The Israeli European Policy Network

**Renewing the Middle East:
Climate Changes in Security and Energy and the New
Challenges for EU-Israel Relations**

IEPN
Israeli European Policy Network

Renewing the Middle East:
Climate Changes in Security and
Energy and the New Challenges
for EU-Israel Relations

Edited by
Roby Nathanson
Stephan Stetter

Tel-Aviv-Brussels, November 2008

Table of Contents

Part III – Diplomatic Developments

Preface

In 2008 as in previous years, the Middle East has been marked by intense political dynamics, but as in the past, these are scarcely pointing in the direction of a solution of the conflicts that stamp their imprint on the region. A new element is Iran's regional leadership claim, pursued on a massive level. This country's nuclear program is of very great concern, not only to Israel, but also to the other countries in the region which perceive it as a threat. In the meanwhile, the Iranian president takes advantage of practically every opportunity to publicly call for the destruction of the State of Israel – most recently in September of this year at the United Nations General Assembly. So far, the European Union and other international players have not managed to make Iran commit itself to peaceful use of its nuclear program. Hence the need to find new political bases, such as more robust involvement of the region's countries in this process.

In the Israeli-Palestinian peace process, intensive negotiations have taken place in the wake of the Annapolis Conference held in November 2007. However, there is basically no chance of achieving the comprehensive peace solution hoped for by the end of 2008. When it comes to fundamental questions such as the future of Jerusalem, the Israeli settlements and the territorial question, as well as the security area, it has still not proven possible to achieve a breakthrough. Another major stumbling block is Hamas, which in June 2007 overcame Fatah by force of arms and now exercises absolute power in the Gaza Strip. The upshot is that the Palestinian side is deeply divided in its relationship with Israel, because unlike Fatah, Hamas' leaders reject out of hand any negotiations and a compromise with Israel.

In Syria, there are signs of a positive development. President Assad is striving to overcome his country's international isolation. During the summit for the establishment of the Union for the Mediterranean, which took place in Paris in July 2008, and also in the framework of a meeting with the French president, the Turkish prime minister, and the Emir of

Qatar which took place in Damascus in September, the Syrian president declared that his country was prepared to enter peace negotiations with Israel. Unofficial negotiations, mediated by Turkey, have been taking place between the two countries since spring 2008.

At the time of writing, there is absolutely no indication about the political leadership that Israel will bring to tackle these challenges. Whereas in the past Israeli government representatives often asserted that there was no real partner for negotiations on the Palestinian side, now they are themselves the target of the selfsame charge. Prime Minister Olmert, for months politically weakened by accusations of embezzlement and corruption, resigned from his office on September 21. Whether Tsipi Livni, his successor as head of Kadima, will be able to form a new government is uncertain. If she fails to do so, there will be early elections in the spring of 2009. If until then Israel has a government which is weak because it lacks sufficient political legitimacy, this will impact negatively on the Israel-Palestinian peace process and on its ties with its Arab neighbours.

Relations between the EU and Israel are grounded in solid bedrock, although they are not always free of stresses and strains. They are based on a dense and diverse network of ties in the areas of politics, the economy, trade, research, and culture. The background to these ties includes Israel's participation in the European Neighbourhood Policy (ENP), which began in 2003, the Action Plan (AP) endorsed in 2005, and the Union for the Mediterranean launched this summer. A joint statement issued in June 2008 made it clear to both sides that the AP, which extends to 2009, is being successfully implemented and that bilateral ties are continuing to grow stronger. However, this does not mean that EU membership for Israel or greater involvement in the EU decision-making process is on the cards. There are no indications whatsoever of this in the statement.

Concerning the Middle East peace process, in the past the EU was primarily viewed and accepted by Israel as a partner when it came to providing the economic and financial resources required for putting the peace process into practice. Since the Lebanon War in the summer of 2006, a decisive change has taken place here. For the first time, the EU

has played an active and manifestly visible role in Middle East crisis management itself in the form of its significant involvement in the Lebanon peacekeeping mission of the UN (UNIFIL), undertaking the border mission in Rafah (EU BAM Rafah), and also carrying out a police mission in the Palestinian Territories (EUPOL COPPS). A prerequisite for this was the creation of a European security and defence policy (ESDP) agreed by the EU member countries in the Amsterdam Treaty. Since then, the EU has successfully built up its own military and police forces for international crisis management.

In the present book, experts from the Israeli-European Policy Network (IEPN) discuss "Soft and Hard Security Issues in EU-Israeli Relations." Starting with a broadly defined security concept, they analyse energy and climate issues, the ESDP missions in the region, cooperation in armaments question and combating terrorism, and the newly founded Union for the Mediterranean, as well as the EU's promotion of democracy in the Palestinian Territories.

The IEPN was founded in 2003 at the initiative of the Friedrich Ebert Stiftung Israel office. Its members are academics and experts from Israel and the EU, who in an open and creative dialogue develop new and innovative ideas about EU-Israeli relations, and jointly discuss them in order subsequently to provide political decision-makers with concrete policy recommendations, and also stimulate the public debate on this subject area. The ability to include a broad spectrum of points of view and positions in the discussion and analysis is one of the IEPN's major strengths.

The IEPN's working structure is based on joint teams of Israeli and European senior researchers, who are organized in subject-oriented working groups and broader circles. In Europe, the Circle Israel brings together experts and decision makers from the EU and its member countries active in the study of issues pertaining to Israel; its parallel in Israel, the Circle Europe, provides a forum for meetings between Israeli experts and decision-makers involved in European issues. These twin anchors encourage flexibility, framed by regularly scheduled meetings held in the EU and Israel, as well as attention to concrete issues. This structure distinguishes the IEPN from other think tanks on both sides.

For the Friedrich Ebert Stiftung (FES), as a German and European organization, there is a very central concern of promoting and strengthening the dialogue between Israel and the EU on all levels. With its network of offices in Israel and Brussels, in other European capitals, as well as a series of neighbouring countries of the EU and Israel, the FES is in a position of being able to make a very unique political and operational contribution to IEPN's work.

On behalf of the FES, I would like to thank the authors of this book for their outstanding work and their staunch commitment. This commitment involved not only the production of the analyses, but also the frank and productive discussions among themselves, as well as with partners who took part in IEPN meetings in Brussels, Washington, Madrid and Tel Aviv. I would in particular like to thank the IEPN coordinators: on the Israeli side, Dr. Roby Nathanson and Dr. Shlomo Shpiro, and on the European side Prof. Stephan Stetter and Christoph Moosbauer. Their contribution, on both the content and organizational levels, played an extremely vital role in the appearance of this book.

Ralf Hexel
Representative of FES in Israel

Herzliya, November 2008

Introduction

Roby Nathanson & Stephan Stetter

The year 2008, like the years before it, has seen the further upgrade and development of relations between Israel and the European Union (EU). In the past years, and especially since the inclusion of Israel in the European Neighbourhood Policy (ENP) in 2003 and the initiation of the Action Plan (AP) between Israel and the EU in 2004, EU-Israeli ties have become ever closer. The AP, as a substantive and comprehensive framework for relations between Israel and the EU, facilitated the strengthening of Israel's economic, political, societal and security bonds with the EU. The AP was lauded by both entities as a success, greatly advancing Israel's ties with EU. However, the AP was scheduled to end in December 2007; it was extended until April 2009, and it is clear that further instruments must now be formulated in order to continue the advance in EU-Israel relations.

Previous IEPN volumes monitored the implementation of the AP and its consequences (*The Monitor of the EU-Israel Action Plan*, June 2006) and examined EU-Israel relations in light of the Second Lebanon War and the shifting political constellations in Palestine after the political successes of Hamas since early 2006 (*The Middle East Under Fire?*, May 2007). The latter volume demonstrated the increased role of the EU in the region and the positive effects of this involvement. Following the Second Lebanon War, European states have invested great efforts in peacekeeping missions in Lebanon as well as border missions in Palestine. These missions are still ongoing, demonstrating the EU's commitment to stability in the region. This new IEPN volume returns to issues of security, referring to the term in its wider sense, from the military aspects through energy and environment issues to the fostering of democratic culture and human security.

This broad view is called for as EU-Israel relations must contend with new and diverse challenges, global and regional. Experts acknowledge

that the world is at the brink of an energy crisis, which may create energy shortages and resulting geopolitical instability. This crisis, already evident through high petroleum and food prices, poses issues of environmental and energy security globally and in the Middle East as well.

Challenges are forthcoming in "hard" security issues as well. Although Israel has not been a side to a full-scale war in the past year and the Lebanese border is now calm, conflicts are still raging on several fronts, and these have great significance to Israeli-EU relations. The most important geo-political development in the region in the past year was Hamas' takeover of the Gaza Strip on June 2007. This move was the culmination of some months of fighting between Hamas and Fatah in Gaza, and it resulted in the de-facto control of Hamas over some 1.4 million people. As Hamas is considered a terrorist organization by both Israel and the EU, almost all connections with the Gaza Strip have been severed. This situation is a significant challenge to the attempts, by the EU and others, to advance the Israeli-Palestinian Peace Process.

On another front, Iran is continuing to press forward with its nuclear development program, accompanied by fierce rhetoric towards Israel. The attempts of the EU and other international actors have so far not persuaded it to change course, and Israel has also exacerbated its rhetoric in response. These developments have brought to bear yet again that in order to cope with the region's challenges the bilateral approach inherent in the AP must be combined with multilateral instruments which will allow more direct regional dialogue.

Other developments also took place in the past year, which have direct importance for Israel-EU relations. Foremost among them is the inauguration of the Union for the Mediterranean, a new policy initiative launched under the French Presidency in the Paris Summit of July 2008. The initiative calls for a union among all Mediterranean states, in a move which attempts to re-establish the multilateral course of the Barcelona Process. However, the EU is clearly determined to persist with the route of the AP as well, as demonstrated in its much-publicized declaration of June 2008 proclaiming an upgrade in bilateral Israel-EU relations.

This volume, accordingly, is composed of three parts: Part I discusses environmental and energy issues and their implications for EU-Israel relations, Part II relates to the military and cultural aspects of these relations, and Part III assesses the future trajectory of relations as according to the developments of the past year.

Opening Part I, **Gonzalo Escribano** surveys energy security in both Israel and the EU, and points to their common interests in securing energy supply by widening and diversifying energy corridors. However, action on this front will require wide regional cooperation, and in the short run, bilateral cooperation between Israel and the EU may be more attainable. **Eli Goldstein** addresses the current situation and the future trends of the efforts to combat climate change in both Europe and Israel. The chapter argues that in order to curb the rise in carbon emissions and mitigate climate change, energy policy should be based on four essential elements: renewable energy deployment, carbon pricing, innovation and technology policy, and demand side management and energy efficiency. **Noam Segal** analyses the potential of new energy technologies for overcoming the energy crisis, and the contribution that these technologies may have to the development of Israel's labor market. He then goes on to demonstrate the possibilities for enhancing cooperation between Israel and the EU in the energy market, and the advantages to be incurred for both Israel and the EU.

Part II turns to changes in the role of the EU in the region concerning military and cultural aspects. The two first chapters examine the increased involvement of the EU in peacekeeping and security missions in the Middle East. **Eva Gross** surveys the role of the European Security and Defence Policy (ESDP) and its missions in the Middle East, EU BAM Rafah and EUPOL COPPS (Coordination Office for Palestinian Police Support). These missions attest to the EU's broader role in the Middle East, but they also demonstrate the problems that such involvement may encounter. Focusing on UNIFIL and EU BAM Rafah, **Shlomo Shpiro** contrasts the two missions in order to understand the limitations and prospects of European security forces in the region. His analysis demonstrates the usefulness of multinational peacekeeping in the Middle East when applied to specific security problems over which there is a wide international consensus.

Following are two chapters concerning direct security cooperation between Israel and the EU. **Thomas Teichler** surveys the state of armaments cooperation, and assesses it at two levels: bilateral trade and cooperation between Israel and European countries, and the relation of Israel with the EU as a whole. The chapter underlines the importance of the latter aspect and its potential to further Israeli and European collaborative ventures. Another aspect of security collaboration of great interest to both Israel and the EU is counter-terrorism, the subject of Limor Nobel's chapter. Both entities have various intelligence, homeland security and law enforcement agencies dealing with counter terrorism. Cooperation between Israel and the EU is characterized by cooperation on a national level with EU member states, as opposed to the EU as a whole, and can be enhanced by deepening cooperation on the operational level and improving information exchange.

Finally, the last two chapters of this section examine the EU's role in promoting cultural change in the Middle East. **Isabel Schäfer** appraises the impact of European programmes in the Middle East, such as the Euro-Mediterranean Partnership (EMP) and the European Neighbourhood Policy (ENP), on the shaping of values and identities in the region. The chapter argues that although the EU's role as a "transformative power" in the region is growing, it still has only a limited impact on Israel's role in the region. Closing this section is **Daniela Huber**'s contribution, assessing EU attempts to promote democracy in the Palestinian Territories. Following a theoretically-informed analysis of the prospects of EU policies in this field, it finds that while the EU is generally on the right track, it could do more in the areas of media freedom, party development, and the capacity building of the Palestinian parliament.

Part III surveys new developments and initiatives relating to the future thrust of EU-Israel relations. The first two chapters examine the new Union for the Mediterranean initiative. **Stephan Stetter** discusses the origins of the new policy proposal and the outcomes of the Paris Summit of July 2008 at which the Union was formally launched. Concerning EU-Israel relations, the initiative demonstrates the re-emergence of the general idea of multilateralism in EU-Mediterranean relations, allowing, however, for a greater balance as well as flexibility between bilateralism and multilateralism compared to previous policy initiatives. **Nellie Munin**

focuses on the potential of the initiative for Israel, describes the obstacles that it must overcome and pinpoints possible solutions. These are, essentially, a bottom up attitude instead of a top-down one; equality of the participants in the decision-making process; and a focus on specific business projects. In the last chapter of the section and the book, **Roby Nathanson** and **Moshe Blidstein** examine the statement of the EU from June 2008 concerning an "upgrade in relations." The main import of this statement is an affirmation of the AP's success and the EU's interest in maintaining and advancing the bilateral course of relations with Israel along the lines of the Action Plan.

Like its predecessors, this volume could not have reached our readers without the efforts of several individuals who worked behind the scenes. Our sincerest gratitude goes to **Michal Weiss** who, as the Administrative coordinator of the Macro Center, has continued to work selflessly on this project. **Hagar Tzameret-Kertcher**, the Macro Center's Director of Research, is to be commended once more for her intellectual contributions to the research. Our appreciation is wholeheartedly extended to each of our contributors for the astuteness of their research and recommendations. Finally we wish to thank our partners in the framework of IEPN, foremost **Ralf Hexel** – Representative of the Friedrich-Ebert-Stiftung in Israel and **Micky Drill**, Project Manager at the Friedrich Ebert Stiftung office in Israel. Moreover a special thanks to our partner coordinators of IEPN **Shlomo Shpiro**, Deputy Head of the Political Studies Department at Bar-Ilan University and **Christoph Moosbauer**, Coordinator, IEPN Europe.
A special thanks must be extended to **Moshe Blidstein** for his outstanding contribution in editing this book.

Executive Summary

This volume discusses various aspects of EU-Israel relations in light of the changing security situation in the Middle East and global occurrences. In order to provide a broad perspective on these changes, the book relates to three areas on which Israel-EU relations have a significant effect: Environmental and energy issues, military affairs and security, and cultural and diplomatic affairs.

Opening the section on environment and energy security, **Gonzalo Escribano** analyses the energy security situation of both Israel and the EU and their common energy security interests.

The perception of energy supply security for a country is composed of a number of factors: the dependence on external energy sources, the connectivity of the country's energy network to other countries' networks, and vulnerability – to what degree energy shortages would affect the country. Israel is highly dependent on other countries for energy imports, is almost completely unconnected to other networks, and is quite vulnerable as a result of its energy-intensive economy. The EU is also highly dependent and vulnerable, although it has greater connectivity. The main solution to these problems is diversification of energy sources, achieved through alternative energy development and the creation of wider corridors for the transportation of fuels. More concretely, both the EU and Israel have a common interest in the construction of additional pipelines as an alternative to the Russian-controlled East-West energy corridor, as well as in the widening of the Persian Gulf-Eastern Mediterranean corridor. Progress on this front requires regional cooperation, which is difficult to attain. However, if a regional approach is to be followed by the EU (perhaps as an intermediate objective), Israel could be interested in considering its inclusion in a potential PanEuroMediterranean energy region modelled after EU regulations and policies.

Bilateral energy security cooperation between Israel and the EU is, as of now, quite limited, and the Action Plan includes promoting energy

cooperation among its priorities. Although less important in the long run, bilateral cooperation on issues such as regulatory convergence, efficiency and renewable energy seem to be more workable in the short run than regional cooperation.

Beyond the limitations and constraints of the present fossil-fuel supply, fossil fuels also have a significant part in exacerbating climate change. **Eli Goldstein** addresses the current situation and the future trends of the efforts to combat climate change in both Europe and Israel.

The European Union is at the forefront of international efforts to combat climate change, and is applying a wide variety of policy tools in order to create incentives for mitigating action in the member states level. Since 1990, the EU has been engaged in an ambitious plan to become world leader in renewable energy. The EU's renewable energy market has an annual turnover of €15 billion (half the world market), employs some 300,000 people, and is a major exporter. In Israel, a governmental decision called for deployment of renewable energy plants so that by 2016 at least 5% of energy consumption should be produced by renewable sources. However, the decision has not been abided by, and it is now expected that the country will not achieve those targets.

In order to curb the rise in carbon emissions and mitigate climate change, energy policy should be based on four essential elements: renewable energy deployment, carbon pricing, innovation and technology policy, and demand side management and energy efficiency.

Noam Segal's chapter examines the developing global energy crisis and its effect on Israel, and then proceeds to consider the potential of the renewable energy and energy efficiency industries (the "green collar" sector) for invigorating the Israeli labor market.

Global fossil fuels resources are being exhausted at an ever-growing rate, while demand is not abating. Israeli demand for energy is accelerating even faster, and blackouts are forecast in the coming summers. In order to alleviate the expected shortage in energy resources, Israel must invest in two main courses: energy efficiency improvement and the development and commercialization of alternative energy technologies. Energy efficiency

18

improvement entails "green" planning when building new structures and the efficiency upgrade of existing buildings using new technology and management techniques. Alternative energy development requires both the development of new technologies and their application in products which can be commercialized. Both these courses provide an opportunity for Israel to rejuvenate its labor market and create thousands of new jobs in a growing export-oriented sector, and at the same time to solve its energy supply problems and contribute to the struggle against climate change.

The "green collar" industry has already proven its worth in Europe. In Germany alone, more than 150,000 workers are employed in the industry, and research demonstrates that investment in this sector can create many more jobs than in the fossil fuels industry. Moreover, the green collar sector is a vertical industry, creating work for a great variety of professions, in which Israel has relative advantages over competitors from developing countries. However, more significant government investment is needed in order to advance these industries, and as of now this has not been forthcoming.

The second section deals with the expanding direct security involvement of the EU in the region, and with cooperation on security issues between Israel and the EU. It then turns to questions of the EU's impact on the region through other means, such as democracy promotion and cultural exchanges.

Shlomo Shpiro examines European security endeavors in the region, focusing on two multinational peacekeeping operations: the large UNIFIL force in place in southern Lebanon since the 2006 war, and the EU BAM observers' mission in the Rafah border between Gaza and Egypt. The two missions are completely different in their goals, mandate, and scope. The de-facto goal of UNIFIL, largely composed of European forces, is to prevent Hezbollah rocket attacks on Israel and Israeli occupation of southern Lebanon. Although the Israeli-Lebanese border has, in fact, remained quiet in the past two years, UNIFIL has limited security value: it does not prevent Hezbollah from re-arming and controlling the area, and its relations with Israel are highly problematic. The goal of EU BAM was much more modest: to keep the Rafah border open, with minimal movement of suspected terrorists. While its operation was suspended in

June 2007 following Hamas' takeover of Gaza, the mission succeeded in maintaining the border open for some 18 months. Furthermore, it established excellent working relations with the Egyptians, the Palestinians and the Israelis, and diffused numerous problems which could have escalated into crises.

Why are the two missions' outcomes so different? Although in terms of military capabilities, size and budget, UNIFIL is much stronger than EU BAM, the latter benefited from the stability and cooperation of the partners on both sides. The experience of these missions demonstrates the advantages for multinational forces of verification work over enforcement, which is much more risky. All in all, the expansion of UNIFIL and the effective but short-lived activities of EU BAM demonstrated the usefulness of multinational peacekeeping in the Middle East when applied to specific security problems over which there is a wide international consensus.

In a chapter on ESDP and Israel, **Eva Gross** describes the implications of the European Security and Defence Policy (ESDP) for relations between the EU and Israel and for the EU's broader role in the Middle East more generally. The creation of ESDP has allowed the EU to become a security actor in its own right, adding to its political weight in various areas. This development was also evident in the Middle East with the participation of European forces in several missions, two of them of under ESDP: EU BAM Rafah and EUPOL COPPS (Coordination Office for Palestinian Police Support), which trains and the supports the Palestinian police force. Although both these missions are small in size, not fully operational, suffer from lack of financial and/or infrastructure support and are heavily impacted by political conditions outside mission control, they still have significant political impact. The ESDP missions attest to the EU's growing ambitions in the region as well as to an emerging qualitative shift in this engagement, especially in light of the neglect of the Peace Process on part of the US. As of now, Israel does not yet perceive the EU as a military actor in the region, but it is seen as a neutral external actor in the Middle East in addition to the US. Furthermore, Israel is interested in ESDP as an area which may enhance Israel-EU cooperation, for example in lending military expertise in counter terrorism.

In order to make ESDP – and by extension, the EU – a more credible player in the Middle East and Israel in particular, the EU must provide sufficient personnel and resources to the individual missions; it must align its political and ESDP activities to achieve greater impact between instruments; and it must find ways to engage with Israel in order to take over greater political but also security functions in the Middle East.

In his chapter, **Thomas A. Teichler** assesses armament cooperation between Israel and the EU in the present and its future potential. The most successful avenue for armaments cooperation so far has been with Germany, in which there is intense operation of Israeli firms. Through this relationship with Germany and jointly with German companies, Israeli firms have opportunities for cooperation with the security industry in other EU countries. In other EU countries, such as France, Britain, and Romania, Israeli exports are less significant and they are usually limited to certain niche areas.

The emphasis on bilateral relationships in armaments cooperation is a well-advised strategy given the relative size of budgets and the structure of decision-making in these matters on the EU level. However, armaments cooperation in the EU has a political role as one of the means to establish the European Union as a political entity on the international scene. Therefore, although Israel should aspire to attain a higher level of cooperation with the EU, as long as it is not an EU member its possibilities will always remain limited. In its present status, Israel can attempt to enhance cooperation with the EU by a number of steps: Israel's participation in the defence and security research conferences of the Agency and the Commission respectively, membership in the Aerospace and Defence Industries Association of Europe, and active informing by the EU of cooperation opportunities in new security research areas.

Moving from arms to their bearers, **Limor Nobel** explores the present and future of Israel-EU cooperation on counter terrorism. One of the goals of the Action Plan of 2004 was to "encourage cooperation on non-proliferation of weapons of mass destruction and the fight against terrorism." According to a 2008 report of the European Commission,

bilateral cooperation on counter terrorism has indeed progressed, with regular contacts among specialists from both sides, visits of European officials in Israel and vice versa, and mutual participation in security exhibitions.

However, while there are several EU agencies and institutions responsible for different aspects of counter terrorism, operational and tactical responsibilities in combating terrorism, which are the levels where an increase in intelligence sharing is most required, have remained in the national domain. Moreover, European states still focus on the internal dimension of counter terrorism, and therefore most of the cooperation is on the national level, outside of the EU framework.

Enhancement of EU-Israel counter terrorism cooperation requires the deepening of cooperation and information exchange on the operational level between Israeli and European intelligence, homeland security and law enforcement agencies.

Although the EU's involvement in the region is more visible in its peacekeeping and observer missions, it attempts to create a long-term impact through the funding of cultural and social projects. **Isabel Schäfer** discusses the role of the EU as a "transformative power" in the Middle East, contributing to the transformation of values in the region, mostly through two frameworks – the EMP (Euro-Mediterranean Partnership) and the ENP (European Neighbourhood Policy). Using these frameworks, the EU endeavors to bring democracy and liberal values to the countries which lack them.

Israel, as a democratic country, is somewhat different in this regard. Here, the EU is trying to effect two processes. The first is the "Middle Easternization" of Israel, that is, bringing Israel closer to its regional milieu through Euro-Arab-Israeli cooperation schemes in fields such as such as civil society promotion, democratization, cultural and scientific cooperation. The second is the "Europeanization" of Israel, by cooperation with Israel on myriad issues detailed in the AP and deepening the integration of Israel with the EU, and also by at attempt to change Israeli views on issues such as respect of international law. While the latter project is progressing, albeit slowly, the success of the regional

dimension of the EU's policy is much more limited, and actually the situation in this respect could be said to be backtracking. The chapter concludes with several recommendations: reinvestment in improved ENP and EMP instruments, fostering of the "Europeanization" of the identity of the state of Israel by cooperation with the EU without ignoring the regional dimension, supporting political and public debate in Israel and reinvestment in civil society projects involving Israelis and Palestinians.

Daniel Huber's chapter analyses EU democracy promotion in the Palestinian Territories, and tries to gauge its chances of success in fostering democracy.

Democracy promotion is one of the EU foremost objectives in its activities and funding in the Palestinian Territories. However, prior research has shown that in order to achieve increased peace and stability and to prevent warfare, democratization must not be half-hearted, as an incomplete democratic transition may weaken the existing structures and lead to a higher risk of war. The situation in the Palestinian Territories is especially dangerous, as the Palestinian territories represent a stateless entity under occupation that faces obstacles through Israeli security constrains, as well as international pressures. In practice, Palestinian institutions' commitment to democracy is patchy, especially regarding the Parliament, the Judiciary and media freedom.

Although the EU has funded a large number of projects in order to strengthen democracy, it has not done enough. European support of democratization has been partial, as it shied away from controversial issues such as development of Palestinian parties which could be real alternatives to the existing elites and the strengthening of the Palestinian Parliament. Investment in these areas, together with enhanced support of Palestinian media, research institutes and think tanks, is essential for creating a more substantial transition to democracy.

The new challenges in the region call for new institutional frameworks to accommodate them. The major development of the past year in this field is the Union for the Mediterranean, formally launched at the Paris Summit of July 2008. **Stephan Stetter**, opening Part III, accompanies

this initiative from its inception to its adoption at the Paris Summit, analyzing its implications for EU-Mediterranean and EU-Israel relations.

The first part of the chapter discusses the origin of this policy proposal in the presidential campaign of Nicolas Sarkozy and how EU-internal discussion have over time led to a change of some of the basic ideas in the original Sarkozy proposal. The second part of the chapter then looks at the outcomes of the Paris Summit of July 2008 at which the Union was formally launched. The third part of the chapter then discusses the implications of this policy initiative for both Euro-Mediterranean relations as well as EU-Israeli relations. The main argument of the chapter is that Union for the Mediterranean has the potential to add a positive multilateral dimension to EU-Israeli relations without sacrificing the advances made between both sides since the inception of the European Neighbourhood Policy in general and the Action Plan in specific. The Union for the Mediterranean leads to the re-emergence of the general idea of multilateralism in EU-Mediterranean relations, however, allowing for a greater balance as well as flexibility between bilateralism and multilateralism compared to previous policy initiatives. Yet, given the history of only partly successful policy initiatives by the EU in the region, the actual success of the Union for the Mediterranean is far from guaranteed.

The chapter concludes with several policy recommendations. These include the expansion of the UfM's beyond the government-elite focus which characterized it so far, to issues of political, economical and cultural reform in the Arab countries; concerning Israel, it should examine its possibilities for participation in some of the projects of the initiative, especially in solar energy development, research cooperation and civil protection. In addition, Israel and EU policy makers should exploit the initiative's endorsement of variable geometry to firmly integrate Israel in the UfM setting.

On the same subject, **Nellie Munin** gives a different perspective on the Union for the Mediterranean, assessing its advantages and the obstacles it must overcome in order to become viable and create added value over prior frameworks such as the Barcelona Process and the ENP.

The chapter pinpoints directions which the initiative may utilize in order to advance beyond the accomplishments of previous processes: identifying specific projects for collaboration in the micro level, which should be defined according to a technocratic, business-oriented approach, as opposed to the former structures which were basically politically oriented; and allowing full participation for all the parties involved in the future council instead of dictates from the European side.

However, the initiative must still overcome significant impediments, such as Israel's isolation and the political situation in the region, and the economic inequality between Israel and its neighbours. Furthermore, there are still many open questions that the initiative's designers left unanswered: where will the council convene? What will be the decision-making mechanism of the council? How will the financing burden be divided between the different participants in the Union? The answers to these questions will determine to what extent Israel may benefit from the initiative.

Closing the last section, **Roby Nathanson** and **Moshe Blidstein** survey the statement issued by the EU and Israel on June 2008, which declared the upgrading of relations between the two entities.

The timing of this statement is of some importance, as it comes towards the end of the Action Plan and concurrently with the declaration of the UfM initiative. As such, the statement can provide indications for the future of Israel EU relations, and an understanding of its contours – for example, if the bilateral or the regional track is to be emphasized. An analysis of the statement leads to the conclusion that the EU is greatly interested in maintaining the course of the AP and in developing further the issues which have already shown promise – such as Israel's participation in the Framework Programs and enhanced trade agreements.

The June Statement does not contain any significant qualitative change in Israel's status vis-à-vis the EU, such as according it a standing similar to Norway or Switzerland. A significant upgrade of this kind is not to be expected in the near future, both for reasons internal to the EU and because of Israel's characteristics. The EU understands the importance of bilateral relations with Israel, even while attempts to return to the regional

track with the Union for the Mediterranean are also taking place. Israel should embrace the bilateral course as well, as the differences – economic, social, cultural and political – between it and its neighbours bar it from benefiting significantly from a regional move such as the UfM.

To conclude, this volume collects the work of experts who have explored various dimensions of the current situation of EU-Israel relations, with each chapter illuminating another aspect of changing Middle East. It therefore provides a broad perspective on the key strategic issues for Israel and the EU. As a direct sequel to the previous volumes, this book offers conclusions and constructive recommendations for promoting EU-Israel relations.

Part I

Environment and Energy

Energy Security and Prospects for EU-Israel Co-operation[1]

Gonzalo Escribano

Abstract

Energy security has re-emerged as one of the drivers of European energy policy and even of the EU's external policy. For Israel, energy security has always been the main objective of energy policy and it is probably the most affected country by energy geopolitics in recent history. The EU is also being affected by the Arab-Israeli conflict, insofar as it prevents a consistent development of the natural energy corridor that runs from the Persian Gulf to the Mediterranean through Israel. On the other side, the EU and Israel also share concerns on Russian petro-politics. Israel-EU energy security cooperation also has non geopolitical dimensions such as energy regulation convergence and the promotion of renewable energy. From a geo-economic perspective, Israel could be interested in considering its inclusion in a potential PanEuroMediterranean energy region modelled after EU regulations and policies, including energy security measures like coordination of strategic stocks, solidarity measures and common infrastructures.

Introduction

During the last years, energy security has re-emerged as a leading driver in European energy policy. To be clear, by European energy policy we mean the interaction of Member States' own energy policies and the European Commission body of energy related regulations and policies. In spite of the weak mandate the European Commission has on some energy domains, and the lack of a well-defined European energy model, the Commission discourse has to some extent succeed in setting the

---

European energy policy agenda. EU energy policy objectives consist of securing energy supplies, assuring economic efficiency and achieving environmental sustainability. The increasing emphasis on the energy security dimension is supported by a move towards setting a European external energy policy (European Commission 2007).

This is hardly surprising to Israel, for whom energy security has always been the main objective of energy policy, and which is probably the most affected country by energy geopolitics in recent history. The Arab-Israeli conflict was the catalyser of the 1973 energy crisis, and Israel has had to conduct impressive and very costly efforts in order to assure its energy supply without relying on some of the world's main hydrocarbon producers that happen to be its neighbours. At the same time, Israel has also made use of the energy weapon against the Palestinian Authority. European countries, however, are also affected by the conflict, insofar as it prevents the full development of the natural energy corridor that runs from the Persian Gulf to the Eastern Mediterranean. This potential corridor links Gulf hydrocarbon reserves with European energy consumption markets and it is, without a doubt, the most relevant energy corridor to the EU in the long run. This is so because the highest oil production/reserves ratios are found in the Persian Gulf, and since natural gas diversification away from Russia and North Africa will increasingly rely on Gulf LNG providers.

The chapter will first briefly present the energy security situation in Israel as compared to EU Member States figures. The second section is devoted to the analysis of EU and Israel energy policies, both from the regulatory and geo-economic perspective. The final section argues that there is room for increasing the scope of co-operation between the EU and Israel in the field of energy security, and that it should be included in a comprehensive manner in the bilateral agenda. Co-operation opportunities are straightforward in the fields of energy regulation convergence (including energy efficiency provisions) and renewable energy (including a more intensive use of the Clean Development Mechanism). Concerning the geo-economic dimension, regional co-operation seems more complicated to implement, even if it should not be abandoned as a long run objective. But other measures

conducive to greater resilience of the Israeli energy sector in face of external shocks could be developed at the EU-Israel bilateral level, like the coordination of strategic stocks, solidarity measures, common infrastructures and access to networks.

Energy security

The economic analysis of energy security, understood as the security of energy supply, is a complex matter. The very economic meaning of supply security for a commodity is debatable. The market reflects the scarcity of a good through rising prices. Supply security depends on the consumer's ability to pay high prices in order to acquire the desired quantity of a particular commodity. Therefore, the concept of energy security includes a price element, meaning supply security is achieved when price increases or its economic impact are minimised. Economic insecurity is therefore a result of rising prices and the impact of price volatility on consumer country economies. Most of the economic literature is devoted to the impact of price volatility and monetary policy responses.

But supply insecurity also includes a physical component unrelated to prices and implicit in any interruption to supply, temporary or permanent, partial or total. From the economic point of view it is easy to fall into the temptation of seeing physical insecurity as a factor behind price fluctuations, but the real impact on energy security is of a different nature. Supply interruptions not only entail economic and social costs, which may pose a direct threat to the viability of a country's economic model, but also to security, both foreign and domestic. Recent conflicts offer countless examples of the strategic importance of energy supplies (Yergin 2006).

One way of incorporating a strategic element into the economic analysis of energy security is to consider it an externality: its social benefit is greater than the private benefit, justifying state intervention aimed at ensuring maximum energy security. The market may be unable to sufficiently evaluate the unlikely events that might lead to supply interruption (accidents, natural disasters, political motivated interruptions, terrorism...) and this failure should be considered in order to minimise its

social cost. Maintaining security reserves or excess capacity at facilities incurs high capital costs that companies would not necessarily face in a competitive environment. Regulation regarding stocks levels, maximum percentages for imports or security standards internalise some of these external costs. Once internalised, companies pass these costs onto consumers by lifting end prices.

Part of these external costs may be internalised with some precision, such as those linked to accidents (increasing security standards and compensation payments, for example). But geopolitical insecurity and its social costs are very difficult to objectify. In the final analysis, external costs of a geopolitical nature depend on the perception of insecurity of the parties involved. Supply security therefore encompasses two different concepts: a certain quantity of hydrocarbons supplied at a price considered compatible with maintaining the wellbeing of the population; and the psychological concept of security, which is a sentiment based on perception, and is therefore subjective by nature.

At the same time, the perception of energy security is influenced by context. What usually defines energy security is, first, the state of political relations between consumer and producing countries and, if applicable, transit countries (and also relations between transit countries themselves); and second, the domestic situation of pivotal countries in the international energy system. For example, Eurobarometer data indicates that 87% of European citizens believe it to be very important or quite important that the EU develop specific relations with its neighbours regarding energy (European Commission 2006a).

From a conceptual point of view, the perception of energy security in consumer countries rests on the country's dependence, vulnerability and connectivity.[2] Energy dependence is the most used and discussed concept, although it may be more appropriate to talk of interdependence. Dependence is usually quantified as physical dependence (percentage of net imports out of total primary energy produced or consumed) or economic dependence (value of energy imports). Most forecasts for the EU indicate an increase in both indicators over the forthcoming decades,

---

2.   For a wider discussion on the concept and its application to EU's energy security, see Escribano (2006).

and this trend is perceived as an energy threat.[3] On the other hand, other authors consider dependence to be less relevant for supply security than vulnerability (Alhaji and Williams 2003).

One response to energy dependence has in the past been diversification, but this does not tackle dependence but rather physical vulnerability. Reducing dependence implies cutting energy imports and reaching self-sufficiency, which is not feasible and probably would not even guarantee energy security. Physical vulnerability is usually estimated based on the geographic concentration of supply and the flexibility of Liquefied Natural Gas (LNG) facilities. Economic vulnerability reflects the energy intensity of an economy, which means that price increases or supply interruptions represent asymmetric economic shocks, insofar it has more severe effects on countries with a more energy-intense economic structure.

The other important factor for energy security is connectivity: The more connected an energy system is, the more supply security it provides, as the value of a network depends on its scope and number of connections. First, this provides flexibility and allows the substitution of an interrupted source for an alternative one, reducing the need for costly facilities such as strategic and commercial stocks. Secondly, connectivity "regionalises" the interruption, and with a greater number of countries affected the ability to put pressure on the source of the interruption also increases.

Table 1 compares some energy indicators for selected EU and Mediterranean Partner Countries (MPC's). It shows that Israel is highly dependent on energy imports, even more than European Mediterranean countries like Greece, Spain or Italy. However, during the last few years Israel has managed to reduce both its energy dependence and economic vulnerability, while most EU countries and MPC's have seen both figures increasing. Israel's net imports over Total Primary Energy Supply (TPES) decreased from 98% in 2001 to 93.5% in 2005, and energy imports from 20% of GDP to 14% during the same period. In Spain, for instance, both figures increased from 79% to 86% and 14% to 18%, respectively. This is mainly explained by the reduction of crude imports after the discovery of the Ashkelon natural gas off-shore fields.

---

3.   For a recent summary of the key scenarios, see Costantini et al (2007).

	TPES[*] (Mtoe)	Net Imports	Net/Imports TPES (%) (1)	TPES/ GDP (toe/000 2000$) (2)	TPES/ Population (toe/capita)	Electricity consumption/ Population (kWh/capita)	Economic vulnerability (1)x(2)
Egypt	61.3	-13.35	-21.78	0.51	0.83	1226	–
France	275.97	143.3	51.93	0.19	4.4	7707	9.8
Germany	344.75	214.47	62.21	0.18	4.18	7111	11.2
Greece	30.98	23.13	74.66	0.17	2.79	5242	12.7
Israel	19.5	18.25	93.59	0.15	2.82	6759	14.0
Italy	185.19	159.53	86.14	0.16	3.16	5676	13.8
Jordan	7.09	7.08	99.86	0.62	1.3	1657	61.9
Poland	92.97	16.68	17.94	0.47	2.44	3438	8.4
Spain	145.2	124.68	85.87	0.21	3.35	6147	18.0
Turkey	85.21	61.89	72.63	0.35	1.18	1898	25.4
UK	233.93	32.26	13.79	0.14	3.88	6254	1.9

Table 1: Energy indicators, selected countries 2005. Source: IEA, Key World Energy Statistics 2007.

However, Israel's energy intensity (the energy needed to generate a GDP unit) is quite low. Israel's energy intensity went down by 25% between 2001 and 2005, while the opposite trend is observed for most EU countries. As a result, in 2005 Israel's economic vulnerability to energy crisis was higher than for Poland, France, or Germany, close to that of Italy or Greece, and smaller than that of Spain or Turkey. The relative resilience of the Israeli economy to energy price shocks should not conceal the already mentioned high economic cost of securitising energy policy.

Table 1 also shows the energy picture for significant countries for Israel's energy security, such as Egypt as supplier, Turkey as a transit country, and Jordan as a potential, natural transit country, but also a consumer competing country. All of them present very low indicators for energy consumption per capita, raising the question of whether these producers and transit countries would not press for higher domestic consumption ratios in the future. In the case of Turkey, its consolidation as an energy hub is likely to be increasingly captured by EU markets.

Connectivity varies greatly across the Euro-Mediterranean region, but it is difficult to find a better example of an energy island than Israel. There

---

* TPES: Total Primary Energy Supply.

are no electricity connections with neighbouring countries, and its only link is to the East Mediterranean Gas (EMG) pipeline, terminating in the Israeli port city of Ashkelon. Israel received its first flows of Egyptian gas on May 2008, following a 2005 agreement for the supply of 1.7bn cm/y of Egyptian gas for 20 years (Petroleum Economist, June 2008). This makes Israel (inter)dependant with Egypt; however it is an asymmetric dependency, to the extent that Egypt can export its gas to other markets, and Israel is not a transit, but a final destination country for Egyptian gas. From the EU side, fostering intra-EU interconnections is a top priority of EU's energy policy. Interconnections serve three different objectives: technically, it makes networks more efficient; economically, it allows for increased competition; from an energy security perspective it is the best way to implement solidarity. Intra-European interconnections are limited to core EU countries, while peripheral Member States tend to be more isolated.

For instance, the Iberian Peninsula is linked to France by very low capacity electricity connections, which are usually congested, and by a small gas pipeline. But Spain is linked to the Moroccan electricity network and receives natural gas from Algeria by the Maghreb-Europe pipeline across Morocco, and a second pipeline directly from Algeria is well advanced. Also, being the third LNG world importer after Japan and South Korea (Spain's imports accounts for almost half of EU LNG imports) compensates for the lack of energy infrastructures connecting to the rest of Europe. In the absence of access to energy networks, LNG terminals are a good substitute in providing flexibility and diversifying geographical sources, whose main drawbacks are concerns on security and safety. Israel, like several EU countries, is currently considering the construction of such facilities to increase diversification of natural gas supply.

Energy security policies and strategies

Although energy security may be objectivised through dependence, vulnerability and connectivity, two additional dimensions should be considered. First, supply interruptions are quite often the result of a deficient regulatory system which does not give incentive to generation and transmission investment, exposing EU countries and Israel to

occasional blackouts. Therefore, there is an energy security policy dimension related to the setting of proper regulations, closely related to competition policy. Second, it is the geopolitical context that determines if a particular situation is to be perceived as a threat to energy supply security. This in turns requires the analysis of energy security scenarios and the respective design of alternative strategies and their associated policies.

The achievement of an integrated and liberalised European energy market by means of regulatory convergence to the relevant *acquis communautaire* is the current European Commission mantra for the first dimension. The process is encountering harsh opposition from both EU Member States governments and companies, which want to preserve their control over a strategic sector and the privileges inherited from an essentially closed and oligopolised market, respectively. However, in spite of the difficulties, the integration and liberalization of EU energy markets is progressing and constitutes a powerful scenario in the long run. Both instruments are devoted to the objective of preserving competitiveness. Interestingly, the European Commission seems to have recurred to the energy security argument to promote its liberalization and integration agenda.

Israel has also advanced towards the liberalization of the energy sector, especially when considering that it is coming from a severe competition restricted situation that sometimes has been defended on the grounds of security concerns. Competition is the second listed objective, after security of supply, of the current Israel Energy Master Plan.[4] However, reforms are limited in several areas and market power tends to prevail. In the electricity sector there are competition problems with commercialization, unbundling, transmission, distribution, and so forth, the Israel Electric Co. (IEC) being the only generator and distributor. Netivei Gas Co. (NGC) is the only company in the natural gas sector, where similar deficiencies may be identified. The upstream gas and petroleum sector is controlled by the Petroleum Commission, in charge of regulation and licensing, but there is no National Oil Company (NOC). The downstream petroleum sector was under the monopoly of Oil Refineries Ltd. (ORL) until 2004, when the

---

4.   The three remaining ones being energy efficiency, environment and optimal use of land. A new Master Plan is in progress.

two Haifa refineries were established as two separate companies. By 2007 both were privatised and in general there are few competition problems, with the only exception of logistics, where the government is still very much present with infrastructure ownership.[5]

Energy security policy is defined as minimizing the risk of energy crisis by political means (CIEP 2004: 36). Energy security policies respond to different international energy scenarios, but at the same time these policies influence the long run scenarios themselves. For instance, the emphasis on securing supplies in the short term by bilateral agreements or point-to-point transport infrastructures may hamper the development of an open, interconnected and more facilitating international energy system in the long run. Policies have to be efficient in the short run, but also consistent with long term objectives. In this regard, the fragmentation of the international, or regional, energy system is especially costly for energy islands like Israel and some peripheral EU countries, whose options for diversification are relatively scarce.

Diversification has become almost an obsession to energy policy-makers in order to reduce geo-economic vulnerability. Diversification is promoted at both energy source and geographical levels. Diversification away from petroleum towards coal, natural gas, nuclear or renewable energy varies widely across Euro-Mediterranean countries depending on national resources, technologies and public opinions. The EU's objective of renewable energy supplying 20% of TPES by 2020 is highly ambitious, while Israel's objectives are more modest (2% of electricity by 2007 and 5% for 2016).[6] However, Israel is a world leader in renewable energy technology: it has the highest per capita solar heaters in the world, and is well positioned in both the classical photovoltaic and the more promising thermo-solar technologies.[7]

---

5. For an extensive survey, see Resources and Logistics (2007): Energy Policy and Co-operation Review in the Mediterranean Region. Country Report Israel. The report is available at the DGTREN web page.
6. For instance, according to Eurostat's Euro-Mediterranean Statistics the weight of renewable energy in electricity production in 2005 was 18.4% in Spain, 17.5% in Germany and 12.6% in the Netherlands.
7. For instance, Israel's Solel Solar Systems plans to build a 533 MW facility in the Mojave Desert to be completed by 2011.

Another trend is the shift from fuel and coal to natural gas powered electricity generation plants. The EU as a whole is increasingly dependent on foreign natural gas, due to rising demand and maturing fields in the North Sea. The EU's central scenario indicates that in 2030 close to 90% of the natural gas demand in the EU would be covered by imports (European Commission 2006b). Several events affecting key producer countries during the past few years have reinforced the insecurity perception of EU countries, such as the interruptions of gas supply by Russia to Ukraine that affected several EU countries; the resolution of the Galsi contract between Algerian NOC Sonatrach and Spanish Repsol YPF and Gas Natural; the eventuality of Russia, Algeria and Iran leading a GasPEC; or the longstanding but increasing pressure by Russia to control energy corridors from Central Asia through the Caucasus, that threaten the viability of the Nabucco gas pipeline which would link the EU with the Turkish pipelines coming from the Caspian Sea and Iran avoiding the Russian pipeline network. EU's Member States will increasingly rely on either Russian (Central Europe) or North African (Mediterranean Europe) gas. Accordingly, these two groups of countries have different external energy policy preferences.

Israel is in a more difficult situation. It has natural off-shore gas reserves for some 15 years, and by now its only foreign provider is Egypt. There are serious concerns about the Egyptian capacity to fulfill the ambitious objective of doubling its LNG exports. To date Egypt has not been able to assure enough gas discoveries to justify a further increasing in LNG capacity. Today it has two terminals with three trains, which is a very respectable capacity with the ability to easily absorb the Gaza Marine gas field. This is the second option. Negotiations between Israel and British Gas (BG) to import gas from the offshore Gaza Marine field, in Palestinian Authority waters, ended because the Israeli government argued that it could reinforce Hamas economically. However, it seems that Israel was unwilling to pay the price BG wanted for the gas, even after Olmert's government lobbied the UK government to convince BG to resume negotiations.

The option open to BG is to export Gaza's gas to Egypt, and from there to world markets, profiting from Egyptian LNG terminals. Paradoxically, but quite commonly in energy geopolitics, Israel will probably still

receive BG's Gaza gas physically. If it enters Egypt's pipeline network at El Arish, it would in fact be swapped for the piped exports to Israel, in exchange for the gas that BG would take out of the grid for its Idku LNG plant. Israel has announced that this would contravene its agreement with Egypt, complicating the situation. In 2006, Israel even denied the permit to access Israeli waters to a vessel BG chartered to assess the pipeline route from Gaza Marine to Egypt in order to obstruct Palestinian prospects of exporting gas to Egypt. Most analysts suggest that the economically rational solution will be to export Gaza Marine gas directly to Israel (Petroleum Economist 2006).

Another alternative is to build a pipeline linking the Black and Red seas, overland across Turkey and offshore along the Mediterranean coast, a project that involve transportation of oil, natural gas, electricity, water and fiber optic cables. This will allow Israel to import natural gas from Russia and the Caspian Sea (including Iran). It remains to be seen if such a project remains in the limbo of pipeline diplomacy or if it benefits from would-be complementary initiatives, like the Nabucco pipeline. However, after the Georgia crisis in August 2008, geopolitical uncertainty has risen considerably with regard to direct access to Central Asia natural gas resources, not to speak about Iran. Perhaps the most pragmatic strategy is to move to LNG producers. The Israeli government is considering building a 2.9m t/y LNG receiving terminal to start up by 2014, and has begun talks to import from Qatar (Petroleum Economist 2008).

Oil supply is less prone to be used as a political weapon than natural gas. Oil markets are fungible and more flexible than gas markets. Gas markets are usually based upon long term contracts, and only a small fraction of LNG is traded in spot markets. So, a disruption in production in the Gulf of Mexico affects all Euro-Mediterranean consuming countries in an economically symmetric way, even if only Spain and Israel import significant oil volumes from Mexico (US production remains in the US): oil price rises. Oil security of supply problems arise at the three industry levels. Upstream, at producer's countries' NOC's control reserves. Midstream, with producer, transit countries (and sometimes other countries, like the US) controlling transport corridors and chokepoints to different degrees. Downstream, where refining and distribution depends on industry capacity and regulation. The EU's

geographical oil diversification varies greatly across Member States. Some countries are relatively well diversified, like France or Spain, while others have a significant weight of Russian oil in total imports, like Germany or Poland.

Geographical diversification reaches clear limits in the long run. Under any scenario, every projection points that in the future the Middle East will be called to serve most of the increase in world oil demand, because Russian and Caspian capacities to significantly increase production are limited. So, over the long run, for Europe the Persian Gulf-Eastern Mediterranean energy corridor is the axial one. This corridor was open in the past through Israel by the way of the Trans-Arabian pipeline (Tapline) and the Trans-Israel pipeline (Tipline). The Tapline was intended to export oil from Qaisuimah in Saudi Arabia to Haifa, then under the British Mandate of Palestine, but the establishment of the State of Israel imposed an alternative route ending in the Lebanese Sidon export terminal. In 1976 transport beyond Jordan ended, and the latter line also ceased operation in 1990 following Saudi Arabian concerns on Jordanian support of Iraq in the first Gulf War.

The Tipline, or Eilat-Ashkelon pipeline, was built in 1968 to transport oil from the Shah's Iran to Europe, linking both Red Sea and Mediterranean Israeli ports.[8] In 1979 the pipeline went into disuse, but in 2003 was modified to reverse flows to facilitate Russian and Azerbaijan oil exports to the Far East. So, instead of using the Gulf-Eastern Mediterranean corridor to transport oil from Gulf countries to the EU, it is now being used to export Russian and Central Asia oil to the Far East, via Turkey, serving the Israeli market along the way. This is an unnatural and inefficient result from an economic perspective, but also an inconsistent one when considering that in the long run the Gulf-Eastern Mediterranean corridor will be the most strategic energy corridor for Europe.

With the only exception of oil supplies from Iran (mid-1950s to late 1970s) and Egypt, Israel has had to buy oil from distant producers such as Mexico, Norway and West African countries. However, since the disintegration of the Soviet Union, Israel has obtained most of its oil from Russia and the Caspian countries: Kazakhstan, Turkmenistan, and

---

8.   For details on the Tipline, see Bialer (2007).

Azerbaijan.[9] This implies higher oil costs and a considerable drain on Israeli balance of payments. After Saddam Hussein's fall, Israel wanted to revive the Mosul-Haifa pipeline to import oil from Iraq. Infrastructure Minister Joseph Paritzky estimated that this could reduce Israel's oil bill by 25% (Petroleum Economist 2003: 37).[10] Nowadays, up to 80% of Israel's oil comes from Russia, and the Tipline revival has a lot to do with guaranteeing Russian oil supply to its markets. But as previously explained for natural gas, excessive dependence on Russia is not welcomed in Israel. The controversial Baku-Tblisi-Ceyhan (BTC) pipeline supported by the US emerged as an alternative: it allows Israel to import Azerbaijan's oil with tankers from the Turkish port of Ceyhan.

Both the EU and Israel share the concerns over the Russian strategy of controlling the East-West energy corridor. The EU has included the Caucasus Republics in its Neighbourhood Policy and proposed the Nabucco gas pipeline. Israel lobbied in the US for the BTC and supports Georgia and Azerbaijan in many ways.[11] Russian increasing assertiveness in its 'near abroad' was clearly seen in the recent Georgia crisis. Russian troops were close to the BTC and the South Caucasus pipelines, widening the front of Eurasian energy geo-economics. Passing over Georgia for Armenia is not an option, because in spite of recent rapprochement gestures, relations between Turkey and Armenia remain difficult. Moreover, the Nagorno-Karabaj conflict precludes Armenia and Azerbaijan to agree on pipeline transit. So, the BTC and the Nabucco pipelines are in the interest of both Israel and the EU as an alternative East-West energy corridor. The same applies to the Persian Gulf-Eastern Mediterranean corridor, whose widening will be a fundamental issue in the coming years. In the final analysis, energy security in the Euro-Mediterranean region is a public good that calls for regional co-operation.

---

9. This author could not find detailed statistics on the geographical distribution of Israel's oil imports.
10. However, the Petroleum Economist itself recognises that most observers agree that Iraq has no intentions to export oil through Israel.
11. For a recent analysis of Israel-Azerbaijan energy relations see Murinson (2008).

Energy security co-operation

Energy cooperation between Israel and the EU is quite limited, and energy security is almost absent from bilateral relations. The European Neighbourhood Policy (ENP) Israel Action Plan includes promoting energy cooperation among its priorities, "exploring gradual convergence towards the principles of the EU internal electricity and gas markets, development of energy networks and regional cooperation" (p. 3). Energy is considered as a privileged regional cooperation tool (p. 8), and several actions for cooperation are listed in the energy section (see box below). Some of these actions are related to energy security, but the concept itself is not mentioned explicitly in the document.

Energy Cooperation in the ENP Israel Action Plan

Cooperation on energy policy
- Enhance the dialogue on energy policy in the context of the preparation of an Israeli Energy Master Plan
- Israel's participation in the Intelligent Energy-Europe programme

Further develop competitive markets through working towards the principles of the EU internal electricity and gas markets
- Explore the possibility of legal and regulatory convergence towards the principles of the EU internal electricity and gas markets
- Promote the exchange of experience in pursuit of electricity market reform in Israel
- Identify the scope for providing advice regarding the legal and regulatory framework in the electricity and gas sectors

Progress regarding energy networks
- Assess the scope for connecting Israel to the Trans-European/ Mediterranean electricity, gas and oil networks, including Israel being part of inter-regional studies
- Develop gas transmission and distribution systems
- Exchange of know-how on security and safety of energy networks/infrastructure

Further progress on energy efficiency and the use of renewable energy

- Co-operate in sustaining current efforts to improve energy efficiency and to promote the use of renewable energy sources in pursuit of the target set by Israel, i.e. by 2007 at least 2% and by 2016 at least 5% of electricity to be produced from renewable energy sources
- Identify the scope for further legal harmonization, where appropriate, with EU energy efficiency legislation (minimum efficiency standards; labeling appliances)
- Take steps towards participation in EU activities relating to Energy Efficiency and the use of Renewable Energy

Regional cooperation

- Develop regional cooperation on, inter alia, electricity and gas; energy and renewable energy sources and networks (including Euro-Mediterranean, and cooperation pursuant to relevant agreements, e.g. Israel-EU-P.A)

Bilateral actions related to cooperation in regulatory convergence, efficiency and renewable energy seem to be more workable in the short run than regional cooperation. The idea is that physical integration vectors, like energy networks and infrastructures, may be functional in generating spillovers in other domains. Some of the cases discussed in the previous sections show the limitations of such reasoning in the Middle East. While energy co-operation between Israel and Middle East producers is the long run key to Israel energy security, the Arab-Israeli conflict pervades its potential (Ghabat, 2005 and 2007). Economically rational solutions have to pay the geopolitics toll, and the costs are distributed (unevenly) among all actors.

In the meantime, less sensitive actions may be taken. Regulatory convergence to the EU's energy *acquis* could be helpful in the setting of a more resilient Israeli energy sector. Blackouts are more often caused by insufficient capacity investment than by petro-politics. Energy sector reform proceeds slowly, especially in Israel's electricity sector (EIU

2007), and further liberalizing measures that are mostly in line with EU regulations are envisaged by the Israeli government. These reforms would not only improve Israel's energy security, but also make co-operation with the EU much easier.

Another cooperation domain is renewable energy. In addition to the classical research and development activities, where there seem to exist important complementarities, the Clean Development Mechanism (CDM) offers new cooperation opportunities. Non-Annex 1 ENP countries that have ratified Kyoto are eligible to host CDM projects, but credits from ENP countries, including Israel, are underrepresented.[12] Prospects for Israel, together with Morocco (its main users among ENP countries), are good, but the EU is not profiting from the opportunities (Anderson et al. 2005). The Barcelona Process: Union for the Mediterranean initiative includes cooperation in renewable energy as an important novelty along the previous arguments.

From a geo-economic perspective, cooperation might be difficult to implement, but shared interest regarding access to the East-West energy corridor and the widening (for Europe) or opening (for Israel) of the Persian Gulf-Mediterranean corridor are noteworthy. The EU's preferences seem to point to the creation of a European energy geo-economic space (Mañé 2006); a European community of energy security (Van der Linde 2007) or, in the words of the Commission (2006c), a pan-European energy community. In the long run, a more open and multilateral energy system, including rejecting recourse to energy mercantilism as a political weapon, is in the interest of both Israel and the EU. But if in the meanwhile a regional approach is to be followed by the EU (perhaps as an intermediate objective), Israel could be interested in considering its inclusion in a potential PanEuroMediterranean energy region modelled after EU regulations and policies, where energy security is pursued as a regional good. In the medium to long run this may include

_____

12. The Kyoto Protocol CDM arrangement allows industrial countries with greenhouse gas reduction commitments (Annex 1 countries) to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries. Any approved CDM carbon project has to establish that the planned reductions would not have occurred without the additional incentive provided by emission reductions credits (additionality). For instance, the UK bought credits from Israel in the Hiriya Landfill Project.

common action on instruments like coordination of strategic stocks, design of solidarity measures, common infrastructures and access to networks. In the short run, a comprehensive dialogue on energy security between Israel and the EU, including regular exchanges and twining procedures, could help to identify specific actions and priorities. In any case, it seems clear that energy security calls for a greater strategic inclusion in Israel-EU relations.

References

Alhajji, A. F., and J. L. Williams. 2003. Measures of Petroleum Dependence and Vulnerability in OECD Countries. *Middle East Economic Survey* 46 (16).

Anderson, J., S. Bassi, and V. Aufenanger. 2005. The energy and Climate Change Dimensions of the European Neighbourhood Policy. Discussion Paper, Institute for European Environmental Policy. December.

Bahgat, G. 2007. Israel and the Arab-Israeli Conflict. *Journal of Social, Political & Economic Studies* 32 (3): 305–316.

Bahgat, G. 2005. Energy partnership: Israel and the Persian Gulf. *Energy Policy* 33 (5): 671–677.

Bialer, U. 2007. Fuel Bridge across the Middle East. Israel, Iran, and the Eilat-Ashkelon Oil Pipeline. *Israel Studies* 12 (3): 29–67.

CIEP-Clingendael International Energy Program. 2004. Study on Energy Supply Security and Geopolitics. Final Report, The Hague, p. 36.

Costantini, V., F. Gracceva, A. Markandya, and G. Vicini. 2007. Security of Energy Supply: Comparing Scenarios from a European Perspective. *Energy Policy* 35 (1): 210–226.

EIU-Economist Intelligence Unit (various years): *Country Profile* and *Country Report*. EIU, London.

Escribano, G. 2006. Energy Security: concept, scenarios and implications for Spain and the EU. Real Instituto Elcano de Relaciones Internacionales, Working Paper 33/2006.

European Commission. 2007a. An Energy Policy for Europe. COM 1 final.

European Commission. 2006a. The European Union and its Neighbours. *Special Eurobarometer* n° 259 October 2006.

European Commission. 2006b. *European Energy and Transport: Trends to 2030 – Update 2005*. Luxemburg.

European Commission. 2006c. Energy Green Paper. European Strategy for Sustainable Competitive and Secure Energy. COM 105 final.

Mañé, A. 2006. European Energy Security: Towards the Creation of the Geo-energy Space. *Energy Policy* 34: 3773–3786.

Murinson, A. 2008. Azerbaijan-Turkey-Israel Relations: the Energy Factor. *Middle East Review of International Affairs-MERIA* 12 (3). http://meria.idc.ac.il.

Petroleum Economist. 2006. Selling Palestine's Gas. October, p. 1

Van der Linde, C. 2007. The Art of Managing Energy Security Risks. *EIB Papers* 12 (1): 50–78.

Yergin, D. 2006. Ensuring Energy Security. *Foreign Affairs* 85 (2): 69–82.

Confronting the Climate Change Challenge in Israel and the EU

Eli Goldstein

Abstract

Climate change is one of the greatest environmental (as well as economic) threats facing the planet. Human activities that contribute to climate change include in particular the burning of fossil fuels (oil, natural gas, coal) in power-generating plants. The European Union is at the forefront of international efforts to combat climate change, as a wide variety of policy tools are being applied in order to create incentives for mitigation action in the member states level. In this work, we address the current situation and the future trends of the efforts to combat climate change in both Europe and Israel.

We argue that any policy targeted at reducing emissions should be based on four essential elements: renewable energy deployment, carbon pricing, innovation and technology policy, and demand side management and energy efficiency.

Introduction

Climate change is one of the greatest environmental and economic threats facing the planet. Projected global warming this century is likely to trigger serious consequences for humanity and other life forms, including a rise in sea levels of between 18 and 59 cm, which will endanger coastal areas and small islands, and generate greater frequency and severity of extreme weather events.

Human activities that contribute to climate change include in particular the burning of fossil fuels (oil, natural gas, coal) in power-generating plants, which causes emissions of carbon dioxide (CO_2), the main gas responsible for climate change, as well as emissions of other 'greenhouse'

gases. To bring climate change to a halt, global greenhouse gas emissions must be significantly reduced.

The power-generating industry in the developed world (as well as in many developing countries) has been going through a stage of deregulation and privatization since the early 1990s. It is still uncertain whether these structural changes may eventually result in a lower level of gas emissions, although decreasing pollution levels was mentioned as one of their goals.

The European Union is at the forefront of international efforts to combat climate change. Moreover, a wide variety of policy tools are being applied in order to create incentives for mitigation action in the member states level, such as regulation, taxation, tradable permit schemes, subsidies, and voluntary agreements.

In this chapter, we address the current situation and the future trends of the efforts to combat climate change in both Europe and Israel. In the context of Europe-Israel relationships, we may see that the "California Effect" may hold again, that is, environmental standards for a group of trading countries tend to converge upon those of the country with the highest standards.

The only way in which the rise in carbon emissions could be curbed is if governments, industry and individuals take into account the costs associated with the emissions for which they are responsible. In order to do so, a carbon price is essential. Moreover, a policy to reduce emissions should be based on four essential elements: renewable energy deployment, carbon pricing, innovation and technology policy, and demand side management and energy efficiency.

We proceed as follows. Chapter 1 briefly sums up the motivation for electricity market deregulation and liberalization, and discusses possible impacts of deregulation on the environment. In chapter 2 we discuss the current attitudes in Israel towards the challenges deriving from global climate change. In chapters 3, 4, 5 and 6 we discuss four complementary solutions for the climate change problem, that is, renewable energy, nuclear energy, energy efficiency and a market price for carbon. We also

discuss Israel's policy regarding each of these tools. Chapter 7 then sums up our discussion.

1. Electricity market deregulation and the environment
The case for electricity deregulation

The ubiquitous call for deregulation and liberalization of electricity markets in general came about as a result of issues deriving from the existing regulatory regime. This included flawed structural incentive schemes, which brought about political pressure for deregulation, technological improvements, which decreased economies-of-scale, and successful deregulation in related markets.

Under the regulatory system which existed in the majority of electricity markets in the developed world over most of the period preceding deregulation, power producers had an incentive to over-invest and to inflate their costs, because their revenues were a function of their cost-rate (see: Averch and Johnson 1962; Newbery 2000). However, reimbursing these costs via revenues extracted from rate-payers meant high regulated prices, reflecting low levels of power-industry efficiency. Thus, electricity end-users, especially big industrial and commercial consumers, began using their political influence to bring about deregulation.

Technological improvements and the development of cheap small-scale generating units, especially the combined-cycle-gas-turbine (CCGT), weakened the notion of economies-of-scale, which was the basis for any justification of economic regulation. Indeed, examples of technological improvements that have turned a natural monopoly industry into a competitive market are not rare. Microwave, satellite and other new technologies evoked a similar process in the telecommunication industry.

Since the 1970s, successful attempts at deregulation and restructuring in related markets – once thought to be "natural" monopolies – such as telecommunications, airlines, and railways, actually showed the electricity supply industry's market structure, in some cases, to be an anachronistic island of inefficiency. The message sent was that the correct

electricity market structure (e.g., competitive and deregulated) would achieve the same gains (efficiency, innovation, customer's choice, decreasing prices, and increasing reliability).

Possible impacts of deregulation on the environment

At the most general level, the goals of electricity market deregulation are to achieve (i) market efficiency and competitiveness, (ii) security of energy supply, and (iii) sustainable and environmentally-friendly development. Yet, in practice the relationship between these different goals may be one of conflict. The most important (and unavoidable) trade-off is the one between the first two goals and sustainability. While a competitive electricity market has environmental benefits in the narrow terms of the closure of old and inefficient power-generating plants, we should also remember that lower electricity prices for the consumers mean – all else equal – higher electricity consumption and, thus, generation, which means higher levels of pollutants and emissions. Sustainability requires a 'mark up' on the competitive price, which may come in the form of environmental taxes or tradable pollution permits.

Still, deregulation and competition in energy markets may benefit the environment. Giving the consumer the legal right to choose his electricity and gas provider may result in a "green premium": some of the consumers may freely choose to purchase environmentally friendly energy in spite of the higher price. Moreover, European public procurement Directives encourage public authorities throughout the EU to set environmental conditions when buying products and services. Spending by public bodies in the EU accounts for up to 16% of EU GDP, and thus greening public procurement policies means "competing for the environment" in a deregulated and competitive power market.

2. Israel and climate change

Israel ratified the Climate Change Convention (The Rio de Janeiro Convention) in September 1996 and the Kyoto Protocol in March 2004. Israel is classified as a developing country under the Convention (although its CO_2 emissions are comparable to those of developed

countries). Therefore, the restrictions regarding greenhouse gas emissions do not imply to Israel, nor did Israel voluntarily enforce greenhouse gas restrictions.[13]

Decreasing greenhouse gas emissions in Israel offers some advantages:
- Strategic advantages for Israeli companies with regards to EU and American procurement procedures
- Future ability to participate in the emission permits market when the global permits market is opened (see discussion below regarding the Clean Development Mechanism)
- Double dividend effect, deriving from new taxes on pollution and decreasing existing taxes

The Clean Development Mechanism

Being classified as a 'developing country' under the Climate Change Convention, the only path through which Israel may take part in the emerging emission permits global market is through the Clean Development Mechanism, or CDM. The CDM specifies that developing countries will benefit financially from projects resulting in "certified emission reductions" (CERs). Potential direct revenues for Israel derived from successfully implementing CDM projects are estimated at about €15 million per year, without counting the external benefits which derive from a healthier environment.

In recent years Israel has taken substantial steps towards the use of renewable energy. A 2002 governmental decision called for deployment of renewable energy plants so that by 2007 at least 2% of electricity consumption would be produced by renewable sources (beyond that of domestic solar heating), and by 2016 at least 5% should be produced by renewable sources. Yet, it is now expected that the country will not achieve any of those targets. More specifically, at the time of writing only 0.2% of the electricity generated in Israel is generated using renewable sources. Nevertheless, the research budget of the Israeli Ministry of National Infrastructure has been severely reduced over the last two years. Other bodies reduced their own environmental budgets too. For example,

---

13. Note that under the Climate Change Convention, developed countries are committed to decrease their greenhouse gas emissions to the 1990 levels, while developing countries are not obligated.

Israel Electric Corporation (IEC) stopped investing in designing its electricity transmission and distribution wires in a way that prevents birds from electrocution some three years ago. As a result, more than 400 birds, some of which are in a danger of extinction, were electrified, including falcons, barn owls, white and black storks and eagles. The deterioration is most glaring regarding the hawkish eagle. Only 25 of them survived in Israel until three months ago. Yet, five of them were found dead due to electrocution because of the IEC decision to stop protecting their electricity wires.

3. The case for renewable energy

In the last thirty years, considerable concerns over security of energy supply, environmental issues, competitiveness, regional development and imported oil and gas dependency have troubled Europe's public opinion and policy makers. Those issues gave rise to the case for renewable energy (other ways to handle those problems were also identified and will be addressed later).

Support for renewable energy technology deployment has also been seen as a way to build a competitive industry that will have a significant global market, as alternatives to conventional energy sources are increasingly sought.

EU's policy regarding renewable energy

Since 1990, the EU has been engaged in an ambitious plan to become world leader in renewable energy. The EU's renewable energy market has an annual turnover of €15 billion (half the world market), employs some 300,000 people, and is a major exporter.

For example, the EU has installed wind energy capacity equivalent to 50 coal fired power stations, with costs halved in the past 15 years. Moreover, renewable energy is now starting to compete on price with fossil fuels.

EU renewable energy policy-making culminated in the adoption of two renewable-specific directives. The first (EU 2001) provides a framework for the promotion of electricity from renewable sources,

while the second (EU 2003) addresses the promotion of bio-fuels and other renewable fuels.

European policy and legislation issued to promote renewable energy is based on several mechanisms that, taken together, can foster the comprehension of renewable technologies, the spreading of knowledge about renewable energy and the realization of projects. Among these mechanisms, the most important are the following:

- Economic incentives (e.g., tariffs, quota obligations – i.e. green certificates, tendering/bidding schemes, investments subsidies and fiscal measures)
- Promotion of innovative technology research activity
- Definition of clear and effective planning procedures for renewable plants' siting and licensing

Note that although an effective development of the renewable sector must derive from the combination of all the above-mentioned factors, economic incentives constitute the main force behind renewable energy becoming competitive with respect to fossil-fueled energy.

In 2001 the EU agreed that the share of electricity from renewable sources in EU energy consumption should reach 21% by 2010. In 2003 it agreed that at least 5.75% of all petrol and diesel should be bio-fuels by 2010. A number of countries are showing a rapid increase in renewable energy use through supportive national policy frameworks. Yet, under current trends, the EU will miss both targets. As current renewable targets in the EU are unlikely to be met in most member states, the EU should improve the incentives associated with renewable energy.

Biomass constitutes the main renewable energy source on which European states may rely to fulfill their targets of green energy consumption.

Israel's policy regarding renewable energy
According to national forecasts, Israel must double its power generating capacity from some 10,000 MW to 20,000 MW over the next decade in order to supply the expected requirements of a growing population with a rising GNP per capita. The installed capacity is almost entirely based on imported fossil fuels, mainly coal and crude oil. However, the mix of

energy sources is currently undergoing major changes. New trends will significantly reduce the share of coal and oil, as both Israeli and imported natural gas utilization increase. Switching from oil to natural gas will substantially reduce both the costs and the environmental damage of electricity generation, while enhancing power supply reliability.

There is no tradition of utilizing renewable energy in Israel, contrary to the case in Denmark or Norway for example. And there is no governmental regulation or policy directing the industry towards renewable energy. Even solar energy – the single natural resource that Israel has been blessed with – is not utilized with regards to its potential. Despite the lack of governmental policy or regulation, Israel offers the world promising technologies and innovations in the field of renewable energy (as well as in other fields). The number of firms in the renewable energy solutions field is about 100. As a consequence of zero demand for their products in Israel and lack of encouraging policy, which fails to recognize Israel's relative advantage in this field, only one of those companies – Ormat – is considered a global leader.

Israel has an unused renewable source, which is the Negev Desert's sun. There are plenty of "sun days" in the Negev as well as intensive radiation and unused desert land. In addition, the Negev is close to Israel's energy demand centers and therefore energy transfer costs are relatively low. Yet, Israel's solar energy companies deploy their power plants abroad and not in Israel, due to the Israeli government's failure to support them, as was discussed above. For example, Solel Solar Systems is developing the 553 MW Mojave Solar Park 1 plant, the world's largest solar thermal power plant, in California's Mojave Desert. This plant is expected to produce power at a price competitive with plants powered by fossil fuels.

In water heating for the residential sector, the availability of sunny days along with strong academic research and growing commercial applications led the government to require that all new buildings be equipped with solar collectors for water heating. Household solar collectors, used in about 75% of the households, save about 3% of overall energy consumption in Israel.

54

4. The case for nuclear energy

Nuclear power contributes roughly one-third of the EU's electricity production, representing at present the largest source of carbon free energy in Europe. Yet, it should be noted that nuclear plants raise the problems of nuclear waste and safety. Therefore, nuclear energy remains a controversial area, in which any decision on its development remains the responsibility of the member state.

Currently, many western governments are actively considering the future of nuclear power, and its various multifaceted policy issues. These issues include its good greenhouse gas behaviour, its contribution to the energy security problem, and recent developments in its energy economics and technology. Despite these favorable attributes, nuclear power cannot yet be regarded as sustainable in a formal sense due to questions of nuclear waste, safety, and capital-intensive economics of nuclear reactors (Rothwell and van der Zwann 2003). However, those failings might be overcome as new reactor technologies are deployed, novel (e.g., thorium-based) fuel cycles are developed and financial and regulatory structures improve.

Nevertheless, the greatest challenge to nuclear energy remains its lack of social acceptance. Nuclear energy will not materialize its promises unless it succeeds in persuading public opinion of its safety and the ability to handle its waste properly.

Israel's policy regarding nuclear energy

Israel does not use nuclear energy for generating electricity, although its Minister of National Infrastructures, Ben Eliezer, said on a several occasions that the country should consider producing nuclear energy for civilian proposes in order to reduce its dependence on imported fossil fuels. Yet, it is not expected that Israel might start using electricity generated from nuclear power plants in the future.

5. The case for demand-side measures and energy efficiency in electricity markets

There is an urgent need for investment in energy infrastructure in order to meet expected energy demand and to replace ageing power plants. Under the current conditions, it is expected that in Europe alone, investments of

around one trillion euros will be needed over the next 20 years. Yet, these numbers may be considerably lowered if Europe manages to further increase its energy efficiency.

EU's policy

Energy efficiency has gradually increased in importance in Europe's economic, social and environmental policy in recent years. Starting in March 2000, the Lisbon European Council set the objective of making Europe the most competitive and dynamic knowledge-based economy in the world. To support this aim, the Competitiveness and Innovation Framework Programme of 2005 was launched in order to boost European productivity, innovation, entrepreneurship and growth, while addressing environmental concerns. Energy efficiency is thus an indispensable element of the Lisbon Strategy and of the programmes supporting it.

Practically speaking, Europe is in a process of presenting an operational framework of policies and measures aiming at realizing its energy saving potential. This potential is estimated to be more than 20% of annual primary energy consumption.[14] Note that this figure should be added to what would be achieved by price effects and structural changes in the economy, natural replacement of technology and measures already in place. Partly because of its large share of total consumption, the largest cost-effective savings potential lies in the residential (households) and commercial buildings sector (tertiary sector), where the full potential is now estimated to be around 27% and 30% of energy use, respectively. In residential buildings, retrofitted wall and roof insulation offer the greatest opportunities, while in commercial buildings, improved energy management systems are very important. For Europe's manufacturing industry, the overall potential is estimated to be around 25%, where peripheral equipment such as motors, fans and lighting offer the most important saving potential. For the transport industry, the full savings potential for Europe is estimated to be 26%.

The present EU action plan covers a six year period, from 1.1.2007–31.12.2012. It also falls within the timeframe for the Kyoto Protocol

---

14. A goal of realizing 20% of primary energy consumption by 2020 was set forth in the Commission's Green Paper on Energy Efficiency, "Doing More with Less," COM (2005) 265 final of 22 June 2005.

(2008–2012). The six year cycle will allow a new EU action plan to be adopted during 2012, based on results from the Commission reviews planned for the end of 2011. Note that this action plan comes six years after the first EU action plan for energy efficiency.[15] The policies and measures carried under the first plan have either been implemented or are now in the process of implementation.

The European Parliament sets forth over 100 well defined and ambitious recommendations for improving energy efficiency. Current EU energy efficiency legislation includes for example the ECO-Design Directive, which provides the framework for setting minimum energy performance standards for energy-using products. This relates to setting maximum levels of energy consumption for a given functionality of the product. Products which do not meet the requirements may not be put on the market. Note that the European Commission considers dynamic energy efficiency standards combined with energy performance rating and labeling a powerful tool for market transformation towards energy efficiency, influencing both consumers and equipment producers.

Another important piece of energy efficiency legislation is the Directive on Energy End-Use Efficiency and Energy Services, which provides a good framework for strengthening EU-wide cooperation on energy efficiency in areas where a clear potential for energy savings exists. Other energy efficiency legislation includes the Labeling Directive and its 8 implementing Directives and the Energy Star Regulation.

Energy efficiency improvements in Europe have substantially reduced EU energy intensity during the past 35 years. By 2007, "negajoules," or avoided energy consumption through savings, has become the single most important energy source.

Energy transformation and efficiency
The energy transformation sector uses around one-third of all primary energy in the EU. Losses incurred in the transmission and distribution of electricity, which are often as high as 10% (2% in transmission and 8% in distribution), should be considered to be a serious source for enhancing energy efficiency. For example, smaller and more efficient plants located

---

15. COM (2000) 247 final of 26.4.2000.

near the demand centers should be financially encouraged so that inefficient grids of electricity transmission and distribution be made superfluous.

Public awareness
European policy-makers are aware of the fact that directives and legislation alone will not maximize energy savings. Another important element is raising public awareness of the private as well as regional, national, European and global advantages which derive from the decision to embrace energy efficient behaviour in everyday life.

Therefore, a European campaign called "Sustainable Energy Europe 2005 – 2008" was launched as a European Commission initiative as part of the Intelligent Energy – Europe Programme. It is hoped that this campaign will help to achieve the European Union's energy policy targets within the fields of renewable energy sources, energy efficiency, clean transport and alternative fuels. The campaign is set for a period of four years. The specific objectives of the Campaign are to:
- Raise the awareness of decision-makers at local, regional, national and European level;
- Spread best-practice;
- Ensure a high level of public awareness, understanding and support;
- Stimulate trends towards an increase in private investment in sustainable energy technologies.

Within the Campaign, achievable benchmarks for 2008 are also provided, in order to measure the progress of sustainable energy actions and serve as goals for decision-makers and planners. For example, indicative targets for renewable electricity have been set by the European Union at 22.1% of total electricity production by 2010. Moreover, specific targets for each renewable energy source (e.g., wind, solar, photovoltaic, geothermal, etc.) have been also set.

Israel's policy
Besides providing benefits in terms of environmental improvements, energy efficiency will also reduce Israel's dependency on imported fossil fuels, enhance the competitiveness of its industry in the global market, which increasingly demands cleaner production, increase export

opportunities for new, energy-efficient technologies and will have a positive employment effect. Note that energy efficiency policies do not cause economic disadvantages and do not damage the State's competitiveness or its citizens' quality of life.

On May 14, 2003, the Israeli government decided to embrace a strategic action plan for sustainable development (Decision No. 246). The issue of efficient energy is a crucial element of the plan. Potential energy savings in Israel as a result of embracing energy efficiency policies are estimated at 20% to 30% of Israel's energy consumption. Therefore, those policies supply savings opportunities of about $500 million annually.

Nevertheless, preparation of the long-term action plan for energy efficiency and conservation is still underway.

6. Emission-permits trading

From an economic perspective, the most fundamental single step in climate policy is to establish a price for carbon. CO_2 is, in technical economic language, a global pollutant that is a non-excludable pure public bad. That is, emissions today adversely affect everyone, regardless of their location and the source of emission, and whether or not they are willing to pay to avoid the resulting cost. Unless properly priced, CO_2 will be released in excessive amounts. Carbon pricing ensures that energy consumers pay the full cost of fossil fuels burning. Moreover, it provides a continuous incentive for technological innovation. It has the advantage of complying with the framework for international emissions trading established by the Kyoto Protocol.

Current situation in the EU

On January 1, 2005, the EU Emission Trading Scheme (EU ETS) was officially launched. As a consequence, the world's largest ever market of emissions permits was established, and European companies faced a carbon-constrained reality in form of legally binding emission targets. More specifically, some 11,500 plants across the EU-25 are capped in their CO_2 emissions, covering about 45% of the EU's total CO_2 emissions. These installations include combustion plants, oil refineries, coke ovens, iron and steel plants, and factories making cement, glass,

lime, brick, ceramics, pulp and paper. Yet, the sector whose share is the largest in terms of total emissions covered under the EU ETS is the power generating sector. This sector represents over 50 percent of total CO_2 emissions covered by the scheme. Its emission abatement costs are also thought to be the lowest compared to the other sectors covered – notably through fuel switching from coal to natural gas, and from lignite to coal.

From 2005 until the end of 2007, each country allocates annually at least 95% of its overall allowances to eligible firms, who are then free to trade them within the EU (those eligible firms receive most of the required allowances for free). The resulting market price of an EU Emission Allowance (EUA) for 1 ton of CO_2 is determined by EU-wide demand and supply of EUAs. Understandably, EUAs demand derives from companies who are short of allowances, while EUAs supply derives from companies expected to have more allowances that they need. At the end of each calendar year each industry must deliver EUAs equal in total to its recorded emissions of that year. EUAs can be held until the end of the year, at which point a new scheme starts and the old EUAs become worthless.

During the first phase of EU ETS (2005–2007), more than 2.2 billion allowances of 1 ton each are allocated per year, about 60% of which are allocated to the power sector.

The EU ETS has sparked a vibrant EUAs market, with transactions totaling €14.6 billion in 2006, and created a visible price for CO_2.

The achilles heel of the current EU emission permits trading scheme is the adoption of weak targets. For example, Grubb et al (2005) argue that the aggregate (EU-wide) carbon cap represents an increase of between 3% and 9% over average historical emissions for the period 1998–2002, and a reduction of only 1% from the (possibly inflated) business-as-usual projections. Ellerman and Buchner (2006) indicate that in 2005, the first of the three years of the trial period for the European Union's CO_2 Emission Trading Scheme (EU ETS), CO_2 emissions were about 80 million tons or 4% lower than the number of allowances distributed for 2005 emissions. The data has been interpreted as evidence of over-allocation of emission permits.

Nevertheless, whatever the extent of over-allocation was, Ellerman and Buchner (2006) show that some of the electricity market players were short of permits while others had many. The permit's price reflected the cost incurred for CO_2 emissions emitted in 2005. They argue that this cost signaled to the industry to decrease emissions, and estimate that CO_2 emissions were reduced by an amount that was larger than 50 million tons and less than 200 million tons.

Economic theory explains why, under a cap-and-trade system, the price of emissions ought to be treated as a marginal cost. As a generator holds allowances, the production of CO_2-emitting electricity competes with the possibility to sell the unused allowances. This so-called opportunity cost of CO_2 allowances, equal to the CO_2 market price, is therefore incorporated in operators' decisions to generate electricity.

Different power sources produce different levels of CO_2 emissions, and therefore the opportunity costs of CO_2 emissions per unit of power produced differ as well. For example, modern gas-fueled turbine produces about 0.48 tons of CO_2 per MWh of electricity, while a typical coal power station emits about 0.85 tCO$_2$/MWh. A CO_2 price of €20/tCO$_2$ increases the generation costs by €9.6 and €17 per MWh for the gas and coal plants, respectively.

There is no universal answer on how the EU ETS has affected electricity prices. First, note that there is no single EU electricity market, but several market and regulatory frameworks across the EU. Second, many other factors affect generation prices such as high natural gas prices in 2005 or the potential use of market power by electric utilities.

However, researchers (Sijm, Neuhoff and Chen 2006) present empirical estimates of CO_2 cost pass-through, indicating that pass-through rates of the cost of allowances into end-user electricity prices vary between 60 and 100 percent, depending on the carbon intensity of the marginal production unit and other, market or technology specific factors concerned. As a result, power companies realize substantial windfall profits (note that while most of those allowances were granted to the companies for free, those companies are expected to add the costs of CO_2 allowances to their marginal costs when making production or trading decisions).

Carbon pricing is so critical for climate change policy also because it gives the carbon emitters incentives to invest in existing as well as new technologies, which substantially decrease carbon pollution. Those technologies include commercialized carbon capture and storage (CCS) technologies. CCS technologies allow capturing CO_2 and subsequently storing it instead of releasing it into the atmosphere. It could reduce CO_2 emissions to the atmosphere by up to 80%–90% compared to a power plant without a CCS system. Yet, capturing carbon requires much energy, and it is estimated to increase the cost of power from a plant with by 30–60% (IPCC 2005).

Coal and lignite presently account for roughly one-third of the EU's electricity production. Producing energy via coal burning is sustainable only if accompanied by commercialized carbon sequestration and clean coal technologies on an EU level. The European Commission recognizes the mid-term importance of fossil fuels. Thus, it should encourage the further development of carbon capture and storage in relation to coal, oil and other fossil fuels.

Current situation in Israel

As was mentioned above, Israel is classified as a developing country under the UN Climate Change Convention (although its CO_2 emission levels are comparable to those of developed countries). Therefore, the restrictions regarding greenhouse gas emissions do not imply to Israel. Thus, the only way in which Israel, as a developing country, can take part in the emerging emission permits markets is through the Clean Development Mechanism.

A first step in the process of administering a pollution permit price in Israel is the guidelines of the Public Utility Authority – Electricity, which provide premium payments to private electricity producers (non residential at this time) using renewable technologies. The payment is based on external environmental costs. Ten power producers receive the premium for using renewable resources to date.

Summary and conclusions

EU's strategy to reach greenhouse gas emission reductions relies on four major pillars: (1) increased utilization of renewable energy, (2) more efficient use of energy, (3) pricing carbon emissions, and (4) accelerated

62

development and deployment of new energy technologies that produce near zero harmful emissions (e.g., by means of CO_2 sequestration technologies).

The EU is the world leader in demand management, in promoting new and renewable forms of energy, and in regulating sustainable development. Moreover, realizing Europe's energy saving potential in a sustainable manner is a key element in the EU's energy policy aimed at consumption, production and transformation of energy.

Indeed, the 7th Framework Programme recognizes that there is no single solution to the energy problems, but suggests a wide range of technologies: renewable energy technologies, clean coal and carbon capture and sequestration, bio-fuels for transport, new energy sources such as hydrogen and environmentally friendly energy usage such as fuel cells, enhanced energy efficiency, and advanced nuclear fission.

Most technologies for delivering low or zero carbon electricity are not competitive at current electricity prices without either a carbon price or some other subsidy. Carbon is currently priced in the European Emission Trading System, yet its future post 2012 is still in doubt. Power generation investments have a life-time of 20–60 years, and so their profitability will depend heavily on views about likely future electricity and carbon prices.

Today, most of the countries who are members of the International Energy Agency consume energy per a unit of GDP in levels which are 45% less than the levels of 1973. "Business as usual" should not be a sustainable policy in Israel too, in which all the "Business as usual" scenarios predict a 3.5%–4.5% annual increase in greenhouse gas emissions. Moreover, within the framework of the Kyoto Protocol's second commitment period (2013 and beyond), Israel may find itself obligated to comply with some kind of emission reduction target. Therefore, entering the market in advance of this date only stands to profit.

It should be noted that by switching from an oil and coal energy economy to a natural gas energy economy and by systematically dealing with methane, Israel may achieve 40% of its required greenhouse gas outcome

for the years 2010 to 2015.[16] More specifically, the full shift to natural gas is expected to reduce Israel's emission of CO_2 by 8–10 million tons. In order to fulfill its environmental requirements, Israel should regulate a carbon tax and implement specific environmental policies in specific sectors of its economy.

Some of the main policy recommendations proposed in this study are:
- A policy to reduce emissions should be based on four essential elements:
- Renewable energy deployment
- Carbon pricing
- Innovation and technology policy, and
- Demand side management and energy efficiency.
- The EU should improve the incentives associated with its renewable energy, as current renewable targets are unlikely to be met in most member states.
- Israel should start utilizing its unused renewable resources, which are mainly the Negev Desert's sun and territory.
- Losses in the transmission and distribution of electricity, which are often as high as 10%, should be considered to be a serious source for enhancing energy efficiency in the EU. For example, smaller and more efficient plants located near the demand centers should be financially encouraged in order to dismiss the need of deploying an inefficient grid of electricity transmission and distribution.
- The Israeli government should finish the preparation of the long-term action plan for energy efficiency and conservation, which is still underway.
- Both the EU and Israel should encourage the further development of carbon capture and storage in relation to coal, oil and other fossil fuels.
- Israel should boost its switch from an oil and coal energy economy to a natural gas energy economy, and systematically deal with its methane issues.

---

16. Note that generating electricity using natural gas emits 30% or 44% less CO_2 per energy unit compared with using oil or coal, respectively. Moreover, emission of the other greenhouse gases is reduced also when switching from oil and coal economy to natural gas economy.

References

Averch, H., and L. L. Johnson. 1962. Behaviour of the Firm under Regulatory Constraint. *American Economic Review* 52: 1053–1069.

Ellerman D. and B. Buchner. 2006. Over-allocation or abatement? A preliminary analysis of the EU ETS based on the 2005 emission data. CEEPR Working Paper 06–016, Center for Energy and Environmental Policy Research, MIT.

EU. 2001. Directive 2001/77/EC of the European Parliament and the Council of September 2001.

EU. 2003. Directive 2003/30/EC of the European Parliament and the Council of 8 May 2003.

Grubb, M., C. Azar, and U. M. Persson. 2005. Allowance allocation in the European emissions trading system: a commentary. *Climate Policy* 5: 127–36.

IPCC. 2005. Carbon dioxide capture and storage, Intergovernmental Panel on Climate Change, Special Report, Cambridge University Press.

Newbery, D.M. 2000. *Privatization, Restructuring and Regulation of Network Utilities*. Cambridge: MIT Press.

Rothwell G. and B. van der Zwann. 2003. Are light water reactor energy systems sustainable? *Journal of Energy and Development* 29 (1): 65–79.

Sijm J., K. Neuhoff and Y. Chen. 2006. CO_2 cost past through and windfall profits in the power sector. CWPE 0639, University of Cambridge.

Green Collar Jobs: The Alternative Energy Industry and Labor Markets

Noam Segal

Abstract

At the turn of the second decade of the 21st century, the world is facing a major challenge in the field of energy. While demand is increasing at an exponential rate, energy supply is lagging behind, due to limited output from depleted and exhausted natural resources. Adding to that, the need to reduce greenhouse gas emissions from the burning of fossil puts even greater pressure on energy markets to provide substitutes and solutions. A coming energy crisis now seems inevitable.

The impact of such a crisis will vary between nations and geographical regions. While having a milder effect on countries rich in natural resources, ramifications for other countries, including Israel, might be severe. Energy shortages as well as scarcity of food and basic commodities could destabilize the social structures as well as the economies of these countries.

Coping with the crisis and the growing demand for energy will require conservation policies as well as achieving greater efficiency in the use of energy resources. On the supply side, much effort is put into the development of applicable technologies for energy production from renewable, sustainable sources. The energy crisis is indeed an enormous and complex global challenge, but it also provides opportunities for economic development and growth, especially through investments in science, technology and human capital as well as in the evolvement of new modern industries and expansion of labor markets.

For many years now, Israel has been a world leader in alternative energy research and development, cooperating with major research centers in the U.S. and Europe. Israeli companies have constructed some of the world's largest solar power stations, some which have been operating for more than two decades. Other companies are engaged in similar projects in

Europe. Ormat, one of the world's biggest geothermal energy producers, is also based in Israel.

However, the alternative energy market is still in its initial stages, and the total energy produced from renewable resources worldwide is relatively minor. Since the demand for energy is bound to continue and grow, so will the demand for renewable energies. As new technologies mature, the need for the production, installation, integration and maintenance of facilities based on using these technologies will also increase.

Greater cooperation between the E.U. and Israel could help transform Europe's energy market, providing the need for cleaner energy, while at the same time, creating new export markets for industries in Israel.

This chapter provides a survey of the situation in the energy market and its possible vectors of development, while demonstrating the possibilities for enhancing cooperation between Israel and the EU.


The Energy Crisis

The global energy crisis has long been an established fact. Oil prices are sky-high and there is no sign of their decline in the foreseeable future. The International Energy Agency estimates that oil prices will continue to rise in the coming years, a result of expanding demand and limited supply (IEA 2008). This situation may cause significant instability and frequent crises in the energy market, which will become more susceptible to sudden shocks. For Israel, which imports some 99% of the fuels used for transportation and the production of electricity and is an "electrical island" as it cannot connect to the electricity grid of its neighbouring countries, this volatility in the international market may be even more dangerous than in other countries.

The rise in fuel prices is occurring at a time of an unprecedented jump in energy consumption in Israel. In the past two decades energy consumption per capita in Israel expanded by 44%, whereas in the EU per capita consumption rose by only 15% (Mor 2006). Between 1996 and 2006 there was a 62% increase in the total demand for electricity in Israel, led by a 98% increase in the public and commercial sectors (IEC 2006). As electricity cannot be stored (except for special facilities which

can store small amounts of energy, such as pumped storage), and because Israel cannot connect to the electricity grids of neighbouring countries for geopolitical reasons, it must rely on autonomous production. However, production capacity did not expand together with the growth in electricity demand, resulting in difficulties for Israel Electric in coping with demand peaks, especially in times of extreme weather such as unusually hot days in summer or very cold days in winter.

The rise in quality of life and the lack of a clear policy for encouraging energy efficiency brought about, according to non-official data, a 6% to 8% growth in demand for electricity, 3 to 4 times the rate of population growth. In 2006, record demand caused widespread blackouts throughout the country. The Public Utility Authority – Electricity, which is responsible for electricity prices and demand management policy, forecasts that such crises may repeat themselves in the summers of 2009 and 2010. Israel Electric production capability is currently 12,000 megawatt (MW), while the Ministry of National Infrastructure forecasts that demand will double by 2020.

Electricity consumption, 2000–2006

Billion kWh
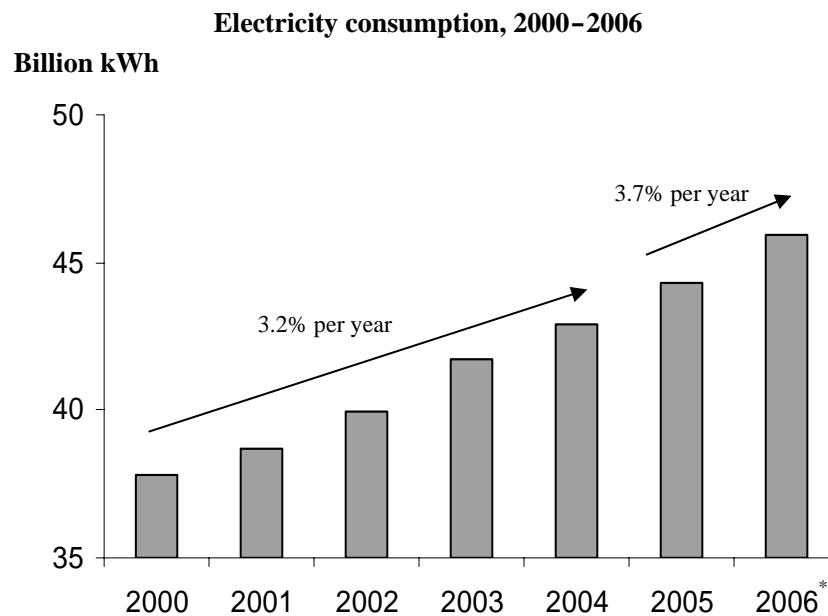
Graph no. 1: Electricity consumption in Israel, 2000–2006. Source: Israel Electric Corp.

_____

*   Not including electricity for desalination and effects of Second Lebanon War.

Israel's electrical system is also burdened by its water management policy. Pumping water from the Sea of Galilee to the National Water Carrier alone consumes about 4% of the total electricity consumption. The increase in use of desalination facilities, which are significant energy consumers, in order to enlarge the water supply, also weighs heavily on the electricity supply. For example, some two thirds of the output of a new 80 MW power plant in Ashkelon is reserved for a close-by desalination plant.

The development plan of Israel's electricity producers, which are expected to provide for the growing demand, includes the building of a coal power plant in Ashkelon, as well as a number of natural gas based plants. However, in light of expanding demand, it is improbable that the plan will be able to provide an adequate response to future needs. In addition, the coming years are to be characterized by a shift to electricity production using natural gas. Yet the supply of natural gas available to Israel at the moment (from a gas well near Ashkelon and by purchasing gas from Egypt) is limited, and its provision in the future is not ensured.

Demand vs. Production capability
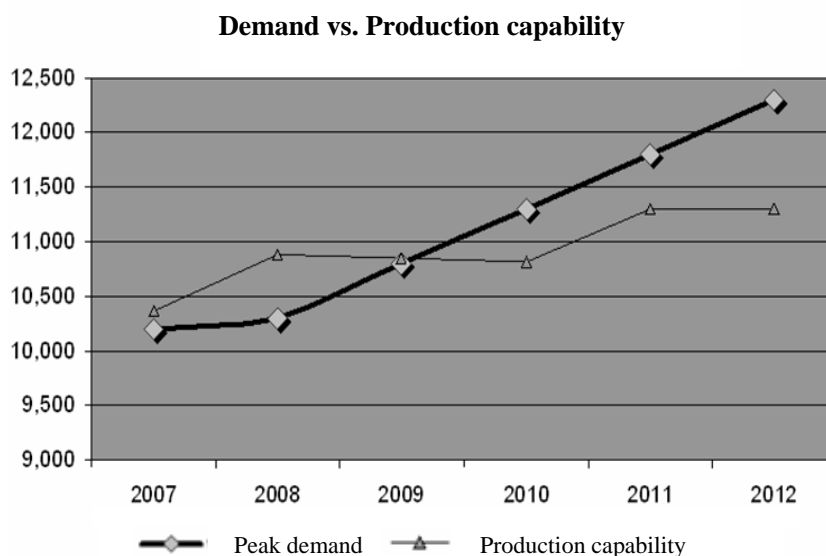
Graph no. 2: Production capacity in Israel versus peak demand. Source: Israel Electric Corp.

New options for the labor market

Even as the energy crisis is unfolding, the global labor market is also undergoing profound changes. The transfer of traditional industries to China, India and East Asian countries, together with the rise in life expectancy and lengthening retirement years, reduce the number of jobs in the Western countries, and may cause increasing unemployment in Europe and North America. Since Israel is a relatively small, export-oriented market, these changes are a real challenge for the Israeli labor market. The growing competition for markets from developing countries challenges the Israeli economy to discover additional development trajectories and to develop new export industries, which will utilize Israel's relative advantages in technology and science while creating more jobs.

Many studies investigating the Israeli labor market examine it using parameters such as the size of the workforce, workforce participation rates, unemployment rates, disparities between wage levels and work conditions in different sectors. However, macro-economic questions such as the economy's future development in light of global competition do not always receive the attention they deserve. It is hard to know what the future of Israel's labor market will be, given the continuing presence of global competition.

About half of Israel's industrial workforce is presently employed in "traditional" industries, which are increasingly in competition with East Asian and other countries (Brodet 2008). The rapid rise in the standard of living in countries such as China and India has improved the education level and quality of the workforce, leading even hi-tec companies to transfer some of their manufacturing processes to these countries. The Israeli economy still enjoys a relative advantage over the Far Eastern countries in its professional manpower and technological infrastructure. These advantages are observable, for example, in the industries of advanced plastics, generic drugs (Teva), medical instruments and designated electronic equipment, aviation, arms, water and agriculture, and especially the computer and communications industry (ibid.). However, in the past years the local hi-tec has undergone modifications which opened it to competition from developing countries, following its gradual shift to services and

technical support with limited technological development, and the future of the "engine" of the Israeli economy is unclear.

In order to survive under the conditions of global competition with the developing countries, Israel must invest in its human resources. Cutbacks in governmental support for higher education lead many scientists to leave Israel ("brain drain"), making human capital a veritable export sector. The future of Israeli economy must be based on technological competition, such as development and production of bio-technology, nano-technology and composite materials. The field of energy, and especially the development and application of technologies for the production of renewable energy and energy efficiency, may also be an important path for developing the Israeli labor market.

Technological solutions for the energy crisis

Most of the energy in the world today is produced from fossil fuels, especially petroleum, coal and natural gas, which are non-renewable. Using these fuels as the main energy source for transportation and electricity production has negative environmental effects such as air pollution and emission of greenhouse gases, contributing to climate change. The International Energy Agency's official forecasts are that present global petroleum reserves can provide for humanity's needs for another thirty years at least, a period which will be utilized for the development of new energy-producing technologies (IEA 2007). However, the high marginal cost of tapping and refining these reserves, together with the sharp increase in energy demand (for example from China and India), may create a severe petroleum shortage already in the next decade. Other evidence shows that the production of petroleum cannot be significantly increased beyond the present levels, and therefore the continual rise in demand will widen the gap between supply and demand. This will result in shortages and price hikes, as demonstrated in the next graph, complied from the data of the energy companies themselves.

World Overview (Discovery, Production and Demand)
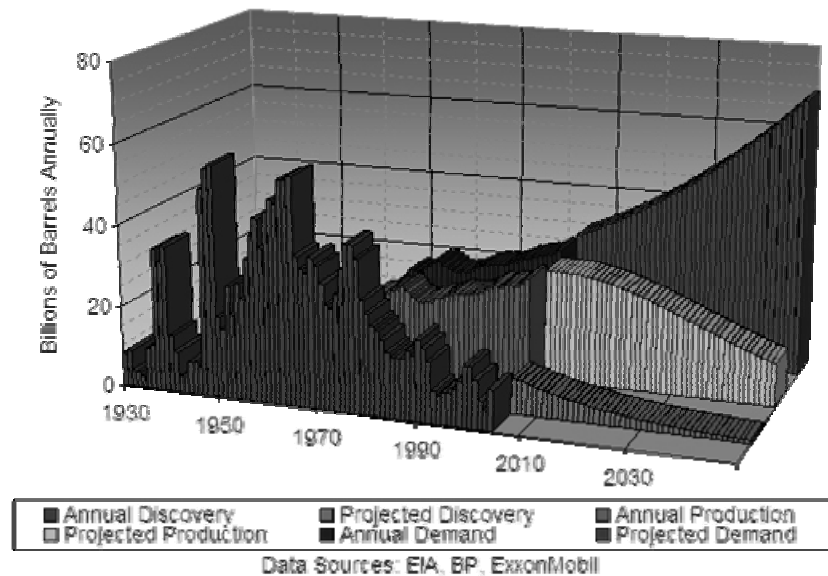
Graph No. 3: The rise in demand for petroleum (red) versus the decline in supply (green) and the discovery of new petroleum reserves (blue). Source: BP, Exxon Mobile, Energy Information Administration.

Furthermore, increased use of these fuels contributes greatly to the greenhouse effect. The expected petroleum shortage and the need to find alternatives for it because of global warming underline the necessity to develop alternative energy sources. We should bear in mind that most of the new technologies for energy production (solar energy, wind energy, hydrogen cells etc.) are still in experimental stages and are not yet suited for commercial mass production. Chances are slim that these technologies would be ready sufficiently early and in the required amounts in order to provide a solution for the dearth in existing energy sources. Other alternative technologies which already exist, such as biological fuels based on producing energy from organic materials and hydroelectric energy based on exploiting water flowing through dams and waterfalls, are socially and environmentally problematic, and they are not a sustainable alternative. To sum up, there is no available, widely applicable solution to the global energy crisis today. Therefore, it is imperative to promote an agenda focusing on energy conservation and efficiency, through the development of engineering solutions, improving the efficiency of energy consumption

in the commercial and service sectors, and changing wasteful household lifestyles. The International Energy Agency lists 17 different technologies designed to improve the efficiency of energy use, create alternative energy sources and decrease greenhouse gases emissions (IEA 2008).

Energy efficiency

Solutions for the energy crisis are being sought on two levels: greater efficiency in energy use and the development of alternative, renewable and sustainable energy sources. These solutions complement each other, as they bring down demand while expanding the supply of clean energy.

The field of energy efficiency is therefore the most cost-effective and important course of action for coping with the energy crisis, as it makes use of existing means, which can be speedily implemented. Energy efficiency is a generic term, implying any process that reduces energy consumption, including efficiency in utilization, conservation, economization and reduction of its use.

Although this field may seem, at first glance, less attractive for investment, it has great technological and economic potential, and it may contribute to creating new jobs. Investment in this field has significant environmental and economic advantages. Through the reduction of energy consumption per capita, electricity demand falls as compared to supply, thereby economizing on resources needed for expanding supply such as additional production facilities, reducing the environmental pollution they create. Actually, economization through energy efficiency can be thought of as building a "virtual," environmentally-friendly power plant.

National energy efficiency policies make use of general economization incentive policies, such as differential rates which reward reductions in electricity use. Moreover, energy efficiency can be increased using complementing technological means which are adapted to the energy usage profile of different sectors: households, industry, offices, commercial buildings and public institutions.

For example, the main components of energy consumption in office buildings are heating in winter and air-conditioning in summer (up to half

of energy consumption), lighting and computers. This usage profile can be made more efficient by installing regulators which adjust room temperature optimally in terms of air conditioner utilization, and sophisticated space detectors that shut down the air conditioning, heating, computing and lighting systems when the room is empty. Other technological techniques are systems which adjust the electrical capacity of the building according to actual usage, returning surplus electricity to the national grid.

Much energy efficiency can be achieved by green building of new structures, and by investing in the retrofitting of existing ones. New office buildings currently built in Israel make use of large expanses of dark glass as external walls. This is energetically inefficient as heat from direct solar radiation penetrates through the glass walls and cannot escape; at the same time, artificial lighting is used for internal rooms. Significant energy savings can be achieved in this sector through designs which make maximal use of natural sunlight throughout the day, while shading windows and other openings in order to prevent direct summer sunlight from entering the building. Thermal insulation can be used in the building's surface so as to conserve internal heat or cold (according to the season).

Improving energy efficiency in large commercial and public buildings (such as food retail chains), may take a number of months and requires continuous supervision also after it is completed. The process includes a number of stages:
1. A detailed survey which examines all energy use aspects of the structure, i.e., analysis of energy consumption distribution among functions, location of the primary energy consumption systems (lighting, air conditioning) and assessment of their usage profiles.
2. Installation of regulators and switchboards for automatic shutdown of lighting, air conditioners and computers when not in use.
3. Changing work environments in order to improve resource utilization efficiency. For example, transferring employees to smaller offices so as to avoid air conditioning or lighting of large central spaces at times when most employees aren't present.
4. Improving the efficiency of the building's lighting by changing light fixtures to efficient light bulbs, adapting them to the size and usage of the room by changing their location and number, re-planning rooms in order to allow natural light to enter the room through open windows.

74

5. Upgrading air conditioning systems so as to allow selective cooling of rooms, as opposed to large systems which cool the whole building. In addition, installing devices for maintaining suitable room temperature, including thermal insulation.
6. Planning computer systems and server rooms so as to cut electricity consumption, for example by automatic shutdown at night.

It should be noted that in the long run, investment in energy efficiency pays for itself through the direct savings in energy expenses, which can reach up to 20%. After the investment is returned, the owner of the building will start profiting from it. A study conducted by the U.S. Environmental Protection Agency demonstrates that for every dollar invested in improving energy efficiency in a commercial building, the property's value is enhanced by two to three dollars. In order to encourage investment in energy efficiency projects, the government must assist entrepreneurs through economic incentives and low-priced loans.

Furthermore, a broad national policy for energy efficiency improvement has great potential for increasing employment. These processes require a large number of professional workers of various fields of expertise: planning and architecture, building, electrical engineering, civil engineering, air conditioning engineering, energy experts to lead the process and training facilities for the workers. In addition, there will also be a need to develop and produce technologies and products for improving energy efficiency such as regulators, switchboards, thermal insulation and the like.

The current business model for implementing energy efficiency is known as ESCO (Energy Services Company). These companies, first set up in the U.S. in the 70's, advise factories and large firms and implement energy efficiency processes. The companies are usually paid by distributing the savings on energy expenses created by the efficiency process. In Israel there are twenty such companies on paper, but in practice, only one is active. This is the result of a lack of professional manpower, and the reluctance of organizations to commit themselves to long term investments.

Renewable energy

Research in the field of renewable energy attempts to identify alternatives to existing energy sources that are based on fossil fuels, due to the heavy pollution the latter's production and use entail. Renewable energy is usually produced by the utilization of renewable and sustainable resources: solar, wind, wave, tide, and geo-thermal power. Alternative renewable energy sources which are not sustainable are hydro-electrical energy (rivers and waterfalls) and energy from organic fuels. Global warming and the climate crisis, which require the reduction of greenhouse gases emission, together with the rise in fuel prices, have led to a significant growth in the alternative energy field. This growth is evident in research and development as well as in the development of the renewable energy industry and its use to produce electricity.

However, there are still considerable challenges in transforming renewable energy into a widely-available and low-priced energy source. Apart from the scientific problems, such as the physical feasibility of increasing the efficiency of systems producing renewable energy, there are complex engineering problems in commercializing these technologies. Furthermore, the choice of a suitable technology for investment raises many economic and environmental questions, as the renewable energy production may also have negative environmental effects. For instance, using large tracts of open land for solar energy stations, the negative ecological implications of building dams on rivers or the scenic disturbance and harm to migrating birds resulting from wind turbines.

Following is a brief exposition of the main technologies known today in the renewable energy field, which are currently in use or in development, and an estimation of the growth prospects of every field as well as its job-creating potential.

Solar-thermal energy

This technology is based on the absorption of solar energy through a field of mirrors, which reflect the sun's rays in order to heat oil or air activating electricity-producing turbines, or in order to heat water in tubes. This is a well-known technology, which has already been in use for many years: solar collectors cover the roofs of Israeli houses since the 60's, and the

largest operating power plants using renewable energy, built some 20 years ago in Arizona, U.S., by the Israeli LUZ (today Sollel), produce electricity using this technology.

In 2006, the European solar-thermal market grew by 44% (EurObserv'ER Barometer 2007). The installed production capacity (i.e., the maximal amount of energy that can be produced from existing facilities) came to 14 gigawatt (GW) at the end of 2006, half of it in Germany. For comparison, the maximal production capacity of Israel Electric is presently about 12 GW. According to the data of the German Solar Energy Industries Association, some 6500 new employees joined the industry in 2006, coming to a total of 19,000 workers. In Austria the industry employed 6,500 workers at the end of 2006, and in Spain and Greece, 3,000 each.

Photo-voltaic (PV) solar energy
This technology is based on photo-voltaic cells made of silicon, which react to sunlight, producing electricity. Its use is usually dispersed, i.e., in small units installed on buildings or lampposts, but there are also large power plants based on this technology. In the past two years, this technology has become more widespread as a result of the fall in the price of its components and government subsidies in a number of European countries, chiefly Germany and Spain.

In 2006, the global PV market grew by some 35% (European Photovoltaic Technology Platform 2007). The installed capacity of photo voltaic cells in Europe came to 3 GW in that year (EurObserv'ER 2007). As of 2006, 35,000 workers are employed in Germany alone in the photo-voltaic industry (ibid.). There are estimations that the manufacture, installation and maintenance of a 1 MW photo-voltaic unit, creates employment for 50 workers during its lifetime.

Wind energy
Wind energy is produced using a rotor which is turned by the wind, driving an electricity-producing turbine. Wind turbines are placed in open spaces with a suitable wind regime, or on floating rigs in sea. Small turbines which can be placed on houses or on tall office buildings with a suitable wind regime are currently entering the market.

Global use of wind energy has grown in 2007 by some 25%; global installed capacity from wind is about 100 MW, about half of it in Europe (EurObserv'ER 2007). In fact, this is the most widespread alternative energy technology in use. There is significant growth in the use of wind energy in the U.S., where there is currently an order backlog of some 500 MW; in China, where 3 GW were installed in the past two years; and in India, with 1700 MW installed in 2007 (ibid.). In total, €10 billion were invested in 2007 in the wind energy industry. In Germany alone, some 75,000 people were employed in the wind energy industry, with 8,000 new jobs added in 2007. In Denmark, one of the five leading European states in wind energy use, some 21,000 workers were employed in the industry in 2007. Significant growth is expected in the wind industry in the coming years as well, with the products of the next two years in most of the large plants already sold.
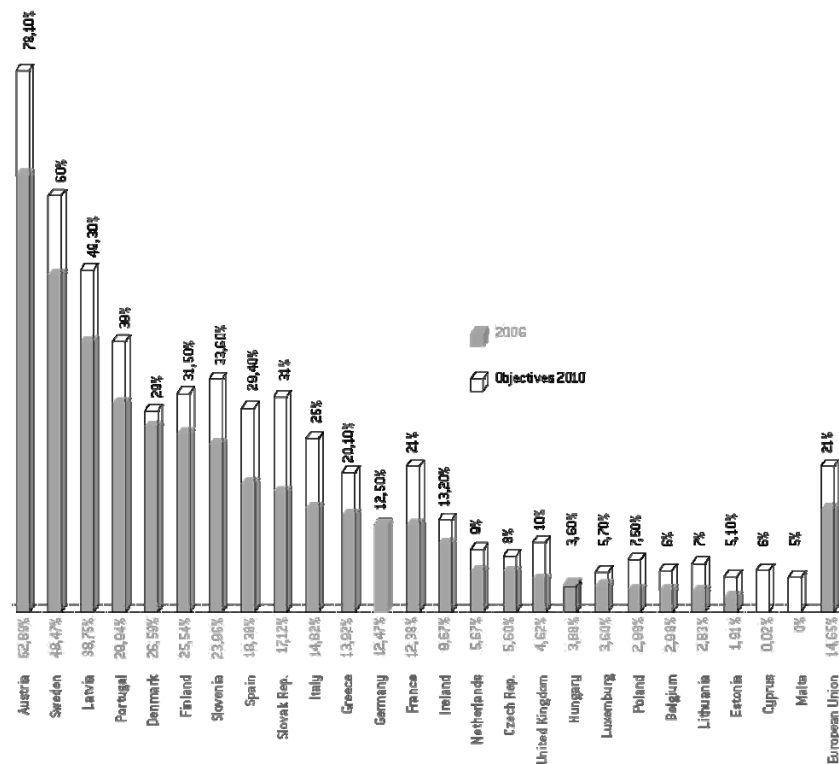
Graph no. 4: Renewable energy as percentage of total electricity production in EU countries in 2006, contrasted with policy objectives (including hydroelectric and geothermic energy). (EurObserv'ER Barometer 2007).

Green collar jobs

The term "green collar" (borrowing from the traditional "blue collar" and "white collar") relates to jobs and occupations created as a result of the growing awareness of the important of conservation and the need to cope with problems in this field. The term was coined in 1976 by Prof. Patrick Heffernan in a hearing about the labor market before the U.S. Congress Joint Economic Committee, but it came into general use only in the past years. It was propagated mainly by large American organizations such as the Blue Green Alliance and the Apollo Alliance, which promote the expansion of government and private investments in the environmental industry, and especially in the renewable energy industry, in order to create thousands of jobs. The term is also used by the Presidential candidates in the current election campaign, with Democrat candidate Barack Obama declaring that he intends to allocate federal funds for the creation of 5 million new jobs in renewable energy.

Although this is an industry with a significant technological component, one of the essential characteristics of the green collar industry is that it is a vertical industry, in which a large variety of workers are needed throughout the planning and executing processes: research and development, applied engineering, management, production, installation and maintenance. The various sectors and occupations in which environmental industry workers are needed include fields such as engineering, planning, consultancy, finance, education and architecture, as well as manual labor occupations such as manufacturing, installation, operation and maintenance of solar energy systems. In addition, training facilities will have to be set up in order to train the skilled manpower needed for the industry, providing even more jobs.

Another aspect of green collar jobs is that they are stable and long-term, as on top of the expanding demand for environmental products and systems, many projects require ongoing operation and maintenance which create permanent employment, e.g., cleaning dust from the mirrors of solar power plants. For Israel, investment in the renewable energy industry has a huge potential for strengthening the local labor market and for creating new workplaces, as it is a developing, export-oriented industry, with high global growth rates. The probable peripheral location

of solar power plants and plants for producing electricity from wind energy can contribute to the creation of a large number of jobs in wide geographic distribution.

Studies estimate that for every energy production job in the traditional energy industry, four new jobs are created in the renewable energy market. The American Apollo project aims to create 3 million new jobs in renewable energy in the U.S., in ten years. Another study conducted in Berkeley University estimates, that by 2020 the renewable energy industry will create some 240,000 jobs in the U.S., as opposed to only 75,000 in the fossil fuels industry (Apollo Alliance 2004).

This is a sustainable field, i.e., employment in the industry is stable and provides employment security, with good wages, in a growing sector. Israel has a significant relative advantage in the sector, and a proven performance ability that can be devoted to the global challenge of the struggle against the energy and climate crises. Green collar jobs provide employment to a wide variety of sectors, in companies which are part of the industry, in factories and public buildings in which ongoing maintenance is needed, and in the local community.

A significant obstacle to the development of the industry in Israel is the lack of professional manpower, mainly in engineering. Therefore, a framework should be established for professional instruction and retraining, both for new employees and for old hands, some of them from the conventional energy industry. The transfer to the renewable energy industry will also help workers to change from the services and commerce sector to the productive industry for export. According to an estimate published by the Samuel Neaman Institute, an additional 50,000 jobs can be created in Israel in the environmental sector by 2015, and some 175,000 can be created by 2025, most of them in renewable energy (Goren and Ayalon 2004).

Nevertheless, Israel's governmental renewable energy R&D budget is miniscule. According to a government decision of August 2008, the government will invest only some $200 million in the field in the next five years. The EU, in contrast, allocated some €4.2 billion for

environmental technologies research in its seventh program (2007–2013), some €2.3 billion of them in renewable energy. The Samuel Neaman Institute estimates that governmental investment of about NIS 1 billion will create 10,000 new jobs in the environmental industry (ibid.).

Summary

The energy crisis and the climate crisis provide a significant opportunity for Israel for developing the renewable energy industry, in which it has relative advantages. It is an export-oriented industry with high growth rates and increasing global demand which can contribute to the expansion of Israel's labor market and create high-quality, stable jobs. In order to realize this potential, the Israeli government must significantly expand the investment in research and development as well as its support to the industry and assistance to entrepreneurs, not only in the renewable energy field but also in energy efficiency. Investment in the promotion of this sector on the national level will be an important boost to industry, in training manpower, creating experimental projects and proving Israel's technological abilities in the global market.

References

Brodet, David, ed. 2008. *Israel 2028: Socio-economic Vision for Israel in a Global world*. Tel Aviv: Reut Institute.

Heffernan, P. 1976. Jobs for the Environment: The Coming Green Collar Revolution in Jobs and Prices in the West Coast Region: Hearing before the Joint Economic Committee, Congress of the United States, Ninety-Fourth Congress, Second Session. Washington: U.S. Government Printing Office.

International Energy Agency. 2006. Energy Policies Review – The European Union 2008, Paris: The International Energy Agency.

International Energy Agency. 2007. World Energy Outlook. Paris: The International Energy Agency.

International Energy Agency. 2008. Energy Technology Perspectives. Paris: The International Energy Agency

Israel Electric Corporation. 2006. Annual Statistical Report. Tel Aviv: Israel Electric Corporation.

European Photovoltaic Technology Platform. 2007. The Status and Future of the Photovoltaic Market. Brussels: European Photovoltaic Technology Platform.

European Photovoltaic Technology Platform. 2007. Photovoltaic Fact Sheets. Brussels: European Photovoltaic Technology Platform.

EurObserv'ER Barometer. 2007. Photovoltaic barometer.

Mor, Amit. 2007. *Mediterranean and National Strategies for Sustainable Development Energy Efficiency and Renewable Energy*. Herzelia: Eco Energy Consulting.

Apollo Alliance. 2004. *New Energy for America*. Washington: The Institute for American's Future.

Goren, I., and Ayalon O. 2004. *Business Opportunities in the Environmental Market*. Haifa: The Samuel Neaman Institute.

Part II

Soft and Hard Security

UNIFIL and EU BAM:
The Limits of European Security Engagement in the Middle East

Shlomo Shpiro

Abstract

The summer 2006 war in southern Lebanon and the June 2007 Hamas takeover of the Gaza Strip had a profound impact on European peace efforts in the Middle East. The years 2006–2008 saw a significant increase in European conflict management activities in this region. The Lebanon war resulted in the major expansion of the UNIFIL peacekeeping force, mainly made up by European troops, in an attempt to stabilize southern Lebanon. The Hamas takeover of the Gaza Strip forced the demise of the EU BAM observers' mission at the Rafah border between Gaza and Egypt, putting an end to this ESDP operation that kept the crucial border crossing open for many months.[17]

This chapter examines UNIFIL's expansion and effectiveness as well as the performance and suspension of the EU BAM operation and analyses their impact on potential future European peacekeeping activities within the framework of an Israeli-Palestinian final settlement. It argues that the weak performance of UNIFIL, on the one hand, and the success of EU BAM, on the other, define both the potential and the limitations of 'hard security' European peacemaking in the Middle East. This chapter builds upon previous research presented in the IEPN's recent book *The Middle East Under Fire*, which examined in detail the European activities in six multinational peacekeeping operations in the Middle East: UNDOF in the Golan Heights, UNIFIL in southern Lebanon, MFO in the Sinai peninsula, TIPH in Hebron, EU BAM in Gaza and EUPOL COPPS in the West Bank. The chapter ends with policy recommendations based the experience of UNIFIL and EU BAM.

The Expansion of UNIFIL in Southern Lebanon

The *UN Interim Force in Lebanon* (UNIFIL) was established by the UN in 1978 following a series of severe PLO terror attacks and an Israeli invasion of southern Lebanon.[18] It was tasked with confirming Israeli withdrawal from Southern Lebanon, restoring peace and security in the area and helping the Lebanese government in re-establishing its effective control in the area. Initially it comprised several thousand troops, largely drawn from European armies including Austria, Finland, Ireland, Norway, Sweden, France and Italy as well as a substantial unit of Fijian soldiers.[19] After the end of the Cold war these units were joined by troops from Poland, Ukraine and Slovakia, as well as troops from Ghana and India.

UNIFIL forces work from a series of bases and stationary observation posts and carry out mobile patrols across southern Lebanon. Over the years their impact on the security situation has been marginal. Between 1982–2000 southern Lebanon was occupied by Israel and the Israeli army, together with its local allies the South Lebanon Army (SLA) established a 'security zone' along the border with Israel. Hezbollah forces operating from the north launched attacks into the security zone and kept Israeli and SLA troops pinned down in fortified positions. After the withdrawal of Israeli forces from southern Lebanon, in May 2000, Hezbollah took over military control of the area and established numerous fortified bases along the border with Israel. During those years, UNIFIL forces were mainly concerned with protecting themselves and suffered many casualties in the fighting. UNIFIL suffered the worse losses of any UN peacekeeping ever, with over 250 soldiers and observers killed in three decades of operation.

UNIFIL's relations with Israel have traditionally been difficult.[20] Initial Israeli hopes that UNIFIL would disarm the various militias in southern Lebanon did not materialize. In Israeli eyes, UNIFIL was soon perceived

---

18. See UN Security Council resolutions 425 and 426 (UNSC 1978).
19. In the 1980s UNIFIL numbered about 4500 troops. This number was slowly reduced over the years. In early 2006 there were about 2000 troops serving in UNIFIL.
20. For an overview of the difficult relations between Israel and the UN, including UN peacekeeping forces, see Gebauer and Putz (2006).

as useless, even superfluous. The Israeli government had to accept the almost automatic extension of UNIFIL's mandate every year by the Security Council but held little hopes for its success. Following the 1982 Israeli invasion of southern Lebanon, UNIFIL's presence was perceived as hindering Israeli freedom of action in the south. Despite investing much effort in local humanitarian work, relations between UNIFIL and the local Lebanese population were not much better. The local population resented what they perceived as UNIFIL's inability to stop Israeli aggression and for many locals, UNIFIL soldiers were unwelcome foreigners who meddled in internal Lebanese politics.

UNIFIL's relations with Israel reached their lowest point after Hezbollah terrorists kidnapped three Israeli soldiers patrolling the border on 7 October 2000. The kidnapping operation was carefully planned and the attackers used fake UN uniforms and vehicles made to look like UNIFIL jeeps. The attack was observed by UNIFIL soldiers from their nearby position, who may even have filmed the attack.[21] On the next day, UNIFIL troops discovered two blood stained Jeeps with fake UNIFIL licence plates, UN uniforms and flags near the kidnapping site. As they attempted to bring the jeeps to their base they were stopped by Hezbollah fighters. UNIFIL Force Commander, General Obeng, ordered the peacekeepers to return the jeeps to Hezbollah *"...since the vehicles were not United Nations vehicles"* but UNIFIL retained some blood-soaked clothing found in the vehicles (United Nations 2001: Section 12, 25).

For many months, the UN denied possession of any film relating to the attack. However, a UN officer secretly revealed the existence of a video film, made by Indian troops, which clearly showed the vehicles used in the operation and some Hezbollah fighters. Israeli officials were furious that UNIFIL forces did not attempt to prevent the kidnapping or at least warn the incoming Israelis of the Hezbollah ambush.[22] Strenuous requests were made to the UN for the film but those were initially denied (Israeli Ministry of

---

21. A film showing the actual attack exists and was shown on Israeli television in September 2006, but it is unclear whether it was made by UNIFIL or Hezbollah personnel. See Katz (2006).
22. On 4 December 2000, the UNIFIL Force Commander reported to UN Headquarters that the Israeli Army was harshly critical of UNIFIL, accusing it of indirectly helping Hizbollah, see UN (2001).

Foreign Affairs 2001). Only after years of pleading were the families of the three missing soldiers allowed to view some parts of the video at UN Headquarters (Mendel 2006). This incident destroyed any remnants of trust Israelis had in UNIFIL and caused a deep decline in UNIFIL's public legitimacy in Israel. Via German mediation, the bodies of the three kidnapped soldiers were returned to Israel in exchange for the release of prisoners in Israeli jails in January 2004. An internal UN investigation stated that *"Concern was also expressed that a small group of Hizbollah personnel had relieved a larger UNIFIL force of the two vehicles,"* a testimony to UNIFIL's powerlessness against the Hezbollah (UN 2001: Section 27). The UN investigation on the kidnapping incident also noted that *"three separate peacekeeping missions and two peace-making offices co-exist in the wider area. While these entities may have a clear appreciation of each other's mandates, reporting lines and roles, at the operational level they do not always work together in a cohesive manner"* (ibid: 80).

On 12 June 2006, Hezbollah terrorists again crossed the border into Israel and attacked an Israeli army patrol. Three Israeli soldiers were killed and two others kidnapped and taken into Lebanon. Israel responded by air attacks on Hezbollah targets in southern Lebanon. Massive Hezbollah rocket attacks against Israeli towns ensued, plunging the region into a war which lasted 34 days. Israeli air and artillery bombardments caused extensive damage in southern Lebanon, while Hezbollah rocket attacks on Israeli population centers brought the north of Israel into a standstill.

During the war, UNIFIL continued to man its positions and assist humanitarian operations in southern Lebanon despite the enormous risk of operating in a war zone. Hezbollah fighters often placed their rocket launchers very near UNIFIL bases as protection from Israeli fire, well aware that UNIFIL troops were helpless to prevent them from firing rockets on Israel as they were only allowed to use their weapons in self defence. In several cases, Israeli fire inadvertently hit UNIFIL positions. The most severe incident occurred on 25 July, when four UN observers were killed as Israeli fire hit their position near the village of Khiam.[23] Altogether, five UNIFIL personnel were killed during the war and a further 16 wounded. After the

---

23. Report of the Canadian National Defence Board of Inquiry into this incident, in which one Canadian officer was killed, is available at National Defence and Canadian Forces (2008). See also Kliger (2006).

war, accusations were leveled at UNIFIL claiming it provided on its internet site detailed information on Israeli troop movements, making it easier for Hezbollah to attack those forces. At the same time, UNIFIL reports on Hezbollah forces were sketchy and general (Lowenthal Marcus 2006). These accusations further worsened relations between Israel and UNIFIL.

International diplomatic efforts to stop the fighting at the UN centered on finding a way to expand multinational peacekeeping presence in Lebanon and restore the authority of the Lebanese government in the south of the country. After a month of intense fighting in southern Lebanon, the UN Security Council approved on 11 August 2006 Resolution 1701, calling for a full cessation of hostilities and in particular, *"the immediate cessation by Hizbollah of all attacks and the immediate cessation by Israel of all offensive military operations"* in Lebanon.[24]

The Israeli government was not happy with simply expanding UNIFIL, which it considered *"very useless and very helpless"*. The Israeli leadership wanted a multinational force with an active mandate to stop Hezbollah attacks.[25] Prime Minister Ehud Olmert defined two prerequisites for an effective multinational peacekeeping force in southern Lebanon: that it would act under Chapter 7 of the UN Charter, and thus be able to take active measures to implement Security Council Resolution 1559; and that the force would be made up of effective combat units, and *"...not of retirees, of real soldiers, not of pensioners who have come to spend leisurely months in south Lebanon, but, rather, an army with combat units that is prepared to implement the UN resolution"* (Farrell 2006). But Israel had to be content with Resolution 1701, providing for an expanded UNIFIL but with a weak mandate and no real commitment to disarm the Hezbollah or prevent its return to southern Lebanon (UNIFIL 2008).

In the months after the war, UNIFIL was expanded rapidly. France, Italy and Spain quickly dispatched substantial military units to deploy

---

24. United Nations Security Council Resolution 1701 (UNSC 2006), see Annex I.
25. In an interview, Prime Minister Olmert stated: "...in Lebanon we wanted an effective international force. We didn't like very much UNIFIL which was very useless and very helpless. Look what happened. Did you hear of any particular efforts of the United Nations UNIFIL force in the south of Lebanon to prevent the attacks against Israel in the first place. So they were not useful and that is why we were unhappy with them" (Farrell 2006).

alongside existing UNIFIL forces in southern Lebanon. The French army also sent heavy armored units. By the end of 2007, the expanded UNIFIL reached a level of almost 14,000 troops coming from 30 countries. On 24 August 2007, UNIFIL's mandate was extended by the Security Council by a further year.

The expansion of UNIFIL also brought countries which previously had no involvement in Middle East multinational peacekeeping into the arena. For example, Turkey sent a military engineering unit of over 260 soldiers and a navy frigate to participate in UNIFIL (*Turkish Weekly* 2006). Germany sent a naval force of seven ships to patrol the Lebanese coast and prevent weapons smuggling from the sea. South Korea sent a unit of 350 combat soldiers to participate in UNIFIL's ground operations (The Associated Press 2007a).

Despite these international efforts, it quickly became clear that hopes vested in UNIFIL regarding Hezbollah's presence in southern Lebanon were not to materialize. US Secretary of State Condoleezza Rice assured that UNIFIL performance would be closely monitored to make sure its commanders *"would interpret its mission in a way that allows it to really do what it is supposed to do, which is not to allow a return to the status quo ante in the south"* (Shanker 2006). Those expectations, however, came to nothing. Hezbollah forces remained in the south and UNIFIL avoided any possible confrontations with Hezbollah units on the ground. In September 2006, UNIFIL Commander General Alain Pellegrini clearly stated that *"the disarmament of Hezbollah is not the business of UNIFIL,"* maintaining it to be strictly an internal Lebanese affair which should be resolved at the national level (The Associated Press 2006). While paying lip service to the need to stop arms smuggling in the south, UNIFIL avoided confiscating any weapons from Hezbollah. In January 2008, UNIFIL spokesman Andrea Tenenti stated that UNIFIL *'did not encounter any weapons so far,'* a singularly unique claim in a region so heavily saturated with weapons of all kinds (McElroy 2008). Only on a few occasions were heavy weapons found by UNIFIL patrols taken away.

Possibly the only security value of UNIFIL is derived from the presence of so many multinational units on the ground in the relatively small area of southern Lebanon. The areas where previously Hezbollah units moved and

operated with impunity are now saturated by foreign troops, forcing Hezbollah to lower its military profile in the south. Although it is estimated that Hezbollah has replenished and even expanded its stock of rockets since the 2006 war, it cannot openly construct complex fortifications and rocket firebases which enabled it to effectively resist Israeli fire during the war. This strategy of 'passive saturation' was explained by UNIFIL commander General Graziano during the visit of UN Secretary-General Ban Ki-Moon to UNIFIL in April 2007. Asked if there were too many UNIFIL soldiers in a relatively small area, General Graziano said, *"It could seem that way when you are at peace. But having this large force here is the best deterrent preventing another outbreak"* (New York Times 2007).

In the chaos of southern Lebanon, UNIFIL forces remain, to a large extent, unmolested. Few terror attacks were carried out against UNIFIL troops. Six Spanish UNIFIL soldiers were killed on 24 June 2007 when a car bomb, possibly driven by a suicide bomber, was detonated next to their armored personnel carrier (*Al Jazeera News* 2007; Chassay 2007). In July 2007, another bomb was detonated next to an UNIFIL vehicle but no one was hurt. Another UNIFIL soldier was killed while clearing shells left over from the war (The Associated Press 2007b). Spain has one of the largest contingents of UNIFIL with over 1300 Spanish soldiers operating in southern Lebanon but the deadly attack did not alter Spanish policy towards participation in the peacekeeping force. The Hezbollah leadership tried to use the attack against the Spanish soldiers to incite UNIFIL against Sunni groups in southern Lebanon by alleging a connection to Al Qaeda (Shebab 2007). Two Spanish peacekeepers were injured in January 2008 by a roadside bomb.

On the ground in southern Lebanon, the situation remained tense. UNIFIL forces have established almost 200 observation posts throughout their area of operations and maintain regular mobile patrols. Although Hezbollah activities in the region have taken a lower profile, the organization has been very active in channeling Iranian financial help for reconstruction of war damage. Following the June 2007 attack on the Spanish troops, there were indications that some UNIFIL participants were making contact with Hezbollah in order to prevent similar attacks. Some reports suggest that UNIFIL officers met with Hezbollah officials in order to get advance warnings of impending attacks. Subsequently,

some Spanish patrols may have been 'escorted' by Hezbollah activists (Blandford 2007, quoting UNIFIL sources).

The Israeli-Lebanese border remains since the war relatively quite. In February 2008, IDF soldiers killed one Lebanese and wounded another while the two attempted to smuggle heroin across the border into Israel (*Haaretz* 2008). On 31 March 2008, an incident involving Italian UNIFIL soldiers and Hezbollah fighters demonstrated the weakness of UNIFIL's posture on the ground in southern Lebanon. An Italian patrol which stopped a truck loaded with weapons and explosives was threatened by heavily armed Hezbollah fighters. The UNIFIL soldiers left the scene and returned to their base without any further activity. The incident was not reported at the time and was hardly mentioned in UNIFIL's report to the Security Council (Ravid 2008a). Details were only provided after strong Israeli protests in a second report to the Security Council. Israeli sources maintained that several such incidents took place, in which UNIFIL soldiers refrained from acting against Hezbollah arms smuggling.

In August 2008, UNIFIL's mandate came up for renewal. Despite disaffection with UNIFIL performance, the Israeli Ministry of Defence recommended that Israel agree to the renewal of the mandate for lack of a better alternative. A Ministry spokesman said that *"UNIFIL's effectiveness is almost nonexistent"* (Ravid 2008b). At the Security Council debate, both Israel and Lebanon supported extending the mandate. On 24 August 2008, UNIFIL's mandate was unanimously extended by a further year. The Council declaration praised the force for having established a 'new strategic environment in southern Lebanon' (UN News Center 2008). UNIFIL relations with Israel remain problematic. UNIFIL Force Commander, General Graziano, recently complained that the Israeli Defence Minister and IDF Chief of Staff refused for months to meet with him (Ravid 2008b). One cause of friction is a major difference of opinion regarding Hezbollah's current strength in the south. While the IDF believes that Hezbollah rearmed and reinforced its positions in southern Lebanon after the war, UNIFIL officials claim that Hezbollah is practically non-existent south of the Litani River (Katz 2007).

The Rise and Fall of EU-BAM Rafah

Following the Israeli withdrawal from the Gaza Strip in summer 2005, control over the Rafah border crossing connecting Gaza and Egypt was handed over to the Palestinian Authority. In November 2005, Israel and the Palestinian Authority signed the 'Rafah Agreement' which regulates the movement of people across the border. The Agreement sets the role of third party observers in monitoring the movement of people entering Gaza to prevent wanted terrorists infiltrating from Egypt into the Gaza Strip. The European Union agreed to undertake the role of third party observers and quickly established the EU Border Assistance Mission in Rafah (EU BAM) as a force of European observers assigned to the Rafah border crossing. Though not a peacekeeping operation in the 'classical' sense of the word, EU BAM is a European multinational conflict management operation aimed at providing an operational solution for an acute political problem.

EU BAM was assigned three tasks:
- To actively monitor, verify and evaluate the PA's performance with regard to the implementation of the Framework, Security and Customs Agreements concluded between the Parties on the operation of the Rafah terminal (European Union@United Nations 2005:1).
- To contribute to the liaison between the Palestinian, Israeli and Egyptian authorities in all aspects regarding the management of the Rafah Crossing Point (ibid).
- To monitor and verify the performance of the Palestinian border guards and customs officials concerning effective border controls and surveillance measures, undisturbed functioning of the surveillance equipment and RCP computers, and appropriate handling of passengers who have acted in breach of applicable rules and regulations.

EU BAM was formally established by the EU under the European Security and Defence Policy (ESDP) and funded by the CFSP budget (UK Parliament Hansard 2005: 1–2). EU BAM comprised a small force of observers drawn from police and customs services of different EU member states. As EU BAM commenced operations it had only five observers, but this number quickly grew later to a peak of 89 observers from 17 EU member states. The observers were deployed at the border crossing and worked together with border control officers from the Fatah's 'Presidential Guard' (also known as 'Force-17') loyal to President Mahmoud Abbas.

Liaison with Israel was conducted through a Regional Command Post (RCP) at Kerem Shalom. The movement of people at the border crossing was monitored by video cameras and computers, which transmitted details of people entering Gaza to the RCP. Israeli intelligence officers at the RCP could object to the entry of specific individuals, but the final decision lay at the hands of the Palestinian Authority.

The Rafah border crossing was opened in December 2005 and over a thousand Palestinians crossed the border to and from Egypt on average every day. This was the first-ever external border crossing controlled by the Palestinian Authority and was opened daily until June 2006, by which time over 270,000 people crossed the Rafah border (EU BAM 2006). Thousands of Palestinians were able to travel abroad for the first time in their lives without applying for a permit or undergoing the indignity of Israeli security checks. But infringements of the Agreement became a daily occurrence as Hamas officials began to bring in huge amounts of money in cash across the border from Egypt. Although many of those money packets, often containing more than a million dollars, were detected in the border checks, EU BAM observers were powerless to prevent their movement into Gaza contrary to the Agreement.

EU BAM quickly established very good working relations with the Palestinian, Israeli and Egyptian authorities and enjoyed the respect of all three sides. Through sheer persistence and impartiality they were able to diffuse numerous problems which could have escalated into crises. The unarmed EU BAM observers worked under constant risk in the violent atmosphere of Gaza. Indeed, the security situation became so precarious that the observers were not able to work from the base originally assigned to them at Gaza City. The observers had to be based at the southern Israeli town of Ashkelon and were driven each morning in armoured vehicles to the Rafah border crossing. They provided training and equipment to the border control unit of 'Force 17' and worked closely together with Palestinian personnel in carrying out border controls.

Despite the elaborate security arrangements, the presence of EU BAM observers did not prevent some wanted terrorists crossing into Gaza. In early December 2005, some Hamas activists expelled by Israel crossed the border at Rafah, despite Israeli protests. Israeli Prime Minister Ariel

Sharon threatened to close all border crossings into Gaza if the agreed border controls would not be enforced by the Palestinians. After a meeting with Israeli representatives, Egyptian President Hosni Mubarak promised to tighten the border controls at Rafah (Shiffer and Shaked 2005:6). Palestinian officials maintained that every passenger holding a Palestinian citizenship is allowed to cross the border at Rafah (Ben 2005).

On 25 June 2006, IDF soldier Gilad Shalit was kidnapped by Hamas terrorists near Kerem Shalom and taken across the border into Gaza. In response, the Rafah border was closed while Israeli forces searched across the border for the missing soldier. The Rafah border remained closed throughout that summer due to the war in Lebanon. But EU BAM mediation enabled a sporadic opening of the border crossing over the winter of 2006–2007. EU BAM commander General Pistolese constantly liaised with Israeli and Palestinian officials and was able to have the border opened at various days, even for a few hours. This situation of partial opening of the border lasted until June 2007. But the fragile situation in Gaza which followed the election victory of the Hamas meant that violence sometimes spilled into the border crossing itself. EU BAM observers had to be withdrawn on several occasions due to security concerns and the presence of armed rioters in or around the border station.

In early 2007, the situation at the Gaza-Egypt border deteriorated. Many tunnels were dug under the border fence and huge amounts of weapons and explosives were smuggled into Gaza. Terrorists wanted in Israel could also move freely via those tunnels and did not need to use the Rafah border crossing. Egyptian authorities did little to stem the tide of smugglings. Hamas activists blew up sections of the border fence separating Rafah and Egypt and enabled the free movement of people and weapons for several hours or days each time, before they were blocked by the Egyptian police. On some occasions, armed militants fired upon Egyptian soldiers attempting to block a hole in the border wall, causing several fatalities. Gaza became a lawless area as different heavily armed groups jostled for control of different areas.

On 9 June 2007, the Rafah border crossing was closed and the EU BAM observers withdrawn due to intensified fighting between the Fatah and Hamas all over the Gaza Strip. Hamas forces attacked police stations and

Fatah headquarters in an attempt to take over complete political and military control of Gaza. After four days of intense fighting, the Fatah was defeated and many of its leaders were killed. Few were able to escape to Egypt or to the West Bank. Hamas forces stormed the Rafah border crossing and drove away the 'Force 17' presidential guards. They also attacked and expelled the presidential guards at the Karni border crossing, severing the movement of goods between Israel and the Gaza Strip. After the Hamas takeover of Gaza was complete, both border crossings were closed to all movement. The Karni crossing was later partially opened to enable transfer of fuel and food supplies into Gaza, but the Rafah crossing remained officially closed ever since. On 15 June 2007, General Pistolese declared the suspension of EU BAM operations (EU BAM 2007). Altogether almost half a million Palestinians crossed the Rafah border under the supervision of EU BAM in its year and a half of operations (EU BAM 2008).

The EU BAM observers were withdrawn to the town of Ashkelon in the south of Israel. Despite the closure of the border crossing, EU BAM was not disbanded and continues to maintain a small organizational presence in Ashkelon in the hope that the border could be opened in the future. The 2005 Rafah Agreement stipulates that the border would be manned by PA Presidential Guard personnel and without their presence the EU BAM observers cannot return to their duties (Keinon 2007). In the meantime, EU BAM personnel are engaged in preparing future training programs for Palestinian border police and customs (EU BAM 2007b). As a goodwill gesture for the Islamic Ramadan holiday, the Rafah border crossing was opened by Egyptian authorities for two days on 29–30 August 2008 but without the presence of EU BAM observers (The Associated Press 2008). On 19 May 2008, the Council extended EU BAM's mandate until 24 November 2008. However, as long as the Rafah border is controlled by Hamas it is highly doubtful that EU BAM would be deployed again to monitor the border crossing.

Parameters for Success or Failure

In order to analyse and compare the success or failure of UNIFIL and EU BAM, one must examine both macro and micro level aspects of their operations. The following table compares these aspects, providing an overview of their operational environment and character:

96

Macro Factors	UNIFIL	EU BAM
Defined goals	Monitor the cessation of hostilities, support deployment of the Lebanese armed forces, ensure that its area of operations is not utilized for hostile activities of any kind	Verification of Palestinian compliance with the Rafah Agreement between Israel and the Palestinian Authority
De-facto goals	Preventing Hezbollah rocket attacks, preventing Israeli occupation of southern Lebanon	Keeping the Rafah border open with minimal smuggling or movement of suspected terrorists
Spread of mandate	Very wide	Very narrow
Number of countries participating	26	17
Annual budget	$680 million	$14 million
Share of EU Member States in force	About half EU	All EU
Operational Framework	UN	ESDP
Third country/sovereign entity involved	Government of Lebanon (limited sovereignty in the south)	Egypt
Micro Factors		
Size of force	13,000	90
Structure of command: hierarchy, coordination between forces, command and control	Rotating military command structure divided into six regional sectors, reinforced by other UN PK operations in the region	Structure similar to police and customs, Italian command
Capabilities of the force to perform its mission(s)	yes	yes
Capability of the force to protect itself	yes	no
Current Israeli presence or involvement in the territory	no	no
Effective control in the territory by which entity with substantial military influence	No effective control of territory: both Lebanese Army and Hezbollah have substantial armed presence	Until June 2007, territory was controlled by the Palestinian Authority, after June 2007 controlled by Hamas
Territory dimensions: size, complexity	Wide area with partially difficult mountainous terrain, small villages	Very small area, highly dense urban population

When analyzing the above two operations, the main question is why did UNIFIL, a large and powerful force with ample budget and resources, fail

to achieve its task while EU BAM, a small force not even able to protect itself, succeeded.

Several factors combined to make the UNIFIL operation a failure. Perhaps the most important of them is that UNIFIL received little or no support from the parties on the ground in its area of operations. The Government of Lebanon perceived it as a necessary evil, the Hizbollah saw it as an Israeli and western stooge, while for Israel it was a paper tiger. UNIFIL forces operated therefore in a political and security vacuum and their main concern became their own protection. Politically, UNIFIL became a charade since all parties involved agree that it has a minimal affect on the security situation, but at the same time its mandate is automatically renewed every year for three decades. It is important to note that UNIFIL's effectiveness does not seem to be dependent on its size. The size of UNIFIL varied greatly over the years but there is no evidence to suggest that a bigger UNIFIL was more effective.

The heavy losses that UNIFIL forces suffered over the years made its commanders more cautious and less likely to undertake risks which might escalate into confrontations. UNIFIL was thus dragged into a 'magic circle' where force protection overrode all other considerations, and this concern with force protection made it even more vulnerable to local intimidation. UNIFIL's mandate is so general and wide as to make its practical application very difficult at best. If Hezbollah forces refuse to obey UN resolutions, there are only two ways of making them conform: by negotiations or by force. The international community tried negotiations and Israel tried force, and both failed. UNIFIL commanders certainly do not feel capable to succeed where the mighty Israeli army failed. The composition of UNIFIL is another barrier to operational success since at the end of the day, the behaviour of individual military units depend on their own government's policy and not only on UNIFIL interests or orders. A force made up of units from 30 countries can only carry out operations based on a political common denominator agreeable to most participants. Most contributing governments do not want to see casualties and are even less interested to open themselves to accusations of being Israel's lackeys. The result is a large and heavily armed multinational force which possesses considerable military capabilities but very little political capability to make a difference in southern Lebanon.

As the table above shows, the EU BAM operation cannot be more different than UNIFIL. It's more than a hundred times smaller than UNIFIL, its observers are unarmed, the mission is not even capable of defending itself, its budget is only a fraction of UNIFIL's. Despite its small size, EU BAM was able to fulfill its mandate for a period of almost two years under difficult and risky conditions. Admittedly, these tasks are much narrower than those of UNIFIL, but so are the resources at its disposal. EU BAM kept the Rafah border open for a year and a half despite terrorism, local fighting and regional tension. EU BAM received help and good cooperation from all three sides: the Palestinian Authority that desperately wanted to control its own border, the Egyptians who wanted to keep stability in the area, and the Israelis who realized that once they withdrew from Gaza an independent Palestinian border was inevitable. EU BAM commanders gained the respect of all three sides and were able to mediate in local flashpoints and often get the border opened even at times of crisis.

Much of the Israeli critique leveled at EU BAM was over its inability to stop smuggling across the border. However, there was no conceivable way that EU BAM could have prevented the massive smuggling of money and weapons into Gaza as it was neither its mandate nor remotely within its capabilities. The Israeli army, deploying hundreds of soldiers along the border, constructing kilometers of tall concrete walls and blowing up dozens of tunnels could not stop this smuggling over years of daily combat. A few dozen unarmed European observers could not have fared better and their success should not be judged over the smuggling issue. The real achievement of EU BAM was political – keeping the Rafah border crossing open almost continuously for eighteen months. In that period, almost half a million people crossed the border, allowing Palestinians to feel for the first time masters of their own foreign travel. This political achievement served not only as a 'pressure valve' to release tensions inside Gaza but also reinforced the Palestinian Authority's public standing as an independent entity with its own borders and border controls. The success of the Hamas putsch and the subsequent collapse of the PA in the Gaza Strip came about as part of much wider social and political developments and had nothing to do with EU BAM.

The performance of UNIFIL and of EU BAM delineates the potential and the limits of European 'hard security' engagement in the Middle East. On one end of the scale, a small, unarmed professional force with a narrowly defined mandate can provide working solutions to immediate local security problems. On the other end of the scale, a large and strong military force is powerless to exert a lasting influence on the basic security structure of the conflict. The experience of UNIFIL and EU BAM has one important lesson: the success of a peacekeeping or conflict management operation depends on stable partners on both sides. UNIFIL did not have a stable partner in Lebanon since the Government of Lebanon had no influence or power in the south. As long as EU BAM had a stable partner in the Gaza Strip, i.e. the Palestinian Authority and its 'Force 17' border guards, it could operate effectively and its success radiated even beyond its immediate area of operation. Once the Palestinian stable partner collapsed, the EU BAM operation could not continue its work. The need for a stable partner on both sides is a basic prerequisite for successful multinational conflict management in the Middle East and must be kept in mind in any future planning of such operations.

European Security Engagement after Annapolis

The November 2007 Annapolis peace conference aimed to bring new momentum to the Middle East peace process. The conference ended without immediate results but both sides committed themselves to reach an agreement by the end of 2008. This target date, however, seems to be hopelessly optimistic and despite frequent high level meetings, little progress has actually been achieved so far.

Following the conference, US President George Bush nominated General James Jones, former supreme NATO commander in Europe, as Special Security Envoy for the Middle East. A veteran of peacekeeping operations in the Balkans and Afghanistan, General Jones was tasked with monitoring the security aspects of the renewed peace effort and providing independent advice to both sides. In his previous role as NATO commander, Jones pushed for the use of NATO troops in peacekeeping roles in southern Lebanon (Dempsey 2006). His new appointment may have been an indication that the US administration considered deploying

NATO peacekeepers as part of future peace arrangements. Such a deployment would have to come from European NATO armies for two reasons: US forces are overstretched in Iraq and Afghanistan, and the US is perceived as being too pro-Israeli, risking terror attacks against its soldiers. In the months following Annapolis, the US increased its military training and support of the pro-Abbas forces in the West Bank but these forces still seem unable to ensure stability and security in the Palestinian West Bank areas.

Despite much early goodwill, the Annapolis initiative waned away against the daily security situation on the Gaza-Israel border. Daily Hamas rocket attacks on the southern Israeli towns of Sderot and Ashkelon created a situation in which Israeli military action in Gaza is likely to be only a question of time. The Hamas leadership tries to provoke an Israeli attack in the hope of diverting the Gaza population from their dire economic situation and the western boycott of the Hamas. So far, the Israeli government has been able to resist this provocation, even under intense public pressure. This policy of no action can be maintained only as long as casualty levels inside Israel remain low. But no government in the world can look aside when its territory is being bombarded daily by an enemy across the border. It would only take one Hamas rocket hitting an Israeli school or kindergarten and causing mass casualties to push the Israeli government into a wide military excursion into Gaza and possibly tumbling the region into renewed war. Future progress is also dependent on the outcome of the November 2008 US Presidential elections. The war between Georgia and Russia diverted European attention from the Middle East to the Caucasus. But in the coming years the European Union will have to adjust its policies to the political changes in Gaza and Lebanon. Such changes will also determine the future of UNIFIL and of EU BAM.

Policy Recommendations: Middle East Peacekeeping can only be effective with stability on both sides

The expansion of UNIFIL did not bring peace and stability to southern Lebanon. The force is mainly concerned with self-preservation and avoids confrontations with Hezbollah over issues such as weapons smuggling or deployment of Hezbollah fighters in villages close to the

Israeli border. However, its presence does act as an inhibitor to prevent open Hezbollah attacks against Israel. Over the past two years there were only two incidents of rocket firing into Israel, compared with numerous incidents in previous years. Most of UNIFIL's activities are aimed at assisting humanitarian work in southern Lebanon. Although a large and heavily armed force, UNIFIL cannot be expected to forcefully disarm the Hezbollah. Its commanders are weary of becoming targets to massive terror attacks such as the suicide attacks against the US Marines and French Army headquarters in Beirut in 1983, which ultimately forced the withdrawal of those peacekeeping forces from Lebanon at the time. UNIFIL commanders are well aware of Hezbollah's military capabilities, as demonstrated during the 2006 war. They do not consider their force adequate to do something that the Israeli army could not achieve in 18 years of controlling southern Lebanon. UNIFIL forces therefore carry out their patrols looking the other way, avoiding open confrontations with Hezbollah while maintaining a modicum of control in the area.

The expansion of UNIFIL and the effective but short-lived activities of EU BAM demonstrated the usefulness of multinational peacekeeping in the Middle East when applied to specific security problems over which there is a wide international consensus. However, another effect of those activities has been to influence the perceptions of policymakers on both the Israeli and Palestinian sides. In stark contrast to their positions just a few years ago, policymakers in the region now look favorably on the use of European peacekeeping operations in stabilizing security problems in the region. Both sides have now realized that the European experience in multinational peacekeeping, gained in the former Yugoslavia, Africa and Kosovo, provides a model for limited conflict management operations which could contribute to stability. Ultimately, the stability of the region is dependent on a workable and widely acceptable comprehensive Israeli-Palestinian final status agreement, but such an agreement and its successful implementation are still a long way away. In the meantime, European peacekeeping provides new mechanisms and new tools for reducing local tension spots and addressing acute local security problems effectively. The experience of UNIFIL and of EU BAM is quite unique and not immediately transferable to other areas of the world, but it does provide lessons on the limitations of multinational peacekeeping.

Three policy recommendations arise from the analysis above:

- Israeli policymakers must lower their expectations of UNIFIL. It will not disarm Hezbollah, nor will it enter into violent confrontations with Hezbollah while carrying out its patrols and daily work. UNIFIL's impact on the security situation in southern Lebanon does not depend on its size or composition. Its commanders will avoid confrontation as long as they perceive Hezbollah's destructive power to present a greater threat than Israeli protests.

- The EU BAM mission provides a model for future deployment of European observers as part of an Israeli-Palestinian final status agreement. This model relies on verification rather than enforcement. Verification work is far less risky than enforcement and thus more palatable to European governments. European observers could be deployed to verify security arrangements at West Bank border crossings but only if the Palestinian Authority can ensure a stable security situation on the Palestinian side.

- Peacekeeping efforts in the Middle East are diffused and fragmented, consisting of six different multinational operations, each with a different mandate, command, composition and logistics. This greatly reduces effectiveness, both political and military, creates confusion and degrades the public legitimacy of the various forces. The European Union should consider streamlining and unifying the current system, creating a centralized command and logistics structure, thus enhancing the individual peacekeeping operations and their overall regional impact.

Annex 1

Resolution 1701 (2006)
Adopted by the Security Council at its 5511th meeting, on
11 August 2006

The Security Council,

Recalling all its previous resolutions on Lebanon, in particular resolutions 425 (1978), 426 (1978), 520 (1982), 1559 (2004), 1655 (2006) 1680 (2006) and 1697 (2006), as well as the statements of its President on the situation in Lebanon, in particular the statements of 18 June 2000

(S/PRST/2000/21), of 19 October 2004 (S/PRST/2004/36), of 4 May 2005 (S/PRST/2005/17), of 23 January 2006 (S/PRST/2006/3) and of 30 July 2006 (S/PRST/2006/35),

Expressing its utmost concern at the continuing escalation of hostilities in Lebanon and in Israel since Hizbollah's attack on Israel on 12 July 2006, which has already caused hundreds of deaths and injuries on both sides, extensive damage to civilian infrastructure and hundreds of thousands of internally displaced persons,

Emphasizing the need for an end of violence, but at the same time *emphasizing* the need to address urgently the causes that have given rise to the current crisis, including by the unconditional release of the abducted Israeli soldiers,

Mindful of the sensitivity of the issue of prisoners and *encouraging* the efforts aimed at urgently settling the issue of the Lebanese prisoners detained in Israel,

Welcoming the efforts of the Lebanese Prime Minister and the commitment of the Government of Lebanon, in its seven-point plan, to extend its authority over its territory, through its own legitimate armed forces, such that there will be no weapons without the consent of the Government of Lebanon and no authority other than that of the Government of Lebanon, *welcoming also* its commitment to a United Nations force that is supplemented and enhanced in numbers, equipment, mandate and scope of operation, and *bearing in mind* its request in this plan for an immediate withdrawal of the Israeli forces from southern Lebanon,

Determined to act for this withdrawal to happen at the earliest,

Taking due note of the proposals made in the seven-point plan regarding the Shebaa farms area,

Welcoming the unanimous decision by the Government of Lebanon on 7 August 2006 to deploy a Lebanese armed force of 15,000 troops in South Lebanon as the Israeli army withdraws behind the Blue Line and to request the assistance of additional forces from the United Nations Interim Force in Lebanon (UNIFIL) as needed, to facilitate the entry of the Lebanese armed forces into the region and to restate its intention to strengthen the Lebanese armed forces with material as needed to enable it to perform its duties,

Aware of its responsibilities to help secure a permanent ceasefire and a longterm solution to the conflict,

Determining that the situation in Lebanon constitutes a threat to international peace and security,

1. *Calls for* a full cessation of hostilities based upon, in particular, the immediate cessation by Hizbollah of all attacks and the immediate cessation by Israel of all offensive military operations;

2. Upon full cessation of hostilities, *calls upon* the Government of Lebanon and UNIFIL as authorized by paragraph 11 to deploy their forces together throughout the South and *calls upon* the Government of Israel, as that deployment begins, to withdraw all of its forces from southern Lebanon in parallel;

3. *Emphasizes* the importance of the extension of the control of the Government of Lebanon over all Lebanese territory in accordance with the provisions of resolution 1559 (2004) and resolution 1680 (2006), and of the relevant provisions of the Taif Accords, for it to exercise its full sovereignty, so that there will be no weapons without the consent of the Government of Lebanon and no authority other than that of the Government of Lebanon;

4. *Reiterates* its strong support for full respect for the Blue Line;

5. *Also reiterates* its strong support, as recalled in all its previous relevant resolutions, for the territorial integrity, sovereignty and political independence of Lebanon within its internationally recognized borders, as contemplated by the Israeli-Lebanese General Armistice Agreement of 23 March 1949;

6. *Calls on* the international community to take immediate steps to extend its financial and humanitarian assistance to the Lebanese people, including through facilitating the safe return of displaced persons and, under the authority of the Government of Lebanon, reopening airports and harbours, consistent with paragraphs 14 and 15, and *calls on* it also to consider further assistance in the future to contribute to the reconstruction and development of Lebanon;

7. *Affirms* that all parties are responsible for ensuring that no action is taken contrary to paragraph 1 that might adversely affect the search for a long-term solution, humanitarian access to civilian populations, including safe passage for humanitarian convoys, or the voluntary and safe return of displaced persons, and *calls on* all parties to comply with this responsibility and to cooperate with the Security Council;

8. *Calls for* Israel and Lebanon to support a permanent ceasefire and a longterm solution based on the following principles and elements:
   - full respect for the Blue Line by both parties;
   - security arrangements to prevent the resumption of hostilities, including the establishment between the Blue Line and the Litani river of an area free of any armed personnel, assets and weapons other than those of the Government of Lebanon and of UNIFIL as authorized in paragraph 11, deployed in this area;
   - full implementation of the relevant provisions of the Taif Accords, and of resolutions 1559 (2004) and 1680 (2006), that require the disarmament of all armed groups in Lebanon, so that, pursuant to the Lebanese cabinet decision of 27 July 2006, there will be no weapons or authority in Lebanon other than that of the Lebanese State;
   - no foreign forces in Lebanon without the consent of its Government;
   - no sales or supply of arms and related materiel to Lebanon except as authorized by its Government;
   - provision to the United Nations of all remaining maps of landmines in Lebanon in Israel's possession;

9. *Invites* the Secretary-General to support efforts to secure as soon as possible agreements in principle from the Government of Lebanon and the Government of Israel to the principles and elements for a long-term solution as set forth in paragraph 8, and *expresses* its intention to be actively involved;

10. *Requests* the Secretary-General to develop, in liaison with relevant international actors and the concerned parties, proposals to implement the relevant provisions of the Taif Accords, and resolutions 1559 (2004) and 1680 (2006), including disarmament, and for delineation of the international borders of Lebanon, especially in those areas where the border is disputed or uncertain, including by dealing with the Shebaa farms area, and to present to the Security Council those proposals within thirty days;

11. *Decides*, in order to supplement and enhance the force in numbers, equipment, mandate and scope of operations, to
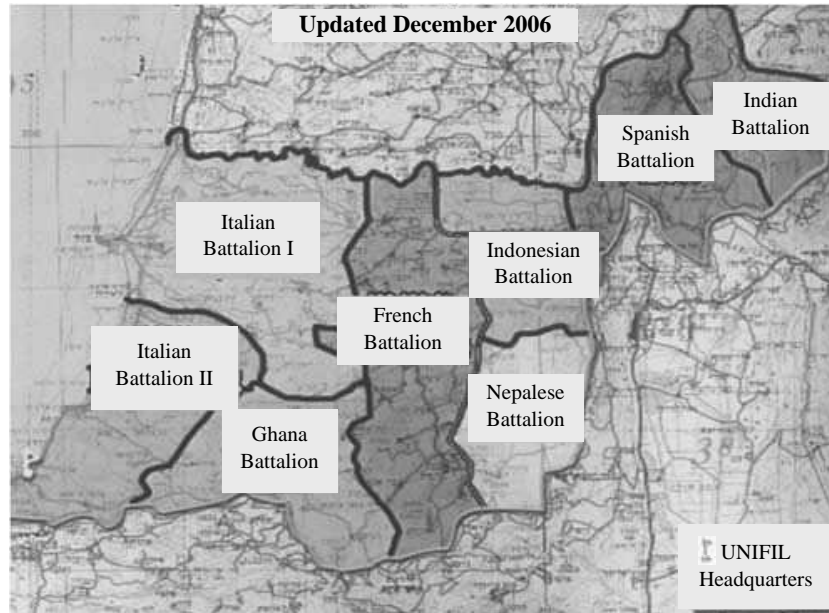
authorize an increase in the force strength of UNIFIL to a maximum of 15,000 troops, and that the force shall, in addition to carrying out its mandate under resolutions 425 and 426 (1978):

(a) Monitor the cessation of hostilities;

(b) Accompany and support the Lebanese armed forces as they deploy throughout the South, including along the Blue Line, as Israel withdraws its armed forces from Lebanon as provided in paragraph 2;

(c) Coordinate its activities related to paragraph 11 (b) with the Government of Lebanon and the Government of Israel;

(d) Extend its assistance to help ensure humanitarian access to civilian populations and the voluntary and safe return of displaced persons;

(e) Assist the Lebanese armed forces in taking steps towards the establishment of the area as referred to in paragraph 8;

(f) Assist the Government of Lebanon, at its request, to implement paragraph 14;

12. Acting in support of a request from the Government of Lebanon to deploy an international force to assist it to exercise its authority throughout the territory, *authorizes* UNIFIL to take all necessary action in areas of deployment of its forces and as it deems within its capabilities, to ensure that its area of operations is not utilized for hostile activities of any kind, to resist attempts by forceful means to prevent it from discharging its duties under the mandate of the Security Council, and to protect United Nations personnel, facilities, installations and equipment, ensure the security and freedom of movement of United Nations personnel, humanitarian workers and, without prejudice to the responsibility of the Government of Lebanon, to protect civilians under imminent threat of physical violence;

13. *Requests* the Secretary-General urgently to put in place measures to ensure UNIFIL is able to carry out the functions envisaged in this resolution, *urges* Member States to consider making appropriate contributions to UNIFIL and to respond positively to requests for assistance from the Force, and *expresses* its strong appreciation to those who have contributed to UNIFIL in the past;

14. *Calls upon* the Government of Lebanon to secure its borders and other entry points to prevent the entry in Lebanon without its consent of arms or related materiel and *requests* UNIFIL as authorized in paragraph 11 to assist the Government of Lebanon at its request;

15. *Decides* further that all States shall take the necessary measures to prevent, by their nationals or from their territories or using their flag vessels or aircraft:

    (a) The sale or supply to any entity or individual in Lebanon of arms and related materiel of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts for the aforementioned, whether or not originating in their territories; and

    (b) The provision to any entity or individual in Lebanon of any technical training or assistance related to the provision, manufacture, maintenance or use of the items listed in subparagraph (a) above; except that these prohibitions shall not apply to arms, related material, training or assistance authorized by the Government of Lebanon or by UNIFIL as authorized in paragraph 11;

16. *Decides* to extend the mandate of UNIFIL until 31 August 2007, and *expresses its intention* to consider in a later resolution further enhancements to the mandate and other steps to contribute to the implementation of a permanent ceasefire and a long-term solution;

17. *Requests* the Secretary-General to report to the Council within one week on the implementation of this resolution and subsequently on a regular basis;

18. *Stresses* the importance of, and the need to achieve, a comprehensive, just and lasting peace in the Middle East, based on all its relevant resolutions including its resolutions 242 (1967) of 22 November 1967, 338 (1973) of 22 October 1973 and 1515 (2003) of 19 November 2003;

19. *Decides* to remain actively seized of the matter.

Annex 2

UNIFIL Deployment in southern Lebanon

Updated December 2006

Indian Battalion

Spanish Battalion

Italian Battalion I

Indonesian Battalion

French Battalion

Italian Battalion II

Nepalese Battalion

Ghana Battalion

UNIFIL Headquarters

Remark: smaller units from other countries are operating under the command of the battalions above. The German contingent operates at sea.

References

Al Jazeera News. 2007. Lebanon blast kills UNIFIL troops, 25 June.

Ben, Aluf. 2005. Rice spoke with Abu Mazen about the situation of the border crossings in the Gaza strip. *Haaretz*, 3 December.

Blandford, Nicholas. 2007. In Lebanon the UN and Hizbullah make unlikely bedfellows. *Christian Science Monitor*, 24 July.

Chassay, Clancy. 2007. Car bomb kills six UNIFIL peacekeepers in Lebanon. *The Guardian*, 25 June.

Dempsey, Judy. 2006. NATO head says forces up to task. *International Herald Tribune*, 28 July.

European Union@United Nations. 2005. EU Border Assistance Mission for Rafah crossing Point (EU BAM Rafah), 25 November. http://europa-eu-un.org.

EU BAM. 2006. Total passengers crossing up to 24.06.2006. http://www.eubam-rafah.eu/portal/node/382

EU BAM. 2007a. Press Release: Suspension of Operations, 15 June.

EU BAM. 2007b. The future of the Mission, 11 October.

EU BAM. 2008. Statistics.
http://www.eubam-rafah.eu/portal/en/node/350

Farrell, Stephan. 2006. Interview with Prime Minister Olmert. *The Times*, 2 August.

Gebauer, Matthias and Putz, Ulrike. 2006. A Poisoned Relationship. *Spiegel Online*, 28 July.

Haaretz. 2008. Lebanon to lodge UN complaint against Israel for border shooting, 4 February.

Israeli Ministry of Foreign Affairs. 2001. DM Ben-Eliezer: UN withholding videotape of relating to kidnapped Israelis, Jerusalem, 5 July.

Lowenthal, Marcus Lori. 2006. What did you do in the war, UNIFIL? *The Weekly Standard*, 4 September.

Katz, Yaacov. 2006. Footage released of Har Dov abduction. *Jerusalem Post*, 5 September.

Katz, Yaacov. 2007. Hizbullah not rearming in S. Lebanon. *Jerusalem Post*, 14 June.

Keinon, Herb. 2007. EU monitors to stay away from Rafah. *Jerusalem Post*, 28 June.

Kliger, Rachelle. 2006. UNIFIL: Our hands are tied. *YNET News*, 8 August.

McElroy, Damien. 2008. UN seeks to halt Hizbollah arms in Lebanon. *The Daily Telegraph*, 7 January.

Mendel, Roi. 2006. The cold blooded murder of our kids can be clearly seen. *YNET/Yediot Acharonot*, 5 September.

National Defence and the Canadian Forces. 2008. Board of Inquiry into the death of Major Paeta Hess-Von Kruedener.
http://www.forces.gc.ca/site/focus/Hess-Von-Kruedener/index_e.asp.
Accessed 8 September.

New York Times. 2007. Ban Ki-moon Visits Outposts of U.N. Force in Lebanon. 1 April.

Ravid, Barak. 2008. Despite Barak's criticism: Security Establishment for extending UNIFIL mandate. *Haaretz*, 24 August.

Ravid, Barak. 2008a. Israel: UNIFIL hiding info about Hezbollah from Security Council. *Haaretz*, 28 April.

Ravid, Barak. 2008b. UNIFIL commander: Barak and Ashkenazi are ignoring me. *Haaretz*, 21 August.

Shanker, Thom. 2006. Peacekeepers have 'robust' mandate Rice says. *New York Times*, 26 September.

Shebab, Ali. 2007. Hezbollah protects UNIFIL, Spaniards hate Israel. *Al Manar TV*.
http://www.almanar.com.lb/NewsSite/NewsDetails.aspx?id=22912&language=en.

Shiffer, S. and Shaked, R. 2005.Exiled Hamas terrorists returned to Gaza through the Rafah crossing point. *Yediot Acharonot*, 2 December, p. 6.

The Associated Press. 2006. U.N. commander says his troops will not disarm Hezbollah. 18 September.

The Associated Press. 2007a. South Korean troops arrive in Lebanon to join UN peacekeepers. *Haaretz*, 19 July.

The Associated Press. 2007b. U.N. peacekeeper killed in Lebanon while clearing shells left over from last summer's war. 24 August.

The Associated Press. 2008. Towards Ramadan: Rafah crossing opened for two days. *YNET/Yediot Acharonot*, 30 August.

Turkish Weekly. 2006. The Turkish UNIFIL troops set off for Lebanon, 19 October.

UNIFIL. 2008. Unifil Mandate.
http://www.un.org/Depts/dpko/missions/unifil/mandate.html. Accessed 9 September.

United Kingdom Parliament Hansard. 2005. 16 European Security and Defence Policy: Border Assistance Mission in Gaza, 21 November.

United Nations Security Council (UNSC). 1978. Resolutions 425 and 426.

United Nations Security Council (UNSC). 2006. Resolution 1701.

United Nations (UN). 2001. Report of the fact-finding investigation relating to the abduction of three Israeli soldiers on 7 October 2000 and subsequent relevant events. New York, 2 August.

United Nations News Center. 2008. Security Council extends UN mission in southern Lebanon by a year, 24 August.

ESDP and Israel

Eva Gross

Abstract

This chapter analyses the implications of the European Security and Defence Policy (ESDP) for relations between the EU and Israel and for the EU's broader role in the Middle East more generally. The chapter first gives a detailed overview of ESDP and its implications for a stronger EU foreign policy, both with respect to the policy's evolution since becoming operational in 2003 and to the specific missions in the Middle East. The chapter then analyses the implications of ESDP for Israel, with respect to the growing security role of the EU in the region, as well as domestic Israeli perceptions as to the utility of ESDP. The chapter concludes by placing the discussion of the development of ESDP and EU-Israel relations in the broader context of the EU's growing role in the Middle East.

Introduction

With the creation of the European Security and Defence Policy (ESDP) the EU has been able to play an increasing foreign and security role in world affairs, including in the Middle East. The year 2008 marks both a five-and a ten-year anniversary for ESDP. Ten years since the Anglo-French summit at St. Malo in 1998 made the creation of ESDP possible in the first place; and five years since the launch of the first ESDP mission, the EU Police Mission in Bosnia and Herzegovina (EUPM) in 2003, marked the EU ESDP becoming operational in the full sense.[26] Since these two landmark events, both the political positions and constraints in the individual member states (including Britain and France, the two countries whose positions were furthest apart and thus delayed the creation of ESDP) but also the number and nature of ESDP operations have evolved considerably. Before analyzing the implications of this particular EU policy for third countries and conflict settings, a

---

26. ESDP had first been declared partly operational under the Belgian EU Presidency in 2001.

stock-taking of the ESDP's historical development is in order so as to highlight the possibilities and constraints inherent in European foreign and security policy in general, and with respect to the Middle East and Israel in particular.

As the next section shows in more detail, through the creation of ESDP the EU has evolved into a security actor in its own right, which has developed positions and policies that are implemented independently and/or alongside with NATO and the United States. The added political weight is increasingly felt in various geographical and functional policy areas the EU engages in. In the Middle East, this applies to EU foreign policy initiatives towards Iran and a growing security role in the Palestinian Territories, along with a growing political role in the Middle East peace process. European military deployments as part of UNIFIL further attest to the growing political and security presence in the region. While these developments have not been without criticism, and while knowledge about ESDP and the visibility of EU foreign policy in third countries has not kept in step with the ESDP's recent developments, the overall effect of increased EU activities has translated into greater political impact for the EU than it had at the beginning of the decade, when crisis management and foreign policy first moved into the spotlight of EU activities.

Yet, despite these positive developments, the EU faces limitations in its approach to Israel and the Middle East. Political differences among EU member states and resulting institutional constraints on formulating policy negatively impact the EU's ability to influence Israel or the dynamics in the Middle East peace process. In addition, the absence of a fully engaged US administration together with political crises and uncertainties in both Israel and the Palestinian Territories make the invigoration of the peace process difficult, with or without a stronger and more united EU foreign policy.

With respect to the Middle East, differences among EU member states do exist on what the EU's political and security role should be, which makes the task of arriving at a working consensus difficult. France, the country that currently holds the EU Presidency, has suggested the deployment of a European-led peacekeeping force to replace Israel in the West Bank that

would give security guarantees to Israel, rather than merely concentrating ESDP activities on building up Palestinian state security structures, as has been the case so far, and of overall action as a security partner to Israel (Center for European Reform 2008). With political priorities currently shifting to events in the Caucasus this is unlikely to find resonance among member states particularly in the short run. However, it also reflects deeper divisions within the EU over whether and how to act as partners with Israel: if to act as an independent military actor outside the currently defined structures, or to maintain its current approach of civilian crisis management operations. Current French initiatives pushing for a greater role for the EU in the Middle East and the ambitions for the EU and ESDP they reflect can be seen as a welcome move, in light of the growing political and security challenges at a time of low US engagement, due to the upcoming presidential elections and a record of neglect under the Bush administration. Nevertheless, the sustainability of Sarkozy's initiative also depends on continuous European and member state commitments under EU Presidencies to come.

The French push for the EU to act as a security partner to Israel also reflects a second strand of ESDP activities beyond crisis management operations in third countries that engenders both security cooperation and socialization into European security practices. Rather than instituting merely a coercive instrument in the sense of political attention paid to individual crises by virtue of ESDP missions that are to induce political change on the part of host countries, by including third countries in individual missions ESDP increasingly functions as a venue for collaboration and socialization into European crisis management and state-building practices. While Israel has expressed interest in collaboration on technical and functional/horizontal security issues that are of mutual interest and in which Israel has operational expertise, such as on terrorism and smuggling, from the EU point of view the focus in the short term at least is likely to remain on intervening in the Middle East peace process, state building and reinforcing the Palestinian security sector. In the longer term, however, the second view on ESDP – that of a security partnership rather than third party mediation or coercion – has different implications for EU-Israel relations.

114

ESDP – raising the EU's profile in security and crisis management

Current debates over ESDP's role in the Middle East as well as in EU-Israel relations are a far cry from the policy's early days, which were concerned most of all with transatlantic burden sharing. The creation of an autonomous European defence outside NATO structures, although often debated, did not gain traction until the end of the Cold War on account of concern over its effect on transatlantic relations, particularly on the part of Britain. The conflict in the Balkans and questions over leadership within Europe induced a change in London's position. At its inception, the fundamental idea behind creating ESDP, and one of the reasons why Britain gave up its objections towards a European defence policy outside transatlantic structures, was the idea of transatlantic burden sharing. The experience in the Balkans, where Europe had to rely on the US military and diplomatic efforts to bring an end to hostilities, impressed upon policy makers in Europe the need for a stronger profile in security and defence policy in order to remain a credible partner for the US, and so as to prevent the US from turning its attention away from Europe. For France, the idea had been all along to create a European security and defence policy independent from the US. After the end of the Cold War and the experience of the Balkans these two positions, of Paris and of London, converged sufficiently to make possible the creation of ESDP over the objections and concerns of the United States (see Howorth 2000 and 2007). Ten years since the political launch of the project, however, it has become clear that the initial goal behind European efforts has not been entirely met, and that national priorities have not evolved to an extent that could change the fundamental transatlantic military equation – with very real consequences for what the EU can deliver in military and security terms.

The goal of raising the EU's profile and capabilities in security and defence by means of raising the level and the nature of military spending in member states has not altogether been met through the creation of ESDP. Defence spending after the end of the Cold War declined drastically as a result of the 'peace dividend'. In light of changing attitudes towards the use of force as well as domestic fiscal pressures, a level of combined European defence expenditure at around 2% of GDP has not significantly changed between 1995 and 2006 (see International Institute for Strategic Studies 2008), and is unlikely to increase in the future.

Partly as a result, the initial military headline goal from 1999[27] morphed in 2004 into a new, less specific, Headline Goal that called for member states 'to be able by 2010 to respond with rapid and decisive action applying a fully coherent approach to the whole spectrum of crisis management operations covered by the Treaty of the European Union' (Gnesotto 2004). The lack of political commitments to ESDP and military commitments under NATO, combined with competing views over ESDP's utility and purpose among the member states, has meant that ESDP was not considered a serious option for deploying European military forces in crisis management and peace keeping operations such as those in Afghanistan or Lebanon.

As far as military crisis management is concerned, the EU has engaged in few and geographically and functionally selective operations: deterrence missions in Bosnia and Herzegovina and Macedonia that were taken over from NATO and bridging operations in DR Congo that took place in close cooperation with the UN. Essentially, the EU has deployed military force in areas such as the Western Balkans where individual countries are viewed as potential and/or future member states or in sub-Saharan Africa, where the EU could act in support of other international institutions in pursuit of 'effective multilateralism' as stated in the European Security Strategy. While this is not to say that these missions, or the rationale behind them, are not legitimate and important, the lack of moves towards enhancing defence spending and individual member states making significant military commitments outside the EU framework in support of NATO or the US, make ESDP less than effective when it comes to transatlantic burden sharing of military crisis management. Rather than competing with NATO, or providing an automatic alternative option in areas where NATO does not want to become engaged, ESDP has fallen short of its declared goal. Current political and fiscal priorities among some member states and a declining engagement with ESDP by one of the two original drivers behind the policy do not indicate likely improvements in the near future, despite calls for permanent structured cooperation or variable geometry to move ESDP forward (see Witney 2008).

---

27. The 1999 Helsinki Headline Goal had called for member states 'by 2003, to deploy within 60 days and sustain for at least one year military forces of up to 50,000–60,000 persons' (see Gnesotto 2004).

As for the US, ESDP is increasingly no longer seen as a threat to NATO but as a potential partner (see Nuland 2007), an emerging view that is particularly based on ESDP's operational experience in civilian crisis management. Current French moves towards a return to NATO command structures[28] also indicates that military ESDP and NATO are increasingly no longer seen as competitors, and that a workable division of labor might be arrived at politically without the ideological overlay of the past – and that in general the issue of European military crisis management can be infused with new momentum. The French EU Presidency's emphasis on ESDP, military crisis management and the re-visiting of the European Security Strategy also indicates a renewed focus on ESDP that could result in an actual push towards greater ESDP activity in general and military crisis management operations in particular – beyond the scope, size and geographical range of the missions to date. This is all the more important because the experience of cooperation in theatre, and the potential for joint programs and more effective defence spending that is inherent in agencies such as the European Defence Agency (EDA) mean that even the limited operational history of military ESDP has led to a socialization of member states but also third countries contributing to ESDP; and that ESDP represents one potential additional platform for military cooperation in theatre as well as in procurement, research and development. For countries and member states participating in these ESDP operations and activities, in other words, ESDP represents a platform for cooperation, contribution and socialization into European norms and practices, which further stands to strengthen and reinforce the EU's political impact.

As for ESDP's 5-year anniversary of the first crisis mission launched under an EU label, the operational experience and the demands placed on ESDP quickly revealed that ESDP has developed significant expertise in civilian crisis management, with a particular focus on various aspects of security sector reform (SSR). Of the 23 completed, ongoing or planned operations, only four have been military, the rest were police, rule of law, or border assistance missions, deployed around the globe. Increasingly, the scope of ESDP has grown from the Balkans and sub-Saharan Africa

_____

28. France left NATO integrated military command structures in 1966 over disagreements on the privileged role of the US in NATO and, by extension, European security.

to include Asia (Afghanistan and Indonesia), the Caucasus (Georgia), but also the Middle East (Palestinian Territories, Iraq). Most of the operational experience of ESDP has thus been gathered through civilian crisis missions, and the EU's approach to SSR and the broader concern with nation-building (see Dobbins 2008) in its military missions has been perceived as real value added to international security. Furthermore, individual operational experiences together with the challenge of combining civil and military instruments have resulted in a substantial lessons-learned processes. An important political component of civilian (but also military) ESDP is to emphasize member states' interest or commitments towards a specific issue area or crises. Technically, the Commission has been effectively running SSR projects in a number of geographic locations, and continues to do so. The difference with an ESDP mission is that its intergovernmental framework highlights member state consent and a means of exerting political pressure on host countries. In the final analysis, civilian ESDP missions signal the EU's greater political ambitions and positions, and exert pressures designed to change specific behaviours or dynamics in specific conflict settings. Despite the relatively modest commitments under ESDP, this can also be observed in the Middle East on security terms, as will be discussed in the next section.

ESDP in the Middle East

Two ESDP missions are currently deployed in the Middle East.[29] The political background of these two particular operations in the form of growing EU diplomacy towards the Middle East arose out of Javier Solana's increasing activities and push towards an EU role in the region and the Middle East peace process. These activities evolved concurrently with the growing EU activities in the Western Balkans starting with the crisis in Macedonia in 2001. They not only constituted a sign of the EU's emerging ambitions as an actor in foreign and security policy following the appointment of Javier Solana as High Representative/Secretary General of CFSP, but also demonstrated clearly that the Middle East is regarded as a priority area for EU foreign policy. These high profile

---

29. A third mission, the EU Rule of Law Mission for Iraq (EUJUST LEX), is a 'hybrid' case as police training is not taking place in theatre but rather consists of training Iraqi experts in the EU with a small liaison team operating in Baghdad (Council of the European Union 2008c).

diplomatic activities are embedded in a web of bilateral contractual relations through the European Neighbourhood Policy (ENP) and the Union of the Mediterranean, a brainchild of the current French EU Presidency that was launched on 13 July 2008. Politically, the EU is also a member of the Middle East Quartet, and a European, Tony Blair, has been appointed Quartet envoy. Lastly, the EU has launched two ESDP operations; in addition, European military forces are deployed in Lebanon under UNIFIL. The size and number of missions and military deployments in the Middle East represent both a qualitative and quantitative jump in European security presence since ESDP's beginnings as well as the EU's growing role in international security.

A short overview of the two ESDP operations as well as the engagement through UNIFIL reveals both the opportunities and limitations of the EU's foreign and security policy activities in the Middle East. EUPOL COPPS (Coordination Office for Palestinian Police Support) and EU BAM Rafah (Border Assistance Mission) are two comparatively small missions that nevertheless fulfill important functions: EUPOL COPPS supports the Palestinian Authority in establishing the rule of law; whereas through EU BAM Rafah the EU acts as a third party observer in establishing and maintaining a border crossing between Gaza and Egypt, a role that it has not been able to fulfill due to changing political circumstances. Fundamentally, the missions attest to the growth but also the limitations of ESDP – and, by extension, EU foreign policy. Despite the increasing commitments, the EU continues to play a secondary rather than a lead political role in the Middle East. While the EU increasingly navigates between the US and Israel on the one hand and the Palestinians on the other, its success and its action radius continue to depend on transatlantic commitments and conditions on the ground.

EUPOL COPPS

The EU Police Mission for the Palestinian Territories (EUPOL COPPS) has a long-term reform focus and provides enhanced support to the Palestinian Authority in establishing sustainable and effective policing arrangements. Following the pledge of EU leaders in June 2004 to support the Palestinian Authority in taking responsibility for law and order, and in particular, in improving its civil police and law enforcement capacity, EUPOL COPPS was established in November 2005 and has

been operational since 1 January 2006. With an initial duration of three years, EUPOL consists of 26 EU and 5 local staff and it is headed by a UK national, Colin Smith, a number that stands to increase in the future. The 2008 mission budget is slightly above €6 million, and 15 member states and Norway participate in the mission.

The aim of the mission is to assist the Palestinian police force in establishing sustainable policing capacities in the context of wider security sector reform. In this context, the mission has provided support to the Palestinian Civil Police to realize operational priorities but also longer-term transformation. The mission has advised and mentored senior officials at District and Headquarters level and has coordinated financial assistance from various international donors to the Palestinian Civil Police (Council of the European Union 2008a). From the perspective of the EU, security and the rule of law represent key pillars in building democracy, strengthening civil society but importantly also economic growth. Building a professional police force in the Palestinian Territories force directly results from this conviction. Fundamentally, the EU regards Israel's security as a derivative of broader state-and democracy-building efforts, including the establishment of the rule of law (see Solana 2008). In the case of Palestine, the establishment of a civil police is seen as particularly important due to the security vacuum in the absence of a politically neutral, community-based civil police (*Jerusalem Post* 2008).

Despite the not insubstantial commitments on the part of the EU, the mission has suffered both from the restricted personnel, material and financial resources but also from lack of political support from Israel. Progress has been accordingly slow, which prompted Berlin to host the June 2008 Donor Conference to increase visibility and financial pledges for building a Palestinian police (see *Süddeutsche Zeitung* 2008). Mission weakness has to do with current mission numbers, with political support for the mission and with lacking infrastructure. Twelve of the proposed 20 police stations currently exist (*Jerusalem Post* 2008). These problems illustrate the political constraints on the EU with respect to its dealings with Israel in general, but particularly in respect to this ESDP mission. As part not just of a state-building effort but also of a conflict-management or conflict-resolution tool, COPPS and the EU are beholden to the broader political situation in which the EU is not the primary external

actor. At the same time, COPPS fulfils an important political function with respect to the EU's position vis-à-vis both Israel and the Palestinian Authority. Given its mandate to contribute to the establishment and enforcement of security and the rule of law the EU shows its commitment to the Palestinian state and thus maintain a position as a neutral, third party to the conflict. At the same time, lacking mission effectiveness due to lack of resources, infrastructure and political interference also detract from the EU's political impact as the delivery of services is not commensurate with the political rhetoric. For the EU to maintain or increase its credibility, the mission must be equipped with greater resources and receive political backing from the EU and Israel in order to carry out its mandate.

EU BAM Rafah

Whereas EUPOL COPPS has been continuously operational and is intended to grow in size, the second ESDP mission, EU BAM Rafah, faces a more complicated constellation due to the broader political developments following Hamas' victory in the 2006 parliamentary election and the intra-Palestinian clashes as well as escalating violence between Israel and Hamas that has followed. EU BAM Rafah was launched in November 2005 following the conclusion between Israel and the Palestinian Authority of the 'Agreement on Movement and Access', the so-called Rafah Agreement of 15 November, following Israel's withdrawal from the Gaza strip. In this set-up the EU has assumed a Third Party role to ensure the operation of the border crossing as part of a confidence-building measure between Israel and the Palestinian Authorities;[30] and the ESDP mission also cooperates closely with the Commission's institution-building efforts in an effort to streamline EU activities in the first and second pillar. The mission has been operational since November 2005 and earlier this year has been extended until 24 November 2008. The mission consists of 20 EU and 7 local staff and has a mission budget of €7 million for 18 months, and is headed by an Italian national, Lt. General Pietro Pistolese (Council of the European Union 2008b).

The mission's core purpose, to provide a third-party role as part of a move towards confidence-building and de-escalation, has been compromised by

---

30. While Israel is not physically present at the border post, it has installed cameras so as to have virtual/visual information on proceedings (see Toronto Star 2006).

political events. While EU BAM has maintained its operational capability despite Hamas' takeover in the Gaza strip, in June 2007 the Head of Mission declared a temporary suspension of the mission. EU BAM remains in the region with the operational capacity to deploy at short notice, given the importance of having the border open and to proceed with the implementation of the Agreement on Movement and Access. Practical linkages between the two missions also exist as staff of EU BAM Rafah is now reinforcing EUPOL COPPS by both assisting the auditing process and by the preparation of training courses. Despite the linkages between the two missions, the fundamental constraints acting on EUPOL COPPS also affect EU BAM Rafah – and in the latter case are even more pronounced. A cease-fire between Israel and Hamas, operational since June 2008, has resulted in Israel opening crossings for the trade of commercial goods. However, negotiations over and the eventual return of Israeli soldier Gilad Shalit, captured by militants in Gaza in June 2006, prisoners releases and the promised talks involving Israel, Hamas, the Palestinian Authority and the EU on reopening the Rafah crossing, have at the time of writing not met with positive results.

UNIFIL

For the past two years, in what represents a qualitative shift in European commitments to security in its neighbourhood as well as in the centrality of EU institutions in decision-making, European military forces have also been active in Lebanon. European reactions towards the 2006 war in Lebanon confirm growing ambitions to respond to international crises in general and to play a military role in the Middle East. Crisis diplomacy during the war saw the emergence of a 'European' pillar, led by France, that provided a counterpoint during the political negotiations towards a cease-fire as part of the UN framework, even if Britain and to a lesser extent also Germany were in support of the US position. French and Italian military commitments and leadership of the emerging peacekeeping force further demonstrated that Europeans were ready to commit to an active part in the resolution of the crisis. UNIFIL is also significant because the option of an ESDP mission had been discussed; this option was discarded both out of concern over putting the EU on display in what was rightly perceived as a difficult and dangerous mission and following the realization that duplicating or displacing an existing peace keeping force was judged too cumbersome. However, the debates

over an ESDP mission and the centrality of decision-making power and discussion in Brussels-based institutions shows the extent to which EU decision-making forums have become increasingly important in member states' European decision-making (see Biscop 2007). Although UNIFIL is not conducted under an EU label, European commitments to the force indicate a growing commitment also in military terms to the Middle East, particularly as other, transatlantic, institutional options and conflict actors could not have assumed this role. While UNIFIL does not necessarily mean that the EU has morphed into a greater military power – domestic constraints outlined in previous sections continue to apply – there is certainly more direct engagement than there has been in the past; and the stakes in the region on the part of the member states have also been reinforced as a result.

The political impact of France playing counterpoint to the US in the political negotiations over a cease-fire gave added weight to European (although not necessarily EU) diplomatic efforts, even if UNIFIL as an option was not initially supported by Israel. With respect to the EU as a political and military actor, the Lebanon episode illustrated that while the nature of current European political and military engagement as part of UNIFIL is a qualitative step up from past engagement, and while it involves not only France, Britain and Germany but also Italy and Spain,[31] the nature of the mandate is such that it does not offer a credible security guarantee to Israel and as such does not (yet) signal that the EU is able to take over security functions in the Middle East.

The political impact of EU missions in the Middle East – some conclusions

As previous sections have demonstrated, the two ESDP missions currently deployed are small in size, not fully operational, and both suffer from lack of financial and/or infrastructure support. Both missions are also heavily impacted by political conditions outside mission control, both in terms of Israel's political reservations to the missions, Hamas' presence in Gaza and relations between the Palestinian Authority and

---

31. Britain does not contribute to UNIFIL, nor was it instrumental in the negotiations over the mission's mandate; London however continues to hold a key position in EU and international politics towards the Middle East.

Hamas. While it is easy to dismiss ESDP's impact and presence due to the small size of the missions as well as the fact that one of the two has not been operational for a number of months, ESDP's political impact derives from two factors.

First, the fact that the EU is operationally active in the Middle East shows that it is increasingly taking on an international presence in the region. The fact that with respect to EU BAM Rafah the EU was perceived as the more neutral and as such necessary actor to undertake that mission also lends the EU legitimacy as a second external actor, alongside the US. With respect to the operational development of ESDP, the EU's growing focus on SSR as part of its operational focus on building state structures means that the EU is implementing its operational experience gained elsewhere in the Middle East as well. Fundamentally, however, especially when taken together with European military commitments as part of UNIFIL, the ESDP mission attests to the EU's growing ambitions in the region as well as an emerging qualitative shift in this engagement. Despite the incremental changes and hesitations over sending European soldiers to Lebanon, military deployments and the European lead in the negotiation of this deployment does represent a qualitative shift. For Israel, this means two things – whereas it is easy to dismiss the EU's military capabilities as negligible compared to the US, and its efforts as laudable but too small in scale,[32] the EU is the only actor that could have undertaken this mission. The EU's growing role is also important with a view to the outgoing US administration's neglecting of the peace process.

Disinterest on the part of the current US administration in the Middle East peace process has given the EU an opening to establish itself as a second external actor in the Middle East as well as formulate its own political position. However, in the long run the absence of a credible US commitment coupled with the tenuous situation in the Palestinian territories and the current crisis in Israeli government mean that Europe's room for maneuver – as concerns influencing Israel, building security structures, and strengthening the Middle East peace process – remains limited even when bolstered by its growing engagement in security

---

32. in Rafah, ESDP staff cannot prevent or intervene in smuggling activities outside the border crossing; and the assistance to the Palestinian police, while supported in principle, is seen as too small in scope.

through ESDP. Despite the growing EU role in the region, US security guarantees and political clout remain essential. Increasing the EU's security profile and offering Israel a security guarantee will be necessary for the EU to further raise its profile, to effect for change in political positions and move beyond general commitments to state building by means of civilian ESDP operations. A stronger European role in security also promises ways of cooperation between Israel and ESDP.

Israel and ESDP: exploring avenues for cooperation and coordination

The analysis of European and ESDP operations should have already suggested that Israel does not necessarily perceive the EU as a military security actor on account of ESDP. To be sure, the EU is perceived as a neutral external actor in the Middle East in addition to the US. While neither ESDP mission has resulted in the EU being perceived as a forceful actor in the Middle East, the EU has increased its political leverage both by virtue of the two ESDP missions as well as by being a member of the Quartet. As a result, the EU has become a greater player on the political level in the sense that Israel has to accommodate EU views and positions to a greater extent than it did in the past. Israel, therefore, regards ESDP on the one hand with skepticism because of the perception that ESDP in the Middle East, EU BAM Rafah in particular, is ineffective and does not deliver, even if in principle Israel is in support of strengthening the Palestinian security sector and general rule of law infrastructure. As far as ESDP is concerned, then, Israel is ambivalent or at least skeptical about the EU's contribution and growing role in the field of security, even if the EU has become a more established actor in state-building and aspects of SSR. A politically and militarily stronger EU, including by means of ESDP, is also seen as a potentially coercive instrument that can constrain Israel's actions.

On another level, however, ESDP is regarded with more interest. It is acknowledged that scope for cooperation exists that could be of interest to Israel, both in terms of military as well as political cooperation. ESDP is certainly perceived as an area where Israel and the EU can collaborate, with a view to moving Israel-EU relations to a more equal level beyond the bilateral relationship through the ENP. While Israel continues to

regard NATO as a stronger military actor and thus a more attractive partner, collaboration with the EU is of interest to Israel. Fundamentally, the perception is that Israel could make a contribution in the areas of fighting terrorism and smuggling as well as lend military expertise. Increasing cooperation could also be seen as an alternative path to influencing Israel on the part of the EU, as opposed to vocal criticism of either settlement policies or Israeli conduct during the 2006 war in Lebanon. In the short-and medium-term, however, relations between ESDP and Israel will continue to refer to the EU's increasingly influential politics in the Middle East through political avenues and concrete state-building measures as part of ESDP, rather than to functional cooperation on security matters.

Conclusions and recommendations

With ESDP, the EU has strengthened its profile with respect to the Middle East in general and Israel in particular. This is both a function of growing EU capabilities in military and civilian crisis management as well as the growth of political instruments and institutions under CFSP that complement and reinforce ESDP, and of the neglect of the peace process on the part of the current (outgoing) US administration. US policy also became discredited in the broader region on account of its invasion of Iraq, to the extent that the EU could assume a bigger and more clearly defined role. This was evident in the EU3 negotiations with Iran, where the EU provided a successful mediating diplomatic approach to navigate between the US and Iran; it was also evident in discussions over the peacekeeping force in/after the 2006 war in Lebanon. NATO, although favored in some quarters, was not perceived as neutral and thereby counted itself out as a viable policy option. As a result, it was up to the Europeans – although in the end not to the EU ESDP – to provide forces and lead the peacekeeping force, but also to provide political leadership in the negotiations towards a cease-fire in the 2006 Lebanon war and the establishment of the UN peacekeeping force.

The institutional and operational experience of ESDP over the past ten years has shown significant developments for the EU as a security actor. This applies particularly to EU contributions to SSR, reinforcement of EU political aims formulated under the CFSP, and the geographical reach of

EU foreign and security policy more generally. As concerns military and defence in the sense of transatlantic burden sharing and being able to provide security guarantees, however, ESDP has not developed significantly beyond stabilization and bridging missions. Lacking military capabilities, together with the EU's intergovernmental mode of decision-making and domestic reservations over the use of force continues to limit the EU's political clout, and this is visible also with respect to the Middle East.

To be sure, between the initial ESDP operations five years ago and today, and between Solana's first visits to the Middle East as a sign of increasing European political ambitions in the region, much has been accomplished in terms of raising the EU's profile as a security actor. In order to make ESDP – and by extension, the EU – a more credible player in the Middle East and Israel in particular, the EU must provide sufficient personnel and resources to the individual missions; it must align its political and ESDP activities to achieve greater impact between instruments; and it must find ways to engage with Israel in order to take over greater political but also security functions in the Middle East.

In order to increase its political and security role in the Middle East, therefore, the EU should:
- Increase its commitment to the two civilian ESDP missions; this involves staffing and equipping EUPOL COPPS as well as pushing for the re-opening of EU BAM Rafah
- Align its political activities vis-à-vis Israel but also the Palestinian Authority in a way that ESDP operation will conform with broader political objectives to maximize the EU's political impact
- Consider ways in which the EU can take over further security functions in the Middle East with a view to raise its security and political profile vis-à-vis Israel
- Further elaborate, and attempt to forge member state consensus, on likely future scenarios for ESDP activity in the Middle East
- In the absence of US leadership in the Middle East peace process, maintain high political profile and further establish the EU's role as an external actor.

References

Biscop, Sven. 2007. For a 'More Active' EU in the Middle East: Transatlantic Relations and the Strategic Implications of Europe's Engagement in Iran, Lebanon, and Israel-Palestine. In Nathanson, Roby and Stephan Stetter, ed. *The Middle East Under Fire? EU-Israel Relations in a Region Between War and Conflict Resolution.* Berlin/Tel Aviv: Friedrich Ebert Stiftung, May.

Center for European Reform. 2008. The Arab-Israeli conflict: France's dashed hopes. CER Insight. London, 3 September.

Council of the European Union. 2008a. EU Police Mission for the Palestinian Territories (EUPOL COPPS). Brussels, June.

Council of the European Union. 2008b. EU Border Assistance Mission at Rafah Crossing Point (EU BAM RAFAH). Brussels, June.

Council of the European Union. 2008c. EU Rule of Law Mission for Iraq (EUJUST LEX). Brussels, June.

Dobbins, James. 2008. Europe's Role in Nation Building. *Survival* 50 (3): 83–110.

Gnesotto, Nicole, ed. 2004. *EU Security and Defence Policy: The First Five Years (1999–2004).* Paris: EU Institute for Security Studies.

Haaretz. 2008. The Brit who can revitalize the PA police, 30 May.

Howorth, Jolyon. 2000. Britain, France and the European Defence Initiative. *Survival* (42) 2: 33–55.

Howorth, Jolyon. 2007. *Security and Defence Policy in the European Union.* London: Palgrave.

International Institute for Security Studies. 2008. *European Military Capabilities: Building Armed Forces for Modern Operations.* London: Routledge.

Jerusalem Post online edition. 2008. Three Palestinian police stations open. 3 June.

Nuland, Victoria. 2007. *NATO: Transatlantic and Global Security Provider.* Brussels: Institute for European Studies, 16 October.

Süddeutsche Zeitung. 2008. Nahost-Treffen in Berlin. Munich, 23 June.

Solana, Javier. 2008. Erst das Fundament, dann das Dach. Munich, *Süddeutsche Zeitung*, 25 June.

Toronto Star. 2006. Something that works. Toronto, 21 May

Witney, Nick. 2008. *Re-energizing Europe's Security and Defence Policy.* Policy Paper. London: European Council of Foreign Relations.

Israeli-European Armaments Cooperation

Thomas A. Teichler

Abstract

In this chapter I argue that armaments cooperation between Israel and the EU countries ought to be assessed at two levels of interaction. At the bilateral level, cooperation is characterized by a historically intense and extensive relation to Germany, which has been used during the last fifteen years to increase Israeli exports also to other European countries. Among the latter especially France, the UK, and Romania have been partners in collaborative ventures. In addition, Israel's possibilities for cooperation are shaped at the European level: on the one hand, armaments cooperation among EU Member States has the function to establish the Union as an international actor, fostering a new in-and outside. On the other, the European Defence Agency and the Commission have acquired competences regarding the regulation and financing of armaments-related activities. The chapter concludes with recommendations of how a closer cooperation at the European level can be achieved.

Introduction

"European armaments cooperation" has usually been used with an inward-looking perspective, with the EU as an arena in which its Member States cooperate on armaments issues. With the European Security and Defence Policy the EU has re-invigorated the aspiration to assert its identity on the international scene. During the first years the new policy has almost exclusively focused on the improvement of military and civil crisis management capabilities and only after the European Convention, ESDP also received a defence industrial and technological dimension. This is most clearly expressed in the work of the European Defence Agency (EDA) and the establishment of "strategic partnerships" with "other major actors on the world scene." Does this mean for armaments cooperation that the traditional inward-looking perspective has been complemented by an outward-looking view, one in which the EU as a

whole enters into relations with other parties? This would be one way to speak of "Israeli-European armaments cooperation." Another would be, to think of it in terms of a collection of bilateral relations between Israel and different European countries.

Consequently, this chapter addresses two central questions: one the one hand, it will investigate the traditional content of Israeli-European armaments cooperation. Since its establishment Israel has engaged in a number of bilateral cooperation efforts and their development since the 1990s will be scrutinized. On the other, the chapter will examine to what extent did the slow Europeanization of armaments policy, in the sense of assigning responsibility to the European level, lead to new modes of armaments cooperation. The establishment of the EDA, the formation of the AeroSpace and Defence Industry Association of Europe (ASD) in 2004 as well as the increasing involvement of the European Commission in security research made armaments cooperation part of the European Union proper (as opposed to the WEU). What does that imply for Israeli firms and laboratories?

I will argue that armaments cooperation plays *partly* a different role for Israel and for the EU countries. For Israel it has recently become a means to foster its export performance and to gain a foothold in the European market, which has traditionally been quite protected. The longstanding and historically broad armaments cooperation with Germany has helped Israeli companies to establish themselves as suppliers of several European governments. In France and Britain, the two largest EU defence spenders, they have been successful by focusing on selected niche markets especially in unmanned aerial vehicles. For EU countries cooperation allows to acquire military and industrial capabilities but it also plays a role in the formation of the EU as an international actor. Since European institutions might in the future assume some responsibilities still held at the national level, the need arises for Israel to take into consideration the role of the Commission in security research and of the European Defence Agency in general.

Before I make good on my claims, a few clarifications are in order. First, given that collaboration on military or intelligence issues has been treated elsewhere (Shpiro and Becher 2004; Bartos 2007, and Nassauer and

Steinmetz 2004), this chapter will focus on armaments cooperation. Second, "armaments cooperation," a term usually employed to denote one of several options for the procurement of new defence equipment (Sandler and Hartley 1999). One of these possibilities is the autarkic production of weapons systems according to exclusive specifications of the national military. This very expensive option has been considered the ideal solution during much of the 20th century, when not only the superpowers but also several European countries maintained the capability to develop and produce complex weapons systems like fighter aircraft and also Israel aspired to this ideal of self-sufficiency. On the other end of an imagined spectrum, stands the option to import military equipment from another country without requiring any major changes, so-called "off-the-shelf" procurement. Much of the French arms supplies to Israel until 1967 and the American sales to Israel reflect this procurement strategy. To rely on arms imports has, however, certain disadvantages such as the need to modify the equipment according to the specifications of the national military; to keep large stocks of spare parts to secure the supply in case of emergencies; the foreign exchange risk, or the danger that a foreign supplier may exploit a strong position.

Armaments cooperation allows counteracting some of these difficulties, for example, if the procuring government demands a compensation or participation of its economy in the production of the imported armament. Such an arrangement can take the form of offset, licensed production, or co-production (Sandler and Hartley 1999). A closer form of cooperation concerns the common agreement on military requirements for a weapons system. In an even closer form of armaments cooperation, the companies of two or three countries merge part of their activities in separate entities – joint ventures – or all their business in a single new company and cease to exist as different national firms. All these types of armaments cooperation have been particularly pronounced in the transatlantic area and since the 1990s even more markedly among Western European countries.[33] For example, while in the 1970s and 1980s the proportion of intra-European programs in the total number of collaboration projects accounted for little more than 40%, it was 57% in the 1990s (Andersson

---

33. "Europe" is used here synonymously with "European Union." It includes Northern and Eastern European countries after 1995 and 2001 respectively, but excludes Norway and Turkey.

2002; Jones 2005). Transnational mergers, especially between large prime contractors, and acquisitions show a similar concentration on Europe, with the exception of transactions involving UK firms. (Bitzinger 1994; Jones 2005).

Following these opening remarks, I will now proceed in three steps. In the first part I will present the armaments industries of both countries and assess the role of armaments cooperation. I then map the status of bilateral armaments cooperation between Israel and selected European countries. Finally, I will show how Israel is involved in armaments cooperation at the European level. The chapter concludes with a number of recommendations for political action.

The Israeli and European defence industries and armaments cooperation

Though the Israeli and European defence industries differ in many aspects, they share a similar development path. Right after the foundation of the State of Israel, the country focused on the production of basic arms and imported advanced weapons mainly from France and Britain. When the latter two countries stopped their sales during the Six-Day war and in 1969 respectively, Israel started to develop a broader and more sophisticated industrial and technological base and turned to the United States as the main provider and supporter of its armaments efforts.[34] Starting with subcontracting and licence-production the relationship with US companies allowed Israel, like many Western European countries after World War II, to develop the technological know how and skills that were required for the design and production of advanced arms. Thus armaments cooperation with the US enabled Israel to climb the ladder from repair and maintenance of imported equipment, over subcontracting, licence-production, and co-development of foreign equipment to reach the level of development and assembling of own aircraft, like the Kfir, Arava, and Nesher (Naaz 2000 and Bitzinger 2004). In 2006 the Israeli defence industry consisted of approximately 200 firms with 35,000 workers and combined revenues of almost € 3.5 billion

---

34. Since 1973 Israel received direct financial aid of USD 83 billion, with an increasing part for military procurement of US American equipment. (Nassauer and Steinmetz 2004).

(GlobalSecurity.org 2005; Bitzinger 2004) and Ben-David 2005). This size corresponds to that of the fifth-largest EU producer, Spain but is marked by higher levels of R&D investments and a higher share of export sales.

Exports are, next to US financial aid, the second pillar on which the Israeli defence industry rests. They have considerably increased over the past five years to reach app. € 2.7 billion (USD 4.18 billion) in 2006 (Israel Ministry of Defence-SIBAT 2007). Exports go to over one hundred countries, mainly to the US, China, India, and Turkey (Ben-David 2005 and Nassauer and Steinmetz 2004). In other words, Israel supplies countries against which the EU or some of its governments have imposed an embargo (China) or restricted the sales of arms (Turkey), a fact that might lead to conflicts of interest. At the same time, Israel is not entirely free in its export policy, as its intentions can be severely restricted by the US administration, which can also affect relation with the EU.

This export performance, outstanding not only in contrasts to the rest of the economy but also for the modest size of the industry, has been achieved by a combination of three factors. First, in its exports Israeli firms focus on niche markets such as ammunition, unmanned aerial vehicles, communication electronics and are highly competitive. Second, the state purposefully promotes defence exports through a dedicated Foreign Defence Assistance and Export Organization (SIBAT). Finally, the leading armaments firms, which generate between 60 and 90% of their sales abroad, have established a network of partnerships with foreign firms. They use collaboration as a strategy to overcome local procurement preferences of foreign governments. It remains to be seen to what extent the increasing reliance on exports will affect the design and production of weapons made by Israeli companies for Israeli armed forces (Ben-David 2005).

European countries have a broad experience with armaments cooperation, albeit with strategies and forms that clearly exceed the export support function, cooperation has for Israeli firms. Among European countries, arms cooperation is pursued in two arenas, which are interdependent if only for the fact that the main protagonists are the same. On the one hand,

the countries in which 90% of the European defence industrial and technological base (EDITB) is concentrated – France, the UK, Germany, Italy, Spain, and Sweden – cooperate *outside* all EU structures on concrete procurement projects like the Eurofighter or A-400M military transport aircraft and on the regulation of industrial restructuring, the so-called Framework Agreement. While Defence Ministers established a company called OCCAR for the management of collaborative procurement projects, no specific organization has been set up to monitor the agreements on industrial restructuring. Nevertheless, the regular meetings of National Armaments Directors (NADs) reserves a special space for interaction among the largest arms-producing countries outside any other European institution.

On the other hand, all EU Member States cooperate on issues such as defence research and development, the restructuring of the industry, procurement procedures, and other economic matters *within* the European institutions. Since 1998, a perspective to improve military and technological capabilities for the European Security and Defence Policy rather than procure a specific piece of equipment together has increasingly guided this work. Institutionally, this cooperation takes place through the Council structure, in the European Defence Agency (EDA) and through the European Commission (EC).

The EDA is an agency of the European Union, headed by the Secretary General/High Commissioner and steered by the Defence Ministers of 26 participating Member States (pMS).[35] The rationale behind cooperation in the Agency is that if the EU wants to be able to carry out crisis management tasks and to fight terrorism, it requires adequate military, civil, and technological capabilities. Hence, the main task of the EDA is to help pMS in their efforts to improve their crisis management capabilities but also to strengthen the European defence industry (Council of the European Union 2004). European governments try to agree on common ways for the improvement of military capabilities, generate new collaborative projects, initiate joint research work, and regulate defence industry and market together.

---

35. While Denmark does not participate in the work of the EDA, Norway, which is not a EU MS, has signed a Co-operative Agreement with the Agency. (1997).

134

The Commission is associated to the work of the EDA and fosters armaments cooperation essentially through the regulation of the Single Market, which extend to the "defence-related industry" and through financing research activities. Responsibility for regulation is contested between national governments, the EDA, and the Commission, though the latter two complement rather than compete with each other. On the other hand, the Commission hands out funds of approximately € 200 million per year under its 7th Framework Programme for security research. While it is characterized by civil purposes, the dual-use character of many technologies, items, and actors blurs the clear distinction with defence research. Though this is little in comparison to the almost € 10 billion spent by the pMS on defence R&D, this money helps establishing networks of cooperation among research institutes and companies from Europe and other countries.

As a whole the European defence industry made a turnover of ca. € 121 billion and employed 638,000 people in 2006. It was dominated by four prime contractors, combining roughly 80% of the industry's turnover: EADS, BAE Systems, Finmeccanica, and Thales separate corporate entities but connected by a complicated network of cross-shareholdings and participation in collaborative weapons programmes (Schmitt 2000). As a result the traditional form of armaments cooperation has become much more stable, as the responsibility for collaborative projects was concentrated and institutionalized on the industrial and governmental sides. While this holds specifically for the aerospace and defence electronic sectors, the land armaments and naval systems sectors are, from a European perspective, very fragmented.

A similar fragmentation can be observed on the procuring side. While as a bloc, the EU is with € 201 billion spent on defence the world's second largest weapons buyer after the United States. Out of this sum €29 billion are used for the procurement of equipment and €9.7 billion on Research & Development (EDA 2007).[36] However, these amounts are not spent by one institution in a single legal and social framework but rather by 27 different governments who specify, research, and procure equipment; most of them follow an implicit policy of local preference. Collaborative procurement

---

36. These figures include only the 26 EU Member States participating in the European Defence Agency, i.e. not Denmark.

projects and the fact that the six largest armaments-producing countries account for 80% of all defence and equipment and 98% of all R&D spending mitigate this fragmentation.

In sum, the Israeli defence industry, which has evolved in a similar way as the industries of many Western European countries after World War II is heavily reliant on US American support as well as exports. It considers armaments cooperation as a strategy to access new markets and support sales abroad. In comparison, for EU countries, armaments cooperation has palyed out at the national and the European levels. Among EU countries it has been more extensive, multifaceted and has come to play an important role in fostering the EU as an international actor. To assess the state of armaments cooperation with a country from outside the EU like Israel, hence, requires an examination of joint activities at a bilateral as well as EU levels.

Bilateral armaments cooperation

Israel cooperates with a number of EU countries on armaments issues. Cooperation is particularly extensive with Germany, France, Britain, and Romania. Among these countries, the bilateral ties to Germany are special in two ways: relations have been long-standing and stable since the mid-1950s; they have taken a variety of forms; extended into a wider range of fields and have been much more comprehensive in comparison to Israel's links with other European countries.

Israel and Germany

For Germany armaments cooperation with Israel is politically inspired by a sense of responsibility felt towards the Jewish state and expressed in a staunch support for the latter's "right of existence and security." Ever since 1954 every German government has firmly stood behind a policy of almost unconditional supply of arms to and cooperation with Israel. Arms supplies were carried out in outmost secrecy and even continued in times of crisis (Steinmetz 2002; Bartos 2007). In comparison to Germany, France and the UK have at times considered arms exports as a means to influence the Israel's policy and both their relations weakened after the Six-Days-War and only picked up in the 1990s again.

Moreover, armaments cooperation between Germany and Israel took a number of unusual forms. First, military and dual-use components rather than entire weapons systems have accounted for the majority of German exports to Israel. This strategy reduced the risk of exposure to political pressure from domestic or foreign critics and allowed the use US Foreign Military Sales funds (Nassauer and Steinmetz 2004). Moreover, these exports have involved a considerable transfer of know how from Germany to Israel. Imported technology has been adapted to Israeli specifications as in the case of reactive tank armour or the smoothbore gun for the *Merkava* tank, leading to competing claims over the intellectual property rights (Nassauer and Steinmetz 2005). Third, Germany financed major parts of exports of entire weapons systems to Israel, which have largely escaped public scrutiny.[37] For example, the Federal Government financed purchases for Israel in Britain and France in the 1950s and 60s (Shpiro 2002; Nassauer and Steinmetz 2004); it supplied Patriot air defence systems in 1991 and 2002/3 as well as eight armoured vehicle for free and "on loan" respectively (Nassauer and Steinmetz 2004), and financed 85% of the sale of three *Dolphin* class submarines to Israel (Bartos 2007). The financial support is a *conditio sine qua non* for the sale of entire weapons systems to Israel, which is unwilling and unable to pay for its procurement from abroad.

Third, Israeli-German cooperation has been extended to areas that are not covert by Israel's activities with other European countries. Thus Israel indirectly and secretly participated in the three-nation collaborative Tornado fighter programme since 1972 (Nassauer and Steinmetz 2004 and Shpiro 2002, footnote 12 on p. 40) respectively. Israeli and German firms initially co-developed unmanned aerial vehicles. When the Germans abandoned the programme in 1989, the Israeli partner IAI continued and successfully marketed the *Harpy* UAV to India, South Korea, Turkey, and China (Nassauer and Steinmetz 2004; Shichor 2005). Moreover, the exchange of technical information about Soviet/Russian arms has helped both sides to gain an edge over their military adversaries – the armies of the Warsaw Treaty Organization and of Arab states respectively – as well as over business competitors in gaining export orders in the 1990s (Nassauer and Steinmetz 2004).

---

37. The German Federal Security Council *(Bundessicherheitsrat)* – whose meetings are disclosed from the public – decides on these exports on a case-by-case basis.

Finally, armaments cooperation between the two countries has been more comprehensive, as they have involved governmental treaties and a number of large arms companies on both sides. Both governments formalized their cooperation through several agreements in 1979, 1993, 1998 and 2008 respectively (Nassauer and Steinmetz 2004). The participation of numerous private firms that have established close ties, also sets Israeli-German armaments cooperation apart from Israel's links to other countries. For example, in 1995 Zeiss Eltro Optronic and Rafael established a joint venture for the production and marketing of a litening pod used for targeting in combat aircraft in Europe (Nassauer and Steinmetz 2004). In 1997 Rafael, Diehl Munitionssysteme, and Rheinmetall Defence Electronics established the Eurospike consortium in order to market Rafael's Spike family of ground and air-launched precision-guided anti-tank missiles (Ben-David 2005). In 2003 Tadiran Communications, a subsidiary of Elbit Systems acquired 75% of Racom, a former Telefunken company and a subsidiary of EADS. (*AHK* 2003). In the future cooperation is expected to lead to more joint marketing efforts of Israeli and German firms in third European countries but it remains open to what extent this will allow Israeli firms to gain access to the other large producer countries in the EU.

Israel and France

The close and extensive ties between the armaments industries of Israel and France lasted from 1949 until 1968, when France declared an arms embargo against Israel, and only picked up timidly in the 1990s. During the 1950s and 60s the cooperation with France was critical for Israel's "nuclear initiative," which would otherwise have been postponed to a much later date as well as for the establishment of Israel defence industrial capabilities in the aerospace and electronic sectors (Pinkus 2002). During the following two decades there was hardly any armaments cooperation between the two countries despite friendly ties between the military and intelligence services. Cooperation between Israel and France resumed in the mid-1990s, albeit this time with a different orientation. Instead of France supplying Israel with know how or weapons it was Israel that provided weapons systems since the second half of the 1990s for which Israeli firms were considered to be technologically leading.

The careful *rapprochement* started in form of an off-the-shelf procurement of four *Hunter* UAVs from Israel Aircraft Industries in 1993. It allowed the French Air Force experts to acquire a first experience in a domain that was entirely new to them and the IAI to enter an attractive export market. The case proves as a formidable example of the step-by-step *rapprochement* between the two industries.

The drones were used in Kosovo and until 2002 a yearly average of €14 million was spent on the maintenance and update of the systems, which were finally retired in 2004. (Nidal 2006). As a next step IAI became in 2001 officially a "subcontractor" of EADS/Dassault in the procurement of three larger UAVs called *Eagle 1*, which the French Air Force had chosen over the US American *Predator A* drone. While the Israeli firm has been effectively the technology and platform provider, a joint team of the French and Israeli companies will execute maintenance and support of the UAVs (Nidal 2006; Ben-David 2005). Numerous adjustments were made and a specific data link had to be developed, since the original technology could not be used due to export restrictions on US American technology (Rouach 2006). Although these activities caused a delay of three years, they ensured French "operational sovereignty" and enabled EADS/Dassault to acquire valuable know how. The evolving strategic character of the relationship between the Israeli and French firms is further reflected in the announcement of the French Ministry of Defence to procure from the same companies an even larger UAV based on the *Heron 2* of IAI and called *EuroMale*. The contract has an estimated size of €150 million and might be joined by other European countries, notably the Netherlands and Italy (Ben-David 2005). What first appeared as short-term off-the-shelf procurement project with light adaptations turned into a co-development programme in which IAI became an equal and long-term partner (Rouach 2006).

The motivations behind this gradual development are manifold: Initially, France wanted to quickly field a military capability, the importance of which it had overseen in previous years; hence the original tight timetable. But later industrial and strategic considerations weighted in: though by the late 1990s the French industry had developed an alternative to the *Hunter* in form of SAGEM's *Sperwer*, the government opted to acquire the technological and industrial capability with EADS/Dassault, the heart of the French aerospace industry. The Israeli company secured

via the partnership with the French firms an attractive way to enter the French defence market. It can build in the future on the political, marketing, and sales expertise of the local companies.

In the future the relationships between companies in the area of production, maintenance, and support will be complemented by closer cooperation in other areas and on the governmental side. This concerns particularly joint activities between scientists and the financial support of defence-related research and development, as indicated by the creation of a common fund for joint R&D investments. It is expected that most of the money will be dedicated at research for military applications (Cooperation 2007). The official state visit of French President Sarkozy in May 2008 yielded further initiatives among French and Israeli companies in general and armaments firms in particular, albeit no details were published (Schwartz 2008).

In sum, the current cooperation between the two countries resembles by no means the intimate links they entertained during the 1950s and 1960s. Nevertheless, the quiet but growing armaments cooperation might over time not veil several conflicts of interests. On the one hand, many of the Arab countries in the Middle East have close diplomatic ties to France and present major customers (Lewis 2006 and Nidal 2006). On the other hand, Israeli firms increasingly become competitors in traditional French markets. In India, France has been for a long time the second largest arms supplier after Russia but was overtaken by Israel in 2007 (AFP 2008).

Israel and the UK
The Anglo-Israeli armaments cooperation shows similarities to the relation between France and Israel. The UK had equally been an important armaments supplier for the first two decades after the foundation of the state of Israel, but it matched France neither in terms of the quantity of arms imports nor of the intimacy of the relationship. Although the UK did not declare an embargo against Israel it ceased exporting armaments in 1969. In the following period until 1993 cooperation was covert in the sense that the products that were developed and manufactured jointly by Israeli and British companies had been labelled "European" in order to avoid complications in the relations with Arab states (Shpiro and Becher 2004).

140

The initiation of armaments cooperation in recent years is comparable to the Franco-Israeli pattern. Except for occasional procurement contracts on non-strategic items such as ammunition, cooperation is limited to one area of strategic importance: unmanned aerial vehicles (Foss 1996). In 2004, the British Ministry of Defence awarded a contract for app. € 475 million (GBP 317 million) to UAV Tactical Systems – a joint venture of Israel's Elbit Systems and Thales UK. In the following eight years, the company will provide the *Watchkeeper* or *WK 450* drone. It will develop and manufacture the aircraft, which is based on the *Hermes 450*. Unlike the latter, the *Watchkeeper* will be able to automatically take off and land. Also its sensors and data link will be adapted, i.e. the adjustments are similar to the changes made in case of the Franco-Israeli *Eagle 1* (Kemp 2005).

In comparison to the collaboration between IAI and EADS/Dassault, the cooperation between Elbit Systems and Thales UK goes further. On the one hand, their effort has taken on a more integrated form. Both firms are not merely pooling their efforts but put some of their assets together in the UAV Tactical Systems joint venture. On the other hand, the two companies do not only intend to (re-) design and manufacture but also to market the aircraft together in international markets (Kemp 2005).

Israel and Romania

Israel also cooperates with Romania on armaments issues, albeit in an entirely different way than with the UK and France. Romania is the only Eastern European country that successfully restructured and consolidated its aerospace business after 1990 so that its companies can now be integrated into the European and global industrial structures. In Romania, like in the UK, the Israeli company Elbit has been particularly active in developing business ties and ensuring this transformation. Unlike in the UK, Elbit's activities are much more diverse and it has established a variety of links to different companies. A few examples might suffice to illustrate this point.

The Romanian aerospace industry consists of eight manufacturing and seven research and development units with Aerostar S.A. in Bacau as the core.[38] Having developed Romania's first fighter plan after the Second

---

38. Other major manufacturers include IAR Brasov, Avioane S.A. Craiova, and Turbomeccanica S.A. Bucharest. (Kogan 2005; SC IAROM SA 2004.

World War, the company focuses today on repair and modernisation of all kinds of aircraft. After the privatization in 1998 it obtained valuable know how and expertise through the cooperation with Western companies, among them Thales of France, EADS Germany, the Israeli Elbit Systems. (Aerostar S.A. 2007).

Elbit has several subsidiaries, which either directly manufacture and provide goods and services for the Romanian armed forces or which engage in collaborative activities with Romanian firms. Elmet International concentrates on the "last generation technology in mechanical processes" and exports its products to firms in the aviation, telecommunication, electronic, electro-optical, medical industries in the US, Western-Europe, and Israel (Expomil 2007). Moreover, Elbit's Simultec S.A. manufactures training systems and flight simulators not only for the Romanian Ministry of Defence but also for foreign customers such as Uzbekistan (PORTALINO 2007).

A third subsidiary, Elbit Systeme Romania Srl., manufactures devices for aero engines, updates the training and light attack aircraft IAR 99 SOIM, the MiG-21 Lancer fighter and the MiG-29 interceptor aircrafts with different Romanian firms (SC IAROM SA 2004). Finally, the company works together with IAR Brasov on the upgrade for the IAR 330 Puma helicopters for the Romanian Air Force and Navy. The latter contract is considered by Elbit as a first step of a long-term partnership "to jointly market similar upgrade programs to other customers" (Elbit Systems Ltd. 2007). The other Eastern European countries, which still have Soviet weapons in their arsenals will be the prime target customers.

In sum, Israeli-Romanian armaments cooperation focuses like the joint activities with other European countries on the aerospace and defence electronics sectors and is realized through one Israeli company, Elbit Systems. In comparison to Western European firms the Israeli company could build in Romania on its ability to supply NATO standard materials. As an experienced contractor, supplier of managerial skills and of subcomponents it acted as a competitor to Western European companies, which equally sought the partnership of Romanian firms in order to gain access to the national market. Elbit's strong position in Romania, where the government has in comparison to other Eastern European countries

142

made military adaptation to NATO standards and the restructuring of the aerospace industry a priority, gives the company an edge in the struggle for further contracts in Eastern Europe.

Multilateral armaments cooperation

At the EU level, there are principally two possibilities for Israel to initiate or get invited to armaments cooperation: either via the European Defence Agency or through the European Commission. Both organizations are best understood as actors *and* forums in an increasingly unified arena, called "European Union." In the past five years, the distinction between first and second pillar of the EU and its concomitant of supranational and intergovernmental decision-making has been more and more blurred. It is therefore fruitful to replace it with a distinction between executive and controlling bodies of the EU. They are represented by the amalgam of Member States, Council, Council Secretariat, and Commission on the one hand, and the European Parliament and the Court of Justice on the other (Stetter 2004). To the outside world this ever more unified arena increasingly takes on the role of a political actor on the international scene, albeit in comparison to states, with some distinct characteristics. One of them is the dense interaction between European and national institutions; another the partly overlapping responsibilities of European institutions, in this case the EDA and the Commission.

The European Defence Agency

The EDA is an Agency of the European Council but largely controlled by Defence Ministers, which suggests that the road to the Agency goes through national capitals. Closely associated with other Council bodies such as the EU Military Committee, the Agency's work is overseen by GAERC in Defence Ministers' composition. The close control of the EDA by Defence Ministers is further buttressed by the composition of the Agency's Steering Board. It consists of Ministers, their representatives, in particular the National Armaments Directors (NAD), and a non-voting delegate of the Commission. The Board is, again in deviation from the ESDP rules, entitled to take decisions by qualified majority. Due to the large number of participating Member States (pMS), it is difficult for one or several countries together to control the work of the Agency. Moreover, pMS are allowed to form specific groups and to establish ad

hoc projects. These stipulations help to avoid the fatal deadlocks that have plagued other European forums and organizations of armaments cooperation in the past and leave the Head and the management of the Agency with a certain degree of autonomy to guide the decision-making, to choose and to prioritize their work (Council of the European Union 2004). Therefore, close relations between Israeli companies and different European governments as well as their firms are a necessary pre-condition for successfully cooperating with the EDA too.

Cooperation with third parties is explicitly mentioned in the Preamble of the founding document of the EDA as a way to fulfill the function of the Agency (Council of the European Union 2004). There are several possibilities to achieve this goal. The most comprehensive relationship is formalized in an "Administrative Arrangement" (AA), which "is concluded by the Steering Board upon approval by the Council" (Council of the European Union 2004). It provides access to participation in projects and programmes under the EDA on research, equipment, and capabilities. So far only Norway was able to sign an AA with the EDA, while Turkey failed to do so in face of the Republic of Cyprus' resistance (Mission of the Kingdom of Norway to the EU 2006). Given Norway's and Turkey's long-standing and institutionalized participation in European armaments cooperation, the establishment of such a comprehensive relationship between Israel and the EDA would require tremendous diplomatic efforts.

Alternatively, Israel could also participate in and contribute to Ad hoc Programmes or Projects, which are pursued by all participating Member States ("Category A"), or by a group of pMS ("Category B"). Both have to be approved by a qualified majority of the Steering Board (Council of the European Union 2004). Category B projects seem to be more attractive for Israel, since such projects would allow for the establishment of specific decision-making rules and the modalities of the relations with the non-EU country (Council of the European Union 2004). The WEU recommended the inclusion of Israel in EDA research efforts (2006).

The principal openness of the EDA towards third countries has been kept in the concrete measures that it has implemented so far. Since 2006 the voluntary and legally non-binding Code of Conduct on Defence Procurement and the Associated Regime have regulated the acquisition of

144

defence equipment of €1 million or more for items, which could so far be excluded from EU-wide competition on the basis of Article 296 of the Treaty on European Union. Firms from non-EU countries like Israel, can participate in the competition, the consideration of which is then up to the national procurement authority. Needless to say, that partnering with European firms will increase the chances of a successful bid. Also interesting for Israeli firms is the fact that the Agency aspires to gain a more extensive role in the financing of joint research efforts and serve as a contract agent and a project management organization. However, as long as the financial framework remains limited – in 2007 the EDA had a staff of 100 and a budget of €22 million, including €5 million for all operational activities – the European Commission is the more promising venue for Israel to participate in European armaments cooperation.

The European Commission
The European Commission is directly concerned with issues of armaments cooperation in that it regulates the Single Market and, hence, also the "defence-related industry." More particularly, it is involved to varying degrees in the regulation of defence procurement, of dual-use exports, of intra-Community transfers of arms and dual-use items, of standardization, of competition, as well as of research and technology. The latter area is of specific interest for Israel because it opens broad possibilities for researchers and firms to cooperate with European partners. Israel cooperates with the European Commission mainly through its participation in the Framework Programmes (FP) as well as the planned Galileo satellite navigation system. Both share a certain dual-use character but are treated as civil rather than military or defence items. Thus the FP focuses on security, as opposed to defence, research and Galileo counts as an infrastructure project handled by the Commission's Directorate General Transportation and the European Space Agency.

Galileo will finally operate 30 satellites to provide an array of services based on high-precision positioning. The programmes' development cost are estimated to be €3.6 billion (Barnes 2007). In 2004 Israel signed an agreement with the Commission to participate in the project, setting aside €60 million to the financing of the project over five years (The European Commission's Delegation to Israel 2005). The participating firms include leading Israeli arms manufacturer like IAI and Rafael. More than the

financial contribution it was the technology that Israeli companies could offer to the success of the programme and the willingness of the government to support the European position on standardization and frequencies allocation that made Israel's participation attractive for the Commission (European Commission 2004). However, unresolved managerial and financial issues have put the entire project in jeopardy and the prospect of cooperation is questioned. This should not veil the ambition of the Commission to play together with the European Space Agency an increased role in space policy in the future, envisioned in its European Space Program (European Commission 2007b).

Israel also participates as an associated partner in the Commission's Framework Programmes. To FP6 with its total budget of € 16.27 billion, the Israeli government contributed € 192 million; for the FP7 the two numbers are € 50 billion and € 400 million respectively, representing no exceptional increase of Israel's contribution. These payments enable Israeli researchers to receive funding on equal terms with researchers from EU Member States (CORDIS 2003). Israeli companies use the opportunity for cooperation to a very different extent. Israel Aircraft Industries, for example, has been particularly successful in garnering financial support for its research activities. Under FP5 the company participated in more than 20 projects (CORDIS 2001) and received some € 200 million of research funds among other things for the reduction of cost and weight of airframes. In addition the Commission also supported projects for the civil use of UAVs, for example for environmental monitoring. Under FP6, IAI participated again in 21 projects, while Elbit System took only part in one (ISERD 2007).

In the future Israeli defence companies can expect to benefit even more from research funding by the Commission. FP7 explicitly reserves an amount of € 200 million per year for security research. Israeli companies can provide valuable expertise for technology for many of the specific areas covered under this heading like protection of vital infrastructure. Like the EDA in the defence area, the Commission has organized already two conferences in which it spelled out the priorities and offered a venue for stakeholders to get together for potential projects (European Commission 2006 and European Commission 2007a).

Conclusions

A more general and several concrete conclusions can be drawn on the basis of the examination of Israeli-European armaments cooperation. The general point concerns the role and function of armaments cooperation for both parties. For Israel it has played a double role: during the 1970s until the late 1980s Israel acquired technology, know how, and skills to manufacture sophisticated weapons for its own armed forces. Since the 1990s, the traditional forms of cooperation between governments and "their" firms have been complemented by partnering agreements, joint ventures, and acquisitions only among defence firms. For Israel the latter have often been a deliberate effort to gain access to European markets and to widen its basis of revenue in order to ensure the existence and performance of the defence industry.

For EU countries armaments cooperation with Israel has been interesting for three reasons: they can acquire lacking military and industrial capabilities in selected areas, most notably unmanned aerial vehicles but also defence electronics. Second, European and Israeli firms started to market their jointly developed products or services to other European governments, and finally, European companies can market their products and services together with Israeli companies to third countries outside the EU.

Germany has proven to be of specific importance for Israel in this respect. Due to the longstanding and traditionally broad armaments cooperation between the two countries, Israeli companies have moved to Germany first in the 1990s, establishing a foothold in the EU. Collaboration with German firms has helped them to build reputation and gain export orders from several European governments. In other countries like France and Britain, Israeli cooperative efforts have been limited to the aforementioned niche areas. It remains to be seen to what extent these ties can be fruitfully developed in the future.

The emphasis on bilateral relationships in armaments cooperation is a well-advised strategy for Israel, given the relative size of budgets and the structure of decision-making in these matters at the EU level. It should, however, not veil the fact that armaments cooperation of EU Member

States in the EU has a political role of fostering closer ties among the MS. It can be regarded as a means to establish the European Union as a political entity on the international scene, thereby creating a new inside and an outside beyond the level of the nation state. In other words, the European states set out to overcome some of the aspects of the nation state ideology and the related doctrine of autarkic supplies with armaments that they had developed in a specific historical setting. While commerce has always run counter to this notion of autarky, the former is bound by the acceptance of an order that governs the exchange of goods. While Israel can always export some of its arms to European countries and can participate in some of its research programmes, these opportunities will always remain limited.

The restricted practical possibilities for cooperation with the EDA have their cause in these considerations. This leads to a number of more tangible conclusions through which armaments cooperation between Israel and the EU could be enhanced.

- One way would be the participation in the defence and security research conferences organized on a yearly basis by the Agency and the Commission respectively.
- Access to vital information could further be improved by becoming a member of the body that presents the industry's interests – the Aerospace and Defence Industries Association of Europe. For companies this should be possible through membership in one of the national industry associations in the country where companies have a subsidiary. So far only IAI has become member of a subgroup of ASD, the European Association for Suppliers Evaluation (IAI 200).
- The EU, on the other hand, should actively inform about opportunities of cooperation in the *new* security research area, as it should have an interest in tapping on the Israeli expertise in this area.
- Equally, the interministerial directorate established to promote joint EU-Israeli research under the FP should inform in particular about opportunities for security research, given the sector's overwhelming importance for Israeli exports and the economy as a whole.

References

Aerostar S.A. 2007.

AFP. 2008. France, India fire up military cooperation, nuclear energy ties.

AHK 2003. Tadiran Communications acquires 75% of EADS Racoms for €18 m. *AHK Israel Newsletter*, 5 (December).

Andersson, J. J. 2002. Guns and Butter: A Neoliberal Statist Analysis of Cross-Border Defence Industry Collaboration in Western Europe 1950–2001. *Political Science*. Berkeley California: University of California.

Barnes, T. N. 2007. Miscalculations of Galileo: Europe's Answer to GPS is Floundering.

Bartos, H. 2007. Israeli-German Relations in the Years 2000–2006: A Special Relationship Revisited. *Thesis submitted in partial fulfilment of the requirements for the degree of Master of Philosophy in Modern Middle Eastern Studies*. Oxford: Faculty of Oriental Studies. University of Oxford.

Ben-David, A. 2005. Israeli Defence Industry – Partner Power. *Jane's Defence Weekly*, 23 November.

Bitzinger, R. A. 1994. The Globalization of Arms Industry: The Next Proliferation Challenge. *International Security* 19: 170–98.

Bitzinger, R. A. 2004. *Towards a Brave New Arms Industry?* London: IISS.

Coopération. 2007. Coopération franco-israélienne en matière de recherche-développement militaire.

Cordis. 2001. The Israeli Aircraft Industy: A Keen Participant in FP5.

Cordis. 2003. EU and Israel Renew Scientific Cooperation.

Council of the European Union. 2004. Council Joint Action 2004/551/CFSP of 12 July 2004 on the establishment of the European Defence Agency.

Dun's and Bradstreets. 2007. D&B Largest – Industrial Ranking. Largest Industrial Companies by Sales Volumes.

EDA. 2007. National Defence Expenditure in 2006. National Breakdowns of European Defence Expenditure.

Elbit Systems Ltd. 2007. Elbit Systems Won Contracts in Romania Valued at Approximately $25 Million.

European Commission. 2004. EU and Israel Reach Galileo Agreeent. Press Release Monday, 29 March.

European Commission. 2006. Security Research Conference in Vienna, 20–21 February.

European Commission. 2007a. European Conference on Security Research SRC '07, Berlin, 26–27 March.

European Commission. 2007b. European Space Programme – Preliminary Elements. Commission Staff Working Document.

Expomil. 2007. Elbit Sisteme Romania Srl.

Foss, C. F. 1996. Companies Poised for UK Mortar Decision. *Jane's Defence Weekly*, 20 March.

Globalsecurity.org. 2005. Israel. Military Industry.

IAI. 200. Israel Aircraft Industries (IAI). Has Been Accepted as a Member in the European Association for Suppliers Evaluation (AECMA-EASE).

ISERD. 2007. Winners. Israeli Participations in FP6-Organizations and Number of Projects.

Israel ministry of defence-SIBAT 2007. SIBAT-Export Services Center.

Jones, S. G. 2005. *The Rise of Europe's Defence Industry*. Washington: Brookings Institution.

Kemp, D. 2005. Thales UK signs Contract to Progress Watchkeeper. *Jane's Defence Weekly*, 9 November.

Kogan, E. 2005. European Union (EU) Enlargement and its Consequences for Europe's defence industries and markets. *BICC Paper 40*. Bonn: Bonn International Centre for Conversion.

Lewis, J. A. C. 2006. France Sees Sales Rise. *Jane's Defence Weekly*, 4 January.

Mission of the Kingdom of Norway to the EU 2006. Norway Signs Co-operative Arrangement with EDA.

Naaz, F. 2000. Israel's Arms Industry. *Strategic Analysis* XXIII: 2077–2087.

Nassauer, O. & Steinmetz, C. 2004. *Rüstungskooperation zwischen Deutschland und Israel*. Berlin: Berliner Informationszentrum für Transatlantische Sicherheit – BITS.

Nassauer, O. & Steinmetz, C. 2005. 50 Jahre deutsch-israelische Rüstungskooperation. *Das Parlament*. Berlin.

Nidal 2006. La France, Israël et le marché de l'armement.

Pinkus, B. 2002. Atomic Power to Israel's Rescue: French-Israeli Nuclear cooperation, 1949–1957. *Israel Studies* 7: 104–140.

Portalino 2007. Romania: Simultec Romania Concluded $7.5 M Contract with US State Department.

Rouach, D. 2006. Révélations: IAI et EADS ont finalement développé, avec de grandes difficultés, un nouveau drone. *Défense & Aéronautique*, 22 March.

Sandler, T. & Hartley, K. 1999. *The Political Economy of NATO: Past, Present, and into the 21st Century*. Cambridge (U.K); New York: Cambridge University Press.

SC IAROM SA 2004. Romanian Aeronautical Industry. Overview.

Schmitt, B. 2000. *From Cooperation to Integration: Defence and Aerospace Industries in Europe*. Paris: Institute for Security Studies of WEU.

Schwartz, A. 2008. Sarkozy's visit / The real fruit is economic.

Shichor, Y. 2005. The U.S. Factor in Israel's Military Relations With China. *China Brief* 5.

Shpiro, S. 2002. Intelligence Services and Foreign Policy – German-Israeli Intelligence and Military Co-operation. *German Politics* 11: 23–43.

Shpiro, S. & Becher, K. 2004. *European-Israeli Security and Defence Cooperation: Expectations and Impediments*. Beer Sheva: The Centre for Study of European Politics and Society.

Steinmetz, C. 2002. German-Israeli Armaments Cooperation.

Stetter, S. 2004. Cross-Pillar Politics: Functional Unity and Institutional Fragmentation of the EU Foreign Policies. *Journal of Common Market Studies* 11: 239–720.

The European Commission's Delegation to Israel 2005. Israel to Join Galileo Joint Undertaking.

Treaty of Amsterdam. 1997. The Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and related acts. Protocol on the position of Denmark.WEU 2006. Recommendation 7821 on security research in Europe – reply to the annual report of the Council. Adopted by the Assembly on 21 June 2006 at the 4th sitting.

Israel-EU Cooperation on Counter Terrorism

Limor Nobel

Abstract
This chapter evaluates the nature of counter terrorism cooperation between the EU and Israel in recent years. Counter terrorism policy and cooperation comprise a spectrum of activities ranging from declaratory statements, through intelligence exchange and police operations, to micro interventions and finally the large scale use of military force (Lassse 2002: 43–50). Both in Israel and the EU there are various intelligence, homeland security and law enforcement agencies dealing with counter terrorism, which affect the extent and quality of operational cooperation. Almost a decade after the events of 9/11, EU member states are still more focused on the internal dimension of counter terrorism, thus the cooperation in the field of counter terrorism between Israel and the EU is characterized more by bilateral cooperation on a national level than by multinational cooperation on the European level. The cooperation between Israel and the EU on counter terrorism needs to be further enhanced, especially on the operational level and in information exchange between intelligence and law enforcement agencies.

Introduction
This chapter examines the cooperation between Israel and the European Union (EU) on the subject of counter terrorism in recent years.

Since 9/11, the EU has made considerable progress in combating terrorism primarily as a result of the shock of actual or attempted terror attacks, including the March 2004 Madrid train bombing, the July 2005 London bombings, the August 2006 plots in the UK and Germany and the July 2007 attacks in London and Glasgow. Before 9/11 the EU had no common definition of, or common penalties for, terrorism (Armitage

152

2007: 1–7). In December 2001, member states agreed on a common definition of terrorism. They created a common list of terrorist organizations and a clearinghouse for freezing terrorist assets. They agreed to strengthen the European Police Office (Europol) and to introduce a common European arrest warrant.

In the EU, counter terrorism policy and activities fall under the responsibility of several establishments: the European Security and Defence Policy (ESDP) as a major element of the Common Foreign and Security Policy (CFSP); the European Union's Judicial Cooperation Unit (Eurojust); the European Police Office (Europol); the European Police College (CEPOL) and the Police and Judicial Cooperation in Criminal Matters (PJCC). The EU also created the Agency for the Management of External boarders (FRONTEX) located in Warsaw, which is responsible for national border guard training, risk analysis, technical and operational assistance to member states and external border management and the Joint Situation Centre (Sitcen). Additionally, the UN has established in March 2004 the position of Counter Terrorism Coordinator (CTC). The current EU Counter Terrorism Coordinator, Mr. Gilles de Kerchove, was appointed in September 2007.

The EU is generally responsible for internal aspects of counter terrorism while NATO provides the logistic and organizational platform. Therefore, NATO is the establishment that provides the wider strategic abilities for the international fight against terrorism (Armitage 2007: 1–7). The ESDP is the successor of the ESDI under NATO, but differs in that it falls under the jurisdiction of the European Union itself, including countries with no ties to NATO.

In Israel, counter terrorism does not fall exclusively under the responsibility of a single Ministry, but rather under the responsibility of several governmental offices, military and police units, as well as intelligence services. These include the Counter Terrorism Bureau in the National Security Council (NSC) under the Office of the Prime Minister; the Israel Security Agency (Shin Bet or GSS); the Special Counter Terrorism Unit in Israel Police; elite counter terrorism units which form part of the Special Forces of Israel Defence Force (IDF) and, for operations outside Israel, the Mossad.

The basis for counter terrorism cooperation between Israel and the EU

Israel and the European Community first established contractual relations in 1975 by signing a Cooperation Agreement. The Euro-Mediterranean Conference of Ministers of Foreign Affairs, held in Barcelona on November 1995, marked the starting point of the Euro-Mediterranean Partnership ("Barcelona Process") which forms a wide framework of political, economic and social relations between member states of the EU and partners of the southern Mediterranean. The Euro-Mediterranean Partnership comprises 35 members: 25 EU member states and 10 Mediterranean partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey).

In 2003–2004 the EU established a new foreign policy initiative, the European Neighbourhood Policy (ENP), which is a framework policy applying to the EU's relationship with its immediate neighbours, including sixteen countries (Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, The Palestinian Authority, Syria, Tunisia and Ukraine) (The European Union 2007:1). The partnership with these countries includes the cooperation in justice, home and security issues.

In December 2005, the European Council adopted the European Counter Terrorism Strategy, which provides the framework for EU activity in this field. The strategy includes four elements: Prevent, Protect, Pursue, and Respond (EU Council Secretariat Fact Sheet 2007: 1). Cooperation in the field of counter terrorism has been included in eleven Action Plans under the EU's Neighbourhood Policy. The Action Plan on Combating Terrorism is a detailed matrix of activities, specifying measures to be taken, setting deadlines and institutional responsibilities.

The legal basis for the EU's relations with Israel is the EU-Israel Association Agreement (Official Journal 2000) of June 2000 and the recent EU-Israel Action Plan (European Commission 2004), representing a declaration of mutual objectives and commitments. One of the priorities for action mentioned in this Action Plan is in regard to counter terrorism: "Israel and the EU will strive to intensify political, security, economic, scientific and cultural relations, and shared responsibility in conflict

prevention and conflict resolution... An important goal of the Action Plan is to encourage cooperation on non-proliferation of weapons of mass destruction and the fight against terrorism, as well as prevention and resolution of conflicts in the region and beyond." The Action Plan sets the institutional stage for enhancing and expanding Israel-EU counter terrorism cooperation and its implementation ensures closer cooperation benefiting both sides.

Israel-EU cooperation on counter terrorism in recent years

The European Neighbourhood Policy has enhanced the pace of cooperation between the EU and Israel in a large number of fields, including counter terrorism. The EU Counter Terrorism Coordinator of the EU reported in May 2006 that: "An experts meeting in the framework of the EU/Israel Joint Cooperation Agreement provided a forum for a useful exchange of views and an opening for possible further practical steps." He also indicated more joint action in the area of terror funding, noting that a "Terrorist financing seminar with Israel produced opportunities for practical cooperation" (Council of the European Union 2006: 13).

In April 2008 the European Commission submitted a communication to the European Parliament and the European Council regarding implementation of the ENP, including a report on Israel. The report finds that "intense institutional cooperation through the EU-Israel Association Council, the EU-Israel Association Committee and ten subcommittees has enabled both sides to progress with the implementation of the Association Agreement and the Action Plan." According to this report, bilateral cooperation in the field of counter terrorism has continued to progress. In addition to regular contacts among specialists from both sides, an ad hoc "Israel-EU troika ENP seminar on radicalization and recruitment of terrorists – analysis and prevention" took place in June 2007 in Israel. This event, attended by Israeli, member state and Commission experts, gave the opportunity to exchange views, experience and best practices in countering radicalization and recruitment of terrorists (Syrquin 2008).

In November 2004, the Israeli Ministry of Public Security and the department for special operations of the Israeli Police arranged a study tour in Jerusalem, coordinated by the department of special operations in the Israeli police and the Interpol. The participants were foreign police and intelligence attaches stationed in Israel. Following the tour, the Israeli Ministry of Public Security held a briefing on international terrorism, introduced by officials from the Israeli police and the IDF.

Additionally, in November 2004, the former Israeli Minister of Public Security, Mr. Gideon Ezra, was invited to attend a working visit in Holland in 2004. The purpose of the visit was to consolidate an agreement for cooperation between the Israeli Police and the Europol. During the visit, Minister Ezra met with several EU officials, including Mr. Mariano Simenkes – the deputy to the head of the Europol, Heince Hoyberg – the head of the cooperation, organizational development and planning department in Europol, Peter Kosters – from the Department of Counter Terrorism in Europol and Hustra – the former Counter Terrorism Coordinator. The European officials mentioned that the Europol will discuss the possible joining of Israel as a member in the organization, due to its unique and large scale experience in the subject of counter terrorism. Minister Ezra met with several national officials as well, such as the chief of the KLPD (The Dutch Police) (The Israeli Ministry of Public Security 2004).

According to the Israeli Ministry of Foreign Affairs, Israel's relations with Europe and the EU have been improving in recent years, especially with EU institutions. One indicator for this improvement are numerous visits to Israel by European leaders. The EU-Israel Association Council announced in June 16, 2008 an upgrade in the relations between Israel and the EU. In 2007, Foreign Minister Tsipi Livni initiated an upgrading process and a working group was set up in order to examine and determine the existing and new areas in which cooperation between Israel and the EU could be enhanced. According to this announcement, Israel-EU relations will be upgraded in three areas: increased diplomatic cooperation; Israel's participation in European plans and agencies; and examination of possible Israeli integration into the European Single Market. FM Livni said: "...Today we have decided to upgrade our relationship even further in various

fields including: political, economic, scientific, legal, cultural, education, counterterrorism and much more..." (Israel Ministry of Foreign Affairs 2008: 2).

One of the activities initiated by the EU which is related to cooperation with Israel under the EU's counter terrorism strategy, include the Rafah border monitoring mission in Gaza (2007) under ESDP's military and civilian crisis management operations. There are a few examples for cooperation on a national level as well. In November 2004, the Israeli Defence Minister, Shaul Mofaz, met his Italian colleague, Antonio Martino, and they agreed to allocate $181 million for the development of a new electronic warfare system as well as for intelligence cooperation in the field of counter terrorism. Visitors and delegations from the EU annually attend the Israeli International homeland security exhibition "Security Israel." In 2006, delegations from Romania and Russia visited the exhibition and held a series of meetings with Israeli security companies. An official representative of the Romanian police, Yon Fligrad, participated in a counter terrorism training exercise organized by the Israeli Police Counter Terrorism Unit (The Israeli Ministry of Industry, Trade and labor 2006). Israeli companies regularly participate in the international defence exhibition "Eurosatori," enhances their exports to the EU.

In September 2007, Franco Frattini, the European Commissioner for Justice, Freedom and Security, set out the prerequisites for effective counter terrorism cooperation: "...It is often said that mutual trust is needed for effective cooperation, especially when combating terrorism... trust can be stimulated by us mainly in two ways: first through ensuring that there is a clear and appropriate legal framework in place which provides confidence that information supplied will be treated in an appropriate manner, and secondly through stimulating as many shared international experience as possible, including joint training exercises..." (Frattini 2007: 3). This statement raises the importance of information exchange between intelligence agencies in their fight against international terrorism and some of the difficulties concerning this issue.

Evaluation of the cooperation between Israel and the EU

The EU's counter terrorism policy gives priority to activities that are compatible with European needs, such as the fight against money laundering and illegal immigration, but only as long as human rights are strictly observed (Eilam 2005: 1). The EU has not created a new European intelligence agency yet. The Europol stands at the centre of law enforcement agencies of the EU and Europol's activities against international crime and terrorism focus on distinctly European problems or on the European dimensions of more global concerns (Deflem 2007: 17–25). Unlike Israel, the lead agencies in counter terrorism in the EU are not the defence ministries, but rather the interior and justice ministries. The ESDP has very little direct connection to counter terrorism. From the European Security Strategy standpoint, the ESDP's emphasis is on regional conflict stabilization and reconstruction, peacekeeping, rule-of-law and humanitarian missions. In contrast to economic and trade legislation, where the European Commission has significant power, counter terrorism falls under the Third Pillar of Justice and Home Affairs (Armitage 2007: 1–7).

The processes and structures of policing and other state activities are comprised of a multitude of dimensions and institutions which are not necessarily in tune with one another (Deflem 2007: 17–25). Moreover, there are tensions relating to counter terrorism within the EU institutions themselves. The relationship between the Council Secretariat, Presidency country, and Commission is only one aspect of these tensions. Within the Commission, there are coordination challenges among the various Commissioners relating to counter terrorism (Justice, Freedom and Security; Taxation; Combating fraud; Internal market). Moreover, the increase in the number of autonomous EU agencies dealing with terrorism (FRONTEX, Europol, Eurojust, EDPS) complicates coordination. Institutional dynamics, not only among the various EU institutions but also between the EU and the North Atlantic Treaty Organization (NATO), influence the degree of international cooperation as well.

The implementation of the Action Plan falls under the responsibility of the member states and is often stalled in national assemblies. For example, the European arrest warrant was not actually adopted by all

member states until 2004. In February 2005, the European Commission noted that 11 of the then 25 member states had made mistakes when transposing the arrest warrant into national law. In 2004, EU member states established a counter terrorism coordinator responsible for streamlining the EU's counter terrorism instruments, assessing the terrorist threat in Europe and monitoring member-state implementation of EU-mandate legislation. However, member states equipped the coordinator with only a token staff and budget and with no operational authority (Armitage 2007: 1–7).

Primary responsibility for most European counter terrorism policies remains with the separate governments of the twenty seven EU member states, a situation that has presented coordination problems between other countries and the EU. Operational and tactical responsibilities in combating terrorism, which are the levels where an increase in intelligence sharing is most required, have remained in the national domain. One of the reasons for this situation is that national security and defence identities still dominate. National agencies are better suited to holding operational and tactical responsibilities due to their location and integration within the system of national authorities and decision makers, their knowledge and established contacts, which could not be replaced by any central European agency (Muller-Wille 2008: 49–73). Therefore, the cooperation between the EU and Israel remains mostly on a national level. Another aspect that has an influence on the extent and quality of the cooperation between Israel and the EU is the fact that the ENP includes also Arab states such as Egypt, Jordan and Lebanon, which have political and security interests that collide with Israeli interests.

Giora Eiland, the former head of the Israeli National Security Council, claims that the EU relates to the Palestinian-Israeli conflict in the Middle East as a conflict that has an influence on European security, thus the EU has a political interest in assisting to end this conflict. From the EU standpoint, Israel's security must be assured. However, Israel's security should not rely exclusively on its military force, but rather on international settlements and treaties as well. Accordingly, even if Israel has to compromise or to concede on some vital interests, this price is worth paying in order to settle the conflict (Eiland 2006). This evaluation

of the political foundation for the relations between Israel and the EU influence the cooperation between Israel and the EU on various subjects in general, and on counter terrorism cooperation in particular.

Conclusions

European conceptions and attitudes towards terrorism have been shaped mostly by its past experiences with internal and domestic terrorism, rather than with cross-borders international terrorism. Before 9/11, European countries approached counter terrorism on a national basis against primarily national groups, such as the IRA in the UK, ETA in Spain and the Baader Meinhof group in Germany. After 9/11 period, the terrorist attacks in New York, Madrid and London, emphasized the need to increase international cooperation against terrorism. However, most of the increased collaboration takes place outside EU framework despite its established structures for intelligence cooperation (Muller-Wille 2008: 49–73). Seven years after the events of 9/11, EU member states are still more focused on the internal dimension of counter terrorism, and cooperation in the field of counter terrorism between Israel and the EU is still mainly conducted on a national level with EU member states.

Counter terrorism cooperation involves coordination of intelligence, police and judicial activities. The various agencies dealing with counter terrorism, both in Israel and the EU, influence the quality of cooperation and create logistic coordination issues that need to be addressed.

Counter terrorism policy and cooperation consists of a spectrum of activities ranging from declaratory statements, through intelligence and police operations, to micro interventions and finally the large scale use of military force (Lasser 2002: 43–50). In the past several years it appears that there was progress in Israel-EU cooperation, which includes mostly diplomatic efforts. The cooperation between intelligence, homeland security and law enforcement agencies needs to be further enhanced, preferably by the model of the cooperation between the EU and the USA. For example, the USA has stationed FBI liaison officers at Europol and Eurojust, and an agreement strengthening information exchange between the Eurojust and the US Department of Justice was concluded in 2006.

Policy recommendations

- In order to improve the cooperation between the EU and Israel on counter terrorism there is a need to deepen the cooperation on the operational level between intelligence, homeland security and law enforcement agencies, for example, in the form of joint training exercises and study tours.
- There is a need to increase special intelligence sharing and information exchange among the Israeli and the European law enforcement establishments.

References

Armitage David. 2007. The European Union: Measuring Counterterrorism Cooperation. *Strategic Forum* 229: 1–7.

Council of the European Union. 2006. Implementation of the Action Plan to combat terrorism. Report 9589, updated 19 May 2006.

Deflem Mathieu. 2007. International Police Cooperation against Terrorism: Interpol and Europol in Comparison. In *Understanding and Responding to Terrorism*, edited by Durmaz, H., Sevinc, B., Yayla A.S., and S. Ekici, 17–25. Amsterdam: IOS Press.

Eilam Uzi. 2005. *A New European Security Identity*. JCSS: Tel Aviv University.

European Commission. 2004. EU/Israel Action Plan.
http://ec.europa.eu/world/enp/pdf/action_plans/israel_enp_ap_final_en.pdf.

EU Council Secretariat Fact Sheet. 2007. The EU and the Fight against Terrorism. 9 March.

Frattini Franco. 2007. EU Counter-Terrorism Strategy. Speech/07/505, 5 September.

Israel Ministry of Foreign Affairs: 2008. The EU upgrades its relations with Israel. 16 June.

Lasser Ian. 2002. Coalition Dynamics in the War against Terrorism. *The International Spectator* 2: 43–50.

Muller-Wille Bjorn. 2008. The Effect of International Terrorism on EU Intelligence Cooperation. *Journal of Common Market Studies* 46: 49–73.

Official Journal of the European Communities. 2000. Euro-Mediterranean Agreement. L/147, June 21.
http://www.delisr.ec.europa.eu/english/content/eu_and_country/asso_agree_en.pdf

Syrquin Ari. 2008. European Commission report discusses EU-Israel relations. *The Jerusalem Post*, 16 April.

The European Union. 2007. The European Neighbourhood Policy and Israel. *Eufocus* 4.

The Israeli Ministry of Industry, Trade and labor. 2006. *Senior Russian and Romanian delegations to come to Security exhibition.* 6 June. http://www.moital.gov.il/NR/exeres/2212DF12-36DD-48AF-B510-A8 86F0269E14.htm?wbc_purpose=B

The EU as a Transformative Power in the MENA region: Implications for Israel

Isabel Schäfer

Abstract

Since the international debate on reform and the introduction of the European Neighbourhood Policy, the EU defines itself as a "transformative power" in the Mediterranean region. The EU contributes to the transformation of values and norms through its economic power and cooperation schemes. This chapter analyses different policy concepts, institutional frameworks and reform policies of the EU in the Middle East, such as the Euro-Mediterranean Partnership (EMP) and the European Neighbourhood Policy (ENP), and their political, social and cultural implications for Israel. Special attention is paid to the construction process of political and cultural identities within EU-Israel relations and to the impact of European programmes on the shaping of values and identities. Do we assist an "Europeanization" or a "Middle Easternization" of the state of Israel? We argue that the role of the EU as a "transformative power" in the MENA (Middle East and North Africa) region is growing, but its influence on Israel's role in this region is limited. Attempts to foster Israeli-Arab-European cooperation in different fields such as civil society promotion, democratization, cultural and scientific cooperation have known modest success, and were hindered many times by the Israeli-Palestinian conflict. While bilateral EU-Israel relations in these fields are currently deepened, the regional dimension has almost disappeared since the outbreak of the second Intifada in 2000 and the launching of the bilateral approach of the ENP in 2003.

Introduction

In the context of the international debate on reforms in the Arab World and the launch of the European Neighbourhood Policy in 2003, the EU is often defined as a "transformative power." By the means of its economic

power and cooperation schemes, the EU contributes to the transformation of values and norms in the MENA region. The EU defines political reforms and good governance as one of its central priorities in its relations to third countries, and the EU defines itself as an international actor advocating the respect of international law and of human rights in the world.

This chapter analyses different policy concepts and institutional frameworks for regional cooperation and reform policies of the EU in North Africa and the Middle East, such as the Euro-Mediterranean Partnership (EMP) and the European Neighbourhood Policy (ENP), with regard to their impact on value transformation and their social and cultural implications for Israel. We argue that the role of the EU as a "transformative power" in the MENA region is growing in general, but that its influence on Israel's role in the region is very limited.

Attempts to foster regional, Israeli-Arab-European cooperation in different fields, such as civil society promotion, democratization or cultural cooperation have known some, but limited success, and were interrupted many times by the Israeli-Palestinian conflict. Currently, bilateral relations between the EU and Israel in these fields are intensifying, while the regional dimension of the EU's policy has diminished since the outbreak of the second Intifada in 2000 and the launch of the bilateral approach of the European Neighbourhood Policy in 2003. Independent regional networks do however continue to exist and to develop.

In order to understand the implications for Israel of the EU's transformation policies in the MENA region, three aspects will be discussed. First, a clarification of the notion of "transformative power" in this context will be developed. Then, an analysis of the implementation of the EMP with regard to Israel will permit some observations about the regional identity construction process of Israel. Finally, the deepening of bilateral EU-Israel relations within the ENP will be examined, with regard to a potential "Europeanization" of Israel.

1. The EU as a Transformative Power in the MENA region

The implications of "Transformative power" are that the EU shapes its external relations according to its priorities, and that a process of Europeanization is promoted by the means of conditionality and intensified economical relations (Grabbe 2006). European actorness is growing in general, but its role as an external actor in democratization processes in the MENA region (Middle East and North Africa) is limited. The experience of the Euro-Mediterranean Partnership (EMP) has shown this. After 13 years of Euro-Mediterranean cooperation and democratization policies within the EMP, the political liberalization processes in most of the Southern and Eastern Mediterranean Partner countries did not advance, according to international analyses such as the Arab Human Development Reports (AHDR) or indexes such as Freedom House or Bertelsmann Transformation Index (BTI).

Israel and the EU share the same values of democracy, of political freedoms and rule of law. Therefore, although Israel is not directly concerned by the EU's democratization policies, the undemocratic regional context compels it to take interest in these policies. With regard to the Arab countries, the transition from authoritarian to democratic political systems in the region did not occur. These transition processes do not only depend on economic development, historical background and the existence of civil society, but on the existence of a middle class, social equality and civic culture as well. The EU mainly pursues a neo-liberal approach. One of the basic assumptions of its policy is that democracy and capitalism are strongly linked and that the export of its liberal market culture will encourage "European democratic" norms such as individualism, pluralism, compromise and rule of law. For that reason, Europe is also defined as a "normative power" (Manners 2002).

The EU's approach is also based on the idea that wealth correlates with education, meaning that the more educated a population is the more it tends to share liberal and pro-democratic values. As mentioned above, a further important element for democratization processes is social equality. An egalitarian society is more stable than an un-egalitarian one, reason enough to reduce the socio-economic gap between the North and South of the Mediterranean, and between Israel and its

neighbouring countries. At the same time, more social equality is needed within Israel, for Arab-Israeli citizens and immigrants from different origins, and within the Palestinian Territories. Historically, most of the governments of the Southern and Eastern Mediterranean reject the democratization policies of the EU as an involvement in internal affairs or as neo-colonial attempts. On the other hand, political opposition groups feel abandoned by Europe. They criticise the EU as neglecting its own democratization principles for the benefit of economic cooperation and political stability. When it comes to European governance initiatives in the Southern and Eastern Mediterranean, both governmental and non-governmental actors tend to distrust these kinds of projects as interest-guided intrusion. There was, and there still is, much scepticism towards the political conditions of the EMP and ENP, the *Acquis* of Barcelona and the principle of conditionality as such.

The EU's democratization policies cannot resolve such challenges as high rates of unemployment or population growth. They can only serve as incitement or encouragement. Major obstacles to reform in most of the Southern and Eastern Mediterranean countries are low education standards, lacking political and individual liberties, and insufficiently developed civil societies. All these handicaps lead to a situation in most of the Arab Mediterranean countries in which individual initiatives are barred from emerging and developing, leading to low economic development. This regional context has different implications for Israel. Israel is not directly concerned by the democratization policies of the EU, because it is a democratic system. It is part of the industrialized world and shares with the EU the values of democracy, respect of freedom and rule of law. That is also why Israel has a special status in its relations to the EU, compared to other Southern and Eastern Mediterranean Partner countries. Nevertheless, there are various issues such as the condition of the Arab-Israeli minority, internal political and ideological fragmentation (radical Zionist settler movement, Jewish definition of the state) and non-respect of international law (targeted killings, construction of the West Bank Barrier, settlement policy) that are issues of dissent between the EU and Israel which concern value and identity policies.

The EU would like to transform the MENA region into a democratic neighbourhood. The state of Israel and its political system are not the object of this transformation policy. However, certain aspects of Israel's domestic policy (identity policy; Arab minority) and Israel's policy towards the Palestinians are influenced by the EU's activities and policies in the region. At the same time, the EU always hopes that Israel could play the role of a democratic model spreading democratic values into the region, and that its economic success might drag the neighbouring countries into a process of economic and liberal progress.

In order to push forward its transformation attempts in the MENA region, the EU utilizes various policy frameworks. One of them is the Euro-Mediterranean Partnership (EMP).

2. The Euro-Mediterranean Partnership as a soft security policy: the Middle Easternization of Israel?

In spite of the different criticisms of the EMP, and the launch of the additional framework, the "Union for the Mediterranean" under the French Presidency in July 2008, the EMP remains the main framework of cooperation between Europe and Southern and Eastern Mediterranean countries, and it is still the most comprehensive proposal for a regional conception for the Mediterranean. One of the initial objectives of the EMP was to foster the regional integration of Israel and its Arab neighbours. This process could be characterized as a "Middle Easternization" of the state of Israel, in the sense of an integration of Israel into a potential regional system of the Middle East, and the harmonization and intensification of its relations with the neighbouring Arab states. When the EMP was launched in 1995, there was hope amongst the involved political actors that Israel might play the role of an economic engine in the Middle East. Today, the situation does not allow such thoughts. At the same time, the concept of the reinvention of the Mediterranean region as a political entity, being the basis of the EMP, was less relevant for Israel than for the other Mediterranean countries. A "Mediterraneanization" of Israel, meaning the accentuation of a Mediterranean identity did not take place, at least not in the sphere of the political identity of the state. In the cultural sphere, however, developments were slightly different: as in other countries participating in

the EMP, cultural actors in Israel also used the EMP framework to realize cultural projects with references to the Mediterranean.

The overall balance of 13 years of EMP is however disappointing. Israel and the Arab Mediterranean states expressed their diminishing interest by increasing absence and disengagement. After all, the EMP had achieved some of its objectives, for instance within the third chapter, "Cultural, Social and Human Partnership." During the first years of the EMP, the third chapter of the EMP did not receive much attention, but it gained in importance since the events of September 11. Today it has become a consensus that the cultural element is a central dimension of the relations between the countries participating in the EMP. Alongside regional integration and democratization, the objective of the third Chapter was and still is to bring together the Mediterranean societies, to improve knowledge about one another and to combat stereotypes. But recent surveys (Tranchet 2008) and events such as the debate on the Mohammed caricatures show that the reciprocal images are deteriorating rather than improving.

It is true that the institutional mechanisms within the EMP function rather well, e.g. the ministerial conference system or the meetings of Euro-Mediterranean committees and working groups. Multilateral attitude is exercised, regular meetings take place, and networking of Euro-Mediterranean actors occurs at different levels, such as the Euromed ministers, Euromed committee, expert conferences and non-governmental actors. New venues for deliberation have been created, such as the Euro-Mediterranean Parliamentary Assembly (EMPA), which periodically brings together 240 members of parliaments from both shores and includes a special working group on the Middle East Conflict. The launch of the Anna Lindh Foundation for the Dialogue between Cultures in Alexandria in 2005 marked a step forward in the development of cultural exchange in the Mediterranean, through the participation of civil society organisations. The foundation emphasises youth, media and education, and one of its main objectives is to reach an improved relation between Muslims and Non-Muslims and to gain ground from extremist ideas. For instance, the foundation tries to realize projects with regard to the reform of schoolbooks and the development of comparative religious and cultural education. The field

of intercultural understanding is particularly relevant in the context of the Middle East conflict: biased images on history, negative collective memories and reciprocal prejudices between the involved societies continue to exist and are often highly influential.

Progress could be noted in that cultural actors from Israel and Arab countries participated actively and in innovative ways in various regional cultural programmes, such as Euromed Heritage, Euromed Audiovisual or Euromed Youth: new networks have been created in these domains, and they have developed their own dynamic (Schäfer 2007). In the last round of the Euromed Youth programme, for instance, out of 60 proposals submitted 12 were selected. Six of these selected project proposals came from Israel. The Euromed Civil Forum, now the Euromed Non-Governmental Platform, taking place regularly since 1995, offers an occasion to Palestinian, other Arab and Israeli NGOs to exchange ideas about their work and to develop contacts for common projects. However, debates in the Civil Fora were often dominated by developments in the Middle East Conflict, hindering progress in other domains. In addition to the programmes named above, the delegations of the European Commission realize local cultural activities in Israel and in the Palestinian Territories. These activities include, among others, expositions or the screening of films on human rights issues in Israel and the Palestinian Territories and debates about them. Cultural institutions are encouraged to work together on common projects; one positive example was a cultural project that involved young Israeli and Palestinian filmmakers and that was organized by the Tel Aviv Cinematheque and the Institute of Modern Media at Al Quds University.

Furthermore there are a growing number of opportunities for scientific cooperation. Universities and research institutes from Israel participate very actively in different scientific programmes, together with institutes from the Southern and Eastern Mediterranean. Within the EMP framework, two scientific networks are especially important: the FEMISE network on socio-economic developments and the EuroMeSCo network on policy and security issues. In the framework of the "Partnership for Peace Programme" (which is not a specific EMP measure but a horizontal EU programme; it is however related to other EMP programmes) the EU supported, in cooperation with other international donors, an

Israeli-Palestinian version of Sesame Street, which was screened in the Palestinian Territories as well as in Israel and neighbouring Arab states. Such TV programmes act against the propagation of reciprocal prejudices amongst children and constitute a counterweight to propaganda TV programmes for children distributed by radical political media.

A common element to all these programmes and projects was the fact that even in the cultural and scientific domains cooperation became more difficult after the beginning of the second Intifada in 2000. Most of the NGOs could not or did not want to organize common Israeli-Palestinian or Israeli-Arab projects anymore. Some EU-funded cultural activities and projects were damaged or destroyed by the Israeli army during military interventions in the Territories, for instance, a Palestinian TV and radio station during "Operation Defence Shield" in 2002. Many institutions destroyed during the "War against Terror" were financed by the MEDA programme. The damage was estimated in January 2002 at €17 million, and the issue of demanding indemnification was debated in the European Parliament. In addition, Palestinian artists, intellectuals or journalists were often barred from participating in Euro-Mediterranean cultural cooperation projects, as they did not receive Visas or were unable to move freely. Political tensions between former cooperation partners have grown.

Despite the overly ambitious Mediterranean attempts of the EMP and failed political regional integration, some achievements or positive examples in this field were realized, as described above. However, the idea to integrate Israel more deeply into the Middle Eastern system did not bear fruit. An improvement of Israeli-Palestinian reciprocal understanding could not be reached either. The development of the Israeli-Palestinian conflict and the regional political context led to a situation in which the battle-lines are harder than before. For the regional identity construction process, this means that a "Middle Easternisation" of Israel occurred very slowly and at a low level, or perhaps not at all. Mediterranean identity is present in some cultural projects, but is not predominant. The cultural scene is much more influenced by numerous other global cultures and movements, by American, European or Asian fashions or by internal fragmentations, rather than by Mediterranean reference.

Although the involved political actors in Israel were not very enthusiastic about the introduction of the ENP in 2003, in the meantime we can observe that political interest in bilateral Euro-Israeli cooperation is stronger than in the regional approach of the EMP.

3. The European Neighbourhood Policy as a "policy of reform": Europeanization of Israel?

International developments and internal changes within the EU led to a change of parameters in the EU's external policy, defined by the Security Strategy of 2003 and the launching of the ENP in the same year. The disappointing results of the first decade of the EMP asked for a more effective strategy concerning modernization and reform processes in the Arab World. The ENP is based on the existing bilateral and multilateral cooperation frames. The EU hopes to foster a ring of democracies around the EU. With the help of the ENP, the EU intends to promote political and economic reforms in these neighbouring countries and to harmonize its relations with them. The approach of the ENP consists mainly in the harmonization of legislation in the Neighbouring countries with EU legislation and in the promotion of European norms, standards and "shared values" in exchange for a participation in the EU's internal market. This approach is the concrete translation of the growing role of the EU as a normative power. By concluding new trade agreements, the EU tries to impose European standards and norms within its trade relations to third countries. A central distinction between the Association Agreements of the EMP and the Action Plans of the ENP is the explicit intention of the latter to harmonize the systems, via the introduction of EU norms and standards, and to reach convergence between the systems in the long term (Michael Emerson and Gergana Noutcheva 2005).

With the ENP, the EU intends also to reinvest into its democratization policies. A new accent is put on political reforms. Benita Ferrero-Waldner, Commissioner for External Relations, defined the ENP as a "policy of reform." Political rights and liberties of citizens in the Southern and Eastern Mediterranean Countries are still very limited. All states of the region are listed under the category "not free"; the only exception is the state of Israel. There have not been any major changes or

improvements concerning political rights and liberties since the 1970s. As a reaction to the international debate on the necessary reforms in the Arab world, the ENP is supposed to foster – as an improvement on the EMP – good governance, rule of law and respect of human rights; to develop civil societies, to foster better functioning judiciary systems and to combat corruption. The introduction of the principle of "positive conditionality" was meant to create positive incentives for those neighbour states that are willing to realize political reforms. In some cases, the concrete implications are that the EU tries to reformulate the conditions for funding or to readapt funding according to new political situations.

The introduction of the ENP implies a shift from a regional approach to a more bilateral oriented strategy towards the Mediterranean, and thus to a more Euro-centrist approach. In the framework of the ENP, the EU intensifies its bilateral relations with individual Eastern and Southern Neighbouring countries, according to their specific interests and their engagement. This also means that a single small country like Tunisia or Lebanon must negotiate by itself with an integrated bloc of 27 EU Member States. In parallel to these developments, we observe that different EU Member States are reinvesting in their bilateral relations with individual countries in the Mediterranean region.

The ENP in the context of EU-Israel relations
In parallel to the launching of the European Neighbourhood Policy, there was a period of growing tension between the European Commission (under the former president of the European Commission Romano Prodi) and Jewish organisations in 2004. The European Commission was concerned about anti-Semitism and xenophobia in Europe, but also underlined that it is difficult to prove whether these phenomena are currently increasing or not. In February 2004, Ambassador Rockwell Schnabel, the U.S. Representative to the EU, reproached Europe as demonstrating anti-Semitism as bad as in the 1930s. The High Representative of the CFSP Javier Solana rejected this allegation, as well as the criticism that the EU pursues a one-sided attitude in favour of the Palestinians. The EU is neither anti-Israeli nor anti-Semitic and is in favour of a peaceful solution of the conflict. But the relations between the European Commission, Jewish organisations such as the Jewish World

Congress (JWC, Edgar Bronfman) and the European Jewish Congress (EJC, Cobi Benatoff) were not the best. In January 2004, these organisations accused the EU of anti-Semitism, after a survey of the Statistical Office of the European Commission (EUROSTAT) of 2003 stated that 59% of EU citizens saw Israel at this point of time as the greatest danger for World peace. Muslims and pro-Palestinian groups in Europe saw Israel's politics in the Middle East Conflict as a motivation for anti-Semitic attempts. The survey led to strong reactions amongst Jewish organisations in Europe, but also provoked a new reflection process on possible measures and programmes against anti-Semitism in Europe within the European Commission. Proposals included the harmonization of EU criminal law on this matter, the change of educational content and method for pupils, trainees and teachers or a reform of the training of police officers. This debate also led to the inclusion of the issue of Anti-Semitism into the Action Plan concluded in the framework of the ENP.

The Action Plan with Israel

The Action Plan is supposed to offer a vast range of opportunities for deeper integration and enhancement of all spheres of relations, including economic integration and political cooperation (Herman 2006). Compared to the Arab Mediterranean countries, the Action Plan has a different meaning for Israel. The economic and technological relations between Israel and the EU are already very intensive and Israel already participates in numerous internal European programmes, as for instance in the last three Framework Programmes for Research and Technological Development (FP). The Action Plan with Israel was agreed upon in 2004. It was officially adopted by the Association Council between the EU and Israel in April 2005 and conceived for a period of three years. The first review of the implementation of the Action Plan was undertaken in 2006, two years after its adoption (COM 2006). The Action Plan guides the work between the EU and Israel. Amongst the priorities of the Action Plan we find reinforced political dialogue and a strengthening of people-to-people projects: (1) "The enhanced political dialogue and cooperation will be based on shared values, including issues such as facilitating efforts to resolve the Middle East conflict, strengthening the fight against terrorism and proliferation of Weapons of Mass Destruction, promoting the protection of human rights, improving the dialogue

between cultures and religions, co-operating in the fight against anti-Semitism, racism and xenophobia." (2) "Strengthen links and cooperation in 'people-to-people' contacts in education, culture and audio-visual, civil society and public health."

The Action Plan is an instrument to deepen the integration between the EU and Israel. That is also why the European Commission is examining all other Community programmes and bodies with the objective of opening them to Israeli participation. At first, the Action Plan was received with scepticism because of the linkage of economic and political issues and because of its declaratory character. In parallel to the implementation of the Action Plan, discussions took place as to how EU-Israel relations could be organized in a different way. The scenarios or models vary from a partial economic integration with the EU, in the form of an agreement such as a Common European Economic Space (CEES), the bilateral agreements with Switzerland, or even accession in the long term. The most probable version is the updating of the contractual links by the signing of a European Neighbourhood Agreement. So far, the Association Agreement remains the legal framework for cooperation, while the Action Plan represents a declaration of mutual objectives and commitments. In the mid or long term, however, an agreement over new contractual terms is planned.

With regard to security issues in the Action Plan, Israel is mostly interested in intensified cooperation in the fields of immigration, organized crime and human trafficking, and asked for greater cooperation between European and Israeli police and justice systems. There is also intention to work together on measures against anti-Semitism, anti-terrorist measures, improved and enlarged student and pupil exchange programmes and reciprocal recognition of academic titles. All these domains are understood as a way to deepen scientific and cultural bilateral relations and to increase shared responsibility of conflict prevention and conflict resolution. Another central point of the Action Plan is the integration of financial services which will be pushed forward, i.e., Israeli investment enterprises and assurances can participate in European endeavours and receive tax reductions helping them to be active in the EU. At the same time, European insurance companies can enter the Israeli market. Further fields of cooperation include space cooperation, energy, transport, environment

and communication technologies. This is to say that scientific and cultural cooperation represent only one priority amongst many.

Concerning cooperation between the EU and Israel, the common objectives and heritage are underlined: "The EU and Israel share the common values of democracy, respect for human rights and the rule of law and basic freedoms. Both parties are committed to the struggle against all form of anti-Semitism, racism and xenophobia. Historically and culturally, there exist great natural affinity and common heritage. Thus, we strive to build bridges and networks" (COM 2004: 1).

More specifically, in the listed fields of cooperation, we can observe that science and culture play an important role. The cooperation in the domains of science, technology and research and development are mainly focused on a further integration of Israel in the European Research Area and a harmonization of Science and Technology policies. Biotechnology and space-related issues (e.g. cooperation with the European Space Agency) are however in the foreground. When it comes to societal, political or cultural issues, they are not part of the scientific issues which are the priority of the Action Plan agenda. The people-to-people contacts include the fields of education, youth and sports, culture and audio-visual, civil society and public health. These fields are already part of the cooperation fields of the third basket of the EMP and of the related Association Agreement between Israel and the EU. As concerns education, the increased participation of Israeli students and academic staff in EU Programmes such as Tempus or Erasmus Mundus is part of the activities, as well as a policy dialogue on education and vocational training.

The EU has concluded a bilateral science and technology agreement with Israel and promotes cooperation between Israeli and European technological and scientific organisations. Israel participates increasingly in other scientific programmes, especially in the EU's Framework Programme for Research and Technological Development (FP). Israel was the first non-European country to be associated to this programme, already in 1996. This decision was due to the fact, that Israel has a very high level of scientific competence and a dense network of scientific and cooperation relations with Europe. The first

175

participation of Israel in this programme goes back to 1996 (in FP4, 1996–1999). In 1999, Israel became fully associated in the 5th Framework Programme (FP5, 1999–2002), as well as in the 6th Framework Programme (FP6, 2003–2006). Under FP5 and FP6, Israeli universities, research institutes and companies participated in over 1200 research projects. Israel is also associated to the Seventh Framework Programme (FP7, 2007–2013). Israeli students can apply for scholarships in the Erasmus Mundus programme (for third-country nationals) that allow them to participate in Master courses in the EU. The harmonization of study credit systems is pushed forward in order to facilitate student exchange programmes. Amongst other fields of scientific cooperation, there is also dialogue on the role of Information and Communication technologies (ICT) and Information Society Technology (IST) in education and e-learning, anti-racism education, youth exchange programmes and anti-drug campaigns.

Cultural and audio-visual cooperation include, besides the continued participation in the existing programmes of the EMP, closer cooperation on inter-faith dialogue, cultural and linguistic heritage as well as dialogue on cultural diversity. Discussions on the regulatory aspects of media and cultural policies are on the agenda as well. Cooperation between Europe and Israel in civil society aspects is already a time-honoured tradition. It was intensive in the framework of the EMP, and continues to be developed in the ENP. A relatively new issue in this field is the empowerment of consumers and the protection of their health and economic interests. Finally, public health is also part of the people-to-people activities and includes, for instance, health security and epidemiological safety. Here again, harmonization with EU legislation and policies and the integration of Israel into the European Union Public Health Information Network (EUPHIN), establishing a health information and knowledge system, is aimed for.

All these measures are useful on the bilateral level, but they only make sense if in parallel comparable measures are realized on a regional level. Otherwise Israel will become more isolated in the regional context and be pushed towards stronger and more exclusive ties with the United States and Europe. The Europeanization process, that becomes visible in the harmonization and growing convergence of norms, standards and

legislations, might be fruitful for Europe and Israel on the one hand, but unbalanced and short term-oriented with regard to the regional balance on the other hand.

Conclusion

The results of the EMP and ENP are less than expected. Concerning issues like democracy, respect of human rights or rule of law, many observers state that there has been a backslide rather than progress. This regression is not connected to EU policies, but EU policy did not succeed in hindering them, either. The European Commission and the European Parliament remain very sceptical about the democratic standards in many of the countries concerned, where a state of emergency is still in force, the military remains much involved in the political decision making process, and corruption is still a wide spread phenomenon. Most Southern and Eastern Mediterranean countries are very sensitive to any form of foreign relations perceived as threatening their national sovereignty.

The problem with the principle of positive conditionality is that one major incentive, which succeeded in the case of the Eastern European countries, was the perspective of EU membership. In the case of the ENP, the concept is "all but membership." Arab observers and decision makers claim that the incentives of the EU are too small, in comparison to American incentives, in terms of financial aid. But this does not excuse the lack of reform will of the governments in place. For Israel, the undemocratic situation in its neighbouring countries increases not only external, but internal pressures too. The societies of the Southern and Eastern Mediterranean countries observe Europe closely to see to what extent it sticks to its own democratic principles, how it treats its Muslim minorities, and if Europe stays faithful to its own principles concerning its foreign policy in the Middle East. The majorities in these countries think that the EU is implementing double standards towards Israel.

The crucial question to follow will be how the relations between the two institutional frames of the EMP and the ENP will develop, especially in the context of the newly established Union for the Mediterranean. So far,

democratization and civil society dimensions have disappeared from the agenda of the EU's Mediterranean policy, under the French Presidency, for the benefit of a concept reduced to a rather economically oriented export strategy. The reform programs of the EMP and ENP had only limited concrete impact on modernization processes. One should rather improve the existing frames instead of reinventing new cooperation frames too often. In spite of its weaknesses, the EMP has raised a growing consciousness about the common responsibility for the Mediterranean region amongst the involved actors. Reciprocal prejudices were deconstructed and new trans-national networks have grown in the Mediterranean region, and these networks, in which Israeli and Arab actors participate, have developed their own dynamics.

The rapprochement of the societies of Europe and the Southern and Eastern Mediterranean is a long-term process. The high and unrealistic expectations about the EMP should be adapted accordingly. It is true that peace and prosperity did not come about, the socio-economical situation is in a standstill or worse and the political situation is tenser than before (The Middle East Conflict, Iraq, political Islam). But a comprehensive political and institutional framework was established which can serve as a substantive basis for future relations between Europe, North Africa and the Middle East. The EMP and the ENP can exist in parallel, while the Union for the Mediterranean does not mean much more than an upgraded, intensified and more dynamic EMP. European democratization and governance policies in the region cannot be a prisoner of the developments in the Middle East Conflict. The EU can play the role of a transformative power by reinvesting in confidence building and by supporting advocates of reform in North Africa and in the Middle East.

Finally, when it comes to Israel, it seems as if for the moment there is no real Middle Easternization, a slight Europeanization, but most of all an Americanization process and growing internal fragmentation. The cultural proximity between Europe and Israel has been there for decades. However it seems as if this proximity is more of a constant element, while Americanization and internal fragmentation are progressing.

Recommendations:

- Reinvest in an improved and intensified implementation of the EMP and ENP instruments, in Israel as well as in the Palestinian Territories.
- Observe the development of the Union for the Mediterranean; get involved in the process in order to avoid the creation of an exclusively Euro-Arab cooperation forum, and use the new dynamic of the process.
- Clarify the interrelationships between identity, citizenship and governance: formulation of special rights for minorities in order to facilitate equality with the majority, implementation of anti-discrimination policies, reinforcement of the duties of citizens, conducting dialogue with ethnic minorities.
- Foster the "Europeanization" of the identity of the state of Israel by an intensification of Euro-Israeli economic, political and cultural cooperation, in parallel to a "Middle-Easternization" of Israel, meaning the engagement in the construction of a regional system.
- EU policies and programmes could support the political and public debate in Israel in the sense of a new emphasis on community cohesion (relations between new and established ethnic and immigrants groups), and in the sense of a de-securitization of the debate.
- Develop EU-Israel cooperation projects on the issues of multi-ethnicism and multi-nationalism in urban spaces in Israel and Europe and the resulting problems of integration: how can local governments and municipalities manage growing diversity in new global spaces?
- Reinvest in civil society projects involving Israelis and Palestinians in horizontally organized social networks, in order to foster new confidence, essential for the functioning of the democratic institutions in Israel as well as in the Palestinian Territories.
- Support research projects on the issue of the integration process of multiple identities in the Israeli society.

References:

Aliboni, Roberto, and Laura Guazzone. 2004. Democracy in the Arab Countries and the West. *Mediterranean Politics* 9 (1): 82–93.

Axt, Heinz-Jürgen, Milosoki, Antonio, and Oliver Schwarz. 2007. Europäisierung – ein weites Feld. Literaturbericht und Forschungsfragen. *Politische Vierteljahresschrift* 48 (1): 136–149.

Cameron, Fraser, and Eberhard Rhein. 2005. Promoting political and economic reform in the Mediterranean and Middle East. *EPC Issue Paper No. 33*, Brussels.

Emerson, Michael, and Gergana Noutcheva. 2005. From Barcelona process to neighbourhood policy: assessments and open issues. Centre for European Policy Studies, *CEPS Working Document No. 220*, Brussels.

Grabbe, Heather. 2006. *The EU's transformative power: Europeanization through conditionality in Central and Eastern Europe*. Houndmills, Basingstoke: Palgrave Macmillan.

Herman, Lior. 2006. An Action Plan or Plan for Action? Israel and the European Neighbourhood Policy. *Mediterranean Politics* 11 (3): 371–394.

Hollis, Rosemary. 2005. Europe in the Middle East. In *International Relations of the Middle East*, ed. Louise Fawcett, 307–327. Oxford: Oxford University Press.

Jamal, Amal. 2001. State-Building, Institutionalization and Democracy: The Palestinian Experience. *Mediterranean Politics* 6 (3): 1–30.

Joffé, George. 2005. The status of the Euro-Mediterranean Partnership. Lisbon: EuroMeSCo.

Johansson-Nogués, Elisabeth. 2004. A 'ring of friends'?: the implications of the European neighbourhood policy for the Mediterranean. *Mediterranean Politics* 9 (2): 240–247.

Manners, Ian. 2002. Normative Power Europe: A Contradiction in Terms? *Journal of Common Market Studies* 40: 235–258.

Pina, Aaron D. 2006. Fatah and Hamas: the New Palestinian Factional Reality. In: *CRS Summary Report for Congress*. March.

Primor, Avi. 2004. The European Union and the Middle East – Mutual Indispensability. *Palestine-Israel-Journal* 11 (2): 18–24.

Phillipart, Eric. 2003. The Euro-Mediterranean Partnership: Unique features, first results and future challenges. In: *Centre for European Policy Studies: Working Paper No. 10*, April, Brussels.

Schäfer, Isabel. 2007. *Vom Kulturkonflikt zum Kulturdialog? Die kulturelle Dimension der Euro-Mediterranen Partnerschaft. (EMP)*. Baden-Baden: Nomos.

Schäfer, Isabel. 2005. Die Euro-Mediterrane Partnerschaft und der Nahostkonflikt. In: *Aus Politik und Zeitgeschichte* 45: 22–30.

Signoles, Aude. 2006. *Le Hamas au Pouvoir et après?* Toulouse: Editions Milan.

Tessler, Mark A. 2005. The Attitudes of West Bank and Gaza Palestinians toward Governance and the Relationship between Religion and Politics. *Palestine-Israel-Journal* 11 (4): 49–54.

Tocci, Nathali. 2005. The Widening Gap between Rhetoric and Reality in EU Policy towards the Middle East Conflict. *CEPS Working Document No. 217*, January, Brussels.

Volpi, Frédéric. 2004. Regional Community Building and the Transformation of International Relations: The Case of the Euro-Mediterranean Partnership. *Mediterranean Politics* 9 (2): 145–164.

Youngs, Richard. 2004. Europe's uncertain pursuit of Middle East Reform. *Carnegie Papers No. 45*, June, Washington.

Documents:

Tranchet, Nancy et al, ed. 2008. *Islam and the West*. *Annual Report on the State of Dialogue*. Geneva: World Economic Forum.

European Commission. 2006. Commission Staff Working Document: Overall Assessment. Brussels, SEC (2006) 1504/2, 4.12.2006.

European Commission. 2005. Communication from the Commission to the Council and the European Parliament – Tenth Anniversary of the Euro-Mediterranean Partnership.
http://europa.eu/scadplus/leg/en/lvb/r10156.htm. COM (2005) 139 final, Brussels, 12.4.2005.

IEMed. 2005. *Dossier: Ten Years after the Barcelona Process: Assessment and Perspectives*. Barcelona: IEMed.

European Commission. 2004. EU/Israel Action Plan.
http://ec.europa.eu/world/enp/pdf/action_plans/israel_enp_ap_final_en.pdf.

European Commission. 2004. Final Report on the EU Strategic Partnership with the Mediterranean and the Middle East. In *Euromed Report, Issue No. 87*, 23.6.2004.

European Commission. 2004. Communication from the Commission: European Neighbourhood Policy. Strategy Paper. COM (2004) 373 final, Brussels 12.5.2004.

Council of the European Union. 2003. *A Secure Europe in a Better World. European Security Strategy*. Brussels, 12.12.2003.

European Commission. 2003. Communication from the Commission to the Council and the European Parliament: Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours. COM (2003) 104 final, Brussels 11.3.2003.

European Council. 2000. Common Strategy of the European Council of 19th June 2000 on the Mediterranean region,. 2000/458/CFSP). In: Official Journal of the European Communities, 22.7.2000, L183/5–10.

European Commission. 2000. Euro-Mediterranean Agreement. http://www.delisr.ec.europa.eu/english/content/eu_and_country/asso_agree_en.pdf

European Commission. 1995. Barcelona Declaration. Brussels. http://europa.eu/scadplus/leg/en/lvb/r15001.htm.

European Democracy Promotion in the Palestinian Territories and its Implications for the Israeli-Palestinian Conflict

Daniela Huber

Abstract

This essay addresses the dilemma that democracy promoters face when dealing with a conflict country. While it is often assumed that democratization of the Palestinian quasi-state creates further impediments for the shattered Israeli-Palestinian peace process, this essay gives concrete recommendations how democracy promotion can prevent such an outcome. On a theoretically informed basis it analyses the state of democratization in the Palestinian Territories and the EU policies to support this process. While it finds that the EU is generally on the right track, it could do more in the areas of media freedom and party development and especially start to support the capacity building of the Palestinian parliament.

Introduction

The end of the Cold War triggered a wave of international democracy promotion.[39] Alongside the US, the European Union and its member states are the most important actors in this field. In 2004, the European Commission spent €125 million on democracy promotion, and approximately €900 million on related activities. In addition, EU member states promote democracy abroad. The biggest European donor states for democracy assistance, Germany and the United Kingdom, spent €360 and €346 million respectively to assist democracy worldwide (figures are taken from Youngs et al. 2006: 20–21).

---

39. *International democracy promotion* is a foreign policy that aims explicitly at initiating democratization, supporting democratization or strengthening democracy in foreign states and their societies.

While democracy promotion has become a constant of Europe's foreign policy, its application is sometimes heavily criticised, at other times strongly demanded. Nowhere can this volatility of democracy promotion's popularity be better observed than in the Middle East. On the one hand, some politicians demand that the Palestinians democratize before lasting peace can be achieved;[40] on the other hand, democracy promotion is heavily criticised for bringing about the rule of Hamas. Whereas this criticism is based on the misleading myth that democracy promotion is limited to election promotion, it has to be taken seriously in order to learn from mistakes of the past.

Researchers are also divided on the topic, and have not produced definite answers on how to deal with the dilemma that democratization, which leads to increased probability of peace in the long term, increases the likelihood of war in the short term. This is further complicated in the case of the Palestinian Territories as they are a stateless entity in conflict. Not only does this produce non-conducive conditions for democratization, but there are hardly any antecedent cases for the democratization community to learn from. We know about democratization in *intra*state conflicts, but less about the ramifications of virulent *inter*state conflicts on democratization and peace.

While this essay cannot provide a definite answer to this dilemma, it aims at identifying the democracy promotion strategies which best support a Palestinian democratization process providing a conducive environment for peace. It starts by briefly examining the theoretical discussion relevant to this question. On this theoretically informed basis it moves on to

---

40. See for example Natan Sharansky's speech "Democracy for Peace" (Sharansky 2002). On how Sharansky used the democratic peace theorem rhetorically and how his speech influenced the decision of the Bush administration to pressure the Palestinian Authority (PA) for greater democratization see Ish-Shalom (2006). Even though this essay deals with the influence of democratization on the likelihood of peace, it does not claim that peace cannot be achieved with an undemocratic PA or that the responsibility for the conflict only lies with the Palestinians. But, as Tessler and Grobschmidt claim, "greater political liberalization and democracy in the Arab world may nonetheless reduce the likelihood of armed conflict between Arabs and Israelis, and it may also create a climate in which diplomatic efforts designed to address the underlying causes of the conflict will have a greater chance of success" (Tessler and Grobschmidt 1995:136.

describe the key challenges of the Palestinian democratization process. Subsequently, it analyses the EU democracy promotion strategy in light of those challenges and ends with concrete policy recommendations.

The theoretical dilemma of democratization and peace

According to the *democratic peace theory* (Kant 1957; Doyle 1983) democracies do not wage war against each other. Thus, in the long term, democracy promoters can expect that transitions to democracy will lead to increased peace in the world. Mansfield and Snyder, however, found that in the short term democratizing states are more war prone than stable autocracies, especially when a regime becomes only partly democratic (Mansfield and Snyder 2002: 298). They claim that "the specter of war looms especially large when governmental institutions, including those regulating political participation, are especially weak" (Mansfield and Snyder 2002: 298). Moreover, Schock argues that partly democratic and partly autocratic regimes "are not so repressive as to inhibit collective action but are not open enough to provide effective peaceful channels of political participation" (Schock 1996: 105).[41] Ward and Gleditsch come to the conclusion that the risk of war during transformations is reduced if a change toward greater democracy is reached by an increased constraint on the executive, which "sheds light on precisely what aspect of democratization may reduce the probability of war: shared power between the executive and legislature, each largely staffed by officials pressured by public opinion" (Ward and Gleditsch 1998: 58–59). However, if a transition is rocky, if it is substantial and rapid, and if it is accompanied by reversals to autocracy, the risk of being involved in warfare increases (Ward and Gleditsch 1998: 51ff.).

Stable and smooth transitions are also dependent on the level of development. Some researchers find that the democratic peace only applies to developed democracies and less so to low-income democracies (Hegre 2000; Mousseau 2000; Mousseau, Hegre, and O'neal 2003).[42]

---

41. This thesis is refuted, however, by Collier and Hoeffler (2004).
42. This reasoning is based on the modernization paradigm first articulated by Lipset: "The more well-to-do a nation, the greater the chances it will sustain democracy" (Lipset 1959:75). Whereas Przeworski et al. (2000) claim that development and democratization constitute a two-way relationship, Boix and Stokes (2003) find that development precedes successful democratizations.

A further strand of research deals with the ability of states to send credible signals to their neighbours. It argues that "democracies should be able to signal their intentions to other states more credibly and clearly than authoritarian states," as democratic leaders in contrast to authoritarian leaders face severe domestic audience cost by first escalating a crisis and then backing down (Fearon 1994: 577ff.). The worst signaler, however, is a democratizing state: it has diverse power centers with unknown tenures and diverse messages, and the affected state does not know which signal to believe and for how long. In a security dilemma, the signal receiving state will believe the worst case scenario. Signaling in democratizing states, however, can be improved by a strong parliament that can send reliable signals.

What can be learnt from the literature is that transitions should be evolutionary and complete and that besides being accompanied by socio-economic support, democracy promotion should focus on strengthening participatory, as well as overseeing institutions such as parties, the legislature, the judicative and independent media.

The challenges of Palestinian democratization

While this section deals with the state of democratization in the Palestinian Territories in general, it pays special attention to the factors that produce conducive conditions for peaceful transitions as outlined above, namely media freedom, a strong parliament and parties, the judiciary, and a high level of development.

Before regarding the democratization process and its internal obstacles, it is important to keep in mind that the transition to democracy is also complicated by the fact that the Palestinian territories represent a stateless entity under occupation that faces obstacles through Israeli security constrains, as well as international pressures. Furthermore, the academic literature generally assumes that state-building has to be preceded by democracy-building and one of the only cases where democracy-building preceded state-building is Israel. In the Palestinian case, even though the territory of the future state is not finally constituted, the PA is a quasi-state with the most important state

186

institutions being built up although they do not hold full sovereignty. If authoritarian practices remain, they will become increasingly entrenched and it would be subsequently difficult to remove them in a future Palestinian state.

A short history of Palestinian state building
Palestinian quasi-state bodies emerged in two different settings: inside the Palestinian territories and in exile.

Whereas politics in the West Bank and Gaza had for long been dominated by a status-quo notable elite, in the 1980's their power decreased due to three factors, as pointed out by Robinson (1997: 14): the elimination of the peasantry, land confiscation, and the establishment of a university system. The first point diminished existing patron-client networks, the second lead to bitterness in the population, and the university system opened up education to a big spectrum of society. According to Robinson, 70 percent of the students came from refugee camps, villages, and small towns (Robinson 1997: 16). During the first Intifada, this new elite from the student movement started to establish its own alternative structures, such as the popular committees. Many of the new elite rejected the Oslo Accords and kept up their structures through grassroots organizations.

In contrast to this, the external elite manifested itself in the Palestinian Liberation Organization (PLO) that was founded in 1964. It has three main political institutions: the Palestinian National Council (PNC), the Central Council and the Executive Committee. The Palestinian National Council is the legislative body, but as opposed to the Palestinian Legislative Council (PLC) of the PA, the PNC does not only represent Palestinians from the West Bank and Gaza, but also from the Diaspora. It includes representatives of all sections of Palestinian society, except for Hamas. Most of the members are appointed by the Executive Committee and some are elected. PNC seats are thus to the most part not elected, but proportionally distributed. The PNC meets every two years and elects the Executive Committee; the Central Council meets on a three monthly basis and advises the Executive Committee. The latter overtakes the role of the

187

National Council when it is off-session. Inter alia, it consists of members of the Executive Committee, the National Council, and the PLC. Its practice builds on consensualism rather than competitive votes between the parties as pointed out by Sahliyeh (1995: 247), who also claims that "political diversity within the Palestinian community, as well as its physical dispersal and the absence of a centralized state, have tended to prevent the exercise of arbitrary rule within the PLO's political councils and have fostered the emergence of some forms of democratic pluralism." In theory, the 1988 Declaration of Independence also calls for the establishment of a "parliamentary democratic system of governance" and mentions principles like equality, freedom of religion, freedom of speech and of the press, assembly rights and the protection of minorities (PLO 1988). Even though the PLO lost some of its power with the establishment of the Palestinian Authority (PA), it is still important, as it is responsible for conducting foreign relations. At the United Nations, for example, the Palestinian people are represented by the PLO.

The Oslo Agreements and the establishment of the Palestinian Authority

The Oslo Agreements established the Palestinian Authority. The Palestinian Legislative Council (PLC) was elected for the first time in 1996. The cabinet, and since 2003 the Prime Minister, are appointed by the President, while the President is elected directly by the citizens. According to the Oslo agreements, the Palestinian National Authority is responsible for security and civil affairs in Zone A and for civil affairs in Zone B. It holds no responsibilities in Zone C and as mentioned above does not have international responsibilities.

When the PLO's leadership in exile returned to the Palestinian territories as part of the Oslo agreements, it first sought to establish its power. "At base, Palestinian state-building after Oslo has been a process by which an outside elite has tried to consolidate its political power in the West Bank and Gaza" (Robinson 1997: 175). Arafat personalized its rule, not least by obscuring chains of command, i.e. through shifting back and forth for support between the PA and the PLO and by the establishment of overlapping security services. Whereas at first the international community tolerated this in order to

188

secure the peace process, with the outbreak of the second Intifada it began to change this policy of "peace now, democracy later" to "democracy now, peace later" (Brown 2005: 22). This change was most evident in the 2002 policy of the White House to condition Palestinian statehood on democratic reform. By contrast, the EU had a more continuous policy of strengthening democracy in the Palestinian Authority, but also started in 2002 to condition its assistance on detailed reforms, mainly regarding the judiciary and the PA budget (Brown 2002: 44).

Today the Palestinian government situation is characterized by a Fatah-led West Bank and a Hamas-led Gaza strip. Both crack down on the respective opposition forces in their areas, arguably Hamas more excessively than Fatah.

How democratic are the institutions of the Palestinian Authority and the political culture in the West Bank and Gaza today?

Elections
Like the 2005 presidential elections, the 2006 parliamentary elections were judged as free and fair by international observers. However, Freedom House points out that "there were credible reports of the use of PA resources for the benefit of Fatah candidates, as well as campaigning by Hamas candidates in mosques, in violation of the PA's electoral rules. Some voters reported encountering difficulties in reaching polling stations because of Israeli roadblocks, though Israel was generally credited with allowing relatively free access during the elections" (Freedom House 2008).

Box 1: The 2006 parliamentary elections and the victory of Hamas

77 percent of the population took part in the election. The results were as follows:

Total Seats
- 2%
- 2%
- 1%
- 2%
- 3%
- 34%
- 56%

■ Change and Reform
■ Fatah Movement
■ Martyr Abu Ali Mustafa
■ The Third Way
■ The Alternative
▪ Independent Palestine
■ Independents

Seats in Districts
- 6%
- 26%
- 68%

■ Change and Reform
▪ Fatah Movement
■ Independents

Seats in List
- 3%
- 3%
- 3%
- 5%
- 44%
- 42%

■ Change and Reform
▪ Fatah Movement
■ Martyr Abu Ali Mustafa
■ The Third Way
■ The Alternative
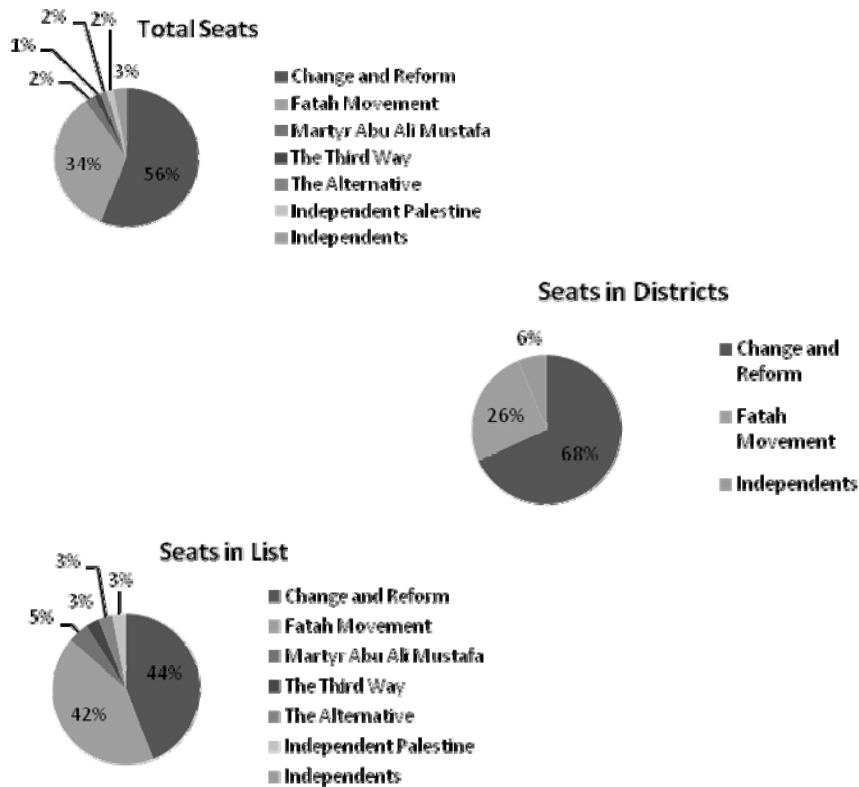▪ Independent Palestine
■ Independents

Figure 1: Results of the 2006 parliamentary elections, (Palestinian Central Elections Commission 2006)

The voting system was a mixed system in which one third of the 132 members of the Palestinian Legislative Council were elected through a nationwide single list representative system, and two thirds were elected through a regional system based on majority vote. This system aggrandized the Hamas victory, as it won 44 percent in the representative vote, but 68 percent in the district votes. Subsequently, the voting system has been changed to a single list representative system. Additionally, observers attribute the Hamas victory to the mobilization and unified

190

voting of Hamas supporters as opposed to divided voting and protest votes of Fatah supporters (Brown 2006: 3), to the corruption of the Fatah government, and to the organizational power of Hamas, which is based on its strong base in and social services for the community. Shikaki states that

"the most interesting aspect of the rise of Hamas is that its own voters, as demonstrated in the exit polls, do not share its views on the peace process. Three quarters of all Palestinians, including more than 60 percent of Hamas supporters, are willing to support reconciliation between Palestinians and Israelis based on a two-state solution... indeed, more than 60 percent of Hamas voters support an immediate return to negotiations with Israel" (Shikaki 2006).

In a JMCC poll conducted after the elections, 66.3 percent of those polled were in favor of negotiations with Israel. 43 percent of Hamas voters said they voted for it in order to end corruption, 18.8 percent for religious reasons and 11.8 percent because of its political agenda (Jerusalem Media and Communication Center 2006). The 2008 opinion polls show that public support for negotiations with Israel stands at 61.2 percent. 47.1 percent advocate a two state solution. 49.5 percent are for resistance, whereby the majority of this support comes from the Gaza Strip (58.1%) as opposed to the West Bank (24.5%). Suicide bombings against Israeli citizens are supported by 50.7% with a majority again coming from the Gaza Strip (65.1%) as opposed to the West Bank (42.3%) (Source: Jerusalem Media and Communication Centre 2008).

Parliament
The Palestinian Legislative Council was established as a result of the Oslo Accords. It started its work with drafting a Basic Law, which it passed in 1997, but which was not signed by Arafat until 2002. The parliament remains "within the President's orbit" (Pina 2006: 7). Arafat often ignored Standing Orders from the PLC and the PLC was "unclear how their authority related to that of the President and what they could demand that he do" (Brown 2002: 14). Arafat often refused to sign laws, and they were many times not published in the *Official Gazette* or simply not enforced. The President can act by decree and the Prime

Minister introduced in 2003 is not elected by the parliament, but appointed by the President. However, in some cases the parliament also showed strength, as in 2002, when it forced down the cabinet of Arafat. During the second Intifada the PLC further weakened and in the wake of the kidnapping of the Israeli soldier Gilad Shalit and following Qassam attacks on Sderot, Israel detained dozens of PLC members, mainly from Hamas.

An international working group that tried to analyse the internal weaknesses of the PLC pointed out that the parliamentary groups that are needed for opinion forming and transparent and predictable decision making are weak (Kabel, Hijab, and Ingdal 2005: 22). The overseeing capacity of the PLC on budget and financial affairs was judged as insufficient and the administration criticised as being entangled with politics instead of being professional and un-partisan (PLC Special Ad hoc Committee 2004: 3). The report furthermore criticised the parliament members for not have home constituency offices, and reported the lack of citizen complaint procedures.

Judiciary and the Rule of Law

The judiciary displays a strong spirit of independence, but its decisions are not always enforced. The judicial system is not independent from the executive and judges often do not have the necessary training. The administrative capacity of the judiciary is limited and many Palestinians started to settle disputes through alternative channels such as the police's legal departments, the security forces and the governorates, or through mediation between families and tribes (Brown 2003: 36–38). Even more problematic for the rule of law are the state security courts, which were established by presidential decree in 1995. Those courts "seemed tailored to diminish a difficult political problem for the PNA: the domestic repercussions of unjust trials would be less than those caused by extradition, and the Israelis and Americans cared less about legal niceties and more that violent opponents of Oslo be incarcerated somewhere" (Brown 2003: 42). In addition, the courts were also used against human rights activists. Freedomhouse points out that "alleged collaborators are routinely tortured in Palestinian jails and denied the right to defend themselves in court. These practices are not prohibited under Palestinian law" (Freedom House 2008). The Al-Haq report on torture in West Bank

and Gaza states that "the majority of arrests in the West Bank and Gaza are politically motivated. Detention has rarely been carried out for valid criminal or security reasons" (Al-Haq 2008: 1). They furthermore state that the Public Prosecution body has not prevented this, nor did it oversee the judicial police. In the Gaza Strip the authority of the Attorney-General is suspended. Detention controls and safeguards as per the Palestinian laws have been ignored (Al-Haq 2008: 2–3). Apart from that, there are armed splinter-groups that have de-facto control of the West Bank and Gaza Strip.

Media

Media freedom is not guaranteed. The PLC passed a law for media freedom in 1996, which has not yet been ratified. The situation concerning the media is characterized by harassment, pressure, self-censorship, arrests, as well as physical attacks by the respective dominant factions, i.e. Fatah in the West Bank and Hamas in Gaza. Freedom House reports that in January 2007 the offices of the television channel Al-Arabiya were bombed in Gaza, after broadcasting a controversial report on Ismail Haniya (Freedom House 2008). Journalists such as Alan Johnston have been kidnapped and during the Hamas-Fatah clashes, there have been increased attacks on journalists: two journalists were killed and 15 journalists attacked. Hamas furthermore raided the Palestinian Journalists' Syndicate, which was dissolved afterwards. The group "later banned all journalists not accredited by the Information Ministry, closed down Gaza outlets that were not affiliated with Hamas, and began enforcing the restrictive 1995 PA press law... meanwhile, Fatah forces continued to harass and attack Hamas-affiliated media in the West Bank" (Freedom House 2008).

Parties

No less than a parliament and a free media, parties are essential for a democracy and for democratization. They can serve for national reconciliation in conflict countries (Karatnycky 2002: 53), act as a transmission belt between society and state, articulate and aggregate the demands of the people and feed them into the political system. As opposed to NGOs that only concentrate on one topic and are not accountable to voters and citizens, parties cover several topics and

represent groups at large. Parties furthermore generate political leaders, disseminate political information and socialize citizens into democratic politics (Burnell 2004: 5). Burnell points out that "strong parties and effective party systems are essential to good democracy," because only they can "channel underlying social and economic conflicts in peaceful ways" (Burnell 2006: 4ff.).

Carothers points out that parties in transition states suffer from typical problems such as corruption, a lack of ideological identities and clearly formulated programs and policies, leader-centric nature, weak organizational capacity, and a lack of deep ties to their constituency (Carothers 2006: 49). Parties become especially leader-centric and internally undemocratic in presidential systems of governance. The problems of the parties in the Palestinian Territories mirror these typical problems. The party system in general, however, displays some degree of pluralism with eleven parties and lists and many independent candidates. The parties have highly differing degrees of organizational power, though.

Political Culture

The Palestinian society is very pluralist with many different NGOs, charitable and welfare associations, unions, professional syndicates, advocacy groups, and cooperatives. According to Sullivan, in the early 1990's there were 1,200 to 1,500 Palestinian NGOs (Sullivan 1996: 94). Therefore, there is quite a high degree of social capital.

However, the political culture is also characterized by armed clashes between Hamas and Fatah. In February 2007, "weeks of fighting between Hamas and Fatah culminated in a major outbreak of violence in Gaza in which 20 people were killed and over 100 wounded within 24 hours" (Freedom House 2008). Abbas and Haniya then formed a "national unity" government, which did not effectively stop the fighting. Human rights are hardly observed. The 2008 Al Haq report on "Torturing each other" shows how human rights are repeatedly violated by the authorities of the PA, as well as the de facto authority in the Gaza Strip of Hamas. These violations are increasingly becoming a "common trend" as opposed to an "individual pattern" (Al-Haq 2008: 2).

194

Women rights are violated as well. In 2006, 17 women were victims of "honor killings" and killings of this kind are on the rise in Gaza. Personal status law disadvantages women in respect of marriage, divorce, and inheritance. A 2006 Human Rights Watch report claimed that rape or abuse is increasingly handled by tribal leaders or governors instead of courts. However, women have full access to higher education and there is a political quota system for the party lists (Freedom House 2008).

As per public attitudes towards democracy, Grant and Tessler find that 23 percent believe that a democratic country is the best model for the PA, 38 percent are for a non-democratic country, and 39 are indifferent. 60 percent belief that Islam is compatible with democracy. The belief that a democracy is the best model is more likely when respondents are less religious and better educated. It is furthermore somewhat associated with male gender, older age, urban residence and a higher standard of living (Grant and Tessler 2002). Perceived corruption is high, as seen from the Perceived Corruption Index of Transparency International, which rated the Palestinian Territories with a 2.6 in 2005 (with 10 representing the lowest value of perceived corruption and 0 the highest) (Transparency International 2005).

Socio-Economic Development

According to the United Nations Development Programme, the Palestinian Territories is a medium human development country.

Box 2: Development Data Palestinian Territories

Population: 3.7 million, of which youth (15–29 years) 27% (Palestinian Central Bureau of Statistics 2008: 2)

GDP per capita/GDP growth rate: $1,067.5 / -6.6% (UNSCO 2008: 1)

Literacy male population: 96.3%

Literacy female population: 87.4% (9.5% economically active) (Freedom House 2008)

Human Development Index: 0.731, Medium Human Development Country, No. 106 out of 177 (United Nations Development Programme 2008)

Net Official Development Assistance 2006: $1,449 million (OECD 2007)

Aid per capita 2005: $305 (after Republic of Congo, second biggest aid recipient per capita in 2005) (Worldbank 2006)

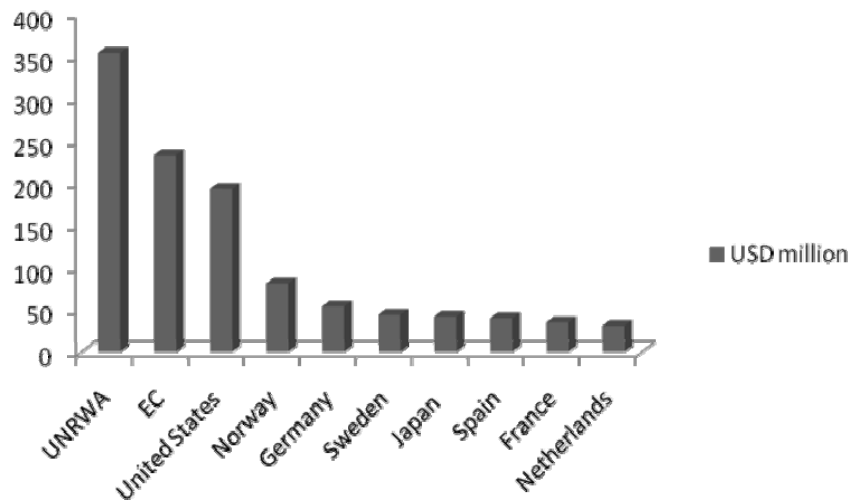Aid dependency / Aid as % of GNI 2006: 34.6% (OECD 2007)

Donors:

Figure 2: Top Ten Donors 2005–2006, (OECD 2007)

Palestinian public expenditures are financed to a large degree (34.6 percent) by international donors. Brynen claims that "donor assistance to the West Bank and Gaza... has pushed the upper margins of what is generally considered the 'absorptive capacity' of aid-recipient economies" (Brynen 2000: 117). In some respects, the PA mirrors a rentier state. Rentier states are typically oil states that do not require high direct taxation of their citizens and as a result do not confer extensive rights to their citizens. In the Palestinian case, however, the PA has to play a two-level game because of its aid dependency. It is not only accountable to its own citizens, but also to the international donor community for the use of its budget.

To sum up the state of transition in the Palestinian Territories, Brown puts the status quo in a nutshell by comparing the PA to other Arab states:

"Many Arab states such as Egypt, Tunisia, and Syria have well-established institutions but an extreme poverty of democratic procedures, but Palestinians have already established some democratic procedures and possess a more democratic culture than prevails elsewhere. Yet most of their institutions – especially those that form the basis of an embryonic state – are extremely weak" (Brown 2005: 4).

European Union Democracy Promotion Strategies

What is the EU doing in order to foster democracy? The EU promotes democracy through its European Instrument for Democracy and Human Rights (EIDHR), the Barcelona Process – also called Euro-Mediterranean Partnership (EMP) – and the European Neighbourhood Policy (ENP). In contrast to the EMP and ENP, the EIDHR is set up only to foster democracy and human rights and it does not need the agreement of the host governments for its actions, but mainly deals with civil society directly. The EMP is destined to strengthen the bilateral and multilateral relations between the EU and the Mediterranean countries and to foster economic as well as political reform in the latter. For the years 2007–2013 the Regional Strategy Paper presents three priority objectives, namely justice, security and migration, a sustainable economic area and socio-cultural exchanges. The European Neighbourhood Policy is an EU policy with a geographical focus on the eastern and southern neighbourhood of the EU with the foremost aim to consolidate a stable and secure neighbourhood for the EU and to complement the EMP in promoting political and economic reform. Its key instruments are the bilateral Action Plans, which set out the reform priorities. Countries that successfully implement the reform agenda are bound closer to the EU. The funding of the programs differs: the EIDHR is smaller than the EMP and ENP. EIDHR's budget appropriation for 2008 is €162.402 million (European Commission 2008b). The main financial instruments of EMP and ENP were the MEDA funds; also funding of the ENP was channeled through MEDA. Since 2007 the European Neighbourhood Policy Instrument (ENPI) replaced MEDA and other assistance programmes. For the period 2007–2013 it has a budget of €12 billion (European Commission 2008a).

In respect to general development assistance in the Palestinian territories the EU committed more than €550 million to the Palestinians in 2007 (European Commission Technical Assistance Office 2008). The bulk of the money went to socio-economic measures such as social services, health, education, electricity, sanitation, refugees, humanitarian aid, food aid, infrastructure projects, private sector development, job creation, or agricultural support. Comparatively much smaller amounts went to institution building, civil society building, and support for the peace process.
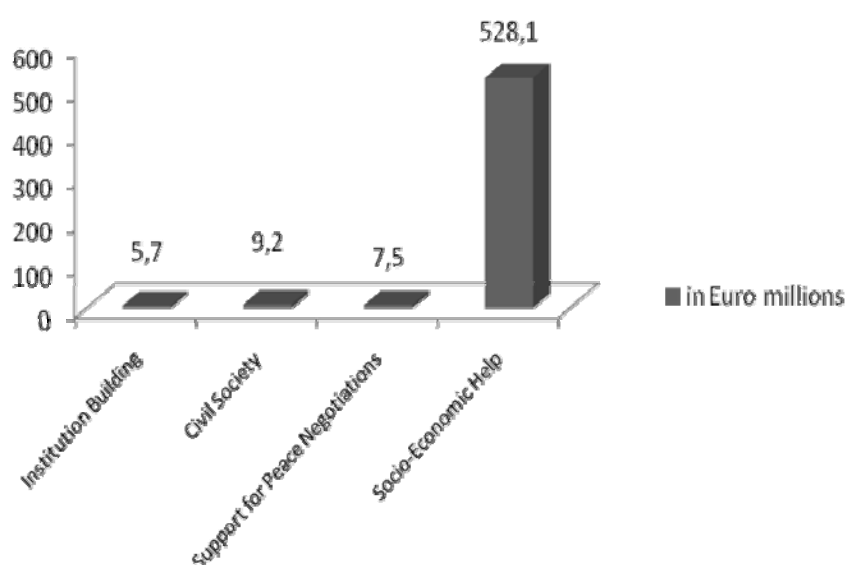

Figure 3: Areas of EU assistance to the Palestinians in 2007, (European Commission Technical Assistance Office 2008)

Between the years 2000 and 2006, democracy promotion concentrated on elections support (€20 million), support to the executive (€14.3 million for good governance, €6.6 million for public financial management, €6 million for improved revenue collection) (European Commission Technical Assistance Office for the West Bank and Gaza 2008b) and between 2004 and 2008, more than €8 million went to the support of the Palestinian judicial system (European Commission Technical Assistance Office for the West Bank and Gaza 2008c). In the area of civil society, the EU spend €100 million since 2004 for NGOs in the area of healthcare, education, housing, job creation, women's empowerment, human rights advocacy, legal aid, charity and welfare

198

(European Commission Technical Assistance Office for the West Bank and Gaza 2008a). How did those sectors look in detail?

In the judicial area, the EU aimed at an effective implementation of the Basic Law, as well as the Judicial Authority Law of 2002. The Commission sought to realize this through training, e.g. through the establishment of the Palestinian Judicial Training Institute, as well as through technical support. At the regional level, the Palestinian Authority is part of the "Euromed Justice Programme" (European Commission Technical Assistance Office for the West Bank and Gaza 2008c).

In respect to the strengthening of public institutions, the EU concentrates on financial transparency and fighting corruption. It e.g. engages in building up an effective system of revenue collection, assistance to the Palestinian Central Bureau of Statistics, the set-up of Ministry of Finance internal audit and control departments and of the external audit institution of the Financial and Administrative Control Bureau (European Commission Technical Assistance Office for the West Bank and Gaza 2008b). Furthermore, as Asseburg points out, after 2000 the EU focused its policies "on actions to curtail the power of the president... by introducing the office of a prime minister, establishing financial transparency, streamlining all revenues to a single account overseen by the Finance Ministry, and unifying most security services under the Interior Ministry" (Asseburg 2007). The EU set up the EU Police Mission in the Palestinian Territories, which started in 2006 and supports the Palestinian policing forces through training in crime investigation, forensic science, policing, with technical equipment, and in respect to the criminal justice system (EUPOL COPPS 2008).

In the area of civil society directly relevant to democracy promotion, the EU concentrated on the issues of the abolition of the death penalty, women's and children's rights, good governance, and the rehabilitation of torture victims (European Commission Technical Assistance Office for the West Bank and Gaza 2008a). There were also a few projects for the independence of media, such as promoting local radio or journalist empowerment.

There was no project in the area of party development, of which the EU stays out in general in its democracy assistance. Youngs criticises that the "EU democracy projects tend to shy away from controversial areas, preferring to take refuge in generic priorities – such as NGOs, women's right and human rights legislation – rather than tackling the specific challenges of political reform facing each individual Arab country" (Youngs 2006: 4). To be sure, the EU did strengthen the framework for parties by working on the electoral law, but it leaves party development itself to its member states, e.g. the German party foundations. The latter do by far not have a similar budget to the other funding priorities of the EU as outlined above. The other area that is strikingly neglected is the parliament and its capacity to oversee the executive in particular.

Plausible Alternative Strategies

This chapter proposes concrete strategies that can be applied in the areas of parliament and party support.

Party Development

A diverse political society that offers real alternatives and a strong legislative are of upmost importance in order to accomplish comprehensive democratization. This should have been clear especially since the legislative elections in 2006, where – as Tamara Wittes pointed out – "the public lacked any organized alternative to Fatah other than Hamas" (quoted in Saban Center/Brookings 2006). Party development should be a top priority in EU democracy assistance. There are several strategies that the EU could pursue here. Fraternal party assistance as is done by the German party foundations goes to specific parties. It typically tries to strengthen the organizational capacity of the parties by membership development, internal party-communication, improving the relationship between national, regional, and local units, the building of relationships with outside groups, opinion polls and research, promoting internal democracy, building their legislative capacity, supporting women participation and peaceful inter-party interaction (Burnell 2004: 7; Kumar 2004: ix), as well as the set-up of partisan think tanks. With fraternal party aid, democracy assistance can – in the words of Brynen – be "deliberately

discriminatory, intended to strengthen parties supportive of the peace process and marginalize (or perhaps co-opt) those who oppose it" (Brynen 2000: 19, emphasis in the original). This might be difficult for a supranational institution, though, which has to reconcile differing policies of its member states. It might also proof negative for the recipient parties that can be domestically portrayed as puppets of the donors. Fraternal assistance should thus only go through intermediary organizations. International institutions can alternatively give multiparty help or party system aid:

> "Unlike the other forms of party aid, such efforts do not proceed party by party, giving training, advice, and other support to help strengthen or reform individual parties. Instead they seek to foster changes in all of the parties in a country at once, via modifications of the underlying legal and financial frameworks in which parties are anchored, or changes in how the parties relate to and work with each other" (Carothers 2006: 190).

The EU already engaged in electoral law reform, but other ways of party system aid could include training for women in parties, the professionalization of non-partisan research and polling institutes and their ties to the media, and they could encourage "civil society organizations they assist to take steps that promote an environment that enables the growth and functioning of multiparty democracy" (Kumar 2004: 26).

Parliament
The EU did much to prevent corruption by strengthening the executive and judicative, but this has to be complemented by the legislative and its overseeing capacity, which is not only important in order to prevent corruption, but also to avoid executive solos in any policy areas. The EU could train parliamentarians and their staff in monitoring the executive and overseeing the budget in particular, in committee work and in setting up relations to their constituencies. The EU could help to foster a professional parliamentary administration that deals with technical matters, processes citizen complaints and petitions and also provides extensive research and analyses.

Summing up, European democracy promotion in the Palestinian territories, should

- Continue to strengthen the judicative sector,
- Engage more in supporting media freedom through capacity building, as well as diplomatic pressure,
- Consider adding support for the parliament and the party system to its democracy promotion strategies.

Through these measures, the EU can help to make the Palestinian polity more transparent and accountable nationally and internationally, and can in the long term improve the capacity of the Palestinian society to foster their own development and decrease their dependence on international aid.

Abbreviations

EIDHR   European Instrument for Democracy and Human Rights
EMP   Euro-Mediterranean Partnership/ Barcelona Process
ENP   European Neighbourhood Policy
PA   Palestinian Authority
PLC   Palestinian Legislative Council
PLO   Palestinian Liberation Organization
PNC   Palestinian National Council

References

Al-Haq. 2008. Torturing Each Other: The Widespread Practices of Arbitrary Detention and Torture in the Palestinian Territory. http://www.alhaq.org/pdfs/AlHaq%20%20Torturing%20Each%20Other%20-%20Executive%20Summary%20%5BEnglish%5D.pdf (Accessed August 4, 2008).

Asseburg, Muriel. 2007. The EU is wrong on the Palestinians. http://www.swp-berlin.org/common/get_document.php?asset_id=3804 (Accessed August 1, 2008).

Boix, Charles, and Susan Carol Stokes. 2003. Endogeneous Democratization. *World Politics* 55: 517–549.

Brown, Nathan. 2006. Aftermath of the Hamas Tsunami. http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=17975&prog=zgp&proj=zdrl,zme (Accessed July 26, 2008).

Brown, Nathan. 2005. Evaluating Palestinian Reform. http://www.carnegieendowment.org/files/CP59.brown.FINAL.pdf (Accessed August 25, 2008).

Brown, Nathan. 2002. The Palestinian Reform Agenda. http://www.usip.org/pubs/peaceworks/pwks48.html (Accessed July 27, 2008).

Brown, Nathan J. 2003. *Palestinian Politics After the Oslo Accords: Resuming Arab Palestine*. Berkeley: University of California Press.

Brynen, Rex. 2000. *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*. Washington, D.C: United States Institute of Peace Press.

Burnell, Peter. 2004. Building Better Democracies. Why Political Parties Matter. http://www.wfd.org/upload/docs/WFDBBD5_noprice.pdf (Accessed August 1, 2008).

Burnell, Peter, ed. 2006. *Globalizing Democracy*. London: Routledge.

Carothers, Thomas. 2006. *Confronting the Weakest Link: Aiding Political Parties in New Democracies*. Washington, D.C: Carnegie Endowment for International Peace.

Collier, Paul, and Anke Hoeffler. 2004. Greed and grievance in civil war. *Oxf. Econ. Pap*. 56: 563–595.

Doyle, Michael W. 1983. Kant, Liberal Legacies, and Foreign Affairs. *Philosophy and Public Affairs* 12: 205–235.

EUPOL COPPS. 2008. EUPOL COPPS. EU Police Co-ordinating Office for Palestinian Police Support. Project Proposals 2008. http://consilium.europa.eu/uedocs/cmsUpload/BOOKLET_cover.pdf (Accessed August 25, 2008).

European Commission. 2008a. European Neighbourhood Policy: Funding. http://ec.europa.eu/world/enp/funding_en.htm (Accessed August 4, 2008).

European Commission. 2008b. The EU Budget. Chapter 19 04 – European Instrument for Democracy and Human Rights. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:071:1272:1276:EN:PDF (Accessed August 4, 2008).

European Commission Technical Assistance Office. 2008. EU assistance to the Palestinians in 2007. http://www.delwbg.ec.europa.eu/en/cooperatio_development/aid2007.htm (Accessed August 25, 2008).

European Commission Technical Assistance Office for the West Bank and Gaza. 2008a. Building Peace Through People: Support to Civil Society, Human Rights and Peace Building. http://www.delwbg.ec.europa.eu/en/cooperatio_development/sector11.htm (Accessed August 5, 2008).

European Commission Technical Assistance Office for the West Bank and Gaza. 2008b. Laying the Foundations for a Viable and Democratic State. Supporting Government Institutions. http://www.delwbg.ec.europa.eu/en/cooperatio_development/sector3.htm (Accessed August 5, 2008).

European Commission Technical Assistance Office for the West Bank and Gaza. 2008c. Laying the Foundations for a Viable and Democratic State: Empowering the Judicial System. http://www.delwbg.ec.europa.eu/en/cooperatio_development/sector4.htm (Accessed August 5, 2008).

Fearon, James D. 1994. Domestic Political Audiences and the Escalation of International Disputes. *The American Political Science Review* 88: 577–592.

Freedom House. 2008. Freedom in the World Country Report Palestinian Authority-Administered Territories (Israel). http://www.freedomhouse.org/template.cfm?page=22&year=2008&country=7535 (Accessed July 26, 2008).

Grant, Audra K., and Mark A. Tessler. 2002. Palestinian Attitudes toward Democracy and its Compability with Islam: Evidence from Public Opinion Research in the West Bank and Gaza. *Arab Studies Quarterly*. http://findarticles.com/p/articles/mi_m2501/is_4_24/ai_101531216/pg_1?tag=artBody;col1 (Accessed August 4, 2008).

Hegre, Havard. 2000. Development and the Liberal Peace: What Does it Take to be a Trading State?. Journal of Peace Research 37: 5–30.

Ish-Shalom, Piki. 2006. Theory as a Hermeneutical Mechanism: The Democratic-Peace Thesis and the Politics of Democratization. *European Journal of International Relations* 12: 565–598.

Jerusalem Media and Communication Center. 2006. Poll results on Palestinian Attitudes towards the results of the PLC elections held on January 25, 2006. Poll No. 57 February 2006. http://www.jmcc.org/publicpoll/results/2006/no57.pdf (Accessed July 26, 2008).

Jerusalem Media and Communication Centre. 2008. Poll No. 64 April
2008.
http://www.jmcc.org/publicpoll/results/2008/no64-eng.pdf (Accessed
July 26, 2008).

Kabel, Rudolf, Nadia Hijab, and Nora Ingdal. 2005. Capacity Building
and Institutional Support to the Palestinian Legislative Council (PLC).
Project Appraisal.

Kant, Immanuel. 1957. *Perpetual Peace*. New York: Liberal Arts Press.

Karatnycky, Adrian. 2002. Making Deomcratization Work. *Harvard
International Review* 24:50.

Kumar, Krishna. 2004. International Political Party Assistance.
http://www.clingendael.nl/publications/2004/20041000_cru_working_
paper_33.pdf (Accessed August 1, 2008).

Lipset, Seymour Martin. 1959. Some Social Requisites of Democracy:
Economic Development and Political Legitimacy. *The American
Political Science Review* 53: 69–105.

Mansfield, Edward D., and Jack Snyder. 2002. Democratic Transitions,
Institutional Strength, and War. *International Organization* 56:
297–337.

Mousseau, Michael. 2000. Market Prosperity, Democratic Consolidation,
and Democratic Peace. *Journal of Conflict Resolution* 44: 472–507.

Mousseau, Michael, Havard Hegre, and John R. O'neal. 2003. How the
Wealth of Nations Conditions the Liberal Peace. *European Journal of
International Relations* 9: 277–314.

OECD. 2007. Aid at a Glance Chart Palestinian Adm. Areas.
http://www.oecd.org/dataoecd/23/38/1882818.gif (Accessed July 27,
2008).

Palestinian Central Bureau of Statistics. 2008. Youth in Palestinian
Territory. Statistical Indicators.
http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/shabab2008.pdf
(Accessed August 25, 2008).

Palestinian Central Elections Commission. 2006. The second 2006 PLC
elections.
http://www.elections.ps/pdf/Final_Result_distribution_of_PLC_seats-
EN2.pdf (Accessed August 24, 2008).

Pina, Aron. 2006. Palestinian Elections.
http://ftp.fas.org/sgp/crs/mideast/RL33269.pdf (Accessed August 1,
2008).

PLC Special Ad hoc Committee. 2004. General Framework of the Reform and Development Program of the Palestinian Legislative Council.

PLO. 1988. Declaration of Independence. http://www.jmcc.org/politics/declareindep.htm (Accessed August 1, 2008).

Przeworski, Adam. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950–1990*. Cambridge: Cambridge University Press.

Robinson, Glenn E. 1997. *Building a Palestinian State: The Incomplete Revolution*. Bloomington: Indiana University Press.

Saban Center/Brookings. 2006. Hamas Victory Reshapes Middle East Peace Process – Brookings Institution. http://www.brookings.edu/events/2006/0203islamic-world.aspx (Accessed August 25, 2008).

Sahliyeh, Emile F. 1995. Democracy among the Palestinians. Pp. 244–267 in *Democracy, War, and Peace in the Middle East, Indiana series in Arab and Islamic studies*, edited by David Garnham and Mark A Tessler. Bloomington, IN: Indiana University Press.

Schock, Kurt. 1996. A Conjunctural Model of Political Conflict: The Impact of Political Opportunities on the Relationship between Economic Inequality and Violent Political Conflict. *Journal of Conflict Resolution* 40: 98–133.

Sharansky, Natan. 2002. Democracy for Peace. http://www.aei.org/publications/pubID.15187/pub_detail.asp (Accessed July 26, 2008).

Shikaki, Khalil. 2006. The Polls: What the Palestinians Really Voted For. *Newsweek*, February 6.

Sullivan, Denis J. 1996. NGOs in Palestine: Agents of Development and Foundation of Civil Society. *Journal of Palestine Studies* 25: 93–100.

Tessler, Mark A, and Marilyn Grobschmidt. 1995. Democracy in the Arab World and the Arab-Israeli Conflict. In *Democracy, War, and Peace in the Middle East, Indiana series in Arab and Islamic studies*, edited by David Garnham and Mark A Tessler, 135–169. Bloomington, IN: Indiana University Press.

Transparency International. 2005. Corruption Perceptions Index 2005. http://www.transparency.org/policy_research/surveys_indices/cpi/2005 (Accessed August 26, 2008).

United Nations Development Programme. 2008. 2007/2008 Human Development Index Rankings.
http://hdr.undp.org/en/statistics/ (Accessed July 26, 2008).

UNSCO. 2008. Socio-Economic Fact Sheet.
http://www.unsco.org/Documents/Special/Report%20-%20June%2020 08%20English.pdf (Accessed August 25, 2008).

Ward, Michael D., and Kristian S. Gleditsch. 1998. Democratizing for Peace. *The American Political Science Review* 92: 51–61.

Worldbank. 2006. Aid Dependency.
http://siteresources.worldbank.org/DATASTATISTICS/Resources/tabl e6_11.pdf (Accessed July 27, 2008).

Youngs, Richard. 2006. Europe's Flawed Approach to Arab Democracy.
http://www.cer.org.uk/pdf/essay_youngs_arab_democracy.pdf (Accessed August 4, 2008).

Youngs, Richard, Kristina Kausch, David Mathieson, and Irene Menendez. 2006. Survey of European Democracy Promotion Policies 2000–2006.
http://www.fride.org/publication/132/survey-of-european-democracy-p romotion-policies-2000–2006 (Accessed July 23, 2008).

Part III

Diplomatic Developments

The Barcelona Process: Union for the Mediterranean – Assessing its Impact for Euro-Mediterranean and EU-Israeli Relations

Stephan Stetter

Abstract

This article analyses the new policy initiative "Barcelona Process: Union for the Mediterranean." The first part of the chapter discusses the origin of this policy proposal in the presidential campaign of Nicolas Sarkozy and how EU-internal discussion has over time led to a change of some of the basic ideas in the original Sarkozy proposal. The second part of the chapter then looks at the outcomes of the Paris Summit of July 2008 at which the Union was formally launched. The third part of the chapter then discusses the implications of this policy initiative for both Euro-Mediterranean relations as well as EU-Israeli relations. The main argument of the chapter is that the Union for the Mediterranean has the potential to add a positive multilateral dimension to EU-Israeli relations without sacrificing the advances made between both sides since the inception of the European Neighbourhood Policy in general and the Action Plan in particular. The Union for the Mediterranean leads to the re-emergence of the general idea of multilateralism in EU-Mediterranean relations, however, allowing for a greater balance as well as flexibility between bilateralism and multilateralism compared to previous policy initiatives. Yet, given the history of only partly successful policy initiatives by the EU in the region, the actual success of the Union for the Mediterranean is far from guaranteed.

Introduction

At the Paris Summit of 13 July 2008 the European Union (EU) and its member states as well as the 17 non-EU states bordering the Mediterranean Sea (thus, those states participating in the Euro-Mediterranean Partnership,

i.e. Israel, Turkey and the Arab Mediterranean countries including Jordan and Mauritania plus the littoral states of the Western Balkans and Monaco) formally launched the Union for the Mediterranean (UfM). This summit was unique in that it was attended by almost all heads of state or government from the Euro-Mediterranean area, also including several heads or senior representatives of international organisations such as the European Parliament, the United Nations, the Arab League, the Gulf Cooperation Council, the African Union, the Arab-Mahgreb Union, the Organisation of the Islamic Conference, various international banks as well as the Anna-Lindh-Foundation. This high-ranking participation at the 2008 summit marked a stark contrast to the 2005 ten-years-anniversary meeting of the EMP, which was boycotted by most Arab heads of state not only due to their opposition of Israeli policies in the Israeli-Palestinian conflict but, maybe on a more fundamental level, due to their concerns that the multilateral, reformist and increasingly civil society-oriented framework of the EMP could be read as potential threat to their firm and autocratic grip on power in a national context (see Amirah Fernández and Young 2005; on the role and limits of power in the Middle East see from a much more general perspective Stetter 2008). At the Paris Summit of 2008, leaders adopted a joint declaration in which they outlined the institutional structure of the UfM, set out the "philosophy" of the UfM and proposed six concrete policy projects on which the UfM is meant to focus in the future. That is why, in contrast to the comprehensive EMP approach with its four thematic baskets, the UfM has also been labelled "a Union of projects" (Escribano and Lorca 2008). It should, however, be clearly emphasized that the Paris meeting did not succeed in breaking all deadlocks, and therefore a foreign ministers meeting, scheduled to be held in Marseille in November 2008, has been mandated to reach final agreement on all outstanding issues, such as for example the precise set-up of the UfM secretariat and the financing of the ambitious policy projects set out in the declaration.

The following part of the chapter discusses the origin of this policy proposal in the presidential campaign of Nicolas Sarkozy, and the way EU-internal discussion has over time led to a change of some of the basic ideas in the original Sarkozy proposal. The key argument, extended in the next section, is that any comprehensive analysis of the UfM must firmly place this analysis in a proper assessment of the centripetal dynamics of the EU foreign affairs system. The next part of the chapter then looks at

the outcomes of the Paris Summit of July 2008 at which the Union was formally launched. This will be complemented by a discussion on the implications of this policy initiative for both Euro-Mediterranean relations as well as EU-Israeli relations. The main argument of the chapter is that the UfM has the potential to add a positive multilateral dimension to EU-Israeli relations without sacrificing the advances made between both sides since the inception of the European Neighbourhood Policy in general and the Action Plan in particular. The Union for the Mediterranean leads to the re-emergence of the general idea of multilateralism in EU-Mediterranean relations, however, allowing for a greater balance as well as flexibility between bilateralism and multilateralism compared to previous policy initiatives. Yet, given the history of only partly successful policy initiatives by the EU in the region, the actual success of the Union for the Mediterranean is far from guaranteed.

Readdressing the genesis of the UfM

In order to make sense of the UfM it is paramount to note that the Paris summit in itself was the outcome of more than a year of intense deliberations which took place at the EU level. The story of the genesis of the UfM has been told at length by other experts of Euro-Mediterranean relations (see in particular Gillespie 2008; Soler I Lecha 2008; Friedrich-Ebert-Stiftung 2008; Emerson 2008 and Aliboni, Driss, Schumacher and Tovias 2008). It, therefore, suffices here to shortly summarise the main contours of this process without embarking in greater detail on all the nuances which accompanied these deliberations. The idea to replace the EMP by a new Euro-Mediterranean multilateral policy framework was, for the first time, launched by presidential candidate Nicolas Sarkozy at an election rally in Toulon on 7 February 2007. By proposing what was then called a "Mediterranean Union," Sarkozy aimed to address three main concerns in the French electorate: the issue of increasing dynamics of migration and integration of people from North Africa arriving on EU territory (mainly in Spain, Italy and France), the need to reinvigorate France's diplomatic standing as a key political and economic actor in the region, and the proposal of a sound alternative to Turkish membership in the EU. While from the outset, this new Euro-Mediterranean initiative was thus aimed to include the entire

Mediterranean region, Sarkozy's main practical emphasis was on European/French-Maghreb relations, as testified by his post-electoral lobbying for the project in the South at which countries such as Algeria, Tunisia and Morocco rather than Eastern Mediterranean states were the prime targets. Following his election victory in May 2007, Sarkozy then set out in greater detail how he conceived of this "Mediterranean Union" which, according to Sarkozy's initial proposals, was designed as a Union of littoral states only, thereby excluding those EU member states without a direct border with the Mediterranean (in the EU only seven states have a direct border with the Mediterranean, these being Spain, France, Italy, Malta, Slovenia, Greece and Cyprus. What then started, however, was a remarkable process of EU internal deliberations – framed by many commentators as the "Europeanisation" of the Mediterranean Union – which prevented the emergence of such a separate *Union à la française/méditerranée*.

In the early months after the launching of the Mediterranean Union idea, it was in particular the governments of Spain and Italy, both with strong stakes in Euro-Mediterranean relations, in general, and the EMP, in particular, which tried to prevent this Union from being a French-led exercise. This culminated in the *Appel de Rome* of December 2007, in which the three governments of France, Spain and Italy announced that the project should be designed as a joint undertaking of all littoral states (see French Government 2008). However, the prospect of such a new pan-Mediterranean institutional setting, which would ultimately divide the EU in to two separate entities – the seven states bordering the Mediterranean, on the one hand, and the twenty states without a direct physical border with the sea, on the other – raised considerable concern, most visible in the opposition of Germany and the European Commission. Moreover, the idea of a new Mediterranean Union also received mixed reception in the South. While the project was not formally rejected – after all Southern governments were always sceptical of the multilateral and reformist ambitions of the EMP – some Southern states, such as Morocco or Israel, feared that such a new multilateral undertaking might undermine their prospects for a special status or a privileged partnership with the EU, as this was promised as part of the implementation of the Action Plans (AP) these countries had originally signed in the context of the European Neighbourhood Policy (ENP) (see European Commission

2008b). Other Southern states adopted a cautious wait-and-see attitude. They were not particularly enthusiastic about yet another multilateral project in the Mediterranean but did not object to the idea of a potential re-governmentalisation of Euro-Mediterranean relations either, which might after all put an end to the reformist approach of the EMP with its rhetorical emphasis on political freedom and civil society participation.

Finally, Sarkozy's initiative encountered a relatively cool reception in academic and media circles as well. Most commentators agreed on the multiple shortcomings of the Barcelona Process (EMP) – in fact, the academic literature on the EMP has for the most part criticised its insufficient institutional and political achievements – but questioned the appropriateness of what seemed to be the unilateral project of a lonesome but all too energetic new president. Over the course of 2007/08 there was thus an increasing *Schadenfreude* in many quarters that Sarkozy's activism has met resistance on various fronts and that his by now down-graded project did allegedly not fly (see Schwarzer and Werenfels 2008). Indeed, in the run-up of the Paris Summit the idea of a French-led, Mediterranean-only Union of littoral states was sacked. Inter alia as a result of intense Franco-German deliberations in early 2008, it was agreed at a European Council meeting in Brussels on 13/14 March 2008 that this new project should instead be designed as a Union between the EU as a whole (i.e. comprising all of its member states, on the one hand, and non-EU countries in the Mediterranean region, on the other) and non-EU members adjacent to the Mediterranean sea. Moreover, the European Council explicitly mandated the European Commission to prepare a first comprehensive proposal of how this Union, which was now referred to as the "Union for the Mediterranean," should be designed. In a policy document from 20 May 2008 the European Commission then proposed the institutional and substantive contours of what was finally coined the "Barcelona Process: Union for the Mediterranean," thereby paying more than lip service to the Barcelona Process (European Commission 2008a). This Mark Twainian twist of the EMP, which reminded the world that the news of its death was greatly exaggerated, was well captured by Tobias Schumacher: "Barcelona is dead, long live Barcelona" became the motto of the day – and what was buried instead was seemingly the Mediterranean Union as once wished for by the French President. For many observers, this undoubtedly was *grosso modo* the outcome of the

215

year-and-half-long odyssey from Sarkozy's Toulon speech of February 2007 up until the Paris Summit of July 2008. But was it really so?

The Europeanisation of EU foreign politics

In order to shed light on the UfM it is paramount to provide here a conceptual bracket on the Europeanisation of foreign policies. The main conceptual argument of this article is that only by integrating the UfM into a comprehensive analysis of EU foreign politics, the UfM can sufficiently be understood. More specifically, I argue that this widespread narrative of *Schadenfreude* is of limited use for a proper understanding of the UfM, since it fails to comprehend that the logic of Europeanisation is not so much a defeat of the French proposal but rather a testimony for the degree to which national and European foreign policies have merged over the course of the last fifteen years, and can no longer be clearly separated from each other, neither empirically nor analytically. In a nutshell, this narrative of *Schadenfreude* thus rests on a problematic reading of the main dynamics driving EU foreign politics since it is still obsessively concerned with the outdated complaint that the EU allegedly has too many players ("a payer not a player"), that it allegedly has no single telephone number to call (as Kissinger once noted as if he had no separate phone number from Nixon and Ford), that its policies allegedly suffer from too little impact (as if this was not a problem of politics in general) and, overall, a notorious capability-expectation gap resulting from allegedly endless EU-internal deliberations. This narrative, which often culminates in the complaint that it is simply too complex to understand "what the EU is about," is however highly problematic from at least two angles. First, it is biased since it applies a yardstick to EU foreign policies which is not to the same degree applied to other actors – to pick but one example, the EU is often criticised for not having an influence over the Israeli-Palestinian conflict, yet students of regional politics know well that also the governments of the USA, Israel, Palestine, Syria or Egypt seem to be in little control of actual developments, rather reacting than acting to what happens on the ground. Second, and more important for the purpose of this article, such a narrative regards intense inter-governmental deliberations as too complicated, ignoring, however, that in the age of Mutually Assured Connectedness – as Roger Cohen has put it in the New York Times – there is no place on the globe that

216

regional and global governance in the 21st century can really do without the complex interacting of different political layers. For different reasons, many governments and political commentators in the Southern Mediterranean thus instinctively regard the alleged complexity of EU foreign policies as problematic, the Arab states due to the fear of national governments and elites of losing their autocratic grip on power, Israel due to concerns that multilateralism will harm national security. This narrative, hence, usually culminates in complaints that EU politics are way too complicated, since they always have to take regard of 27 different "national perspectives," prior to arriving at a common position.

Yet, what such a perspective on EU policies as the common lowest denominator of national positions tends to ignore is that increasingly these very national perspectives cannot reasonably be separated from a European perspective (I have elaborated this argument in much greater detail in Stetter 2007). The shortcomings of regarding the EU as not much more than a club of nation states becomes particularly evident when re-addressing the genesis of the UfM. What thus appears to some commentators as a process of procrastinating Sarkozy's proposal, at closer inspection appears as a normal process of foreign policy-making at the EU-level, in which member states have no a priori fixed national positions and in which they regard their own policy initiatives not as take-it-or-leave-it proposals but are willing (and actually expect) to compromise. Agenda-setters at the EU-level, in other words, expect their proposals to change in the deliberations taking place at the EU-level, more generally, and within the EU triple executive, consisting of the (European) Council, the European Commission and the High Representative/Council Secretariat, in particular. This willingness to put the "Mediterranean Union" idea on a European track has characterised Sarkozy's proposal from the outset, otherwise it would be difficult to explain why he did not push stronger for clearly bilateral agreements (as once proposed during his visit to Algiers where he proposed that France and Algeria should engage in a partnership based on the model of Franco-German reconciliation) or why France did not favour a thematically and institutionally more limited sub-regional project, such as the 5+5 security partnership in the Western Mediterranean. Both tracks certainly would have been possible, but Sarkozy preferred a more visible and bilateral project which was, however, not conceivable outside a solid

EU-setting. The interesting point on the UfM, therefore, is not so much that the outcome of the Paris Summit diverted considerably from Sarkozy's initial proposals, but that France accepted the Europeanisation of the UfM with hardly any hesitation.

The reason for this must be related to the observation that ever since the Maastricht Treaty of 1993 national foreign policies in the EU can no longer be conceived of outside of an overarching EU context which exerts strong centripetal dynamics. As soon as the EU track was accepted as the only game in town, which, arguably, happened with the *Appel de Rome* of December 2007, the centralising logic of the EU foreign affairs system exerted its full weight on the Mediterranean Union proposal. Seen from this perspective, the key to understanding the UfM is not comparing the initial proposal of Sarkozy with the final outcome of the Paris Summit. We rather need to address, first, the way in which the idea of a pan-Mediterranean Union was for structural reasons deemed to be drawn into the orbit of EU foreign policy making and, second, how the French government was in that context able to act as a powerful agenda-setter at the EU-level. As usual in the world of politics, proposals which are tabled for the first time hardly ever match the final outcome. And this is even more true for the making of EU foreign politics. What is thus required in order to make sense of the UfM is first of all a proper understanding of how the EU has over the course of the last fifteen years acquired its own external sovereignty, and how increasingly the national and European perspectives cannot reasonable be separated from each other. While this certainly is not the storyline usually told in the media or official summits, it nevertheless allows to better address the genesis of the UfM than a focus on the allegedly different national interests in that process – for this would require to clearly state where "French or other national interests" end and "European interests" begin.

Thus, the genesis of the UfM (and countless other developments in European foreign politics) shows that contrasting allegedly autonomous national perspectives to what happens later at the EU level often clashes with the reality of a heavily integrated and centralised EU foreign affairs system. In a sense, we are often too accustomed to understand EU foreign policies with the methodology of the 1960s, always expecting autonomous national perspectives to lurk around the corner. Adopting an alternative

perspective does not mean to argue that these different national perspectives do not exist in the EU in a meaningful way. They do – at least as long as there will be no single diplomatic service as well as a single army and intelligence service at the EU level. What it means, however, is that such EU-internal deliberations should be regarded as a normal negotiation process within a dense institutional setting, in which "national" and "European" perspectives increasingly merge and can neither empirically nor analytically be separated from each other. As a side result, such a focus also allows to better understand the political relevance of actors other than member states in shaping EU foreign policies, in particular the other two heads of the tricephalous EU executive, namely the European Commission and the High Representative/Council Secretariat. Indeed, after the March 2008 European Council, it was the Commission – and not, say, the Slovenian Presidency – which was delegated the task to set out the contours of the UfM, thereby underlining the central role of the Commission as an agenda-setter in the EU foreign affairs system. Finally, adopting a broader perspective on the actual degree of integration in the EU beyond the realm of foreign politics points to the many functional necessities stemming from other policy areas which render the EU an integrated polity and which have direct foreign policy implications, such as for example the free movement of people in the Schengen area or the role of the Euro as the single currency of the EU. As Volker Perthes once noted, these functional interdependencies have rendered Germany (and by the same token the UK, the Netherlands, Poland and Sweden) a "Mediterranean state." Not in the sense that these states would suddenly share a direct border with the Mediterranean Sea (and certainly not in the sense of a Goetheian longing for the South, although also the author of this article subscribes to the pleasantries of Mediterranean culture), but as a result of the realities of European integration which establish manifold direct functional borders between non-littoral EU-states and the Mediterranean Sea. At closer inspection, it is thus not only the institutional jealousy of other actors – national and European alike – that has driven Sarkozy's proposal into the realm of Brussels politics, but in addition to that the heavy functional interdependencies within the EU which render this entity a sovereign political system in its own right.

In a nutshell, and in more analytical terms, the EU foreign affairs system cannot be adequately understood by focusing on the 27 member states

and their interests as is often insinuated when talking about "French," "German" or "Spanish" perspectives as if these perspectives would operate autonomously from each other. It is rather the focus on the political deliberations within the EU executive triangle of Council (Presidency and member states), Council Secretariat (High Representative) and Commission which allows to best address the ways in which concrete policy initiatives such as the Mediterranean Union develop at the EU-level.

The main outcomes of the Paris Summit

When narrated that way, the run-up to the Paris Summit does not appear so much as a defeat of Sarkozy but rather highlights how France as an EU member made use of a specific window of opportunity which resulted from a widespread disappointment in the Barcelona Process in political, journalistic and academic circles. In other words, the proposal of a Mediterranean Union is, therefore, best regarded as a rather successful attempt of agenda-setting at the EU-level. Moreover, the UfM should also be understood as re-establishing a reinforced multilateral dimension to Euro-Mediterranean relations which have as a result of the ENP become quite bilateral in focus. Seen from that perspective, the UfM only strengthened the notion of (effective?) multilateralism, which is, according to the 2003 Security Strategy, one of the most prominent foreign policy objectives of the EU.

Following a quite common pattern of EU (foreign) policy-making, the policy proposal of the European Commission of 20 May 2008, now formally entitled "Barcelona Process: Union for the Mediterranean," merged some elements of Sarkozy's initial proposal with previous policies of the EU towards the region. Elements that were retained from the initial proposal include a critical assessment of the EMP based on the argument that "now is the time to inject further momentum into the Barcelona Process" (European Commission 2008a: 4), the upgrading (more credible co-ownership) and governmentalisation (emphasis on summits and inter-ministerial cooperation rather than civil society cooperation) of North-South relations as well as the focus on a small number of concrete policy projects, including a greater emphasis on private sector financing. Notwithstanding these new dynamics, both the Commission proposal as

well as the joint declaration of the Paris Summit are inspired by a Braudelian *longue durée* in the sense that they exhibit a considerable degree of path dependency to previous policy projects of the EU in the Southern Mediterranean. Neither in substance nor in institutional terms is the UfM an entirely new project. It rather follows the roughly 10-years-life cycle of branding and rebranding Euro-Mediterranean projects, starting with the Global Mediterranean Policy (life cycle 1972–1989), followed by the Redirected Mediterranean Policy (life cycle 1989–1995), the Euro-Mediterranean Partnership (life cycle 1995–2008) and, today, the Union for the Mediterranean. None of these projects headed for entirely new waters but, in a very cautious and piecemeal manner, tried to intensify and deepen Euro-Mediterranean relations on both a substantive and institutional level, thereby building on its institutional predecessors.[43]

As mentioned before, at the Paris Summit all heads of state and government of the Euro-Mediterranean region including the European Commission and the High Representative as well as several heads of international organisations were invited. And, in contrast to the ten-years anniversary meeting of the EMP in Barcelona in 2005 almost all of them attended this time. Moreover this pattern of regular meetings of heads of states and governments now becomes institutionalised and meeting of heads of state and government are to be held biannually – while in the EMP period, the highest working level was the regular meetings of foreign ministers. Thus, the UfM attempts both to increase the political salience Euro-Mediterranean relations and to raise the level of commitment of governments and international organisations involved in this partnership. Of course, rather than only celebrating this unanimous participation, some suspicion certainly is in order of why actually all heads of state and government attended this meeting. Given the notorious history of autocratic governance in Arab countries this participation by governments might indeed confirm the concern that, in contrast to however piecemeal the achievements in the EMP period were, opposition movements, NGOs and other non-governmental actors will unduly be

---

43. It is too tempting for an academic not to observe that the UfM is somewhat of a unique project since it is in a sense reminiscent of an academic article by being, to the best knowledge of this author, the only international organisation in global or regional politics which carries a title (Barcelona Process) and a subtitle (Union for the Mediterranean).

sidelined in a heavily governmentalised UfM. While it is true that the joint declaration of the Paris Summit clearly emphasises that the current structures of the EMP are to be preserved, doubts are in place on the political weight put behind this intention. Thus, the joint declaration does not specify what these "current structures" of the EMP actually are – possible candidates certainly are the central role of the European Commission in day-to-day governance, the rhetorical focus on reform and political freedom as well as the inclusion of NGOs and other non-governmental actors. Yet, this has not been specified in detail thereby confirming concerns that the UfM will indeed be characterised by a strong governmental and status quo orientation. On the other hand, however, at least on a rhetorical level the joint declaration which sets up the UfM is similar to key EMP declarations. Thus, it opens with a call for democracy, underlines the necessity of region-building and then addresses the four chapters of the Barcelona acquis (political, economic, cultural & social/migration issues). The jury is still out on whether the project-oriented approach of the UfM will be more effective than the EMP while not giving up the piecemeal achievements of the EMP in reaching out to actors beyond (autocratic) governmental and elite circles – some doubt certainly is in order.

What are, in summary, the main institutional and substantive innovations of the UfM apart from these biannual summits? First, the UfM lays greater emphasis on credible co-ownership, thereby responding to an often-raised objection against the EMP from the South. Thus, many commentators argued for a long time that the EMP reflected EU interests in the first place, and was almost never a joint regional project. While it should be stated that similar things could be said about the UfM since after all the deliberations prior to the Paris Summit were almost exclusively located at the EU-level, the proposed institutional structure of the UfM nevertheless signals that the co-ownership dimension is indeed strengthened. Thus, there will be a permanent co-presidency from the South – while the EU forms the other part of this co-presidency according to its own rules of external representation (i.e. with the troika of Presidency, Commission and High Representative and, once a new treaty has entered into force with a bicephaleous representation of Council and Commission President). The Presidency from the Southern side will be decided by consensus amongst the non-EU participants to the

UfM. According to what most commentators argue, the Presidency will most likely be an Arab country given the fact that more than half of non-EU members in the UfM are Arab states. Due to the manifold political fractures both in the region as well as amongst Arab countries, the only conceivable candidates seem to be, for the time being, Tunisia, Egypt and Jordan. In addition to this co-presidency, the UfM will also receive a separate Secretariat with its own legal personality (UfM member states and the European Commission will second personnel to the UfM Secretariat), moreover, a Joint Permanent Committee will be established, which will be located in Brussels and which will oversee the day-to-day operations of the UfM on a policy-level, arguably comparable to the role of the Euromed-Committee in the EMP setting. While this proposed institutional structure of the UfM, in particular due to the co-presidency and the establishment of its own secretariat, is an improvement to the EMP period, it remains to be seen whether this will largely remain an improvement on paper or whether it will have direct political effects. This will not depend only on the outcomes of the UfM foreign ministers meeting in Marseille in November 2008, at which the precise mandate and shape of these institutions is to be determined, but, more importantly, on whether in its daily operations, the Secretariat will be able to take hold of the UfM agenda on a substantive level or whether operations in the Secretariat will be hampered, like the EMP, by the focus of the Arab states in particular on procedural questions, or the tendency to let concrete policy proposals be hijacked by larger geo-political concerns (in particular different readings of the Israeli-Palestinian conflict).

Thus, when compared with the EMP, the UfM is doubtlessly stronger on the issue of credible co-ownership at least as far as the institutional dimension of co-ownership is concerned. Yet, a considerable caveat needs to be raised insofar as credible co-ownership on a substantive level is much less assured. Thus, as a closer look at the six concrete policy projects referred to in the annex of the joint declaration reveals (i.e. the de-pollution of the Mediterranean, maritime and land highways, civil protection, alternative energies/Mediterranean solar plan, higher education and research/Euro-Mediterranean university in Slovenia, Mediterranean business development initiative), these projects, independent of how significant they are for regional development, do not reflect the priorities of Southern Mediterranean governments (e.g. in agricultural trade or

facilitated visa rules), let alone of Southern Mediterranean citizens (e.g. in alleviating the immense income and education inequality in the South or ensuring greater political freedom). These issues are, to be fair, addressed in the overall objectives of the UfM but do not figure prominently in the concrete policy projects the UfM will focus on. In sum, the proposed projects mainly address traditional EU concerns. And herein lies one of the main problems which the UfM is likely to face in the future, namely, will the projects really fly even if the institutional structure stands (which also is not entirely certain)? To further confirm this observation, it is also noteworthy that most of these six projects were already mentioned in the five year work programme for the EMP which was adopted at the ten-years-anniversary summit of the EMP in 2005 – albeit, what then was an endless list of rather general projects, is now a much more focused approach highlighting six concrete projects. However, the devil is again in the details and questions remain of whether these six projects really reflect a Euro-Mediterranean agenda or rather, as has so often been the case in the past, an EU agenda. The fact that four out of the six concrete projects were already mentioned in the policy proposal of the European Commission of May 2008 further underlines this suspicion.

Finally, two further critical comments are in place. First, as mentioned above, the UfM has largely failed in specifying the role of actors beyond national governments. This relates in particular to the role of NGOs and other non-governmental actors, thereby underlining the observation that the UfM might indeed be characterised by heavy governmentalisation, which might please autocratic governments in Arab countries, but which certainly does not conform with one of the few successes of the EMP, namely of giving a voice to (at least some) sectors in the Southern Mediterranean beyond government and elite circles. The fact that both the President of the European Parliament/the Euro-Mediterranean Parliamentary Assembly as well as the President of the Anna Lindh Foundation in Alexandria were present at the Paris Summit and the fact that both institutions were explicitly mentioned in the joint declaration shows that these concerns are taken serious at least on the side of the EU. Yet, it remains to be seen whether the UfM will really be able to live up to such a necessary incorporation of broader segments of Southern Mediterranean society. Finally, as mentioned by several commentators, there might also be a tension between the stated objective of ensuring the "effectiveness" of

concrete UfM projects, on the one hand, and the aspired visibility of these projects, on the other. Several experts on Euro-Mediterranean relations have convincingly argued that there might be a negative trade-off between visibility and effectiveness, in particular if governments expect private business to finance the bulk of activities. As the argument goes, business might be much less enthusiastic about such a visibility of projects since the heated geo-political environment in the South might endanger economic revenues.

What is the impact of the UfM on Euro-Mediterranean relations?

Given the plethora of adjustments to the EMP, the European Commission – and others, such as for example the Spanish foreign minister Miguel Angel Moratinos who put forward a proposal for reforming the EMP in August 2007 – were certainly right in arguing that after more then ten years of the Barcelona process, the time was ripe for a new approach in Euro-Mediterranean relations which will transcend a mere re-invigoration of the EMP. However, doubts are in place on whether such a wholesale renovation would have been undertaken without the window of opportunity opened by the French government. With hindsight, however, it seems quite obvious that there was indeed a need to overcome the increasing mismatch between a moribund multilateral EMP, on the one hand, and a much more dynamic bilaterally oriented ENP with its Action Plans and concrete day-to-day policy-making, on the other. First, there was an interest in such a renovation from the Council's perspective. Thus, within the EU executive triangle there was a mismatch insofar as both the EMP (in particular the considerable developmental assistance distributed with the EMP budget) but even more so the implementation of ENP Action Plans, put the European Commission in a comfortable position. From the perspective of many member states and the Council it thus made sense to counterweight these dynamics by putting in place an institutional structure which might balance this strong role of the Commission in Euro-Mediterranean relations. Secondly, with the bilateral ENP logic increasingly undermining the focus of the EMP on multilateral policy frameworks, it also made sense to breath new life into the EU's stated interest in active region-building on a Euro-Mediterranean scale. After all, the EU has always emphasized that multilateral policy frameworks are a central part of its foreign policy

objectives, particularly when dealing with issues/regions which are problematic from a security-related perspective. The fact that multilateralism played an increasingly minor role in Euro-Mediterranean relations thus not only raised concerns on a normative dimension but also affected the much more mundane security considerations of the EU in relation to its immediate neighbourhood. Seen from that perspective, it is therefore crucial to measure the actual success of the EMP or the UfM not only in relation to the concrete outcomes with regard to region-building. The yardstick of effectiveness are not only the concrete and immediate outcomes of policy initiatives, but must equally be seen in the EU's ability (or power, for that matter) to put and permanently keep issues such as multilateralism and region-building on the political agenda of Euro-Mediterranean relations, even if these concepts meet lukewarm reception or even opposition in the South.

In order to overcome some of the limitations in region-building which the EMP has regularly encountered, the direct emphasis in the UfM joint declaration on variable geometry must certainly be seen as an important innovation. This might pave the way for two developments. First, by putting an emphasis on variable geometry the UfM might be less hampered, when compared with the EMP, in being held hostage by the Israeli-Palestinian conflict. Thus, in the EMP context Arab governments regularly declared that they would object to policy initiatives not because they were opposed to the concrete proposal at hand but rather because they wanted to voice symbolic resistance to Israeli participation in multilateral exercises. The instrument of variable geometry might prove helpful in circumventing this line of argumentation in the future. Second, the focus on variable geometry – and a closer reading of the six concrete policy projects mentioned in the joint declaration – might also indicate that in its actual operations the UfM might have a strong Euro-Maghreb focus, thereby coming close to what Sarkozy had initially aimed for. Thus, the geographical proximity between North (EU) and South is greater in the Western Mediterranean, while amongst the concrete projects mentioned in the annex of the joint declaration the only concrete geographical project (besides the Euro-Mediterraenan university in Piran, Slovenia) has been the trans-Maghreb train.

And what is in store for EU-Israeli relations?

Overall, the UfM will likely be less relevant for Israel and the Mashreq at large when compared with the likely impact of the UfM on the Maghreb. However, a closer look at the six priority projects mentioned in the annex of the joint declaration of the UfM indicates that there is at least a potential role for Israel to play in this new multilateral setting. This is not the place to identify the potential for a future participation of Israel in the UfM in greater detail, for this would require a systematic assessment of each of these proposals which is beyond the purpose of this general overview. However, a few comments will suffice to show that if there is political will both in Israel and amongst (parts of) non-EU member states, a significant degree of integration for Israel in the Euro-Mediterranean area can be conceived of.

- The annex mentions the de-pollution of the Mediterranean Sea as one of its priorities. While this issue is certainly of relevance to Israel, systematic cooperation would require a deeper integration of Israel with her neighbours in the Eastern Mediterranean. While some cooperation might be feasible with a view to Egypt, it is currently inconceivable how such cooperation should look like in practice with Lebanon, let alone the Hamas government which currently rules the Gaza strip. In more general terms, and adopting a North-South perspective, it also appears as if such cooperation on the de-pollution of the Mediterranean will be more relevant to those areas in the Mediterranean in which the geographical proximity between the EU and the South is greater, i.e. in the Western Mediterranean;
- The second area of cooperation mentioned is the infrastructure issue of improving maritime and land highways. As has been the case with regard to the de-pollution issue there certainly is a potential for a greater integration of the ports of Ashdod and Haifa in a trans-Mediterranean maritime system. However, the issue of land highways is much less relevant given Israel's current relations with Lebanon and Syria. Moreover, the fact that the UfM joint declaration explicitly mentions a trans-Maghreb train as a specific policy project might again indicate that the policy projects in this envelope will in practice primarily relate to a Euro-Maghreb or inter-Maghreb setting.

- A much greater potential for cooperation lies in the call of the UfM annex for cooperation in civil protection disasters. Given the fact that Israeli rescue squads have in the past been quite active in civil protection disasters abroad, e.g. the rescue squads following the 1999 earthquake in Turkey but also Israel's assistance following the bombings in Madrid and London in 2004 and 2005, indicates that there is a large potential for cooperation on that level, in particular if cooperation takes place on a less publicised level (see Dror and Pardo 2006).

- The focus on alternative energy and the development of a Mediterranean Solar Plan is also of considerable relevance for Israel's role in the UfM – if political impasses can be overcome – since the Israeli market for solar energy is a world leader, both with regard to R&D and actual products.

- Equally, Israel's role in the envisaged Euro-Mediterranean Higher Education Area can indeed be significant, building on the well-developed and deep integration of Israeli universities, research institutions as well as many individual Israeli academics in the EU's Framework Programmes.

- Finally, on the level of the Mediterranean business development initiative the role of Israel might be minor if this initiative will have a particular focus on business development in the Southern Mediterranean. Given Israel's different level of economic development, the intersection with other non-EU members (save Turkey, the Western Balkans and, arguably, Morocco) might be difficult, without generating meaningful cross-border cooperation. However, if the focus will be laid on business cooperation which might follow Israel's experience with the Qualified Industrial Zones it holds with Egypt and Jordan or if the emphasis will be laid on business development between industrialised nations (e.g. between Israel, the EU and the Western Balkans) along the lines of the of Israel's participation in the EUREKA-network, there might also be considerable potential for Israeli participation in the UfM on the level of business development.

In addition, there is, of course, the symbolic and diplomatic relevance of the UfM which stems from the fact that at UfM summits the heads of state and government of the Euro-Mediterranean region should be present

with all the potential (and limits, of course) this offers for public handshakes or at least direct or indirect negotiations behind closed doors. Moreover, the UfM will form the only regional setting which ensures full participation of Israel (the joint declaration states that "all countries party to the initiative will be invited to Summits, Ministerial and other plenary meetings" and that "participation in the co-presidencies and the secretariat will be open to all members"), which is not insignificant given Israel's overall exclusion from all other regional policy settings. Of course, it remains interesting to see how this participation of Israel in UfM activities and structures will be dealt with politically and how it is to be solved legally (e.g. if the Secretariat will be placed in a country with which Israel holds no formal diplomatic relations). In that context it should also be kept in mind that since the co-presidency is decided by consensus amongst the non-EU partners it is unlikely that in the foreseeable future Israel will have a highly visible formal role in the UfM (apart from the possibility of seconding personnel to the secretariat).

However, this symbolic meaning of the UfM is politically significant insofar as the horizon of pan-Mediterranean and regional integration needs not only to be revitalised amongst Arab countries (which will have to accept and should actively strive for a systematic political, economic and societal integration of Israel in the Middle East) but is also in the interest of Israel. It is true that after the failure of the Madrid/Oslo peace process and the crumbling of the vision of a New Middle East, both policy-makers and the larger public both in Israel and the region at large, are highly sceptical of seemingly utopian multilateral endeavours. Many would be tempted to cite Helmut Schmidt's famous adage that if you have utopias you should consult a doctor. Yet, and I guess I would be seconded by Helmut Schmidt for that concrete vision, any sustainable political, security-related, economic and societal development not only in the Middle East but also in Israel will not only depend on a myriad of bilateral (cold) peace agreements beefed up by external peace-keeping forces, but will equally require a considerable amount of sub-regional integration between Israel and all its neighbours (and indeed amongst Arab countries as well). Seen from that perspective, the UfM is indeed a strong reminder that the bilateral focus of the ENP and the laudable aim of offering Israel (and other states) full participation in the internal market is not

the only game in town. This certainly is not only the perspective of the EU, but should, with the necessary amount of political wisdom, become Israel's objective as well.

Policy recommendations

Based on this analysis the following policy recommendations are in place:

- With the UfM the EU has signaled that in its Mediterranean policies it will always try to strike a balance between a bilateral and multilateral approach. Non-EU member states are well advised to take this into consideration when dealing with the EU.
- Notwithstanding the overall positive assessment of the UfM in this article, scepticism is still in order on whether the UfM will be able to overcome the impasses encountered by previous EU policy settings towards the Southern Mediterranean. The Marseille meeting of November 2008 must still take considerable steps in hammering out the institutional structure of the UfM, whereas the achievement of the concrete policy objectives of the UfM will depend on a systematic and long-lasting commitment, especially by non-EU member states. Both developments are far from being certain.
- The UfM is so far characterised by a strong governmental/elite-focus which raises fears that it will favour the status quo in the Southern Mediterranean. However, as the Arab Human Developments have clearly indicated the necessity of political, economic and cultural reform in the Arab countries is not diminishing. Notwithstanding the relevance of the six concrete projects mentioned in the joint declaration, other crucial issues (such as transparency, political freedom, the alleviation of poverty, the integration of political Islam and democracy movements in Arab countries) remain high on the agenda. The UfM will not be able to ignore these issues for long.
- As far as Israel's participation in the UfM is concerned, future research should outline in greater detail the precise potential for cooperation in the context of the six aforementioned priority projects. In at least three out of the six priority projects the potential of Israeli participation seems from the outset quite high (solar energy, research cooperation, civil protection), while in the other three areas there is also some limited potential for cooperation.

- The explicit reference in the UfM to variable geometry should be actively approached by both EU and Israeli policy makers to firmly integrate Israel in the UfM setting. While this might initially favour Israel's cooperation in multilateral settings including the EU, the Western Balkans and Turkey it might over time pave the way for some limited and sector-related (and arguably less visible) micro-projects including Maghreb countries as well as Egypt and Jordan – and thereby might one day be supportive of reconciliation between Israel, Lebanon, Syria and Palestine.

References

Aliboni, Roberto, Ahmed Driss, Tobias Schumacher, and Alfred Tovias. 2008. Putting the Mediterranean Union in Perspective. Euromesco Paper 68/2008, Lisbon: Euromesco.

Amirah Fernández, Haizam and Richard Youngs. 2005. *The Barcelona Process: An Assessment of a Decade of the Euro-Mediterranean Partnership*. Madrid: Real Instituto Elcano de Estudios Internacionales y Estratégicos.

Dror, Yehezkel and Sharon Pardo. 2006. Approaches and Principles for an Israeli Grand Strategy towards the European Union. *European Foreign Affairs Review* 11 (1): 17–44.

Emerson, Michael. 2008. Making Sense of Sarkozy's Union for the Mediterranean. CEPS Policy Brief 155/2008. Brussels: Centre for European Policy Studies.

Escribano, Gonzalo and Alejandro Lorca. 2008. The Mediterranean Union: A Union In Search of a Project. Working Paper 13/2008. Madrid: Real Instituto Elcano de Estudios Internacionales y Estratégicos.

European Commission. 2008a. Barcelona Process: Union for the Mediterranean. COM(2008)319 (final). Brussels: European Commission.

European Commission. 2008b. Implementation of the European Neighbourhood Policy in 2007. COM(2008)164. Brussels: European Commission.

French Government. 2008. http://www.diplomatie.gouv.fr/fr/pays-zones-geo_833/afrique-du-nord -mediterranee_1062/appel-rome-pour-union-pour-mediterranee-france- italie-espagne-20.12.07_57998.html.

Friedrich-Ebert-Stiftung. 2008. *"Barcelona Process: Union for the Mediterranean." Readjusting the Euro-Mediterranean Partnership*. Brussels Focus April 2008. Brussels: Friedrich-Ebert-Stiftung.

Gillespie, Richard. 2008. A "Union for the Mediterranean"... or for the EU?. *Mediterranean Politics* 13 (2): 277–286.

Schwarzer, Daniela and Isabelle Werenfels. 2008. Formelkompromiss ums Mittelmeer: Die EU verpasst die Chance, die Kooperation grundlegend zu überarbeiten. SWP-Aktuell 24/2008. Berlin: Stiftung Wissenschaft und Politik

Soler i Lecha, Eduard. 2008. *Barcelona Process: Union for the Mediterranean. Genesis, Evolution and Implication for Spain's Mediterranean Policy*. Madrid: Fundación Alternativas and Fundación CIDOB.

Stetter, Stephan. 2007. *EU Foreign and Interior Politics: Cross-Pillar Politics and the Social Construction of Sovereignty*. London: Routledge.

Stetter, Stephan. 2008. *World Society and the Middle East: Reconstructions in Regional Politics*. Houndsmill: Palgrave.

The Union for the Mediterranean (UfM) Initiative and its Impact on Israel

Nellie Munin

Abstract

The UfM initiative of the French President Nicolas Sarkozy started out as a call for a "Mediterranean union" between a small group of European and North African states. However, political pressures from all the parties involved transformed it into an initiative comprising 38 European and Mediterranean states with more ambiguous goals. Although it was launched only a short while ago, in July 2008, its potential benefits for Israel and its neighbours are already being explored. The initiative's success depends on the goals it sets out to accomplish and its methods of operation.

The UfM initiative, or by its French name, the Union Pour la Mediteranee, was proposed by the French President Nicolas Sarkozy already as a presidential candidate. Its main import is the creation of a new avenue of cooperation in the Mediterranean region, between 38 states: the 27 EU states, Egypt, Israel, the Palestinian Authority, Morocco, Tunisia, Algeria, Jordan, Libya, Lebanon, Turkey and Syria. The implementation of the initiative and its content was approved by the Council of the European Council on 13–14 July 2008, at the start of the French Presidency, based on preparatory work of Italy, France and Spain.

At first, Sarkozy entitled his initiative the "Mediterranean Union." In the summer of 2007, after a visit to Tunisia and Algeria, he presented his initiative to the public as including five North African states: Morocco, Algeria, Tunisia, Mauritania and Libya, and five European Union states: France, Spain, Italy, Portugal and Malta.

The plan was to establish a permanent council, composed of representatives of these states, to operate in a similar way to the European Council and to promote cooperation in issues such as combating terrorism and organized crime, regional development, illegal immigration, energy and security.

The council was to decide from time to time, among other things, which projects will be promoted as part of the initiative. Furthermore, France expressed its willingness to share civilian nuclear know-how with the North African countries in exchange for gas.

There were those who criticised the initiative already at this stage, claiming that Sarkozy's real goal is the creation of a political and economic alternative to immigration from the Mediterranean countries to Europe, giving him the justification to take stronger measures to block such immigration.

At a later stage, following the criticism of some of the EU Member States, Sarkozy retreated from this goal, and preferred the title Union for the Mediterranean. On December 2007 the French, Italian and Spanish Heads of State met and signed the Appel de Rome, a document expressing their agreement to go forward on the initiative. From the time it was first invoked, the initiative was altered by two parallel processes: the increase in the number of member states and the blurring of its objectives.

Increase in number of member states
Following a March 2008 meeting with the German Foreign Minister, Angela Merkel, it was decided to add all the European Union member countries to the initiative, as well as Turkey, which was persuaded to join after it received assurances that such a move will not endanger its candidacy as a future member of the EU. The Arab states, with some 188 million people, constitute about 25% of the project's members. Some of them object to the initiative. It was discussed in the Arab League meeting of June 2008, where the option of demanding the participation of more Arab states as a counterbalance to the joining of all EU member states was considered. The participation of the Arab League, as a member or an observer, was also an option at this stage.

Blurring of the initiative's goals

The initiative's focus has passed through several phases and has not yet been clearly defined. The current formulation is of a council composed by the representatives of all member states, who will chair it by rotation. The council will deal with the promotion of specific projects among the states in fields such as: energy, security, counter terrorism, trade, education and immigration. Another suggestion is to foster legal collaboration between the initiatives' member states, in order to advance the fight against terrorism, corruption, organized crime and smuggling of people and goods. According to the Appel de Rome, this framework should become the engine stimulating cooperation between EU and Mediterranean countries, making the activity of various institutes in the Mediterranean region clearer and their results more manifest.

In order to understand the initiative and its implications, one must become acquainted with the two prior European initiatives that regulate the relations between the 38 member states taking part in it: the Barcelona process and the ENP.

The Barcelona process was launched by the EU in 1995, and its participants are the same participants as those of the UfM. The vision behind the Process was the creation of a free trade area between the Mediterranean countries, creating economic progress, which in turn will improve political relations between the region's states, in a process inspired by the European model. At the first stage, the EU signed Association Agreements with the partner countries from North Africa and the Middle East, including Israel. The objective was to create a network of Association Agreements between the EU and the other countries participating in the process, and to inspire a network of agreements amongst these countries, in order to bring about a free trade area by 2010. At the same time, throughout the Process's existence, the Europeans initiated a series of meetings and collaborations between the partner states, hoping to increase dialogue between them, in which the activity falls under three "baskets": the economic basket, the social basket and the security basket. Furthermore, the EU earmarked funds to be used as grants and loans to finance projects in fields such as infrastructure, education, support of small and medium business, and regional projects. The initiative did not fully achieve its goals as a result

of many blunders, both of the EU and of the Mediterranean partner countries. One of the basic problems was that the Arab and North African states opposed European paternalism expressed in the attempt to influence the regime and values in these countries, in exchange for financial assistance.

The ENP (European Neighbourhood Policy) – an initiative launched in 2003 in light of the stagnation of the Barcelona Process and the expansion of the EU from 15 to 27 states. This initiative began with a European statement concerning the willingness to export economic benefits to the states bordering on the EU, in exchange for those states adopting the European values of rule of law, prevention of terrorism, fighting organized crime and illegal immigration, and collaboration with the EU in these spheres. At first the EU leaders declared that they are ready to give states which agree to this arrangement all the benefits given to EU member states, other than participation in the decision-making institutions: "All but institutions," but they later retracted the offer. The EU signed separate agreements with each of the partners of the initiative, including not only the Barcelona Process states but also the former USSR states, such as: Ukraine, Belarus, Armenia, Azerbaijan, Georgia and Moldova. In each agreement, called an Action Plan, goals were set for cooperation between the EU and the respective state. The Action Plan between the EU and Israel was signed in 2004, and includes a list of goals, most of which were already mentioned in the Association Agreement signed between Israel and the EU as part of the Barcelona Process, and not realized up to now. For example: the creation of a free trade area in services, cooperation in immigration, energy, infrastructure, transportation, education, customs enforcement and more. Following the signing of the agreement, ten committees of Israeli and European experts were appointed to discuss the practical aspects of enhanced cooperation, and they are supposed to conclude their discussions, after postponements, in the first quarter of 2009.

The European Investment Bank is responsible for financing the two programs from the European side. An initial agreement was signed between Israel and the Bank in 2000, and since then Israel is working to create the legal infrastructure for it to deepen its operations in Israel. The UfM initiative does not replace the two former initiatives, but is

supposed, rather, to co-exist with them. However, the ambiguity of its objectives at this stage makes it more difficult to determine its advantages over the two prior initiatives for all the participating states, and especially for Israel.

The potential of the UfM

As noted, Sarkozy's initial initiative reflected his understanding of a feasible and well-defined agreement with some North African countries, benefiting both sides. This included provision of know-how in civilian use of nuclear power in exchange for gas and cooperation with North African countries on problems disturbing the EU and France of emigration from North African countries, terror and organized crime. The original version of the program was not suitable for Israel's participation.

Sarkozy's capitulation before pressures in the EU and outside of it to enlarge the number of participating countries makes it more difficult to define feasible objectives that will be suitable for all the new participants, including Israel. Identifying unique objectives for the program is even more difficult in light of the expectation that they be better than those possible for the ENP and the Barcelona Process. However, Sarkozy characterized the new program as a program which depends more on collaborations in the business sector than between states. The development of this dimension may contribute to the program's uniqueness and success, and enhance the global geo-political importance of the Mediterranean region. Sarkozy emphasized that as he sees it, the projects will be financed mostly by the private sector, though the EU's public financial institutions are to participate as well.

The program may create added value in three alternative or overlapping ways:
- By identifying new objectives in the micro level: specific projects, instead of the broad objectives of the Barcelona Process and the ENP. The projects should be defined according to a technocratic, business-oriented approach, as opposed to the former structures which were basically politically oriented. Additional issues with a potential for joint projects are environment, sustainable development of the Mediterranean and development of water sources.

- By managing the process differently; full participation of all the parties involved in the future council instead of dictates from the European side, reducing the antagonism of some of the participants and possibly enhancing their willingness to cooperate.
- By changing the method of goal promotion; instead of European financing for the promotion of a regional or country-wide project (as per the Barcelona Process) or dictating a framework formulated by the EU (as per the ENP), a joint initiative (from the financial aspect as well) driven by the participants' mutual interests. And in execution – an emphasis on reducing bureaucracy and simplifying processes.

In any case, the new initiative must overcome some objective obstacles, which the previous initiatives did not succeed in overcoming:
- Israel's relative isolation in the region.
- The impossibility of promoting joint projects of Israel and its neighbours because of the political situation.
- Economic inequality between Israel and its neighbours.
- Limited trade among the North African countries and between these countries and the Arab countries, which the previous programs did not manage to animate.
- The fact that also this initiative will probably not persuade the Arab and North African states to adopt a democratic regime or Western standards, as the EU wants.

In light of these conclusions, the new initiative should:
- focus on specific projects and not on broad objectives.
- not condition economic cooperation on political goals. For Israel, there's an advantage in adopting a technocratic approach, which focuses on specific projects without citing any political objectives for them.
- take the other economic powers of the world into consideration when defining objectives: East Asia (China), South Asia (India), Brazil and Russia which is returning to global economic importance after 15 years, with control over significant energy sources.
- allow the identification of suitable projects from any country or group of countries which participate in the initiative, with the only criterion being the mutual interests of the parties.

238

In light of Sarkozy's proposal for a council which will lead the initiative, to be headed by the participants in rotation, a number of practical questions with implications for the participation of Israel in the initiative must be solved:

- Where will the council convene? If it will convene in an Arab state hostile to Israel – how will Israel participate? Therefore an attempt should be made that the council convene in a neutral place.
- What will be the decision-making mechanism of the council? If by majority, Israel may again find itself isolated, similar to the Barcelona Process.
- What will the rotation mechanism be? Will a different state head the council each time, or an EU state and a Middle-Eastern state? What will Israel do if a hostile state chairs the council, and how will the Arab states relate to the option of Israel's chairing the council?
- Who will budget the 20–30 employees who are supposed to work with the council? Who will these employees be, and what will their nationality be? Israel should make an effort to have a representative in the Secretariat.
- What will be the financial part of every participant in the joint activities, and who will direct the financial aspect (will it be the EIB)? How will the financing burden be divided between the private and public sector? It should be noted that in the Barcelona Process, Israel was not eligible for grants from the EIB because of its good economic condition, and could only receive loans which were given under conditions which weren't worthwhile for Israel. Therefore, Israel hardly benefited from the financial side of the program. An effort should be made that the initiative's financial framework allow Israeli projects to benefit from it, as was done, for example, in the seventh R&D plan.

Summary

The UfM initiative has a number of positive characteristics which may differentiate it from other initiatives in the region: a bottom up attitude instead of a top-down one; equality of the participants in the decision-making process; a focus on specific business projects using a technocratic method, without a direct link to political goals. Decision-makers in Israel should make sure that Israel's unique interests are preserved in the implementation of the initiative and that its details are maintained as indicated above.

"A new phase in our relations?"
Assessing the EU Statement of June 2008

Roby Nathanson and Moshe Blidstein

Abstract

A new statement was issued by the EU and Israel on June 2008, expressing the upgrading of relations between the two entities. Although the Statement continues the warming in EU-Israel relations of the last years, it does not transform in any way Israel's status vis-à-vis the EU, or bring forward new substantial issues. Rather, the statement is a reaffirmation of prior bilateral agreements and understandings of the EU with Israel. This Statement comes at the time of the launch of a new initiative, the Union for the Mediterranean (UfM), a more regional, multilateral approach to EU relations in the region. From Israel's perspective, there are more advantages in utilizing its bilateral ties with the EU and attempting to reinforce them than in actively participating in this multilateral venture.

Introduction

On 16 June, 2008, on the occasion of the Eighth EU-Israel Association Council, the European Union adopted a Statement, expressing the wish of the EU and Israel to "mark a new phase in our relations" and to "upgrade relations" (EU Statement 2008). This statement is published at a critical juncture in time, with the Action Plan regulating relations between Israel and the EU set to expire in April 2009. Therefore, it allows us to glimpse at the future of Israel-EU relations in the coming years, and will presumably be the basis for further agreements. The Statement details the various fields in which Israeli-EU relations can be upgraded in the future, in diplomatic, economic and security issues.

The Statement was presented by the Israeli Foreign Ministry and by the EU presidency as a significant development in Israel-EU relations. The President of the EC at the time, Dimitrij Rupel, stated that it marks the

"[elevation of] our relations to a new level of more intense, more fruitful, more influential cooperation," while Israeli Foreign Minister, Tzipi Livni, said that it "marks a new beginning" (Israel Ministry of Foreign Affairs 2008). What is the significance of this Statement? Does it in fact mark a new phase in Israeli-European relations?

Affirmation of the Action Plan

This statement is essentially a continuation and affirmation of the Action plan (AP), part of the European Neighbourhood Policy (ENP), which was adopted on April 2005 for three years, and then extended to April 2009 (Action Plan 2005). While the AP constitutes a systematic and detailed framework for enhancing the integration of Israel into EU institutions and upgrading its bonds with the EU, its concrete implementation is still in its preliminary stages; nevertheless, it is seen by both sides as a sound foundation on which future relations can be built. The AP sought to shift the emphasis from the multilateral course of the Barcelona Process to bilateral relations between Israel and the EU, and this change has indeed facilitated the strengthening of EU-Israel ties in the past years. However, the changes in the geo-political environment in the Middle East brought about by the events of the past two years: the Second Lebanon War of July 2006, Hamas' takeover of the Gaza strip and the increased nuclear saber-rattling from Iran, have given the EU an opportunity to show its capabilities in the regional arena as well. The EU has taken substantive action on the ground with its participation in observer, peacekeeping and conflict management activities in the region, demonstrating its willingness to invest significant resources towards the amelioration of the security situation.

How does the statement relate to the AP now nearing its conclusion and to the EU's enhanced role in the Middle East? Opening with praise to Israel's contribution to the Euro-Mediterranean Partnership, the Statement moves on to stress the importance of the ENP, and affirms that the future upgrade of relations will take place within this framework. Notwithstanding the regional issues addressed at the opening of the statement, such as future "stronger involvement of the EU in the peace process" and "the need for urgent confidence building measures... according to the Road Map," it is clear that the main import of the Statement concerns bilateral relations.

The clause concerning enhancement of bilateral relations elaborates on various arenas in which Israel-EU relations can be upgraded, specifically, reinforced political dialogue between Israeli and EU representatives, cooperation in economic, trade, energy and transport issues and people-to-people contacts. These areas have all been pinpointed in the AP as suitable for cooperation, and can therefore hardly be considered to be unique to this Statement. Rather, its significance lies in its affirmation of the AP and in the promise that EU-Israel relations will continue to make use of its framework, despite the changes in the region since the AP was formulated.

The Statement goes on to say that the existing subcommittees of the AP will formulate the content and scope of an instrument to replace the current AP due to expire on April 2009. This decision is essentially a confirmation that the AP has been a success, and that future relations should be based on the experience gained from it. The Statement demonstrates the success of the bilateral course by citing notable achievements over the past year, such as Israel's participation in the Competitiveness and Innovation Programme, "major steps" towards market integration, negotiations on air transport and Israel's participation in the EU's Framework Programmes for Research and Development. The first part of the Statement dealing with the AP and its achievements ends with the issue of human rights, alluding to the increased dialogue with Israel on the matter as an achievement. Although a significant part of the statement is set aside for reiterating the position of the EU concerning issues of Israeli-Palestinian relations and humanitarian issues, it does not condition the upgrading of relations on a change in the Israeli stance on these matters.

The second half of the Statement concerns security and geo-politics: the Middle East Peace Process, settlements, the humanitarian situation in Gaza, Lebanon, WMD and Iran. However, as opposed to the AP, the Statement does not link these issues to the bilateral, mainly economic issues described earlier. In spite of the substantial European engagement on the ground in the past years through the new UNIFIL and other forces, this part of the Statement does not propose any substantial actions but only reiterates the European stance on these issues. The Statement essentially decouples security-related issues from economic ones, signaling the EU's obligation to upgrade bilateral economic relations no matter the regional geo-political situation, Israel's non-compliance in human rights or WMD issues

notwithstanding. The EU's apparent decision to go ahead with bilateral economic and cultural agreements despite no singular advances in the Peace Process may be the result of the realization that without this decoupling it is extremely difficult to being about any change at all.

Possible implications

What are the consequences of this Statement? As we observed, the Statement does not contain substantially new ideas, but it rather reaffirms tried and true ones. Therefore, we may presume that the Statement will serve mostly to strengthen agreements that are already in place and that have proved themselves in the past: Israel's participation in the Galileo project and the Framework Programs, and the existing trade agreements between the EU and Israel. Furthermore, the Statement creates a more constructive atmosphere for going ahead with future agreements, but these are not specified in the Statement itself.

The Statement does not contain a hint to any future development in which Israel would receive membership in the EU, or even some formal status in the EU's decision-making processes. Such a development could have put Israel on par with the status of Norway or Switzerland, which have adopted much EU legislation and have comprehensive trade agreements with the EU, as part of the European Economic Area (in the case of Norway) or through bilateral agreements (in the case of Switzerland). It is difficult to envision such a development, for a number of reasons:

- Although Israel is *from* Europe, it is not *in* Europe. Israel and Europe have many cultural traits in common, a result of Israel's establishment by European immigrants according to European ideas and values. However, geographically Israel is not part of Europe, and this fact will obstruct any move for membership in the EU.
- Political and military instability in the Middle East obstructs any discussion of Israel's participation in the EU as a full member. As long as the conflict with Syria, Lebanon and the Palestinians remains unresolved, progress on this issue is highly improbable.
- Further enlargement of the EU may be problematic for internal European reasons, economically and otherwise. The expansion of the EU in the past years has already posed challenges to the EU's economy and identity.

Alternative schemes: Union for the Mediterranean?

Another important development of the past months is the Union for the Mediterranean (UfM), an initiative led by French President Nicolas Sarkozy, which was officially inaugurated on the 14 July 2008. The initiative provides for the creation of a framework for cooperation among Mediterranean countries, and between these countries and the EU, supposedly taking over some of the functions of the 1995 Barcelona Process. As a multi-party agreement, the UfM may complement the ENP, in which every country stands alone vis-à-vis the EU. The initiative is only in its infancy, and its implications for Israel are still up in the air; however, as opposed to the AP and the new Statement, it is clearly a return to the regional aspect of EU-Israel relations. How advantageous is participation in the UfM for Israel? How enthusiastically should Israel embrace the new initiative?

There are a number of problems that the UfM may pose for Israel, and that it should carefully assess before it proceeds to take part of it:

- There are significant disparities between Israel and its neighbours in cultural and economic terms. Israel's economy is more developed, and it has a much higher GDP per capita. Therefore, integration with other Middle Eastern countries will be difficult, and even if possible – may not be advantageous for Israel.
- In a regional, Middle Eastern forum, Israel will not be welcomed for political reasons. Prior to a significant political transformation in the region, such a Union would probably be used for attacks against Israel. Consequently, Israel should not support the formation of such a forum.
- The needs of Israel are highly dissimilar to those of its neighbours, and so the EU can hardly use a regional union for effective development and progress in its ties with Israel. Moreover, the goods Israel offers to the EU are unlike its neighbours'; Israel does not pose some of the problems that they do, such as the risk of a large influx of immigrants from the non-EU countries.

In any event, even if Israel does become a member in such a union, it must make certain that the UfM does not take the place of the bilateral ties that it already succeeded in building with the EU. As regarding

relations with the countries in the region, Israel should attempt to establish more durable bilateral ties instead of all-inclusive, regional forums such as the Union for the Mediterranean.

References

Action Plan. 2005. EU/Israel Action Plan.
   http://ec.europa.eu/world/enp/pdf/action_plans/israel_enp_ap_final_en.pdf. Accessed 9 September 2008.
EU Statement. 2008. Statement of the European Union.
   http://www.delisr.ec.europa.eu/english/specialftr.asp?id=59.   Accessed 29 August.
Israel Ministry of Foreign Affairs. 2008. The European Union upgrades its relations with Israel.
   http://www.mfa.gov.il/MFA/About+the+Ministry/MFA+Spokesman/2008/The+EU+and+Israel+upgrade+relations++16-June-2008.htm. Accessed 29 August.

Authors' Biographies

Moshe Blidstein holds a BA degree in History from the Hebrew University in Jerusalem and is currently studying for a Masters degree in Religious Studies at the Hebrew University.

Professor Gonzalo Escribano is Professor of Applied Economics and Economic Policy at the Spanish Open University (UNED), Madrid. He is also an associate researcher at the Real Instituto Elcano de Relaciones Internacionales, where he regularly contributes to the Mediterranean and Energy research programmes. He holds a degree and a Ph.D. in economics from the international economics department at the Universidad Complutense de Madrid, as well as a M.A. in international trade. Professor Escribano has published several articles and book chapters on the political economy of Euro-Mediterranean relations. During the last few years his research has focused on the international political economy of energy, EU energy security and its implications for the wider Euro-Mediterranean region.

Daniela Huber holds a Master's degree in International Relations from the Free University of Berlin and is currently a Ph.D. research student at the Department of International Relations of the Hebrew University of Jerusalem. Her fields of interest include International Democracy Promotion, Democratization, and the Foreign and Development Policies of the European Union and the United States.

Dr. Eli Goldstein, Lecturer in Economics at Bar-Ilan University, holds a Ph.D. on energy economics, deregulation, environmental economics, and political economy from the Department of Economics at Bar-Ilan University. Dr. Goldstein also teaches at the Departments of Economics at both the Kinneret College on the Sea of Galilee and the Ashqelon Academic College.

Dr. Eva Gross is Senior Research Fellow for European Foreign and Security Policy at the Institute for European Studies, Vrije Universiteit Brussel. Research interests include the role of the EU as a global actor,

the Europeanization of national foreign and security policy, transatlantic relations and EU conflict prevention and crisis management policies. Eva Gross holds a PhD from the London School of Economics and has been a visiting fellow at the Centre for European Policy Studies (CEPS) in Brussels and the EU Institute for Security Studies and CERI Science Po, both in Paris. She has published on various aspects of Euorpean security in journals such as Security Dialogue and International Politics. Her book *The Europeanization of National Foreign Policy: Continuity and Change in European Crisis Management* is forthcoming with Palgrave in 2009.

Dr. Nellie Munin, Advocate, is a private legal and business consultant and former Minister of Economic Affairs in the Israeli Mission to the EU (1999–2003). She specializes in international trade law, European Studies and taxation.

Dr. Roby Nathanson, Economist, Chair of the Macro Center for Political Economy (formerly the Israeli Institute for Economic and Social Research) also serves as visiting lecturer, the Academic College of Tel Aviv-Yafo, Attached to Tel Aviv University.

Limor Nobel is a PhD research student at the Department of Political Science at Bar Ilan University. Limor holds a BA degree in Criminology and Political Science from Bar Ilan University, and a MA degree (cum laude) in Political Science from Haifa University. Her research interests include theoretical and practical implications of modern terrorism. Limor is a research assistant in the Department of Political Science at Bar Ilan University and teaches courses in social sciences at governmental offices.

Dr. Isabel Schäfer is an Assistant Professor at the Freie Universität Berlin, and holds a PhD in political science. She works at the Centre for Middle Eastern Politics, Otto Suhr Institute. Her research fields include: The Middle East and North Africa in International Relations; transformation and democratisation processes; the EU's Mediterranean and Middle Eastern Policies; cultural and civil society dimensions of Euro-Mediterranean relations and Germany's Middle Eastern policy. Currently she co-directs the research project "Hybrid Identities: the mediation potential of Muslim migrants." Her publications include: *Vom*

Kulturkonflikt zum Kulturdialog? Die kulturelle Dimension der Euro-Mediterranen Partnerschaft, Nomos, 2007; and *Mediterranean Policies from Above and from Below*, Nomos, 2008 (forthcoming; jointly edited with Jean-Robert Henry).

Noam Segal has been interested in environmental issues for over a decade, at first through his activity in NGOs in Israel, and then in his academic research. His research interests include energy economy policies and their social implications. He is currently writing a PhD thesis on the energy crisis in the 70s at the The Porter School of Environmental Studies at Tel Aviv University. Noam holds a BA degree in Philosophy and Biology from Tel Aviv University and a Master's degree from Ben Gurion University and the Arava Institute for Environmental Studies.

Dr. Shlomo Shpiro, Deputy Head of the Political Studies Department at Bar-Ilan University and former Director of the Center for International Communications and Policy (CICP) is a graduate of Jerusalem, Salford and Birmingham. He researched and taught at leading universities in Europe before joining Bar Ilan University in 1998. He specializes in security, intelligence and international communications.

Professor Stephan Stetter is Professor of International Politics and Conflict Studies at the Universität der Bundeswehr München, Germany. He has studied at the University of Heidelberg, the Hebrew University of Jerusalem, the London School of Economics and Political Science (LSE) and the European University Institute in Florence. He holds a Ph.D. from the Department of Government at the London School of Economics and Political Science. Prof. Stetter works on theories of international politics and globalization, Middle East politics and society as well as EU foreign relations. Amongst his publication are *World Society and the Middle: Reconstructions in Regional Politics*, Palgrave, 2008 and *The European Union and Border Conflicts: The Power of Integration and Association*, Cambridge University Press, 2008 (jointly edited with Thomas Diez and Mathias Albert). Since 2003 Stephan Stetter is European coordinator of the Israeli-European Policy Network (IEPN).

Dr. Thomas Teichler graduated in business administration from the European Business School in Oestrich-Winkel and holds a Ph.D. in political science from the European University Institute. After working as strategy consultant at Roland Berger & Partner, Thomas set up his own consulting business, coaching young entrepreneurs and doing market research for the companies like BMW, DaimlerChrysler, and Deutsche Bank. Thomas has worked extensively on European armaments cooperation and on the role of knowledge in international politics. He has also contributed to the debates on the EU as an international actor, on transatlantic security policies, as well as the changes of military doctrine since the 1990s, both in the US and in several EU countries.