EU-Israel relations and the Israel/Palestine conflict: a Janus-faced approach?

Paper prepared for the 4th ECPR Graduate Student Conference, 4-6 July 2012, Jacobs University, Bremen.

Allan Muller
Vrije Universiteit Brussel
allan.muller@vub.ac.be

Working paper: do not quote without permission from the author
Introduction
The EU takes on its role as an actor in the Middle East Peace Process (MEPP) under two main headings. Firstly, it pursues a track under the former second pillar, including diplomatic efforts with multilateral, bilateral and Transatlantic dimensions. This includes, inter alia, the activities of the EU’s special representative to the MEPP since 1996; the inclusion of the EU, along with the US, the UN and Russia in the Quartet on the Middle East; CDSP missions in the Palestinian territories; and, significantly, the Union’s declarative diplomacy with regard to the conflict. Indeed, since the Jom Kippur war of 1973 the EC has issued numerous statements on its position with regard to the conflict. Although these statements have achieved very little, if anything, on the ground, they have been instrumental to the construction of a European foreign policy identity in the early days of the European Political Cooperation (Musu 2010).

The second heading under which the EU engages the parties in the Middle East conflict refers to what Keukeleire (2003) terms as the Union’s ‘structural foreign policy’, which is ‘less visible than traditional diplomacy or “high politics”, but nonetheless [represents] a huge and often very successful effort on the part of the EU’ (Biscop 2004: 6). Whereas the activities under the first heading relate exclusively to activities under the (former) second CFSP pillar of the EU, ‘structural foreign policy’ transcends the pillar structure, or the intergovernmental/supranational and member state/community divide. Diplomatic activities and CSDP activities of the EU with regard to the Israel-Palestine conflict have objectives on the relative short term. However, the resolution of intractable conflicts, of which the Israel-Palestine conflict is an archetype, requires a combination of, on the one hand, top-down, short term activities focusing on diplomatic breakthroughs and conflict management, and on the other hand, policies with a longer time-horizon aiming to transform societal structures in order to facilitate conflict resolution, conflict settlement and reconciliation (Lederach 1997; Pundak 2001; Miall 2004).

The ‘structural foreign policy’ of the EU relates to the latter dimension of conflict resolution and conflict prevention. It has ‘milieu goals’ rather than ‘possession goals’. In other words, it aims to influence the international environment in the long term (Biscop 2004). It relates to the EU’s ‘soft power’ capabilities, which is the ability to get a desirable outcome by using attraction and co-option rather than coercion (Nye 2004). The ‘structural foreign policy’ of the EU corresponds with notions of its international identity as a ‘civilian power’ (Duchène 1972; Duchene 1973), or a ‘normative power’ (Manners 2002). It is constituted by the EU’s capabilities to influence the international environment through non-military means such as,
inter alia, economic and cultural policy instruments, and by defining ‘what passes for “normal” in world politics’ (Manners 2002: 253). The primary framework for the EU’s ‘structural foreign policy’ vis à vis the conflicting parties in the Israel-Palestine conflict is the European Neighbourhood Policy (ENP), which was initiated in order to secure the European periphery following the 2004 ‘big-bang’ enlargement. The ENP can be envisaged as a partial operationalization of 2003 European Security Strategy, which called for building security in the neighbourhood following enlargement. Moreover the ESS stated that the “resolution of the Arab/Israeli conflict is a strategic priority for Europe”(Solana 2003: 7). The latter statement reflects the securitization of the conflict by the EU following the demise of the Oslo peace process and the 2001 terrorist attacks on New York (Peters 2010).

Broadly speaking, the ENP aims to stabilize the European neighbourhood by raising the economic standards of countries in the periphery, and by inducing them to approximate European norms and values. Basically, it is a scheme to blur the borders of the EU by offering the partner countries partial integration in the European economic structures as a reward for the approximation and appropriation of European political and economic norms and values. The purpose of this paper is to analyse the ENP as ‘structural foreign policy’ in the context of the Israeli-Palestinian conflict in order to explore whether, and in what manner the ‘structural foreign policy’ of the EU is conducive to conflict resolution. The first part of the paper develops a conceptual model of Europeanization as a security mechanism based on a conceptualization of the EU as a neo-empirical security structure. The second part of the paper analyzes the structural foreign policy of the EU with regard to Israel and the PA along the lines of the model. A number of strategic and institutional caveats are identified with regard to the EU’s ‘structural foreign policy’ and its strategic priority of conflict resolution in the Middle East.

INTEGRATION AND EUROPEANIZATION AS A MECHANISM FOR PEACE

For the purpose of my analysis, I adopt a constructivist model of the EU as a ‘security community’. This concept was defined by Deutsch et al. (1957) as ‘a group of people which have become “integrated”, [that is] the attainment, within a territory, of a “sense of community” and of institutions and practices strong enough and widespread enough to assure, for a “long” time, dependable expectations of “peaceful change” among its population’(ibid.:2).
The ‘historically contingent rules of formation’ (Howarth 2000: 51) governing the ‘formative discourse’ of European integration relate to two kinds of security threats. On the one hand, Europe is constructed in opposition to its ‘constitutive Other’ in the temporal dimension, namely its past of wars, genocide and dictatorship (Waever 2000); as Robert Schuman (1950) proclaimed, ‘the gathering of the nations of Europe demands the elimination of the age-old antagonism of France and Germany’. On the other hand Europe’s ‘constitutive Other’ may also be found in space in the form of Russia or the ‘East’ (Neumann 1998). Indeed, Paul-Henri Spaak declared that the European Economic Community only had one father, namely Stalin (Tegenbos 2005). The primary concept of the ‘formative discourse’ of Europe is peace. The basic operation contained in this discourse is the creation of ‘a project for organizing Europe’ (Schuman 1948); or as put by Jean Monnet ‘to create Europe is to create peace’. The blueprint of Europe, as envisaged by its founding fathers, was to create sense of community on the European continent by integrating the peoples of Europe in a common project with shared institutions and practices. A first translation of the ‘formative’ discourse of European integration into formal institutions was the establishment of the Council of Europe by the Treaty of London in 1949. However, although this organisation was created ‘to bring European States into closer association’ (1949), and although there is a very strong resonance between the universal values proclaimed in its Convention for the Protection of Human Rights and Fundamental Freedoms and the European discourse on ‘common values’ in the context of its Common Foreign and Security policy, the ‘motor’ of Europe as security community was assembled in a different institutional context: the project of European economic integration, which was formally initiated in 1952 by the creation European Coal and Steel Community, and the subsequent creation of the European Communities in 1958.

‘Europeization’ refers to, on the one hand, the internal process through which political and economical dynamics of the EU becomes part of the organisational logic of national politics and policy-making. On the other hand, European foreign policy, Europeanization refers to the process in which third countries adopt European norms and values.

WIDER EUROPE AS A NEO-IMPERIAL SECURITY STRUCTURE
A constructivist analysis of the relationship between security and integration is closely linked to the concept of identity. The basic mechanism underlying the European ‘security community’ (Deutsch, Burrell et al. 1957) in terms of identity is the creation of an additional layer of identification for the major European powers to an extent that ‘they project a conception of Europe as part of their national vision of where they are going and who they
are: their identity’ (Waever 2005: 34). ‘Europe’ thus becomes integrated into the basic ‘We’ concepts of nation and state. This additional layer of identification is constitutive to the sense of community underlying ‘dependable expectations of “peaceful change”’ (Deutsch, Burrell et al. 1957: 2) on the European continent. In order to ensure the stability of Europe as a security community, the additional ‘We’ concept of Europe has to be compatible in two ways. Firstly, on the level of individual member states, conceptions of Europe should be compatible with national narratives and traditions of political thought on nation and state (Waever 2000). Secondly, although the major European powers do not need to share meanings on what ‘Europe’ is, the different ‘Europes’ of the major powers need to be politically compatible in order to continue the integration process. Stability is therefore essentially not about major power relations, but about the inner struggles over conceptions of national identity and Europe (Waever 2005).

‘Wider’ Europe can be conceptualized as a neo-imperial security structure: ancient empires were structures consisting of concentric circles of differentiated regions with unclear borders. The further the distance of a region from the imperial core, which was under direct rule, the more political autonomy it possessed (Watson 1992). The mechanisms by which the imperial centre influenced the regions in the periphery varies according to the (political) distance to the regions in question. Similarly, Europe can be conceptualized as a security structure in a quasi-geographical pattern consisting of a core that is the European Union, surrounded by a number of concentric political circles. Indeed, analogue to the kingdoms of the ancient emperor’s vassals, states in the periphery around the EU ‘centre’, who do not hold memberships status, nevertheless accept their asymmetrical relationship with the EU because the EU holds legitimacy beyond its members as representing Europe (Waever 2000). The mechanisms of Europeanization vary according to the geographic, political and socio-economic distance of the centre to the concentric circles of regions in the periphery (Schimmelfennig 2010).

The integration process of ‘Europe’ transformed the pre-war state system of the continent, which was characterized by balance of power dynamics between multiple power-centres, into a continent with a neo-imperial centre, symbolically located in Brussels. The European integration project has created a security community by centering the system and therefore the primary security function of the EU is to keep the core intact and to prevent the re-emergence of multiple centres in Western Europe. The secondary security function of the EU would then be to ‘discipline’ the regions in its periphery by casting them into its normative mould (Waever 2000; Tonra 2010) by processes of Europeanization. These processes mirror the internal principles of European governance. Broadly speaking, three general principles of
European governance in the can distinguished: First, in accordance with the ‘foundational discourse’ of the EU, through ‘domestic analogy’, economic integration and supranational organization are regarded as the right pathways towards peace and welfare in other parts of the world (Schimmelfennig 2010). Secondly, integration policy beyond the European borders is based on a ‘neoliberal’ model of creation and regulation of transnational markets and economic liberalization (Hurt 2003; Reynaert 2011). Thirdly, in analogy with the criteria for accession and the constitutional principles of member states, in its external relations the EU promotes ‘European values’ such as democracy, human rights and the rule of law (Schimmelfennig 2010).

Contrary to other security structures such as NATO, for which it is clear who is ‘in’ and who is and ‘out’, the demarcation between insiders and outsiders within the EU context has a certain degree of ‘fuzziness’. Indeed, membership boundaries are in fact unclear and policy-specific: Monetary Europe consists of a subset of member states, Schengen-Europe consists of a subset of member states and non-member states, Single Market Europe includes the non-EU members of the EEA, etc. This contingency of EU borders makes the case for conceptualizing the issue of being ‘in’ Europe as a matter of degree rather than a binary condition (Risse 2009). Similarly, the political and institutional distance of non-member states to the European core, the degree in which, these countries are ‘Europeanized’ into the normative mould of the EU, decreases when moving towards the outer circles of the European structure.

THE INNER CIRCLES: THE EEA AND THE STABILISATION AND ASSOCIATION PROCESS

The European non-EU members of the European Economic Area, Iceland, Liechtenstein and Norway, enjoy maximal proximity to the European core, since they fully participate in the EU’s internal market and since they are consequently obliged to adopt the great bulk of EU legislation related to the single market. Moreover, these countries are stable Western-European democracies. Thus, the conception of these countries of Europe ‘as part of their national vision of where they are going and who they are’(Waever 2005: 35) arguably is developed up to al level approximating the EU-member states. These countries therefore can be regarded as ‘quasi-member states’, enjoying high economic interdependence with the EU, whose non-member status is merely the result of strong popular opposition to full membership of the EU. The basic mechanism of Europeanization of these countries relates to what neo-institutionalists (March and Olsen 1989) would term ‘a logic of consequences’: here the EU intentionally disseminates its rules and norms by manipulating incentives and
changing the rational cost-benefit calculations of the countries in question. The quasi-member states have no access to the formal decision making process. The relationship between them and the EU is based on a highly institutionalized form of conditionality, i.e. quasi-members are granted equal market access in return for the adoption of EU rules (Schimmelfennig 2010). The ‘mode’ of European governance (Lavenex and Schimmelfennig 2009) towards these countries is highly hierarchical, in the sense that quasi-members are obliged to adopt European rules with regard to the internal market, without taking part in the decision making process. The impact of conditionality in these cases is therefore strong, albeit partial, since EU governance only covers internal market issues with the quasi-members (Schimmelfennig 2010).

The second concentric circle around the European centre consists of the countries formally entitled to apply for official membership candidacy at some point, namely the countries of the Western Balkans. These countries, enjoy a relatively close proximity to the European centre under the framework of the Stabilisation and Association Process. This framework, and the related democratization and harmonization processes, gives these countries a prospect of joining the EU in the short to medium term. It provides for EU assistance and preferential access to EU markets in return for reforms of institutions, governance and market regulation by European standards (Kaminski 2003). In terms of identity Europe is, to more or less extent, a part of the national visions of these countries of who they are and, arguably, of where they are going. The basic mechanism underlying the Europeanization of the Western Balkan’s is conditionality. Indeed, the logic of consequences is the basic rationale of external governance vis à vis the Balkan countries, given their strong dependence on EU assistance and the strong incentives, i.e. participation in the internal market and eventual accession. Because of this, the impact of external governance of the EU is strong in the Western Balkans. Moreover, contrary to the countries of the EEA, the Europeanization of the Western Balkans spans all policy areas, since accession is based on the a priori adoption of the entire aquis communautaire (Schimmelfennig 2010).

THE OUTER CIRCLES: THE ENP COUNTRIES
The outer circles of the EU periphery consist of the non-member states under the framework of the European Neighbourhood policy (ENP). Contrary to earlier initiatives such as the multilateral framework of the Euro-Mediterranean Partnership, the ENP largely follows the bilateral hub-and-spoke model of EU enlargement. Analogue to enlargement it attempts to cast the ENP Partner Countries into the normative mould of the EU by offering a stake in the
EU’s Single Market in return for political and institutional reforms (Smith 2005). However, the ‘mode’ of the EU’s external governance vis-à-vis the ENP countries differs from the EU’s external governance towards the EEA and the Western Balkans. Indeed, the relationship between the EU and the latter is based on a formalized hierarchical structure, with binding prescriptions and proscriptions, promulgated by the dominating party, i.e. the EU. Conversely, although the macro-institutional structure of the ENP is characterized by the imposition of the ‘adherence to shared values’ as a condition for integration into the single market, and therefore has hierarchical elements to its mode of external governance vis-à-vis the partner countries, it also contains elements of a network constellation: In contrast to the EEA countries, approximation of EU norms and values by ENP countries are the result of a political commitment rather than a legal obligation (Lavenex 2008). ENP countries have to agree with the issues and topics of co-operation. Due to the formal absence of the ultimate ‘carrot’ of EU membership and/or legal obligations for ENP countries to approximate EU norms and values, the Europanization process of the ENP countries arguably has a voluntary basis. Moreover, the ENP Action plans are process-oriented: they promote approximation to EU standards in absence of the description of a specific end, such as, in the case of the EEA and membership candidates, the adoption of the *aquis communautaire*. Indeed, the approach of the EU towards the respective partner countries is based on the degree to which values are shared (Kelley 2006).

The ENP Action Plan jointly elaborated between the EU and an ENP partner country is a ‘soft law’ instrument outlining the reforms that the country in question has committed itself to undertake in various policy domains. Moreover, the unilateral evaluation by the Commission of progress of the ENP countries in fulfilling their action plan is complemented by a consensual evaluation of progress in the joint Association Councils (Lavenex, Lehmkuhl et al. 2009; Lavenex and Schimmelfennig 2009).

Given the formal absence EU membership ‘carrot’, conditionality is weak in effect. Therefore the ENP is based on de facto mechanisms of socialization, rather than conditionality (Freyburg, Lavenex et al. 2009; Schimmelfennig 2010).

TWO KINDS OF OUTSIDERS: THE POST-SOVIET STATES AND THE SOUTHERN MEDITERRANEAN

The post-Soviet ENP countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) in the Eastern periphery differ qualitatively from the ENP countries in the Southern Mediterranean. The post-Soviet countries do not have a prospect of EU membership on the
short to medium term. However, they do enjoy special status, since the EU acknowledges that these countries are European and that they could one day become EU members (Rettman 2009). Therefore, it is unsurprising that, except for Belarus, the ENP countries in the Eastern periphery have initially received the ENP as a potential springboard for membership (Kelley 2006).

The EU policy towards the Western Balkans and the post-Soviets states reflects the concentric circles pattern of the European security structure, and the ‘magnetic’ function of the EU vis à vis the Eastern periphery. The EU avoids saying ‘no’ to applicants in the Eastern periphery. It rather says ‘not yet’ or ‘yes but’. And as a group of countries gets closer to membership, another group advances in the queue. Thus the EU does not designate any country in the Eastern periphery as non-European, it rather defines how more or less close it is to the centre. By doing this, the EU keeps a maximum of countries attached to the core and it avoids becoming a negative ‘Other’ of the countries in the periphery (Waever 2000). By granting them the attractive prospect of membership, albeit in the distant future, the EU adds a ‘European’ layer to the self-conception of these countries of ‘where they are going and who they are. Thus, from a security perspective, the structural foreign policy of the EU with regard to the Western Balkans and the post-Soviet states is an ongoing attempt to gain legitimacy in the eyes of these countries by offering them a vision of being a part of the European centre in the medium or long term, since all these countries are regarded by the EU as more or less ‘European’.

The labelling the Post-Soviet states as ‘European’, and therefore eligible to join the European club at some point in the (distant) future, is based on a particular political conception of ‘geographic Europe’. It resonates strongly with Charles De Gaulle’s aspiration for a Europe ‘from the Atlantic to the Urals’. However, such a construction of the Eastern border does not coincide with the political boundaries of Europe, which have instead ‘ebbed and flowed across the great Eastern plains of continental Europe’ (Tonra 2010: 58). Moreover, ‘Cultural Europe’ complicates matters further since the patterns of language, religion and ethnicity on the European continent are layered in the most complex ways. The borders of Europe are therefore contingent. The decision on who is ‘in’ or ‘out is ultimately a matter of political choice (ibid: 58-59), which is bound by the political context (Neumann 1998).

The status of the ‘outsiders’ in the Southern Mediterranean is even more ambiguous. Geographically and historically the Mediterranean is regarded as an internal European lake (Tonra 2010: 58). Due to the French, Spanish an British colonial past in the region, the Southern European countries, Israel and the Arab countries in the Mediterranean have been
conceptualized by the EU as the ‘European Mediterranean area’. Europe and North Africa share a common history because of the years of colonial administration, episodes of cohabitation of Catholics and Moors during the Middle Ages, and because of the historical trade ties across the Mediterranean. This is reflected in EU discourse on shared identity with the Southern Mediterranean country. However, at the same time another salient EU discourse on the region ‘securitizes’ the Southern Mediterranean as a conflict-ridden region. The 2003 European Security Strategy is dominated by the latter discourse. Moreover, this discourse is complemented by discourses formulated by European far-right parties on the ‘radical Arab other’, which emphasize a fundamental difference between the Muslim and European civilizations (Holm 2005).

Notwithstanding the contingency of the European borders, and in contrast to the case of the Post-Soviet states, the EU has unambiguously marked the countries of the Southern Mediterranean as non-European. This was exemplified by the rejection by the EC of Morocco’s 1986 membership application on the grounds that the EC was only open to European countries (Neumann 1998). This position was confirmed more recently by a joint strategy paper by the Polish and Swedish foreign ministers confirming that the countries of the Southern Mediterranean ‘will remain neighbours of Europe’ (Rettman 2010). Thus, given their unequivocal exclusion from Europe, the identification of the countries of the Southern Mediterranean with Europe arguably is weaker than in the case of the Post-Soviet countries. Contrary to the latter, the countries of the Southern Mediterranean cannot hold the expectation of ultimate accession, not even on the long term.
ISRAEL AND THE ENP: AN EXTREME CASE?

In comparison to the other ENP countries of the Southern Mediterranean, the structural foreign policies of the EU with regard to Israel and the Palestinian authority are relatively highly developed. Compared to the other ENP countries Israel is somewhat untypical: Israel’s socio-economic features are more similar to those of the EU member. As shown in table 1, the GDP/Capita of Israel is more or less on a par with the EU average. Moreover, Israel ranks 17th in the 2011 Human Development Index of the UN, in between respectively Denmark and Belgium.
Table 1. ENP Countries of the Southern Mediterranean: socio-economic indicators

<table>
<thead>
<tr>
<th></th>
<th>EU AVG</th>
<th>Egypt</th>
<th>Israel</th>
<th>Jordan</th>
<th>Lebanon</th>
<th>Morocco</th>
<th>Tunisia</th>
<th>OPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP/Capita</td>
<td>30,724</td>
<td>65,39</td>
<td>30,975</td>
<td>5,899</td>
<td>15,522</td>
<td>50,52</td>
<td>9,477</td>
<td>1,367**</td>
</tr>
<tr>
<td>HDI</td>
<td>0,855</td>
<td>0,644</td>
<td>0,888</td>
<td>0,698</td>
<td>0,739</td>
<td>0,582</td>
<td>0,698</td>
<td>0,641</td>
</tr>
</tbody>
</table>

* Data for 2011, in USD. Source: World Economic Outlook Database (imf.org)
** Data for 2009, in USD. Source: UN World Statistical Pocketbook 2010
*** Human Development Index 2011. Source: UN Data (data.un.org). The HDI is a composite index using indicators on education, health and living standards.

Because of its high level of socio-economical development, Israel sees its economic place in Europe. In fact, as put by Del Sarto and Tovias (2001: 63) ‘Israel perceives itself as being caught between its geographic location and its economic status’. The European leaders at the Essen European Council of 1994 recognized that Israel was a special case among the countries of the Southern Mediterranean by declaring ‘that Israel on account of its high level of economic development should enjoy special status in its relations with the EU on the basis of reciprocity and common interest’. A year later, the EU and Israel signed the EU-Israel Association Agreement (AA), which was a significant upgrade of the cooperation agreement of 1975 (Pardo and Peters 2010). To date, the Euro-Israel-AA, which was ratified by Israel in 2000, serves as the legal framework for economic relations between Israel and the EU. In December 2004 the EU-Israel Association Council adopted the EU-Israel Action Plan within the ENP framework. This was considered as a welcome intensification of EU-Israel relations by the Israeli government (Dror and Pardo 2006).

The economic ties between the EU and Israel are solid. With a trade volume of €29 billion in 2011, Israel ranks as the EU’s 24th major trade partner. Moreover, of the ENP countries of the Southern Mediterranean, Israel is the EU’s first trading partner. The EU is Israel’s largest trade partner (European Commission 2012).¹

Table 2. EU trade balance with ENP Countries of the Southern Mediterranean in 2011

<table>
<thead>
<tr>
<th></th>
<th>Egypt</th>
<th>Israel</th>
<th>Jordan</th>
<th>Lebanon</th>
<th>Morocco</th>
<th>Tunisia</th>
<th>OPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade volume in € bn</td>
<td>23,3</td>
<td>29,5</td>
<td>3,6</td>
<td>5,0**</td>
<td>20,5</td>
<td>18,5</td>
<td>0,1</td>
</tr>
</tbody>
</table>

¹ Trade with the EU constitutes 30,7% of Israel’s total trade volume. Israel’s second trade partner is the US with a volume of 21,7%. In contrast, Israel’s trade volume with the other countries of the MENA (€0,6 bn in 2011) constitutes merely 0,7% of its total trade volume. (REF)
The deepest level of cooperation of Israel and the EU is situated in the field of scientific research and R&D. In 1995 Israel became the first non-European country to be fully associated with the Union’s Framework Programme for Research and Technological development. For the EU, Israel has become an important source of innovation, and the Union is Israel’s second largest source of research funding. In July 2004 the EU and Israel signed an agreement on the GALLILEO project, making Israel and the EU partners in this joint project for satellite navigation (Dachs and Peters 2005).

In sum, the relationship between Israel and the EU in the fields of business and science consists of a ‘wealth of [personal and business] connections, mutual interests, numerous joint cooperative ventures [of which] the content [...] is positive and solid’ (ibid: 6). Due to Israel’s high level of economic development and due to its lead in scientific development, the interconnectedness of the EU with Israel is more advanced than in the case of the other countries of the Southern Mediterranean.

Another reason why, of the Southern Mediterranean ENP countries, Israel can be considered the odd one out is its cultural proximity to Europe. The special relationship between the EU and Israel is not only based on Israel’s proximity with regard to its economy, scientific development and living standards; it is also based on, as argued by Elie Barnavie (in EU-Israel Forum 2003: 13) the ‘common heritage and historical ties between Jews and Europe’, and the fact that ‘Jews were always an integral part of Europe’ (ibid). Moreover, Barnavie describes Zionism as a European construct, integrating European ideas and values, paradoxically turning away from Europe while at the same time maintaining it. The EU may be regarded as ‘Israel’s economic, cultural, and in many respects, political hinterland’ (Dror and Pardo 2006: 18). Indeed, Israel, being a meeting ground of Occidental and Oriental culture (Patai 1953), has been depicted by some as ‘the most easterly outpost of Western civilization’ (Ferguson 2012), as a stable and civilized Western island in a rough eastern region (Tastassa 2010; Wright 2011). The discourse on these cultural commonalities, which are (co-)constitutive of the ‘special relationship’ between the EU and Israel is often echoed by officials of both sides in the context of EU-Israel dealings. It is codified in the 2005 EU-Israel Action Plan under framework of the ENP. The AP stresses that, apart from sharing common values, ‘historically and culturally, there exist great natural affinity and common heritage’ (ibid: 1) between the EU and Israel.

---

2 Second only to the Israel Science Foundation
Thus there is substantial proximity between Israel and the EU in the fields of economics, science and culture. However, the political relationship between Israel and the EU is somewhat more ambiguous. On the one hand, there is political proximity between Israel and the EU since Israel is regarded as the only democracy in the Southern Mediterranean region. On the other hand, however, Israel and the EU have opposing worldviews with regard to the conflict with the Palestinians:

Indeed, the Freedom House\(^3\) characterizes Israel as the only ‘free’ country among the 18 countries of the Middle East and North Africa. The democratic status of Israel has also been acknowledged by EU actors: In the run up to the negotiations on the EU-Israel ENP Action Plan, Commissioner Gunther Verheugen reconfirmed Israel’s special status on the basis of ‘its economic development and the stability of its democracy and its institutions’ (citation in Pardo and Peters 2012: 320). The Country Reports issued by the Commission in the preparatory phase of the action plans criticize most of the ENP countries, to more or less extent, for lack of press freedom, lack of independence of the judiciary, dominance of the executive, corruption or human rights abuses. The state of Israel, however, is considered a full-fledged democracy. The ENP Country report (p.7) on Israel states that ‘Israel is a democratic state with associated political rights, respect for the rule of law and a flourishing civil society’.

The Country Report does take note, however, that Israeli law is not extended to the Occupied Territories, which remain under British Mandatory Emergency Defence Regulations. It also acknowledges the occurrence of human rights violations in the Occupied Territories resulting from military operation, obstruction of freedom of movement and house demolitions. Moreover, the Report criticizes Israel for the limited access to Israeli courts for Palestinians seeking justice against land seizure, damage, injury or deportation; and for issuing potentially discriminatory laws and institutional settings favouring the Jewish majority. These laws, such as the Law of Return, the amendments in the Basic Law barring political parties who do not acknowledge the Jewish character of Israel, and the Nakbah Law, and other institutional arrangements creating an ethnic stratification of Israeli Jews and Arabs are a result of the ‘demographic threat’ posed by, on the one hand the Arab presence and growth of the Arab population, and on the other hand the moral purpose of the Zionist project, which is the establishment and survival of Israel as a Jewish state. The tension created by the conceptualization of Israel as a Jewish and a democratic state has been the subject of an

\(^3\) Freedom of the World Index 2011

Israel and the EU have deep disagreements with regard to the Israel-Palestinian conflict. In 1980 the nine members of the EC issued the ‘Venice Declaration’ on the Israeli-Palestinian conflict, in which it was stated that the issue was not simply a refugee problem, but that ‘the Palestinian people be allowed to exercise fully its rights to self-determination’. Moreover, the declaration castigated Israel for its policy of settlement construction, stating that ‘the Israeli settlements constitute a serious obstacle to the peace process in the Middle East. The Nine consider that these settlements, as well as modifications in population and property in the occupied Arab territories, are illegal under international law’. In addition, it was stressed that the EC ‘would not accept any unilateral initiative designed to change the status of Jerusalem’.

By outlining the diplomatic steps needed for the achievement of a lasting solution for the conflict, the EC called for the inclusion of the PLO in future negotiating processes.

The Israeli response to the Venice declaration was ‘furious and uncompromising’ (Pardo and Peters 2010: 8). In Israel’s view the declaration exemplified Europe’s willingness to sacrifice Israel’s safety in order to secure its oil supplies from the Arab world. The declaration had cast a large shadow over Israeli-European relations during the 1980’s. The Venice Declaration, and the growing stream of European criticism of Israel following the 1982 invasion of Lebanon and the outbreak of the intifada in 1987, led to vigorous opposition of Israel to any European attempt to play a role in the peace process (ibid). The current position of the EU on the Israeli-Palestinian conflict remains along the lines of the Venice declaration. Indeed, in its declaratory diplomacy on the conflict during the past decade, the EU has criticized Israel for its settlement policy, its policies in East Jerusalem, extrajudicial killings and the disproportional use of military force. Similarly, Israeli suspicions and accusations of Europe following the Palestinian line remain present to date, and the European position is often characterized as ‘one-sided’, ‘biased’ or even as ‘Israel bashing’ in official Israeli responses.

THE PALESTINIAN AUTHORITY AND THE ENP: ANOTHER EXTREME CASE?
The Palestinian Authority (PA) might be considered another extreme case in the context of the ENP: first and foremost, the PA is the only ENP partner that is a non-state entity. Indeed, although the PA has been treated by the international community as the government of a ‘quasi normal “sovereign” country’ (Le More 2005: 996) for political reasons, the PA only

---

5 i.e. keeping the PA on the track of the Peace Process
has very limited sovereignty over a small portion of Palestinian territory, giving it the *de facto* status of an autonomous region at most. In the Oslo Accords of 1993 Israel and the PA agreed to a temporary administrative division of the West Bank into three zones, referred to as areas A, B and C. Area A, which roughly makes up 18% of the West Bank contains the major Palestinian cities, and is under Palestinian civil and security authority. Area B includes most Palestinian rural communities, civil authority here is under the PA, whereas security responsibilities are shared by both Israel and the PA. The bulk of the West Bank Area, approximately 62%, is in Area C, where the Israeli government retains full authority over law enforcement, building and planning. This area contains the areas of the West Bank that are strategically significant to Israel, such as the large settlement blocks and the entire Jordan Valley, except for the city of Jericho. This zoning was temporary, and the Oslo accords called for the gradual transfer of power in Area C from the Israeli Civil Administration to the PA. However, since the outbreak of the second intifada in 2000, this transfer process has been frozen, and more than a decade later, with increasing settlement expansion in Area C, the zoning has acquired more or less permanent status (OCHA 2010).

Other reasons why the PA may not be considered a sovereign entity are the fact that it has no sovereign control over the Palestinian water resources, of which Israel gained control in 1967, nor do Palestinians control their own airspace, maritime borders, or other natural resources such as offshore gas reserves. Moreover, the PA has no sovereign or even autonomous institutions for expanding its economic policymaking, nor has it any fiscal sovereignty. Indeed, the economic relations between Israel and the PA are governed by the Paris Protocol on Economic Relations (PER), which was put in place as a temporary framework under the Oslo Accords. Far from granting the PA political space for economic policymaking, the PER formalized the *de facto* economic regime under the military occupation, by establishing a quasi customs union between Israel and the PA (Le More 2008). The PA has no control over its primary economic policy instruments. The PER formalized Israeli control over Palestinian imports and exports: all Palestinian imports and exports must pass through the Israeli customs system. Moreover, the PER restricts the quantity of goods allowed to be imported from, and exported to, third countries. The exact quantities of this trade have to be agreed upon between Israel and the Palestinians, ‘based on the assessment of Palestinian needs’(Khalidi and Taghdisi-Rad 2009: 14). Also, imports to the OPT from countries other than Israel are regulated and only possible under certain conditions. This gives Israel a *de facto* veto power over Palestinian import and export quantities. Under the PER, Palestinian trade tax is controlled by the Israeli VAT system. The PA has very limited policy space on trade tax,
since the VAT rate in the OPT is not allowed to be more than 2 percentage points lower than the 17% tax rate in Israel (ibid.).

Since the PA does not control the Palestinian borders, customs duties and indirect taxes are collected by Israel and transferred to the Palestinian Authority. However, ‘imports’ into the OPT is interpreted by Israel in a very restrictive way: the PA only receives duties and taxes for goods imported directly by Palestinian companies, and not for goods that were imported via an Israeli company for onward shipping to Palestine, notwithstanding the fact that the latter type of imports constitute the bulk of imports to the OPT (ibid.). Moreover, Israeli control over tax transfer has become a permanent instrument for Israel to control Palestinian economic and political affairs. Indeed, the tax revenues transferred by Israel to the PA, which make up the bulk of total revenues for the PA, have been withheld by Israel on numerous occasions in order to exert political pressure on the PA. Given the large proportion of the tax revenues of the total income, a prolonged suspension of these revenues has a highly disruptive impact on the Palestinian economic and financial conditions (The World Bank 2004; UNCTAD 2008; IMF 2011).

The PER implied the de facto institutionalization of the asymmetric economic relationship between Israel and the OPT, which was unilaterally imposed by Israel since the beginning of the occupation in 1967. In addition to the institutional obstacles it faces, the development of the Palestinian economy has seriously been hampered by Israeli closures, curfews, movement restrictions, and other regulations and procedures linked to security considerations (Le More 2008). The net result in economic terms of four decades of Palestinian underdevelopment is shown in table 1: the GDP per capita of the OPT is the lowest of all ENP partners in the Southern Mediterranean. The GDP/Capita of Jordan, which ranks second lowest is more than four times larger. The GDP/Capita of Israel is more than 22 times larger than the GDP/Capita of the OPT.

Compared with the other ENP countries, the trade volume of the OPT with the EU is quasi negligible. Imports from the OPT, predominantly food products, amounted to no more than €12 million in 2011. Exports from the EU to the OPT amounted to €87 million in the same year. Consequently, ranking 164th in 2011, the OPT is one of the smallest trading partners of the EU. The trade volume of the EU with Israel is almost 300 times larger (European Commission 2012). Therefore, the quantity of personal and business connections, and

---

6 67% in 2010 (imf)

7 In comparison: of the ENP countries of the Southern Mediterranean, the second smallest trade partner of the EU is Jordan, with a trade volume 36 times larger than the EU-OPT trade volume of €99 million.
cooperative ventures between Palestine and the EU is arguably negligible. In other words, sectoral networks between the EU and the Palestinians are very thin or non-existent.

The EU is, however, the largest aid donor to the Palestinians. The rationale behind this is, on the one hand that improved living conditions due to higher incomes and upgraded infrastructure and institutions will create an environment conducive to negotiations (Le More 2005). This view is in part echoed in the 2001 communication from the Commission on Conflict prevention, which advocates the consolidation and restoration ‘structural stability’\(^8\) as the right approach to the treatment of the root causes of conflict. On the other hand, by keeping the ‘interlocutor for peace’ alive, aid to the PA has been viewed as supportive to the political peace process (ref. ivt?). The bulk of EU aid to the Palestinians, more than 40% of the total in 2009\(^9\), is earmarked for paying the running expenditures of the Palestinian authority. Other destinations of EU funds are, inter alia, institution building, contributions to the UNWRA budget, food aid and CFSP missions in the Territories (European Commission 2010).

As a result of the aid dependency of the PA, the mode of external governance of the EU vis à vis the PA, is hierarchical. The EU has leverage over the PA because of the large amount of allocation transfer, which is coupled to institutional reforms. As stated by a Commission official (interview 06/01/2012) “we have the leverage, and we should have it, because it is our money”. Given the lack of thick networked relationships, which position both actors more on an equal footing, as in the case of Israel, the EU can impose and exercise conditionality vis à vis the PA quite easy. Moreover, contrary to the EU’s principled approach of positive conditionality in the context of the ENP, it has used negative conditionality in its relations with the PA. Indeed, following the surprise victory of Hamas in the 2006 parliamentary elections in the OPT, aid to the PA was suspended on the grounds that the new Hamas-led government ‘has so far refused to renounce violence, recognise the right of Israel to exist or accept existing agreements’ (Ferrero-Waldner 2006).

However, the effectiveness of development aid to the Palestinians is severely hampered by the abovementioned occupation-related obstacles facing the Palestinian economy. As noted in the ENP progress reports, the Gaza strip was confronted with a dramatic regression of its private sector following the Israeli blockade, and ‘economic development in the West Bank was also

---

\(^8\) “Characteristics of structural stability are sustainable economic development, democracy and respect for human rights, viable political structures and healthy environmental and social conditions, with the capacity to manage change without to resort to conflict.”

\(^9\) the total amount of aid allocated to the Palestinians in 2009 was €524,5 million, of which €291,1 million was allocated to support for recurrent expenditures of the PA
severely hampered by the on-going Israeli occupation, settlements expansion, Israeli government activities in East Jerusalem and the uneased restrictions on movement and access’ (ENP Progress Report 2009: 2). Moreover, in the ENP progress reports the Commission acknowledges that the trade aspects of the Interim Association Agreement with the PA cannot be fully implemented due to obstacles raised by Israel.

With regard to shared values, the political distance between the PA en the EU is larger than in the case of Israel. The Democracy Index 2011\(^{10}\) categorizes Palestine as a ‘hybrid regime’, scoring substandard on the functioning of government, political culture and civil liberties. Indeed, although the Basic Law of the PA provides for a parliamentary democracy, no elections have been held since the 2006 Hamas victory and the ensuing intra-Palestinian split. The parliamentary body of the PA, the Palestinian National Council, has not officially convened since Hamas took over the Gaza strip in 2007. Since the Hamas coup, laws are issued by the Palestinian president under emergency rule. The Progress Report on the ENP in the OPT for 2011 notes that years of emergency rule and the intra-Palestinian split have taken their toll on democratic institutions. Moreover, all Progress Reports, spanning the period 2005-2011, take stock of human rights violations, limited freedom of association, assembly and expression; in Gaza and the West Bank.

CONCLUDING QUESTIONS: THE ENP AND CONFLICT RESOLUTION IN THE MIDDLE EAST?

The purpose of this paper is to explore the relationship between the macro-structural foreign policy of the EU with regard to Israel and the PA, and its consequences for the EU’s strategic goal of the resolution of the Israeli-Palestinian conflict. As noted in the introduction, the EU has very limited leverage on the political process on the conflict. However, as ENP partners, Israel and Palestine are located in the political and geographical space wherein the EU structural foreign policy consists of efforts to stabilize and pacify the neighbourhood through economic development and cooperation, by casting the partner countries into the normative mould of the EU via approximation of European norms and values, and through partial integration into European institutional structures. Thus, the theoretical contribution of the ENP to the MEPP is the development of the Palestinian economy, institutions, political culture and adherence to fundamental rights on the one hand; and the adherence of Israel to international law on the other. This touches upon three essential concepts relating to the resolution Israeli-Palestinian conflict, namely the end of the colonization of Palestinian land, the creation of a viable Palestinian state, and security for Israel.

\(^{10}\) Economist Intelligence Unit
However, the abovementioned contributions of the ENP are met with a number of paradoxes. With regard to the model of European external governance which was presented in chapter 1, Israel and the PA could be considered as extreme cases, albeit in opposite senses. Typically, identification of these countries with Europe is relatively weak due to the non-European nature of these countries and cultural differences. Given the absence of the ultimate carrot of eventual EU membership, incentives to coerce these countries into adherence of European norms and values are limited: conditionality is weak. Therefore, in the absence of a hierarchical relationship, the mode of EU governance towards the periphery typically takes on the form of a network constellation, implying formal equality between partners. Israel, however, can be regarded as an atypical case, taking on a hybrid form between the archetypes of ENP country and EEA member state. Within the context of my model, the PA may also be regarded as a hybrid form within the wider European security structure. On the one hand, it comes closer to the archetype of an ENP country of the Southern Mediterranean as set out in the model. Its distance to Europe with regard to (cultural) identity is comparable to that of the other Arab countries in the region, and any EU membership prospects, albeit in the distant future, are ruled out a priori. On the other hand, the structural foreign policy of the EU vis-à-vis the PA is unique in the sense that it combines state building efforts comparable to the EU’s efforts in Kosovo with ‘classical’ development and humanitarian policy. As noted however, the major paradox with regard to EU-PA dealings is that the institutional structure of EU-PA relationships emulates the institutional relationships between sovereign entities, whereas the sovereignty of the PA is severely restricted.

As noted, conflict resolution efforts of the EU with regard to the Israeli-Palestinian conflict take place under two headings. One the one hand, the EU engages in the political process, which has a short to medium term horizon, by keeping the ‘partner for peace’ alive. By funding the PA and by treating it as a quasi-state entity, the two-state solution remains on the political radar. On the other hand, as argued, the structural foreign policy of the EU aims to create an environment conducive to conflict resolution. The constitutive mechanism of the European security structure is integration. As argued, the core of the European structure theoretically functions as a ‘magnet’ (Waever 2000), which tries to pull the countries of the periphery into the normative mould of the EU, and which stabilizes the periphery in the process. However, it can be argued that there is an incongruence, or a paradox between the EU policies under the two abovementioned headings, given the fact that the level of adherence to European norms and values is contingent upon an entity’s sovereign capacity for reform.
Therefore, my question for further research is whether or not the skewed structural relationship between the EU and the parties in the Israeli-Palestinian conflict is conducive to conflict resolution. Or, put perhaps more radical, does the asymmetric nature of the relations between the EU and Israel and the PA respectively exacerbate the intractability of the Israeli-Palestinian conflict? This research question can be narrowed down in (one of the) the following sub-questions: What are the consequences of the tension between the fact that the EU and the international community keep the PA alive for political reasons and the quasi-sovereign status of the PA in the institutional structure of wider Europe on the one hand; and on the other hand, the fact that the sovereignty of the PA is very limited in reality? And finally, what are the consequences of the sharp asymmetry between the thickness and scope of EU-Israel and EU-Palestine sectoral networks for the efforts of the EU as a broker in the peace process?

Bibliography


