

**“Strengthening the forces of moderation
in the Israeli – Palestinian conflict:
the role of the European Union after the Gaza war”**

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CONTENTS

Keynote address by Bert Koenders, Minister of Development Cooperation of the The Netherlands.....	1
<i>Strengthening the forces of moderation in the Palestinian-Israeli conflict</i>	

The changing Middles East balance

Avraham Sela.....	11
<i>Introductory remarks by the chair</i>	
Bruce Maddy-Weitzman.....	15
<i>The Arab perspective</i>	
Ofra Bengio	21
<i>Turkey's changing role</i>	

The European Union and the Palestinian-Israeli conflict

Alfred Pijpers	31
<i>Introductory remarks by the chair</i>	
Sharon Pardo	35
<i>Added value for the EU?</i>	
Gisela Dachs	39
<i>The EU and Israel: an uneasy relationship</i>	
Patrick Müller	43
<i>The economic instruments of the EU</i>	
Ephraim Kleiman.....	53
<i>A brief comment</i>	

Europe's contribution to peacekeeping

Kobi Michael.....	57
<i>Introductory remarks by the chair</i>	
Karin Aggestam	61
<i>EU peacebuilding: lessons learned from the Middle East peace process</i>	
Efrat Elron	67
<i>Peacekeeping in the Middle East: what can Europe do?</i>	

Round Table: new opportunities and old constraints

Ron Pundak.....	75
Saeb Erekat.....	79
Remiro Cibrian-Uzal.....	85
About the authors	91

PREFACE

This *Selection of papers and comments* is the provisional fruit of an international conference “Strengthening the Forces of Moderation in the Israeli-Palestinian Conflict: the Role of the European Union after the Gaza War”, organized in Jerusalem, 28th – 30th of June 2009, by the Harry S. Truman Research Institute for the Advancement of Peace of the Hebrew University, in collaboration with the Clingendael Institute, The Hague. The principal purpose of the conference was to explore what Europe’s position should be after the Gaza War, taken the new governments in the US and Israel into consideration.

Not all the speakers at the conference were asked beforehand to deliver a paper, and this report is, therefore, not a complete reflection of all the presentations and discussions during the conference. Nevertheless, it hopefully provides a useful sample of the broad range of viewpoints brought forward by Israeli, European, and Palestinian scholars, and of the spirit of the meeting.

The conference has been made possible thanks to the generous support of the Dutch Friends of the Hebrew University of Jerusalem, and of the Dutch Ambassador in Israel, Michiel den Hond. Steven Kaplan and Einat Vaddai of the Truman Institute provided essential assistance in Jerusalem, and so did Edwin Bakker and Karin van Egmond at Clingendael .

Avraham Sela, Truman Institute, Jerusalem
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October 2009

Strengthening the forces of moderation in the Palestinian-Israeli conflict

Keynote address by Bert Koenders
Minister of Development Cooperation of The Netherlands

Ladies and gentlemen,

Thank you for inviting me to the Beit Maierdsdorf Faculty Club today. I'm very grateful to the Harry S. Truman Institute for the Advancement of Peace and the Netherlands Institute of International Relations at Clingendael for the invitation to open this unique conference. It is an honor and a pleasure to be able to speak to you on a subject that is close to my heart. I have always had a special, emotional bond with Israel and the Palestinian Territories. As a member of the Socialist International in the early nineties, I developed close contacts with the Israeli Labor Party, Fatah and many other political players. These types of contacts later proved instrumental in the negotiation of the Oslo Accords. Our recognition of the parties was crucial. And so was creating a climate of trust. There were personal ties between us, and although the debate was hard, it was also filled with realistic optimism. Everyone understood that confidence building was essential in light of the emotional weight of the past. But there was a prevailing sense that the forces of moderation had a real chance.

Later, while working at the European Commission's Directorate-General for External Relations, I was involved in organizing the Palestinian elections of 1996. At that time a rare feeling of optimism again surrounded the Middle East Peace Process. Oslo 2 had just been signed, and the Second Intifada was still a long way off. Many Palestinians believed that the leaders they elected would be the first to govern an independent Palestinian state. As you know this was not the case, and unfortunately many more years of instability and conflict would follow.

After 1996 I continued to visit the region regularly as an MP for the Dutch Labour party. In the course of my travels I have not only seen Israel's society and political landscape change, from kibbutzim to high-tech and a fractious political system; I have also watched a divided Palestinian house without a single authority and a wider region falling into the grip of radical forces, corruption, sometimes authoritarianism. These

elements, mixed with a young population without much chance for work or forming a family do not constitute a good basis to find forces of moderation.

Now I find myself here once again – this time as Dutch Minister for Development Cooperation. And as always, I'm on a very tight schedule. I want to see and analyze and understand as much as possible, and look at how we can play a positive role, however modest. Earlier today I spoke with Isaac Herzog, the Israeli social affairs minister and coordinator of humanitarian aid for the Gaza Strip during Operation Cast Lead. We had a good conversation, but I also made an important request: to open the borders of Gaza for commercial and humanitarian traffic.

Tomorrow I will be visiting Gaza to see the humanitarian situation with my own eyes. As we all know, conditions remain very serious there. I will meet with representatives of the United Nations Relief and Work Agency, the Palestinian Centre for Human Rights and the International Committee of the Red Cross and listen to judge Goldstone who is investigating among other things the respect for international law. I will also be visiting entrepreneurs who, with Dutch help, are working to keep their businesses afloat, often with great courage and energy, against all the odds. If these people are abandoned; if they are unable to export their produce, it will be a direct blow to all moderates, to all those who want to build up their country in a spirit of fairness.

On Tuesday I will meet with the Palestinian Authority to discuss the current political situation and the ways in which the Netherlands and the European Union can contribute – under the current conditions – to developing the Palestinian economy and institutions. I would like to discuss the latter topic in the second part of my speech. First, I would like to devote a few words to the important subject that you will be addressing over the next two days: how to strengthen the forces of peace and moderation at a time when it is clearer than ever that radicalism is a dead end.

Ladies and gentlemen,

We are talking to each other some three weeks after President Obama's Cairo address. It was a speech that many had been looking forward to with great anticipation. A speech aimed at opening a new chapter in US relations with the Muslim world, but without taking anything away from the long-standing solidarity between Israel and the United States. A speech that I support.

It was clear from the outset that the president's inspirational message would not satisfy everyone 100 per cent, and he refused to shy away from the difficult issues. He spoke about the 'unbreakable' bond with Israel. He passionately defended the Jewish right to a homeland. And he condemned anti-Semitism and Holocaust denial as 'baseless, ignorant and hateful'. At the same time he also demonstrated his grasp of the Arab and Islamic narrative. A narrative in which words such as 'dignity' and 'justice' often feature. I fully concur with him. It is long overdue to speak out clearly against 'humiliation' and

‘occupation’ and President Obama became the first American president to use the word ‘Palestine’.

Whether we have indeed entered a new era of relations between the US and the Islamic world remains to be seen, of course. Recent events in Teheran have shown that reality can be complex and unpredictable; that the pursuit of democracy, development and human rights can take the form of a deadly struggle. We have to pay our respects to those who struggle for democracy and human rights. At the same time, years of suspicion and cynicism can not be easily forgotten. In the minds of many in the Arab world, those years will unfortunately forever be associated with names like Haditha, Guantánamo and Abu Ghraib, with double standards when it comes to democracy and human rights. Now is the time to turn the page.

As President Obama himself said, everything depends on whether words can truly be turned into actions. We all have a duty to do what we can to help make that happen. The Dutch government, in any case, is prepared to lend its support to the forces that support democracy, human rights, and development. We will not apply double standards. We want to do everything in our power to bring about peace and development in the region. That is why I am here, and that is why my colleague, the Dutch foreign minister Maxime Verhagen, made an extensive visit to the region, including Israel, last week.

I hope this conference can further contribute to opening up the public debate. To do so it is important to stress that we have many shared interests, and to identify where they lie. Let me add my own modest thoughts on the subject. All the parties must be reminded of their responsibilities. No one can afford to simply sit back and wait for change to come. The way to a peaceful future will not be found in radicalism and confrontation. Instead we need a new, broader narrative – one that can serve as an incentive for change. A narrative that transcends all the obstacles and creates a vision – however brief – of a better world, and improved relations in the region. As development minister I understand the significance of that vision in almost every region in which we work. There are no solutions based on humiliation, division or terror. That is the clear lesson to be drawn from Middle East development policy in recent years.

Again, as a development minister – and one who is frequently confronted with the rhetoric of the ‘West against the rest’ – I also believe it was essential for Obama to reformulate the ‘with us or against us’ language of the War on Terror into a simple choice for or against peaceful co-existence. This forces radicals on all sides to show their true colors. This is positive because the history of the Middle East conflict teaches us that the paths of military action and terrorism lead nowhere. Acknowledging this leads not to naiveté but to realism and shared security. I am quite convinced that the solution to this complex conflict will only be found in compromise and restraint. And to achieve that, it is essential to strengthen the forces of moderation on all sides so they can talk realistically about compromise based on mutual interests. This will then facilitate economic development and poverty reduction.

Strengthening the forces of moderation; talking about compromise based on mutual interests: these are not self-evident choices at a time when radical forces are gaining ground all over the world as a result of political manipulation combined with a growing fear of globalization. A time when conflicts within and between cultures are increasingly becoming conflicts of identity. Take the tensions between Sunni and Shia Islam. Or the 'born again' Islamists in Europe. Or the rising tide of radicalism within other world religions, from Christianity to Judaism and Hinduism: there are always manipulators who misuse faith for political gain.

The challenge before us is to think of new ways of promoting moderation. However we do it, I do not believe the answer lies in describing conflicts in existential terms, or in unilateralism, or in stirring up rivalries within or between different groups. Unfortunately, all three strategies are still being used in the Middle East. Now more than ever, many describe the conflict as a 'zero sum' game. This is what I mean by speaking in existential terms rather than in terms of territorial compromise. Some promote the ridiculous idea that the Islamic world is at war with the West. And as ever, some resort to unilateral action and violence that makes reaching a peace agreement difficult, if not impossible. The contours of the peace agreement have been around for years, and are -fortunately- still recognized by the public on both sides. Yet still, factionalism, personal vendettas and blockages generational changes combine to prevent the creation of trust. We see that in the political movements in the region.

How, then, can we promote moderation? As a former professor of conflict management at the Johns Hopkins School of Advanced International Studies, I believe that the literature on conflict management can teach us a great deal. In the final chapter of the book *Peacemaking in International Conflict*, my old professor William Zartman, who is Director of the school's Conflict Management Programme, lists a number of methods and techniques for ending conflicts. He considers the question of when to negotiate directly and when mediation or arbitration should be applied. He discusses when states should act. Or international organizations and NGOs. When carrots and sticks work, and when they don't. One of his most important lessons is that dialogue is one of the most important conditions for achieving peace. It is not simply a question of formal talks between governments, but of dialogue among ordinary people on both sides of the conflict.

I think that Zartman may be on to something here. Without mutual recognition of each other's right to exist, there is little chance of peace. This applies to the current negotiations, but the principle also extends to the micro-level. As an MP, I remember awarding scholarships that allowed Palestinian students to attend Israeli universities. These young people not only studied with their Israeli fellow students; they talked, they debated and they formed friendships. The great advantage of exchange programmes like this is that they give people a chance to learn about each other's cultures and societies. This kind of knowledge is essential for promoting moderation and moving closer to resolving this conflict. At this point the two societies scarcely know each other any more. These days, almost no one thinks in terms of sharing economic progress or sovereignty.

Walls have been erected between the two groups, both literally and figuratively: walls of humiliation and walls of misunderstanding. This approach has never worked. This same observation was made years ago by Palestinian thinkers and investors, and by economic regionalists like Shimon Peres. Economic blockades do not help to increase security, nor do rockets flying from Gaza. Working with the wider Arab region is crucial.

Besides dialogue, Zartman contends that trade is one of the best ways of promoting moderation and conflict resolution. I know it might be a cliché – the Dutch minister talking about trade – but I really do think that Zartman has a point. Strengthening global economic relations increases the number of people with a direct interest in peace. That's why the Netherlands supports many economic programmes, including an agricultural project that enables Palestinian farmers to earn money with the help of Israeli exporters. This benefits both parties and helps give a whole generation of Palestinians a glimpse of the brighter future that must one day come. When the Israeli government stops these exports it creates new sources of radicalism.

Perhaps Zartman's most significant conclusion is that 'peacemaking rests squarely in the hands of third parties'. He goes on to say that 'the very fact of conflict inhibits the parties involved from finding their own way out: they need help'. And that help 'may take the form of direct negotiation, or it may take the form of some kind of mediation – communication, formulation or manipulation. It may involve the utilization of inducements, both negative and positive, to push the parties into a process of peacemaking and then to pull them successfully out of the process into peace.'

Ladies and gentlemen,

It is self-evident that the parties in the Israeli-Palestinian conflict – unequal though they may be in power and income – will ultimately have to sort things out themselves. Only they can take meaningful steps on the path to peace; steps that go beyond 'feel good' signing ceremonies and interim agreements. Only they can ensure that the younger generation knows something other than war, and that cynicism does not prevail. That's not to say, however, that we don't need a robust international framework. In my view, such a framework can create an atmosphere of equality and equity which is clearly absent today so that moderates will be strengthened and radicals reined in. This brings me to my second main topic: the role of the European Union, and the Netherlands in particular.

I mentioned earlier that in the early nineties I was regularly in touch with both the Labor Party and Fatah, through the Socialist International. At the time there was a shared sense that Europe had a duty to promote Israel's security and encourage the establishment of a viable Palestinian state. It was felt that Europe had a part to play in the economic underpinning of peace, in areas like development cooperation and regional trade. The same is still true today in fact, even though the global, regional and local political context have changed radically. At a time when we're hearing a lot about the need for a 'multilateral moment', we have a responsibility to seek out the forces of peace

and economic cooperation in the region as a whole. The Arab Human Development Report clearly shows how openness, labour intensive growth and women's rights are a prerequisite for the area to grow and survive in an increasingly competitive economy. Peace in the Middle East and development of the wider region can no longer be hijacked by the Israeli-Palestinian conflict.

I'm well aware that not everyone in the region sees the EU as a particularly potent actor in this respect. The Union's Middle East peace policy is always the result of discussion and hard-won consensus. This often makes the EU less effective than we would all like. On the other hand, this very deliberate decision-making process ensures that the EU is a constant factor and a reliable partner. A partner that maintains good ties not only with Israel and the Palestinians, but also with the Arab world and the US. These are trump cards that the EU can play to help bring about a peace deal.

Another trump card is money. The days when the EU was nothing more than a paymaster are fortunately behind us. However, the Union remains the largest donor to the Palestinian territories. Considering the economic situation there, this is understandable. In its latest report on the state of the Palestinian economy, the World Bank reported unemployment in the West Bank and Gaza to be at a staggering 19 and 40 percent respectively, up from only 18 and 30 percent before the beginning of the Intifadah in 2000. The percentage of Gazans who live in deep poverty stood at 35 percent. This was, might I add, before the current economic crisis hit.

The humanitarian aid the EU provides through the UNRWA, its support for civil servants' salaries, pensions and benefits, and its involvement in developing the civil security sector are essential to the Palestinian people. Too essential, you could argue: last year, a report by the World Bank concluded that the single most important difference between the Palestinian economy now and a decade ago is that in 2000, economic development was driven by investment and private-sector productivity; now it's being kept afloat by government expenditure and donor aid. This is alarming, especially given the general assumption that aid can be swiftly replaced by trade in a viable Palestinian state, where people, goods and capital can circulate freely.

This, in a nutshell, is the dilemma of development cooperation in the Palestinian territories. A dilemma I am confronted with every day as the responsible minister.

- Current Dutch development efforts in the Palestinian territories concentrate on three areas:
- humanitarian aid;
- economic support, which is a logical extension of humanitarian aid, because it creates the prospect of economic growth and prosperity, which become possible once there is peace;
- good governance, with a special focus on building up the civil security sector. Security in the Palestinian Territories is vital not only for the Palestinians themselves, but also for the security of Israel and the peace process as a whole.

We try to spend our aid to the Palestinian Territories in the most effective and sustainable way possible, but we've repeatedly run up against a number of political hurdles, which must be overcome if we want to see further improvement.

- Restrictions on humanitarian aid should be lifted at once. It is unacceptable that aid and reconstruction operations in Gaza are being frustrated.
- Well-functioning Palestinian institutions and economic growth depend on freedom of movement. A recent survey by the UN Office for the Coordination of Humanitarian Affairs identified 613 physical obstacles to this freedom. Many are related to Israeli settlement activity. Such activity must be suspended.
- The realization of a Palestinian state, which is one of the chief goals of Dutch development efforts, is only possible through Palestinian unity, good governance and an end to violence against Israel.

At this point, development programmes in the Palestinian territories are facing a Catch 22: our policies aim to change the political parameters, but these policies can only be effective if political parameters are first redrawn. The issue of reconstruction in Gaza is a good example of this: reconstruction is necessary from a humanitarian and political perspective, but without a lasting ceasefire, Palestinian reconciliation and a relaxation of border controls, it will be impossible to achieve large-scale reconstruction. Then there is the domestic political dimension: we can't ask the Dutch taxpayer to contribute to Gazan reconstruction unless certain prerequisites for sustainable investment are met. Dutch-backed infrastructure projects (like the port of Gaza) have been largely destroyed, and the restrictions on exports are undermining our support for investors in areas like flower cultivation. This plays into the hands of extremists and is unacceptable. These are important considerations at a time when people are rightly critical about development aid.

Ladies and gentlemen,

In conclusion, we find ourselves at a critical juncture in Middle Eastern history, where we must strengthen the forces of moderation on both sides. The two-day conference in which many of you will be taking part couldn't be more timely. The international community – that is to say, every one of us – has a responsibility to do what we can to support these forces in a way that contributes to a lasting peace in the Middle East.

I'd again like to thank the Harry S. Truman Institute for the Advancement of Peace and the Netherlands Institute of International Relations at Clingendael for their invitation to speak to you today. My special thanks go to professors Avraham Sela and Steven Kaplan of the Hebrew University of Jerusalem and Dr Alfred Pijpers of the Clingendael Institute for organizing this conference. I sincerely hope that the closer cooperation between these two institutions, of which this conference is the first example, will lead to a productive partnership in the future. That is in the interest of everyone, and above all, in the interest of peace. The Netherlands is ready to play its part.

THE CHANGING MIDDLE EAST BALANCE

AVRAHAM SELA

Introductory remarks by the Chair

The Middle East political arena has indeed changed substantially since the eruption of the al-Aqsa Intifada and consequent collapse of the Oslo process, and much of it has been manifest in the context of the Israeli-Palestinian conflict. The causes of this change are multiple: domestic and international.

On the domestic level, the state of economic and social stress in the non-oil producing countries has gone from bad to worse. The UNDP reports on the social and economic development of the Arab world since 2002 revealed a shocking reality of continued deterioration since the late 1980s in these spheres. At the same time, authoritarian Arab regimes face increasing challenges to their legitimacy and stability due to the revolution of media and growing access of citizens to foreign sources of information, which in turn diminishes the state capability to block or prevent the flow of free communication. The indirect result of this trend is the increasing influence of the Islamic movements and the domestic constraints on Arab regimes concerning unpopular policies, be it involving relations with Israel or the US.

On the international level, the most dramatic event was the American invasion of Iraq, the fall of Saddam Hussein's Ba'th regime and rise of the Shi'i community to a primary position at the expense of the Sunnis, who dominated Iraq ever since the birth of this state in the early 1920s. The bold intervention of the American-led international coalition reverberated across the Middle East at large resulting in escalating inter- and intra-state instability and tensions, especially because of President Bush's stated "War on Terror" and vision of reforming—i.e., democratizing—the "Greater Middle East," which alerted the Arab regimes and forced them into a defensive approach both regionally and domestically.

The American invasion of, and consequent long-term presence in Iraq, intensified popular alienation towards those Arab regimes identified as US allies, primarily Saudi Arabia, Egypt, and Jordan. At the same time, and similarly to the Arab-Muslim response to the Soviet occupation of Afghanistan in the 1980s, the American presence in Iraq

attracted thousands of Holy War (*jihad*) volunteers from various Arab and Muslim countries, only this time much of the *jihad* effort was directed primarily against the Shi'i population, which rekindled the ideological and political cleavage between Shi'a and Sunna to an unprecedented level since the early history of Islam.

The growing Sunni anxiety of a "Shi'i Crescent," however, drew primarily from the emergence of Iran as a pivotal regional power whose strong alliance with Arab states and non-state actors provided it with 'long arms' to spoil regional and international efforts to bring about the end of the Intifada and resume Israeli-Palestinian negotiations. Thus, although Iran's links with Hizbullah and Hamas were by no means new, their practical meaning became full-blown in the 2nd Lebanon War of summer 2006—practically waged between Israel and Hizbullah—and most recently in Israel's Cast Lead Operation in the Gaza Strip, which focused against Hamas, the responsible government for this area since June 2006.

Iran's ability to engage Israel through its allies in Lebanon and Palestine indeed demonstrated Tehran's potent capability as a leading revisionist actor determined to destabilize Arab regimes identified with US policies and spoil any effort at attaining progress in the Israeli-Palestinian relations. Iran's interventionist policies on both regional and domestic levels attained a particularly threatening image due to Hizbullah's entanglement in war with Israel, but also its consequent successful effort to employ its military clout and popular disobedience to threaten Lebanon's political stability and attain a veto power on its government's decisions, which was approved in the Doha accord of 2008, mediated by Syria and Qatar. Iran's promises—though scarcely fulfilled—to provide Hizbullah and Hams with financial resources to recover the immense damage caused by Israeli bombings and shelling, as well as the recent exposure of Hizbuallah's secret terrorist network in Egypt, all further demonstrated Tehran's potent agitation and capable role as a regional power advocating militancy and aggression towards the United States and its allies, primarily Israel, but also towards Arab regimes.

Contrary to Iran's rise as a prominent regional actor, Egypt's Arab leadership has been on the decline, which further underlines the changing regional balance. The close Iran-Syria alliance and cooperation with non-state proxies has indeed left its imprint on the Middle East regional system, reminiscent of Arab Cold War of the late 1950 and early 1960s, which was saturated with ideological struggles between revolutionaries and conservatives. Contrary to Egypt, Saudi Arabia and Jordan, which strive for stability and pragmatism, including about Israel and its conflict with the Palestinians, Syria, Iran and their non-state proxies have formed a loose ideological and operative cross-national coalition rejecting the Middle East peace process and coercing neighboring Arab states to follow their line.

Yet, while Iran's policy in this respect—sponsored by the clerical establishment—has been linked to a religious ideology of Islamic militancy and hostility towards Israel and partly linked to domestic power struggles—Syria's motivation has been primarily

pragmatic, intended to pressure Israel into capitulating on its claims over the Golan Heights.

Another conspicuous change in the regional balance of power is the emergence of Turkey as a leading Middle Eastern power. After decades of foreign policy shaped by secular national identity with the face to Europe, the last five years have shown a growing tendency to look after Turkey's interests in the east, primarily Iraq, as well as in the south. The American conquest of Iraq and reconstruction of its constitution and division of power—providing the Kurds broadly defined autonomy—also underlined the threatening prospect—at least from a Turkish viewpoint—of the emergence of a sovereign Kurdish state in northern Iraq, which Ankara is determined to prevent, including by force, if necessary. The last five years have also witnessed a Turkish-Iranian as well as Turkish-Syrian rapprochement, manifested in these countries' shared interest in the development and shape of Iraq's future, which also resulted in closer trade relations, especially with Iran. During these years Turkey also demonstrated a growing interest in the Israeli-Palestinian conflict by adopting a critical attitude to Israeli policy, which culminated during Cast Lead Operation. Turkey's diplomatic effort to mediate between Israel and Syria, with a view to resume negotiations towards peace, was another manifestation of Ankara's self-imposed new role in the region.

Turkey's growing interest in the Middle East can also be explained by the Islamic nature of the ruling party in since November 2002, coupled by the growing public disappointment in Turkey of the procrastination of the EU decision concerning Turkey's possible acceptance as a member. While Israeli-Turkish economic and strategic relations have not been significantly affected in those years, there has been a considerable loss of the warmth that marked the relations between these states before the ruling AKP came to power.

In conclusion, the regional changes of the last few years do not bid well concerning the prospects for a renewed Israeli-Arab peace process. Coupled with the deep frustration of the Israeli public with the Oslo process and the Palestinians as a reliable partner for peace, the chances of a breakthrough in the diplomatic stalemate seem rather slim indeed.

BRUCE MADDY-WEITZMAN

The Arab perspective

The title of my presentation is somewhat of a misnomer. There is, of course, an Arab region – linguistically, culturally and even politically. But one cannot speak of an Arab “perspective” with regard to specific, concrete issues; rather, there are Arab “perspectives”, involving states, non-state actors, and social groupings.

Having made that caveat, I’d like to state my main points at the outset:

During the last 15 years, Iran has succeeded in unprecedented fashion in projecting power into the heart of the Arab Middle East. Its bid to become a regional hegemon, beyond its immediate Gulf environs, has had a major deleterious effect in the Arab-Israeli arena, beyond what most analysts had deemed possible

Iran’s success in penetrating the core of the Arab system, in becoming a significant player in what was formerly more of a “closed” Arab club of states, was a direct result of Arab weakness and fragmentation, one which resulted in each of the non-Arab states of the Middle East – Iran, Turkey and Israel – being markedly stronger than Arab states, whether individually or collectively.

The events of the last half-year – the Gaza war, the advent of the Obama administration, the Israeli and Lebanese elections, and of course the Iranian elections – have introduced a new degree of fluidity into the ME scene. Most importantly, Iran’s bid for regional dominance may have reached its limits, a trend which has been reinforced by the recent Iranian “intifada”: Arab Sunni elites, led by Egypt, have begun to push back, with some success; Iran’s “bandwagoning” Arab allies – Syria, in particular, but also Qatar, and even Hizballah and Hamas – seem to be in the process of recalibrating the particulars of their relationship with Tehran, and appear to be looking to mend fences with the Arab majority camp. This in turn has expanded the space for creative diplomacy, in which Sunni Arab regimes, Israel, the US and the EU may be able to pursue their overlapping interests in ways which will create more favorable conditions in both the Arab-Israeli and Gulf arenas.

Let me now elaborate on these points, beginning with some historical background. Scholars of 20th century Middle East politics tend to mark off a clear analytical divide between overall regional dynamics and the Arab state system which began emerging after WWI and took full form after WWII. Iran and Turkey were generally deemed as external to the main story lines, one of which was the Egyptian-Iraqi rivalry, the modern incarnation of the ancient conflict between the Nile and Euphrates civilizations. But given the current situation, it is perhaps useful to look further eastward, and remind ourselves of the ebbs and flows of the relationship between Cairo and Tehran, beginning in the inter-war period, when Egypt, like Iran, had a monarchical regime. Egyptian and Iranian regional interests at that time were quite separate, and even complementary: Iran's primary sphere of interest in the Arab world was (and remains), the Persian Gulf and neighboring Iraq, Egypt's primary rival in those years. One manifestation of Iran's comfort level with the pre-1952 Egyptian monarchy was the future Shah's marriage to the sister of Egypt's King Farouk.

The heyday of radical pan-Arabism, led by Egypt's Gamal Abdel Nasser from the mid-1950s until his defeat by Israel in 1967 and death in 1970, placed Egypt and Iran at polar opposites in the struggle to shape the region. Iran, you may recall, was a member of the pro-Western Baghdad Pact alliance, alongside of Iraq, Turkey and Pakistan in the mid-1950s, an alliance which triggered Nasser's radical pan-Arab policies and leadership bid. Throughout the late 1950s and 1960s, Iran paid close attention to Iraq's shift into the radical Arab camp and to Nasser's support for Arab revolutionary groups in Yemen and the Gulf. In response to Nasser's Yemen adventure, Iran supported Yemeni royalists; later, it helped suppress a South Yemeni Marxist supported rebellion in Oman's Dhofar province. You may also recall Iran's membership in the anti-Nasser conservative "Islamic Pact", alongside of Saudi Arabia and Jordan. Indeed, in one of Nasser's critical speeches just 10 days before the June 1967 war, he attacked the three countries as serving imperialism and Zionism, and singled out Iran as Israel's oil supplier.

With Egypt's turn westward under Sadat, Iran and Egypt briefly constituted two important pillars of the Nixon doctrine outlining America's regional strategy. Just how close they were was demonstrated by Sadat's granting the Shah asylum after his overthrow in February 1979. His death in July 1980 occasioned a state funeral and burial near King Farouk and other Egyptian monarchs in Cairo's al-Rifa'i Mosque.

From this point on, Iran and Egypt were again on opposing sides of the geostrategic and political fence. They had reversed roles: Iran was now the revolutionary state, while Egypt was the pro-Western status quo power. Diplomatic relations were broken off, and never fully restored. Iranian authorities named a street after Sadat's assassin, (to be changed again, in 2004, to "Intifada Street"). Egypt played a crucial role in bolstering Iraq against Iran during their eight-year war, providing much-needed manpower and selling it ample amounts of Soviet-made weaponry. As such, Cairo demonstrated to its Arab critics, who had ostracized Egypt after the peace treaty with Israel, that the Arab world as conceived by generations of Arab nationalists could not survive the challenges posed by non-Arab powers without Egypt standing in the breach.

However, even then, there was no united Arab front regarding Iran. Hafiz al-Asad's Syria found a strategic ally in Tehran. Squeezed between rival Ba'athi Iraq, a powerful Israel and pro-Western Jordan, secular Arab Syria's alliance with theocratic Shi'ite Iran made good sense, strategically and economically. It would also become useful for Syria in maintaining its hegemony over Lebanon. Throughout the long years of the Iran-Iraq war and afterwards, Syria rebuffed Arab pressure to sever its links with Iran, while taking care to maintain an open line to pro-Western Arab states.

Meanwhile, the specter of Iranian power increased, while Arab power, individual and collective, declined. The post-1967 period in Arab politics is generally described as marking the definitive triumph of the territorial state framework over radical pan-Arabism. But it is also increasingly understood as a time to be a period marked by both internal weaknesses (the terms "state failure", "state exhaustion", "stalled society", "fierce state", and "over-stating" the Arab state all entered into common usage among scholars and analysts), and a fragmented Arab order without a single leading actor or broad common agenda. Egypt, the acknowledged leader of this quarrelsome Arab collective since 1945, served as a mirror to this sorry situation, having stagnated internally and seen its regional influence decline, particularly during much of the last twenty years following the Gulf War.

There were certainly strategic benefits conferred upon Israel by this state of affairs. But Iran may have benefitted even more, particularly from the weakening, and ultimate overthrow of Saddam Husayn's Iraq, as it attained unfettered access to Iraq's majority, and now ruling Shi'ite community. In the Gulf, it strengthened its hold over three islands belonging to the United Arab Emirates, brushing off all Arab efforts to negotiate an amicable resolution to the dispute; its naval capacity increased substantially, this in the world's most crowded sea lanes for oil tanker transport; periodic comments regarding Iran's historical claims to Bahrain tended to rattle Arab rulers; and restive Shiite communities in both Bahrain and Saudi Arabia appeared to be prime targets for Iranian meddling. The hand of Iranian intelligence in the truck bombing of an American military residential complex in Khobar, Saudi Arabia in 1996 certainly rattled the Saudis even more.

Most disturbing to Egypt was the deepening presence of Iran in the Arab-Israeli arena, via both the Lebanese and Palestinian spheres. To Cairo's and Riyadh's distress, Bashar al-Asad went much further than his father in enabling Iran to operate in Lebanon, and in bolstering Hasan Nasrallah. Official Egypt was even more perturbed by Iran's embrace of the Palestinian cause, its traditional bailiwick, beginning with the Karine 'A' shipment of arms to Yasir Arafat, and expanding into strategic backing for Hamas, with Hizballah providing crucial logistical support.

Matters came to a head during the last three years. The 2006 Lebanon war was a first in the annals of Middle Eastern armed conflicts, pitting Israel against a non-state Arab actor patronized by Iran. Tehran's strategic presence in Lebanon was highlighted by Israel's destruction of Iranian medium-range missiles in Lebanon during the first hours

of the war. Iran's patronage of Syria, Hizballah, Hamas and Islamic Jihad was seen as openly threatening not only by Israel but also leading Sunni Arab governments – Egypt, Saudi Arabia and Jordan, and, of course, by the anti-Iranian, anti-Syrian forces in Lebanon.

Hamas's provocation of the Gaza war was all-too-reminiscent of Nasrallah's actions in 2006. In both cases, the wars stirred Arab public opinion, exposing Arab regimes to harsh criticism for their inability to prevent the Israeli onslaught. More important was Egypt's apparent loss of control over a portion of its sovereign territory to Iranian-Hizballah operatives, coupled with intolerable calls by Nasrallah for the Egyptian public to insist on the lifting of the siege of Gaza. With Egypt's Muslim Brotherhood opposition being the parent organization of Hamas, official Egypt understandably viewed Iran's and Nasrallah's actions as brazen interference in Egypt's internal affairs.

It was from this point that we can speak of a serious pushback by Egypt, assisted by the Saudis. Just as the Saudis were especially angry with Hizballah for its Iranian connection, so too was Egypt angry with Hamas. Hamas's deepening ties with Iran challenged Egypt's insistence on being the prime Palestinian patron. Hamas's disdain for Egyptian blandishments, the chaos being created on the Egyptian-Gaza border threatening Egypt's loss of control over its own territory, the blame being heaped on Egypt for not assisting Hamas to break the siege of Gaza, and Hamas's own links with the Egyptian Muslim Brotherhood opposition all firmed up Hosni Mubarak's resolve to respond forcefully. To be sure, as the war dragged on, and the images of mounting civilian casualties flickered across the region's TV screens, Egypt's criticism of Israel grew. Nonetheless, Egypt and Saudi Arabia refused to be dragged into collective Arab gatherings initiated by Syria and Qatar designed to support Hamas and place them on the defensive. Instead, Egypt worked closely with France, in particular, as well as with the US, to play an important role in promoting a ceasefire. Israeli-Egyptian dialogue throughout was intense and businesslike, the product of a recognition that each side's interests required the other's assistance. Indeed, throughout the crisis, Israel made it clear that Egypt, and not Turkey, Qatar or anyone else, was the only legitimate regional player in the diplomatic game. In the initial days and weeks after the ceasefire, Egypt confirmed its seriousness of intent to cooperate with Western powers in establishing a new security and border regime which would staunch the flow of Iranian weapons to Gaza, begin repairing the shattered glass of Palestinian unity and restore a measure of influence to Mahmud Abbas and the Palestinian Authority, and ease the suffering of the civilian population in Gaza. All of this together, it was believed in Cairo, would increase the chances of insuring a lasting and stable ceasefire, improve the possibilities of the renewal of the Palestinian-Israeli peace process, and demonstrate to both the Egyptian public and the international community that Egypt's role was a crucial one. The real test, of course, would come on the ground, requiring the Egyptian authorities to be far more assertive vis-à-vis its own restive Sinai Bedouin population, the main operators of the smuggling networks.

Egypt's renewed assertiveness also served to remind Washington that it should not be ignored. In that regard, President Obama's choice of Cairo as the venue for his speech to the Muslim world was a feather in Egypt's cap. The Egyptian drumbeat against Nasrallah, widely viewed in Cairo as an Iranian proxy, is a signal to all and sundry, at home, in the region and beyond, that Egypt is determined to draw the line in the face of Iranian penetration, and that it remains the indispensable actor among Arab states. To that end, it is currently investing all of its energies to broker an intra-Palestinian unity agreement and Hamas-Israel prisoner exchange, and thus ease the blockade of Gaza and re-start Arab-Israeli diplomacy. There is even talk of establishing a small inter-Arab security force which would act in an advisory capacity to Palestinians charged with maintaining security and stability.

Hence, the Israel-Hamas War, while confirming, on the face of things, that the Palestinian-Israeli conflict is utterly intractable, and impervious to all efforts at resolution, actually reminded us of the dynamic nature of the conflict, which can be ignored only at one's peril. The strategic landscape created by the war appears to have created opportunities for incremental amelioration of Palestinian-Israeli dynamics. These have been reinforced by the victory of the pro-Western camp in Lebanese elections, and even more so by the still-unfolding events in Iran.

To be sure, it seems that the Khamenei-Ahmedinjad camp has the means, and the will, to crush the apparently leaderless movement for reform. However, the memory of the mass protests and violent confrontations is unlikely to fade, and the internal divisions within the Iranian religious and political hierarchies have been sharpened. Whether or not Iranian foreign policy in the coming phase will be more strident, with an eye to bolstering its shaky position at home by pursuing militancy abroad and on the nuclear issue, or, alternatively, whether it will adopt a more accommodating posture, partly to deflect the criticism of the reformists and partly to buy time in order to let the memory of the stolen elections recede and bring the US administration back to the engagement track, remains to be seen.

Regardless, I would venture to say that Iran's image, and the image of its proxies and allies as well, have been damaged in the court of Arab public opinion. Of course, as my friend Rami Khouri has written, the Arab public could only look on the events in Tehran with "forlorn envy", knowing that such a vibrant ground-up challenge to the ruling authorities is unimaginable in any Arab society today. However, the events have also exposed the brutal nature of the current Iranian regime, hardly making it an attractive model of emulation. As for pro-Western Arab governments, they have been uneasy, and even downright nervous about an American-Iranian dialogue producing a rapprochement, or even worse, a grand bargain that would confirm Iranian regional preeminence. The current situation lessens the likelihood of that scenario, and one might even argue that a hard-line posture by the ruling authorities will be easier for Arab states to manage than an Iranian charm offensive. Obviously, the possible permutations are numerous in such a muddled reality. I would simply conclude by suggesting that Iran has hit a wall, so to speak, in its ability to extend its influence into the Arab world.

This is already apparent, by the way, in next-door Iraq. It's possible that even those Arab parties who have "bandwagoned" with Iran are having second thoughts. For example, the Saudi press this week contains approving articles reporting steps by Syria to mend fences with the Saudi kingdom. The Egyptian authorities recognize both the need and opportunity to strengthen an Arab "pole" within the multi-polar Middle East, one which will push-back against Iran and seek to engage both the international community and Israel in ways which could loosen the logjam which has characterized the Arab-Israeli sphere since October 2000.

OFRA BENGIO

Turkey's changing role

With one foot in Europe and the other in Asia, Turkey perceives itself in a unique position for playing the role of mediator between the different warring parties in the Middle East. Ankara's long standing relations with Israel which date back to the time of its establishment, on the one hand, and its deep religious and cultural attachment to the Muslim world on the other, is seen as another potential asset for strengthening the forces of moderation in this region. Similarly, its democratic and secularist tendencies marks it as an antithesis to the radical Islamist theocracy in Iran and thus enabling it to balance Teheran's radicalism.

My presentation seeks to analyze Turkey's attempts under the AKP to strike a balance between its multiple roles: as a bridge between East and West; as a secular country and at the same time a standard bearer of moderate Islam countering radical Iran ; a mediator between Israel and Syria and Israel and the Palestinians; an ally of Israel and a staunch supporter of the Palestinians; an influential player in the Arab and Muslim world and at the same time an important partner in NATO and an aspiring member of the EU.

Under the AKP government Turkey's foreign policy towards the Middle East has undergone deep transformations, which were the outcome of various domestic and regional developments. The changes had to do with Turkey's threat perceptions, its configuration of its role in the region and the partners with which to forge relations. The two most important determinants of the change were the advent of the AKP to power in 2002 and the 2003 Iraqi war. The fact that two events occurred almost simultaneously helped in forging a new vision and in galvanizing the change toward the Middle East.

The main guiding principles of Turkish policy under the AKP toward the Middle East, however conflicting they may be at different times, are the following:

1. Playing a pivotal role in the region, or what Turkish analysts have termed as Neo-Ottomanism or the Turkish grand strategy in the Middle East.

2. Multilateralism, which meant courting Arab and Muslim countries of the region while keeping its ties with Israel.
3. Engaging its neighbors for the sake of insuring “zero conflicts” with them.
4. Playing the role of mediator in different regional problems.
5. Attempting to strike a new balance between its European and Middle East policies.
6. Setting a model of a democratic Muslim state for Arab and Muslim countries, in contrast to Iran.

The most important transformation is that the AKP turned Islam into a platform for advancing its bid for regional leadership. As long as nationalism was the dominant ideology in the region, Turkey and major Arab countries were frequently at loggerheads. Now with its advent to power, the AKP used Islam as glue between the three major nationalities in the region, Turkish, Arab and Iranian. Indeed, the more it felt rebuffed By the EU the more it deepened its efforts to engage the Arab and Muslim World. At the same time it used this engagement as tool for pressurizing Europe to bring it in the EU fold.

In an attempt to enhance its stature in the Muslim world, the AKP engaged Hamas and granted it legitimacy, rather than ostracize it as most world countries did. The invitation to Hamas’s senior personality in Damascus, Khalid Mash’al, to visit Ankara in early 2006, was a harbinger for things to come.¹ Second, unlike Egypt, Saudi Arabia or Jordan, for example, Ankara did not raise the specter of Shi’i Islam, allowing it to pose as neutral party in the Sunni-Shi’i conflict raging in the region and thus enhance its stature in the Muslim world. Accordingly, it managed to keep on good terms with Shi’i Iran as well as with both the Sunnis and Shi’is of Iraq. Similarly, in the last few months and especially after the war in Gaza, Turkey has sought closer ties with Arab and Muslim countries due to domestic political and economic considerations in advance of approaching local and national elections, and in order to obtain aid from Arab oil-rich countries at a time of economic crisis. At the same time, it continued its attempts to play the role of mediator, using both its European and its Middle Eastern credentials.

Turkey’s relations with Israel should be seen against this background, as well as the sea-changes that have occurred in the region since the AKP’s advent to power in Turkey in 2002. In recent years, many of the common denominators between Ankara and Jerusalem had disappeared. Moreover, a number of potentially damaging developments had emerged: For example:

1. The concurrent strengthening in Turkey of ultra-nationalist and Islamist currents posed a potential threat to relations with the Jewish state.
2. The Turkish military elite, the chief architect of Turkey’s close links with Israel, lost of its hold over the political system and thus its ability to dictate foreign policy lines. Moreover, the growing friction between this elite and the AKP government,

1 Soner Cagaptay, "Hamas Visits Ankara: The AKP Shifts Turkey's Role in the Middle East", *Policy Watch*, The Washington Institute for Near East Policy, 16 February 2006.

manifested in the still-unfolding Ergenekon scandal, only added to the ambiguity toward Israel.

3. The 2003 US-Iraq war sparked deterioration in Ankara's relations with Washington, and also had negative effects on Turkey's perceptions of Israel's role in the region, especially regarding Iraqi Kurdistan and the Kurdish Regional Government (KRG).²
4. Turkey has developed close relations with Syria, thus lessening Turkey's need for a strong ally in the south to counterbalance Damascus.
5. For the ruling AKP, the Islamic Republic of Iran appeared much less threatening than it did to previous governments.
6. The ongoing conflict between Israel and the Palestinians, particularly the outbreak of the second *intifada* in Fall 2000, and the more recent conflict with Hamas in Gaza severely damaged Israel's image in Turkey.

All these developments could have dealt a death blow to the strategic alignment forged between Ankara and Jerusalem in the 1990s, had it not been for Turkey's balancing instincts and Israel's willingness to bury the hatchet. Most importantly the common threat perceptions emanating from nuclearizing Iran or from terrorism, have not disappeared.³

Turkey's New Role as a Mediator

The other side of the coin is that Turkey did not cut its strategic relations with Israel and that, moreover, between 2005 and 2009 it increased its efforts to mediate between Jerusalem and Damascus and between Jerusalem and the Palestinians. Israel, for its part, acquiesced to Ankara's desire to play a role as a facilitator between Jerusalem and Damascus. Israel's acceptance of Ankara's diplomacy served to acknowledge Turkish ambitions to play a leading role in the Middle East.

For Turkey the move highlighted its pivotal role in the region. Thus, while the Bush administration was reluctant to mediate between Israel and Syria, and with Egyptian-Syrian relations too antagonistic for Cairo to fulfill such a role, Ankara was only too eager to do so. Generally speaking, Turkey was of the opinion that one should engage Syria, Iran and Hamas rather than isolate them, and in this it was at odds with the Bush administration and Israel. Turkey's mediation, as long as it went on, added another important dimension to Turkish-Israeli relations in that it deepened the bonds of mutual confidence and diversified ties by adding diplomacy to the existing links in the military, economic and political spheres.

2 On the impact of the Kurdish issue on relations see, Efraim Inbar, *Israel's New Strategic Partners: Turkey and India*, Iyyunim babitahon haleumi, No.77 (in Hebrew) pp.8-9.

3 For details on Turkish-Israeli relations, see Ofra Bengio, *The Turkish-Israeli Relationship: Changing Ties of Middle Eastern Outsiders*, 2nd edition (NY: Palgrave Macmillan, 2009)

Turkey's new role as a mediator between Israel and Syria is intriguing. This is indeed a 180 degree change compared to the situation that existed during the mid-1990s. While in that period Turkey moved to forge the alignment with Israel for fear, among other things, that the latter would conclude peace with Syria, now that Ankara has settled its differences with Damascus, it has emerged as a peace broker between Israel and Syria. In fact, what might have pushed Syrian president Bashar al-Asad to negotiations with Israel could be the urgent need to get back the Golan Heights after he had given up on Alexandretta/Hatay to Turkey as a price for rapprochement with Ankara.

Turkey's new role gained great support at home. Newspapers of different political convictions described the move in superlative terms. In the word of one commentator: This means that Turkey, which has been trying to open to the region for about 10 years, has now become a key country."⁴

Another phase in Turkey's mediation efforts took place on 22 December 2008, when Prime Minister Olmert came to Turkey to discuss the issue with Prime Minister Erdoğan. Concurrent with Olmert's visit, President Bashar al-Asad declared his readiness to hold direct talks with it. However, not much came out of the mediation, as Olmert himself had less than two months left in office before the February 2009 Israeli general elections, and as Asad decided to call off the negotiations due to the Israeli offensive on Hamas in early 2009. For PM Erdoğan, the Israeli offensive which cut his mediation efforts was like a slap in the face. And it might go a long way to explain his harsh comments against Israel during the war in Gaza.

With the advent of the Likud to power in Israel, in March 2009, Turkey renewed its efforts to play the role of peace broker between Israel and Syria. However, the new Obama administration's intent on engaging Syria and playing the role of mediator between Jerusalem and Damascus, may marginalize Ankara.

The Palestinians and the Gaza Setback

Turkey also tried its hand as a mediator between Israel and the Palestinians. Indeed, if there is one single factor that effects Turkish-Israeli relations it is the Palestinian issue. In earlier periods the main barrier for close relations between Ankara and Jerusalem was Turkey's deference to Arab countries and also the Palestinian issue. In the turn of this century the main factor turned to be the Palestinians and to a lesser extent the Arab countries. This is due, among others, to the genuine empathy of the Turks with the Palestinian cause.

Accordingly, one should note that the correlation between the progress in the peace process with the Palestinians and the Turkish-Israeli relations, first apparent in the early

4 *Mideast Mirror*, 22 May 2008.

1990s, continued to hold. The collapse of the peace process in October 2000 and the ensuing violence caused considerable damage to Turkish-Israeli relations. On the other hand, Israel's withdrawal from Gaza in summer 2005 engendered a flood of visits by high-ranking Turkish officials. Already in May, in anticipation of the withdrawal, Prime Minister Erdoğan traveled to Jerusalem. In contrast with his harsh attacks on Israel a year earlier, he now praised Israel's Prime Minister Ariel Sharon for his decision to withdraw.

Alongside with such visits Turkey and Israel also started planning for Turkish-Israeli-Palestinian joint projects. Thus, in April 2005 the Ankara Forum was established as a permanent dialogue and confidence-building mechanism between the Turkish, Israeli and Palestinian business communities. The Forum which met seven times in Ankara, Istanbul, Tel Aviv and East Jerusalem alternately decided to focus on developing industrial parks in the Palestinian territories. One of these was envisaged to be established in Tarqumiyya. Another envisaged project was "The Campus of Peace" which was to be a medical campus to include a school of medicine, a hotel and a hospital. However, practically speaking, not much came out of these projects so far, mainly because of security and bureaucratic problems.

A turning point in Turkish –Israeli relations took place in the wake of the Israeli three week offensive in Gaza in January 2009 which impacted negatively this relationship. And the questions that need concern us are: why was it so? Will this alter the basics of relations? What is the long term significance of this episode? The Turkish harsh reaction to the offensive was both on the official and popular level. PM Erdoğan led the way by demanding the expulsion of Israel from the United Nations for ignoring the organization's call to stop the fighting in Gaza.⁵ Then came the Davos incident at the end of January in which PM Erdoğan demonstratively walked off the stage during his debate with Israeli President Shimon Peres. No wonder, then, that Erdoğan came to be considered a hero by Gazans, Iranian and Syrians. Taking their cues from him, the media and the Turkish street escalated their anti-Israeli and at times even anti-Semitic attacks to a point which surpassed sometimes those voiced in Arab countries. The reaction on the popular level was partly spontaneous and partly officially organized, including even the mobilization of school children, which points to a political hand acting behind the scenes.

Evidently, there was clear sympathy towards the Palestinians among the Turkish people. At the same time it was also evident that the government was attempting to manipulate this sympathy for different purposes: mobilizing support for the AKP in the Turkish local elections in March; deflecting attention from the domestic PKK problem; challenging the military, the architect of the relations with Israel; and finally, enhancing Turkey's role among Arab and Muslim countries.

5 *Al-Jazeera*, 6 January 2009; *Cumhuriyet* as quoted in *Mideast Mirror*, 12 January 2009; *Sabah*, January 18 2009.

Yet, to put things in proportion, it should be pointed out that for all of the rhetorical and emotional reactions, practically speaking the Turkish government did not initiate any punitive move against Israel. Thus for example it did not recall its ambassador to Ankara as it had done in an earlier occasion. Similarly, while Prime Minister Erdoğan was harshly attacking Israel he also attempted to play the role of mediator for the conclusion of a ceasefire between the two parties.⁶ This time, however, Israel was reluctant to grant Turkey such a role because it began to question Ankara's ability to be a honest broker. Jerusalem also seems to have correctly assessed that Ankara had no influence over Hamas as Egypt (or Syria) had. Hence mediation remained in Egyptian hands, adding a further cause for the traditional rivalry between Ankara and Cairo.

The changing relationship in the Turkish-Israeli-Arab triangle at the turn of the century leads to the following observations: The quality of Israeli-Turkish relations will undoubtedly continue to be affected by the course of the Israeli-Palestinian conflict. The threat perception of Turkey and Israel does not emanate from Communism and Pan Arabism as was the case in the 1960s but rather from radical Islam and terrorism. The threat perception of many Arab countries has also changed dramatically, no longer is Israel perceived as the main threat but rather Iran or other Arab countries, as in the Kuwaiti-Iraqi case. Similarly, Turkey and Israel are no longer outsiders to the region as was the case in earlier periods. They both have increased their manoevrability and enlarged their horizons: Turkey opened new vistas to the Arab East while Israel built certain bridges to Arab countries. This newfound multilateralism of Turkey and Israel as well as and certain Arab states, should assist in stabilizing the region against the counter trend of terrorism and Islamic radicalism.

Conclusion

In order to appraise Turkey's role in the region it is important to compare it with that of another non-Arab power in the region, namely Iran.

1. While Iran leads a radical Islamic theocracy, Turkey stands for democracy and soft Islam at home.
2. While Iran continues to be a revisionist power; Turkey seeks stability.
3. Iran has expansionist ambitions in the region; Turkey is out for soft influence.
4. While Iran's nuclear program helped in narrowing gaps between Israel and moderate Arab countries; Turkey wishes to close such gaps through mediation.
5. Iran declares its intentions to destroy Israel; Turkey is still its strategic ally.
6. While Iran backs Syria, Hizbollah and Hamas militarily, politically and ideologically against Israel, Turkey wishes to play the role of mediator between them and Israel.

6 Today's Zaman, 29 December 2008. Unlike in the Syrian case Israel did not accept this time the Turkish mediation possibly because of what it considered as Ankara's anti-Israeli bias.

All in all, Turkey is a pivotal country in the Middle East. To judge from past experience it is likely to play a moderating role as a counterpoint to that of Iran. Similarly, balance and ambivalence are likely to continue to be the main guiding lines of Turkish foreign policy. Finally, for all the erosion of Atatürkism in Turkey, it seems that his slogan "peace at home peace abroad" continues to be a main guiding principle at least for Turkish foreign policy.

THE EUROPEAN UNION AND THE PALESTINIAN – ISRAELI CONFLICT

ALFRED PIJPERS

Introductory remarks by the chair

“Change” was what Barack Obama promised us during his election campaign, and change we got in the American approach to the Middle East. The first country in the area he visited was not Israel but Turkey in April 2009, followed by Egypt in June. His speech at Al-Achram University in Cairo on the 6th of June marked a turning point in the US attitude towards the Muslim world. Three highly experienced special envoys and advisers, Dennis Ross, George Mitchell, and Richard Holbrooke, were appointed for the wider Middle East, to underscore the new engagement of the present administration in Washington, as compared with the previous one. Barack Obama has chosen to approach Iran “with respect” and without posing “impossible” prior conditions to its nuclear program. He considers the peace proposals of the Arab League “useful”, is strongly supporting a two-state solution to the Palestinian-Israeli conflict, and headed soon on a collision course with the Netanyahu government about the settlements. He understands the Israeli security concerns over Iran, but he seems, for the time being, not prepared to trade possible Israeli concessions on the West Bank for a tougher American stance towards the ayatollahs.

The new engagement of the Obama administration in the aftermath of the Gaza war, and the new Israeli government, are also reason for the EU to rethink its role in the Middle East.

Despite a reputation of weakness and discord, the EU has managed to produce over nearly four decades a rather consistent set of common principles and positions with regard to the Palestinian –Israeli conflict. On the legal basis of the major UN Security Council Resolutions (242, 338, 1397, 1402, and 1515), 27 European states, consisting of nearly 500 million people, now unanimously agree on a two-state formula, a “fair solution to the complex issue of Jerusalem”, a “just, viable, realistic and agreed solution to the problem of Palestinian refugees”, and a “solution in the Israeli-Syrian and Israeli-Lebanese tracks”. These, to be sure, are very general points, and they are also shared by the greater part of the international community, but European diplomacy has actively helped to shape them. The EU is the largest trading partner for Israel, the largest

financial sponsor of the Palestinian Authority, and it often operates as an effective voting bloc in the UN General Assembly and other UN bodies. Particularly the three larger EU states, France, the UK, and Germany, still retain individual room to manoeuvre, but over the years an ever growing number of member states have adapted their foreign policies by and large to the evolving European *acquis politique*, which is also a requirement for the EU-candidates in order to become a member, Turkey in the first place.

The transatlantic dimension

Europe has always acknowledged the primacy of the US in the Middle East (particularly since the peace between Egypt and Israel), but sometimes it wanted to establish its own “identity”, and to develop a more autonomous role, independent from the US. This, however, reduced the possibility of combined pressure on the conflicting parties, and enabled particularly the PLO to seek light between the positions of the US and the EU. Europe criticized the aloofness of the Bush administrations, but the US-EU cohesion over the Palestinian-Israeli conflict remained rather strong, despite the great clash over Iraq and the many other transatlantic disputes at that time. This was mainly due to “9/11” and the required fight against international terrorism, including Hamas and Hezbollah, while increasingly the logic of a two-state formula also narrowed down the transatlantic differences. The Quartet became the common platform for US-EU cooperation, and the times when Arafat could play off his European friends against Washington seem to have gone. So far, the EU has toed, for instance, the US and Israeli line against Hamas, even though many voices in Europe have argued for an end to the boycott of Hamas.

The present situation offers some fresh opportunities for specific EU policies and instruments. Firstly, Barack Obama is much more than his predecessor in favour of a two-state formula, the key policy of the EU ever since it began in the 1970s with upgrading the political identity of the PLO and the perspective of a Palestinian state. In the Middle East the EU has not much to offer in terms of concrete results, but it has always been the foremost champion in the West of a Palestinian state, and has as such induced the US to follow suit. It remains to be seen, of course, to what extent the Netanyahu government will accept the formula, and take the required measures on the ground, but the clear convergence on this point between the US and the EU (and the rest of the Quartet) is a good starting point. Close coordination with the US is also important to offset the negative effects of the rather pro-Palestinian reputation of the EU in the eyes of Jerusalem.

Secondly, the specific trade and aid instruments of the EU are a good match for the economic priorities on the West Bank. Though in the EU the economic approach of Benjamin Netanyahu is considered to be insufficient from a political perspective, the removal of trade barriers and road blocks are of considerable help to the Palestinian economy, with visible results in some of the larger Palestinian cities during the Summer

of 2009. Tony Blair has also been busy along these lines. The EU may not like the economic approach of Netanyahu from an ideological viewpoint, but actually his approach is, if translated into concrete measures, very close to some of the basic European tenets on peace and stability. At the same time it remains important to further develop the Palestinian security sector in cooperation with the current Dayton mission, and to promote related measures for statebuilding, including judiciary reform. On these points the various Action Plans of the EU of the past years still remain of much relevance.

Last but not least, close Atlantic cooperation remains essential vis-à-vis Iran. Barack Obama wants to approach the leaders in Tehran “with respect”, but he seems to forget that the most experienced French, British, and German diplomats of the EU have negotiated for more than five years with the ayatollahs, with full diplomatic *égards*, and without any military threat. But also without any result as far as the nuclear programme is concerned. The failed good cop experience of the EU should certainly be taken into consideration in Washington, when it comes to confronting Iran. And a solid transatlantic support for the legitimate security concerns of Israel in this regard may have its useful spill-over effects for the Palestinian question.

SHARON PARDO

Added value for the EU?

Without question it is the friction over the Israeli-Palestinian conflict that has most soured Israeli-European relations for the past three decades. EU member states have been angered by their marginalisation over the years in the efforts to resolve the conflict and believe the EU should be afforded a role in the peace process matching the Union's global standing. Israeli policies towards the conflict and EU positions and responses to those policies have had a critical impact on the development and the nature of EU-Israeli relations, and the ways that Israeli, Palestinian and European societies have viewed each other.

Even though Europe recognises the grave situation on the ground, Europe feels that now with the new U.S. administration, and after President Obama's speech in Cairo, a new window of opportunity was open for the Union and now it is Europe's turn.

Europe rides on the momentum that President Obama created and feels that after it waited for eight years to work together with the Americans, now Europe has its opportunity and it intends to do its utmost in order to cease this window of opportunity.

For European eyes it looks as if Obama adopted large parts of Europe's worldviews. This is definitely the case when it comes to the Israeli-Palestinian conflict. President Obama clearly adopted the longstanding positions of the EU on: a two-state solution, freezing the growth of all Jewish settlements in the occupied territories, putting an end to the Israeli blockade on Gaza, and the recognition that Jerusalem will be the capital of two sovereign democratic states: Palestine and Israel.

Now Europe understands that with all due respect to its global standing, even under the Obama administration, Europe will remain in the lime light and it will be the U.S. that will lead the efforts of the international community in the Middle East Peace Process.

Thus, Europe's major challenge today is how to support the Americans' efforts in the Middle East, and how to remain an effective partner. Once again Europe finds itself in a

process of developing a consensus among all 27 member states on how to approach the Israeli-Palestinian conflict.

A case in point is the recent upgrade in EU-Israeli relations. A brief background:

In June 2008 the EU-Israel Association Council vowed to intensify EU-Israeli relations as well as agreed to develop and upgrade these relations gradually within the framework of the 'European Neighbourhood Policy' (ENP) in three main areas: diplomatic cooperation; Israeli participation in European agencies, working groups and programmes; and Israel's integration into the European Single Market. In December 2008 the EU External Relations Council reaffirmed its determination to upgrade bilateral relations and issued guidelines for strengthening the political dialogue structures with Israel. In order to implement this political decision, the EU and Israel still have to finalise negotiations reviewing the content of the ENP Action Plan with the aim of adopting a new legal document which is expected to replace the Action Plan that expired in April 2009.

And then came the 2009 war in Gaza and the election of the right wing government of Benjamin Netanyahu which called into question the future of the upgrade process. According to news reports, the American administration asked the EU to join the U.S. pressure on Israel and this is exactly what the EU did on June 15, 2009, during the recent EU-Israel Association Council. The EU used the upgrade process as one of its major assets to exert pressure on Israel. EU foreign ministers told Israel that while the upgrade process is *de jure* valid, *de facto* the process is suspended, as this process must be seen in the context of the resolution of the Israeli-Palestinian conflict through the implementation of a two-state solution and mainly by Israeli actions on the ground.

Now even though the upgrade process that Israel requested from Europe is simply empty of any serious content, and this is really the place to say the real truth that the Israeli government is not really interested in the content but rather in the act itself, the upgrade process is above all an iconic and a symbolic act.

After a long process of negotiations and despite major opposition of some EU members, among them Italy and the Czech Republic, eventually all EU member states were successful in developing an understanding that their only mean to assist the U.S. administration in exerting pressure on Israel is through EU-Israeli bilateral relations, i.e. through this symbolic gesture of the upgrade in EU-Israeli relations. Today both the Americans and the Europeans see EU-Israeli relations as the major European source of leverage that Europe can use to influence Israel, and I expect that in the near future we will see more usage of this instrument. The upgrade process will happen only in the context of the Middle East Peace Process.

And there are those in Israel who believe that under the Obama administration America will now act even-handedly vis-à-vis Israel unlike perhaps as the EU. And here I would like to suggest that when it comes to the Palestinians, today Israel trusts the EU more than it trusts the U.S. After all, the EU trains the Palestinian police forces, the EU trains

Palestinian judges, and the EU builds the Palestinian governing authorities and the Palestinian civil society. It is the EU, much more than the U.S., which builds Palestine and it looks as if Israel trusts the EU in implementing these tasks.

Shall I dare say that thanks to the Obama administration Israel finally found itself its natural ally – the EU? It might be too soon to suggest that the EU will now replace the U.S. as Israel's trusted ally, but when it comes to the civil and semi-security dimensions of the Israeli-Palestinian conflict, the evidence on the ground clearly shows that Israel trusts the EU and that Israel has found itself a new ally for these purposes.

Long before the U.S., it was official policy of the EU that the solution to the Israeli-Palestinian conflict lies within the framework of a two-state solution. Europe is dealing with 'the boring side of the conflict', and through its financial support, training, security and education initiatives, Europe is quietly trying to build a Palestinian state.

While Hamas is indeed on the European list of terrorist organizations, for about two years Europe has expressed support for efforts to reach internal Palestinian reconciliation. Moreover, in the wake of the war in Gaza some EU member states have gone further and advocated for a change in European policy towards Hamas. Today there is a tendency in Europe to distinguish between Hamas 'the organisation' and a new national Palestinian unity government that will have some Hamas members in it. Indeed, EU member states, such as Ireland, Portugal and Belgium, are advocating to dropping the three Quartet conditions – recognition of Israel, acceptance of previous peace agreements and end of violence – and engaging with such a new government that will only implicitly recognise the three Quartet conditions. Now while the Czech Republic and the Netherlands strongly oppose such a move, it is clear that they are in the minority.

A case in point is the recent meeting of the EU foreign ministers on June 15, 2009. If you carefully read the foreign ministers conclusions on the Middle East Peace Process you will notice, that for the first time since Hamas took power over the Gaza Strip, the EU foreign ministers did not call, as in the past, for Hamas to renounce terrorism, recognise Israel or accept PLO agreements with Israel. Instead, the conclusions said that the foreign ministers expressed "continued encouragement for inter-Palestinian reconciliation behind President Mahmud Abbas and support for the mediation efforts by Egypt and the Arab League". The foreign ministers called "on all Palestinians to find common ground, based on nonviolence, in order to facilitate reconstruction in Gaza and the organization of elections". Europe is slowly moving away from the Quartet conditions and is ready to talk to Hamas. From a European point of view – talking to Hamas is pure pragmatism. Moreover, in its recent Trieste Statement from June 26, 2009, it looks as if the Quartet itself uses a softer version for its own conditions.

So to conclude my remarks – if Washington now speaks in the same voice as Brussels, and if Washington has really adopted the EU positions regarding the conflict, what then

remains for the EU? I think that the EU added value can be seen on several fronts and the recommendations to the EU are the following:

1. Europe should promote more actively the formation of a Palestinian government of national unity. Europe should express its support to the Egyptian mediation. Moreover if the formation of a new Palestinian unity government requires a dialogue with Hamas, then Europe should immediately open such a pragmatic dialogue.
2. Europe should use its special, historic and privileged relations with all the Arab countries and with the Arab League in order to assist the U.S. in engaging with Israel, within the context of the Arab Peace Initiative.
3. Europe must continue its work in establishing a Palestinian state. Europe should deepen its financial and governmental commitments to building a viable and democratic state for the Palestinian people.
4. If Europe really wants to play a role in the Middle East Peace Process it must re-launch the job of its Special Representative for the Middle East Peace Process. The Representative can not and will not play a crucial role in the conflict as long as he is stationed next to Mr. Solana in Brussels. The EU Representative must relocate his office, preferably to the region, or to Cyprus, and he should start a serious shuttle diplomacy together with Senator George Mitchell.
5. Europe should reinstate its monitoring mission at Rafah, as soon as the situation allows.
6. Europe should publicly declare that in the eventuality of a Palestinian state it will be willing 'to put boots on the ground' and provide military forces that will patrol the Israeli-Palestinian borders.
7. With regards to Israel, the EU must make it clear to the Israeli government that EU-Israeli bilateral relations are linked to the developments in the Middle East Peace Process, and, quite specifically, on Israel's active promotion of peace with all its neighbours, including first and foremost with the Palestinians. Indeed, only the full implementation of a two-state solution should make the upgrade of EU-Israeli relations possible. At the same time, lack of progress on Israel's part should freeze any future negotiations on the upgrade process.
8. If the settlement issue is indeed so important for the European public, in order to clarify the international position on settlements, Europe should continue its stance, when it comes to Israeli export from the Occupied Territories. Europe should also stop funding research and development projects which are carried out in the settlements. This means that FP7 grants to academic institutions, research institutions and companies based in the Occupied Territories should be frozen immediately. This should also include participation in other European programmes and agencies.

GISELA DACHS

The EU and Israel: an uneasy relationship

The Israeli European relations consist of a number of conflicting trends. There is on one hand a strong and ever increasing network of economic, cultural and personal ties at the bilateral level yet this is a relationship at the political and multi lateral level marked regularly by mutual disappointment and misunderstandings. While both Israel and Europe share a common cultural and social heritage with similar values their conceptions on society, politics, security and identity also differ. These differences do not always seem obvious but play a fundamental role when it comes to the attitude of Israelis towards Europe as a player in the Middle East. Even so they show a strong support for the EU its member states and leaders, only a small percentage of Israelis would like to see the EU to be involved in the solution to the Israeli Palestinian conflict. And Israel has been determined to minimize Europe's role in the peace process at least. They do not want it as a real player, that's the key words here. At the same time Israel maintains a genuine desire to strengthen its ties with Europe and a wish to be accepted by Europeans and included somehow at least as part of the European project. I want to quote from a recent poll done by the Konrad Adenauer Foundation in Jerusalem in April 2009 and the astonishing numbers are that indeed there is a relatively strong support for European leaders: Even though Blair is not anymore in Britain in function, he had 68% of support, Sarkozy 64%, Angela Merkel 56%, Brown 35%, Berlusconi 35% and Solana 26%. But when the question came which would you more like to be involved in the solution to the Israeli Palestinian conflict 55% answered the US and only 9% said the EU and the others are not really relevant. 7% said NATO and 6% said Russia.

At the same moment 69% of Israelis support the idea that Israel would join the EU and when they are asked whether they would relocate in Europe if they were granted citizenship, 72% said no but which is a smaller percentage than in 2007. At that time there were 84% that said no, so there is an increase at least in the declared willingness of moving to Europe if one had the right papers. But what it would really mean joining the EU is not clear to most of the Israelis. If one would go into the details and say that this would mean for example to forgo the Shekel, that there would be a complete change of

immigration policy which needs to be adopted to the EU standards then very quickly Israelis would say this is not really our cup of tea right now. And here I think we are at one of the fundamental differences when it comes to a closer look.

At its most fundamental level the European Union comprises a post national project wherein the member states are willing to transfer part of their sovereignty and their decision making capacity in the realm of politics, economics, society and security to new supra national institutions. Citizens are encouraged to transfer part of their identity away from their nation state and develop a new loyalty to those institutions. It doesn't go without conflict but this at least is the big project.

While this is the big idea one tends to push aside sometimes that new nations in fact are being created all the time, at least in eastern Europe, there are the countries of former Yugoslavia that strived for independence and also of the former Soviet Union. But the image that Europe wants to project is nevertheless clear: It has overcome its nationalist past. Emphasis is now placed on the importance of the development of civil society, the importance of non governmental organizations and the respect of human rights, and it seeks to persuade others, especially those still caught in the trap of ethno nationalist conflicts, of the importance of trading a similar past. Israel is different. The Zionist project and the State of Israel seek a different outcome, one more familiar with Europe's past rather its present, and its present projection namely that of state building and the creation of the State for the Jewish people. At its core, Zionism is a nationalist enterprise and Israel is still in the process of nation building. Loyalty is directed to the institutions of the state; and few in Israel would be prepared to forego elements of Israeli sovereignty to Brussels, especially if this meant any dilution of the Jewish character of the State.

Then there are also differences when it comes to the perception of the conflict. For the majority of Europeans a political solution of the Israeli Palestinian conflict is imperative. The continuation of the conflict is seen throughout Europe as a major source of instability in the Middle East. The resolution of the Palestinian question is looked upon as a critical component in addressing Moslem unrest and an important element in taking the growth of Islamic fundamentalism and international terrorism. The conflict has increasingly entered into domestic politics, there is increasing Moslem population but there is also growing anti-Semitism in Europe which is not desired so the idea is the conflict has to be removed. And this reminds me of this famous poll in Brussels which was in the year 2003 where they asked in the EU who is the greatest threat to world peace and 59 percent – the biggest number- answered Israel. I remember I had talked to my colleagues in the newspaper, I said what is the reason and the answer was pretty clear. They said well we don't want riots, we don't want Moslem riots in the streets, this is too dangerous for us. There are so many of them in the world. It was a very straight answer. We feel threatened by that.

But also the debate on the cartoons in Denmark and the murder of the Dutch filmmaker Van Gogh show how much Europe is under the shadow of Islamic fundamentalism and tries to find a way to calm things down. And there is again a difference in perception -

they see a direct link to the Israeli Palestinian conflict, Israelis don't see this direct link in that sense. So Israelis regard European views on the Israeli Palestinian conflict and its resolution as a bit flawed and illusory and they think that Europeans display little understanding of the roots and real dangers of Islamic terrorism and accuse it of conducting an appeasement-policy.

When it comes to security there are also different perspectives and approaches concerning the management of international and regional security. Israelis are disappointed that Europeans do not recognize sufficiently Israel's environment, the nature of the short and long term threats Israel is facing and the measures it needs to adopt in order to counter these threats. This is right now a very classical reaction in Israel when it comes to Iran: Israelis point to Europe and say so where are you now to condemn also what is going on in Iran where the demonstrations are suppressed? Where are the voices of Europeans holding up values of human rights? You do this when it comes to the Israelis but where are you when it comes to the Arabic world with the classical accusations of the double standard that the Israelis address towards Europeans.

But Israel and Europe differ also on the management of power in international relations. For many in Israel Europe is seen as weak on the question of international security and I think this is a very interesting point. When it comes to the Israeli-Palestinian conflict Europeans would like very much to see an agreement – even imposed. And then the question comes who will help to reinforce such an agreement. But when they are being asked then whether they would be willing to send armed troops the reaction is much less enthusiastic to say the least.

I remember the big discussion in Germany after the Second Lebanon War when Berlin decided to station marine troops at the shores of Lebanon. In fact the government and the parliament agreed to this, but this was done against the opinion of a large majority of the population. This is a classical dilemma. On one hand the Europeans say yes we have to do something and we want to play a bigger role next to the United States, but when it comes to the concrete idea to get really involved which includes risking the life of soldiers there is a lot of reluctance. So the US in fact rests the only really effective player but I would also say that there is a growing acceptance in Israel - and this is new - of the idea of EU troops. After the Second Libanon War Israels Prime Minister Ehud Olmert even asked the German Chancellor Angelika Merkel to send troops. Israel had given up – at least partly - the old idea of “we can only rely on ourselves when it comes to our security”, so I would say there has been a change.

Also at the beginning of the peace process the role of the EU as a financial helper in Palestinian development had not been questioned in Israel. After the Oslo agreement Germany shifted development aid (that had been transferred so far to Israel) to the new Palestinian Authority. There was no debate about it in Israel, but a lot of understanding. It was only during the second intifada when the question arose where all the European money really goes. Does it go to weapons and how can one control giving money to state building without giving blank checks? Also in Europe they had done quite a lot of soul

searching in that respect. The gap is maybe less big like it used to be. Now it will be interesting to see how American politics will be changing, whether they get closer to the European positions and what will be the outcome. I think one has to watch in the next months whether there is a reshifting in general.

Thank you very much.

PATRICK MÜLLER

The economic instruments of the EU

This paper examines how the EU has employed economic instruments to facilitate the resolution of the long standing conflict between Israel and the Palestinians. The conference theme ‘strengthening the forces of moderation’ is addressed from an EU perspective. More specifically, ‘moderate positions’ are understood in terms of the principles and positions on conflict resolution established in EU declarations (e.g. a two-state settlement negotiated between the parties and the respect for international law). The paper proceeds as follows: in a first step, it delineates the EU’s positions on key conflict issues and identifies two main ways in which the EU can employ economic instruments to facilitate conflict resolution based on the principles established in its declaratory diplomacy. In a next step, the paper turns to the EU’s economic peace-making instruments, which include the Euro-Mediterranean partnership, the European Neighbourhood Policy and Europe’s development policy toward the Palestinian Authority (PA). The final section assesses the effectiveness of the EU’s conflict resolution policies.

EU Objectives and Routes of Influence

When the European Political Cooperation (EPC) was established in 1970, the Arab-Israeli conflict was among the first issues on the European foreign policy agenda. Over nearly for decades of European foreign policy cooperation on the Middle East conflict, the EU has developed a clear common position on how the conflict between Israel and its neighbours should be resolved. With regards to the Israeli-Palestinian dimension, the EU supports a two-state solution negotiated between the parties to the peace process and the establishment of a viable, independent, sovereign, peaceful and democratic state along the 1967 borders, with minor adjustments agreed by the parties. Moreover, EU declarations have repeatedly called upon both parties to respect international law and human rights. The EU criticized Israeli violation of international law, such as settlement expansion and the demolition of Palestinian homes. At the same time, the EU condemned terrorist acts carried out by Palestinian militants.

Two principle ways can be identified through which the EU can use economic instruments at the service of conflict resolution and to promote the positions and objectives defined in its declaratory diplomacy. First, the EU can use ‘conditionality’ (Diez, Albert, and Stetter 2008; Tocci 2007) – that is a strategy where a reward is granted or withheld depending on the fulfilment of an attached condition (e.g. implementation of a specific policy). The EU pursues this strategy through ‘contractual agreements’, which may range from an accession process (that leads to full membership) to looser forms of association.¹ Conditionality can be used to prescribe particular solutions to a conflict (based on moderate positions defined in EU declarations) and to rule out others (based on extremist positions). The effectiveness of conditionality is understood to depend on three principal factors (Schimmelfennig 2005): the attractiveness of the incentives; the size of domestic adaptation costs; and the credibility of conditionality.

Second, the EU can use economic instruments to promote a conducive environment for a conflict settlement. By promoting cooperation and joint activities, the EU can establish a ‘connective impact’ between the conflict parties – both at the level of policymakers as well as at the civil society level. In so doing, the EU encourages the formation of social networks and facilitates processes of socialisation, learning and identity change. Through the provision of development aid, the EU can furthermore address the ‘structural conditions’ (Galtung 1969) underpinning conflicts, such as social injustice, unequal development, discrimination and poverty.² It is important to point out, however, that when international assistance is provided in a situation of a violent conflict it becomes part of the conflict-context (Anderson 1999). And when aid is provided in a fashion that is not sensitive to a particular conflict-context, it may even reinforce, exacerbate and prolong and conflict situation.

The EU’s Economic Instruments

The economic instruments through which the EU can influence the conflict between Israel and the Palestinians can be divided in three ‘categories’.

Development aid and bilateral cooperation with the conflict Parties: Subsequent to the launch of the Oslo peace process in 1993, the EU became the main international donor to the newly established Palestinian Authority (PA). In the period from 2000-2009, the assistance of the European Commission to the Palestinian people amounted to 3.4

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- 1 Conditionality played a central role in the process of the EU’s eastern enlargement, where it was used by the EU as a means to transform the governing structures, the economy and civil society of the candidate countries (Grabbe 2005; Schimmelfennig and Sedelmeier 2005).
 - 2 Johan Galtung (1969) has identified ‘structural violence’ – that is the constraint on human potential due to economic and political structures – as a problematic condition that often leads to direct violence and conflict.

billion Euros.³ EU cooperation with Israel covered programs in support of civil society (e.g. ‘people-to-people programs’) and the European Initiative for Democracy and Human Rights as well as to regional programs under MEDA (see below).

The Euro-Mediterranean Partnership (EMP): The Euro-Mediterranean Partnership (a.k.a. Barcelona process) between the EU and 12 Mediterranean partner states including Israel and the PA was launched in 1995. The Euro-Mediterranean Policy consists of three baskets of measures, dealing with common security concerns and political governance, economic development, as well as civil society cooperation in the Mediterranean.⁴ The EMP was built on a regional approach (see Del Sarto/Schumacher 2005) and enhanced cooperation is envisaged between the EU and the partner states from the Middle East and North African (MENA) region as well as between the participating MENA countries themselves. To achieve these goals, the Barcelona process relied on three main policy instruments: bilateral association agreements, multilateral dialogue and an EU-driven financial mechanism called MEDA (Mesures D’Accompagnement).

A bilateral association agreement between the EU and Israel was signed in 1995. The association agreement established, *inter alia*, a free trade area for industrial products and the two parties granted each other significant trade concessions for specified agricultural products and the reciprocal liberalization of the right to establishment for companies. Israel was furthermore the first non-European country to be associated with the EU’s Framework Program for Research and Technology Development.⁵ In 1997, the EU signed an interim association agreement with the Palestine Liberation Organization (PLO). The EU’s association agreements with both Israel and the PA include human rights clauses, which explicitly allowed for the suspension of the agreement if the other party would fail to fulfill the obligations under the agreement.

European Neighborhood Policy: The European Neighborhood Policy (ENP) was established in 2004 to strengthen the prosperity, stability and security in the European periphery. The ENP offers the partner states a deeper political relationship and economic integration with the EU without granting EU-accession. Unlike the Barcelona

3 EC Assistance to the Palestinian People 2000-2009, available at: <http://ec.europa.eu/external_relations/occupied_palestinian_territory/ec_assistance/eu_support_pa_2000_2009_en.pdf>.

4 The EU’s financial commitments under the MEDA system – which was the EU’s second biggest external relations program – were very significant. Under the MEDA I program commitments amounted to 3.30 billion Euros in the period from 1995 to 1999. During the same period, the European Investment Bank (EIB) approved loans totalling 4.8 billion Euros to the MENA region. In 2000, MEDA I was replaced by the MEDA II program, which was endowed with 5.35 billion Euros for the period between 2000 and 2006.

5 In 1995, Israel joined the Forth Program for Research and Development and has participated in all subsequent programs. See: Ministry of Industry, Trade & Labour: Science and Technology, the Way to Europe, November 2006. Available at: <<http://www.iserd.org.il/images/public/About/Files/ISERD.pdf>>.

process, the ENP is not a regional approach but rather builds on differentiated bilateralism and positive conditionality. The ENP is based on the mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustained development). A deepening of a country's bilateral relations with the EU depends on its willingness to progress with economic and political reform. Each country has a bilateral action plan agreed upon with the EU, which sets the country's economic and political reform priorities on the short and medium terms (3-5 years).⁶ The EU adopted an action plan with Israel in December 2004 and with the PA in May 2005.

EU-Israeli Relations and the Effectiveness of Economic Peace-Making

Given the substantial importance of the EU's economic relations with Israel, the EU's potential influence over Israel's conflict behavior can be expected to be significant. The EU is Israel's most important trade partner and in 2004, 33 percent of Israel's exports went to the EU and 40 percent of Israel's imports originated from EU-countries. Yet, at the same time, EU-Israeli relations are overshadowed by history - most importantly by the crimes committed by European countries in the Holocaust.⁷ The EU's image in Israel also suffered from the EU's Middle East policy of the 1970s and 1980s, which was perceived by many in Israel as 'pro-Arab'. Still, even though the Union's ability to alter Israeli policies through 'soft' forms of influence remains limited, the EU's economic and political importance put it in a powerful position to influence Israeli policies.⁸ But how effectively has the EU used its economic instruments to promote Israeli compliance with EU standards and positions on conflict resolution?

Conditionality: Despite grave Israeli violations of human rights and international law, the EU has for the most part refrained from using conditionality vis-à-vis Israel and displayed a remarkably compromising attitude in practice (Del Sarto 2006). As long as Israeli governments were committed to the negotiation process with the Palestinians, the EU was not interested in burdening its relations with Israel by 'sanctioning' Israeli violations of EU standards and positions. In the absence of significant external pressure, Israel continued its settlement activities and other violations of international law. As a result, the instrument of conditionality lost much of its credibility.

As a matter of fact, it became increasingly apparent over the course of the peace process that the EU's emphasis was primarily on keeping both parties committed to the

6 The Action Plans are based on country reports prepared by the European Commission, which deal with the political, socio-economic and institutional situation in each country.

7 At the same time, the majority of Jewish Israelis is of European descent and generally feels closer linked to Europe than to the Middle East

8 Israel is also eligible under the European Neighborhood and Partnership Instrument's (ENPI) regional and cross-border cooperation programs.

negotiations, rather than on ‘ensuring’ Israel’s adherence to EU positions and international law.⁹ The EU’s dispute with Israel over the ‘origin of goods’ produced in Israeli settlements in the Palestinian territories and exported to the EU is a good case in point. Even though the EU had been aware that Israel was illegally benefiting from the trade agreement with the European Union by exporting products manufactured in settlements but labeled as Israeli products to the EU, it used to turn a blind eye on the issue as long as the peace negotiations were on track. It was only during the first premiership of Benjamin Netanyahu – who was an outspoken critic of the Oslo-peace process – that the European Commission raised doubts about the ‘origin of settlement-goods’ in 1998.

Another telling example was the EU’s decision in mid June 2009 to postpone a further deepening of EU-Israeli relations in the ENP-framework. The decision followed the reluctance of Benjamin Netanyahu, who won a second term as prime minister in February 2009, to back the ‘two state-solution’.¹⁰ However, the emphasis of the current US’ administration to improve the situation in the Palestinian territories and to freeze settlements as well as the effect of the Gaza war on European foreign policy-makers led to a situation where the EU seems willing to step up its demands on Israel.¹¹

Connective impact and socialization: A central objective of the Euro-Mediterranean Partnership (EMP) is to encourage “region building” (i.e. promoting a sense of community and regional awareness). Yet, as highlighted by Federica Bicchi (2006) the Mediterranean represents a particularly hard case for region building, particularly with respect to Israel. From an Israeli perspective, region building would have entailed an anchoring of Israel’s self-perception in the Mediterranean (Del Sarto 2003). However, Israel felt rather uncomfortable with being considered a ‘Mediterranean country’ in a similar way like its Arab-neighbors, as it feels it has much more in common with European states in terms of its political and economic system (Tovias 2003).

9 This contributed to a situation where the faith of many Palestinians in the peace process and their trust in the ruling Fatah party got increasingly undermined by the developments ‘on the ground’.

10 Only six month earlier, on 8. December 2008, the Council of EU Foreign Ministers had approved the principle of reinforcing relations between the EU and Israel arguing that this deepening of EU-Israeli relations would encourage the Israeli authorities to do more to improve the living conditions in the Palestinian territories. See Odet Eran (2009).

11 A recent report by the EU Commission strongly criticizes Israel for unsatisfactory dealings with the promotion and development of the Arab minority in Israel, the growth of settlements, insufficient progress in access and movement of Palestinians and hindering international assistance to Gaza. See Commission of the European Communities, Communication from the Commission to the European Parliament and the Council – Implementation of the European Neighbourhood Policy in 2008, COM(2009) 188/3, Brussels, 23.April 2009.

The EU moreover promoted dialogue and various forms of exchanges between the Israeli and Palestinian civil societies. On the positive side, it can be said that the EU's financial support for civil society contacts projects enabled the establishment of a substantial network of contacts and backdoor negotiations between Israel and the Palestinians (Yacobi and Newman 2008). In some instances where Israeli-Palestinian Track I negotiations became deadlocked, Track II dialogue networks and NGOs proved helpful in giving the peace process new impulses.¹² However, for a number of reasons the "connective impact" at the civil society level has not been a motor for conflict transformation and resolution. Israel's political elite generally regards conflict resolution as the (exclusive) realm of the government and of the security establishment. At the same time, the wave of terrorist attacks by Palestinian extremists in the second half of the 1990s and early 2000s has substantially undermined the reconciliation attempts by moderate Israeli civil society organizations.

EU-Palestinian Relations and the Effectiveness of Economic-Peace Making

The EU's influence over the PA is even more pronounced than in the case of Israel. As a partner in the Euro-Mediterranean Partnership and the European Neighborhood policy, the PA received significant funding under the MEDA programs and later through the European Neighborhood and Partnership Instrument (ENPI). The EU provides also direct budgetary assistance to the PA that is, among other things, used to finance the salaries of PA civil servants. At the same time, the EU is regarded by many Palestinians as a more balanced broker in the peace process than other international actors like the US and thus enjoys a considerable amount of 'soft power' to influence the PA's conflict behavior.

Conditionality: For many years, the EU supported former Palestinian president Yasser Arafat as a 'reliable partner' in the peace process, despite his authoritarian governance-style and the PA's problematic human rights record and high level of corruption.¹³ Pre-occupied with short-term stability and a smooth progress in the diplomatic process, the EU generally avoided employing conditionality as a means to facilitate PA-reforms. It was only after the collapse of the Oslo-peace process at the end of 2000 that the reform of the PA became a central EU-priority.¹⁴ In the period between 2003 and 2005, EU conditionality, particularly the threat to withhold aid, was used effectively to facilitate

12 A good case in point is the so-called 'Geneva Initiative', which is an unofficial agreement that offers a blueprint for a comprehensive Israeli-Palestinian peace agreement.

13 Very importantly, the PA suffered from an insufficient institutionalization of citizens' rights and the concentration of executive power, the use of large-scale public-sector hiring as well as instances of police violence and flawed financial management. See: Council on Foreign Relations, Strengthen Palestinian Public Institutions. Independent Task Force Report, Washington 1999.

14 At that time, both the US and Israel made a reform of the Palestinian leadership and institutions a central precondition for their support of peace-negotiations.

specific reform steps. Among other things, the PA-reforms led to a greater separation of powers, reforms of the judiciary and enhanced fiscal transparency. And the EU-Palestinian action plan of May 2005 clearly stated that the bilateral EU-Palestinian relationship will depend, among other things, on the PA's capacity to implement jointly agreed reform priorities.

After the victory of the Islamic Hamas movement at the Palestinian legislative elections in January 2004, the EU's policy toward the PA changed substantially. The EU joined Israel and the US in isolating the Hamas led Palestinian government, which refused to accept the so-called Quartet principles (i.e. the acceptance of Israel's right to exist, renouncing violence and endorsing past Palestinian agreements with Israel). Since Hamas' violent takeover of the Gaza Strip in June 2007, the EU follows the "West Bank" first approach of the US and Israel. The EU supports president Mahmoud Abbas from the secular Fatah party and his government in the West Bank and isolates the Hamas leadership in the Gaza-Strip. However, after the Gaza war between Israel and Hamas (December 2008 and January 2009) the EU's policy toward Hamas has become subject to increasing criticism. To many, Hamas has become a factor that can no longer be 'isolated' when it comes to Israeli-Palestinian peace-making as Hamas has become a popular movement in Palestinian politics that is deeply rooted in Palestinian society (Zuhur 2008).

Connective impact and socialization: Subsequent to the launch of the Oslo peace process and the establishment of the PA, Palestinian civil society organizations needed to move away from an approach of combating Israeli occupation to a strategy of supporting the peace process and engaging in direct contact, dialogue and cooperation with the other side. This raised criticism among some Palestinian civil society actors, arguing that civil society cooperation with Israel legitimized Israel and functioned as a fig leaf for continued occupation (Herzog and Hai 2005). Other civil society actions considered engagement and dialogue with Israeli (civil) society as a mechanism to convince the Israeli public and political elite of the legitimacy of Palestinian positions. However, the developments on the ground during the Oslo peace process – particularly the continuation of Israeli settlement expansion – considerably undermined Palestinian trust in the peace process and eroded the credibility of internationally funded NGO's, which became increasingly detached from mainstream society. At the same time, the growing number of physical barriers between the Palestinian and Israeli societies – e.g. Israel's West Bank wall and closure and permit policies – led to a deepening of the divisions between the Israeli and the Palestinian societies.

Eradicating the seeds of structural violence: Estimates suggest that since 1993/94 as much as 14 billion US dollars have been disbursed, which make the Palestinian territories one of the highest recipients of per capita foreign aid in the world. Still, despite the huge amount of funds provided by the international community, the living conditions of the population have consistently deteriorated since the mid-90s. Analyses by the World Bank, the UN and the IMF are consistent in pointing to the Israeli closure policies in the Palestinian territories, intensified Israeli control and increasing restrictions on the

movement of Palestinian goods and persons as the key obstacle to the development of the Palestinian economy. The decline of the Palestinian economy has led to a situation where the structural conditions underpinning conflict - such as social injustice, unequal development, discrimination and poverty - can no longer be addressed in an effective and sustainable manner.

Conclusion

This paper argued that the EU's instruments of trade and aid open up important opportunities to influence the conflict situation between Israel and the Palestinians. Through its economic instruments, the EU can use conditionality as a tool to influence the conflict behaviour (and interest calculations) of the parties to the conflict and it can facilitate processes of socialisation and network-formation at the regional, state and civil society levels. Through its development and aid policy, the EU can furthermore play an important role in eradicating structural conditions underpinning conflict - such as social injustice, unequal development, discrimination and poverty.

However, a number of important shortcomings have been identified in the common European policy toward the Israeli-Palestinian conflict that severely undermines the effectiveness of the EU's 'economic peace-making approach'. Most importantly, the EU has primarily focused on the objective of keeping the diplomatic negotiation process between Israel and the Palestinians moving, while not enough attention has been paid to affectively address the problematic developments 'on the ground'. There has been a problematic gap between the EU's rhetoric and position on the conflict - which condemned violations of human rights and international law and emphasizes the need for a peaceful conflict settlement - and the EU's actual conduct. As a result, the EU faces a 'credibility problem' and is perceived as a 'declaratory actor' with little political clout. At the same time, the failure of the EU and other international actors to ensure the compliance of the conflict parties with international standards and previous agreements - such as the road map of 2003 - has resulted in a situation where the realisation of the two state solution is becoming increasingly infeasible (Asseburg and Müller 2008).

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EPHRAIM KLEIMAN

A brief comment

Dr. Müller's presented a very useful taxonomy of the various channels through which the EU can try to influence things, and also mentioned some of the problems which arise. Unfortunately, there are some inherent contradictions lurking there:

First, there is often a contradiction in conditioning a future benefit on some behavior in the present, when granting it as an incentive would be more effective in bringing about the desired change. The question of 'triangulation' in the Barcelona Process provides a good example.

Secondly, there are the hidden agendas. Underlying the Barcelona process was not the welfare of the Mediterranean, or the Israeli-Arab peace process, but the wish to reduce migration to Europe. Thus, sometimes, the stated goals are not necessarily those one really wants to achieve, and the two are not necessarily achievable through the same means. And the implicit agendas of the individual EU members operating here are even wider.

Thirdly, there is a certain asymmetry between Israel and the Palestinians, in that the incentives used vis-à-vis the Palestinians can be money and some technical assistance and expertise, while in the case of Israel, the incentives would be creating the conditions for it to make money; and the two are not the same. In the first case, one can apply solutions directly. The second process is much more complicated.

Fourthly, there is a tendency to go after things which can be easily purchased. Dr. Müller mentioned creating contacts between the two sides and 'Track II' channels. Frankly, most of them are far removed from decision making. I made a lot of frequent flyer miles out of such efforts of various organizations. If there was a point in history when this process was important, it is no longer a great thing now that Israelis and Palestinians sit together at the same table where, in any case, they meet the 'usual suspects' and the converted.

Dr. Müller's paper also mentions unintended consequences. UNWRA is the prime example of a contradiction within a single conduit of intervention. It looks after the welfare of the Palestinian refugees, but by doing so it also perpetuates their plight. No UNRWA was set up for the seven million refugees from the partition of India, the Germans kicked out of the Sudetenland or of western Poland. So they settled down where they could. Some still harbor feelings of injustice, but they realize that the wheel cannot be turned back. By providing an alternative to Palestinian resettlement, UNWRA ipso facto prevented it.

If the EU, or anyone else, really wishes to facilitate the Israeli-Palestinian peace process, they should remove the greatest obstacle to that process. With all due respect to the Settlements as an obstacle, I think that a much greater obstacle is the matter of the right of return. Until this is defused, there is no chance of having real peace. Even if some agreement is reached, there will be rejectionists in the camps in Syria or somewhere else who will make life miserable for Israel and even more so for the Palestinian leadership.

In the multilateral committee on refugees, set up after Madrid, various countries committed themselves to accepting large numbers of refugees after Israeli-Palestinian peace is attained (rather than accepting them before, in order to facilitate it). Now, after 9/11, not many countries in the West will accept significant numbers of Palestinian refugees. In any case, the subject of a possible resettlement is taboo among Palestinians, and the EU has accepted this taboo, even more than it accepted the parallel of the Settlements as an obstacle. Of these two problems the Settlements are an easier one to sort out. Nonetheless, there has been quite a lot of noise from the European Union about the Settlements, but there has not been a word about the settlement of the refugees.

EUROPE'S CONTRIBUTION TO PEACEKEEPING

KOBI MICHAEL

Introductory remarks by the chair

Basically I am coming from the field of conflict resolution and I deal with civil-military relations and the peace support operations as the ultimate means used by the international community in order to intervene in ethno-national and international conflicts. It is my pleasure and I am honored to chair this session with Dr. Karin Aggestam from Sweden and Dr. Efrat Elron currently from the IPI but basically and originally from Israel, a very good colleague of mine. We are working together on this topic for a long time. I will try beginning with your permission with a short analysis, my private analysis, or observation regarding the two papers that I had the privilege to read and I hope that it will be also a sort of a focus or challenging questions to the presenters themselves.

I have no idea if Dr. Elron and Dr. Aggestam were chosen for this session on purpose but there is a sort of a Balance between of them because actually if Dr. Elron focuses on the security dimension and the security requirements as one of the most important challenges if not the barrier in any sort of international intervention in the Israeli Palestinian conflict, the focus on the other hand that is made by Dr. Aggestam is I would say the asymmetric dimension of the conflict and the tendency of Israel to act unilaterally and actually the idea of spoilers and the reluctance of both sides to fulfill their commitments according to the agreements that were signed. Efrat focuses on the complexity of international intervention operation and the need for proved capabilities and capacities in order to provide the Israeli security demands in the political context and if I understood correctly the hidden assumption that Efrat makes is that providing the security requirements of Israel is actually the most important challenge in any sort of international intervention or a complex intervention operation that will be taken here in this theater. Efrat actually stresses the relative advantages of Europe relating to the quality of the resources and the forces that are required for a complex peace operation and emphasizes the European interest in the success of such an interest from the standing that actually this arena is the backyard of Europe and then she concludes with a sort of mapping of challenges, operational, strategic and some other maybe organizational challenges for such a complex operation.

On the other hand as I said Dr. Aggestam's paper is a more conceptual paper that deals with the preconditions or with a basic analysis regarding the causes for the failure of the Oslo Agreement or of the Oslo process until now and I think that she finds the asymmetric dimension of this conflict as one of the main causes and as I said before the tendency of Israel to act unilaterally and in that regard to force itself on the Palestinian side and on the international community as well and if I understood correctly the main idea so the main focus or the main aim of any sort of future international operation is to assure the compliance of both sides to the agreement and to prevent spoilers from any sort of influence on the agreement.

I think that it is very important to emphasize that both papers share in a sense a common assumption that the complex peace operation should be held or will be held after an agreement, a final agreement that will be signed between both sides. I think, at least based on my experience, that this is not the situation and it is not going to be the situation in the near future. It means that if we really want to face the real challenge then we have to deal with the reality which means that there is no final agreement between both sides and then the question that should be asked in this regard is what should be the role of the Europeans, what should be the role of third parties and what should be the nature of any sort of complex peace operation.

I think it is also important to emphasize that the reality that we live in is much more complicated than the reality that we knew some years before or at least three or four years before because we have here at least three entities, if not more than that. We have two Palestinian entities and the Israeli entity and it looks like the first Palestinian entity in the Gaza Strip is totally different in its nature than the other Palestinian entity in the West Bank and therefore maybe there should be two different peace operations in these two different entities.

I would like to make another point for you and I hope that you will address it in your presentations. The international experience regarding complex peace operations or as we know, second generation peace operation and the international experience in that regard is not so good, being politically correct. There are many reasons for the failure of many peace operations in the last decade or in the last fifteen years but I think that any trial to tackle the structural dimension of violence in any sort of conflict is actually dealing with the idea of changing the structure of the conflict which means a sort of social engineering and the idea of social engineering is a very complex and complicated idea. Dr. Aggestam actually addressed it in a way when she talked about the ideas of liberalism and democratization and I think that this is a sort of a tension that exists in all kinds of modern peace operations, the encounter, the clash between the western civilization, the western ideology and the third world or the other parts of the world's ideologies and I hope that you will address this point as well.

I would like to close my introduction with a very short remark about the professional literature regarding peace support operations. I tried for a long time to find out in the literature some major explanations for any sort of predicting factors for success in peace

support operations and I would say that I hardly found such. It is very hard to determine what actually made a peace operation a successful one and I hope that we will be enlightened in this regard from these two presentations and I have the honor to give the floor to Dr. Karin Aggestam.

KARIN AGGESTAM

EU peacebuilding: lessons learned from the Middle East peace process

Introduction

Third-party intervention in the Israeli-Palestinian conflict is a major challenge for most peacemakers as witnessed by the multitude of efforts over the years. It has evolved in to a deep-rooted conflict, which often is described as intractable. Israeli and Palestinian national identities are constructed and today intimately intertwined with these conflict dynamics. As a consequence, the continuity of conflict paradoxically means a cognitive stable environment whereas peace may pose a threat as it challenges well-established notions of "self" and "other." Yossi Beilin, the initiator of the secret Oslo channel (1993) and the drafter of the Geneva accord (2003), illustrates this difficult transformation from conflict to peace in the book *Touching Peace*:

We are so used to non-peace and to constant danger that we shall have to accustom ourselves to the new circumstances: It's like when a man has been in an accident and has to use a wheelchair for many years. One day he has an operation and he can begin to walk again, but when he gets out of the chair and takes some steps he keeps looking for his chair. At that moment, it seems to him more comfortable in the chair than on his own feet, and he needs time to get used to walking again and being sure of himself.¹

Thus, there are many obstacles of resolving the Israeli-Palestinian conflict where one major characteristic on both the Israeli and Palestinian side is the deep sense of existential insecurity, which needs to be addressed in order to move closer to peace.

In the 1990s, a number of principles were applied in the negotiation process, which generated counterproductive results and triggered concerns of existential insecurity. I argue that recognising the conflict dynamics of the Israeli-Palestinian conflict and

1 Yossi Beilin (1998). *Touching Peace. From the Oslo Accord to a Final Agreement*. London: Weidenfeld & Nicholson.

learning from past peacemaking efforts² may enable the European Union to identify a constructive role for future peace building engagement.

Guiding principles in the Middle East Peace Process

From the start, the negotiating parties endorsed the principle of gradualism. Such a step-by-step approach may be viewed in many other contexts as a constructive way of conducting negotiations, but turned in this case destructive and reinforced uncertainties about the outcomes of the peace process. The parties avoided for several years to address some of the core conflicting issues. The Israeli leadership continued long after the mutual recognition in 1993 to be evasive on such issues as occupation, Jewish settlements and a Palestinian state. For instance, what did it imply that the word "redeployment" was preferred in the agreements rather than "territorial withdrawal." This did not only cause great confusion about the direction of the peace process on the Palestinian side, but great uncertainties among the Israeli public as well. Contrary to what many Palestinians assumed, the evolving peace process resulted in restrictions in mobility, socio-economic decline and fragmentation of politics. Likewise, Israelis were experiencing a worsening rather than improving security situation after the signing of the Declaration of Principles (DOP) in 1993 by the escalation of violence and terrorism.

The gradual approach allowed the parties to keep all options open and consequently provided great space for peace spoilers to play out worst-case scenarios. This situation was exacerbated by the indecisiveness of the political leaders on both sides to engage and guide their domestic publics while pursuing elite-based negotiations, which proved fatal for the peace process. Consequently, the failure to manage spoiler groups meant that these groups formed a tacit alliance between themselves and became veto-holders of the negotiation process by determining its pace and direction.

Another principle evolving and guiding the negotiation process was the preservation of the status quo. The diplomatic strategies were to a large extent focused on stabilising the status quo rather than achieving a more comprehensive settlement. This principle was also condoned by the international community. As a result, a prioritised concern was to keep the negotiation on track despite the lack of direction and with the continuation of occupation. These negotiation strategies combined with the enormous political, military and economic asymmetry between the Israeli and Palestinian side consolidated rather than removed the barriers to peace.

From the outset of the peace process, Israelis and Palestinians were reluctant negotiating partners and thus, mediators, donors, and third parties came to play a decisive role in their efforts to affect the parties' incentives to continue the negotiations. To keep the

2 See also Avraham Sela, (2008) "Difficult Dialogue: The Oslo Process in Israeli Perspective", Macalester International Vol. 23

negotiations on track the principle of constructive ambiguity was used in order to temporarily overcome while not resolving disagreements. Yet, these ambiguities turned in to a quest of interpreting and re-interpreting previous signed agreements, which in the end never were fully implemented. Despite deteriorating conditions on the ground, every effort was made to keep the negotiation process going. This created a "false sense of normalcy", which inhibited critic by third parties concerning Israeli and Palestinian lack of compliance with signed agreements.³

Finally and most important for third parties, the peace process was guided according to the principles of liberal peace. Such a liberal peace agenda contained western assumptions of liberalisation and marketisation as part of statebuilding, and yet the occupation was still in place. The Declaration of Principles was framed and "marketed" by emphasising the potential of economic cooperation and prosperity. Shimon Peres in his timely book on the New Middle East outlined his ideas of peace and economic interdependence, drawing heavily on the European experience.⁴ Consequently, there was a great influx of international actors and donors trying to assist with a variety of peace building activities in the West Bank and the Gaza Strip. However, in comparison to other places where we have seen the international community playing a leading role in large peace support missions, such as in East Timor and Kosovo, Israel has strongly and successfully resisted such a forceful role for the international community in the occupied territories.⁵ Hence, third parties have facilitated the construction of a virtual Palestinian entity, which lacks any contiguous territory and controls at most forty percent of the occupied territories if area A and B are included.

As part of liberalisation, democracy promotion and efforts to enhance legitimacy of peace processes, elections are often held at an early stage. This may also be used as a way to demilitarise and transform rebel groups into political parties.⁶ Frequently, elections are supervised and monitored by international actors who pass judgement if they are fair. Yet, as Roland Paris underlines, there are great risks to hold premature elections as they tend to generate counterproductive results, such as ethnically based party systems, polarisation of the electorate, and large-scale violence. Politicians may adopt democratic language and symbols rhetorically and use their newly gained platform as elected leaders as a way to undermine the transition towards democracy. Obviously

3 Daniel C. Kurtzer & Scott B. Lasensky (2008) *Negotiating Arab-Israeli Peace. American Leadership in the Middle East*. Washington: United Institute of Peace Press. The book is based on consultations with hundreds of statesmen, political leaders and civil society who have been engaged in the Israeli-Palestinian peacemaking

4 Shimon Peres (1993) *The New Middle East*. Shaftesbury: Element Books Limited.

5 Rex Brynen (2008) "Palestine: Building Neither Peace Nor State" in Call, Charles T. (ed) *Building States to Build Peace*. Boulder: Lynne Rienner Publishers.

6 See, for example, Terrence Lyons (2002) "The Role of Postsettlement Elections", in S. J. Stedman, D. Rothchild, and E. M. Cousens, *Ending Civil Wars. The Implementation of Peace Agreements*. Boulder, London: Lynne Rienner Publishers

there may be severe negative repercussions from democratic rhetoric combined with repressive rule, such as widespread resentment of the idea of democracy.⁷

In the Palestinian case, the international community and the EU encouraged and assisted the Palestinians to hold elections, but the democratic practice has been a painful experience. The last elections in 2006, when Hamas gained power, has resulted in diplomatic isolation, increased division, fragmentation and violent competition among Palestinian factions. As a result, many Palestinians feel disillusioned by these exercises of democracy. Also to note, these elections took place in a region where democracy looms large.

In sum, many of the EU peace building efforts in the Palestinian territories have generated counterproductive results, partly because they have been framed within a post-conflict setting. They have been badly planned, relied on virtual governmental institutions and local NGOs with little transparency and accountability. Moreover, donor assistance has distorted local institutional developments as the donors have played the leading role in setting aid priorities. For instance, in the 1990s, the trend was to redirect funds to the newly established Palestinian Authority at the expense of NGOs, which were reduced in number during the peace process. A serious consequence of that is that funding to NGOs has exacerbated tensions in the Palestinian society by the inclination of donors to fund mainstream Fatah institutions. Hence, political affiliation has been a key criterion of development assistance. Also the "professionalisation" of local NGOs, that is project logic with a vocabulary consistent with Western donors, has resulted in greater dependence while harsher competition of funds among local NGOs.⁸

Developing a fourth generation of peacebuilding by the European Union

One major lesson learned from the Middle East peace process in the 1990s is first that the status quo urgently needs to be altered if the parties and the international community are serious about a two-state-solution. Paradoxically, there has never before existed such a widespread national, regional and international consensus and support for a two-state-solution and yet, a growing number of Israelis and Palestinians express grave concerns that the facts on the ground have moved beyond the possibility of creating such a solution. This is one reason why we hear more articulated views about one-state-solution.⁹ As Meron Benvenisti puts it, the Israeli settlements are irreversible facts and

7 Roland Paris (2004) *At War's End. Building Peace After Civil Conflict*. Cambridge: Cambridge University Press pp. 164-165

8 Brynen, op. cit, in note 4, p. 236; Islah Jad (2004) *Women at the Cross-Roads: The Palestinian Women's Movement between Nationalism, Secularism and Islamism*. University of London.

9 See for example Virginia Tilley (2005) *The One-State-Solution. A Breakthrough for peace in the Israeli-Palestinian Deadlock*. Michigan University Press.

have created bi-nationalism de facto on the ground. Hence, his argumentation for one-state solution " is a description of the current condition, not a prescription."¹⁰

For third parties to intervene in such specific conflict dynamics as the Israeli-Palestinian ones pose a major challenge. Recognising the asymmetrical nature of the conflict, the acceptance and legitimacy for third-party intervention is particularly difficult to achieve. Parties in asymmetrical conflicts tend to hold diametrically opposed expectations about the type of third-party intervention that is desirable. The stronger party is inclined to favour discreet actions whereas the weaker party seeks alliance and active support from a third party. Israel, as the stronger party, has persisted with unilateral strategies and stipulated as well as changed the rules of the negotiation game on several occasions during the peace process.

Another important lesson learned is that the core existential security concerns have to be addressed in order to overcome zero-sum thinking and the great divide of mistrust, which exist between the parties. There is a need to reframe and broaden the security discourse away from competitive towards cooperative strategies. The main Israeli negotiator in the secret Oslo channel in 1993, Uri Savir, argues in his new book *Peace First* for a new model of peacemaking, which is decentralised, participatory and places equality between human beings at the centre. In his view, past and current peacemaking in the Israeli-Palestinian conflict has been elite-based and influenced by outdated perceptions and security dogmas. Furthermore, it has lacked notions of social mobility and resulted in suspicion and hostility. "Oslo reflected a narrow security discourse ... the primary consideration during negotiations in Oslo was to deter the enemy from developing military capacity and thereby threatening the peace. The Israeli team made it clear from the outset of the Oslo process that Israel would maintain overall responsibility for security,"¹¹

It is here that the European Union may come to play a more decisive role by assisting the parties to reframe the security discourse and enhance cooperative strategies by emphasising human security. In the Barcelona and Madrid reports, it is proposed that the European Union adopts a human security doctrine to guide its defense and foreign police, which includes both military and civilian components. Such a broad peacebuilding approach promotes the protection of people, freedom of movement, democratisation, rule of law, sustainable development, human and minority rights and a vibrant civil society.¹² The EU has in parts been working in that direction in the Palestinian territories by assisting and supporting the training of civil police (EUPOL

10 Meron Benvenisti, 2007, *Son of the Cypresses. Memories, Reflections, and Regrets from a Political Life*. Berkeley: University of California Press., p. 209

11 Uri Savir (2008) *Peace First. A New Model to End War*. San Francisco. Berrett-Koehler Publishers, Inc., p. 35

12 Mary Kaldor (2008) "A European Union Human Security Doctrine for the Middle East", *Palestine-Israel Journal*, Vol. 15, No. 3

COPPs) and improving the criminal justice system. However, such a peace building approach requires certain pre-conditions and is most often applied in post-conflict situations. Yet, this is not the case in the Israeli-Palestinian conflict where the occupation of the West Bank is still in place. There is no Palestinian state even though a virtual Palestinian entity is frequently referred to by the fact that there exist a Palestinian Authority. Hence, to frame the present peace building efforts as part of a post-conflict situation is mistaken. For instance, the focus on SSR (security sector reforms) under conditions of military occupation and without state sovereignty may generate counterproductive results.

Consequently, the quest of timing is essential when pursuing peacebuilding efforts by third parties. The question is therefore what the EU under the present conditions may contribute with? In many of the proposed peace agreements (e.g., Clinton proposal 2000, Geneva agreement 2003) multinational forces have been suggested but for the final stages of resolving the conflict. When it comes to the EU, I do not foresee a peacekeeping force but more likely a European contribution under NATO leadership (with participating EU member states), not only because the EU is unable to act, but because such EU actions will most likely not be desirable by the parties.

There is however a pressing need to enlarge monitoring missions and this is an area in which the EU could be more proactive and take a lead by suggesting various models. The former American ambassador to Israel and Egypt Daniel Kurtzer concludes in his book that the "lesson about monitoring and verification has never been learned ... without an effective third-party monitoring and dispute resolution mechanism, and without third-party determination and political will to call it like it is and enforce commitments and agreements, those same commitments and agreements become worthless and the fundamental trust needed to advance negotiations is undermined."¹³ Similar EU missions such as the one in Rafah could be offered and new models of international observer missions could be introduced where experience may be drawn, for example, from TIPH (Temporary International Presence in Hebron), which is presently the only observer mission to the West Bank, monitoring the situation between Israeli settlers and Palestinians in the city of Hebron. Such models and missions may have as their core tasks (a) to enforce and monitor compliance of existing agreements and (b) to monitor the situation generally in the West Bank between Palestinians, Israeli settlers, the Israeli Defence Forces and the Palestinian Police Forces. One major challenge is of course to gain the consent from the stronger party, Israel, to such an enlarged monitoring mission by the European Union.

13 Kurtzer, op. cit, in note 3, p. 46

EFRAT ELRON

Peacekeeping in the Middle East: what can Europe do?

An international deployment in the Israeli-Palestinian conflict theatre can have a significant role, directly or indirectly, in allowing the implementation of the two state solution, and with it the stabilization of the region as a whole. With the EU as a possible major contributor, whether in number of troops or in involvement in the command and support structures, it seems timely and even urgent to begin serious discussions within and between capitals regarding the possibility of their participation, and to begin going into the details of the decisions that may need to take place in the not so far future.

These discussions need to take place with the two parties and all other major potential and existing actors, and one table seems more timely than ever. Europe, in tandem with the U.S., can also initiate and facilitate these comprehensive forums. A an important lesson from the Second Lebanon War and many other peace operations deployed in crisis situations is that a proactive stance that includes in-depth analyses and cooperations is significantly more effective than a reactive one.

The mandates of peace and stability operations are expanding on multiple horizons. Civilian, police and military peacekeepers are increasingly charged with peace building and state-building tasks that include security sector reforms and capacity building, democratization and governance, the creation and enhancement of civil institutions, instilling justice and rule of law, and development, while at the same time having more robust mandates, including the execution of disarmament, demobilization and reintegration (DDR) functions. The Israeli-Palestinian theatre may stand to benefit from the deployment of an enhanced international presence, harmonizing its mandate and actions with existing and future diplomatic and economic rehabilitation efforts.

The EU highlights its commitment to assisting failed states, addressing humanitarian disasters and bringing order to unstable regions. Moreover, since the 1970s and 1980s, the issue of the north-south cleavage has been a part of Europe's agenda. This cleavage was notably revealed due to the deteriorating conditions of security at the beginning of the twenty-first century. New domestic, regional and international challenges have

compelled the EU to re-evaluate its common and foreign security policies (CFSP) and lead to the decision to launch the European Security and Defense Policy (ESDP). The ESDP is considered as part of the EU's CFSP, but also as a new instrument that, along with other available means, is aimed to facilitate the EU's general post-Cold War efforts to stabilize its peripheries, and to face the post 9/11 European concerns over Mediterranean security. The fortified political, economic and security link between the EU and its vicinity stems from the common European position that "even in an era of globalization, geography is still important".

The 2003 European Security Strategy (ESS), the policy document that guides the European Union's international security strategy, argues that in order to ensure security for Europe in a globalizing world, multilateral cooperation within Europe and abroad is to be the imperative, because "no single nation is able to tackle today's complex challenges". It also calls for the EU to be 'more active'. With this determination, the EU on the one hand resumed strengthening its ongoing Mediterranean region policies as the Euro-Med Partnership (EMP), and launching the European Neighbourhood Policy (ENP) together with, as aforesaid, the ESDP. It is widely acknowledged that all these policies, and the ESDP in particular, are consistent with the Union's broad and integrated approach to security, rather than aimed to address merely political or economic interests.

The ESDP operations have symbolized a significant shift in the EU presence and influence in the Mediterranean region. This has been well observed by the EU previously engaged in this region via its participation in the Quartet, which included also Russia, the United States, and the United Nations. However, the deployment of EU security forces in the Mediterranean was the first time of pursuing such incidence in the Union's history. The ESDP deployed 23 operations to date, mostly alongside UN and NATO operations. Of these, two have been recently deployed in the Israeli-Palestinian theatre: EU Police Mission for the Palestinian Territories (EUPOL COPPS) and the currently inactive EU Border Assistance Mission (EUBAM) at the Rafah crossing point on the Gaza-Egypt border. Both missions, despite their small size, are a reflection of the renewed EU's ambition to evolve from a mere 'payer' to an effective 'player' in the Middle East. In addition, forces from European states took the lead in the enhanced United Nations Interim Force in Lebanon (UNIFIL), as a result of the need for a robust force needed to end the war between Israel and Hezbollah.

The EUBAM Rafah was formed on November 21st 2005, following an agreement between the Government of Israel and the Palestinian Authority on the opening of the Rafah Border Crossing Point and the invitation to the EU to provide a third party presence. EU Member States, the EUSR, the Council Secretariat and the European Commission have worked together to set up the mission rapidly. The rapid launch of EUBAM Rafah enabled the border crossing to open already on 25 November 2005. European Community's institution aimed to reinforce the capacity of the Palestinian Authority border-management system. To this end, EUBAM Rafah was targeted to actively monitor, verify and evaluate Palestinian performance; build up Palestinian

capacity in all aspects of border management at Rafah, and contribute to liaison between the Palestinian, Israeli and Egyptian authorities on management of the Rafah Border-crossing. The broader political objective was to support the Road Map peace initiative through confidence-building and increasing Palestinian capacity in all aspects of border control, in addition to the actual facilitation of movement of goods and persons in and out of the Gaza Strip, thus improving the living conditions of the Palestinians and enhancing the prospects of viability of a Palestinian State, while contributing to the security of Israel. Since the Hamas takeover of the Gaza Strip and later of the border facility, EU BAM is unable to perform its border control duties, but is still active in case new agreements are reached or conditions on the ground change.

The EUPOL COPPS was launched on January 1st, 2006. The mission aims to support the Palestinian Authority in establishing sustainable and effective policing arrangements, to assist in the implementation of the Palestinian Civil Police Development Plan, to advise and mentor senior members of the Palestinian Civil Police and criminal justice system, and co-ordinate international assistance to the Palestinian civil police. Overall, it is part of a larger effort to support the Palestinian Authority in taking responsibility for law and order.

While the overall EU's missions' operational impact is limited, and has been overshadowed by the significant United States Security Coordinator (USSC) larger scale activities in relation to the enhancement of Palestinian National Security forces, the deployments need to be evaluated for their symbolic and political significance. EUBAM, for instance, was the first time Israel agreed to give the EU a responsibility in the 'hard security' sphere. The acceptance by the parties of a limited security role for the EU is a significant political breakthrough, showing the enhanced trust placed in the Europeans in this very sensitive arena, especially by the Israelis.

Israeli-Palestinian interim agreement, as well as the Permanent Status Agreements, may be important enough strategically for Europe to decide on further deployments of civilian, police and military troops to the West Bank. The near Middle East in large is Europe's back yard, and this engagement clearly fits in with the EU's interests as defined in the ESS, notably the need 'to promote a ring of well governed countries on the borders of the Mediterranean with whom we can enjoy close and cooperative relations'. The EU and its member states have already chosen to the lead in 2006 in reinforcing the UN peacekeeping operation in Lebanon, UNIFIL, as authorized by UNSC Resolution 1701. Moreover, as the Obama administration puts an enhanced emphasis on peacekeeping, it is most probably that this administration will orchestrate the efforts to reach these agreements. The strategic relationship with the US has grown in its importance, with the French reintegration into military's structures as one sign.

Currently the European forces are heavily committed in Afghanistan and the Balkans, and European defense budgets are being cut. However, the EU is the globe's main reservoir of well-trained and well-equipped forces, as indicated by their quick and effective deployment in Lebanon. For any possible deployment it is expected that Israel

and perhaps Palestine would demand that a significant portion of forces have robust capabilities. At the same time, it seems that while more European soldiers can make relatively limited difference in Afghanistan they could be significant in helping facilitate and implement agreements here. Additionally, there is an abundance of peace and stability operations in the region, mostly under UN auspices, that have mostly proved their necessity in facilitating agreements between Israel and its neighbours.

From the Israeli perspective, all alternative international presence to be considered as part of interim or permanent agreements will need to respond to several basic principles and needs: ensuring that agreements signed between the sides are implemented and fulfilled, bridging the gap between the need to transfer authority to a Palestinian state and Israel's difficulty to trust the Palestinians that they live up to their commitments, formal coordination and liaison between Israel and the Palestinians, and International legitimization and acceptance of future agreements, including a Permanent Status Agreement.

Paramount is the double focus on strengthening the Palestinian partner security capabilities and responsibilities while maintaining maximal security for Israel, requiring robust capabilities and command structures, clear benchmarks of success with the option of reversibility, and that Israel and the Palestinians will be an integral part of the decision making and control mechanism regarding the implementation of the force's mandate. Support of the moderate Arab states and the international community is essential, and no less important is the constant coordination and cooperation with the local and international activities and actors on the ground, involved not only in security but also in development, economic and diplomatic activities.

Some of the other characteristics of the force differentiate between the different possible models of deployment that need to be considered would be:

- A mandate with an emphasis closer to chapter VI or VII, and the balance between peace enforcing and peacekeeping.
- The inclusion of the function of disarming militias and spoilers as well as counter-terrorism capabilities
- The organizational leadership of the force
- Command structures within the force
- The necessity of the UN Security Council mandate and Rules of Engagement
- The level of freedom to act without consultation with the two parties
- The size of the force, its composition, and its specific capabilities
- The type and level of cooperation with the IDF and the Palestinian security forces
- The extent to which the mission will be an integrated one, including functions like peace building, development, rule of law and mentoring for the Palestinian security forces
- The level and type of coordination and cooperation with other existing actors on the ground (e.g., the USSC)
- The level and type of presence in the border crossings

- The level and pace of the graduality of the deployment and the nature and content of the benchmarks

In sum, The US, the EU, the UN, the Quartet, Arab states, and various other regional and international actors and organizations are already in the West Bank. The timing is ripe for an in-depth and multidisciplinary analysis of the requirements for a more comprehensive and coordinated intervention with security at its core, to allow the withdrawal of the IDF when a PSA will be implemented. The creation of alternative models, from relatively narrow mandates to those presenting multi-dimensional peace operations that will also assist in creating the pre-conditions and a stable environment essential for the successful negotiation over the agreement have become an urgent necessity. EU and its member states could play a significant role.

ROUND TABLE: NEW OPPORTUNITIES AND OLD CONSTRAINTS

WITH CONTRIBUTIONS BY:

- RON PUNDAK
- SAEB EREKAT
- RAMIRO COBRIAN UZAL

RON PUNDAK

I would like to start with a very short interpretation of the situation on the Israeli side as I see it. I think, historically speaking, Israel is at a crossroads, a fork in the road, with two options. I can elaborate about this for a whole seminar but I'll be very, very brief. One option is to march towards peace, regional cooperation, prosperity, strong relations with the U.S. and Europe, investment in education, implementing what I would refer to as what the true real Zionism has always called for, updating ourselves, connecting ourselves with our local inhabitants, both Jews and Arabs, becoming a real state, a real democratic state, a real state with honesty towards its own people and its neighbors. The cornerstone for this is signing a serious peace agreement between us and the Palestinians, based on the only equation which exists on the table today. There is only one equation. That is: withdrawal from the territories; a land swap on a one-to-one basis in order to accommodate the situation since 1967; the capitals of both states in Jerusalem; assisting the Palestinians to stand on their own feet as a real independent state; security for both sides, demilitarization of the Palestinian state, normalized relations, a fair solution to the Palestinian refugees issue which will not allow for an open right of return etc., etc. I won't address all of this now.

This will turn Israel into the Israel that it always dreamed about for itself and its possibilities. The other option at the same fork in the road is to move in the direction in which we are now moving, and this is a terrible direction. This is a direction which will lead eventually to what I have called years ago a state of Spartheid. Spartheid means that we will be a Sparta concerning our ongoing military activities. We will become a military society, existing from war to war, and we know how Sparta ended. I also call it Spartheid because we will rapidly become an apartheid state vis-a-vis the Palestinians. Either de facto or de jure, we will annex this population. That process will spill over also into the 19 or 20% of Israeli Arabs or Palestinians who are Israelis. I am afraid that people like me and those whom I call the real Zionists of Israel will not tolerate such a situation like this and not be able to live in a state like this. Either I will be thrown into jail together with Saeb Arikat (who sits here beside me), or will leave the country – just like the many white people who left South Africa before the new regime took power. As I see it, you – our guests – are now sitting here with us, watching history in the making. I was part of Oslo as a negotiator from day one. I watched then history in the making, from its good side. But now you are watching history in the making in the bad side. We are already on

the path of catastrophe, of mutual annihilation, of the end of what I refer to as real Zionism. Real Zionism is making a state which will be a safe haven for all Jews but will also be, perhaps first and foremost, a state for its inhabitants, a real democratic state, a state where people live and love to live. But we are now heading toward a different destination. I will not try to describe the worst case scenario, but it is very easy to describe.

On the other side, we have the current environment: a problematic national environment and a very positive international environment. Constituency-wise, on the Palestinian side, there is a majority – in spite of Hamas – in favor of a peace agreement with Israel. On the Israeli side, undoubtedly we have a majority which is in favor of the same kind of peace process and peace agreement. The Palestinians will accept it and we will accept it. I am talking about the constituencies and not about the leaderships. We have Arab regimes in the main countries which are in favor of peace. This was manifested already in 2002, with the Saudi Peace Initiative and the Arab League peace initiative. The regimes in Jordan, in Egypt, in Saudi Arabia, I say also in Syria and in the Arab Gulf and other places, North Africa etc., are still moderate, but that might not last too much longer. In many cases, the regimes are very shaky and whatever happens here influences what goes on there. The strengthening of Hamas here strengthens the Muslim Brotherhood in Egypt or the fundamentalists in Jordan. So, we still have the Arab League and Arab nations transmitting messages of peace. We have a new American administration. I will not elaborate, but we have never had a positive administration like this one, which can play a real role as an honest broker. The previous administration was not an honest broker. President Carter for example, was an honest broker and in he was the catalyst for the first and the most important peace agreement between us and an Arab nation, i.e. the one between Israel and Egypt. Without Carter as a mediator, we would never have been able to reach the real peace that we reached with Egypt, that is, between Begin and Sadat.

And we have the Europeans. Europe is still the conscience of the world. I know that in 1939, Europe was not - to say the least - such a good conscience, but since then, the compass of the free liberal world has been in Europe, and it should continue in directing us. Don't underestimate the European's Middle East role, not only because they were the ones to actually make the first important move towards the dialogue between the Israelis and the PLO, namely the Venice Declaration in the 70s. The Europeans were always those who had a long-term perspective of our conflict, and I think that we need them to come up with ideas for long-term policies now, as well.

The new conceptual road map that we are talking about, can come from Europe, or at least the ideas for it can. What we need now is a clear picture of the 'end game' which will dictate the negotiator's direction on all pending core issues. The Americans should eventually lead this process, but I believe that the ideas can come from the Europeans, as it happened in the past.

I do not want to say that there is a full consensus between the Israelis and the Palestinians, but there is an acceptable plan and there is a partner on both sides. Having said that, there is a total mistrust of each other, by the two sides. If you took a poll on this issue – and the Truman Institute conducts many polls together with a Palestinian pollster – you will find that there is an overwhelming majority supportive of the same peace agreement on both sides. The same results have been found again and again since 1993. But when you ask the same people whether they believe that this is possible, they say "No, because the other side won't agree to it". The Israelis will say that we don't trust them because of Hamas and bombs and Arafat and you name it, and the Palestinians will say that we don't trust the Israelis because of the closures, the settlements, the war in Gaza, etc.

I say we need to change mindsets. I say that if people want it to happen, it will happen; and I say that we need everybody, Israelis, Palestinians, Arabs, Europeans, Americans, you name it, to lend a hand and work together in order to make it happen soon. Otherwise, and I'm finishing by coming back to the first point I made, otherwise we, Israel will continue on the path of radicalism, right wingism, chauvinism and fascism, or whatever you want to call it. And if this will be the path taken, eventually a Palestinian state will not exist, but I'm afraid that there won't be an Israeli state, either.

SAEB EREKAT

Mr. Ambassador, Ron, ladies and gentlemen, I think the subject is not what Europe can do and what Europe cannot do. Europe has proved itself. Europe does not have a one-time foreign policy. Europe has many foreign policies, and I don't think Europe can make their decisions and require concessions from Palestinians or Israelis. Since 1993, Europe has been trying to see to it that we come to our senses and get to the end game. I believe that the European role will come the day after the end game agreement is reached. We as Palestinians know our limitations as a Palestinian state, so we have chosen the European Union to play their part on the day after, not because we love the Europeans, but because of geopolitics, history, and interests. We find a major European role not only in sponsoring our financial needs, but also in the future Palestinian state. We want the EU to play a third party role as far as security is concerned. This was officially conveyed to the Europeans and to the Americans and others. So Europe's role is needed not today but I think, mostly tomorrow, the day after peace is achieved in the region.

But in order to get to that day, we Palestinians and Israelis must answer a few questions. And to be honest with you, it is not because I woke up one morning and feel my conscience aching for the suffering of Jews and Israelis that I sit and negotiate with Israelis. Nor is it because they woke up one morning and feel their conscience aching for the Palestinian people's suffering that they sit with me. The world has been unfair to Palestinians and Israelis in trying to equate our attempt to come to resolutions here to those of Iran/Iraq, Peru/Ecuador. Our conflict is not a similar situation. I'm not saying that Israelis and Palestinians are better, I'm saying we're different. There are people in this region who have been going to synagogues for 5,200 years saying the same thing every Saturday and they really believe that they are saying it and hearing it for the first time. I cannot change a single comma of their system of belief and faith. In the same street, there are people who have been going to churches every Sunday for 2,000 years saying the same thing, they believe they are saying it and hearing it for the first time. I cannot touch a sentence of their system of belief and faith. And next door to them, there are people who have been going to mosques for 1,430 years every Friday, saying the same things and also feeling that they are saying and hearing it for the first time. I cannot change a sentence, a word, a comma of their system of belief. Maybe I can learn how to respect what they are all about, because it is senseless for Jews to believe that we can

convert the Christian and Moslem Palestinians to Judaism, and it's senseless for Christians and Moslems to think that Jews will convert to either of their religions.

It's about understanding, it's about accommodating. I really realize that since Eve negotiated with Adam, I stand to be the most disadvantaged negotiator in the history of mankind. I have no army, no navy, no air force. In Europe, in the U.S. Senate, or Congress, I don't stand a chance. You can slug me, you can do whatever you want with me and you don't have to pay the price for that. That's the truth.

Israel is a country with 5000 tanks, 2000 and some fighter planes, nuclear weapons, so what are our options?

Option number one on the table is two states, that's my option. Return to the 1967 borders, and I'll recognize the State of Israel's right to exist in peace and security on 78% of the land of Palestine. I accept it to accommodate the Palestinian state on the remaining 22% of the land. That's my option, there is no other realistic option.

If the Israelis, for that matter, think that that is not an option and from the River Jordan to the Mediterranean they will call it all Israel, let them talk to me about it. I'm open. I believe that 21st and 22nd century politics will witness the decline of symbolism, of nation states, of nationalism, that we have witnessed in the 19th and 20th century. The Europeans do realize this by flying their flag with 27 stars; the world is changing. I want to be equal.

If you want option number 1 and you say no to option number 2, then option number 3 is what is taking place in the West Bank today, wake up, wake up. Diseases such as bigotry and racism are rampant. And when such diseases exist, we have tended to justify them, sometimes sociologically, sometimes economically, sometimes socially, sometimes sexually, sometimes in terms of security. Muslims can be racists; Palestinians can be racists; Christians can be racist to whites and people of colour; Jews can be racists. There are roads out there on the West Bank that I cannot use because I am Palestinian. These are the three options. Denying facts don't mean they don't exist. No one can force anybody to make peace with the other.

I have devoted 30 years of my life to this cause, not because I'm doing you a favour, but because I'm doing myself a favour. I don't want my son Ali to be a suicide bomber. That's what is in it for me, and I'm doing it for myself, for my society and for my people. Close your eyes, and we have one name, one face; we're bad, finished, not trusted and so on. So that's an easy way to see Palestinian neighbours. I was amazed that between this place and the other place it's only a few hundred meters; we exist on a different planet. And the choices are very, very clearly defined.

Many people ask about Hamas, what will happen with Hamas and so on. Hamas is a Palestinian political party that won the elections fairly and squarely. I remember the day that Mr. Haniyeh came to our parliament and governing council to present his government. I had just been elected to represent my constituents in Jericho and the Jordan Valley. I belong to the Fatah minority, and it was my turn to respond to the

Prime Minister's request. I told him, "Mr. Haniyeh, today you are no longer the Prime Minister of Hamas, you are my Prime Minister, you are the Palestinian people's Prime Minister. Act as such. Throughout history, when governments come to power, be they democracies, theocracies, or through revolutions, they usually commit to and honor the obligations of the previous governments. When Khomeini came to office after the Shah was toppled, he changed the name of his country, the political, social, economic, military fabric of his country, but the first statement he issued was to commit to the contractual security, economic, and financial path that they had been on. Nelson Mandela did the same. So democracy did not fail in Palestine, Hamas failed. The Israelis could have helped but they choose most of the time just to bury the truth and that's fine. But this is our problem, we have to face this problem along with many, many, many other problems. And concerning this transition, sometimes I try to define the mistakes we committed as Palestinians. I find that we need three lifetimes to just list these mistakes. Did we do this on purpose, did we run after these mistakes and commit these mistakes? We are a very young society transitioning from I don't know what to I don't know where. We learned from some mistakes, we did not learn from other mistakes. We have a process, we have things that we call natural growth, we have to grow.

The difference between me and Hamas is not over an economic program or political program or the advancement of women in society, or any other specific issue. If I have an end game agreement I am there to stay. I prevail. If I don't have an end game agreement with you I disappear. Hamas will prevail. It's as simple as that. I'm not in the habit of supporting fear. So we hope that we can get to an agreement on the end game and here I don't think we need to reinvent the wheel or eat the apple from the start. We know the outcome. We know that there are going to be two states, more or less on the 1967 borders, with certain security arrangements, etc., etc., etc. Please don't be smart and keep asking me what about this, what about that. Look at my forehead. I don't have a neon sign on it reading "stupid". In negotiations, one item, one price. I know what you want, you know what I want, it's time for decisions now. We have not wasted a minute since Oslo. Those who philosophize and criticize and write, don't always understand that. This is a process that Palestinians and Israelis have to go through. Whether you admit it or not in your society, we are watching you. You know, if somebody comes to us and asks, "What do you think of the Israeli government? We lie and answer: it is a domestic Israeli affair. This is a certain thing that is born with me, and if somebody sneezes in Tel Aviv I get the flu in Jericho. That's the truth, so we watch you very carefully. Unfortunately, you've stopped watching us very carefully. You see us through certain commanders and intelligence officers, that's very unfortunate for you and it's up to you to wake up or not to wake up.

Today, I don't think it's fair to say that President Bush was this or President Obama is this, I think the U.S.'s borders are no longer with Canada and Mexico and the two oceans. The U.S.'s borders are with Iran, Uzbekistan, China, Pakistan, the Gulf states, Saudi Arabia, Syria and Jordan. So to President Bush, to President Obama, we state our case and we know that we have an obligation that needs to be honored. We will have a policy of zero tolerance to multiple authorities, and Gaza will not find a way to repeat

itself in Palestine. I am not doing this for the Israelis or the agreements. We are doing it because we learned the difference between political pluralism and authority pluralism. We're doing it for our own families and to create a responsible society.

As far as the role is concerned: again, my experience with them leads me to think that Europe will spare no efforts to help. But we have to keep in mind that Europe and the United States will not make the decisions required from Palestinians and Israelis. I know that many Israelis criticized my response to Mr. Netanyahu's speech. I read the speech in Arabic, in English, some people translated it to me in other languages. I live in my father's home in Jericho, where I was born. From the window of my bedroom I see the Mount of Temptation where Jesus fasted for 40 days. Three minutes from my father's house, where I live, are the walls that came crumbling down when one of our ladies opened the gates for some people who came from Egypt. The Dead Sea is a ten-minute drive away, where Romans built palaces, and so on. So, look guys, I cannot feel bad. Yesterday to me is history, I'm talking to you today and in my mind, tomorrow is also shaped history. You analyze me as sophisticated, shrewd, calculating. I wish I had these techniques and this sophistication just to project the characteristics that you attribute to me. Maybe we do the same thing to you. We think you're this, that and the other thing. We don't see that you're normal just as much as anybody, as much as anybody else.

The point I wanted to make here is that when Netanyahu spoke to me about it, he said that after we accept Israel as a Jewish State and after we accept Jerusalem as the united eternal capital of Israel, and after we accept that 40% of the West Bank will be used for the natural growth of the settlers' community, and after we accept that my skies and my borders and my passages will be under Israel control, and demilitarized, then if we want to call this a state we can. If my wife wants to help me with a piece of flag, or play music called an then that's fine. That's what I heard him saying. If I'm wrong, tell me today that I'm wrong, but please don't underestimate us, or think that you can say whatever you want to about Palestinians. Treat us as equal in our mental capabilities. If he wanted to say something other than what I understood, I will be happy to sit with any of his people so that they can explain it to me. When he says he wants to negotiate with us, and if he wanted to put it in a way that he offered something and I said no, then I'm the one to always waste opportunities. I will say to the Europeans and the Americans, "Can you please ask him if he means that he is willing to resume negotiations on the core issues of permanent status, Jerusalem, border settlements, refugees, is that what he means?" Because our contacts concerning security affairs and day to day economics is continuing. We meet every day, so the only question is whether he accepts the resumption of negotiations on permanent status issues. To me, the way it sounded was that after he finished negotiations with Lieberman, within his own party, with Barak, with the settlers and I don't know who else, he looks at me and says "Come here boy, we know what's best for you. What do you need negotiations for?" He spent 42 minutes in his speech conditioning me, telling me his conditions and in the 43rd minute he says to me, "Come and negotiate with our conditions, don't open your mouth about them." Forty-two minutes of his speech was just conditioning us, the conditions he wants to specify. Look, I told you, I know my limitations, I told you I'm admitting them. I

recognize that since Eve negotiated with Adam, I am the most disadvantaged negotiator in history but Mr. Netanyahu needs to understand that neither him nor the whole world can force this pen to sign anything short of what will serve my people's interest. They'll be stupid to try to force an agreement on me, because I'll complain to my people and tell them, "Well they forced me." That will not result in peace. I'm going to have to stand up tall to Palestinians and tell them, "This is a good agreement, this is a good agreement that we made of our own free will." Negotiation is about give and take, its not about take and dictate according to what we hear from our neighbours, so we need to help ourselves. I'm here to stay.

You know, sometimes you said, "Just give a land with no people to people with no land". You denied my existence. Sometimes you made me less than a human being. In 1917, when you said, "We want to make the desert bloom, there were 50,000 Saudis and people from the Gulf working in Palestine that year, every year. We had lives. Then we turned into refugees and then terrorists and then a people. Now, at my age, I'm trying to reach out to you and make accommodations. A two-state solution on the 1967 border plus/minus the swaps. Plus/minus limitations on me, on security and so on and so on, what do you want from me? How do I deliver that? Hamas is running a campaign simply on two things, you know. One is whether Erekat's negotiations got the Israelis out of Gaza and the mistakes we commit. If these people run the country the way they ran their election campaign, we would be fine. So, before asking the Europeans to help us or asking the Americans to help us, if we don't help ourselves nobody else will. I will conclude by saying that in 1683, if you know your history, a city in Europe called Vienna was besieged by Muslim Ottoman soldiers. Ever since that year, Arab Muslim and western relations have not been defined., Then, in 2009, along comes a western leader called Barack Obama and attempts to define these relations for the first time in four centuries. What will make and break this, and bring about true change for this region is here. Mr. Barack will go to Washington and convince them that we can stop building, and have fewer housing units here and there. Two things are needed to bring this Middle East to the path of security, democracy, prosperity, co-existence, and peace between us. That is going to be a two-state solution with democracy in the Arab world. And anybody who says Arabs are not ready for democracy is a racist.

RAMIRO CIBRIAN-UZAL

What are the views of the European Union on the Palestinian-Israeli conflict, as approved by the latest Council of Ministers, the European Council ? In general, Europe has the privilege of always being in favour of the right thing, we always propose to do the right thing and to undertake the right policies. Thus, there is no issue in the Middle East peace process of which Europe is not in favour and does not support, starting with the two-state solution, of course. And of course, even before the two-state solution, there is the issue of international legality, the **first point** in the European Union's Middle East policy.

We in Europe believe in, and take the United Nations seriously. We don't pick and choose to support United Nations resolutions. We believe that all of them are important. We believe that the Arab-Israeli, the Palestinian-Israeli conflict should be solved on the basis of their respect for international legality, starting with the relevant United Nations Security Council resolutions and all the past international agreements: the Wye conference, including the exchange of land for peace; the road map, etc. Of course, you know we are also serious; we don't penalize one side or the other for things that happen or don't happen. The US invited the whole world to Annapolis and committed to negotiate in good faith in front of the whole of mankind, and drew up an official agreement. We feel a little bit frustrated when somebody tells us "No, that is not important, that is not relevant, that can be thrown in the wastebasket because that was a fancy of the previous U.S. administration. No, as I said, previous agreements, especially agreements between the parties, are extremely important, should be respected and should be the basis not for the launching of new peace negotiations between the Palestinians and the State of Israel, as soon as conditions permit. Also, we feel that the Arab peace initiative is very important and should be taken into consideration. This is point one of the Council's conclusions. The European Union reaffirms this point in its statement that the solution of the Arab-Israeli conflict, peace in the Middle East, is a fundamental, strategic interest of the European Union. We are not the greatest military power in the world. We have some military capabilities but we are not the greatest military power. We are an economic power, we are a political power and we aspire to continue to be a moral power. For the European Union, this is a top strategic priority and therefore we are prepared to invest ourselves and our resources in it. That includes our politics, and as much as is necessary of our capabilities, to make progress in the European Union in resolving these issues.

Second point: There are nine, so you should be patient. The European Union welcomes the new engagement, the very promising engagement of the U.S. administration. Let me also comment on what Ron said. Europe is a close ally of the United States. We tend to think of

ourselves as the United States' best partners. Relations with the United States are sometimes simplified. I've said that because of Europe's social-democratic inclinations and social sensibilities, it works better with a Democratic administration in the U.S. than with a Republican administration. That is wrong. As far as the Middle East is concerned, the big difference is whether we have a proactive and determined U.S. administration or not. I would like to say that the European Union, as far as the Middle East conflict is concerned, has worked excellently with the Bush administration, which was a Republican administration. But of course, I am speaking of the Bush father's administration. We had the Clinton Administration, the Carter Administration and we are looking forward to continuing this good cooperation with the Obama Administration. However, as I said, it's not a question of Republican or Democratic ideology. It is a question of how serious and how committed and how engaged the U.S. government and the U.S. president are regarding the Middle East. So, of course we are prepared to continue to work with the quartet and with the United States, with the leadership of the United States but also in very close partnership with it. The European Union, the member states, the heads of states and member governments, made a firm commitment that is consistent with what the European Union has set as its top strategic priority – the Middle East. We are prepared to support and sustain all the peace efforts and all the peace agreements and if one day it comes to economic and financial support, we are already doing a lot, but if it is necessary to do more, we are prepared to do more. We need to address all the security issues at the regional level. The regional economic challenges are also certainly important. We express our commitment to addressing these needs and working with the parties involved.

Third point: This has already been said, but I insist on an appeal to the government of Israel to undertake an unequivocal commitment to the two-state solution. We welcomed the speech of Prime Minister Bibi Netanyahu at Bar Ilan University, let us make no mistake about it. It is an important step in the right direction, although it is not enough. Certainly, considering the background and Prime Minister Netanyahu's starting point, it was an important step. I think it was the first time in his political life that he accepted the idea of a Palestinian state, an independent Palestinian state with a lot of reservations and with a lot of aspects but of course we like to see whatever is to know and we have said very clearly, that on many issues, including refugees, settlements, Gaza and Jerusalem, there was no movement. We hope and expect that these are not the final positions of the Netanyahu government but just aspirations, objectives for the negotiations, which, from that point of view, would be legitimate. I think it is legitimate to enter into negotiations having some aspirations and some objectives. The European Union definitely expects that these will not be preconditions or guaranteed outcomes of the negotiations.

So against this background, the European Union has urged both parties to restart talks immediately, or to immediately take steps to resume peace negotiations, respecting previous agreements and understandings and to take into consideration the fulfilment of the respective obligations under the road map.

Fourth point, understandably, with respect to the State of Israel, we don't like to use the word condemn, but this is of course a diplomatic language and political language and the Council in the fourth point states that it remains deeply concerned by the settlement activities in the occupied Palestinian territories, including in East Jerusalem. Sometimes, half jokingly,

half seriously, I say the problem in the Middle East is that there are too many people doing nasty things. Let me say very clearly, that these kinds of activities which I have mentioned are not pleasant things that in no way help the process. To me, it is also surprising to see how determined the present Israeli government is, in explicitly trying to find loopholes, in order to continue the settlement activities and the policies of settlements. Perhaps Israeli governments in the past were not so vocal about their intentions. In my view, these efforts to continue the settlements undermine the possibility of finding a peace agreement and finding a negotiated solution to the conflict. Thus, the European Union has called for a stop to these unhealthy activities, i.e. for a full settlement freeze, including in East Jerusalem and including natural growth. Sometimes, I am tempted to say things about natural growth but I will restrain myself and I will not say them. Sometimes, natural growth is invoked as an argument that is used when we know that in many cases these difficult people—here I am on the left side of this room—on that side of the room, can invoke natural growth. However, the real argument that they tell to themselves and to those who listen to them clearly is not natural growth, which is a kind of biological, demographic argument. Rather, the argument is topographic. Of course, because everybody knows that in the modern world, in the contemporary world, theocratic arguments will not go very far, then of course it is just this kind of biological, demographic arguments which I refrain from making fully.

Anyway, the Council is obligated to the road map. The Council continues to appeal to the Palestinian Authority to make every effort to impose law and order and security. I have to say that we all know that there have been plenty of very difficult and hard measures that have been imposed on the West Bank, as well as the blockade of Gaza. The security situation in Israel now cannot be compared to what was happening in the years 2001, 2002 and 2003. In 2002, there were about 420 Israelis who were killed in suicide terrorist attacks and now this is very good news: in one year, perhaps there could be 10, or 20 Israelis killed in such attacks. This year I think it's about eight Israelis who have been killed as a consequence of the conflict. This is great but of course it would be even greater if there were also similar numbers on the Palestinian side but the numbers on the Palestinian side are not remotely the same. They are even bigger, and they are going to be bigger in 2009 than they were in 2002. So, it would be great if the numbers were equally low on the Palestinian side. The ideal number of such deaths on both sides is zero. That is the objective, but in many cases, if you have to choose between eight or four hundred or one thousand, eight of course is better.

But all this is meant to say that yes, we know that people will claim that this is due to the wall, to the suppression of work permits, to the intelligence services that are deployed, to the restrictions of access and movement, etc. Nonetheless, it is also very important to recognize that it is also due to the determined efforts of the Palestinian Authority under Abu Mazen and Salam Fayyad to put security in the Palestinian Authority, in the Palestinian territories, at the top of the agenda. I am impressed. When Salam Fayyad was appointed Prime Minister after the takeover of Gaza by Hamas, I was surprised to hear the first words of this so-called internationally respected economist, a person who is well known in financial circles, whom one expected would first address the economic crisis. His first words were that his government's top priority was going to be security. I think it is very important to recognize that, consistent with the road map, the Palestinian Authority has made a lot of progress in the last couple of years, and particularly in recent months, in the area of security. The progress is obvious in the Palestinian cities on the West Bank, with the support of the United States, with

the work of General Dayton, who is not popular at all among the Hamas leaders, which is a very clear indication that he is doing a good job, and also with the support of the European Union, through their support of the Palestinian police. I think this is great news. The work is so good that the Israeli security forces do not have any problem in coordinating and cooperating with the Palestinian security forces. They are doing so to a very significant extent. In particular, cooperation is even better with the Israeli police than it is with the IDF. So I think this is a good indication that the Palestinian Authority is fulfilling a very important road map obligation. As I say, the European Union congratulates itself about that and encourages the parties to continue to do that.

Last but not least, on point number four, the European Union will continue to follow up on any allegation of violations of international humanitarian law, of non-respect for human rights, on refugee law in any part of the territories, including Gaza, the West Bank, and the State of Israel.

Fifth point, The Council reiterates the urgency of a durable solution for Gaza. The European Union calls for undertaking everything in the case of Gaza. We want the full opening of the passages for humanitarian aid, for the flow of commerce; we want to terminate the blockade of Gaza and to substitute it with a situation in which the people of Gaza who are not responsible for the kidnapping of Gilad Shalit or for the rule of Hamas in Gaza can live normal lives. I have heard both Ariel Sharon and Bibi Netanyahu use the expression "...to live normal life". Ariel Sharon told Europe that the Israelis want to aspire to live normal life without rocket attacks from Gaza or from Lebanon. Prime Minister Bibi Netanyahu uses the term in his negotiations for the settlements, i.e. that the people in the settlements aspire to live normal life, to have kindergartens for their children, that their children should be able to build homes near their parents. That's fine. I also argue in favour of my living a normal life, and that my friends and all citizens be able to live normal life. I hope that the people of Gaza could also lead normal life one day. They are not living normal life at all. I again insist that they are not responsible for Hamas' rule and they are not responsible for the kidnapping of Gilad Shalit. By the way, we are in favour of restoring the legitimate authority of the Palestinian Authority in Gaza and we are in favour of the unconditional release of Gilad Shalit. But we are also in favour of the full and unconditional and immediate opening of all the Gaza crossings, the crossings with Israel and the crossings with Egypt so that the people of Gaza can live normal life.

Sixth point: The Council expresses continued encouragement for inter-Palestinian reconciliation and unity behind President Mahmoud Abbas, and supports the mediation efforts of Egypt and the Arab League in this respect. We expect that on July 7th, which, by the way, is a very important day in the part of Spain from which I come. Everybody in the Basque country and in the north of Spain knows that July 7th is the day in which the bulls run after the people in Pamplona. So, we hope that in addition to the celebrations that will take place for us in Pamplona, that day will also see celebrations in the Palestinian Authority, in the West Bank and in Gaza, and to move decisively with the reconstruction and the rehabilitation of Gaza.

Seventh point: Of course, the European Union stands ready to further develop and enhance its bilateral relations with the Palestinian Authority in the context of the European Neighbourhood Policy. You are an Authority, you are a partner of the European Union. I

have already touched on the excellent work that you are doing in the security area. You are also doing a great job under extremely difficult conditions with the Palestinian reform and development plan. You have the privilege of having a Prime Minister who is among the elite of the European economists. I don't care how popular he is going to be among certain factions and certain Palestinian leaders, but definitely he is a man of prestige, he is a man who knows the value of a dollar and a euro very well; he knows the value of a shekel. He is serving his country in a way that is excellent and he has the full support of the European Union for his Palestinian reform and development plan. As I already mentioned our determination to continue to support the Palestinian Authority with budgets and with other forms of help is strong.

Eighth point: The Council welcomes the declared readiness of the government of Israel to promote Palestinian economic development. I do not need to elaborate on the need for economic peace. Economic peace is a necessary but an insufficient condition for moving forward. Let me also say that we have a dialogue with the present Israeli government and with the Prime Minister. The Prime Minister is brilliant, he is a brilliant politician. He is articulate, he has great analytical capacities, he can espouse his policies well. I've checked this very well, but I think he needs to go even further. Allow me to perhaps send messages to the Israeli Prime Minister. After having recognized all his assets and his strengths, yes, that he presents analytical things very well, I say that when it comes to completing ground-level changes, to moving on the ground etc., I see still a gap. May I say that I see room for improvement. For example, he is very much in favor of economic peace. However, when it comes to concrete Palestinian needs which can have a huge impact on the possibilities of economic development, for example, the granting of the additional broadcast frequencies so that a second Palestinian broadcaster can begin transmissions, there has been no progress made. A grasp of the economic challenges, recognition of the impact of Israeli decisions on the Palestinian economy, on the big difference that these decisions to authorize such transmissions will make *de facto*, are necessary. The Israeli government has to provide the wavelengths and the frequencies so that the second Palestinian operator can really operate and the Palestinian Authority in this way can recover license fees and can have additional income and so on and not be so dependent on external contributions. Not only that, the Israeli government is continually appealing for support from Arab countries. Please correct me if I am wrong, Mr. Chief Negotiator, but apparently there is Arab capital from an important Gulf country backing the second operator in the Palestinian Authority. The European Union and Israel are constantly saying, "Well, the Arab countries should get more involved, they should support them all". Apparently it is Kuwaiti money combined with European technologies and so on that is prepared to invest in the second Palestinian operator. But operations and broadcasts cannot be launched because there are no appropriate frequencies available. That is my point. I have used that as an example, we would like to see how there is a greater coherence between the brilliant analyses which the Israeli Prime Minister excels in and the concrete and practical measures taken on the ground. We are not talking here of anything that can jeopardize the security of Israel; I am absolutely sure that the IDF has all the frequencies in all of the Palestinian areas that it needs for all of its operations in the West Bank and in Israel.

Also, included under point eight is an appeal to implement and to respect the agreement on access and movement which is fundamental for any economy. Economic peace is fine, but it is not possible to have any kind of economic prosperity under conditions of 600 road blocks and

controls and a blockade on Gaza. I also have the impression that the present Israeli government has made significant efforts, that should not be denigrated, to improve access and movement in the West Bank in recent weeks. So, I think it is not so much the number of settlements that have been removed but other factors that are also significant. Those measures are welcome. Again, I say of these measure what I say about the Bar Ilan speech, that it is a step in the right direction; it is good but insufficient and we expect that more will follow.

Ninth and last point: The Council calls on all the parties to actively contribute to the achievement of a comprehensive settlement, and urges the Arab countries and other parties to be forthcoming both politically and financially in assisting the Palestinian Authority in accordance with the road map. Of course, this is the idea of the Arab peace initiative and the idea is just to appeal and call on the Arab states to undertake what I would call confidence-building measures with Israel. Israel should undertake confidence building measures in the territories, and with the Arab countries. The Arab League as a whole could also undertake confidence building measures. As we all know, these could be, just as for example, opening of offices, opening of some kind of representation, having meetings, shaking hands in the corridors of the Congresses. Ms. Tzipi Livni was very saddened to learn that she had passed the representatives of some moderate Arab countries in the corridors of the United Nations and they didn't want to shake hands with her. That is regrettable indeed, because it is always a great pleasure and a great experience to shake hands with Ms. Tzipi Livni. Of course, other tracks of the Middle East peace process, such as the Syrian track and the Lebanese track, should not be forgotten.

I think I have managed to fulfil my official duty and to tell you about the Council's conclusions here. As we see, they are comprehensive and cover practically all the good measures and all the good means that can be helpful. If the European Council needs any important one in addition, please tell me and I will transmit it to my authorities immediately so that they can incorporate them in the next Council conclusions

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