



Europe's Role in the Palestinian-Israeli Conflict

The U.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 sense that only the United States can 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 region. The question to consider: is Europe capable of assuming a more important position, and indeed is it likely to do so?

A History of Involvement

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 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 the territories they occupied in the 1967 Arab-Israeli War. Simultaneously, the EC opened the “Euro-Arab Dialogue” to foster better understanding with the Arab world. These actions marked a historic change in European attitudes toward Israel. Where before most EC member states had given Israel their unflinching support, they became less likely to do so after 1973. Indeed, following the failure of US mediations and the 1977 election of Israel’s right wing Likud party, European backing for the Palestinians became more explicit. At their 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 further 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. Setting itself apart from the US at Venice, the EC also called for the participation of the Palestinian Liberation Organization (PLO) in peace negotiations and criticized Israeli settlements in the occupied territories as illegal under international law.

In the early 1980s, Europe’s enthusiasm for a more prominent role in the Palestinian-Israeli conflict soon faded away. The United States under President Reagan vehemently opposed any independent European role in the Middle East conflict and obtained European subordination in the face of increasing superpower tensions. Therefore, a greater European involvement in the conflict did not emerge until after the 1991 Gulf War and the Madrid Peace Conference convened by the United States. The Madrid Conference set into motion a process that ended in the Oslo Accords of 1993, under which the PLO recognized Israel’s right to exist and renounced violence in return for limited self-government of the West Bank and Gaza. In the initial stages of the Oslo Process, which aimed to prepare the ground for a final peace settlement, European

countries accepted a secondary role to the United States and limited themselves to providing economic aid and bankrolling the emerging Palestinian Authority (PA). The launching of the 1995 Euro-Mediterranean Partnership (EMP) was supposed to significantly increase the EU profile in the region and provide a multilateral framework that could complement the peace process. While the EMP did indeed provide a basis for extending EU relations with the Arab world, it had hardly any impact on the Palestinian-Israeli conflict.

The Oslo Process began to unravel following the 1996 assassination of Israeli Prime Minister Yitzhak Rabin, who had been a strong supporter of a negotiated settlement. Rabin's death resulted in new parliamentary elections in Israel, which brought to power another Likud government under the leadership of the uncompromising Benjamin Netanyahu. The new Israeli government's lack of enthusiasm for the Oslo Accords and the reluctance of the United States to put pressure on Netanyahu led to several months of deadlock and increased violence. After a period of silence, the EU issued a statement reminding Israel of its international obligations under the peace process and in a flurry of diplomatic activity tried to bring both sides back to the negotiating table. European efforts were quickly rebuffed by the US Secretary of State Warren Christopher, who scolded the EU for interfering in the negotiations at this 'delicate moment'. Following this tense period, the EU decided to appoint Miguel Moratinos, a former Spanish ambassador to Israel, as the EU Special Envoy to the peace process, providing it with greater visibility. This period also witnessed a further clarification of the EU position on the conflict in form of the 1999 Berlin Declaration, which called for the creation of "a democratic, viable and peaceful sovereign Palestinian state". While Europe therefore took a decidedly more active and political role since 1996, it continued to understand its involvement in the peace process as complimentary to that of the United States. When the peace talks resumed, following the 1999 election of the less hawkish Labor party in Israel, the EU was therefore again excluded from the negotiating table. 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 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 revise a way to return to peace negotiations. 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 that, for the time being, it would not press for renewed peace negotiations. Faced with a 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 emerge and lead to a return of the US to

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the negotiating table. In 2002, EU officials lobbied for the organization of elections in the occupied territories and the French and German government 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 revised a “Roadmap” for a phased peace settlement that foresaw an Israeli withdrawal from the occupied territories and the establishment of a Palestinian state.

Europe’s involvement in the latest phase of the conflict has been guided by the 2002 Seville Declaration, which calls for the establishment of “a democratic, viable, peaceful and sovereign state of Palestine, on the basis of the 1967 borders, if necessary with minor adjustments agreed by the parties”. In addition, “a fair solution should be found to the complex issue of Jerusalem, and a just, viable and agreed solution to the problem of the Palestinian refugees”. It stipulates that such a settlement should be achieved “through negotiations, and only through negotiations”. Moreover, the attainment of a solution to the conflict has also been recognized as an integral part of the EU’s own security interests in the 2003 EU Security Strategy. While Europe has, for the first time, been involved in US peace diplomacy in the framework of the Quartet since 2002, it has mostly been limited to a supporting role. Furthermore, the 2006 elections of Hamas have raised questions over Europe’s traditional role as the main sponsor of the Palestinian Authority. Following the elections, the EU demanded that Hamas renounce violence, recognize Israel’s right to exist, and express clear support for the peace process, as conditions for the continuation of EU financial assistance. After a three month grace period, the EU suspended all direct aid to the PA in April 2006 and is now searching for new ways to continue its financial support, including proposals for European governments to directly pay Palestinian civil servants.

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, and the EU’s participation in the Quartet. 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. While the EMP has achieved little with regards to the peace process, the Palestinian-Israeli conflict, on the contrary, has served as one of the greatest obstacles to

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accomplishing the aims of the EMP. Some more tenable results have been reached by the EU Special Envoy Miguel Moratinos and his successor Marc Otte. Representing a point of contact between the 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 tensions¹. Finally, through its participation in the Quartet, the EU has played a direct part in US peace diplomacy. Here, the promotion of the Middle East Road Map can be seen, at least in part, as a success of European diplomacy. However, whether Europe's participation in the Quartet will grant it some influence on any future American initiatives remains to be seen.

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 successful 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. Not surprisingly, this has meant that in the past Israel has granted the United States the status of preferred mediator, while accepting only 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: for example, in declining permission for a European delegation to meet Yasser Arafat, shunning Europe's High Representative Javier Solana, or shelling Arafat's headquarters during the visit of the EU Special Envoy. Second, Europe's lack of military capabilities and political motivation 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 itself has been reluctant to take a more pro-active role in the peace process, even at times when the US had withdrawn from the conflict. EU policy-makers, especially since 2001, have pushed PA reforms and initiated the Road Map primarily to cajole the US back into taking a major role in the negotiations. But Europe's continuous dependence on the US has only further undermined its claim to a greater role in the peace process. Moreover, Europe's ability to influence the US on a subject that has such a deep resonance in US domestic politics remains doubtful.

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 dialogue. The Association Agreement not only includes a

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“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 an annual average of €300 million in 2000-05², the potential for EU influence through aid conditionality remains high.

Indeed, since 1999³, the EU has placed political conditions on its aid in order to shape the development of Palestinian institutions. EU conditions have focused on issues such as:

...ratifying and enacting the Basic Law and the Law on the Independence of the Judiciary, establishing a Constitutional Court and a High Judicial Council, abolishing State Security Courts, holding general elections, redistributing competencies between the President and the Cabinet, ensuring transparency of public finances and restructuring municipalities, the civil service and most critically the security sector.

Sponsoring critical reforms, the EU not only sought to promote good governance and democratization, but also to remove any US and Israeli reasons to reject negotiations with the PA. Since the advent 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. While Europe was able to achieve some of its objectives through aid conditionality, specifically in the areas of judicial and financial reforms, its effectiveness has been less convincing in other areas. A recently negotiated EU-PA Action Plan, part of the new European Neighborhood Policy (ENP), is seeking to further reinforce the EU’s drive for Palestinian reform.

Nevertheless, Europe’s influence on the Palestinian people remains limited due to its principal focus on the PA. The PA’s narrow hold on power and the complicated internal dynamics of the Palestinian territories frequently represented an obstacle to EU conditionality and influence. Thus, all attempts to apply pressure on the PA to quell terrorist attacks orchestrated by other organizations have failed. The 2006 election of Hamas has further underlined the limits of EU influence in the Palestinian territories. The EU has no official contacts with Hamas or other proscribed terrorist groups and therefore no leverage over their activities. While the EU has frequently called upon Hamas to renounce violence, recognize Israel’s right to exist and express a clear support for the peace process, it has so far failed to do so. In response in April 2006, the EU has cancelled all direct aid to the PA. In the aftermath of this decision, EU-Palestinian relations are faced with an uncertain future, as the EU is searching for new ways to financially support the Palestinian territories and establish channels of communication that exclude Hamas. While humanitarian aid to the Palestinian territories will not be affected, this has been estimated to amount to only 20% of total European aid. Options that are currently being discussed include broadening the definition of humanitarian aid, distributing aid through the office of Palestinian President Mahmoud Abbas, or increasing payments to non-governmental organizations (NGO).

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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. A further 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 Israel's participation in the Galileo 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% of GNP), good relations with Europe are important 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 membership⁴. Israel has been included in the new European Neighborhood Policy (ENP) and the recently concluded EU-Israel Action Plan foresees a substantial deepening in bilateral relations.

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 only a few references to the peace process. In addition, the EU has had a predilection for turning a blind eye to Israeli violations of EU rules. Thus, the EU has long ignored the dispute over preferential exports of Israeli goods produced in settlements based in the Palestinian territories. Since 1997, the European Commission has regularly given Israel the benefit of the doubt⁵. Some analysts have voiced their concern that this might inadvertently lead to a recognition of Israel's occupation of the Palestinian territories.

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 bias⁶. 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 – to some extent – a guarantor for regional stability. 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 maintains its good standing with one of the regions most powerful actors. Finally, although Israel

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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.

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 peace process. Under US pressure, the EU has frequently amended some of its policies and toned down its rhetoric. 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 European priority since 1973 and remains one of its primary 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 active 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 the US. 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 EU border control mission in Rafah and the offer to deploy European peacekeepers in the "occupied territories" after an eventual settlement can hardly rival the commitment provided by America's superior military machinery. Second, Europe remains simply too divided to play a larger role. In sum, the EU is likely to continue to try and play an active role in the Middle East peace process – partly because of its historical legacy and partly to prevent dissatisfaction amongst Europe's Muslim population. However, Europe's interventions are likely to be thwarted by the continued pre-eminence of the United States in this process whose involvement is now a matter of core domestic political interests. For the

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foreseeable future, it can therefore be expected that Europe's involvement in the conflict will continue to be complementary to that of the United States.

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

² This does not include aid provided by the EU to UNRWA and to Palestinian civil society organizations, as well as aid provided directly by EU member states. Taking all these sources together, average annual aid to the Palestinian territories from Europe accounts for some €600 million.

³ 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-Siegman Report of 1999.

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

⁵ 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.

⁶ 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'.