). Six years later, in June 1970, Israel and the EEC signed a new five-year preferential trade agreement. This new agreement allowed for a 50% reduction in Community tariffs on Israeli manufactured exports and a 40% reduction on a limited number of Israeli agricultural exports (Heimann & Herman, 2019; Kapeliuk-Klinger, 1993). In May 1975, Israel and the EEC signed their first-ever free trade area (FTA) agreement under which, by the end of 1979, the Community abolished all trade barriers on Israeli-manufactured goods (European Economic Community–Israel, 1975; Pomfret & Toren, 1980). Israel hoped to upgrade its 1975 FTA agreement with the EC, following the signing of the Israeli-Egyptian peace agreement in 1979, but the Israeli-European differences over the MEPP rendered this impossible until the mid-1990s.

Indeed, the next decade was marred by political tensions, highlighted by the June 13, 1980, Venice Declaration (Pardo & Peters, 2012, Document 3/2).² The Declaration gave notice to the Community’s aspirations to play a greater role in the Arab-Israeli conflict, and it outlined a number of principles that have defined the Community’s vision toward the resolution of the Israeli-Palestinian conflict ever since. The Declaration asserted that it was imperative that a just resolution be found to the Palestinian problem and that this issue should not be viewed as simply a refugee problem. In the eyes of the Nine, a just and lasting solution to the conflict demanded that “the Palestinian people be allowed to exercise fully its rights to self-determination.” In addition, the Community castigated Israel for its settlement policy and warned Israel that it “will not accept any unilateral initiative designed to change the status of Jerusalem.” Finally, the Venice Declaration called for the inclusion of the Palestine Liberation Organization (PLO) in any future negotiating process aimed at resolving the conflict (Pardo & Peters, 2012, Document 3/2).

Israel’s response to the Venice Declaration was furious and uncompromising, and the issuing of the Declaration marked a turning point in Israeli-EC/EU relations, adding a charged political undertone to what had previously been a primarily economic relationship. The Venice Declaration remains a defining moment in Israeli-European discourse and in the Israeli perception of the EU as a “biased mediator” (Touval, 1975) in the MEPP (Chaban et al., 2018).

The Venice Declaration cast a large shadow over Israeli-EC relations throughout the 1980s. From the issuing of the Declaration to the convening of the November 1991 Madrid Peace Conference to revive the MEPP, Israel opposed any Community attempt to

play a role in the peace process. Israel was especially angered by the stream of the EC declarations on the Israeli-Palestinian conflict following Israel's invasion of Lebanon in 1982 and the outbreak of the first Palestinian *intifada* in December 1987. Those declarations became increasingly critical of Israeli policies and more forthright in their endorsement of the PLO and the right of the Palestinians to national self-determination. The outbreak of the *intifada* triggered harsh criticism of Israel across the EC and drew widespread sympathy for the Palestinian cause in Europe. Israel saw the EC's approach as biased and as expressing simply no concern for Israel's well-being and security.

During the 1980s, the European Political Cooperation (EPC) did little to advance the Community's ambitions of becoming a more significant player in the Arab-Israeli conflict. The Community possessed little leverage over Israel, and its voice was largely ignored in Jerusalem. When, with the end of the first Gulf war in 1991, the United States turned its attention to the Arab-Israeli conflict, the EC expected to play a key role in the diplomatic efforts to revive the MEPP. These hopes were short-lived, however, as Israel excluded the Community from any major role in the proceedings of the Madrid conference of November 1991.

In short, although the EC/EU had advocated since 1980 for the need to involve the PLO directly in any peace negotiations, the Venice Declaration and subsequent statements and policies adopted by the EC/EU had almost no impact on bringing Israel and the PLO together. The EC/EU failed to translate its policies and statements on the Middle East conflict into any effective operative strategy. Ironically, it took a secret back channel, under the guidance of a non-EU member state, Norway, for Israel and the PLO to set up a framework for the resolution of the Israeli-Palestinian conflict. It was only then, following 1993 and 1995 Oslo Accords between Israelis and Palestinians, that Israel began to view the EU as part of the solution rather than as part of the problem (Bouris, 2014; Dosenrode & Stubkjær, 2002; Ifestos, 1987; Müller, 2013; Pardo & Peters, 2010; Persson, 2014).

The breakthrough in Israeli-Palestinian relations signaled by the Oslo Accords led to a qualitative change in Israeli-EU relations, and negotiations for a new trade agreement between Israel and the EU followed immediately. At the December 1994 Heads of State and Government Summit held in Essen, Germany, EU leaders gave impetus to these discussions by deciding "that Israel, on account of its high level of economic development, should enjoy a special status in its relations with the [EU] on the basis of reciprocity and common interests" (Pardo & Peters, 2012, Document 4/6).

The Next Step: The 1995 Euro-Israeli Mediterranean Association Agreement

In November 1995, Israel and the EU signed a new free trade area (FTA) agreement, which entered into force on June 1, 2000 (Pardo & Peters, 2012, Document 4/23). The new Euro-Mediterranean Association Agreement (AA) significantly upgraded the 1975

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FTA agreement and marked an important milestone in Israeli-EU relations (Del Sarto, 2006; Del Sarto & Tovias, 2001; Pardo & Peters, 2010).

The signing of the AA placed Israel in a unique status, making it, in industrial and economic terms, the Euro-Mediterranean Partnership (EMP; also known as the “Barcelona Process” or the “Union for the Mediterranean”) Southern Mediterranean partner country, aside from Turkey, with the closest ties to the EU (Tovias, 2003). Two decades into the 21st century, Israel is the only EMP partner country that has reached an industrial standard that is comparable to or even higher than many EU member states, allowing Israel to cooperate with all EU member states within the terms of the AA on the basis of full reciprocity (Malanczuk, 1999).

The AA also led the two sides to intensify scientific and technological cooperation. In October 1995, the EU and Israel concluded a Research and Development Agreement through which Israel became the first non-European country to be fully associated with the Union’s Research Framework Programs (FPs; Pardo & Peters, 2012, Document 4/11). Since 1996, Israel has been among the most active members in successive calls for research projects and an important source of innovation in both basic and market-oriented research conducted in the European Research Area. In 2019, the EU was Israel’s largest source of research funding, larger even than the national Israel Science Foundation. As of May 2017, more than 3,250 projects with Israeli participation have been funded through FP5 (1998–2002), FP6 (2002–2006), FP7 (2007–2013), and Horizon 2020 (2014–2020), winning Israeli researchers €1,721 million in EU support. On its side, between 1996 and 2017, Israel has contributed altogether over €1,277 million to the Union’s FPs (Delegation of the EU to Israel, 2017). For the Horizon 2020 research program alone, Israel is expected to contribute €1,000 million (Knesset, 2014).

Although primarily an economic accord, the AA has also created a framework for a regular political dialogue between Israel and the EU. The AA founded the institutional framework for a dialogue between the parties. An “Association Council,” at the level of foreign ministers, was established in order to examine major issues arising within the agreement,³ as well as an “Association Committee,” at a senior officials level, which is responsible for the implementation of the agreement. In addition to these, the AA created 10 subcommittees and one informal working group at an expert level for discussions of professional matters.⁴

Despite the creation of this multilevel framework, the AA reveals the lack of any systematic thinking within both Israel and the EU about the nature of Israeli-EU relations beyond the need for closer economic ties. Although the preamble refers to the traditional links between the EC, its member states, and Israel, as well as the common values that they share, the agreement fails to articulate what these values are or how exactly they should guide the relationship. In Article 2, for instance, the parties state that “their relations, as well as all provisions of the Agreement itself, shall be based on respect for human rights and democratic principles, which guides their internal and international policy and constitutes an essential element of this Agreement.” But these words are largely de-

claratory. At the end, the AA should be viewed as remarkably apolitical, offering no grand strategy for the nature of the relations beyond the economic ones (Dror & Pardo, 2006).

Israeli Settlements Products

Yet politics continued to weigh over Israeli-EU relations, especially with regard to the issue of goods produced in Israeli settlements in the Palestinian Occupied Territories (OT) entering free of duty to the European Common Market.⁵ The question led to a protracted dispute between Israel and the EU over the terms of “rules of origin” (ROO) within the 1995 association agreements (AA).

The Fourth Protocol to the AA defines the concept of “originating products” and the methods of administrative cooperation between Israel and the EU. The Protocol specifies the origin criteria for different categories of products. Although the stipulations regarding ROO are well defined, the AA does not offer a specific definition of what constitutes the “territory of the State of Israel.”

Based on past EC/EU declarations on the Arab-Israeli conflict, the EU considers the “territory of the State of Israel” as the area within the borders determined by the 1949 armistice agreements. They subscribe to United Nations Security Council Resolutions (UNSCR) 242 and 338,⁶ which serve for the 28 EU member states as the basic contours for any future agreement pertaining to the occupied territories (OT) and the creation of a Palestinian state. In January 2016, in unequivocal clarification on its position on this question of the “territory of the State of Israel,” the Union’s Foreign Affairs Council (FAC) declared that:

The EU and its Member States are committed to ensure continued, full and effective implementation of existing EU legislation and bilateral arrangements applicable to settlements products. The EU expresses its commitment to ensure that—in line with international law—all agreements between the State of Israel and the EU must unequivocally and explicitly indicate their inapplicability to the territories occupied by Israel in 1967.

(Council of the EU, 2016, Conclusion 8)

For its part, Israel prefers to leave the exact demarcation of its borders ambiguous, because it considers the Jewish settlements in the West Bank as integral to the state (Gordon, 2008).

The question regarding the origin of products produced in the OT was raised by the European Commission in the midst of a different investigation. As far back as 1993, the Commission suspected that Israeli orange juice producers were using Brazilian juice concentrate in products labeled “Israeli Juice” in order to enjoy tax benefits under the AA. Although the European Commission was not able to find conclusive evidence of fraud, in November 1997 it published a “First Notice to Importers” (Pardo & Peters, 2012, Document 4/16), informing Community importers that there were grounds for doubt about the

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validity of the origin certificates for orange juice coming from Israel and that the importers would be liable for duty recovery. This investigation served as the impetus for questioning the origins of goods exported to the Union from the OT, since in the same Notice the EU further informed Community importers of problems relating to Israel's implementation of the ROO regarding products from Israeli settlements in the OT.

In May 1998, the European Commission concluded that according to United Nations (UN) resolutions, no Israeli settlement in the OT could be considered part of the territory of the State of Israel. Thus, exports originating from Israeli settlements in the OT did not qualify for preferential treatment under the terms of the AA, and, consequently, any origin certificates issued by Israel for goods produced in Israeli settlements contravened the AA's Fourth Protocol on ROO and should be brought to an end (Pardo & Peters, 2012, Document 4/18; Pardo & Zemer, 2011).

The discussions surrounding ROO dispute were fractious, and for several years the two sides failed to reach a satisfactory solution. Eventually, Israel succumbed to EU pressure, and in December 2004, the parties reached a "Technical Arrangement" to this dispute. In January 2005, the European Commission issued a new notice to European customs operators, informing them that "products coming from places brought under Israeli Administration since 1967, are not entitled to benefit from preferential treatment" under the AA, and therefore the full customs duty should apply to those products (Pardo & Peters, 2012, Document 5/12).

Under the terms of the "Technical Arrangement" that entered into force in February 2005, Israeli products from the OT continue to be labeled "Made in Israel," but Israel was now obligated to indicate on all origin certificates the precise name of the place, with its accompanying postal code, where production conferring originating status has taken place. In August 2012, the European Commission issued a "New Notice to Importers" along with an updated list of non-eligible locations.⁷ European customs operators were reminded that "the preferential treatment will be refused to the goods for which the proof of origin indicates that the production conferring originating status has taken place in a location within the territories brought under Israeli administration since June 1967" (European Commission, 2012).

In this context, it should also be mentioned that in February 1997, the EC had also signed an interim AA with the PLO for the benefit of the Palestinian Authority. Protocol 3 of the interim AA defines the concept of originating products and methods of administrative cooperation (European Community-PLO, 1997). The existence of parallel AAs with Israel and the PLO, along with the fact that both agreements include ROO clauses, is vital. Simply put, if the EU did not implement the ROO clause in the 1995 AA it had signed with Israel, it would be in breach of the interim AA it had signed with the PLO. Indeed, in 2010 the Court of Justice of the EU (CJEU) held the Brita case (Case C-386/08, 2009/2010) that each of the two AAs has its own territorial scope, and there is no overlapping between the two. For the CJEU, the customs authorities of each exporting country should have exclusive competence within their territorial jurisdiction to issue origin/movement certificates.

The CJEU emphasized that as a consequence, the 1995 EC-Israel AA cannot be interpreted in such a way as to compel the Palestinian authorities to waive their right to exercise the competence conferred on them by virtue of the 1997 EC-PLO interim AA. The CJEU concluded that the EC-Israel AA “must be interpreted as meaning that products originating in the West Bank do not fall within the territorial scope of that agreement and do not therefore qualify for preferential treatment under that agreement” (Case C-386/08, 2010, Paragraph 53).⁸ In its November 2015 “Interpretative Notice” from the OT, the EU further clarified that “Made in Israel” labels used for products originating from Israeli settlements in the OT would mislead European consumers and therefore are inconsistent with existing EU legislation (European Commission, 2015).

The ROO dispute is reflective of an important underlying shift in the long-term dynamics of Israeli-EU relations. For Israel, the 2004 “Technical Arrangement” was a clear sign of Israel’s recognition of the Union’s importance for Israel, both economically and politically. For the EU, its continuous refusal to accept Israel’s arguments over the geographical scope of the AA was a sign of the Union’s growing role on the global scene and its self-confidence and (self-)perception as a “Normative Power” in the MEPP. And indeed, Israeli-EU relations have not escaped the “Normative Power Europe” (NPE) theoretical debate, particularly in light of the growing tension between the Union’s normative stance toward the MEPP and Israel, and the positive trajectory of the bilateral relationship between Brussels and Israel. Although over the normative level since 1967, and especially since the 1980 Venice Declaration, the EC/EU has voiced increasing dissatisfaction with Israel’s occupation (in addition to a range of issues related to the MEPP), the EC/EU has meanwhile continued deepening and strengthening its relationship with Israel through a wide range of actions (Gordon & Pardo, 2015A, 2015B; Harpaz & Shamis, 2010; Manners, 2002, 2018; Müller & Slominski 2017; Pardo, 2015; Persson, 2017, 2018).

The Age of the European Neighbourhood Policy

In 2004, the EU launched the European Neighbourhood Policy (ENP). Israel warmly welcomed the announcement of the ENP and the opportunities it presented. In particular, Israel was encouraged by EU’s departure from the regional straitjacket of the EMP and responded enthusiastically to the possibility of developing a closer relationship with the EU. The enthusiasm was well placed. In December 2004, the EU-Israel Action Plan (AP) was the first such ENP instrument to be approved by the European Commission.

Although the AP is based on the 1995 association agreement (AA), it lays out a much wider and more comprehensive set of jointly developed Israeli-EU priorities, including the possibility for Israel to participate progressively in key aspects of EU policies and programs. The AP places a special emphasis on the “upgrade in the scope political cooperation” by calling for a renewed political dialogue “based on shared values, including issues such as the promotion and the protection of human rights and fundamental freedoms; improving the dialogue between cultures and religions; promoting effective multilateralism

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in the framework of the UN; combating anti-Semitism, racism, xenophobia and Islamophobia” (Pardo & Peters, 2012, Document 5/9).

The AP further calls for an enhanced dialogue on efforts to resolve the Middle East Peace Process (MEPP); contain the spread of weapons of mass destruction and their means of delivery, including ballistic missiles; address the question of the illicit trafficking of military equipment; and strengthen the fight against terrorism. In the economic sphere, the AP speaks of increasing economic integration by developing trade and investment flows; liberalizing trade and services, in particular financial services, with a view to prepare Israel for participation in the EU market; as well as deepening and enhancing the existing economic dialogue and identifying areas relevant for regulatory approximation with EU legislation (Magen, 2012).

The AP also details a range of programs and common initiatives covering the following four issue areas: (a) strengthening cooperation on migration-related issues and fighting against organized crime, including trafficking in human beings, as well as police and judicial cooperation; (b) promoting cooperation in science and technology, research and development, the information society, transport, energy, and telecom networks; (c) strengthening the environmental dimension of public policy; and (d) strengthening links and cooperation in “people-to-people” contacts in education, culture, civil society, and public health.

Since its adoption in 2004, the AP has enabled Israel and Europe to intensify the level of their dialogue in the field of political and security cooperation; raise significantly the degree of economic integration; and boost sociocultural and scientific cooperation. Institutional cooperation through the Association Council, the Association Committee, and the subcommittees have brought together Israeli and EU experts to oversee the implementation of the AP.

In the most recent ENP review process, which was launched in November 2015, the EU and its partner countries have been working to promote stabilization, focusing on the key priorities identified in the process. During these negotiations, Israel stated that its priorities for cooperation with the EU are in the fields of energy, transportation, and security.

Without question, the adoption of the AP has underscored the growing significance of the EU to the Israeli economy, and the importance of the EU as an emerging political actor, one that Israel could no longer brush aside.

Additional Trade, Services, and Financial Agreements

Over the years, Israel and the EU have signed additional agreements, of which the following three are worth noting:

Agreement on Good Laboratory Practices

In October 1999, Israel and the EU signed an Agreement on Good Laboratory Practice (GLP), which entered into force in May 2000. Under this agreement both the EU and Israel commit to promoting the quality and the validity of data generated in the testing of chemicals and to do their utmost to prevent fraudulent practices. The agreement further facilitates the exchange of information between Israel and all the Union's member states and prevents the emergence of non-tariff barriers to trade, while contributing to the protection of human health and the environment.⁹

Agreement on Conformity Assessment and Acceptance of Industrial Products

In December 2009, Israel became the first Euro-Mediterranean partner country to sign with the EU an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA). The agreement entered into force in January 2013 and constitutes a major step toward Israel's integration into the European Single Market. By recognizing Israel's industrial standards as equivalents to European standards, the agreement allows Israeli pharmaceutical products for human or veterinary use to be marketed without delay or further inspection in the EU.

A Euro-Mediterranean Aviation Agreement

In June 2013, Israel and the EU signed a Euro-Mediterranean Aviation Agreement (EMAA; the so called "Open Skies Agreement"), which replaced old bilateral air services agreements between Israel and the Union's member states. With this agreement, as of 2018, the aviation markets of both Israel and the EU are fully open, with no restrictions on the number of flights. All EU airlines are now able to operate direct flights to Israel from anywhere in the EU, and Israeli airlines are equally able to operate flights to airports throughout the EU (European Commission, 2013B). Not only has the agreement opened up the markets, but it has further integrated Israel into a Common Aviation Area that is based on common EU rules. The agreement is nothing less than a game changer in Israeli-EU relations, literally bringing Europeans and Israelis closer together.¹⁰

Finally, in June 2016 Israel became the second country in the world, after Morocco, to sign a Comprehensive Agreement with the European Organisation for the Safety of Air Navigation—EUROCONTROL. The agreement deepens the relationship between Israel and Europe by allowing Israel to benefit from the full range of services provided by EUROCONTROL (EUROCONTROL, 2016).

Upgrading and Updating Israeli-EU Relations

Shortly before taking over the EU presidency in January 2007, Israel convinced the German government that the EU should revisit the 1994 Essen Declaration. Since the issuing of that statement, neither Israeli nor the EU had given much thought to what "special sta-

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tus” might mean in practice. The Essen Declaration had marked a high point in Israeli-EU relations, coming in the aftermath of the Oslo Accords and the signing of the peace treaty between Israel and Jordan. But the rapprochement between Israel and the EU was short-lived. The decade following Essen was marked by sharp disagreements between Israel and the Union over the Middle East peace process (MEPP). Those disagreements had often been accompanied by bitter exchanges between Israel and the EU.

The Israeli desire for a formal upgrade of its relations with the EU was reflective of a steady shift in Israeli thinking about the growing importance of the EU for its economic development and the potential role the EU might play in guaranteeing its overall security. The EU responded positively to Israel’s request, and in June 2008 the EU-Israel Association Council decided to intensify Israeli-EU relations, within the framework of the ENP, in three areas: increased diplomatic cooperation; Israeli participation in European agencies, working groups, and programs; and Israel’s integration into the European Single Market. In this context, although the EU emphasized its commitment to develop a closer relationship with Israel, the EU also stressed that “such a partnership will imply a stronger involvement of the [EU] in the peace process and in the monitoring of the situation on the ground.” The EU underlined that “the process of developing a closer EU-Israeli partnership needs to be, and to be seen, in the context of the broad range of our common interests and objectives which notably include the resolution of the Israeli-Palestinian conflict through the implementation of the two-state solution” (Pardo & Peters, 2012, Document 5/39). In December that year, the EU reaffirmed its determination to upgrade its relationship with Israel and issued guidelines for strengthening the political dialogue structures with Jerusalem (the so called “Brussels Guidelines”).¹¹

However, two weeks after the EU issued the Brussels Guidelines, Israel launched Operation Cast Lead in the Gaza Strip. The Union was outspoken in its criticism of the operation and its outcomes. In response to these new tensions, talks of upgrading Israeli-EU relations and negotiations of a more ambitious AP have effectively been frozen. At the June 2009 meeting of the EU-Israel Association Council, the EU emphasized that the upgrade process needed to be seen in the broader context of sustained progress toward a resolution of the Israeli-Palestinian conflict (Pardo & Peters, 2012, Document 5/46). Still, in July 2012, European foreign ministers “updated” Israeli-EU relations in 60 concrete activities within the 2004 AP (Council of the EU, 2012), but the launching of over 20 new potential areas for future Israeli-EU cooperation remains conditioned on progress in the MEPP (Szelekovsky, 2017, p. 9).

In December 2013, the EU Foreign Affairs Council (FAC) outlined the prospect of a higher status by offering Israel a “special privileged partnership” (SPP; Martins, 2016). The offer promised a generous package of European political, economic, and security support to both Israelis and Palestinians in the context of a final status agreement, “increased access to the European markets, closer cultural and scientific links, facilitation of trade and investments, as well as promotion of business to business relations” (Council of the EU, 2013). According to former High Representative Catherine Ashton, the SPP will “create huge opportunities in transport, energy, water, environment [and] people.” The SPP will

assist Israelis and Palestinians in achieving “market integration, trade and investment facilitation, research and innovation [and] security cooperation [. . .] with a special emphasis on young people.” Ashton promised that the Union’s “approach will be tailor-made and will be negotiated with both partners” (European External Action Service, 2014). For its part, officially Israel has never reacted to the SPP offer, and it refuses to discuss this possible higher status with the EU. Israel is “reluctant to accept the direct link between the development of bilateral relations and progress in the MEPP” (Szelekovsky, 2017, p. 9).

Prohibiting EU Funds to Israeli Entities in the OT

In July 2013, the EU published Guidelines prohibiting the allocation of funds to Israeli companies, public bodies, and non-governmental organizations (NGOs) working within the Israeli settlements in the occupied territories (OT) (European Commission, 2013A). The prohibition included the EU research program Horizon 2020. A tug of war between Israel and the EU ensued, ultimately leading to a compromise on the implementation of the Guidelines and to an agreement on Israel’s participation in Horizon 2020 (State of Israel and the EU, 2014).

According to the Guidelines, as of January 2014 EU bodies (as opposed to the member states themselves) can no longer fund or dispense awards and grants to Israeli entities within Israeli settlements in the OT. Excluded from the Guidelines are national public bodies, individuals, and Israeli NGOs working in the OT with the aim of benefiting Palestinians and/or aiming at promoting the Middle East peace process (MEPP) (Nikolov, 2014). In line with the 2010 Court Justice of the EU (CJEU) *Brita* ruling, the Guidelines made it clear that the Union does not recognize Israel’s sovereignty over the OT irrespective of their legal status under Israeli law, as well as added concrete conditions to any ongoing public funding of Israeli entities.

Israel’s official response to the Guidelines was one of fury. Israeli officials interpreted the Guidelines as an integral part of the broader context of mounting external criticism, including the global Boycott, Sanctions and Divestment (BDS) campaign and other so-called “international delegitimization efforts.” This Israeli-EU dispute guaranteed that the Guidelines—which in this case denote a form of European normative power (Manners, 2002; Persson, 2018)—made headlines not only in Europe and in Israel but all over the world, and thus empowered the normative stance they embody by rendering the European position visible (Gordon & Pardo, 2015B).

Concluding Remarks

Israeli-EU relations have consisted of a number of conflicting trends that have resulted in the emergence of a highly problematic and volatile relationship: one characterized by a strong and ever increasing network of economic, cultural, and personal ties yet marked,

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at the political level, by disappointment, bitterness, and anger. On the one hand, Israel has displayed a genuine desire to strengthen its ties with the EU and to be included as part of the European integration project. On the other hand, Israelis are deeply suspicious of the Union's policies and are untrusting of Europe's intentions toward the Israeli-Palestinian conflict and to the Middle East as a whole. As a result, Israel has been determined to minimize the EU's role in the Middle East peace process (Pardo & Gordon, 2018) and to deny it any direct involvement in the negotiations with the Palestinians.

The EU displays an equally ambivalent attitude concerning the nature of its ties with Israel. The EU talks of its desire to develop a "Special Privileged Partnership" with Israel and to afford Israel a separate standing from other countries in the Middle East. Yet it has failed to articulate what such a status might actually entail. Europeans want Israel to embrace the European integration project, to adopt its values and act according to those goals. At the same time, in its policies the EU treats Israel as the ultimate "Other" (Müller & Pardo, 2018; Neumann, 1996). Europeans do not regard Israel as belonging fully to Europe and believe that Israel's future lies within the Mediterranean and the Middle East.

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Notes:

(1.) Translated by Ohana (2008, p. 12).

(2.) Unless otherwise mentioned, all the documents appear in Pardo & Peters (2012).

(3.) The Association Council is expected to meet annually.

(4.) The ten EU-Israel subcommittees are dedicated to the following issues: Industry trade and services; Internal market; Research, innovation, information society, education and culture; Transport, energy and environment; Political dialogue and cooperation; Justice and legal matters; Economic and financial matters; Customs cooperation and taxation; Social and migration affairs; Agriculture and fisheries; and international organizations. The parties also conduct a regular dialogue on human rights issues of common concern under an Informal Working Group on Human Rights.

(5.) In 2018, 41% of Israel's imports (excluding diamonds) came from the EU and 28% of its exports (excluding diamonds) were directed to the European market (Central Bureau of Statistics, 2019). That same year, Israel was the EU's 3rd largest trade partner among the Mediterranean countries, just behind Algeria and Morocco (European Commission, 2019).

(6.) UNSCR 242 calls for the withdrawal of Israeli armed forces from territories Israel occupied in 1967; for the termination of the state of belligerency; for mutual "acknowledgement of the sovereignty, territorial integrity and political independence of every State in the area, and their right to live in peace within secure and recognized boundaries free from threats or acts of force"; and for achieving a just settlement of the refugee problem (UNSCR 242, November 22, 1967; UNSCR 338 called for an immediate cease-fire during the 1973 Yom Kippur/October War. It further called on all parties concerned to start immediately with the implementation of UNSCR 242 and for negotiations between all the parties in order to establish "a just and durable peace in the Middle East" (UNSCR 338, October 22, 1973).

(7.) The list of non-eligible locations has been updated further in 2013, 2015, and 2018.

(8.) Compare with Case C-363/18 2019, *Organisation juive européenne, Vignoble Psagot Ltd v. Ministre de l'Economie et des Finances*, in which Advocate General Hogan was of the opinion that EU law requires, for a product originating in the OT, the indication of the geographical name of this territory, as well as the indication that the product comes from an Israeli settlement; and with Case C-104/016 P 2016, *Council v. Front Polisario*, in which the CJEU rejected the applicability of the EU-Morocco AA to Western Sahara (Harpaz, 2018).

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(9.) EU Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (small and medium enterprises).

(10.) According to a 2018 report by the Civil Aviation Authority of Israel, in 2017 59% of the passengers flying in and out of Israel's main international airport—Ben-Gurion International Airport (BGIA)—flew on direct flights to or from airports throughout the Union. If in 2013, the year in which Israel and the EU signed the agreement, 7.6 million passengers flew in and out of BGIA on direct flights to or from EU destinations, in 2017 that number rose to 11.9 million passengers, a phenomenal increase of 4.3 million more passengers flying between Israel and the EU. During the implementation period of the agreement (2013–2017), 63% of the total increase of movement of passengers in and out of BGIA was due to direct flights to/from EU airports (Civil Aviation Authority of Israel, 2018).

(11.) The Brussels Guidelines call for the following: convening ad hoc bilateral summits at the level of heads of state and government, as well as three meetings a year at the foreign ministers level; allowing for each EU presidency to invite, on an ad hoc basis, the director general of the Israeli Ministry of Foreign Affairs to one of the meetings held during its term of office; providing for hearings of Israeli experts by Council working parties and committees; organizing systematic and broader informal strategic consultations; intensifying exchanges on human rights and anti-Semitism; encouraging Israel to remain in line with Common Foreign and Security Policy positions; enabling cooperation in the context of the European Security and Defense Policy; encouraging Israeli integration and involvement in multilateral fora; and intensifying an inter-parliamentary dialogue (Pardo & Peters, 2012, Document 5/41).

Sharon Pardo

Department of Politics and Government, Ben-Gurion University of the Negev