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The European Union and the Israeli-Palestinian conflict

by Alain Dieckhoff

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O UR YEARS AGO AT CAMP DAVID, IN JULY 2000, THE MIDDLE EAST Peace Process seemed to be nearing its destination – at least on the Israeli-Palestinian track. Two months later violence engulfed the region, revealing for all to see the fragility of what had been achieved in a decade of negotiations. Since then, the al-Aqsa Intifada has marked a period of a largely low “intensity” conflict for which both Israelis and Palestinians have paid a high price in human, economic and diplomatic terms. Direct political contacts have almost been halted, the Sharon government demanding the removal of Yasser Arafat as prerequisite for restarting real negotiations. The bilateral dynamic that was at the heart of the Oslo process in the 1990s has been superseded by a unilatera logic, most recently evident in Ariel Sharon’s proposal for military withdrawal and evacuation of 21 Gaza settlements to be completed by fall 2005.

Even if this plan is carried out, far from obvious due to lack of support from the base of Sharon’s Likud party including some within his own government, in the context of the strengthening of Palestinian para-military groups, the Gaza evacuation will not mark the end of the Israeli-Palestinian conflict. It requires much more: a full fledged solution that will not only sort out the political separation between Israel and a Palestinian independent state but also solve the thorny question of Jerusalem under a divided sovereignty and the equally tricky question of the 3.6 million Palestin-

ian agreement and George W. Bush was the first president publicly to endorse the two-state solution. In contrast, the Europeans have been insisting for 25 years that the national rights of the Palestinians should be respected; however, their role in framing the negotiating process has only been marginal.

In this assessment of the European role in the 1990s, the “peace decade,” I highlight the main shortcomings of the entire Middle East Peace Process (MEPP), and their effects on Europe’s contribution. I then set out a number of policy suggestions that would allow the EU to play a more active and useful role in the Middle East.

The European role in the 1990s

Both strategic and economic factors pushed the European Union toward a common stand on the Arab-Israeli conflict.1 When European foreign policy cooperation began in 1970, national positions were divergent, with France having adopted a critical position on Israel after the Six Day War while Germany felt a very strong commitment toward the Jewish State for obvious historical reasons. Yet only ten years later, in June 1980, the famous Venice declaration expressed the rapprochement among the Europeans in the form of a unified stance on the Palestinian question. The then-nine agreed on two important things. First, “the Palestinian people ... must be placed in a position to exercise fully its right to self-determination.” Second, the Palestine Liberation Organization should be associated with any peace negotiations. This recognition of Palestinian national rights went

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along with the reaffirmation of Israel’s right to live in peace and security and the condemnation of its faits accomplis in the territories occupied in 1967 (settlements, unilateral status change for Jerusalem).

The declaratory implicitly called for a solution based on two states, one already existing, Israel, the other in the process of becoming, Palestine. Europe has since developed an acquis politique with regard to the Israeli/Palestinian issue, based on a general principle (partition of former British-Mandate Palestine into two states) and on the application of international law (illegal-ity of settlement activity, inadmissibility of the acquisition of territory by war). Over the years, these guidelines have been firmly and, increasingly, vocally upheld by the Europeans as they placed stress on the Palestinian right to self-determination. At the milestone European Council in Berlin in March 1999, the EU reaffirmed “the continuing and unequivocal recognition of the Palestinian right to self-determination including the option of a state.” It looked forward “to the early fulfillment of this right” and declared “its readiness to consider the recognition of a Palestinian state in due course.”

The convergence of the various national foreign policies is the outcome of a progressive acknowledgement by the European countries that the Palestinian question could not be reduced, as the Israelis claimed in the 1970s, to sheer terrorism. The solution had to be political and required the building of a national home for the Palestinian people and, thus, the establishment of a Palestinian state side-by-side with Israel. Of course, at the start, some countries played a leading role in this evolution, especially France which, under President Giscard d’Estaing, was the first Western country to agree in 1975 to the opening of a PLO office. However, progressively, all European countries came to accept the general framework for an Israeli-Palestinian settlement irrespective of whether the left or right was in power. This acquis politique allowed the EU to speak with a single voice but, since its contribution was effectively limited to making declarations, it was essentially an impotent actor. Being devoid of “hard” resources (i.e. military, political) that are essential to implement (at least partly) the policy prescriptions, the EU’s capacity for influence was reduced. This situation, well-known to parties to the dispute as well as the super-powers, meant that by 1991, when a new era in the peace process began with the Madrid conference, the EU had been politically marginalized.

Although co-sponsored by the US and the USSR, the MEPP was, since its inception, essentially an American affair. The US had a monopoly on “high politics,” i.e. the bilateral political talks between Israel and its neighbours. The EU had to be content with the participation in the multilateral track which dealt with global issues (economics, environment, refugees, arms control, water). Its main responsibility was as gavel-holder of the economic development working group where Europe was to use its experience in regional cooperation to try to foster a similar outcome in the Middle East. On the whole, the working group did not produce tangible results. The failure is due to a basic flaw of the multilateral track: gran
diose projects on transport or energy can always be proclaimed, but they can never be realized if the basic political problems are not resolved.

After the 1993 signature of the Oslo Declaration of Principles between Israel and the PLO, the EU decided to economically back the nascent Palestinian Authority (PA) as it took control of part of the Gaza Strip and the West Bank. The ensuing financial assistance has been impressive: the EU has provided over 50 per cent of the international community’s assistance, coordinated by the Ad-Hoc Liaison Committee co-chaired by the EU and Norway. Grants and loans of the EU and its member states amounted to 3.47 billion euros between 1994 and 2001, almost one-third to support UNRWA’s work with Palestinian refugees, the other two-thirds for humanitarian aid, development assistance to Palestinian NGOs and direct budget support to the PA, which the Europeans themselves had helped legitimize by organizing and monitoring the elections of the Palestinian Legislative Council in January 1996.

Assistance is mainly directed toward infrastructure and institution building, the money serving either to provide medical, housing or educational services or to strengthen public institutions (broadcasting, police, legislative council, etc.). Contrary to original intentions, the EU has had to increasingly undermine the functioning of the...
Palestinian institutions. This is due mainly to dependence of the PA on transfers of taxes and duties collected by Israel (which represented 40 per cent of the PA budget in 1998). The Netanyahu government in 1997 began regularly to withhold part of those taxes in order to "punish" the PA for its failure to cooperate in the fight against Islamist terrorism. Then, with the start of the new Intifada in September 2000, even such partial transfers practically came to a complete halt, leaving the EU to fill the vacuum to avoid the budgetary collapse of the PA.

From 1991 to 1995, the EU limited itself to a "money-lending strategy" for two reasons: first, because it had been left outside of the crux of the political negotiations; second, because it was not institutionally adapted to sustaining a foreign policy capacity. Things began to change with the 1993 treaty on European Union (Maastricht), which introduced a common foreign and security policy (CFSP). The results were, however, slow to come, mainly because the mechanism both for decision-making and implementation remained inadequate. One outcome was the nomination of Angel Moratinos as Special European Envoy to the MEPP in November 1996 (a position he held until Summer 2003). His appointment, at a time where the Arab-Israeli negotiations were at a standstill, was an indication of Europe's will not to let the "dynamic of peace" run out. By playing a role complementary to that of the US, especially by maintaining permanent contact with all the parties, by working behind the scenes during negotiations (especially those on Hebron in January 1997), and by setting out proposals (such as the "code of conduct" in April 1997), Moratinos enhanced Europe's political standing and has afforded it a more prominent profile in the peace process.4

Hamas' bloody attacks on the heart of Israeli cities in Winter 1996 revealed MEPP's capacity to be under assault from Palestinian Islamist groups who refused the "Oslo capitulation," and brought the security issue to the fore. In April 1997, the EU adopted a joint action – which is an operational action undertaken under the auspices of the CFSP – in order to support the PA's capacity to counter terrorism with equipment and training. The one flaw it faced parallel with other programs managed by the CIA: only two Israelis were victims of terrorism in 1999, the lowest toll since 1967. But its effectiveness was contingent on the absence of large scale hostilities between Palestinians and Israelis, and was, thus, destined to degenerate after September 2000.

Another approach taken by the EU was the Euro-Mediterranean Partnership, also known as the Barcelona Process, launched in November 1995. This initiative linked the then-15 EU members to the 12 countries on the southern side of the Mediterranean – plus Libya. While it followed earlier trade agreements negotiated by the EEC with these states in the 1970s, the EMP is far more ambitious since it takes a global approach encompassing political, economic and cultural dimensions. Still, the second pillar, which seeks to establish a free trade area in the Mediterranean, is at the core of the EMP Building an economically integrated zone is expected to foster development in the south and thus promote stability. It would thus, also, reduce the migratory pressure and potential threats (terrorism, drug-trafficking) to Europe.

Clearly, the EMP which includes Israel and five Arab countries which have no diplomatic relations with the Jewish state, would not have been possible without the Oslo process. The EMP is thus complementary to the MEPP, as made plain when Europe publicly showed support for the peace process when it signed association agreements with Israel (November 1995) and with the Palestinian Authority (February 1997). This has not meant, of course, that the partnership is insulated from politics. We can see this in the fact that ratification of the agreement with Israel was delayed in 1997 after Barak's election, because the Belgian and the French Parliaments made their approval dependent on substantive progress on the MEPP. Moreover, Israel continuously impeded implementation of the Palestinian interim agreement, claiming that the West Bank and Gaza Strip were part of a customs union with Israel and, thus, that the PA could not negotiate separately. Lying beneath the Israeli opposition to direct commercial links between Europe and the Palestinians was its desire to control the Palestinian economy.

An important step in improving its institutional capacity to act took place in 1997, when the EU signed the Amsterdam treaty. The treaty enhanced the capacity for analysis with the creation of a Policy Planning and Early Warning Unit within the General Secretariat; the decision-making mechanism was simplified with the broadening of qualified majority voting; and the formulation and implementation of a common foreign and security policy was eased by the appointment of a High Representative of the EU. Since November 1999, former NATO Secretary General Javier Solana has held this position. The appointment of a "Mr. CSFP" constitutes an indisputable improvement, giving visibility and continuity to European diplomacy, both of which were lacking when the EU was represented by the Foreign Minister of the country holding the six-month presidency. The enhanced presence of Europe on the international stage was evident in the participation of Javier Solana at the Sharm el-Sheikh summit (October 2000) where Israelis and Palestinians tried, to no avail, to find a way out of the crisis.6 He was also a member of the fact-finding "Mitchell" committee dealing with the confrontations between Israel and the Palestinians,7 and he has repeatedly visited the Middle East in an effort to quell the crisis. While still lacking the capacity to act as a state, I contend that the EU now has the means for setting out and acting upon a common policy towards the Middle East. What is at times lacking, however, in some member states is the clear political will for doing so.

Three flaws in the assumptions underlying the MEPP

Since its inception the MEPP has been grounded on several misleading, if not false, assumptions. The first is based on the virtual absence of incrementalism, an approach at the heart of the Oslo process. It was thought that successive partial agreements (like the interim agreement in September 1995) would foster confidence between the parties and make it easier to conclude a per
manent status accord. This approach has proven false. Seven years of negotiations did lead to some achievements (among them, for the Palestinians, constitution of the PA with a limited territorial basis, and, for the Israelis, the improvement of their country’s relations with the Arab world); but they also fuelled persistent suspicions: the Palestinians denounced the development of settlements as predetermining the outcome of the talks, and the Israelis charged the PA with being lax in the fight against terrorist groups. Hence, because incrementalism was exhausted, the attempt to negotiate a comprehensive deal at Camp David was perfectly legitimate. The failure of Camp David should not allow us to go back to the interim logic and be content with small scale progress. This is the position of Ariel Sharon who plans to unilaterally evacuate the Gaza Strip independently of any disengagement in the West Bank. I am convinced that any such policy which separates the fate of both territories has to be resisted. New partial moves can only be a recipe for continuing squabbling and will only nurture animosity. Even if a comprehensive agreement that will bring an end to the conflict may be beyond reach today, working toward it should remain the chief objective. The EU should maintain its support for a comprehensive settlement (even if gradually implemented) and use all opportunities to promote a fair territorial partition which is in the interest of both Palestinians and Israelis.

The second assumption is based on the idea that the United States alone should be entrusted with the task of active mediation between Israel and the Palestinians. As the superpower, only the US – so goes the argument – has the capacity and the credibility to act as the sponsor of an Arab-Israeli deal. Other third parties should just guarantee concluded agreements and help to implement them. Simply put, the EU’s role has been limited to such “support diplomacy.” The collapse of the Camp David summit, however, demonstrated that even if fully willing, the US is not able to conclude a comprehensive agreement because of its contradictory roles. On the one hand, it tries to be an even-handed honest broker between the two contesting parties; on the other, the US has a well-established strategic partnership with Israel while its relationship with the PLO is recent and weak.

These special relations with Israel are both an asset and a liability: It is an asset because the US has Israel’s confidence: only America is in a position to expect territorial compromises. It is a liability because its proximity makes it appear biased to the other side: the Palestinians at Camp David often felt they were negotiating with an Israeli-American delegation. President Clinton’s proposals being set out on the basis of Israeli “bottom lines,” concerns and needs. As the strategic link with Israel is here to stay, the only way to dispel Palestinian fears of American bias is to introduce another “third party” perceived to be more sensitive to the Palestinian position. Europe is the natural candidate for this role, and it needs to be understood as complementary and not hostile to that of the US in the framework of renewed transatlantic cooperation.

The third assumption was that the “new Middle East”—to use Shimon Peres’ formula—would be built primarily on economics, which matters more than politics in the age of globalization. From this functionalist but ultimately naïve perspective, it was supposed that economic development would ineluctably lead to internal political liberalization and regional pacification. Unfortunately, not only can economics not be divorced from politics, political agreement is in fact a prerequisite for economic cooperation. This is the “conceptual flaw” in the Euro-Mediterranean Partnership. As has been expected, the Arab-Israeli conflict quickly “polluted” the Euro-Mediterranean Partnership.

The EMP could function as long as the MPP was proceeding. The problems at the Malta ministerial conference (April 1997) largely resulted from the stalemate of the peace process after Benjamin Netanyahu’s election. At the Marseille meeting (November 2000), convened in the shadow of the al-Aqsa Intifada, things were even worse. Not surprisingly the conference was boycotted by Syria and Lebanon, and the adoption of a Charter for peace and stability had to be postponed. Of course these difficulties do not preclude the signing of partnership agreements between the EU and individual southern Mediterranean countries but this is done on a strictly bilateral basis. We are very far away from the building of a real Mediterranean free-trade area and will not be able to do so without a political settlement in the Middle East. Thus, despite the soundness of its internal logic, for the Barcelona process to succeed will require deeper European involvement in the political management of the Arab-Israeli conflict.

What European role?

Europe needs to promote its positions more assertively, but without illusion: it cannot be a “normal” power given that it is based on inter-governmental cooperation, with any action requiring a consensus among now 25 countries. There are two specific and fundamental issues on which the EU has developed a clear, detailed position. The first, terrorism, concerns the Palestinians and has two dimensions. First is the political use of violence by Palestinian para-military groups. This has been severely condemned by the EU which has put Islamic Jihad, Hamas and the al-Aqsa Martyrs’ Brigades on its list of terrorist organizations. This entails measures such as the freezing of funds and the prohibition of entry visas.

Beyond that, the EU has also begun a process of reassessment of its relations with the Palestinian Authority. Europe has heavily subsidized the PA, understanding that the Palestinians need their own public institutions in order to realize their right to self-determination. Nevertheless, the aid is conditional on politically accountable behavior. The EU must pay careful attention to the potential misuse of these funds: allegations that European funds were diverted to finance terrorism have been frequently made by Israeli authorities. To this day, they have been proven inconclusive. An external investigation led by the independent European Anti-Fraud Office (OLAF) has concluded that there is no evidence that the budget assistance to the PA was used to finance illegal activities, including the financing of terrorism. Nevertheless, the EU should go further, insisting on more effective and accountable governance from the PA, which is highly dysfunctional.

The second issue is that of institutions and procedures. As a power committed to the rule of law, Europe should not tolerate such laxity in a quasi-State it backs financially. In the absence of genuine internal reform—which is also supported by Palestinian public opin-
within the occupied territories constitute only a small fraction of overall Euro-Israeli trade, their symbolic importance is great, which explains why Israel has used various dilatory tactics to thwart the implementation of the “rules of origin.”

What else can be done? More and more people in Europe are advocating economic sanctions against Israel in order that that country comply with international legality. On April 10, 2002, the European Parliament adopted a resolution calling on the Commission and Council to suspend the EU-Israel Euro-Mediterranean Association Agreement. The EP pointed out that the agreement, which reinforces the free trade area between the parties, strengthens scientific and technological cooperation and establishes a regular political dialogue, provides for either party taking appropriate measures (going as far as to suspend the agreement) if it considers that the other party has failed to fulfill its obligations. Moreover, these measures can be applied unilaterally in cases of special urgency relating to the violation of human rights and democratic principles. Since these rights are not respected by Israel, the EP stated, the agreement should be suspended.

I find this logic incomplete on theoretical, economic and political grounds. On the first point, while some human rights are clearly violated by Israel in the West Bank and the Gaza Strip, since the outbreak of the al-Aqsa Intifada, the condition should not be applied only to Israel. The Arab countries involved in the EMP also have dubious records in human rights. Giving high saliency to this issue could only lead to the collapse of the whole Barcelona process and explains the EU’s reluctance to contemplate such an action.

Second, economic sanctions would mean self-inflicted punishment. Indeed, the EU has a large bilateral trade surplus with Israel: while EU imports from Israel are at 9,568 million euros, EU exports to Israel totaled 14,449 million euros in 2001. If the EU restricted Israeli exports (27.2 per cent of all its exports go to Europe), Israel would surely retaliate and limit imports from Europe (43.3 per cent of Israeli imports come from the EU). The whole exercise would be counter-productive.

The third perspective is a political one: it is both feasible and advisable to use trade sanctions? Politically such a move would require a consensus among the Twenty-Five, an objective currently clearly out of reach, Germany and the Netherlands being adamantly opposed to such pressure on Israel. What’s more, even if we assume that this opposition could be overcome, it would be detrimental to the EU’s political credibility to use economic sanctions. Indeed by using economic leverage on Israel, the EU would ipso facto lose its status of legitimate interlocutor. One could argue that Europe has little to lose as its political influence on Israel is already severely curtailed – unlike the United States. While there is truth to this, it is also true that entering into a showdown with Israel would discredit Europe at a time when the old continent is already suspect due to the upsurge of anti-Semitism on its soil.

What else can Europe do? It needs to be more active in three areas: framing the negotiations, peace-keeping, peace-making) has been explicitly included in the Amsterdam treaty under the trade pact with Israel. Though the goods originating from Jewish settlements...
the parties is baseless, not only because there are no negotiations today but because when these difficult questions will be tackled a known EU position will be a positive element.

As in the Balkans, Europe can play a constructive role in the Middle East. It should not pretend to be the equal of the US as a global power, but it can play a complementary role which could, in the long run, prove beneficial to both Palestinians and Israelis.

Notes
2 The same can be said of the four Middle East and North Africa summits aimed at involving the business community in the strengthening of regional trade. For details on the working groups, see Joel Peters: *Pathways to Peace: The Multilateral Arab-Israeli Talks*, London, The Royal Institute of International Affairs, 1996.
3 Figures taken from the EU’s External Relations GD: http://www.dlwbg.cec.eu.int/en/partner-ship/02/aid.htm
6 This late ratification did not however preclude the implementation of the trade arrangements which were already into force through an interim agreement. On the other hand it hindered the starting of the political dialogue between Israel and the EU.
8 The summit was attended as well by Bill Clinton, Hosni Mubarak, King Abdullah II of Jordan, Kofi Annan, and, of course, Ehud Barak and Yasser Arafat.
9 Although the committee was formed under US auspices, it included Suleyman Demirel, former President of Turkey, Thorbjørn Jagland, Norwegian minister of Foreign Affairs, and Javier Solana along with George Mitchell, a former US Senator, and Warren Rudman, another senator.
11 This is because “it ignores the existing unresolved conflicts and speaks only of establishing generic mechanisms for conflict resolution in a setting which has yet to be created.” Rosemary Hollis: “Barcelona’s First Pillar: An Appropriate Concept for Security Relations?” in Sven Behrendt & Christian-Peter Hanelt (eds): *op. cit.*, p. 117.