

R&D framework. Should we make some changes to this framework? As shown by Professor Shachor-Landau and Dr. Frid, the framework should not be changed and we should keep the *status quo*, because a change in the rules and framework has its own dynamics. At the second level - the way we play the game, can be summarized by one sentence: **elise – do not understand we play it until now badly**. What are the reasons? From the political point of view, we have heard today many reasons that explain the situation. I would like to focus on the economic side. Countries, like people, maximize their interest. From the short point of view, the EU position is understandable, it is not about patronizing or human rights; it is about what is best for the EU.

The EU interest for these last years was on the Arab side, and the increased number of European Muslim citizens makes it even more obvious. It is therefore not surprising that the economic relationship, being influenced by the political one, is not in good shape, and we hear from time to time the will to the emergence of some sort of barriers in economic cooperation.

Despite this gloomy view, I am optimistic. If there will be no change in the structure in which we play, the fact that we play the game badly will not have a long run effect. In other words, the emergence of barriers of trade and embargoes is of course problematic, but is not affecting the long run path. Moreover, I hope that we will shortly sign the next R&D cooperation framework, this will be done not due to political pressure but of interests on both sides.

Indeed one element that has effects in the long run is the leadership in technology. We know from the new theories of trade that patterns of trade evolve over time as comparative advantage. Specialization in technological goods is important, and Israel has one of the highest ratios of R&D investment to GDP. We are exporting high tech goods, and we will probably keep the lead in these sectors.

We cannot deny the fact that our relation nowadays does not look good and some even mention the possibility of an trade embargo. Even Ambassador Chevallard, in one of his lectures, has mentioned that he felt that Israelis do not like the EU; but elements of hate and love are irrelevant to policy and the current situation may probably evolve over time. In the long run, Europe will find an interest for a better relationship with Israel, not because she likes us, but because this will be in her best interest.

In conclusion, the elements that are essential for the long-run relationship between the EU and Israel are those that have an influence on the structure of our relation. The first is that there is a common culture between Israelis and Europeans. The second is that the interest of the EU in the technological leadership of Israel. Therefore, despite the fact that today we play the game badly, I am optimistic that our relationship will become better in the future.

#### *EU and Israel: A Historical Perspective (1973-1993)*

**Dr. Emmanuel Navon**

Bar-Ilan University

The Yom Kippur War, which was followed by the Arab oil embargo, created a shift in Israeli-European relations. Under the effect of the embargo, most Western European governments started adopting a much less neutral stance *vis-à-vis* the Arab-Israeli conflict, to the advantage of the Arab states. This shift was exemplified by the following decisions and declarations:

During the War, the Federal Republic of Germany forbade Israeli vessels docking on its coasts to receive arms supplies from American depots in Germany;

During the War, the nine governments of the European Economic Community (EEC) rejected an official US request to allow American airlift to Israel to land on European territory;

France and Britain declared a total arm embargo on the belligerents, a decision which only affected Israel, since the Arab states were dependent on Soviet weapons;

Despite this embargo, France continued to sell its *Mirage* aircrafts to Egypt and Libya;

French foreign minister Michel Jobert defined the unexpected attack on Israel by Egypt and Syria as "an attempt by someone to return to his home, after he was forcibly ejected from it";

French President Valéry Giscard d'Estaing allowed the opening of a PLO office in Paris in 1974 and supported, the same year, the admission of the PLO to UN agencies as well as the invitation extended by the UN General Assembly to Yasser Arafat to address its 1974 annual session;

After the war, the EEC Council of Ministers issued a declaration endorsing the French version of UN Security Council resolution 242, thus adopting the Arab misinterpretation of this resolution.

Despite this general shift of the EEC's official stance on the Arab-Israeli conflict, there were nuances within the EEC. While France, Britain and Italy openly sided with the Arab states, the Netherlands, West Germany, Belgium and Denmark had a more balanced position. Until March 1975, one EEC member, Ireland, did not even have diplomatic relations with Israel.

It is a paradox that, despite the worsening of political relations between Israel and the EEC, economic relations between the two partners actually improved after the Yom Kippur War. Israel became, in May 1975, the first Mediterranean country to sign a free-trade agreement with the EEC. This agreement included a clause forbidding commercial discrimination, thereby forbidding the EEC from giving in to the Arab boycott. This clause constituted a diplomatic victory for Israel, and the Israeli government perceived it as a significant step in upsetting the Arab boycott strategy. The Israeli foreign minister, Yigal Allon declared after the signature of the agreement: "This is ... a step countering the Arab states' aspiration to isolate Israel...and as such it may perhaps serve to prod to some extent the quota of realism among our neighbors, the same realism which is an essential condition for the process of acknowledgment and coexistence in the region."

In other words, Israel strongly believed that, by resisting Arab blackmail and pressures, the EEC would contribute to getting the Arabs to recognize Israel and negotiate their territorial

disputes with the Jewish state.

This strategy of rapprochement between Israel and the EEC was essentially the fruit of Allon's thinking. Rabin, who was then the Prime Minister, had for his part written off the EEC from Israel's diplomatic map, and declared that "the less the Europeans meddle with the Middle East, the better the chances are for peace."

While Rabin ignored Western Europe, his successor, Menachem Begin, had an obsessive resentment towards the Old Continent. Begin used to publicly castigate European leaders for what he perceived as their hypocrisy. For instance, responding to European criticism of Israel's policy in Lebanon, Begin declared: "Christian France, having been a patron of the Maronites for ages, now sold them down the river. The only materialistic calculation is how to find favor with those who have the oil." Begin also used to disqualify the Europeans of any constructive role in the Middle East because Europe was the continent on which the Holocaust happened. He very often compared the European policy towards the PLO, to Europe's appeasement policy toward Hitler and to the 1938 Munich Agreements.

But beside Rabin's wariness and Begin's grievance, there was a fundamental disagreement between Israel and the EEC on how to solve the Arab-Israeli conflict. The European official position was that Israel should recognize the PLO and withdraw from all the territories seized during the 1967 War. Israel's position, on the other hand, was that it would have been suicidal to negotiate the final status of the disputed territories with an organization whose very *raison d'être* was the destruction of Israel. For Israel, the PLO was the organization which adopted in 1974 a "Phased Plan" calling for the establishment of a Palestinian state throughout the disputed territories as a necessary step for the destruction of Israel through a coordinated Arab offensive supported by an Arab military presence west of the Jordan River. Israel advocated the negotiating of the disputed territories either with Jordan or with a local, elected Palestinian leadership. Israel wished to grant full political freedom to the Palestinians, while preventing any Arab military presence west of the Jordan River. While the United States, especially under the Nixon and Reagan administrations, supported Israel's strategy, the EEC rejected it.

Israel's peace strategy was also based on signing peace agreements with moderate Arab regimes while isolating and weakening radical ones. Here again, the US was fully

sympathetic, while the EEC was not. In fact, a major EEC Member State, France, tacitly acquiesced of Syria's occupation of Lebanon and built a nuclear plant for Saddam Hussein. Worse, France, like many EEC governments, did not welcome the 1979 peace agreement between Israel and Egypt. In other words, France strengthened two radical Arab regimes opposed to the peace process and did not welcome a peace agreement between Israel and a moderate Arab country.

After the Camp David Accords, the EEC and the Council of Europe openly challenged the Israeli-American peace strategy. On the 24<sup>th</sup> April, 1980, the Council of Europe called for an alternative strategy to that of Camp David, as well as for the rephrasing of UN Security Council Resolution 242. In June 1980, the EEC explicitly called upon Israel, for the first time, to recognize the PLO (the famous "Venice Declaration"). This was an open attempt to torpedo the Camp David Agreements, which had called for elections in the disputed territories – a strategy which the PLO rightly saw as a challenge to its influence. The EEC passed this declaration the day after the PLO had officially declared that "Fatah is an independent national revolutionary movement whose aim is to liberate Palestine completely and to liquidate the Zionist entity." For Israel, the Venice Declaration was hard to believe, if not to stomach.

Begin was annoyed at the EEC Member States for their insistence that Israel should recognize an organization fanatically opposed to Israel's right of existence. He was also aggravated by Europe's total rejection of his autonomy plan for the Palestinians, which would have granted the Palestinians, in effect, a state with limited sovereignty - especially in foreign affairs and defense. As he told French President Mitterrand who visited Israel in March 1982: "[the Arab inhabitants of Judea-Samaria and of the Gaza district] will enjoy for the first time an elected representation which will deal freely, without any interference whatsoever, in their own daily affairs. And the Military regime will be withdrawn. No such situation prevailed during the period of the Turkish rule, the British, the Jordanian or the Egyptian. Why is this unacceptable?" Begin noticed that France, who was very critical of this plan, refused to concede any autonomy to Corsican nationalists. In February 1982, he declared that "France should better take care about the autonomy of Corsica and stop worrying about Israel's territories." To which Mitterrand replied in private: "Well said. Begin is right ... Begin's remark didn't shock

me. Corsica, after all, is French only since 1758. It's slightly more recent than Abraham, isn't it?"

The Lebanon war further aggravated the diplomatic tension between Israel and the EEC. Moreover, the widening of the EEC to the South (with the accession of Greece, Spain and Portugal) represented a challenge for Israel both politically and economically. Politically, because the foreign policy of these three countries had always adopted a clearly pro-Arab stance. Spain only established diplomatic relations with Israel in 1986, and Greece in 1990, while Portugal raised its representation in Israel to the ambassadorial level only in 1991. In 1982, Greek Prime Minister Papandreu invited Arafat to Athens for an official visit and elevated the PLO information bureau to the rank of diplomatic representation. During the Lebanon war, Papandreu accused Israel of committing "crimes against humanity" and added: "We have seen what Nazism did to the Jews and now the Jews are doing the same to the Palestinians." So the enlargement of the EEC southward represented a diplomatic challenge for Israel. It also constituted an economic challenge, because Spanish, Portuguese and Greek exports were essentially agricultural and were therefore likely to compete with Israeli agricultural exports to the EEC. This is why, in February 1985, Israeli President Chaim Herzog asked the European Parliament to take into account Israel's interests as a trade partner while negotiating the admission of Spain and Portugal. The same month, Prime Minister Peres, paying an official visit to Italy, sought support for Israel's negotiating stance with the EEC regarding agricultural exports. Similarly, in October of the same year, foreign minister Yitzhak Shamir advocated European leaders Israel's need to protect its agricultural exports against objections presented by Greece and Italy.

The EEC (which became the EC- European Community in 1986) did not meet Israel's requests, but on the contrary used its economic leverage to impose its political views upon Israel. In 1986, the EC declared the disputed territories "economic sectors not associated with Israel and Jordan." In 1988, the European Parliament did not approve the signature of a trade protocol with Israel. In 1990, the EC rejected Israel's request to broaden scientific cooperation to energy research. In May 1992, the EC foreign ministers refused to upgrade economic ties with Israel because Israel was boycotting multilateral talks on economic cooperation, in which Palestinians not residing

in the disputed territories were represented. In December of the same year, the EC postponed negotiations with Israel over a new trade agreement, because of Israel's expulsion of Hamas terrorists to Lebanon.

After his election in 1992, Prime Minister Rabin made a few statements that summarized Israel's feelings toward the EC:

"The time has come for Europe to present a more balanced position *vis-à-vis* the Middle East conflict and to update the Venice Declaration."

"It angers me that Europe...hinders the improvement of our trade balance for political considerations".

"The Europeans are volunteering to participate in peace processes all over the world, and when there is trouble at their doorstep [in Yugoslavia], where are they?"

Rabin was firmly opposed to the European "peace formula" for the Middle East, because he was opposed to recognizing the PLO and because he was against a withdrawal to the 1949 cease-fire lines. His vision was to negotiate the implementation of the Allon Plan with an elected, local Palestinian leadership. He did not initiate the Oslo process, and strongly objected to it when Foreign Minister Shimon Peres first reported to him about the secret meetings between PLO officials and Israeli scholars in Norway. He eventually approved it, however, thereby endorsing the European vision of peace in the Middle East.

Indeed, the Oslo Agreements constituted a faithful endorsement and application of the European peace formula, in that Israel recognized the PLO, and in that the underlying vision of this process was the establishment of a Palestinian state in all of the disputed territories with its capital in the eastern districts of Jerusalem. The underlying assumption of Oslo was that the PLO had accepted the two-state solution, thus recognizing the legitimacy of the Jewish State and its right to exist more or less within the 1949 cease-fire lines.

The PLO policies and behavior since the signature of the Oslo Agreements, and more especially its rejection of the Camp David and Taba peace proposals, revealed how unfounded was this assumption. In the twenty-year-old political dispute between Israel and Europe over the optimal way to solve the Israeli-Palestinian conflict, the EU has clearly

lost its case. Its solution was implemented, and proven to be a failure. Instead of learning from its mistakes, the EU Middle East policy continues to adopt diplomatic stances and to support activities that further impede peace and stability in the region. For example:

Only last month, six EU Member States, France, Belgium, Sweden, Austria, Spain and Portugal voted in favor of a resolution of the UN Commission on Human Rights, which, by recognizing the legitimacy of "all available means, including armed struggle" to achieve political goals, sent the message that terrorism (which the Palestinians call "armed struggle") is legitimate. This resolution accused Israel of "mass killings", while failing to mention Palestinian suicide bombers.

Most European governments, by continuing to support Chairman Arafat and by denying Israel's right of self-defense from terrorism, send to the Palestinian Authority (PA) the message that terrorism pays. Even *The Economist*, which cannot be suspected of pro-Israeli bias, wrote that: "Even European governments that are willing to call Palestinian terrorism by its proper name reject Israel's right to make any military reply... These governments are in a sort of denial. They see that Mr. Arafat remains essential to peacemaking and refuse to admit what he is up to...When [Arafat] calls for "a million martyrs" to liberate Jerusalem, the martyrs know what he means." (April 6<sup>th</sup>, 2002, "Sharon's War"). If Israel has no right to defend its citizens, then attacks on those citizens must be justified.

EU tax money has been used and is used by the Palestinian Authority to finance its terrorist acts against Israeli civilians. Hundreds of Fatah activists operating in the Fatah's military wing, the Tanzim, and the Al Aksa Martyrs Brigades, were and are paid by the EU's \$9 million monthly transfers. The EU's funding, which amounts to about ten percent of the PA's current budget, were and are transferred by the PA to terrorists, by means of including them in the list of national

security employees, despite the fact that in practice they operate in the framework of local branches of the Tanzim and the Al Aksa military Brigades. The EU failed to take any step to monitor or scrutinize how the PA was using its money. The German weekly *Die Welt* recently reported that the PA has submitted to the EU a request that includes \$20 million for the purchase of arms for the Palestinian police force, and \$15.5 millions for the families of the "martyrs" (i.e. the suicide bombers). As Israel's daily newspaper *Ha'aretz* military correspondent Ze'ev Schiff commented: "Based on the lessons from the past, it appears that the refugees and those whose situation is truly dire will not be the ones to benefit from this money."

Moreover, the EU finances without scrutiny the educational system of the PA, which teaches intolerance and hatred toward the Jews, which systematically denies the legitimacy of the State of Israel, and which undermines any feeling of compromise and mutual respect with Israel. Horrified by the content of the schoolbooks published by the PA in 2000-2001, one EU Member State, Italy, has withdrawn its funding, and certain European MEPs, such as François Zimeray, Olivier Dupuis and Rijk van Dam have demanded explanations from the European Commission. Unfortunately, and mysteriously, the European Commission is trying to avoid its responsibility in funding an educational system that teaches hatred and intolerance, in gross violation of the EU's principles and of the Oslo Agreements. EU funding of infrastructures, salaries and current expenses facilitated the use of the PA textbooks in the Palestinian schools. Assistance to the "Palestinian Centre for Curriculum Development" was not provided within a bilateral framework but within a multilateral one, namely the "Donors Forum" of which the EU is a member. The "Donors Forum" has pledged \$ 5.7 billion for the period 1994-1999, over fifty percent provided by European countries and the European Union. Approximately ten percent of this aid was invested in the PA educational system.

In addition to its harmful policies in the Middle East, Europe is growingly discrediting itself because of the rise of European anti-Semitism and because of hostile and groundless declarations recently made by

European leaders. For example, EC Commissioner for External Affairs, Mr. Chris Patten recently referred to Israeli actions as "atrocities", the president of the Greek Parliament recently stated that Israel is committing "genocide" against the Palestinians, and the Swedish foreign minister Anna Lindh said that Israel is about to place itself "outside of the rest of the world community." Regarding anti-Jewish violence in Europe, one should contrast the state of affairs in the United States, in which American Muslims confine themselves to democratic protest such as demonstrations, lobbying, articles in the press, with the prevailing situation in Europe, where European Muslims burn synagogues and beat up Jewish kids. This state of affairs can be partly explained by the fact that the European media and governments create an atmosphere that ultimately justifies such violence. The US media is highly critical of Israel, but unlike its European counterpart, it does not conceal the reasons for Israeli military operations. Even *Le Nouvel Observateur's* editor, Jean Daniel, hardly an Israel fan, recently wrote that the French media simply ignores terror attacks that precede Israel's military actions. The US government is also critical of Israel's policies, but as opposed to its European counterparts, it does not deny Israel's right to defend its citizens. By concealing the reasons of Israel's military actions and by presenting these actions as wholly unacceptable and unjustified, European governments and media contribute to the climate of anti-Jewish violence in Europe.

It took the EU twenty years, after the Yom Kippur War, to convince Israel, essentially through economic pressures, to adopt the European peace formula for the Middle East. In light of the results of this formula, the EU will be able to rehabilitate its credibility as an honest peace broker only if it adopts the following principles and policies:

To unambiguously condemn terrorism in general and Palestinian terrorism in particular. The definition of "terrorism" is not a matter of dispute: it is the intentional and deliberate murder of innocents, spreading panic and putting pressure on leaders, in order to achieve political goals. End of the story. The EU must explain why all the Palestinian terrorist organizations are not on its official list of terrorist groups;

To stop the negotiation of trade agreements with terrorist states such as Syria and Iran;

To fully support US efforts to prevent the building of a nuclear arsenal by Iraq and Iran, including the bombing and destruction of non-conventional military infrastructure;

To stop financing the PA that uses European money to conduct terrorist acts against Israeli civilians and to educate Palestinian youth to hate Israel and to glorify martyrdom.

Fighting for one's independence is a just cause, but fighting for the destruction of a state is not. The deliberate murder of innocents cannot be justified, regardless of the causes that allegedly motivate such acts.

The Middle East peace process will have to be rebuilt not based on the Oslo principles but on the Helsinki principles: that is by sending the clear message to autocratic regimes that if they want to enjoy Western recognition and financial support, they have to stand by Western standards of democracy and respect of human rights. At Helsinki, the West, including Europe, stood by its principles and managed to impose reforms within the former Soviet Union. It is time for the EU to apply the same policy to the Middle East. The democratization of the Middle East is a key condition to a durable peace. Democratic leaders need to deliver peace and prosperity to be re-elected, while dictators need an outside enemy and war to mobilize their subjugated people and maintain their rule. And countries that do not respect their citizens do not respect their neighbors.

By finally adopting a non-compromising attitude toward Arab terrorism, militarism and autocracy, and by using its resources to finance the economic infrastructure and the democratization of Palestinian society instead of transferring money to autocratic leaders who spend it on weapons and on propaganda, the EU will not only be faithful to its principles – it will contribute to peace and stability in the Middle East.

#### *Concluding Remarks*

**Dr. Elise Brezis**  
Bar-Ilan University

I will try to present a synthesis of the different positions exposed at this meeting, and by

doing so present a position that may seem heretic to some of you. To sum up the different views, I will use a paradigm developed by Francis Fukuyama in his book, *The End of History*. (I am sure that some of you wonder whether it is not more appropriate to use ideas presented in his other book – *Trust*, which seems to suit best this seminar on the EU - Israel relationship.)

Going back to the “*End of history*”, the main idea of the book is that convergence of political and economic institutions has taken place at the end of the twentieth century. To express his idea in a different perspective, let me say that Fukuyama claims that there is only one equilibrium, to which all countries converge. This is in opposite to the idea that political and economic institutions display multiple equilibriums, an idea vehicular by Huntington.

Let me demonstrate these two perspectives in a graphic way. In **Figure 1**, I display the different types of regime, and to simplify let us assume that there are two possibilities, either non-democracy or democracy. If these two regimes are equilibria, it means that some countries will converge to one equilibrium and others to the second one (as shown in the left side of the figure). So we would not see convergence of all countries to the same equilibrium, i.e. to the same political institutions, as claimed by Fukuyama.

If, on the other hand, only one regime is a potential equilibrium, then we will see all countries converging to this unique equilibrium. So speaking about convergence, is equivalent to claiming that there exist a unique equilibrium to which countries converge.

However, to claim that there exists only one equilibrium does not imply that all countries take the same path; there are differences among countries. Some will converge quickly; other slowly. Some will converge linearly, other in circle (in an ellipsoidal way) as shown in **Figure 2**.

How is this schematic presentation related to the subject of this seminar, which is the effects of EU's enlargement on Israel? It is related, because if there were only one equilibrium, it would have meant that for ex-communist countries, entering the EU does not affect the equilibrium, i.e., the point they will reach. It would affect only the rapidity of convergence.

In other words, the eastern European countries would have reached in the long run the same political and economic structures, even without Enlargement but it would have been slower, maybe not straight and linear as it is.