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A House Divided: EU Policy on the Israeli–Palestinian Conflict

Traditionally, the EU has had a supportive function in the Israeli–Palestinian peace process. While the US has taken the diplomatic lead, the EU, like other donor countries such as Norway, has taken on the economic responsibility for constructing Palestinian state-like institutions and has offered diplomatic backing to the two-state solution. This division of labour has had two premises at its core: first, that a two-state solution is viable; and second, that Israel, the Palestinian Authority and the US all want a two-state solution. Today, these premises are no longer present. This policy brief calls these foundations into question in light of the current situation, raising important questions regarding a future EU policy.

Brief Points

- The EU’s longstanding consensus regarding the parameters of a two-state solution is increasingly challenged by some member states.
- The EU’s reaction to US President Trump’s so-called ‘peace plan’ exposes internal divisions that further complicate its policymaking towards the region.
- While the EU’s toolbox of foreign policy instruments would allow it to put pressure on both the Israeli government and the Palestinian Authority, it is unlikely that these instruments will be used.

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Introduction

Over the last years, the two-state solution to the Israeli–Palestinian conflict has become a near-impossible scenario. On the Palestinian side, the physical and political divisions between the Gaza Strip and the West Bank, manifested in the Fatah– Hamas rivalry, are real obstacles to the idea of one unified Palestinian entity. On the Israeli side, the combination of settlement expansions, infrastructure construction on the occupied West Bank, and the increasing monopoly of control over Jerusalem mean that what is left for a Palestinian state is a series of non-contiguous territories.

Currently, the Jewish settler population in the occupied West Bank is around 650,000 and is rapidly increasing.¹ This makes the establishment of an independent Palestinian state in this area hard to envision, and reveals that there is an Israeli policy to make such a possibility less viable. The ongoing Israeli debate about annexing Area C in general, approximately 60% of the West Bank, and the Jordan Valley in particular, brings to the fore how detrimental ongoing Israeli policy is to the viability of a Palestinian state. This has become more relevant with the establishment of the new Israeli government coalition whose platform states that the process towards annexation can start on 1 July 2020. The same can be said about proposals to construct in the infamous E1 block, which lies between East Jerusalem and the Ma’ale Adumim settlement block, as this would effectively divide the occupied West Bank in two.

Support for the two-state solution is also lacking among the three chief actors in the process. While the Palestinians are deeply divided, the main official policy of the Palestinian Authority remains to work for the two-state solution. For the US and Israel, though, the situation is completely different. President Donald Trump’s so-called ‘peace plan’, which was endorsed by Israeli Prime Minister Benjamin Netanyahu in January 2020, threw a wrench into the two-state solution. The plan supported Israeli annexation of all the settlements, Israeli retention of Jerusalem in its expanded entirety, and the Israeli desire to annex the Jordan Valley. This new US position ensured the cementation of the complete breakdown in US–Palestinian dialogue. This means that there is no ongoing peace process, and there is US support for a ‘Greater Israel’

policy (as illustrated in the map). Under these conditions the creation of a viable Palestinian state is impossible.

In light of these overarching political developments, this policy brief addresses the EU reaction to this policy crisis. This brief is based on our previous research and on ten interviews and informal conversations conducted in person or via Skype in late 2019 and early 2020. The interviews were all semi-structured and anonymized. Interviews have been conducted with diplomats, policymakers and representatives of think-tanks from Ireland, Finland, Austria, Poland, Italy and the (pre-Brexit) UK, as well as with officials from both the European External Action Service and the European Commission.

A House Divided

Current developments are unfolding in a complex matrix of bilateral relationships between the EU and other partners – in particular, Israel, Palestine, and the US. For more than sixty years, the relationship between Israel and Europe has exhibited ‘conflicting patterns of cooperation and conflict’.² This ambiguous relationship between uneasy neighbours³ was closely related to major international events, such as the establishment of the first European Communities in the 1950s and the Six Day War in 1967. On the one hand, the cultural and historical ties between the European Community and Israel and the high levels of economic and scientific development enable deep cooperation and bring mutual benefits. On the other, the sensitive geopolitics of the Israeli–Palestinian conflict creates recurring waves of tension that affect EU–Israel relations. This, in turn, impacts the EU’s capacity to play an effective diplomatic role in the resolution of the conflict.⁴

Since the Venice Declaration of 1980, the support for a two-state solution has been the cornerstone of the EU policy towards the conflict. The Venice Declaration states that the Palestinian people ‘must be placed in a position, by an appropriate process defined within the framework of the comprehensive peace settlement, to exercise fully its right to self-determination’.⁵ Among the member states, while there have always been different alignments (more pro-Israeli, more pro-Palestinian, equidistant), this has always happened within the parameters of support for a two-state solution. Yet, in recent

times this overarching longstanding agreement has been eroding within the EU, creating an additional layer of difficulty for EU policymaking in this area.

The internal EU division is most clearly represented by the outliers. On the more pro-Palestinian end of the political spectrum, Sweden stands out, while on the more pro-Israeli end of the spectrum Hungary is the clearest example. Sweden’s position is exemplified through its recognition of the State of Palestine in 2014, whilst the Hungarian policy is exemplified by support for President Trump’s recognition of Jerusalem as Israel’s capital. Hungary also repeatedly votes against resolutions in the UN that criticize Israel. While both of these states are policy outliers, the function of their respective policies affects EU policy in very different ways. Sweden pushes for a more Israeli-critical and Palestinian-supportive policy, but it does so within the confines of the EU consensus. Hungary, however, repeatedly vetoes EU statements and policy suggestions, making it hard to move ahead with a concerted policy.

While these two outlying states are the clearest examples of the internal divisions within the EU, there are also further disparities in particular policy areas. While Hungary on its own is the chief pro-Israeli outlier, the country is part of the Visegrád Four (V4), a cultural and political alliance between the Czech Republic, Slovakia, Hungary and Poland established in 1991. The four countries joined the EU in the 2004 enlargement and important political alignments still take place among them. In the case of the EU’s policy and diplomatic action towards Israel and Palestine, the V4 is the block closest to the position of the Netanyahu government. On issues such as the labelling of settlement products (the differentiation policy), recognizing Jerusalem as Israel’s capital and the Trump peace plan, the V4 have to varying degrees been more aligned with the Israeli and US governments than with the traditional EU position. Several informants pointed out that this is a situation Israel takes advantage of, negotiating with the governments of these states in order to impact the EU’s common policy. While this has been a normal practice carried out by many actors for a long time, today it produces results: by engaging with individual states rather than the EU as a whole, Israel is now able to effectively undermine the EU consensus.

On the pro-Palestinian side, policy suggestions emanating from other member states show that Sweden is not alone. Luxembourg has proposed that multiple countries should recognize the State of Palestine, but unlike Sweden it is unwilling to do so alone. In Ireland, a law is being pushed that if passed would make it illegal to buy products originating from the Israeli settlements in occupied Palestinian territory.

The heavy movers within the EU system, primarily France and Germany, have a more centrist position with regard to the Israeli–Palestinian conflict, and most member states are unwilling to support policy beyond what these major states are willing to push for. The internal EU divisions over Israel–Palestine also take place in an EU context where internal crises are becoming more common. Brexit, the Greek debt crisis and the refugee crisis have put strains on the EU, as will the COVID-19 pandemic. These crises weaken the economy and limit the amount of attention the EU can place on external affairs. In sum, the EU remains a status quo power, with states like the V4 grouping, and Hungary in particular, acting as breaks.



Figure 1: The Trump peace plan. Wikimedia Commons / Public domain

Why Internal Divisions Matter

The internal divisions are crucial because the EU's foreign policy is still largely consensus-driven, particularly when it comes to diplomatic issues. While important aspects of the bilateral EU-Israel and EU-Palestine relations fall under the competence of the European Commission, which conducts its actions in pursuit of the interests of the Union as a whole (and not the ones of the member states), the main pillars of the diplomatic and foreign policy of the EU are defined by the member states in different institutional settings. These policies take place under the coordination of the EU's High Representative of the Union for Foreign Affairs and Security Policy Josep Borrell. The High Representative conducts the EU's Common Foreign and Security Policy (CFSP), presides over the Foreign Affairs Council – which gathers the different foreign ministers of the 27 member states – and is also Vice-President of the European Commission. In his work, the High Representative is assisted by the European External Action Service (EEAS), the EU's diplomatic service.

A good illustration of the intricacies of the EU's foreign policy machinery is the reaction to Trump's peace plan. The 4 February 2020 statement from EU High Representative Josep Borrell highlighted the EU support for a negotiated two-state solution, which necessitates a viable Palestinian state. Borrell then went on to note: 'The US initiative, as presented on 28 January, departs from these internationally agreed parameters. [...] We are especially concerned by statements on the prospect of annexation of the Jordan Valley and other parts of the West Bank. In line with international law and relevant UN Security Council resolutions, the EU does not recognise Israel's sovereignty over the territories occupied since 1967. Steps towards annexation, if implemented, could not pass unchallenged.'⁶

While the content of Borrell's statement was firmly in line with the classic EU consensus position, it was opposed by several member states, most notably Hungary. This meant that Hungary effectively prevented an official EU policy statement: Borrell's statement represented his office and not the EU as a whole.⁷

The divisions over the Borrell statement were in fact mentioned by informants as an indication that the Israeli–Palestinian conflict was

becoming an arena for expressing EU fault lines. Informants disagreed over whether Borrell's decision to make the statement despite internal opposition was sound.

EU Policy Options

Josep Borrell made no concrete suggestions as to what he meant when he said that 'steps towards annexation, if implemented, could not pass unchallenged'. The EU, as many informants highlighted, has a large toolset, but the problem is deciding on using it. The EU has several policy options, including the following:

Regarding Palestine

- **Palestinian statehood:** Recognize a Palestinian state, with a territorial clause explicitly referencing the June 1967 lines, and provide diplomatic support to make it viable.
- **Conditionality:** Apply stricter conditions on funding to the Palestinian Authority, making it dependent on the organization of regular free elections and the verification of other democratic benchmarks.
- **Aid diplomacy:** Increase aid to Palestinian projects in Area C despite Israeli pressure.

Regarding Israel

- **Increased differentiation:** Enhance the existing differentiation policy that separates between Israeli social and economic life within the 1967 borders and the one that takes place in the settlements. This can be a phased policy starting with stricter labelling rules and moving all the way to banning imports on all products and companies that have been involved with Israeli settlements.⁸
- **Compensation claims:** React to Israeli demolitions of EU-funded Palestinian buildings by demanding compensation.
- **International jurisdictions:** Support International Criminal Court jurisdiction in the Occupied Palestinian territories.
- **Suspension of the Association Agreement:** Temporarily suspend the EU-Israel Association Agreement based on the violation of its Article 2, which states that relations between

the parties, as well as all the provisions of the Agreement itself, shall be based on respect for human rights and democratic principles. This guides their internal and international policy and constitutes an essential element of the Agreement.

While the EU has this rather extensive toolset at its disposal, it is encumbered in ways that limit its ability to utilize it. In addition to being a house divided and facing developments on the ground contrary to its position, the EU possesses certain qualities that make it difficult to enact more drastic policy.

First, despite some exceptions the EU is generally risk averse and is reluctant to enact policy unless it sees a clear benefit and a low cost of doing so. Second, the EU can be compared to a supertanker (an image used by several informants), in that it is exceedingly slow to change course due to the complexity of its structure. Third, while Israel-Palestine has long been of symbolic importance to the EU, at least since the 1980 Venice Declaration, it is a field that is far down the list of priorities. For now, the EU seems content to fund the Palestinian Authority and voice its concerns against all steps that encumber the two-state solution – without consequences attached.

The Israeli–Palestinian conflict has characteristics that highlight these inherent qualities. For one, the conflict is so deadlocked and politically contentious that it is high risk. Second, since the EU policy towards the conflict is so deeply intertwined with international structures such as the Middle East Quartet, the Ad Hoc Liaison Committee and existing UN Security Council resolutions, it is hard for the EU to move towards policies that push beyond and outside those structures. Finally, the EU has long prioritized stability in its neighbourhood over contentious measures that would nevertheless make

its position towards the conflict fall in line with its declared foreign policy values. For all these reasons, and to use the formulation of Raffaella del Sarto, the EU is ‘stuck in the logic of Oslo’, envisaging a path to the two-state solution that is currently completely disconnected from the reality on the ground.⁹ So, while several informants recognized that the two-state solution was in dire straits, there was no indication of any willingness to even consider the possibility of a one-state solution.

While several of the informants highlighted the fact that EU policymakers are in a thought process where a variety of possible policy reactions to the current situation are being considered, the sum of impressions from this research is that the EU will not change its policy in any significant way. The EU will continue to fund the Palestinian Authority at current levels despite its gross undemocratic records, and bilateral relations with Israel will remain unchanged despite the continued Israeli occupation. While individual countries might recognize the State of Palestine or implement clearer differentiation policies, there is nothing indicating that the EU as an entity will do any such thing. ■

Notes

1. Numbers vary, but according to B’Tselem, the number of settlers was 622,670 at the end of 2018. See: www.btselem.org/settlements/statistics. Peace Now has 427,800 for the West Bank and 220,036 for East Jerusalem at the end of 2018, totaling 647,836. See: peacenow.org.il/en/settlements-watch/settlements-data/population.
2. Martins, Bruno Oliveira (2015) ‘EU-Israel Relations: Expanding the Research Agenda’, in Jørgensen, Knud Erik; Åsne Aarstad; Edith Drieskens; Katie Laatikainen & Ben Tonra, eds, *The SAGE Handbook of European Foreign Policy*. London: SAGE.
3. Pardo, Sharon and Joel Peters (2010) *Uneasy Neighbors: Israel and the European Union*. Plymouth: Lexington Books.
4. Martins, Bruno Oliveira (2016) ‘Interpreting EU–Israel relations: a contextual analysis of the EU’s Special Privileged Partnership proposal’, *Cambridge Review of International Affairs* 29(1): 151–170.
5. Venice Declaration (1980), 13 June. Available at: eeas.europa.eu/archives/docs/mepp/docs/venice_declaration_1980_en.pdf.
6. Statement by the High Representative/Vice-President Josep Borrell on the US initiative. Available at: eeas.europa.eu/headquarters/headquarters-homepage/73960/mepp-statement-high-representativevice-president-josep-borrell-us-initiative_en.
7. Oppenheim, Beth (2020) ‘The EU’s response to Trump’s peace plan has been pitiful – it is time for the bloc to speak up’, *The Independent*, 10 February. Available at: www.independent.co.uk/voices/trump-israel-palestine-peace-plan-kushner-eu-josep-borrell-a9326676.html.
8. Importantly, differentiation is not Boycott, Divestment, Sanctions (BDS). Differentiation targets only the settlement associated economy and does not target Israel per se, whilst BDS targets Israel as a whole. While BDS is a possible policy, this is so far off the EU radar that we have not considered it an option in this brief.
9. Del Sarto, Raffaella A. (2019) ‘Stuck in the Logic of Oslo: Europe and the Israeli-Palestinian Conflict’, *The Middle East Journal* 73(3): 376–396.

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