Israel criticizes E.U. on bilateral guidelines

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New financing rules exclude groups operating inside the West Bank

BY JODI RUDOREN

Israeli leaders on Tuesday condemned as “dis-discriminatory,” “hypocritical” and “unhelpful” to the peace process new European Union guidelines that explicitly ban for the first time the financing of and cooperation with Israeli institutions in territory seized during the 1967 war. The guidelines, which will be published Friday and take effect in 2014, reflect the increasing tension between Israel and Europe over Jewish settlements in the West Bank that world leaders have long considered illegal, and Europe’s somewhat stunted efforts to pressure Israel to resolve its intractable conflict with the Palestinians. Their revelation, in an article Tuesday in the left-leaning Israeli daily Haaretz, came as Secretary of State John Kerry landed in the region for his sixth visit in four months trying to revive peace talks, and could complicate that mission.

In years of saying “settlements are illegal, we don’t recognize them,” Europe is slowly putting a limited aspect of its policy where its mouth is,” said Daniel Levy, a Middle East analyst at the European Council on Foreign Relations. “They have become convinced that they need to lean in a little, in demonstrating that they are not totally toothless in translating those concerns into action.”

E.U. officials played down the significance of the guidelines, which apply only to deals between Israel and the union itself, not to its 28 member countries, saying they were simply an implementation of longstanding opposition to Israeli activities in the West Bank, Gaza Strip and Golan Heights. Approved June 28, the guidelines say agreements providing research grants, scholarships and cultural exchanges must state explicitly that they apply to Israel’s pre-1967 borders.

“I wouldn’t call this a policy shift — it is alignment with things that have been said for a long time,” said Rosa Balfour, a senior analyst at the European Policy Center, based in Brussels.

The European Union is Israel’s largest trading partner, with nearly $40 billion in imports and exports in 2011. The guidelines cover only projects financed directly out of the Union’s next long-term budget, which covers 2014 to 2020; officials said that it was impossible to estimate their value, but that it was not a large sum.

“This is not about money,” Ms. Balfour said. “It’s about politics.”

 Israeli politicians reacted with alarm, with government leaders warning that the guidelines would make it difficult for Israel to sign such deals because it would in effect have to acknowledge the settlements are beyond its borders. Zeev Elkin, the deputy foreign minister, said it was inappropriate for one side to stipulate terms of bilateral agreements in advance, and that the move would “impede Israeli organizations as a whole, and not only in the territories.”

Yair Lapid, the finance minister, called it “a miserable decision” that “sabotages” Mr. Kerry’s initiative by making Palestinians believe that Israel will be forced to bow to the diplomatic and economic pressure. “After the accords, the pro-settlement housing minister, went further, saying the move was racist and “reminiscent of boycotts of the Jews in Europe over 66 years ago.”

Hanan Ashrawi, a member of the Palestinian Liberation Organization’s executive committee, welcomed the decision, saying in a statement that Europe “has moved from the level of statements, declarations and denunciations to effective policy decisions and concrete steps which constitute a qualitative shift that will have a positive impact on the chances of peace.”

The guidelines come as the European Union continues to debate whether to label products made in West Bank settlements, which some member countries have already done. Tzipi Livni, the Israeli minister in charge of negotiations with the Palestinians, cautioned in a recent speech that potential boycotts “won’t stop at the settlements” but will spread “to all of Israel” because it is seen as a “colonial country.” There has also been some discussion in Europe about denying visas to West Bank settlers.

Shlomo Ben-Ami, a former Israeli foreign minister and ambassador to Spain, saw the European move as a “good sign” because it distinguished between pre-1967 Israel and the territories rather than punishing the country as a whole. “Given the trend and the wave of protest against Israel’s occupation and the call for boycott of the entire state, this distinction is interesting,” Mr. Ben-Ami said. “It should be seen as the right way for those who believe you need to put pressure on but not delegitimize the state of Israel as such. You delegitimize the occupation, not the state of Israel.”

Tommy Steiner, who leads research projects on Israel’s relationship with Europe at the Interdisciplinary Center in Herzliya, Israel, said the roots of the new guidelines date from 2005, when Israel signed a “path breaking” agreement excluding the West Bank from trade deals with the European Union. Then, in 2008, when the European Union decided in 2011 to upgrade its relations with Israel, Mr. Steiner said, it officially linked the move to progress in the peace process.

“ ‘The question I’ve asked many times is, ‘Can Israel and the European Union have a relationship that goes beyond the Israeli-Palestinian conflict?’ ’ Mr. Steiner said. ‘Apparently, from a European perspective, the answer is no, and that’s a shame. You ask yourself, ‘Why are the Europeans obsessed with the peace process?’ ”

Andrew Higgins contributed reporting from Brussels.