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Israel's European Policy after the Cold War

Dissertation

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Abbreviations

AHM	Al HaMishmar
AN	Arab News
BERD	European Bank for Reconstruction and Development for East Europe
CFSP	Common Foreign and Security Policy
CHA	Chadashot
CSCE	Conference on Security and Co-operation in Europe
DGC	Inter-Ministerial Director Generals' Committee for Economic International Affairs
DV	Davar
EEA	European Economic Area
EFTA	European Free Trade Association
EG	Egyptian Gazette (Cairo)
EMA	Euro-Mediterranean Agreement
EMBL	European Molecular Biology Laboratory
EMBO	European Molecular Biology Organisation
EMP	Euro-Mediterranean Partnership
EPC	European Political Co-operation
FM	Foreign Minister
FTA	Free Trade Area
GAFTA	Greater Arab Free Trade Area
GATT	General Agreements on Tariff and Trade
GATS	General Agreements on Trade in Services
GCC	Gulf Co-operation Council
GDP	gross domestic product
GPA	Government Procurement Agreement
HA	HaAretz
HAE	HaAretz English Edition
HB	Handelsblatt
HZO	HaTsofe
IDF	Israel Defence Force
JAA	Journal of Arab Affairs
JT	Jordan Times
M	Le Monde (Paris)
MA	Maariv
MAFTA	Mediterranean Arab Free Trade Association
MD	Monitordienst der Deutschen Welle
MECS	Middle East Contemporary Survey
MEDA	Mesures d'Accompagnement
MENA	Middle East and North Africa
MEPI	Middle East Partnership Initiative
MNM	Mediterranean non-member
MS	Medienspiegel der Deutschen Botschaft Tel Aviv

NTB	Non-tariff trade barrier
OECD	Organisation for Economic Cooperation and Development
OJEC	Official Journal of the European Communities
PECS	Pan-European Cumulation System
PEMCS	Pan-Euro-Mediterranean Cumulation System
PLO	Palestine Liberation Organisation
PS	Pressespiegel Deutschland und Europa der Deutschen Botschaft Tel Aviv
SLA	South Lebanese Army
TCA	Trade and Co-operation Agreement
WEOG	Western European and Others Group of the United Nations
WTO	World Trade Organisation
YA	Yediot Acheronot

1 Introduction

Relations between Israel and Europe have varied considerably over time. During fifty years of Israel's existence, they have wavered between almost every point on a scale of warm and close to distant and reserved. When the State of Israel was established, its relations to the UK, the mandatory power of Palestine at the time, were strained due to the latter's policies concerning especially Jewish immigration and by Zionist opposition to these policies, including anti-British violence in some parts. Things changed quickly though, and only eight years later, Israel joined forces with the UK and France as allies in the Suez campaign. France, for its part, had become Israel's chief ally in the fifties as well as its main supplier of weapons, arms technology and nuclear facilities.

Israel's honeymoon with the Europeans came to an end in the mid-sixties, with changes in the international environment causing the European states to take Arab interests into greater consideration. In the most drastic manifestation of this change of policy, France announced an arms embargo on its former ally after the 1967 Six-Day War. Relations with Western Europe suffered further with the oil crisis of 1974 and Europe's growing awareness of the centrality of the Palestinian problem to the Middle East conflict. The EC states chose the Arab-Israeli conflict as one of the two initial areas of European Political Cooperation, and Israel soon found itself facing an EC that was pursuing a Middle East policy which Israel perceived to be less and less compatible with its interests. Relations touched rock-bottom with the European Council's 1980 Venice Declaration, recognising the right to self-determination of the Palestinian people and calling for negotiations with the Palestine Liberation Organisation (PLO) whilst failing to mention Arab terrorism – positions that were completely unacceptable to Israel at the time.

Relations improved again during the eighties under Israel's national unity government. By the end of the decade, rapprochement had made significant progress, when the world order which had structured Israel's relations with the rest of the world ever since the Jewish state had existed, finally collapsed: the Cold War.

1.1 Scientific interest

This is where we begin – the aim of this study is to analyse what Israel's policy toward Europe has been since. More precisely, our central objective is to establish what has been governing Israel's attitudes and behaviour towards the European Community/European Union. The focus is on fact-finding and in essence, we try to answer a set of four questions: What does Israel want from Europe? Why does Israel want whatever it wants? How does it go about it? And finally, who are the relevant actors?

Whilst Israel has a long tradition of relations with Europe, surprisingly these are not well researched at all. However, this may not be so surprising, given that European policy is almost exclusively day-to-day politics. No great

crises and no threats to Israel's vital interests have arisen from this policy field, making it seem not too exciting as a topic. On the other hand, this makes an analysis of the workings of Israel's European policy all the more instructive. It offers an insight into the workings of low politics of second or third priority, a view that is far from rare but rarely taken. The vast majority of foreign policy analyses ascertain how policy is formed and conducted for high priority issues, within high politics or even exclusively during crises decision making. The case of Israel's behaviour towards the EC/EU thus offers to help fill a gap in analysis of low-priority politics.

Israel-EC/EU relations show an asymmetry of power which is heavily tilted in favour of the Europeans. The EC/EU obviously has many times as much weight in any field than Israel in this relation, including the military field, even though this fortunately does not play much of a role nowadays. How does a much less powerful state behave if it is measured against its opposite? How does it cope when dealing with a vastly larger and more powerful actor? Which tactic will it use, which behaviour will it show? How can a small state gain what it wants from a giant? How does a state behave under an asymmetry of power? Keohane and Nye pioneered theoretically in asymmetrical interdependence.¹ An analysis of Israel's European policy also promises to shed some light on the behaviour of states at the inferior end of this asymmetry. The thesis is thus intended to serve as a case study for further research in two neglected areas of foreign policy analysis: the conduction of day-to-day politics and low-level decision making on the one hand, and the analysis of foreign policy under conditions of inferiority in an asymmetry of power on the other.

In order to limit the scope of the study, the focus is exclusively on the State of Israel's government policy, the government being the main actor in Israel's foreign relations.

A central assumption of this analysis is that much of what we will be able to observe cannot be traced back to an explicit, formulated and pronounced policy of the Israeli government. Correspondingly, we will be looking at behaviour rather than at policy in its everyday sense. "Policy" within the understanding of this thesis will be a characteristic pattern of behaviour that can be deduced from observation of the actions of Israeli actors dealing with the EC/EU. This analysis will find out just what this pattern of behaviour is like – i.e. Israel's "policy".

We will scrutinise what Israel's behaviour towards Europe has been like in the current configuration of the international system, i.e. after the Cold War and against the backdrop of changes that have taken place due to the end of the former world order. A point we will pay special attention to is if the change in government from the Likud to Labour in 1992, and the accompanying reversal of peace process policy had a profound impact on

¹ Keohane & Nye, JR., 1977.

Israel's policy towards the EC/EU. It certainly had an impact on Israel's behaviour, but the question to answer will be if the – mostly implicit – principles of Israel's conduct underwent a change or if actually only the circumstances changed, as we will argue, and not in fact the substance of Israel's attitude.

1.2 State of research

Since the early days of the Jewish state's existence, Israeli politics and particularly its foreign relations have been a focal point of the works of historians, political scientists and analysts of international relations all around the world. Of all the publications that emerged from this interest, understandably the bulk looks at questions related to the Arab-Israeli conflict. US-Israeli relations, too, prominently range amongst the topics chosen for analyses. Rather surprisingly, considering the importance of Israel's relations with Europe, its relations with the EC/EU and with individual European states have been looked into much less often.

EC/EU Middle East and Mediterranean policy is relatively well covered. Sven Behrend, Klaus Boehnke, and Martin Ortega have recently published in this field, to name just a few.² Having taken a European point of view and having focussed on a whole region as the object of policy rather than just on Israel, their studies pursue a different scientific interest than our analysis. For their part, these studies are valuable sources to draw on in understanding the environment in which Israel conducts its European policy.

Israel's relations with the EC/EU have commanded considerably less academic attention. Roughly, there are four books that deal with the issue, all of which are collections of papers. Two of them, Hillman & Sussman, 1991 and Hirsch, Inbar, & Sadeh, 1996a, exclusively concentrate on economic matters. The other two, Greilsammer & Weiler, 1988 and Ahiram, Tovias, & Pasch, 1995, look into historic, cultural, economic and legal aspects of Euro-Israel relations, but hardly scrutinise the political aspects of the relations. Very little of the political dimension is examined, and when it is, it is almost solely the EC/EU's policy towards Israel that is being analysed and not Israel's policy towards Europe. Since the papers edited by Greilsammer result from a 1984 conference, they also will have to be considered largely outdated by now.

Of the papers and articles on Euro-Israel relations that seem relevant here, Palmieri-Billig, 1993, Hollis, 1994 as well as Hausmann, 1995 offer an overview of the state of relations in the early nineties, albeit, once again, from a predominantly European perspective. For the history of the economic aspects of EC-Israel relations, see Pomfret, 1988 and Shachmurove, 1988.

² Behrendt, 2000; Boehnke, 2003; Ortega, 2003. See also Aoun, 2003; Asseburg, 2003; Büttner & Landgraf, 1994; Hollis, 2004; Johannsen, 2004; Kemp, 2003; Ludlow, 1994; Perthes, 2003b; Schäfer, 2004; Weidenfeld, 1995.

Concerning scientific cooperation up to the early nineties, Steinberg, 1988 and Keynan, 1995 are instructive. Shimoni, 1981 offers a rare analysis of the history of Euro-Israeli political relations and particularly their deterioration by the early eighties. Jaeger, 1987 is valuable in this respect as well.

Apart from these more general overviews, there are several papers that concentrate on specific aspects of Euro-Israeli relations: Einhorn, 1994 analyses how the 1975 Israel-EC Cooperation Agreement has been implemented in detail, Toren, 1988 and Hager, 1988 look into the effects the agreement had on Israel. Examining political rather than economic relations, Rhein, 1995 sheds light on common and conflicting interests that Israel and Europe have in the Middle East and the Mediterranean. Greilsammer, 1991 offers a close examination of an outstanding conflict in the annals of Israel-EC relations: the European Parliament's 1988 refusal to ratify three protocols of the 1975 Cooperation Agreement. Another specialised study, by Leopold Yehuda Laufer, lays open the EU's institutional infrastructure concerning its relations with Israel and analyses the role of the Brussels Jewish-Israeli lobby.³

Finally, there are a handful of papers that are of interest for having offered prognoses or advice to Israeli policy makers. Amongst them are Tovias, 1995b, focusing on economic implications of further EC enlargements for Israel, deliberations on how Israel could best profit from European Monetary Union in Brezis, 1995, and Rubin Meridor, 1995, arguing against Israeli membership of the European Monetary System. Redmond, 1995 and Inbar, 1998 look into the potential of further integration with the EU, whilst Maciotti, 1995 examines in which areas EC-Israeli research cooperation could be expanded. Intriguingly, Tovias, 2003b, Veit, 2003 and Benner, 2004 contemplate if and how Israel could become a full member of the European Union.

In short, there are several analyses of EC/EU Middle East policy but only a few of EC-Israel relations. Furthermore, what these studies have in common is their largely economic or European perspective. Israel's attitudes, aims, behaviour and policy toward the EC/EU have not been subject to any major study so far at all. Similarly, the determinants and workings of Israeli foreign policy in general have rarely been analysed.

This analysis will thus reach new shores, not only because of its topicality and its focus on day-to-day politics, but also for its analysis of the Israeli perspective on relations with the EU.

1.3 The case studies

As we pointed out, this is not a study in crisis decision making, but even so, we agree with the assumption that certain situations are more promising to look at than others. We are setting out to analyse chains of processes that

³ Laufer, 1997.

lead to observable behaviour, so it is appropriate to focus on situations and issues that prompted observed policy acts. We will therefore use a number of explicit conflicts and issues between Israel and the EC/EU as case studies. Concentration on distinct issues has the additional methodological advantage that these can be expected to be better documented and, crucially, better recalled by the participants and first-hand observers.

For the case studies, a number of issues in Israel-European relations were chosen that were processed by Israel's foreign policy system since the end to the East-West conflict. We picked issues that ranked high on Israel's agenda with the EC/EU, so that we can thus expect to provide significant indicators of Israel's behaviour. They are not meant, though, to constitute an exhaustive list of issues related to Europe.

Not to be misunderstood – Israel has called on Europe for a number of other issues that are not directly related to a European role in the Middle East: not to supply weapons to Israel's enemies, to fight the Arab boycott and to press the Soviet Union to let its Jews emigrate, to name just a few. However, these were actions taken towards the whole of the international community and have not been focussed on Europe. They have not been an outflow of a particular behavioural pattern or policy towards the EU but were part of Israel's general foreign policy. We will therefore not go into the details of these cases. "European policy" is understood as behaviour aimed exclusively towards the EC/EU, not as behaviour that is addressed to the EC/EU amongst others.

Roughly, issues of Israel-European relations processed by the Israeli foreign policy system in the period under investigation can be grouped around two themes: the role the EU should have in the Middle East – which pertains to the realm of politics – and how Israel should integrate with Europe, which is predominantly an economic question. Correspondingly, the issues are grouped in this manner in the following analytical chapters.

Factually, the analysis focuses on events between 1986 and 1997. This is not to say that there has been nothing to look at after that period. Rather, this focus is due to the course of Israeli politics and the need of the analyst to work with significant data. As a matter of fact, the years of 1986 to 1997 saw a number of outstanding developments in Israel-European relations: the only ever occasion that Israel has come under European sanctions, a rapprochement of Israel and the EC in the wake of the Kuwait crisis after a decade of markedly cool relations, the EC's persistent claim to play a role on a par with the US in the Middle East after the Cold War, the peace process of the mid-nineties and the effects it had on Israel-European relations and the EU's Middle East and Mediterranean policy, the upgrade of formal Israel-EU relations in the 1995 Euro-Mediterranean Agreement and Israel's admission to the EU's Research and Development Framework Programme in the same year to name just a few. In contrast, no issue of comparable scale has come up in Israel-European relations since. This leads us to another question we

will try to answer in this research – namely under what circumstances and conditions Israel-EU relations will strive. In order to determine how Israel's European policy system is working, we however have to see it working.

This is a lot more easily achieved with issues beyond a certain significance. In our case, the crucial threshold is access to information on the inner workings of the policy process. Access is best when an issue is more outstanding, so that it will be monitored in the media and be reflected in the observable behaviour of the government and bureaucracy in many more instances than is the case with issues deemed hardly important.

Last but not least, a crucial threshold in this analysis has been the threshold which an event has to overcome to enter the long-term memory of the actors involved. This analysis crucially depends on narratives of participants and on media coverage. Unfortunately for an analysis of low-priority politics, the quality of both types of sources greatly declines when an historical event has been perceived as less outstanding. Participants will not remember accurately, the media will most likely not even mention it or, at most, only fragmentarily and thus greatly distorted. We have therefore concentrated on significant issues that promise to be documented accurately enough. Factually, they all occur before 1998.

1.4 Methodological considerations

1.4.1 What we need: form follows function

To analyse day-to-day politics in Israel's European policy, we need a rather sophisticated model. We do want to analyse decision making, but we suspect that there are lots of implicit decisions and non-decisions that shape what we are observing, possibly even unconscious decisions.⁴ A focus on decision making would most probably lead us astray in day-to-day politics, which we expect to encounter for most of this study. Most likely, we will have to deal with processes that are far better described by standard procedures than by an explicit decision that can be pinned down.

Similarly, the tools of classic foreign policy analysis will be of limited use. Typically, these analyses look at high politics, core interests of the state and crises that are fit to prompt a revision of foreign policy – we however do not. Low-level day-to-day politics need a different approach, an approach that will account for more than *raison d'état*.

In addition to what the classic model offers, we will need a domestic perspective to be able to evaluate the influence of actors such as parliament, political parties and interest groups. We will also need to be able to take into

⁴ "Foreign policy", Clarke, 1989, p. 27 observed, "is less a series of clear decisions than rather a continuing and confusing 'flow of action', made up of political decisions, non-political decisions, bureaucratic procedures, continuations of previous policy, and sheer accident." On decision making, see Allison & Zelikow, 1999; Brecher & Geist, 1979; Shlaim & Tanter, 1978 and Wagner, 1974; on unconscious decisions, see e.g. Dijksterhuis & Nordgren, 2006.

account basic internal parameters that are certain to be an influence on Israel's foreign policy: Israel's economic needs and capability, its military strength and the structure of the Israeli polity.

Day-to-day politics can be expected to be conducted to a high degree not by politicians but by officials, bureaucrats that is, so we will need a solid perspective on bureaucratic politics, too. We will have to deal with cross-departmental routines as well, which in turn are beyond the scope of the classic bureaucratic perspective on policy making. This will also be needed to access and understand patterns of behaviour that we are likely to observe with single ministerial actors.⁵

The focus on low-level policy requires another deviation from classic foreign policy analyses: policy making cannot be the exclusive focus of this study. Rather, we can expect policy *implementation* to be of great importance, too. This is, for one part, due to the method of choice: to deduce "policy" from observed behaviour. This very behaviour which we will be observing will very often be the implementation of policy rather than its making. Secondly, whilst the implementation of policy is often neglected in policy analysis, it is the pivotal stage of the policy process that is decisive in a policy's success or failure. How does the policy machine actually behave in the international environment, and what are the practical results of its operation? We cannot take the thought as being the deed: to evaluate Israel's European policy, we need to see what has come of it and we need an implementation perspective.⁶

Furthermore, we need an understanding of the personal predispositions of the actors. Crucially, we assume that actors do not react to reality but to their perception of reality. Their perception will be influenced by psychological factors, character traits, cognitive schemes based on prior experience and many other factors. Combined with basic assumptions on reality, the world and, in our case, Europe, these factors will determine the images that Israeli actors bear and possibly share. It will be these factors and not "facts" that actors will act upon and react to. Accordingly, we need an approach that will let us incorporate perceptions and images into our analysis. Constructivist theory opened foreign policy analysis to incorporating these variables into a model, most prominently the works of Peter L. Berger and Thomas Luckmann, Robert Jervis, Harold and Margaret Sprout and Alexander Wendt.⁷

⁵ For models of bureaucratic politics, see Allison & Zelikow, 1999; Halperin, Clapp, & Kanter, 1974; Kozak, 1988; Peters, 1978.

⁶ On implementation approaches, see Clarke & Smith, 1989; Ripley & Franklin, 1986; Mazmanian & Sabatier, 1983.

⁷ Berger & Luckmann, 2004, Jervis, 1976, Sprout & Sprout; Wendt, 1992; Wendt, 1999. See also Searle, 1995, Kratochwil, 1989, Risse-Kappen, 1995 and van Apeldoorn, 2002.

We therefore need to broaden the scope of our model beyond the limited confines of Neo-Realist theory. The Realist paradigm in its classical (Carr, Morgenthau) and Neo-Realist defensive (Waltz, Walt) and offensive (Mearsheimer) variants is not up to task.⁸ Nor are, on their own, any of the many other theoretical approaches around at the moment – Neo-Liberalism (Keohane, Nye), regime theory of each assorted variety (Kindleberger, Krasner, Oye), Institutionalism (Haas, DiMaggio, Powell, Scott), dependency theory (Prebisch, Wallerstein),⁹ systems theory (Parsons, Easton, Luhmann), rational agent theory (Olson, Axelrod) or a global governance approach (Czempiel, Rosenau, Zürn), just to name the obvious.¹⁰ Neither political science nor the study of international relations have developed a comprehensive theory, let alone an integrated single approach. Foreign policy analysis – which we have reached – sitting squarely between these disciplines, has not fared better. Despite decades of research, we are still lacking a theory in the literal sense of the word.

We do have, however, a large assortment of theory fragments, approaches like the ones named above and many more, that can explain certain aspects of phenomena which social scientists will come across. We have the choice between, on the one hand, a single theory, which will offer us a consistent outlook, albeit in a severely simplified and thus distorted world, and on the other hand, a mixture of approaches, where we take a fragmented world view, the composition of which we cannot theoretically deduct but which will present us with a far more realistic image of reality. Our choice is the second: form follows function, so we opt for a pragmatic methodological pluralism to best understand what we are observing.¹¹

Of course, theory fragments still need to be integrated into a framework to be of use. Systems theory will do this for us: we will now establish a model

⁸ Carr, 1939, Mearsheimer, 2001, Morgenthau, 1947, Morgenthau, 1948, Walt, 1987, Waltz, 1979.

⁹ If Israel's foreign policy can be appropriately described in terms of dependency, it has always been challenged at the height of the superpower confrontation in the past – namely because its supposed patron, the US, apparently lacked the ability to effectively control its seemingly not-so-dependent client (see e.g. Tibi, 1989, pp. 10–25). After the end of the Cold War and the discipline it enforced upon international actors, it is even more difficult to argue that dependency is at the core of Israel's behaviour. While this holds true for Israel's foreign behaviour in general already, it is all the more so with respect to its behaviour towards the EC/EU.

¹⁰ Keohane & Nye, JR., 1977; Keohane, 1984; Kindleberger, 1973; Krasner, 1982; Oye, 1986; Haas, 1964; DiMaggio & Powell, 1983; Scott, 2001; Prebisch, 1948; Wallerstein, 1976; Parsons, 1951; Easton, 1953; Easton, 1965; Luhmann, 1984; Olson, 1965; Axelrod, 1984; Rosenau & Czempiel, 1992; Rosenau, 1995; Zürn, 1998. On the various facets that these perspectives tend to respectively ignore, see e.g. Clarke, 1989.

¹¹ For the need and feasibility of integrating the two main meta-theoretical currents of international relations theory, Constructivism and Rationalism, see e.g. Risse, 2003.

of the foreign policy system and the foreign policy process.¹² It will serve us to identify variables that are likely to have an influence on Israel's foreign behaviour towards Europe. Also, it will enable us to make hypotheses on this behaviour that we can later put to test with our empirical data. Finally, the model will give us a basis for a probabilistic prediction of choices amongst foreign policy options which Israel may face in the future.

1.4.2 The research design: structured empiricism

The model of the foreign policy process we will be using has first been devised by Michael Brecher in a joint paper in 1969.¹³ It has been used widely for the study of decision making, particularly of decisions under stress and uncertainty such as during crisis decision making. In contrast, this analysis will adapt the model to cover stimuli of behaviour other than crises, which are non-crisis decision making, routine procedures and even non-decision making. Secondly, we will use the model not to analyse the total of a state's foreign behaviour but only a segment thereof, for the policy towards another actor on the international scene. This has not been done before. Effectively, it is not only Israel's European policy that is under scrutiny in this analysis but also the applicability and usefulness of the model in the analysis of foreign policy fields.

In essence, our model of the foreign policy system is made up of four parts, just as any classic model of a system in systems theory: input from the environment, a process that reacts on the input by creating an output, the output to the environment, and a feedback loop that re-transforms output into input for the next run.

Input are demands and challenges from the environment that the political system is facing and has to cope with. Typically this would be events in the international arena that come to the decision makers' attention, e.g. a neighbouring state's deployment of troops at the state's border.

Output is the foreign policy system's response, that is the substance of acts or decisions taken. Not to be misunderstood: the output of a foreign policy system is not something like "war", but a concrete act such as the order to launch a pre-emptive strike.

Any output of the policy system and any decision or act has an effect on the environment and so affects future input. This is the feedback loop. In our example, the order to launch a pre-emptive strike on the neighbouring state will lead to violent conflict, which in turn will cause the policy system to react, possibly appealing to the United Nations.

So far, things are pretty straight-forward. The interesting part, though, is to model how and why some of the many events in the environment become input and how the foreign policy system actually processes input to output.

¹² For an example of the application of systems theory in foreign policy analysis, see e.g. Clarke, 1989.

¹³ Brecher, Steinberg, & Stein, 1969.

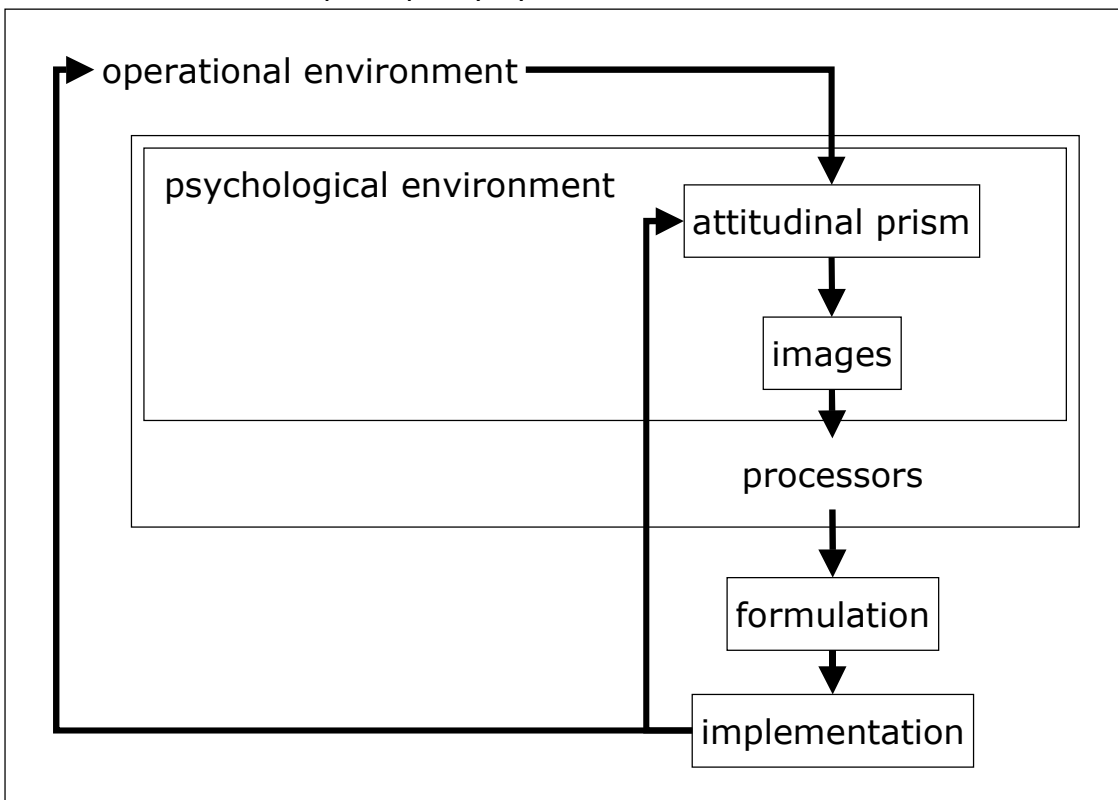
Typically, in classic models of systems theory, these two are left as black boxes. Our model holds them up to view:

A foreign policy system thus consists of

1. an environment or setting,
2. a group of actors,
3. structures through which the actors initiate decisions and respond to challenges and
4. processes which sustain or alter the flow of demands and products of the system as a whole.

We assume that we are dealing with a twofold environment: an operational and a corresponding psychological environment. The operational environment is the reality outside the foreign policy system as opposed to interpretations of it.¹⁴

Model of Israel's European policy system:



The operational environment is made up of two parts: the external and the internal. Five variables describe the conditions and relationships that form the objective external boundaries of choice in foreign behaviour:

¹⁴ "Reality" is a tricky concept to grasp. The model assumes that there is an objective reality. This reality may be veiled from the actor in the policy process as well as from the analyst. It is assumed though that the analyst is viewing an at least equally realistic image of reality as the actor, thanks to being less involved and therefore being more objective, and also because of his scientific approach that promises to enhance his accuracy and objectivity.

- patterns of interaction in the *global system* such as multipolarity or the behaviour of the United Nations,
- patterns of interaction in *subordinate systems* such as geographic or organisational sub-systems of the global system, examples are ASEAN or the Middle East regional system,
- influences can also have their origin in subordinate systems of which one is not a member, these are classified as *subordinate other systems*,
- patterns of interaction in *bilateral systems* may have an effect on policy choices, that is, relations with any given state except with the pre-eminent powers within the global system, which are conceptualised in
 - *dominant bilateral systems*, typically e.g. relations with the USA.

These variables are complemented by five other variables of the internal operational environment, which set the second type of boundary to policy options:

- *military capability*, the ability to wage war or deter others from attacking,
- *economic capability*, the material and human resources available to the state for external behaviour,
- the *political structure* of the polity in which the foreign policy system is embedded,
- *interest groups* outside the actual decision-making process who might still command considerable influence, and
- *competing elites* who try to get to the helm and who may affect policy choices of the one in charge, typically e.g. in defending their position.

The operational environment exists independently of its perception by the actors in the foreign policy system. It is, however, conveyed to them via means of communication. Typical forms of such communication are the mass media, internal bureaucratic reports, face-to-face contact or by direct observation of the operational environment. Communication will by nature be faulty and this is primarily for the need to reduce complexity. The limitations of communication are one core factor to the imperfection of information that actors will have to deal with later in the policy process, the second being the flaws of perception.

The group of actors who deal with the demands of the environment, transforming input into output through the structures of the policy system, are the decision-making elite. These are those individuals who perform the function of political authorisation, which may or may not coincide with legal authorisation. Typically, that would be a state's head of government and its foreign minister, sometimes more persons may be involved. Many other individuals influence decisions, but in this research design they are operationalised as interest groups and competing elites.

For our analysis, we have to widen the scope of actors in the policy process. We need to be able to not only understand foreign behaviour that originates in clear-cut decisions but also in standard operational procedures or in non-decision making. That means that the group of relevant actors may not be identical to the decision-making elite. Quite likely, relevant actors shaping policy output by routine procedures may not even be members of the elite at all. Consequently, we will use the wider term "processors" rather than "decision-making elite" to denote this core group in the policy process.

The psychological environment is the perceptual counterpart to the operational environment. It comprises the policy environment as policy makers understand it and includes their perceptions, images, assumptions and expectations about reality.

In our model, the psychological environment is made up of two components: the attitudinal prism on the one hand and the processors' images on the other. Any aspect of the operational environment that comes to the processors' attention has been filtered through their attitudinal prism – the processors' psychological predisposition.¹⁵ Firstly, societal factors that derive from the cumulative historical legacy are likely to have an influence on the way the environment is perceived, such as ideology and tradition.¹⁶ Secondly, personality factors are involved: character traits, previous experience, bias and personal models of reality make their dent on an individual's perception. Refracted by this prism, input from the operational environment reaches the processors as mere images of reality.¹⁷ The prism, however, is not static but keeps being shaped by experiences and expectations, i.e. by collective and individual learning. Correspondingly, the same holds true for the images that the attitudinal prism reproduces and furthermore for conceptions and ideology based on these images.¹⁸

We introduced ten sets of variables to describe the boundaries of choice in the operational environment. The counterparts of these ten sets of variables describing the processors' perception of these boundaries can be found in the psychological environment. These images, the processors' perception of the operational environment, are the pivotal input of the foreign policy system. None of the actors in our model respond to the objective facts of a situation. They respond to what they think the facts are.

The accuracy of perception is crucial to the quality of the system's output. If image and reality differ, policy acts will be unsuccessful. This is not output

¹⁵ For pioneering work on the mediated stimulus-response approach, see Holsti, Brody, & North, 1964.

¹⁶ On the effects of social structures and norms on actors and their behaviour, see e.g. Onuf, 1989, Kratochwil, 1989 and Wendt, 1999.

¹⁷ The model, in fact, also allows for images that do not originate in the operational environment, i.e. for delusions. In this research, however, for the sake of reducing complexity, we assume that policy makers are generally sane.

¹⁸ On the interdependence of social constructs and agents, see e.g. Wendt, 1987; Carlsnaes, 1992.

slippage but one step beyond: Whilst slippage describes unintended policy output, unsuccessful policy acts due to misperceptions may be implemented as intended, but they still will not have the desired effect.¹⁹

In Brecher's original model, the decision-making elite responds to input from the psychological environment by formulating policy or deciding on policy acts.²⁰ To allow for non-elite and non-decision-making processes that may also not result in official policy but merely in observable behaviour, we widen the spectrum of what we consider to be formulation: When processing stimuli from the psychological environment, the processors respond to input by designating reactive behaviour. Additionally, we will differentiate between two stages of formulation: an agenda switch as a first stage, deciding if the policy system will respond to an input at all, and a second stage, in which the policy system processes the stimuli that have been set on its agenda by formulation in a narrower sense.

Finally, designated behaviour is transformed into actual foreign behaviour in the implementation phase of the foreign policy process. Both formulation and implementation of designated behaviour involve the effect of organisational and bureaucratic processes that need to be given special attention in an analysis. In implementation, slippage may be a problem: the state's actual behaviour may not be what was designated by the processors in the formulation phase. Typically this would be due to e.g. flaws in communication to the implementing actors or rivalries between them or with the processors.

Feedback loops exist in our model in three varieties: formulation of designated foreign behaviour is communicated back into the attitudinal prism of the processors, secondly, implementation has an impact on the operational environment, and thirdly implementation directly influences the attitudinal prism of the actors involved in implementing. Contributing to the processors' set of experience and world view, these loops play an important part in collective learning.

When we apply our model to Israel's behaviour towards the EC/EU, we find that two parts are already well known and the facts are established: the operational environment of Israel's foreign policy system and the system's output, i.e. the behaviour of Israel that we observe. Also, some general features of the Israeli political elite's attitudinal prism have been determined elsewhere as have personality factors of a number of key Israeli actors. We will outline these and the known relationships and conditions that limit Israel's options in foreign policy in chapter 2.

¹⁹ On output slippage, see e.g. Bureaucratic Slippage and Failures of Agency Vigilance: The Case of the Environmental Studies Program, 1994; Art, 1973.

²⁰ Brecher also suggests classifying issues at stake in formulation into four issue areas to facilitate comparative analysis: military-security, political-diplomatic, economic-developmental and cultural-status. We will not make use of this classification in this study.

This leaves almost everything between input and output for us to find out. In the terms of our research design, that will be

- to detect the details and precise values of the input variables at given times,
- to construct from words and deeds the processors' attitudinal prisms as well as their perceptions and views of the desirable or proper role for Israel vis-à-vis the EC/EU,
- to determine who the processors are and what other actors – interest groups and competing elites – are involved in shaping behaviour towards Europe,
- to establish how the system formulates and implements designated behaviour, using whichever structures and processes, and why,
- and thus to explain the observed behaviour.

A single variable, however, will be neglected: we will not identify the effect of communication. It is not possible to establish a typical communication profile of the average Israeli politician or official within the scope of this study, let alone establish specific profiles of the dozens of persons involved in the issues analysed below. Effects of communication might therefore be wrongly interpreted as owed to the attitudinal prism, a possible distortion we chose to live with given the complexity of the matter.

In this context our analysis is set and its focus is not on theoretical debate. We will not delve into the debate on theory and fragments of theory of foreign policy and international relations. Presenting an overview of the main schools of thought, debating the usefulness of their various fragments of theory and outlining the current developments in the field of international relations theory may be intriguing, but does not promise to be of great use to our venture. I assume that the positions will be known to the reader.

1.4.3 The data basis

This leads us to the question of which data basis we will use. As mentioned above, barely any secondary literature has been published on Israel-European relations. Primary sources such as dossiers or strategy papers, in contrast, hardly exist, due to the comparatively low priority of the issues under analysis here. In most cases, there have not even been any protocols written that could shed light on proceedings, for the simple reason that more often than not there has not been a decision or meeting that led to designated and observed behaviour. The scarce documents that do exist are archived and are not yet accessible.

Our main sources have therefore been interviews and media records, which are far more promising. In the course of this research, roughly 80 politicians, officials, diplomats and analysts have been interviewed, in Brussels and Germany, but most of them are Israeli and have been interviewed in Israel.²¹ Data was collected by qualitative, semi-structured

²¹ For a list of all persons interviewed, see the appendix.

open interviews, using methods borrowed from oral history.²² Given the limited accuracy of memory and subjective records, special attention has been given to cross- and double-checking facts and details documented in this data.

Particularly helpful in this respect have been media records – our second central source. The stock of this data is drawn from the scope of Israeli newspapers, but also from radio and television reports as documented by the Tel Aviv German embassy's media digest. It is flanked by data from the international press and selected broadcasts. Altogether, the years from 1986 to 1997 have been combed for relevant data in full. Here, too, it has been necessary to pay tribute to the limited accuracy of the data.

1.5 General outline

This study is organised in six chapters. Chapter 2, the following chapter, presents an overview of the setting in which Israel conducts its policy towards Europe. In the terms of our model, we will lay out the values of central variables of the operational and psychological environment of Israel's European policy. Chapter 2 thus gives a short account of Israel's position in the international system since the mid-eighties and of its changing position in the Middle Eastern system. The parameters of Israel's relations to key states will be outlined and changes thereof. Israel-US relations will thus be looked into, Israel's relationship to its neighbours and the Palestinians, including the peace process, but also its relations to influential EU members such as Germany, France and the UK.

Secondly, chapter 2 provides a portrait of the internal boundaries of choice in Israel's foreign behaviour. A general account of Israel's economic and military capabilities is given to illuminate this part of the operational environment. The structure of Israel's polity is presented as well as elites competing over the course of the period under analysis.

Thirdly, typical societal factors that can be expected to have an influence on the processors' perception will be given their due, primarily Zionism and the perception of history, particularly the history of the European Jewry. We will then look into images that have resulted from the attitudinal prism, primarily central images of Israel's self-conception.

Chapter 3 presents case studies that concentrate on political issues, centrally those evolving around the question of the role the EC/EU ought to play in the Middle East: the conflict with the European Parliament over independent Palestinian export 1986–1988 and the issue of a European participation in the 1991 Madrid Conference; the question of a European role in the 1996 "Grapes of Wrath" Agreement; Israel's stance towards the EU's special envoy to the Middle East; Israel's attitude towards the Barcelona

²² On the methods of oral history, see e. g. Atkinson & Delamont, 2006; Grele & Terkel, 1990; Thompson, 1978.

Process and finally if and in what way Israel has tried to counterbalance a possible decrease of American commitment by moving closer to the EU.

Chapter 4 analyses the complementing issue area – the role Israel should have in the EU. Significantly, the 1995 upgrade of formal relations in the Euro-Mediterranean Agreement and Israel's admission to the EU's Research and Development Framework Programme serve to help us understand the workings of Israel's foreign policy system, Israel's aims and tactics here.

In chapter 5 we will shortly analyse how Israel has conceived itself vis-à-vis Europe, what images Israel has had of the EU and how Israel has perceived the EU's attitude towards Israel. We will also shed light on misperceptions and on possible policy failures that may result from them. We will then summarise our findings on Israel's European policy system, Israel's goals vis-à-vis the EU typical characteristics of Israel's policy style and behaviour towards Europe.

Finally, in chapter 6 we will conclude if Israel's European policy has changed in response to input variations. We will also analyse incompatibilities and conflicts of aims in Israel's European policy and will look into the perspectives open to Israel's relations with Europe. Last but not least, we will revisit the model we used to see how suitable it proved itself to be for this kind of analysis.

2 The environment of Israel's European policy

In the following chapter we will roughly determine the value of those input variables that we can expect to vary only slightly between our case studies. These will be basic structures of the external and internal operational as well as the psychological environment of Israel's European policy. When we look into the case studies further below we will return to these input variables for further refinement of their value or in case their value differs from what is outlined here.

2.1 The operational environment of Israel's foreign policy system

2.1.1 External operational environment

Ever since its foundation in 1948, Israel's foreign policy has been dominated by the question of how to deal with its hostile neighbours.²³ As a consequence, Israel has sought international support in three central issues: in the quest to have its legitimacy recognised, in defence and in its efforts for a peaceful solution of the Arab-Israeli conflict. Due to its history and its national ideology of Zionism, another but less prominent pillar of Israel's foreign policy has been to act as a champion of Jewish interests around the world, particularly in achieving emigration rights.²⁴

The state of Israel was established in 1948 on the basis of the United Nations General Assembly resolution 181, which envisioned the partition of the British mandate over Palestine into a Jewish and an Arab state. Whilst most of the Zionist movement accepted the partition plan, the Arab states did not. Instead, the Arab states denied Israel's right of existence, militarily attacked the newly founded state in an attempt to undo its establishment and, when this had failed, strove to isolate Israel in the international community. Israel's isolation as a result reached its height after the 1973 Yom Kippur War, when the oil-exporting Arab states threatened an oil boycott to any state supporting Israel. Many African states broke off relations with Israel in response and various oil-dependent states adopted a reserved attitude towards Israel, e.g. in Europe. Israel still is the only country in the United Nations that is not a full member of a UN regional group; as a result it has not been eligible for the UN Security Council.²⁵ Arab and Islamic countries have also been successful in blocking Israel from other

²³ I am drawing on Shpiro & Rynhold, 2003 in this section.

²⁴ Israel had only been accepted to the International Red Cross and Red Crescent Movement in 2006.

²⁵ Weiner, 2004. Israel was admitted temporarily and with limited capacity to the Western European and Others (WEOG) regional group in 2000. In 2004, Israel's membership to the WEOG was extended indefinitely for New York activities.

international organisations such as the International Red Cross and Red Crescent Movement.²⁶

Additionally, Israel's policy and behaviour towards the Palestinians in the territories occupied in the 1967 Six-Day War led to widespread international criticism, hindering a normalisation of Israel's position in the international arena. Even so, Israel has managed to achieve a high degree of international legitimacy. The end of the Cold War and particularly the 1993 Oslo Accord with the PLO and the 1994 peace with Jordan in its wake greatly improved Israel's international standing and most countries resumed diplomatic relations.

Due to its geography, Israel's central strategic goal has been to prevent a three-front war like the 1948 War of Independence and 1967 Six-Day War. Israel's governments have traditionally sought a quasi-alliance with a great or superpower patron to strengthen its military position against the Arab countries. From 1955 until 1967, this strategic partner was France, but after the Six-Day War France broke off this alliance and Israel turned to the United States for a strategic alliance.

Traditionally, Israel has not looked favourably at international intermediation in the Arab-Israeli conflict. It did accept US mediation after the Yom-Kippur War and in negotiating the 1979 Israeli-Egyptian peace of Camp David, but it rejected other forms of international involvement. When the United Nations and the Soviet Union had moderated their hostile position after the Cold War in the late 1980s and early 1990s and after undergoing massive pressure from the US, Israel opened up to the idea of an international peace conference.²⁷ Israel's precondition was that the conference would not be authoritative like the Arab states demanded but that its role would be limited to brokering between the positions.

The Arab states have been interested in international involvement and active mediation by third parties for a long time, particularly by the United Nations or at least by the EC/EU. The reason for the Arab demand for international involvement has been their fear that Israel could dictate the Arab side's conditions.²⁸ Israel, in contrast, has always insisted on direct negotiations with its neighbours. If there was a third party at all, this could only be the US. Israel has always rejected mediation by the EC/EU on the

²⁶ Israel has only been accepted to the International Red Cross and Red Crescent Movement in 2006.

²⁷ The UN General Assembly e.g. in 1991 revoked its 1975 resolution 3379 equating Zionism with racism: JP 1991-12-17 "UN votes 111:25 to rescind Zionism = racism resolution. Egypt declines to take part."

²⁸ The problem is, on a higher level, that bilateral negotiations may thus lead to an agreement, but not to a solution and thus not to the peace and stability to which Israel aspires. In the long run it therefore is in Israel's interest to empower the Arabs or, possibly, not to try to achieve the maximum that is achievable in negotiations.

grounds that the EC/EU was partial to the Arab side and that its positions forestalled the results of negotiations to be held.²⁹

After the Cold War, all parties in the conflict came to support a stronger involvement of the United States, the only remaining superpower and the only state with a significant influence on Israel. The EU however has lacked the power on the international arena and the recognition of both parties that would be necessary to fill out the role of an active mediator at all.³⁰

Made possible by the end of the Cold War, in 1991 the Madrid peace conference marked the beginning of more intense international efforts in the Arab-Israeli peace process. Secret negotiations between Israeli and Palestinian representatives in Norway led to the 1993 Oslo Accords in which Israel recognised the PLO as the representation of the Palestinian people. The accords envisioned the establishment of a Palestinian Authority as the first step towards an independent Palestinian state. In 1994 Israel began to hand over control of the Palestinian towns and about 40 per cent of the West Bank and the Gaza strip to complete or partial control of the Palestinian Authority. The process however was hampered by frequent disagreements and the assassination of Israeli Prime Minister Yitzhak Rabin in 1995. Israel unilaterally withdrew from southern Lebanon in April 2000, but negotiations with Syria remained deadlocked. By mid-2000, attention returned to the remaining issues on the Israeli-Palestinian track, such as the status of Jerusalem, Palestinian refugees and the final borders of a future Palestinian state. A summit between Prime Minister Ehud Barak and Yassir Arafat at Camp David failed to deliver a breakthrough as important differences remained, particularly over Jerusalem. In September 2000, widespread violence erupted in the occupied territories, the *second Intifada*, leading to a breakdown of the peace process.³¹

2.1.1.1 Global system

Israel is a member in a number of overlapping international systems. The global system is the outmost of these systems, at the same time it is the system that has seen the most profound change in the time frame being investigated. In the 1980s the global system had still been marked by the Cold War, but with the end of the Communist regimes and the collapse of the Soviet Union there is only one superpower left, the United States. The global system has thus transformed from bipolarity to multipolarity around a number of middle powers under US hegemony. The United Nations initially appeared to have greatly profited from this development, apparently freed from the constraints of the superpower confrontation. The UN-concerted international effort in the 1990–1991 Kuwait crisis showed what considerable influence the UN could henceforth have, but this did not materialise. Instead,

²⁹ See e.g. Peters, 2000, p. 155 f.

³⁰ See e.g. Peters, 2000, p. 167 f.

³¹ Shpiro & Rynhold, 2003; Youngs, 2001.

the development has rather been that the UN is bypassed by the remaining hegemon, the US.

2.1.1.2 Subordinate systems

2.1.1.2.1 The Middle Eastern regional system

Of the geographic or organisational sub-systems of the global system in which Israel is a member, the Middle Eastern regional system is by far the most important. The central development in this subordinate system has been the progress in the Arab-Israeli peace process, which ended Israel's almost complete isolation in the system and thawed the ice between Israel and its neighbours at least to that point that direct negotiations became possible. Except for a minority of Arab states, the members of the system took up diplomatic and economic relations with Israel in the 1990s. Centrally, Israel and the PLO as the representative of the Palestinian people made peace in 1993, peace with Jordan followed in 1994.

2.1.1.2.2 The greater EU system

Through its 1975 and 1995 trade and association agreements with the EC/EU, Israel is a member of an extended subordinate system centred on the EC/EU. Important developments in this system touching upon Israel in the period under analysis have been the 1986 accession of Portugal and Spain to the EC, the establishment of the Single European Market by 1992 and of the European Union in 1993 as well as the EC/EU's fifth enlargement of 2004 comprising Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. These developments were relevant to Israel primarily in terms of competition, since exporters from EU member states have commercial advantages over non-EU exporters.

2.1.1.2.3 The Euro-Mediterranean and Mediterranean systems

Furthermore, Israel is a member of the emerging Euro-Mediterranean system. The Euro-Mediterranean Partnership Programme (EMP) has laid the ground for such a system by striving to establish a political and security dialogue, a network of economic agreements and social, cultural and human partnership. So far, Israel has participated in a remarkable number of EMP projects which undeniably have facilitated Euro-Mediterranean cooperation and meetings amongst politicians, business people, academics, youth and various civil society actors.³² Even so, this Euro-Mediterranean system has remained in its early infancy just as the Mediterranean system that the EMP assumes and of which Israel would be a member, too.³³

³² Del Sarto, May 2002

³³ From 1998 to 2008, Euro-Mediterranean association agreements with Algeria, Tunisia, Morocco, Israel, Jordan, Lebanon, the Palestinian Authority and Egypt have come into force. The association agreement with Syria was initialled on 18 October 2004.

2.1.1.2.4 The EU

The EU takes a double role in our classification of systems. On the one hand, the EU is Israel's fellow member in the bilateral Israel-EU system. On the other hand, the EU at the same time is a system on its own, comprising of its member states. Of this system Israel is not a member, but influences from this system certainly reach Israel's foreign policy system as inputs – in our classification the EU thus additionally functions as an *other subordinate system*.

2.1.1.3 Bilateral systems

In the following, we will outline characteristic patterns of interaction between Israel and other single actors in the international arena in the time frame being investigated.

2.1.1.3.1 Relations with EU member states

Israel's relations with the EU member states have been strongly influenced by the Arab-Israeli conflict.³⁴ The United Kingdom has thus been cautious about developing close relations with Israel in order to not endanger British interests in the Arab world. Particularly the British Foreign Office has pursued this line, whilst leading politicians of both large parties and Prime Ministers typically have been more open in their attitude towards Israel. Due to the progress in the peace process, Israel's relations with the UK significantly improved during the 1990s.

Relations with France in contrast have been marked by ups and downs. Initially, in the 1950s, Israel and France had cooperated very closely in militarily matters and in intelligence. France also supplied Israel with the technology for Israel's nuclear programme. After the end of France's war in Algeria, President de Gaulle's interest in the cooperation with Israel faded however. France turned to a pro-Arab policy in the Middle East and refused to deliver arms for which Israel had already paid, imposing an arms embargo on Israel after the 1967 Six-Day war. Within the European Union, France has typically taken a position more critical of Israel than the CFSP as a whole.³⁵

Israel and Germany took up diplomatic relations only in 1965. The heritage of Nazi Germany had prevented official relations before: Israel's public had not yet been ready for this step only years after the Shoa and Germany for its part had tried to avoid provoking the Arab states into recognising the German Democratic Republic (GDR). Israel however had negotiated a reparations agreement with Germany in the early 1950s. The funds flowing into Israel as a result were a central pillar of Israel's budget and laid the ground for the development of Israel's economy. At the same time both states had begun an extensive military cooperation that carries on until

³⁴ On the history of the European states' relations with Israel, see e.g. Sachar, 1999.

³⁵ Shpiro & Rynhold, 2003.

today but was kept secret until the establishment of official relations in 1965.³⁶

In response to the Yom-Kippur War and the Arab oil boycott Germany formally turned to a less pro-Israeli attitude. Of the three central powers in the EC/EU, Germany however has remained the most receptive to Israeli interests and desires. The United Kingdom and particularly France have traditionally taken positions in Middle Eastern politics that were more balanced in their eyes, but more pro-Arab if not anti-Israeli in Israel's perception. Germany, in contrast, has been viewed and expected to be much more forthcoming when it comes to lending support to Israel. Germany itself has always reiterated a special commitment to Israel's well-being that arises from the acceptance of a historic responsibility towards the Jewish people. Apart from being sympathetic to Israel's cause, Germany has also been perceived in Israel as the EU's most influential member state. Both aspects combined to make Germany a most promising address to turn to in search of support in the EC/EU in Israel's eyes.

Apart from official diplomacy, Israel and Germany have kept close scientific and civil-society contacts. With no other country including the US has Israel kept closer ties in research and development, in youth exchange and in communal relations such as town twinning. There is also close cooperation between the German and Israeli intelligence services. Besides the US, Germany has been Israel's largest trading partner.³⁷

Israel has enjoyed good relations with the smaller EU countries such as Denmark and the Netherlands, in part because these countries have felt a historic responsibility towards Israel as a consequence of their Jewish communities' fate in the Second World War. Israel's relations with the Southern European countries such as Spain, Portugal and Greece have been more distanced, amongst other things as these countries economically compete with Israel.³⁸

2.1.1.3.2 Relations with Israel's neighbours

Israel and Egypt had signed a peace treaty in 1979 ending a state of war that had lasted for three decades and five wars. Israel returned the Sinai to Egypt which it had conquered in 1967 and received a large gain in security in return. Without Egypt, a military success of the Arab states against Israel was no longer a credible scenario. Egypt has thus been Israel's most important ally besides the United States, but relations have not been warm. Egypt was ostracised by the other Arab states for its step, and normalisation of relations with Israel has been a tedious process. There are working business contacts and cooperation in tourism, science and environmental

³⁶ On Israel's military cooperation with Germany up to the present, see Steinmetz, 2002.

³⁷ Primor, 2000, p. 110 f.

³⁸ Shpiro & Rynhold, 2003.

issues. Economic relations however still run on a small scale. As the first Arab state to make peace with Israel, Egypt has been an important partner to Israel particularly in talks and negotiations with the Palestinians.

After the Israel-Egyptian peace, Syria had taken the lead of the Arab rejectionist front against Israel and from then on has been Israel's most dangerous enemy. Syria fought three wars against Israel, in 1948, 1967 and 1973 and has supported various Palestinian and Lebanese factions to keep up the violent conflict with Israel through Lebanon, Syria's satellite. In 1991 Syria agreed to participate in the Madrid peace conference and to start peace talks with Israel. Negotiations made progress, particularly under the Israeli Rabin/Peres government, but did not reach a breakthrough, the bone of contention primarily being if Israel would first withdraw from the Syrian Golan occupied in 1967, then both states would make peace, or if this would be the other way around or at least a parallel operation. Talks were discontinued in 1996 and resumed in late 1999. The two sides came close to an agreement in early 2000, but talks broke down concerning the demarcation of the border.

Lebanon has effectively been a Syrian satellite since 1976 when Syrian troops intervened in the Lebanese civil war and stayed in the country. In 1982, Israel invaded Lebanon in an attempt to crush the PLO which had established itself there. Israel did not withdraw completely either, but kept a self-proclaimed security zone next to its border under its control. The Lebanese state has not had authority over much of its official territory, such as South Lebanon, which has been partly controlled by the Israeli military and allied militias and partly by various, at times warring Shiite and Palestinian factions, which in turn have been supported by Syria and Iran.

Fighting between the Shiite factions, particularly Hizbullah, and Israel's army and its allies has only been interrupted for short periods during the time frame being investigated. Time and again Lebanese factions also shelled Israeli towns and villages with rocket fire, prompting repeated Israeli campaigns deep into Lebanese territory. As a result of this constellation, peace with Syria has been seen as the key to peace with Lebanon, and Israel has not made an effort to come to a separate peace agreement with Lebanon alone. Israel unilaterally withdrew its troops from South Lebanon in 2000, Syria pulled out its army from Lebanese territory in 2005.

Of Israel's enemies, Jordan has always been the state with which Israel had the best relations. Even though both countries had existed in a state of war for over four decades, they had always kept secret contacts and had made a number of secret agreements to their mutual advantage. In 1970 Israel had saved the Jordanian regime by mobilising its troops during a PLO and Syrian attempt to overthrow King Hussein. The Madrid conference of 1991 led to bilateral negotiations and finally to peace between Israel and Jordan in 1994. Relations between the two states have since steadily improved, also in economic cooperation and in tourism.

2.1.1.3.3 Relations with other states

Except for Romania, the Eastern European countries had broken off relations with Israel after the Six-Day War. With the end of the Cold War and the breakdown of the Communist regimes, relations gradually were restored as many Eastern European states expected the resumption of diplomatic ties with Israel to be crucial to their relations with the United States. Poland dispatched an ambassador to Israel already in 1991. During the 1990s close economic ties developed between Israel and the Eastern European states including exports of Israeli agricultural produce whilst Israel e.g. imported coal from Poland and Czech machine tools. Poland, the Czech Republic and Hungary in particular took up close cooperation in military engineering with Israel, specifically in upgrading and modernising Soviet weaponry.³⁹

From the 1950s on, Israel had pursued a "periphery strategy" with Turkey, Iran (until the revolution in 1979) and Ethiopia to foster friendly relations on the borders of a hostile Arab world. An attempt at a military alliance with Turkey had been short-lived in the fifties, but relations with Turkey remained good and further improved during the nineties. Turkey and Israel enjoy close military and economic cooperation, Israel e.g. imports drinking water from Turkey.⁴⁰

Most African states had broken off diplomatic ties with Israel after the 1973 Yom-Kippur War. Israel's relations to the developing countries only normalised once progress had been made in the Arab-Israeli peace process in 1993. With China, Israel had entertained substantial but secret ties during the seventies and eighties. Israel played a major role in the programme to modernise agriculture and defence that China initiated in 1978. Formal relations however were only resumed in 1991. In the nineties Israel also began a cooperation with India in high technology and increasingly also in security and military issues.⁴¹

2.1.1.4 Dominant bilateral systems

2.1.1.4.1 Relations with the United States

Israel and the United States share special relations that are based on cultural, domestic and strategic interests. The US has guaranteed Israel's security, acting as its superpower patron since the late 1960s. In 1983 Israel signed a strategic cooperation agreement with the United States. From 1974, Israel has received large sums of US military and economic aid that provided a considerable share of its budget.⁴²

³⁹ Shpiro & Rynhold, 2003.

⁴⁰ Shpiro & Rynhold, 2003; Nachmani, 1987, p. 74. In 1996 Israel and Turkey signed a military cooperation pact. See e.g. Geokas & Papathanasis, 2000.

⁴¹ Shpiro & Rynhold, 2003.

⁴² Starting with fiscal year 1987, Israel annually received US\$1,200 million in economic aid and US\$1,800 million in military assistance, all in grants. In 1998, Israel and the US agreed to reduce economic aid to zero over ten years, whilst increasing military assistance to US\$2,400 million. In 2007, the United States increased its

The American support has made it easier for Israel to take risks in peace negotiations when offering *land for peace*. The most outstanding example has been the 1978 Camp David Accords leading to the Israeli-Egyptian peace treaty, which was rewarded by the United States with large aid packages to Israel as well as Egypt.

Three reasons are usually named as to why the US-Israel quasi-alliance exists: a moral-emotional component, the influence of the "Israel lobby" in the United States and the strategic value that Israel has to the United States.

Essentially, the roots of the special relationship are moral and emotional. For one thing, after the Holocaust – and due to a sense of guilt for having failed to prevent it – the US has felt morally responsible to safeguard the survival and prosperity of the Jewish state. Crucial though has been a likeness with Israel that Americans have perceived as well a sense of shared values. American sympathy is thus based on Israel's image as the only democracy in the Middle East, representing Western values and culture and encircled by a sea of authoritarian regimes. Other contributing factors are America's traditional sympathy for the *underdog*, mirrored in the image of the Israeli David against the Arab Goliath, and the character of the Israeli state, representing classic American values, as an immigrant and pioneer state.⁴³

The backbone of the "Israel lobby" has been the US Jewry. Additionally, many American Fundamentalist Evangelicals regard Israel as the fulfilment of a biblical prophecy associated with the End of Days and thus vigorously support it. The influence of pro-Israeli pressure groups on US foreign policy is often and routinely named as a central, if not the only variable, to explain the closeness of US-Israel relations.⁴⁴ The historical record, however, does not support this view. As a matter of fact, the US has flouted Israeli interests on a number of occasions with pro-Israeli pressure groups powerless to do anything about it.⁴⁵ The most obvious case in point has been the "thousand lobbyists descending on Capitol Hill"⁴⁶ to urge congressional support for loan guarantees that president Bush refused to grant to Israel in 1991, which achieved nothing. If the ability to change the US government's behaviour – or rather the inability to do so in times of discord – is anything to go by, the influence of the "Israel lobby" on US foreign behaviour is greatly overestimated.⁴⁷

military aid to US\$30,000 million in total for the following ten year period: Erlanger, 2007. For the evolution of US aid, see Wenger, 1990a; Wenger, 1990b; Bard, 2007.

⁴³ See e.g. Puschel, 1992, p. 5; Mekelberg, 1994, p. 186 f.; Slater & Nardin, 1991, p. 87. For the centrality of shared values, see also Sheffer, 1987 and Quandt, 1993, p. 14.

⁴⁴ Thus e.g. by Mearsheimer & Walt, 2006, Findley, 1992 and Tivnan, 1987. For US pro-Israel pressure groups, see also Bunel, 1992.

⁴⁵ For details, see Mekelberg, 1994, p. 191.

⁴⁶ Bush during a press conference, quoted in Rubin, 1992b.

⁴⁷ For criticism of the "lobby theory", see e.g. Organski, 1990, Chomsky, 2006.

Finally, in the eighties, Israeli politicians and pro-Israeli American analysts added Israel's strategic value to the reasons for why the US was or rather should be lending Israel its support. In essence, the thesis is that the US-Israel "special relationship" is not owed exclusively to the US aim to guarantee Israel's security but that this de-facto alliance also serves other US interests in the region.⁴⁸ This, though, is a fairly flimsy argument, as in the eighties the US' interests in the Middle East were access to oil, containment of the Soviet Union, and to safeguard the security and prosperity of Israel. For a start, it is very hard to see how Israel could play a role in securing the West's oil supply. An Israeli military operation at the Persian Gulf – where almost all of the Middle East's oil is – would have severely put off the Arab states, harming US interests so badly that the damage that such cooperation would do, would by far outweigh its advantages. Correspondingly, the US never designated Israel for any such role.⁴⁹ The US' non-use of Israel in the Gulf war of 1990/1991 makes this very clear, when Israel best contributed to the US-led alliance by not engaging in the war effort at all.

Similarly, Israel's use as a bulwark against Soviet expansionism is most questionable. Cooperation with Israel against Arab states was not an option in the pursuit of oil interests, and it was no option in containment either. The damage this would have done by alienating the Arabs could not be justified by any benefits that such cooperation with Israel might offer. The Eastern Mediterranean – an area of subordinate interest to the United States – remained as the only area where Israel could arguably be of strategic value practically and militarily. The US Navy though has never depended on assistance of third states. Apart from this, Israel's willingness to deploy its navy for anything different than its immediate national defence could hardly be taken for granted. In general, what Israel had to contribute in the service of containment was nothing more than the option of using Israeli ports for the US navy.⁵⁰

Upon close scrutiny, what Israel has had to offer to help look after US interests amounts to little more than the fact that presumably a strong Israel will strengthen regional stability, whilst a weak Israel will weaken it. Stability has been important to the US to pursue its oil and containment interests – where Israel could not be of much help, as we have seen – and to keep Israel from harm. The strategic benefit that the US would reap from keeping Israel strong would thus be that a strong Israel intrinsically served the third

⁴⁸ Remarkably, the thesis of Israel's strategic value has not been popular amongst Israeli pundits: Cobban, 1991, p. 95. Steven Spiegel has probably been its most quoted proponent, see e.g. Spiegel, 1983 and Spiegel, 1986. For a more recent example, see Organski, 1990 and Brooks, 1993. A discussion of these contributions can be found in Rusonik, 1990.

⁴⁹ Puschel, 1992; Cobban, 1991.

⁵⁰ Puschel, 1992, p. 97; Cobban, 1991, p. 99 f.; Slater & Nardin, 1991, pp. 88–93.

US' strategic interest in the region: to safeguard Israel's security and prosperity.

This is not a lot. The US supports Israel because the US simply supports Israel. The argument for a strategic reason behind US support of Israel turns out to be just another way of describing the moral-emotional rationale for the closeness of US-Israel relations. In fact, Israel has never really been much of a strategic asset to the United States.

Economically, the United States does not pursue any particular aims in the Middle East save for access to oil. Its interests are oriented towards the free trade areas in the Americas, Europe and South-West Asia. Israel's economic future therefore is not quite with the US, particularly regarding the need for association to compete successfully in the face of globalisation.

2.1.1.4.2 Relations with the European Union

Israel's commercial relations with the EC/EU date back a long time.⁵¹ Shortly after the Treaty of Rome had been signed in 1957, Israel initiated a dialogue with the newly founded European Economic Community. One year later, Israel submitted a memorandum to the Commission of the EEC regarding the necessity to conclude an agreement between the two parties, and in 1959 Israel was one of the first non-member countries to nominate an ambassador for the EEC.⁵² The following year, Israel's Prime Minister David Ben Gurion explicitly stated his country's desire to become an associate member of the EEC in a meeting with the President of the Commission. The EEC politely declined to negotiate such a status,⁵³ but even so, Israel was to be the first non-European country to have a trade agreement with the EEC. In 1964 an initial three-year commercial agreement was signed,⁵⁴ followed by a preferential trade agreement in 1970. A major Trade and Cooperation Agreement (TCA) was concluded in 1975, based on article 113 of the Treaty of Rome.⁵⁵

But whilst the EC and Israel deepened their economic relations in the seventies and eighties, the political influence of the EC in the Middle East remained marginal. The EC only achieved a role with the 1991 Madrid peace conference when it participated in the ensuing multilateral talks between Israel and the Arab states, concentrating on regional development. The EC/EU strove to achieve also a political role in the years to follow but was not successful due to the US's dominant position as well as Israel's, the Palestinians' and the Arab states' ultimately disinterested response. The EU

⁵¹ For more details and further reference on the history of EC-Israel trade negotiations, see Cohen, 1980, p. 13; Pomfret & Toren, 1980. On Israeli trade policies, see Michaely, 1975; Pomfret, 1976; Sussman, 1969.

⁵² Minerbi, 1976, p. 245.

⁵³ Hirsch, Inbar, & Sadeh, 1996b, p. 9.

⁵⁴ See OJEC, 1964, 95/1571.

⁵⁵ See OJEC, 1975, L 136/3. On the negotiations for the 1975 TCA and Israel's political considerations, see Cohen, 1977.

however has massively stepped up its activities and commitment to further development, civil society and good governance in the region, particularly with the Palestinians, which has given the EU remarkable influence that also carries political implications.

During the 1990s the EC/EU consolidated its position as Israel's most important economic partner. In 1995 Israel and the EU signed a Euro-Mediterranean Agreement Establishing an Association (EMA) to update the old TCA. As a result, Israel became the only country outside of Europe that has established a free trade area with the EU based on full reciprocity. Additionally, Israel was accepted to the EU's Framework Programme for Research and Development as the only non-European country.

2.1.1.4.2.1 EC/EU Middle East policy

Because of its proximity to the Middle East, the EC/EU has been highly interested in stability in the region and thus in a comprehensive peace agreement. The EU believes that the region's problems can and should be tackled primarily by socio-economic development and regional cooperation. The US, in contrast, puts more priority on Israel's security, even if this may be at the cost of regional stability.

The EU has favoured a two-state solution of the Israeli-Palestinian conflict. Its aims have been Israel's right of existence and its right to live in security within safe and guaranteed borders on the one hand and Palestinian self-determination on the other. For the Palestinians, the EU has foreseen a democratic Palestinian state on the basis of the West Bank and Gaza Strip's pre-1967 armistice lines, but with the option of minor corrections to the borders and with Jerusalem as the shared capital of Israel and the Palestinian state. The EU has also wanted to see a just solution to the problem of the Palestinian refugees that is acceptable to the Palestinians. The European Union has condemned terror attacks on Israeli civilians and has demanded that the Palestinian Authority do its utmost to prevent such attacks. At the same time its demand on Israel has been to withdraw its troops from the occupied territories, to stop its practice of targeted killings of suspected Palestinian activists, to lift restrictions that Israel has imposed on Palestinian West Bank and Gaza residents and to cease Israeli settlement activity in the occupied territories.⁵⁶

2.1.1.4.2.2 EU Mediterranean policy

Up to the mid-1990s the EC's relations with the Mediterranean non-member countries had been concentrated only on economics and trade. An adjustment of policy was called for when the Europeans felt threatened by the destabilisation of the Southern Mediterranean after the Cold War. The spread of militant Islamism, intensifying regional conflict, a rise in drug trafficking, organised crime and illegal immigration caused the EC to look for new strategies. In 1995 the EU and twelve south and east Mediterranean

⁵⁶ Schäfer, 2004.

countries set off the Euro-Mediterranean Partnership Programme (EMP) with the declared aim to turn the south and east Mediterranean shore into a zone of peace, stability and prosperity. From 2005 onwards, the EMP has been amended by bilateral Action Plans of the European Neighbourhood Policy focussing on individual Mediterranean non-member countries.

2.1.1.4.3 Israeli-Palestinian relations

The Arabs of the West Bank and the Gaza strip had come under Israeli rule in 1967, when Israel conquered these territories in the Six-Day War. Israel had begun to set up settlements in the newly occupied territories shortly thereafter, initially on the grounds of security considerations, but settlements motivated by nationalist and religious claims to the area as the land promised to the Jews by God soon followed. In 1987 tensions between the Arab inhabitants of the territories and Israel erupted in the Palestinian uprising, the *Intifada*. The experience of the protracted violence contributed to the change in Israel's attitude towards a peace conference and the PLO. In Madrid Israel still refused to negotiate with Palestinians affiliated with the PLO, but after secret bilateral negotiations in Norway, Israel, in 1993, recognised the PLO as the representative of the Palestinian people whilst the PLO recognised Israel's right of existence and committed itself to a peaceful solution to their conflict. The Oslo Accords set off a process in which Israel should transfer territory and responsibility bit by bit to a Palestinian Authority. The most complicated issues were deferred to a later stage of final status talks.

In 1995 Israel and the PLO concluded an interim agreement commonly known as *Oslo II* and Israel withdrew its troops from most of the Palestinian towns in the West Bank. Under the impression of waves of Palestinian terror attacks within Israel, the withdrawal from further areas however fell behind schedule during the premiership of Benjamin Netanyahu as did the end of the transitional period, originally planned for 1999. Hopes were high that the process would gain speed again with the accession to power of Ehud Barak in 1999 and that negotiations would soon be concluded. By that time it was no longer disputed between Israel and the PLO there would be an independent Palestinian state at the end of the process. Negotiations resumed in Camp David in July 2000 but failed to lead to an agreement, even though Barak was ready to do away with former Israeli taboos such as negotiating over Jerusalem. Two months later, violent conflicts between Palestinians and Israeli forces broke out again, not the least over frustration with the deadlock in the peace process. This *Second Intifada* lasted until 2005.⁵⁷

2.1.2 Internal operational environment

In the following, we will look into a number of internal, domestic variables that set the second type of boundary to Israel's policy options.

⁵⁷ Perthes, 2003a. For an overview of Israel's negotiations with the PLO, see Israel Ministry of Foreign Affairs (Jerusalem), 2007.

2.1.2.1 Military capability

As a small country with limited capacity in human and other resources, Israel has been forced to keep a qualitative military edge over its foes. This qualitative advantage has been achieved and upheld by a highly developed defence industry and by large purchases of weaponry in the United States. Thus Israel's military is one of the most advanced and powerful forces in the world and the most modern army in the Middle East. In 2000, its arsenal included about 580 combat aeroplanes, 170 attack helicopters, an estimated 3,600 main battle tanks and 9,000 armoured personnel carriers as well as 360 ballistic missiles. Israel's navy operates three German-supplied Dolphin-class submarines capable of launching nuclear warheads.⁵⁸ With an estimated 100–300 such warheads Israel is considered the sixth-ranked nuclear power in the world and capable of delivering nuclear warheads by missile or from aircraft. It is also suspected of holding stocks of chemical and biological weapons.⁵⁹

We are going into Israel's military capability only very briefly to complete the picture of the environment. Our assumption is that Israel's military capability has not much of an influence on its behaviour vis-à-vis Europe.

2.1.2.2 Economic capability

With about 6.5 million inhabitants in the mid-1990s and a territory of only about 21,000 square kilometres – the size of Wales – Israel is a small country. The natural limits of the small domestic market as well as Israel's regional isolation have made Israel dependent on overseas exports from early on. Israel's main export goods have initially been agricultural produce such as oranges, later on arms, textiles and plastic products, and since the late 1980s increasingly high-technology goods.⁶⁰

Israel is lacking in water and other natural resources. Minerals such as potassium, magnesium and bromine are extracted from the Dead Sea and there are minor deposits of oil shale and natural gas, but Israel has always been dependent on imports of raw materials, particularly fossil fuels but also of chemicals, vehicles, machinery and other means of production. Israel however has not been able to finance these imports with exports. Instead, Israel traditionally financed its trade deficit with transfer payments such as donations from the Jewish Diaspora, German restitution payments and US financial assistance. US financial aid alone has constituted about three per cent of Israel's gross domestic product (GDP). Due to the positive development of the Israeli economy, the debt-financed share of the trade deficit sank from ten to less than four per cent during the 1990s.

⁵⁸ Beaumont & Urquhardt, 2003.

⁵⁹ For details and a comparison with other Middle Eastern states, see Jane's Information Group, 2000.

⁶⁰ I am drawing on Alroi-Arloser, 2003 in this section.

Because of the permanent influx of immigrants, Israel's economy has been under extraordinary pressure to achieve growth rates that are far higher than in other Western countries. Israel's population swelled by a 40 per cent in the time frame being investigated. Integrating all of these immigrants has been a tremendous task to the Israeli economy. Growth rates from over 2.5 per cent p.a. have been necessary to simply keep the economy from stagnating or shrinking. During the successful nineties, the rate at times reached five and more per cent p.a.⁶¹

Another aspect specific to Israel's political economy has been its outstandingly high defence spending. After the Yom-Kippur War Israel's military budget consumed 32 per cent of the GDP. Combined with debt servicing, defence swallowed more than half of Israel's economic output at the time. When Israel had made peace with Egypt and after the Lebanon War in 1985 the Israeli government gradually reduced defence spending. By 2000 it had been cut by 20 per cent in real terms, amounting to 9.5 per cent of the GDP due to the total growth of the economy. The total burden on the economy however is larger due to the long compulsory military service for both genders, the annual service in the reserves for men up to the age of 45 and the obligation to set up air raid shelters in every home. These hidden defence costs are estimated at another four per cent of the GDP.

A further determining factor of Israel's economy has been the Arab economic boycott which had been declared policy of the Arab League up to the mid-nineties. In response to the progress in the peace process the secondary and tertiary boycott have been discontinued, but not the primary boycott. It still calls on the Arab states not to do business with Israel. The secondary boycott had been directed against companies conducting business with Israel whilst the tertiary boycott was aimed at businesses that had contacts with companies banned by the secondary boycott. It is difficult to assess the damage that the boycott has done to Israel's economy, but all in all it is estimated to add up to several thousand million dollars.⁶²

Initially, Israel's economy had been a mixed economy, comprising of state-owned, cooperative and private companies in roughly equal parts. In the mid-1970s the state began to withdraw from its role as entrepreneur. As a result of the demise of social economy since the mid-1980s, the share of cooperatives too decreased, melting to less than ten per cent by the turn of the millennium; in essence these were the Kibbutz enterprises and Israel's transport cooperative. Israel thus essentially had acquired the structures of a modern free market economy by the late 1990s, but state-owned monopolies

⁶¹ Israel's population grew by from 4.7 million in 1991 to 6.6 million in 2001, mostly because of immigration from the former Soviet republics. In spite of this extraordinary increase of labour supply the unemployment rate fell from 11 per cent in 1992 to 9.5 per cent in 2001: Alroi-Arloser, 2003.

⁶² Alroi-Arloser, 2003. For details on the Arab boycott, see e.g. Weiss, 2007.

in the energy and water sectors as well as in land property have still had an important role.

The Israeli economy has developed from a traditional economy centred on agriculture, light industry and labour-intensive production to a knowledge-based economy with internationally competitive industries in telecommunications, high technology and agricultural technology. Its per capita GDP rose by almost 60 per cent from US\$11,000 in 1990 to US\$17,500 in 2001, which is more than in a number of EU member states. Israel's 2001 total GDP of US\$105,000 million was similar in size to Finland's, Greece's, Ireland's or Portugal's. It also exceeded the GDP of all of Israel's neighbours put together, Egypt's, Jordan's, Syria's, Lebanon's and the Palestinian autonomous territories'.⁶³

As a result of its small domestic market, Israel has been highly dependant on foreign trade. Exports have been crucial to finance the vital imports and to achieve economies of scale necessary for economic development and growth. Israel's foreign trade policy has therefore aimed to achieve free trade since the mid-1980s.⁶⁴ Israel is a member of the World Trade Organisation (WTO) and has signed free trade agreements with its most important trading partners, the EC/EU, the United States, the EFTA members, Canada, Mexico, Poland, Turkey, the Czech Republic, Slovakia, Hungary, Rumania and Slovenia. With China, the former Soviet republics, Croatia and Jordan, Israel enjoys the most-favoured-nation treatment in trade relations.

Israel's isolation in the Middle East and the large gap in economic development between Israel and its neighbours caused Israel to find its major trading partners in Europe and the United States. In 2001, 41 per cent of Israel's total imports were from the EU and another 23 per cent from the US whilst 61 per cent of exports went to the EU and the United States in equal shares. Exports totalled US\$39,000 million in 2001 with imports reaching US\$44,000 million in 2001. Two thirds of the trade deficit originated from trade with the EU, ten per cent each from Asia, EFTA and other countries. Trade with the US, in contrast, has been balanced. Besides the US, Germany has been Israel's largest trading partner.⁶⁵

2.1.2.3 Political structure

Israel is a parliamentary democracy. Its parliament, the Knesset, has got 120 members who are elected for four years in proportional representation from a single constituency encompassing all of Israel. The election threshold is low in international comparison, it was 1 per cent until it was raised to 1.5 per cent in 1992.⁶⁶

⁶³ Alroi-Arloser, 2003.

⁶⁴ Tovias, 1995a.

⁶⁵ Alroi-Arloser, 2003.

⁶⁶ Neuberger, 2003.

The Israeli polity however is dominated by the executive. In contrast to the US administration for example, the Israeli government may make existential decisions on war and peace without the parliament's approval. Similarly, the government does not need the parliament's assent to conclude international treaties or to issue emergency regulations. Even though all Israeli governments have been based on coalitions, they have been strong governments opposite the Knesset with an informal cabinet making all important decisions.⁶⁷ The Prime Minister and the Minister of Defence in particular have been strong in Israel's political system, and quite regularly both portfolios have been held by the same individual.

Up to May 1996 Israel's polity had been a purely parliamentary democracy. From 1996 to 2001 its political system was a mixture of parliamentary and presidential democracy termed *parliadential*.⁶⁸ In this system the Prime Minister was directly elected and so were Benjamin Netanyahu in 1996, Ehud Barak in 1999 and Ariel Sharon in 2001. In contrast to a presidential system, the Knesset however could bring down the Prime Minister in case he could not manage to form a government, by a vote of no confidence or by not passing the budget within three months after the beginning of the new fiscal year. If the Prime Minister lost the parliamentary majority, he could dissolve the Knesset. In all of these cases, parliament as well as the Prime Minister would have been newly elected. The Knesset could only avoid dissolution if it toppled the Prime Minister by a two-thirds margin.⁶⁹

But whilst the Prime Minister has been strong opposite the Knesset, within the executive he has only been strong in foreign policy where he has been able to initiate. In domestic politics he has been weak compared to his ministers and their ministries. In general, it is the ministries that bring up issues and suggestions whilst the Prime Minister does not have a large staff of his own – the Prime Minister is politically strong but professionally weak.

The Israeli party system has been characterised by fragmentation – there has never been an Israeli legislation with less than ten parliamentary parties. The low election threshold has allowed a large number of small parties pursuing special interests to enter parliament. This has made coalitions difficult to form and comparatively unstable. This was particularly precarious because the Knesset could bring down the government without electing a candidate for successor on the same vote until 2001.

Generally speaking, decision making in Israeli politics has been characterised by the high degree of centralisation in Israel's bureaucracy. As there are not many cross-cutting institutions and because departments tend

⁶⁷ Neuberger, 2003.

⁶⁸ Susser, 1989.

⁶⁹ Neuberger, 2003.

to monopolise, it has been difficult to come up with an agreed solution for problems that cut across competencies.⁷⁰

2.1.2.4 Competing elites

In Israel the competing elites in our model, trying to get to the helm and possibly affecting policy choices of the one in charge, are the political parties. They are relevant because they offer alternative foreign policies depending on the coalitions formed. Once elected however, Israel's Prime Ministers and their cabinets have been extremely independent from their parties, factually leading them and not being controlled by their parties vice versa.

Israel's parties can be roughly sorted into four groups: doves, hawks, religious and Arab parties.⁷¹ The central party in the dovish camp has been the social democratic Labour Party. Mildly tending socio-economically to the left, the Labour Party has taken a moderate stance in foreign policy. It is Jewish, non-religious – but prepared to compromise with the religious sector – and has found its electorate mainly in the educated Ashkenazi middle class. The Prime Ministers Yitzhak Rabin (1974–1976, 1992–1995), Shimon Peres (1984–1986, 1995–1996) and Ehud Barak (1999–2001) were members of the Labour Party.

Meretz, the second party of the dovish camp, strongly supports concessions for peace. Domestically Meretz advocates a liberal-secular state and pursues the strengthening of civil rights and environmentalism. In 1993 it became the major coalition partner for Labour to form and support the Rabin-Peres government, thus helping to pave the way for the Oslo Accords.

The central party amongst the hawks is the economically mildly liberal Likud. It is hawkish in peace process policy and has been domestically open to the religious. The Likud is decidedly Jewish and Zionist and has mostly been voted for by Sephardi Jews. The Prime Ministers Yitzhak Shamir (1986–1992), Benjamin Netanyahu (1996–1999) and Ariel Sharon (2001–2006) were Likud members.

Three parties taking extreme positions in the hawkish camp united in 2003 to form the National Union parliamentary party: Israel Beiteinu, backed by new immigrants from the former Soviet Union, the national-religious Tkuma and the radically nationalist Moledet. They reject any withdrawal from occupied territory, pursuing its annexation instead, and advocate a hard hand in dealing with the Palestinians. A further party backed by new Immigrants, Israel ba-Alia, had close links to the Likud in foreign policy but sympathised with the liberal positions of the dovish camp in religious issues. It merged with the Likud after the 2003 elections.

The religious parties mainly define themselves through religious issues. The National Religious Party is hawkish in foreign policy, is very clearly Jewish and Zionist, its voters are Ashkenazim as well as Sephardim. Whilst it is

⁷⁰ Ahlswede, 1997j.

⁷¹ I am drawing on Neuberger, 2003 in this section.

more moderate in clerical and theocratic issues than the other religious parties, the National Religious Party is more extreme in peace process policy. Two small parties with Ashkenazi electorate – Degel ha-Tora and Agudat Israel – formed an alliance named United Torah Judaism in elections from 1992 to 2004. In a marked difference to the other Jewish parties, United Torah Judaism rejects Zionism. A fourth religious party, Shas, is a Sephardi party by self-conception, platform and its voters.

Amongst the Arab parties, Chadash has ideologically seen itself as a Jewish-Arab party. Since Chadash however represents the national interests of Arab Israelis, 90 per cent of its voters are from this sector. Chadash follows a relatively moderate Arab nationalism, is radically dovish, secular and not Zionist. Other – small – Arab parties have been the Arab Democratic party and Ta'al, which have been merging into the United Arab List alliance with the Islamic Movement. The United Arab List has represented the more conservative, religious Arab Israelis. Whilst it shares Chadash's position in foreign policy, its orientation is Islamic and is domestically socially conservative.⁷²

From 1984 to 1988, Israel had a national unity government formed by a broad coalition centred on Labour and the Likud. Labour's Peres served as Prime Minister until 1986, then resigned according to a rotation agreement and passed the premiership to Shamir of the Likud. From 1988 to 1990 the coalition of the Shamir government was formed by Likud, Labour and the religious parties. The next Shamir government 1990–1992 was backed by a coalition of all parties of the hawkish and the religious camps. All of these took the opposition's seats from 1992 to 1996 except for Shas that joined the dovish Rabin-Peres coalition of Labour and Meretz. Shas subsequently left the coalition in 1994, leaving Rabin with a minority government dependent on the votes of Arab parties in the Knesset, Chadash and the Arab Democratic Party. The 1996–1999 Netanyahu government again was based on the hawkish and religious camp, whilst Barak (1999–2001) was supported by the doves, the religious and the centrist parties. Sharon in his first term from 2001 to 2003 finally formed a grand coalition of the Likud, Labour, the religious parties and the National Union.⁷³

2.1.2.5 Interest groups

The influence of interest groups outside the actual decision-making process has not materialised in the form of variables bearing a constant value in this analysis. We will analyse the existence and influence of such groups in the case studies below.

⁷² For details on Arab Israelis and parties, see e.g. Wolffsohn & Bokovoy, 2003, pp. 372–379.

⁷³ Neuberger, 2003.

2.2 The psychological environment of Israel's foreign policy system

The psychological environment is the perceptual counterpart to the operational environment. It mirrors all the elements of the operational environment but in the way that processors of Israel's foreign policy system perceive them. It is these images that processors act upon, not reality.

2.2.1 The attitudinal prism

The attitudinal prism determines how input from the operational environment is perceived. The prism is shaped on the one hand by societal factors such as the cumulative historical legacy, ideology and tradition. Zionism can thus be expected to have a major role in the Israeli processors' prism. On the other hand, personality factors such as character traits, previous experience, bias and personal models of reality influence the perception of the operational environment.

Due to the complexity of these factors, it does not seem promising to attempt a rough aggregate identification and measurement of the variables involved in the attitudinal prism of the processors in Israel's European policy system. We will instead concentrate on the images that the attitudinal prisms have created and refer to aspects of the attitudinal prism in concrete scenarios as we go along. There is one exception though, the Israeli perception of the European Jewry's history, which greatly contributes to the attitudinal prism of Israelis and which we will look into in the following.

2.2.1.1 Israel's European trauma

In Europe, Zionism was born, the idea of a Jewish nation and a Jewish state.⁷⁴ Zionism itself is very European, and is a reflection as well as a part of the national movements in late 19th century Europe. As an essentially European movement, Zionism inherited many values and sets of beliefs from the environment it was born in, most prominently the commitment to democracy and – originally – Socialism.

Israel's Zionist founding fathers, then, came from Europe too, bringing with them the customs and culture of their countries of origin. This European heritage had a strong impact on Israel's society, all the more since the Israeli elite continued to recruit itself from the European Ashkenazi segment of the population. Israelis nowadays are very much aware of the common ground they share with Europe and of their closeness in culture and basic values.

Europe, however, is also the site of anti-Semitism's most virulent manifestations, first and foremost the Shoa. Zionism itself might have been as much a reaction to anti-Semitism as it was an emulation of the ideology of the day – Nationalism. It is thus not only the Nazi genocide that is indissolubly linked to the Israeli image of Europe. The French Vichy regime's as well as many French, Ukrainian, Bosnian and other European nationals'

⁷⁴ The following five paragraphs draw on Avineri, 1988.

willing readiness to assist in the Nazi death programme are acutely remembered, too, and so are the allies' failure to intervene on behalf of the Jews, as well as the pogroms in Eastern Europe – in Poland as late as 1946 – and even the expulsion of the Spanish Jews in 1492 and the pogroms of the Middle Ages. Europe is thus perceived in addition to being the place where Jews have been unwanted time and again, as also being where they have been excluded and persecuted despite all shared values and common cultural grounds, despite all efforts of assimilation.

But Israelis do not only have a reckoning with Europe's anti-Semitic face and its Nazi extreme. The Enlightenment had offered Europe's Jewry freedom, emancipation and integration. Europe's Jews eagerly embraced these ideals, making use of their new freedoms and breaking out of the confines of the shtetl, both physically and mentally. The Enlightenment promised to end exclusion, turning insiders and outsiders into individuals alike. But, cruelly, when Enlightenment's child, Nationalism, turned individuals into members of a greater entity again – the nation – Jews found themselves excluded again.

It was only on this ground, prepared by liberal Europe, in which the Jews had put so much hope, that modern anti-Semitism could fall fertile. Worse, whilst anti-Semitism might only be an occasional symptom and in its way might be easy to deal with, being the ultimate outsider in the categories of the enlightened liberal Europe was systemic with no perspective to be overcome. Liberal Europe's let-down has been utterly brutal and thus it is being felt in Israel.

This sense of history is supplemented by unpleasant memories and reminiscences of Israel's own troubles with European powers such as the old antagonism with the UK from the time of the British Mandate. Similarly, the break with France in 1967 has left traces in Israel's collective memory and in its assessment of the Europeans' reliability, and so has the fact that nearly all of the EC states refused the US overflight rights for its airlift to Israel when Israel was under attack during the Yom-Kippur War.⁷⁵

2.2.2 Images – Israel's self-perception

This leads us to the question of how the processors, the actors shaping the Israeli government's behaviour towards Europe, have seen Israel and its place and role in the World, particularly vis-à-vis Europe.

It has not been possible to establish the attitudinal prisms and resulting images of the very actors individually. The task has been too great for the scope of this research, particularly since these factors are deeply rooted, often leaving their mark only sub-consciously and indiscernibly. Instead we have been looking at perceptions and the factors shaping these of other Israelis who share a similar background. The processors identified in this

⁷⁵ See also Keridis, 2004; Primor, 2000, pp. 115, 123, 150.

research are almost exclusively members of the secular, Ashkenazi Intelligentsia who have either immigrated decades ago or are born in the country. Other segments of the Israeli society are almost not represented in Israeli-European matters, not the religious, not the Sephardi, not the more recent immigrants from the former Soviet Union, and not the Arab Israelis.

Fortunately for this analysis, the factors determining the perceptions of our processors' peers are better documented. This allows us to work with aggregated variables. We assume that the generalised conclusions we can draw from these aggregates will go a long way to explain the behaviour we observe with the specific actors and processors.

2.2.2.1 Being special

Being special is a key concept in Israel's self-conception.⁷⁶ As a matter of fact, many aspects of Israel are indeed special: with the exception of Turkey, Israel is the only democracy in the Middle East and the only state with a Western society in the region. It is the only non-Arab state amongst the otherwise contiguous Arab states. Its economy is the only highly developed one in the area, on par with West European economies. Israel therefore sees itself as a modern, Western spearhead in the Middle East.⁷⁷

Israel is special in that it was created and has been strongly influenced by immigration, an anachronism in history and a *nouveau* in the contemporary Middle East. Israel is also unique inasmuch that – whilst other nation states developed on a territory where their nation-to-be dwelled – the Zionist project that was to be Israel had a state first, a nation too, but not a territory. Once it did have a territory, its people did not dwell there but were spread all over the world. In fact Israel's creation is the last occurrence of European colonisation, arguably also the last instance of a people's acquisition of land, decades and centuries out of synchronisation with world history. Partly as a consequence, Israel is painfully unique in having lived in violent conflict with its neighbours, even the whole region since its foundation. It is extraordinary in having been denied its right of existence for decades, the only state in the Western hemisphere to suffer this fate. At the same time, for all the explosive potential of the Arab-Israeli conflict, Israel has been special in the attention it received on the international scene, in support and protection it enjoyed from the West and in its tail-wags-dog sway over its superpower patron.⁷⁸

Domestically, Israel stands out from the other democracies for its militarised society, its long compulsory military service – including that for women – and the closeness of the military to politics. Finally, Israel's concept

⁷⁶ On Israeli and Jewish identity, see e.g. Bar-On, 2006. On the construction of Jewish identity, see also Assmann, 1998.

⁷⁷ Ahlswede, 1998q; Ahlswede, 1998y.

⁷⁸ On the leverage of client states over their patrons and specifically of Israel over the US, see e.g. Tibi, 1989, pp. 10–25.

of citizenship is unique, based on religious affiliation interpreted as ethnic affiliation.

Israel's self-perception as being special however is rooted much more deeply. Israel sees itself deeply embedded in Jewish history – the history of Europe's Jews, that is. "Living with *being special*" could be the name of the book. For centuries, Jews had been different from the rest of the societies that they were part of. Whilst everyone else was Christian, they were not. They practised another religion, married amongst themselves, took up special occupations, lived in special quarters and dressed differently – and were made to do so. Being special, Jews suffered from discrimination and pogroms, and being special allowed them to enjoy a special status from the emperor as *Schutzjuden*. Ultimately, anti-Semitism considered Jews so special that it regarded them as a different race, special in its genes and special in its supposed destructive racial characteristics. "Special treatment" was the Nazis' answer, the euphemism for the industrial mass murder of millions. Zionism in turn adopted *being special* as its ideological core, claiming that Jews indeed were ethnically different and postulating the Jewish nation.

Being special is thus far from being perceived as undesirable. It has been seen as crucial to Jewish survival since biblical times: just as the Israelites did not adopt the Kanaanite religions, stuck to their single god – extravagant at the time – and did not mix with the locals, they kept to themselves and their god when Baal was the deity of the day, or Zeus, Jupiter, the Christian or the Muslim god. In the Middle Ages, whilst being special was a serious risk at times, it also guaranteed continuity. It allowed the Jews to run their own affairs with only limited interference. The *Schutzjuden* status even offered a certain immunity. Being different and keeping to it helped to fend off assimilation, the biggest threat to Judaism to the eyes of many. In a stark example, bewildering with hindsight, the Nazis' ghettoisation of the Warsaw Jews was not universally abhorred by its victims. It was also welcomed as a return to an all-Jewish everyday life without distractions, as an opportunity to concentrate on the religious duties and to be amongst themselves. Crucially, when Nationalism left no place for the Jews in the new concept of nation states, Herzl re-invented Judaism as a nation, re-labelling *being special* as the road to salvation. In the Zionist perspective, the Holocaust drove his point home in the most cruel way.

In short, being special has been seen as blessing as well as a curse. Essentially the perception is that being special may come at a high cost but that it is the secret of Jewish survival. This is the *raison d'être* of the Zionist state.

Being special has also been seen as a mission. Spiritually Jews see themselves as the chosen people. This, on the one hand, has made them special to begin with – by definition so to speak in this perception. On the other hand it comprises an obligation to distinguish themselves. Over the

millennia of Jewish history this obligation has been formulated and implemented in various ways, the best known example being the Jewish dietary laws. Intended to prevent the immigrating Israelites from picking up the local Kanaanite rites and from assimilating, the dietary laws in fact provide a core to even the most rudimentary Jewish identity in the Diaspora up to the present day – whether they are being followed or not. They still are a force against assimilation. You are what you eat, and Jews eat differently than the Gentiles around them.

Then, ideologically, from a Zionist perspective, Jews need their own state to avoid demise or even annihilation. Being special by definition – in this case as a nation – the mission has been to establish and keep alive a separate state for Jews where they could run their own affairs. Expecting rather little from the rest of the world, a considerable component of this mission has been to be defensively strong and as autonomous as possible.

This leads us to the question of how Israel has seen its position and role in the world. As we have seen, *being special* has been perceived as a double-edged sword of ambiguity between exclusion and exclusivity, more of a blessing though than a curse on balance, but as a fact of Jewish life if not as a mission. Israel perceives itself in heritage and continuity of all these millennia of Jewish history.

2.2.2.2 Israel's reaction to being special

Judaism offers two extreme role models for relations with the rest of the world. One is the optimistic, missionary, eschatological and almost messianic notion of *or la goyim*, "a light to the Gentiles", as the King James Bible translates.⁷⁹ Being the chosen people, the Jews' task in this notion is to be an example to the world's other peoples and to lead them to salvation. Being special here means bearing a responsibility to all of mankind, and the mission is to shine onto the world and make it a better place.

The other role model is *am livadad yishkon*, a "people [that, S. A.] shall dwell alone, and shall not be reckoned among the nations."⁸⁰ It is the virtual opposite of the optimistic *or la goyim*. In this grim view, the Jews' destiny is to be on their own, outcasts and pariahs amongst the peoples of the world, disliked and without friends. There is no mission but to cling to their ways and to accept their fate. The rest of the world is not where the Jews' chosen position manifests itself and becomes tangible. Rather the rest of the world is a latent threat and a nuisance at best with which the Jews invariably have to put up.

It would be wrong to claim that Israel's foreign policy has been determined by age-old Jewish role models. Echoes of such conceptions, however, can be

⁷⁹ Smith, 1611, Isaiah 49:6. "Goyim" is not the colloquial, derogatory term for gentiles derived from Yiddish in this concept but the far older and non-derogatory Hebrew term for any people or ethnic group, including the Israelites.

⁸⁰ Smith, 1611, Numbers 23:9.

found in the outlook Israel has taken of its place in the world and of its foreign relations. Zionist and Israeli politicians have reacted to the paradigm of exclusion and exclusivity that *being special* poses by locating the Jewish state's role in the world on a scale between two poles, each representing one of these two role models.⁸¹

At the optimistic end of the scale we have the conception of Israel as a bright example to the world, a model society, a most valuable contributor to the advancement of science, culture, economic development and prosperity, in short: to the advancement of mankind. The idea is that Israel has a lot to give and should do so. Classic examples of where Israel has been perceived as "a light to the Gentiles" are the pioneering achievements of draining Palestine's malaria-ridden swamps and of "making the desert bloom", particularly the advanced Israeli irrigation technology. In this conception the Palestinian Zionist community and later the Israeli society have been regarded as shining out to the Arab neighbours, leading them to modernity, economic development, emancipation and democracy. Similarly, the Israeli military was seen as an example of a different, morally superior armed force, utterly fair even at its own disadvantage and upholding the *purity of the weapons*.⁸²

Amongst the founding fathers, a typical representative of this optimistic outlook on Israel's role in the region and the world would be Chaim Weizmann, believing in a fruitful symbiosis of Jews and Arabs in Palestine where the immigrating settlers would bring modernity, development and prosperity to the backward locals.

A contemporary example of an Israeli sense of mission is the New Middle East envisioned by Shimon Peres. It is based to a considerable part on the notion that Israel holds the key to the development of the region and that it has an obligation to lead its neighbours down this path once peace is established. Tellingly, the New Middle East did not receive a warm reception in the Arab world, particularly Egypt, for the Israeli hegemony it implicitly includes.

At the second, opposite end of the scale, the perception is bleak. There Israel is seen as disliked if not hated by the rest of the world, isolated and ultimately left to its own fate. The world is a threat to Israel in this perception, not a challenge. No good is to be expected from the outside world. Israel had better be prepared that even friendly actors on the international scene will turn against it, because that is just the way it is.

⁸¹ Klieman, 1990 first suggested this scale to describe the attitude of Israeli actors.

⁸² "tehorat ha neshek" in Hebrew. This notion was severely shaken by Israel's 1982 invasion of Lebanon. The military's response to the Intifada from 1987 onwards left it in shambles in the eyes of the Israeli public. The *purity of the weapons* is still an ideal that is pursued, but is no longer seen as a reality.

Inevitableness is a central concept in this alternative outlook on foreign relations. Hostility of the international system is given. It is seen as endemic. Whilst hostility is out in the open with some actors on the international scene, it is less visible with others. It is always there, though, suppressed possibly, hidden, but it may burst out any time.

Crucially, hostility of foreign actors is not seen as related to Israel's behaviour, or only very vaguely so: the world simply does not like Israel. There is nothing Israel can do to change this. It is a fact of life, Israel has to live with it. As a consequence, in this view there is no point in making much of an effort to change the world's image of and attitude to Israel. Also, there is little sense in spending much thought on if Israel's behaviour will find approval internationally or not. Why bother if Israel is disliked anyway?

In total the attitude of Israel's governments and other actors has leant more towards this pessimistic end of our scale. Of the founding fathers, Zeev Jabotinsky can be named as representative of this grim outlook on the world. Yitzchak Shamir is an example amongst the politicians covered in this analysis. Of course, the extreme positions on our scale have not been occupied. The attitudes have always been somewhere in between, more often closer to the pessimistic than to the optimistic pole though. And however optimistic the outlook might have been, the pessimistic streak has always been present, too.

Israel's perception of the Palestinians and of its neighbours has been deeply rooted in this pessimistic outlook on the world. The concept of the *iron wall* first spelled out by Jabotinsky and embraced particularly by the Likud strongly echoes these perceptions: The Arabs would never voluntarily agree to Israel's existence, no matter what Israel would do, so Israel's best strategy was to frustrate the Arabs into resignation.⁸³ Half-hearted support of Israel by the outside world or even a demonstration of sympathy for the Palestinian cause by third actors have thus been seen not simply as proof of the world's dislike of Israel but – worse – as an annoying subversion of Israel's long-term security interests. In the eyes of proponents of this frustration strategy, Europe's failure to unconditionally throw its support to Israel has been doing great harm to the prospects of peace: By keeping alive the Arabs' hope for their cause, the Europeans frustrated Israel's hope for the Arabs' frustration.

A basic assumption of Israel's self-conception has thus been that Israel exists in a hostile environment and that rather likely no good is to be expected of the world outside. Feeling left to its own devices ultimately, Israel's lesson has been to not give anybody a say in its central interests – first and foremost security – let alone rely on anybody. Also, since Israel is a small country with no strategic hinterland, having been pitted against far larger and more resourceful enemies for all of its existence, the perception is

⁸³ Jabotinsky, 1937.

that Israel cannot afford to make mistakes in security matters. Correspondingly, it is considered a deadly risk for Israel to ever appear weak and not utterly resolved against its enemies – a conviction that is likely to affect the attitude to a world that is generally suspected of harbouring hostile feelings in any event.

2.2.2.3 The rebellious victim

In response to Jewish history and due to Israel's perception of the outside world, Israel has seen itself in a tradition of victimhood, i.e. as an eternal victim. Israel has thus been quick in explaining behaviour of other actors in the international arena in terms of antipathy of Israel. This antipathy additionally is often seen as an insuperable given as if it was a fact of the operational environment. Correspondingly, also unfavourable behaviour of third actors has been seen as a given. This amounts to an Israeli self-perception as a victim of other actors' behaviour and not as an actor on a, say, largely anarchic international arena where the actors' self-interest and rational choice determine the behaviour Israel is faced with. In consequence to this victim perspective, Israel has often conceived its foreign behaviour not in terms of deliberate choice between various options but as an inescapable necessity. *Ein breira*, "no choice", has been the catchphrase most often used for this conception.

Ein breira is an expression of Israel's self-perception as an eternal victim as much as of Israel's resolve to fight victimisation. Israel sees itself as a rebel against this inevitable victim status. The *rebellious victim* which Israel thinks of itself as being is Israel's radical response to the Jewry's pre-Israel behaviour which has been perceived as *like lambs to the slaughter*. Israel has seen it as its mission to protect itself and the world's Jewry from the consequences of eternal victimhood.

But how can you not become a victim if you are one already? Israel's self-conception dissolves this contradiction on a metaphysical level: Israel feels that it is a victim by definition in a metaphysical sense, as of Arab hatred, Anti-Semitism and the world's disinterest if not dislike. This status of being a victim is not affected by facts on the ground. Even if Israel victimised others rather than being the victim in actual behaviour, its victim status would go unscathed in this perception. Not only that, but since the victim status is also buttressed with moral superiority, criticism of its behaviour tends to roll off Israel's collective conscience. Criticism is thus being perceived as strangely outlandish, unfair and probably prompted by the hostile attitude that could be expected from the outside world.⁸⁴ So, when Israel sees itself as the

⁸⁴ "Israelis, who were raised on songs such as 'The whole world is against us' and 'I do not have any other country', point out that accusations of aggression and alleged heavy-handed occupation made by an unsympathetic, if not hostile, world are not surprising and, in fact, are expected. Decisions made by world bodies such as the UN or the International Criminal Court are therefore easily neutralized, being labelled 'Um

eternal victim and at the same time tries to avoid becoming one at all costs, these two levels do not collide. Metaphysically, Israel sees itself as a victim, but as a *rebellious victim* it fights to never become one physically again.

A consequence of Israel's self-perception as a victim is that it has not been able to see and have compassion e.g. for the Palestinians' sufferings at its hand. Equally, this view has prevented Israel from recognising its enemies' security concerns.⁸⁵

2.3 Characteristics of Israel's foreign policy

Israel's self-conception and its perception of its relations with the rest of the world have had a profound influence on Israel's foreign policy and foreign behaviour. In the following we will shortly outline some characteristics that are specific to Israel's foreign policy conception.

2.3.1 Primacy of security

It has been claimed that "Israel has not got foreign policy, Israel has peace process policy".⁸⁶ This would go too far – Israel has been active in other foreign policy fields as well, e.g. in relations with the Jewish Diaspora – but Israel has certainly put primacy on security in its foreign policy. Security has been by far the most important foreign policy issue, dominating and eclipsing all other foreign policy fields.

This means that primacy has been in a policy field in which Europe has not been important in the time frame being investigated – the EC/EU has not been central to Israel's security. Important as relations with EC/EU have been to Israel, they have consequently enjoyed relatively low priority within Israel's foreign policy. Similarly, Israel's interest in closer economic relations with the EC/EU has been brushed aside when it conflicted with Israel's security interests.

2.3.2 Victims nevermore

In Israel's foreign behaviour, the *rebellious victim* has left its mark in the shape of the imperative of *victims nevermore*. *Victims nevermore* stands for the Zionists' and Israel's break with what they have perceived as the Jewish tradition to not put up resistance to being lead to the slaughter. Israel's ambition is to refuse to be a victim at any cost. Historic role models have been the myth of Masada, where Jewish Zealots held out against the Roman army for three years, finally preferring suicide over defeat, and the Warsaw

shmun' or 'Hague shmagg'. In Israeli public opinion the decisions of these world bodies are nothing more than PR (public relations), a victory of the enemy and its supporters in claiming victim status. Israelis condemn their State Department informational office (Hasbara) for its inadequate efforts to articulate their suffering, and for its failure to convey, clearly and unequivocally, the image of Israelis as undeserving victims.": Erez, 2006, p. 90.

⁸⁵ For the failure of and need for compassion, see Grossmann, 2005; Grossmann, 2006. For the psychology of the issue, see also Auchter, 2004.

⁸⁶ Quoted by Joel Peters in Ahlswede, 1997b.

ghetto fighters who put up armed resistance against their deportation into Nazi death camps.⁸⁷

Applying *victims nevermore* to its foreign behaviour, Israel has made it a principle to ruthlessly retaliate in its dealings with its foes. The motivation for Israel's outstanding lack of leniency has been its fear to be perceived as weak and thus as an easy victim. Israel's perception has been that it can only stand a chance against its enemies if it can deter attacks to begin with, hence the need for unforgiving reprisals. At the same time, Israel has felt it cannot afford mistakes in its military and security posture – its first mistake would be its last. *Victims nevermore* has thus led to a policy of strength as a perceived vital necessity. Strength in this conception has exclusively been based on hard power, whilst Israel has put no trust at all in its potential soft power to achieve its security aims, i.e. in the attractiveness of its culture, political ideals and policies.⁸⁸

Victims nevermore has also led to Israel's deep mistrust and rejection of the principle of non-violence. In Israel's eyes and against the background of its perception of history, non-violence would be a recipe for disaster.

2.3.3 Resistance to sanctions/limited compliance

Victims nevermore combined with the negative world view of *being special* have led to a high capacity of Israel for suffering and thus to a high resistance to sanctions, particularly in the form of shaming.⁸⁹ Due to its self-perception of *being special* Israel expects the outside world to not be neighbourly if not hostile to begin with. *Victims nevermore* is fit to turn outside pressure into an incentive to not give in. Israel's resistance to sanctions has increased its leeway and freedom of action in the international arena whilst at the same time leading to limited compliance with internationally accepted norms of behaviour.⁹⁰

Israel has thus e.g. not been impressed with the flurry of UN resolutions denouncing Israel's foreign behaviour. "Um shmum", "the UN does not matter", has been Ben Gurion's often quoted comment on such UN attempts to shame Israel into compliance. Israel has reacted similarly to EC attempts to this end: "It is inconceivable that after defending its survival at great cost, Israel will yield to external pressures and compromise its security", a foreign ministry spokesman declared in 1990 when the EC decided to suspend scientific cooperation with Israel in protest to the closure of Palestinian universities.⁹¹

⁸⁷ On the effect of history on Israel's security conception, see e.g. Zuckermann, 2001. On the memory of the defeat at Masada and its mobilising powers, see Lewis, 1975. On *victims nevermore*, see e.g. Wolffsohn, 2005.

⁸⁸ On hard and soft power, see Nye, 2004.

⁸⁹ On *shaming*, see e.g. Botcheva & Martin, 2001.

⁹⁰ On compliance, see e.g. Risse, 2003

⁹¹ JP 1 1990-02-18 "Jerusalem lobbies against European sanctions".

3 Political relations: the role of the EC/EU

In the following we will look into Israeli foreign behaviour related to political issues, centrally those issues arising around the question of the role the EC/EU ought to play in the Middle East. Chapter 4 will then turn to Israel's policy regarding its integration into the EC/EU.

3.1 The conflict over independent Palestinian agricultural exports

One of the issues it seems worthwhile to look into to understand Israel's attitude and behaviour towards Europe is the 1987–1988 crisis around independent Palestinian exports and the European Parliament's refusal to ratify an update of the 1975 TCA.⁹² The crisis began in October 1986, when the EC Council of Ministers decided to grant produce of the West Bank and Gaza the same preferential treatment that the region's states already enjoyed. The EC wanted exports from the occupied territories no longer to be labelled as "made in Israel" but as Palestinian, and it demanded that West Bank and Gaza residents were no longer obliged to do business through AGREXCO – the Israeli agricultural export monopoly⁹³ – or the Israeli Citrus Marketing Board, but could directly negotiate with European importers and were free to choose their commercial partners. On the face of it, this was a technicality and may only have seemed natural: the West Bank and Gaza were, after all, undisputedly not part of the State of Israel.

Of course, however, there was more to it. Insistence on direct and correctly labelled exports from the West Bank and Gaza opened up an opportunity to put the European Political Cooperation's long-declared principle of non-recognition of Israel's quasi-annexation of the territories into practice and enabled recognition of the Palestinians' right to look after their own affairs as a preliminary step towards self-determination.⁹⁴ Two developments distinguish the political background against which the EC's decision has to be seen: firstly, during the efforts of Israel's Prime Minister Peres to begin peace talks, the PLO's chairman Yassir Arafat had announced in September for the first time that he was ready under certain conditions to accept UN Resolution 242, i.e. Israel's right to existence.⁹⁵ Secondly, the Likud's Yitzchak Shamir had just succeeded the Labour Party's Peres as Prime Minister, displaying no intention to let go of the territories. On the contrary, Shamir had proclaimed

⁹² For a comprehensive account of the crisis and particularly of the behaviour of the European Parliament, see Greilsammer, 1991 and Hausmann, 1995, on whom the descriptive part of this section strongly draws.

⁹³ By Israeli law, agricultural exports were a monopoly of this government-owned company at the time.

⁹⁴ Most famously the European Cooperation's position had been declared by the European Council's Venice declaration of June 1980. For the text of the declaration, see e.g. European Commission, 2006e.

⁹⁵ At the Conference of the Movement of the Non-Aligned Countries in Harare, 1986-09-01–1986-09-06.

at his inauguration, a week before the Council of Ministers' decision that "the policies of Greater Israel" would now be more strongly implemented.⁹⁶

The political implications of the EC's demand did not go down well in Israel. Israel's national unity government held that internationally Israel was responsible for the West Bank and Gaza and that the situation could not be changed without peace negotiations. The Likud ministers in particular rejected the EC's decision as interference and "the beginning of recognition of a Palestinian state" – something that was completely unacceptable to both – the Likud as well as the Labour Party. The Labour ministers for the most part took a less radical line, criticising that the EC had not consulted with Israel in the matter and that the EC was presenting a political issue in technical camouflage.⁹⁷

Vis-à-vis the EC, Israel's position was that Palestinian produce at the most could be labelled with the city of origin but under no conditions as "made in the West Bank" let alone "made in Palestine". Should Palestinian farmers however not be ready to use AGREXCO's services, they would not be able to use Israeli ports to ship their goods – there were no ports in Gaza – but would have to export them through Jordan or Egypt.⁹⁸

For a year there was no progress,⁹⁹ apart from on another front: after years of negotiations, Israel and the EC had reached agreement on how to adjust the 1975 TCA to the increased competition Israel faced from Spain and Portugal after their accession to the European Community. Portugal and Spain in particular were direct competitors of Israel, especially in exporting agricultural goods such as citrus, avocados and flowers. There were great worries in Israel – and in other Mediterranean non-member countries (MNMs) – about the effect that the accession to the EC of such a most important producer would have. No longer constrained by EC trade barriers, Spain would be able to offer its produce on much better conditions than Israel. Heavily dependant on exports to the EC, Israeli agriculturists would not have alternative markets to turn to. If Israel's trade agreement with the EC was not to be adapted, Israel's market share in the EC might well collapse, threatening up to 50 per cent of Israeli agricultural production.¹⁰⁰

The EC had put negotiations for an adjustment of the TCA on a back burner after Israel's Invasion of Lebanon in 1982. When negotiations eventually concluded half a decade later – and over a year after Spain and Portugal's accession already – Israel was keen to have the agreement signed and

⁹⁶ JP 1986-10-21.

⁹⁷ Greilsammer, 1991, p. 308.

⁹⁸ PS 1987-02-11: AHM 4 "Unstimmigkeiten zwischen der EG und Israel wegen Agrarexporten aus den besetzten Gebieten".

⁹⁹ Israel's suggestion to set up a subsidiary of AGREXCO to handle exports from the territories had not been acceptable to the EC. See PS 1987-08-28: DV "Antwort an die EG: Gemüseexport aus den Gebieten mittels einer Tochtergesellschaft von Agrexco".

¹⁰⁰ Greilsammer, 1991, p. 307.

implemented as fast as possible. The update took the form of three protocols to the 1975 agreement:

1. a protocol of financial cooperation that allowed Israel to benefit from loans of the European Development Bank.¹⁰¹ The funds were earmarked for projects aiming to increase productivity, achieve complementarity between Israel's and the EC's economies and to further Israel's industrialisation,¹⁰²
2. a protocol on transitional measures resulting from the accession of Portugal and Spain to the EC,¹⁰³ and
3. a protocol harmonising the duties on Israeli exports and those applied on the exports of Spain and Portugal, somewhat confusingly named "fourth additional protocol".¹⁰⁴

As 1988 approached, the Israeli side grew more and more nervous. With the update not implemented, Israeli exporters would suffer seriously in the 1987 Christmas season. Worse, duties on Spanish produce were to be abolished altogether in January 1988, exacerbating Israel's disadvantage even further.¹⁰⁵

Israel began to worry that the EC would not sign the protocols as Israel would not give in to the EC's demand for independent Palestinian exports.¹⁰⁶ EC commissioner Cheysson visited Israel in October 1987, and tried to even things out. He reached an agreement in principle with Peres and – whilst several points remained unclear – explicitly stating that the matter of Palestinian exports would be no obstacle to the updating the TCA. He reiterated that the issue were a technical problem and not a political dispute between the EC and Israel.¹⁰⁷

Nevertheless, the perception in Israel was just that,¹⁰⁸ for there was a considerable political dispute going on indeed. The EC was calling for an

¹⁰¹ Up to ECU 63 million by October 1991.

¹⁰² Council: 8426/87 C 2-259/87 European Parliament Sessions Documents A 2-0285/87.

¹⁰³ Council: 881987-01-32 rev. I + corr. 1- C-2-259/87, European Parliament Session Documents, A 2-0286//87.

¹⁰⁴ Council: 5813/87- Doc. C 2-259/87, European Parliament Session Documents, A 2-0287/87.

¹⁰⁵ The cost of the protocols not implemented were estimated at US\$50 million per year: PS 1988-03-14: HZO 2 1988-03-13 "Man glaubt, dass die Entscheidung der EG vor allem dem Zitrusfrüchtezweig schaden wird".

¹⁰⁶ It could not be verified that EC circles had actually threatened this at this point already. This was the case according to Israeli sources quoted in the media. See e.g. PS 1987-10-13: DV 1 "Es zeichnet sich eine Regelung ab, die den Landwirten in den Gebieten ermöglichen wird, ihre Produkte direkt in die EG auszuführen".

¹⁰⁷ PS 1987-10-16: HA 7 "Cheysson: Israel hat der Aufnahme von direkten Handelsbeziehungen zwischen der EG und den Gebieten zugestimmt"; Greilsammer, 1991, p. 310.

¹⁰⁸ FT 1987-10-13 "Israel-EC farm trade talks fail"; PS 1987-10-13: DV 1 "Es zeichnet sich eine Regelung ab, die den Landwirten in den Gebieten ermöglichen wird, ihre Produkte direkt in die EG auszuführen".

international peace conference and spoke out against new Israeli settlements in the occupied territories in sharper and sharper tones. Both an international conference, as well as an end of settlement activity, were anathema to Israel's national unity government. Things were even more complicated, though as only Prime Minister Shamir and the Likud ministers rejected an international conference. Foreign Minister Peres, backed by his partisan Labour ministers, passionately tried to bring one about.¹⁰⁹

Then, in November, the United Kingdom announced it was not prepared to sign the protocols to the TCA. Officially, Britain, supported by Denmark and Greece, based its position on a claim that Israel discriminated against certain EC imports through its practice of administering customs and purchase tax.¹¹⁰ This may have been annoying to the EC but it hardly was the true motive for the British stance. Rather, and only thinly veiled, the reason was the EC's impression that Israel did not live up to what it had promised to Cheysson regarding Palestinian exports.

The Israeli reaction was furious. Understanding full well the real reason for the Europeans' step, Israeli officials accused the EC of blackmail. EC officials lashed out in return, charging Israel with dishonesty and failure to honour undertakings. Now that the gloves had come off, Cheysson put it bluntly. If Israel refused what the EC demanded, there would be no new protocols. Political as Israel rightly perceived the EC's motivation, it retorted politically:

*"If anyone in Brussels really thinks he can change the status of the Palestinians by means of eggplants and peppers, he is thoroughly mistaken."*¹¹¹

Be that as it may, the Israeli Foreign Ministry came to an arrangement with the EC at the end of November despite the still staunch resistance of the

¹⁰⁹ Jordan had set an international conference as a precondition before any peace talks, which Peres tried to get going at the time. In April 1987, Peres and King Hussein of Jordan had made a significant step forward, reaching understanding on a number of crucial points (Gazit, 1989, p. 78). The problem was that Peres' diplomacy never had Shamir's and the Likud half of the government's backing. The stand-off in the cabinet meant that the quest for an international conference never really was government policy – as a matter of fact, it is better described as one of two simultaneous foreign policies of the national unity government. Once Shamir and Peres had switched their cabinet seats due to their coalition agreement in October 1986, the Likud's string of foreign policy gained pre-eminence. This meant rejection of an international conference and of territorial concessions, supporting the idea of a Greater Israel and further settlement activity in the occupied territories – positions that have never been popular with the EC and that the Europeans found increasingly intolerable.

¹¹⁰ The Israeli purchasing tax has been calculated by the percentage difference between an imputed Israeli wholesale price and the tariff-included import price. The EC's claim has been that this margin, known by the Hebrew acronym TAMA, was arbitrary and was used to artificially hoist import prices above the prices of Israeli competitors. As such it was a discriminatory non-tariff barrier that was not in line with the spirit of the TCA. World Trade Organization, 1999; Greilsammer, 1991, p. 310.

¹¹¹ PS 1987-11-23: MA 10 "Europäische Erpressung"; PS 1987-12-03: HZO 2 "Die EG legt Israel Sanktionen auf"; Greilsammer, 1991, p. 310.

Ministry of Agriculture: For the time being, AGREXCO would continue to market the produce of West Bank and Gaza farmers whilst they would be free to choose "other" – i.e. independent, direct, Palestinian – exports and marketing channels. Exporters would need approval from an Israeli inter-ministerial commission and would have to give exclusively commercial reasons for selling directly to the EC. Certificates of origin would be issued by a Palestinian chamber of commerce. In early December the arrangement was fixed in an exchange of letters and, consequently, after the UK and Greece had lifted their veto, the EC Council gave its assent to sign the protocols. Updating the TCA would only have to be passed through the European Parliament for ratification and it would come into effect – it seemed to be a mere formality as it had always been.¹¹²

Instead of ratifying the protocols right away – as would usually have been the case – the European Parliament however decided not to put the issue on its agenda until after the Christmas recess.¹¹³ Given Israel's urge to have the protocols implemented as soon as possible to avert further damage from its exports, this step already documented a change in attitude of the Parliament.

On 8th December 1987, a fatal car crash between an army vehicle and a lorry in Gaza triggered the Intifada, the Palestinian uprising in the occupied territories. Israel's army, caught off guard and untrained for this sort of conflict, reacted brutally, leaving many observers disgusted with the violence that unfolded. Israel's heavy-handed effort to quell the uprising was met with bewilderment and rejection in Europe and led to an unseen wave of criticism. It radicalised European positions and fuelled a tendency to call for economic means to put political pressure on Israel. Most importantly, it blew the scope of the Parliament's vote out of proportions: Under normal conditions, the Parliament would probably have passed the protocols without debate, the dispute of Palestinian exports notwithstanding. By the turn of the year, the whole of Israel's policy towards the occupied territories – if not all of Israel's peace process policy – had become an issue, as well as the European Parliament's position on this.

The Parliament did not ratify the protocols. It did not do so in December, it neither put them on its agenda in January nor in February 1988.¹¹⁴ Disapproval of Israel's policy by far exceeded irritation with Israel dragging its feet in granting direct Palestinian exports. It did not help though that Israel seemed not inclined to respect the December arrangement with the EC.

¹¹² PS 1987-12-14: MA 4 "Israel und die EG-Kommission einigten sich über die Ausfuhr von Agrarprodukten aus den besetzten Gebieten"; Greilsammer, 1991, p. 311.

¹¹³ JP 1987-12-17.

¹¹⁴ PS 1988-01-19: AHM 5 "Das Europaparlament verschob die Abstimmung über die Bestätigung der Handelsverträge mit Israel".

Then, in March 1988, the Parliament formally voted not to ratify the protocols,¹¹⁵ forcing Israel and the Commission to get through the course of business starting from – pro forma – renegotiations again.¹¹⁶ The protocols were put back on the agenda in June, but since the Parliament could still not detect unquestionable signs that Israel was applying the engagements, the vote again was postponed. It was not before 12th October 1988 that the European Parliament eventually gave its assent, after Gaza citrus growers had in fact been granted direct export licences by an Israeli inter-ministerial committee.

3.1.1 Motivation of the European Parliament

Whilst the European Parliament's anger over and disapproval of Israel's policy certainly had a profound impact on its decision not to ratify the protocols, it needs to be clear that the Parliament had another, possibly more weighty motivation to treat the issue as it did: Only months before, on 1st July 1987, had the Parliament obtained the power to exercise a veto over EC international agreements under the Single European Act. The Parliament was eager to insist on its new prerogatives and make use of its new powers, standing up to the previously all-powerful Commission and Council. The issue of the protocols must thus be seen as testing ground for the Parliament's new powers and as a self-assured flexing muscles of a legislature that wants to be taken seriously in future.¹¹⁷ Correspondingly, the Parliament assented to the protocols once it had found another, even more prestigious issue to demonstrate its independence and newly-gained competence in EC foreign policy: In September 1988 the European Parliament received the PLO's Chairman Yassir Arafat, as the first EC institution to make a stance and months before the Council would decide to take up relations with the PLO.¹¹⁸

However it is not to be misunderstood that there is a mono-causal explanation here. The Parliament would never have refused to sign the protocols had it not been scandalised by Israel's peace process policy and its reaction to the Intifada. All the same, without the urge to claim its newly gained powers, the Parliament would most likely have chosen other forms of

¹¹⁵ Technically, it did not reject the protocols, it simply refused to ratify them. The vote did not follow party affiliation but was spread far across the political spectrum, its centre of gravity being in the Parliament's Socialist faction. See "Texts adopted by the European Parliament" 3/88, March 1988, pp. 17 – 18; FT 1988-03-10 "Strasbourg blocks Israel trade deal"; PS 1988-10-13: HA 1 "Das Europäische Parlament lehnte die Handelsabkommen zwischen Israel und der EG ab".

¹¹⁶ Ahlswede, 1998v.

¹¹⁷ In fact, the European Parliament had never intended to ratify the protocols right away. Erik Blumenfeld, the central figure of the Parliament's pro-Israel group, had told Israel's ambassador to Belgium and the EC, Avi Primor, already right after the signing of the protocols that the Parliament would not put them on its agenda in December 1987 in order to send a signal to the Commission. Rather, the Parliament would ratify them in January or February: Ahlswede, 1998v. See also e.g. Greilsammer, 1991, p. 318.

¹¹⁸ On the history of the Israeli-European-PLO triangle, see Miller, 2004.

protest, without antagonising the Council. This, at least, was the perception of the Israeli officials dealing with the issue. The analysis suggests that they were right.

3.1.2 Background of Israel's position

Israel's position, on the other hand, has been shaped by inter-institutional rivalry, too. Just as with the European Parliament, Israel's behaviour was not determined by the political implications of the issue at hand. Rather, the background of Israel's position on direct Palestinian exports was a power struggle between the Foreign Ministry and the Ministry of Agriculture. Contrary to what many observers and analysts claimed, independent Palestinian exports were not a political issue.

True, the principles of the EPC's Middle East policy that were perceived as the motive to the Council's 1986 decision to demand independent Palestinian exports were not acceptable to the Israeli government. The analysis shows, though, that it were not primarily political considerations that made Israel refuse to agree to independent Palestinian exports in the months that followed the Council's decision. To the surprise of Israel's diplomats in Brussels, Shamir in fact was rather relaxed about Palestinian certificates of origin.¹¹⁹ The Israeli government and its ministries did not regard this as a political issue – not political in terms of peace process policy, that is.¹²⁰

It was, however, an issue of economic and domestic policy as AGREXCO feared for its monopoly and put pressure on the Ministry of Agriculture, which evolved as the main opponent to direct Palestinian exports. Also, there were worries that Palestinian exports might threaten Israel's exports since many of Israel's agricultural products were grown in the territories. What appeared to be worse from AGREXCO's and the Ministry of Agriculture's point of view was that Israeli farmers might begin to market their goods illegally through the West Bank and Gaza once they were presented with these presumably cheaper and actual alternative export routes. One of the last remnants of Israel's former state-run economy, AGREXCO, feared a precedent of bolstering calls for its dissolution, inevitable as it might have been in any case due to the progressing liberalisation of Israel's economy. The flower growers, hit hard by the situation as they were, put pressure on the Ministry of Agriculture and the Foreign Ministry in the opposite direction, demanding to remove the obstacles hindering a speedy implementation of the protocols.¹²¹ Whilst the Ministry of Agriculture was just as much the institutional custodian of Israel's farmers as of AGREXCO's interests, the flower growers proved to be no match for AGREXCO.

¹¹⁹ Ahlswede, 1998r; Ahlswede, 1998v.

¹²⁰ Ahlswede, 1998o; Ahlswede, 1998r. Greilsammer, 1991, in contrast, takes the view that the motives for Israel's refusal were in fact primarily political.

¹²¹ Ahlswede, 1998r.

The Ministry of Agriculture under Arie Nechamkin thus emerged as the central force opposing independent Palestinian exports.¹²² Peres and the Director General of the Foreign Ministry were approached repeatedly by the Ministry of Agriculture on AGREXCO's behalf.¹²³ The Foreign Ministry had a hard time of asserting itself. It did not make the situation any easier for the Foreign Ministry when Peres' fellow Labour partisan, Rabin of the Defence portfolio, backed Nechamkin and his opposition to direct contacts between the Palestinians and the EC.¹²⁴ Rabin was not worried about the fact that Palestinian farmers might bypass AGREXCO and not too much about possibly developing Palestinian national structures. His aim was to prevent deeper contacts between the Palestinians and the EC in general for he saw the EC's activities in the occupied territory as incompatible with Israel's policy, particularly regarding the creation of a Palestinian state and the convocation of an international conference.¹²⁵

Israel finally accepted independent Palestinian exports because the Foreign Ministry managed to break the opposition of AGREXCO, represented in its interests by the Ministry of Agriculture. In fact, Nechamkin did not even concede because he was overruled in the cabinet. He was not in fact overruled, but gave up for intra-party reasons.¹²⁶ Important to note is that the opposition to independent Palestinian exports had not been put up by the government or the Prime Minister, respectively.¹²⁷

The Ministry of Agriculture's opposition was so strong – or, rather, in the stand-off cabinet the Labour-led Foreign Ministry was hardly able to discipline the Likud-lead Ministry of Agriculture – that even after Israel had finally officially agreed to allow direct Palestinian exports, Nechamkin told EC representatives that Israel would block all Palestinian exports if they should be controlled by a Palestinian national institution. He prompted a threat of "consequences" by EC Commissioner Cheysson, but this time the Foreign Ministry prevailed.¹²⁸ Gaza Citrus growers were in fact granted independent export licences in the weeks to follow.

¹²² See e.g. PS 1988-07-12: HA 6 "Das Außenministerium sucht Wege, das Europäische Parlament zu umgehen".

¹²³ Ahlswede, 1998o.

¹²⁴ Since the occupied territories were under Israeli military administration, the Ministry of Defence had a say in the matter, Rabin as Minister of Defence all the more since he had strong backing as a rival to Peres in the Labour Party. See e.g. PS 1988-12-09: AHM "Die besetzten Gebiete unter Europäischer Schirmherrschaft".

¹²⁵ The military officials in charge of administering the occupied territories however were in favour of independent Palestinian exports: Ahlswede, 1998o.

¹²⁶ Ahlswede, 1998v.

¹²⁷ Ahlswede, 1998o.

¹²⁸ PS 1988-08-24: YA 20 "Israel wird den direkten Export von Obst und Gemüse aus den besetzten Gebieten nicht verhindern"; PS 1988-08-25: HA 8 "Claude Cheysson: Falls Israel den Export aus den besetzten Gebieten verhindert, werden dadurch Verträge gebrochen, und dies wird Folgen haben".

3.1.3 Background of Israel's counterproductive behaviour

It is surprising that Israel put the protocols at risk by quite openly defying the December 1987 agreement with the EC. When Peres reiterated Israel's wish-list for an even further upgrade of relations at the May 1988 EC-Israel Cooperation Council, he had to be reminded by EC Council's President that Israel was actually not yet honouring its commitments which had been the basis for the present update.¹²⁹

In fact, even when the crisis over the protocols had already fully erupted, Israel apparently could not be bothered to consider European sensibilities. In May 1988, after the European Parliament had already refused to ratify the protocols, Israel also chose to ignore the EC's angry demand to scrap its controversial customs and purchase tax already – the very tax a number of EC states had named as their reason to veto updating the TCA only half a year before.¹³⁰ It is striking that despite all its efforts to overcome the European Parliament's blockade, Israel was not worried about annoying the EC at a further occasion, even though this was an issue with a known potential for paralysing progress with the protocols.

So, was updating the TCA not really that important to Israel after all? The observer might easily conclude so. The protocols were considered important, though, and there is a clear disparity between the importance Israel accorded to the protocols and its behaviour, which needs to be explained.

Output slippage and ill coordination between desks may partly offer an explanation. Slippage, however, assumes that output is unintended and not compatible with the original intent. Beyond this, we are witnessing something different here: *bounded slippage*, *emergencism* and *virtual implementation*.

The Foreign Ministry wanted to get the update of the TCA, so Israel's behaviour had to be such that it would not be an obstacle to achieving this aim. That is, in our case, Israel's failure to allow independent Palestinian exports and its refusal to scrap the purchasing tax only annoyed the EC. But as long as it did not actually threaten the protocols, this aberrative behaviour would not be corrected – the intended policy output would be allowed to slip within boundaries. Indeed, the perception in the Foreign Ministry was that the protocols were not in danger because of the two mentioned issues, for one thing because independent Palestinian exports were not seen as the true issue behind the European Parliament's refusal and for the other since Israel knew the EC Council to be keen on having the protocols ratified as well. Israel's objective was not to create optimal conditions to get the protocols

¹²⁹ PS 1988-05-26: HA 9 "Geringe Erwartungen von einer gemäßigten Politik".

¹³⁰ PS 1988-04-24: MA "Die EG fordert Israel auf, den Zusatzzoll aufzuheben"; PS 1988-05-02: MA 2/1 "Die EG stellte ein Ultimatum: Aufhebung der Kaufsteuer innerhalb eines Monats"; HB 1988-06-01 "Ariel Sharon will sich als Protektor von Industrie und Arbeitsplätzen profilieren".

but to merely see that the conditions were met, and this itself was not perceived to be in danger in May 1988.

It seems as if initially there was a silent agreement in the cabinet and amongst the ministerial officials to not really implement the December 1987 arrangement on independent Palestinian exports but to keep the façade for the EC in order to get the protocols. The Foreign Ministry had an only limited incentive to pick a fight with the Ministry of Agriculture, since even if it were successful and independent Palestinian exports were to be granted, it would not be sure if the European Parliament would ratify them. Moreover, given the stalemate in the cabinet and the staunch opposition of the Ministry of Agriculture, the Foreign Ministry could not expect to manage to have the EC's demand truly fulfilled. *Virtual implementation*, a tactic of delusion, declarations of intent instead of implementation and declaratory policy were creating leeway where otherwise there would have been very little. It was a rational choice all the more since the Foreign Ministry knew that the Council was on its side in the dispute with the European Parliament. To the Foreign Ministry, the task was not to prevent independent Palestinian exports but to get the protocols. From an Israeli perspective, apparently the risk of alienating the EC was acceptable as long as this was the only price to pay, and this was only if the EC found out. Once it became clear though that the EC had found out already and that the price might also include not getting the protocols, the calculation no longer resulted in being even. Now *virtual implementation* had to be replaced by the real thing and the Foreign Ministry had to fight it out with the Ministry of Agriculture. Instead of aiming to prevent cost beyond the threshold of tolerance from early on, Israel however resorted to *emergencism*, only responding once the issue had already gone critical and then trying to improvise in an ad-hoc manner.

Israel's behaviour also is the result of a calculated risk. It was understood amongst the ministerial officials in charge of European affairs that the EC Council and the member states wanted the protocols to be ratified.¹³¹ It was also understood that now, with the Parliament's show of force, the Council and the EC member states had an extra incentive to see the protocols ratified as decided, simply to reinforce their position vis-à-vis the Parliament. Israel's leeway had therefore increased, enabling Israel to behave in ways that otherwise would have been counterproductive to its interests but not now, paradoxically, that harm had already been done.

Regarding the customs and purchase tax, we are looking at a situation where the Foreign Ministry did not assert itself against the Ministry of Industry and Trade. Sharon, the Minister, tried to put the brakes on the Treasury's efforts to liberalise the Israeli economy. The Foreign Ministry's

¹³¹ Ahlswede, 1997d. Sanctions were far from being on the EC's agenda, see e.g. MD 1988-01-25: Galei Zahal 1988-01-24 6:00 GMT; JT 1988-03-09 "No EC sanctions on Israel".

economic departments supported liberalisation as did most other ministries and institutions. This made the Ministry of Industry and Trade's resistance futile from the outset but – due to the Ministry's role as an institutionalised lobby of the Israeli manufactures – Sharon set upon procrastinating if he could not prevent the opening of the economy. With the well-known arguments of protectionists he called on Foreign Minister Peres not to commit Israel to abolishing the customs and purchase tax, since this would cost Israel's industry dearly and would destroy Israeli jobs. Peres did indeed not make any commitment. At the Israel-EC Cooperation Council of May 1988, he merely promised to review the Israeli practise.¹³² In fact, Israel has not abolished the customs and purchase tax right up to the present day (2008).¹³³

In contrast to the situation with the Ministry of Agriculture, the Foreign Ministry's failure to assert itself against the Ministry of Industry and Trade was not a matter of not being able to prevail. Rather, because of the constellation in the EC itself as outlined above, the Foreign Ministry saw no need to take on the Ministry of Industry and Trade. It correctly assumed that Israel would get away with ignoring the EC's demand and that therefore no change in behaviour was deemed necessary.

It has to be made clear that, from an Israeli perspective, there was not that much Israel could do in the end. The perception amongst the ministerial officials was – correctly – that the European Parliament's refusal to ratify was crucially due to circumstances beyond Israel's control, namely its rivalry with the Council. The other factor motivating the Parliament's stance was Israel's policy towards the Palestinians. The outrage though was about Israel's dealings with the Intifada, not with Palestinian exports. As long as emotions ran high because of the Intifada it could be expected that a change in attitude on export licences would hardly make a dent in the Parliament's rejection of the protocols. Theoretically, of course, Israel could also have adjusted its peace process policy or at least its handling of the Intifada to get the protocols ratified. With peace process policy ranking at the top of Israel's order of priorities in foreign policy, this was beyond consideration. Thus there was no leeway seen in that direction either. After all, updating the TCA was indeed not considered that important to Israel.

Finally, there is a further aspect that might shed some light on the observed behaviour. The Labour Party was alleged to deliberately do less than its utmost to mollify the Europeans' wrath, the reason being that the EC

¹³² PS 1988-05-25: HZO 2 "Differenzen zwischen dem Außen- und Industrieministerium bezüglich der Beziehungen zur EG"; 1988-05-26 HB "Peres fordert Engagement"; HB 1988-06-01 "Ariel Sharon will sich als Protektor von Industrie und Arbeitsplätzen profilieren".

¹³³ The tariff is available online at: <http://www.mof.gov.il/customs/eng/mainpage.htm>. With most products from the European Union receiving duty-free status in the Israeli market, relatively few of Israel's imports are subject to these customs duties.

pressure served Labour's ends in the peace process policy and in the campaign of the November 1988 elections. Shamir insinuated that the Labour party were quite happy about the European Parliament's pressure on Israel to change its policy towards the territories. He also accused Labour of not doing enough – through the Socialist International – to end the Parliament's veto.¹³⁴ Part of the Israeli Media shared the view that the EC's pressure was welcomed by Peres.¹³⁵

As a matter of fact, pressure on Shamir and the Likud to moderate its peace process policy was not inopportune to Peres. It did promise to serve their interest. A considerable number of the Foreign Ministry's officials dealing with Europe shared their Minister's view on peace process politics. It is therefore conceivable that the Foreign Ministry did not indeed feel quite the urge Shamir felt to overcome the European Parliament's opposition. None of the sources used in this analysis suggest however that there had been a conscious decision to this effect. Rhetorically, by the way, Labour attacked in the election campaign by claiming the Likud harmed Israel's economic interests and were responsible for the damage done to Israeli agricultural exports.

3.1.4 Tactic

Now that we have seen what was behind the European Parliament's position, how Israeli actors perceived this and what determined Israel's stance, we will look into the details of Israel's behaviour in the issue and into the tactics its agents pursued.

For a start, it is instructive to know that Israel's officials generally considered the EC's demand to allow independent Palestinian exports as unrealistic. They were questioning if Palestinian farmers had the logistics and variety of produce at all to make an independent exports economically successful. EC officials in fact agreed in private that Palestinian farmers would not be able to market their produce on their own.¹³⁶ The perception in Israel thus was that unquestionably it was Israel's peace process policy at which the EC's decision was aimed, not matters of export procedures. Similarly, the European Parliament's refusal to ratify the protocols was seen as targeting Israel's peace process policy – the Parliament's behaviour was perceived as being actually related to Israel's, that is.

¹³⁴ PS 1988-01-06: HZO 1 "Die Sanktionen, die die EG-Staaten Israel auferlegen, werden von israelischen Kreisen gefördert"; PS 1988-01-20: MA 6 "Schamir beschuldigt die EG der Erpressung".

¹³⁵ See e.g. PS 1988-03-16: AHM 4 "Sharon: Wir werden Schritte gegen die EG unternehmen; Peres hat den Druck gewünscht".

¹³⁶ PS 1987-12-15: MA Assakim "Obst und Gemüseexporte in der Sackgasse". Palestinian exports indeed proved to be struggling with these problems later on: PS 1989-02-08: HA 9 "Gemüse und Politik".

3.1.4.1 Genscher

Israel reacted to the European Parliament's refusal to ratify the protocols in a number of ways. On the top political level, Peres got close with his German counterpart, Hans-Dietrich Genscher. Germany was holding the EC presidency in early 1988 and Genscher thus was part of the EC Troika throughout most of the time of the conflict. This seemed fortunate to Israel, since Germany has always been markedly open to Israeli worries and wishes in the EC. The EC Council, however, could not really do anything to make the Parliament ratify the protocols. In fact, this was the very point the Parliament was driving home.

Moreover, Genscher, acting as President of the EC Council, made it clear that it was not only the European Parliament that was upset by Israel's failure to implement the December agreement. As a result, there were worries in Israel that not only the European Parliament but also the EC member states and the Council might be about to resort to economic sanctions to pressure Israel. This fear was not shared by the Foreign Ministry and indeed the EC never even considered sanctions. The EC Council and Genscher as its head wanted the protocols signed as soon as possible themselves, so there was no need for Israeli pressure there. Consequently, the efforts aimed at the Council or via Germany had been limited and did not go remarkably beyond the usual.

3.1.4.2 Rhetoric

There were also a number of rhetorical manoeuvres, particularly by Prime Minister Shamir. Whilst he was rather relaxed about Palestinian independent exports, he was less so about the European Parliament's quasi-sanction.

Rhetorically, Shamir chastised the Europeans for trying "to do what the US never dared to do", namely applying economic pressure on Israel.¹³⁷ He called the European Parliament's behaviour "blackmail" and "scheming" and repeatedly attacked the EC for mingling politics and economics.¹³⁸ He was not uttering a mere observation of his own. The crucial point is the implicit notion of these statements: that it was morally improper to use economic means to achieve political ends. Shamir did not simply accuse the EC of pursuing a policy in conflict with Israel's – an accusation that would not carry a lot of weight. Instead, he was implying that the use of economic means for political ends were an internationally frowned-upon behaviour. Consequently, the EC was thus committing an evil in the eyes of the international public. The trick thus was to affix Israel's dissatisfaction with the EC to an alleged breach of an implicitly postulated international code of behaviour.

Of course, there is no such code of behaviour. To the contrary, if international law and the UN are anything to go by, economic means to

¹³⁷ PS 1988-05-03: MA 2 "Shamir greift die EG an: Sie versuchen, das zu tun, was sich die USA nicht gewagt haben, zu tun".

¹³⁸ PS 1988-01-20: MA 6 "Schamir beschuldigt die EG der Erpressung".

achieve political ends are the very method of choice in case of conflict. Israel itself did not believe in this principle. As we will see below, only three years later, Shamir's Foreign Minister Levy angrily demanded that the EC mangle politics and economics and grant Israel a further upgrade in relations in return for political concessions. What we are witnessing is a clever attempt to gain some leverage by constructing an alleged, misconduct of the counterpart.

Similarly, Shamir accused the European Parliament of "meddling with Israel's political affairs", suggesting that the EC had no business in policy in the occupied territories.¹³⁹ This attitude is not new in itself, but its grounds deserve to be noted. It is not the EC's supposed detrimental influence that makes Shamir deny the Europeans a say in the occupied territories. The reasoning is that the issue of Palestinian exports was not an issue of foreign but of domestic policy, out of bounds for international politics since the Peace of Westfalia. Again, Shamir thus implicitly accused the European Parliament of internationally proscribed behaviour – which may have had some justification in his vision of Greater Israel but not on the ground, where Israel had not actually annexed the occupied territories.

3.1.4.3 Threats

Shamir did not, though, pronounce any harsh measures, in contrast to his Minister of Industry and Trade. Sharon also reverted to threats against the EC, declaring Israel would "take steps" against the EC¹⁴⁰ – threats that seem rather fanciful given Israel's fairly non-existent economic leverage over the EC.

His sabre-rattling was not arranged with Shamir, the Minister of Industry and Trade acted on his own in this instance.¹⁴¹ Sharon's threat might have been an expression of national pride and thus declaratory policy or, more likely, meant for domestic consumption: The Minister of Industry and Trade was under pressure from Israel's producers of processed food, who would be granted advantages in the protocols and wanted them to come into force as soon as possible.¹⁴² With his martial statement Sharon could display activity to his ministry's clientele and – first and foremost – he could presumably demonstrate to Sharon's party, the Likud, and to its voters that he would not falter in pursuing the policy towards the occupied territories. Tellingly, the officials in charge of relations with the EC never reacted to Sharon's threats,

¹³⁹ PS 1988-06-29: MA 12 "Schamir: Die Entscheidung des Europäischen Parlaments, die Ratifizierung der Ergänzungsverträge mit Israel zu verzögern – ein Skandal".

¹⁴⁰ PS 1988-03-16: AHM 4 "Sharon: Wir werden Schritte gegen die EG unternehmen; Peres hat den Druck gewünscht", HB 1988-07-08 "EG-Präferenzabkommen wird Wahlkampfthema".

¹⁴¹ Ahlswede, 1997k.

¹⁴² Ahlswede, 1998r.

even though these were irreconcilable with their position. They considered them irrelevant, as they proved to be.¹⁴³

3.1.4.4 Lobbyism in Brussels

On the ground, Israel turned to lobbying the European Parliament. Efforts to overcome the European Parliament's opposition to ratifying the protocols seem to have been undertaken and orchestrated almost exclusively by Israel's Brussels embassy.¹⁴⁴ The objective of the ambassador and his staff was to prevent issues from being put on the European Parliament's agenda and to avoid a vote before it was sure that the vote would be positive. To this end, Israel also worked to avoid any linkage with agreements with other states such as Turkey and Morocco. The aim was not to even have the vote on the protocols in the same parliamentary session as an agreement with other states.¹⁴⁵

Negotiations took place with the EP's Committee of External Relations, but many members of parliament were approached individually, too. It has been suggested that the Socialist International played an important role in Israel's lobbying efforts. This would make sense since the votes of the European Parliament's Socialist faction were crucial to the outcome of the vote. Indeed, once the Socialists agreed to approve the protocols after Israel had reached an agreement on Palestinian exports, the vote would pass. Even so, the Socialist International had not been a target of Israeli activity by itself. There was effort to use the International to further Israel's cause, but they were not too successful. In the eyes of the officials in charge however the Socialist International was not the friendliest body at the time. As a result, no major effort had been directed at them and the International had been barely involved. Rather, Israel tried to reach parliamentarians across all factions.¹⁴⁶

What made it a bit difficult for Israel was that the Parliament and its members gave diverging reasons for not ratifying the protocols. In the March 1988 session, when the European Parliament voted to not ratify the protocols, members of the parliament brought forward a whole variety of reasons for their negative vote.¹⁴⁷ In contrast during talks with Israeli officials, parliamentarians essentially named two: Israel's failure to allow independent Palestinian exports and Israel's behaviour in the peace process,

¹⁴³ Ahlswede, 1997d; Ahlswede, 1997c.

¹⁴⁴ "I felt like the captain of an ocean liner alone at sea", Avi Primor, Ambassador to Belgium and the EC at the time, told the author, "In Jerusalem they did not do anything, they just wanted reports [translated from German by S. A.]": Ahlswede, 1998v.

¹⁴⁵ Ahlswede, 1998r; Ahlswede, 1998v; PS 1988-02-03: HA 14 "Die Vertreter Israels werden versuchen, eine Abstimmung im Europaparlament nächste Woche zu verschieben", PS 1988-07-05: MA 2/3 "Überredungsaktionen hinsichtlich der Abstimmung über die Verträge im Europäischen Parlament".

¹⁴⁶ Ahlswede, 1998v; Ahlswede, 1998r; Ahlswede, 1998o; Ahlswede, 1997f; Ahlswede, 1997e.

¹⁴⁷ Greilsammer, 1991, pp. 313–314.

namely its rejection of a peace conference.¹⁴⁸ Some members of parliament named the first, some the second and some both as reasons. From Israel's position, whilst there was leeway regarding Israel's position on the details of Palestinian exports, there was clearly none in the issue of Israel's stance on a conference, which touched Israel's top national interests. Depending on what Israeli officials perceived as the central motive to their counterpart's position, they had a basis for negotiations or none at all.

3.1.4.5 Hibernation

We are observing that Israel pursued a foreign policy aim of considerably high priority – to safeguard its exports in the face of dramatically increased competition from Spain – only to effectively let go of it when the EC did not go along. Israel had pushed the EC for updating the 1975 TCA for years and the more anxiously that it was done the more the effect of the EC's Southern enlargement made itself felt. When it was up to Israel that held the key to the update in its hands, Israel did not act. The refusal of the European Parliament to ratify the protocols was motivated by an intra-EC power struggle and, crucially, two aspects of Israel's behaviour: Israel's failure to live up to the EC's demand for independent Palestinian exports on the one hand and Israel's policy in the occupied territories on the other.

Theoretically, all Israel had to do to achieve its aim vis-à-vis the EC was to change its behaviour towards the Palestinians. It did not. Instead, the Israel-EC climate became markedly cool and Israel hibernated. It bore the cost of the disadvantages to its exports for almost a year. The Ministry of Agriculture, whose clientele bore the brunt of the European Parliament's "sanction", pointedly not only put up with the cost but even fought not to give in. Only when the European Parliament's attitude had warmed again and a change in Israel's posture was likely to be positively received, did the Foreign Ministry overcome the Ministry of Agriculture's opposition to direct Palestinian exports.

The explanation for this behaviour is twofold. For one thing, relations with the Palestinians and the occupied territories rank a lot higher on Israel's order of priorities than economic relations with the EC. The Intifada touched upon the central interest of the Israeli state – security. Export preferences for cut flowers obviously rank far below that. Similarly, regarding the behaviour of the Ministry of Agriculture, the protection of AGREXCO took precedence over the Ministry's interest to strike a better deal for its clientele. In addition, we have to assume that Nechamkin's opposition was partly motivated by his attitude on Israel-Palestinian relations, which in turn took precedence over export privileges, too.

Secondly, we are looking at an asymmetric balance of power. After all Israel has virtually no leverage over the EC economically. There was not

¹⁴⁸ Ahlswede, 1998r.

really much Israel could do when the EC would not grant updating the TCA. Due to the small size of its market and its tremendous dependency on trade with the EC, Israel cannot credibly threaten the EC with consequences if its demands are not met. Israel can therefore only hope to achieve its aims when the EC is forthcoming. If the EC is not – as it was in the case under analysis here – the best strategy for Israel is to dig in, bide its time and wait for the winter in relations with the EC to be over. The trick for Israel is not to find the *optimal* point in time to put its wishes forward but rather to optimise by concentrating its efforts on periods where the EC is *sufficiently* accommodating. If relations are frosty, it is rational for Israel to not even bother trying to obtain anything from the EC. That is exactly what we see: Israel was tactically hibernating.

3.1.4.6 Embassy to the EC

Finally, another move of Israel deserves to be scrutinised here. In June 1988 the Knesset decided to set up a separate embassy exclusively for the EC. This was a reaction to the state of affairs with the EC institutions, not a tactical response to a single issue like the protocols but a strategic decision. So far the embassy to Belgium had doubled as the embassy to the European Community.¹⁴⁹ Israel has been quite aware of the difficulties it might run into were it not to pay close attention to the ever more important EC institutions, including Parliament. The Parliament's refusal to ratify the protocols had been a very clear signal that Israel had better measured up to the emancipation of the EC. Israel's reaction was to set up an embassy that would exclusively deal with the EC.

3.1.5 The actors

It is difficult to name the central actors that shaped Israel's behaviour in the conflict over independent Palestinian exports. The reason is that we are looking less at action than at non-action: Israel hibernated. Without action there are no actors.

We have a number of politicians that were involved, albeit in a limited way. Prime Minister Shamir, Foreign Minister Peres, the Minister of Industry and Trade Sharon and Nechamkin, the Minister of Agriculture. They were strongly involved in the controversy on Palestinian exports, i.e. in formulation – albeit in formulation of behaviour in other policy fields than European policy. Behaviour towards Europe has been more of a by-product of this formulation of policy. The politicians' contribution to policy output aimed at Europe, correspondingly, was almost exclusively declaratory. As far as actual behaviour vis-à-vis the EC is concerned, the ambassador to Brussels, Avi Primor emerges as an important actor. The Israeli response to the European Parliament's refusal to ratify the protocols and all of the imminent crisis

¹⁴⁹ See also PS 1990-02-07: HA 3 "In der Knesset: Ein vereintes Europa wird möglicherweise wirtschaftliche Maßnahmen ergreifen, als Reaktion auf die Politik Israels".

management lay with the embassy's staff. According to Primor, there had been no guidance or additional support from Jerusalem on how to handle the situation. This was up to the ambassador and his initiative.

On the other hand, the findings point to bureaucratic institutions rather than individuals as central agents. The Foreign Ministry fought it out with the Ministry of Agriculture. There was also a controversy with the Ministry of Industry and Trade. For the vast majority, the exchanges between the ministries were on the level of officials. The Director Generals' Committee was not involved at any time.¹⁵⁰ The crucial moment was when the Ministry of Agriculture gave up its opposition to independent Palestinian exports. There was not a political decision and possibly not even a clear cut decision at all that could be pinned down.

3.1.6 Conclusion

Has Israel's behaviour be influenced by Europe? Unsurprisingly, most members of the European Parliament portrayed their sanction as a success, claiming Israel had yielded to the EC's pressure executed through Parliament.¹⁵¹ In fact, however, Israel gave in to the EC's demand to allow independent Palestinian exports because the issue at stake was not considered political and secondary at best. The damage done by the European Parliament's measure was exclusively felt by Israeli farmers and not by the general public, it was not considerable enough to spark public opposition against the Israeli government's policy in the occupied territories. It was this peace-process policy that was considered top priority in Israel's policy, not the envisioned increase in quotas for agricultural produce. The European Parliament did not succeed in making a perceivable impact on Israel's behaviour in the occupied territories, which was what its refusal to ratify the protocols had aimed at. In this sense the Parliament's measures were completely unsuccessful. They had an effect, presumably, in that they put additional pressure on Israel's agriculturists and their lobby to soften their opposition to the liberalisation of Israel's market for agricultural produce. Liberalisation, however, had been well under way and it was only a matter of time that AGREXCO's monopoly would fall anyway, due to generic Israeli forces of liberalisation in the government – particularly the Treasury, Foreign Ministry and the National Bank. Success of the European Parliament's "sanctions" can thus only be assumed in that its measures might have served as a catalyst of an inevitable process – which itself is no substantial success in any case.

Is the European Parliament's assent to the protocols a success of Israel's foreign policy then? The answer is clearly no. It is not even clear to what extent Israel's and the Parliament's behaviour were interrelated. As we have seen above, the Parliament's stance had been prompted by a considerable

¹⁵⁰ Ahlswede, 1998r; Ahlswede, 1997d.

¹⁵¹ Greilsammer, 1991, p. 319.

part by issues completely unrelated to Israel's behaviour. At the same time, Israel's decision to allow exports outside of AGREXCO's monopolist framework was not exclusively owing to the EC's demands. They served as a catalyst, but with the liberalisation of Israel's economy well under way, this monopoly's days had been numbered anyway. Effectively, the European Parliament set the rules of the game, setting up conditions that Israel had to comply with whilst the Parliament would decide at what point it considered them fulfilled. The Europeans acted whereas Israel re-acted.

In essence, we are witnessing a situation where Israel is powerless. The European Parliament refused to grant Israel what it desired. To begin with, Israel had nothing at hand that could threaten any negative consequences to the EC should the protocols not be ratified, let alone that it could threaten any to the European Parliament. There were negative consequences, but they would all be borne by Israel. Israel was in the awkward situation of petitioner, and a highly vulnerable position it was in that issue, too. The only thing that Israel could possibly offer were the vague positive external effects of the updating of the 1975 TCA and the expected concurring rise in prosperity it would bring i.e. greater readiness to make concessions in the peace process. In 1988, however, there was extraordinarily very little to suggest to the EC that it could expect any such concessions soon. So even this potentially limited incentive for the EC and its parliament was lost.

Of course, there is always the option to give in if one lacks a position of strength. Unfortunately for Israel, this option was not viable in this case. To a very large part, the European Parliament denied its assent to the protocols for reasons completely out of Israel's control, namely its competition with the European Commission and the Council. Naturally, Israel is in no position to do anything about this. No change in Israeli behaviour would have removed this obstacle. To the other part, the Parliament's stance was motivated by opposition to Israel's peace process policy. Perceived as threatening Israel's national interest of the first tier – security – a modification of peace process policy to this end was out of the question.

The effect of this was that technically, Israel was not quite incapable of acting but was unable to make a difference by its actions. Israel's answer to this problem was hibernation: since Israel could not do anything to improve its situation, it waited for the situation to improve.

3.2 EC participation at a peace conference

Another case worth looking at is the issue of a Middle East peace conference and European participation in such a venture.

The idea of an international Middle East peace conference gained prominence in the mid-eighties, when Shimon Peres as Israel's Prime Minister and later as Foreign Minister tried to open peace negotiations with Jordan. Jordan's King Hussein, in line with the long-held Arab position, demanded an international conference as a precondition to talks with Israel. Israel, for its part, was strongly opposed to a conference with an

authoritative role and wanted to enter direct negotiations. To accommodate Jordan's demands, Peres tried to establish an international setting that would be called an international conference but would immediately lead to direct Israeli-Jordanian negotiations.

The role Peres envisioned for Europe in his efforts was to support the political process by providing a favourable environment. The major instrument Europe should use in this venture would be economic and financial support for the region – what Peres referred to as a “Middle East Marshall Plan”. Additionally, Peres hoped the EC would put pressure on Jordan to enter negotiations.¹⁵² Whilst he made it clear that in his view the Europeans had an important role to play in the peace process and that he expected them to accept and live up to it, Peres was even clearer in setting limits for this very role. Reacting to rumours that the EC was up to taking a more active part in the process in January 1987, Peres told the EC Council of Ministers that the EC should restrict itself to merely promoting regional economic cooperation, fighting international terrorism and supporting the desire for peace of all parties in the conflict.¹⁵³ To be certain, as much as he was interested in a European contribution, Peres did not envision an EC role in the conference that he was trying to establish.

Certainly Yitzchak Shamir, who succeeded Peres as Prime Minister, did not see such a role for the Europeans, rejecting any conference whatsoever. To him, the EC should best drop its support for a conference altogether and instead convince Hussein to enter direct negotiations with Israel. In his struggle with Foreign Minister Peres over the direction of Israeli foreign policy, Shamir went so far as to claim that this was the only positive role the Europeans could play.¹⁵⁴ The argument that Shamir put forward against any more of an active role of the Europeans time and again was that they were not being impartial in the conflict but supported the Arab and especially the Palestinian side.¹⁵⁵ When the Likud's Moshe Arens succeeded Peres as Foreign Minister in late 1988, Shamir's attitude unambiguously became government policy: The EC's role would be to exert a moderating influence over the Arabs and to convince them to agree to direct negotiations. An international conference was out of the question as was “any important role” for the EC in a peace process.¹⁵⁶

¹⁵² PS 1987-01-26: AHM 14 “Die EG wird vermutlich nicht begeistert auf Peres' Appell reagieren, zum Friedensprozeß beizutragen”.

¹⁵³ PS 1987-01-26: HA 3 “Peres distanziert sich in Brüssel von europäischen Erklärungen in Bezug auf den Nahostkonflikt”.

¹⁵⁴ FAZ 1987-11-03 “Schamir weist Aufforderung Chiracs zurück”.

¹⁵⁵ See e.g. PS 1989-01-10: HA 1 “Schamir rügt die Europäer: Handel ist eine Sache, die Gebiete eine andere”.

¹⁵⁶ Shamir in an interview with the Tribune Juive, quoted in M 1989-02-25 “Entre la France et Israël les divergences n'empêchent pas l'«amitié»”.

A year later, Shamir seemed to have softened his position: "I have never said the EC had no role to play in the Middle East", he said during a visit to France in November 1989, "the EC is close to the region and has international political weight."¹⁵⁷ He specifically stated that Israel was interested in a European contribution to the political process.¹⁵⁸ Even so, he excluded any active European participation in a peace process.¹⁵⁹ The Europeans' role, obviously, would have been merely subsidiary and exclusively economic. When the peace process regained momentum 15 months of diplomatic stalemate later in the wake of the Kuwait crisis, Shamir's opposition to EC participation was as stiff as ever. There was no place for the Europeans in the process, Shamir declared at the founding ceremony of the European Bank for Reconstruction and Development for East Europe (BERD) in April 1991.¹⁶⁰ A move that seemed rather symbolic. To his political opponents around Shimon Peres this very bank was a model case for what the EC could and should do in the Middle East. The EC, for its part, made it clear to Israel that it was interested in acting as a co-sponsor of a peace conference along with the US and USSR.¹⁶¹

The following month, after a flurry of European diplomatic activity in early May 1991, Israel's Foreign Minister David Levy flew to Brussels to meet his European counterparts in the annual session of the EC-Israel Cooperation Council. He did so with a publicised agenda of negotiating the conditions of EC participation in a peace conference – in striking contrast to Israel's previous position of years of categorical rejection of any European role whatsoever.¹⁶² Shamir, for his part, had changed the tone of his statements in the run-up to the Cooperation Council, too. In order to participate in the peace process, he said, the EC would first have to give up its old shibboleths and recognise the fact that the PLO could not qualify as a negotiating partner.¹⁶³ Rather than bluntly rebuffing any European role, he now qualified his rejection, making it conditional on terms that were rather vague or not too hard on the EC.¹⁶⁴

¹⁵⁷ JP 1 1989-11-22 "Palestinian Aspirations' not considered, French President tells Shamir"

¹⁵⁸ PS 1989-11-23: HA 1 "Shamir: Israel lehnt die französische Nahostpolitik ab, ist jedoch an Frankreichs Beitrag zum politischen Prozeß interessiert".

¹⁵⁹ M 1989-11-24 "Fin de la visit de M. Shamir à Paris".

¹⁶⁰ PS 1991-04-16: HA 1 "Schamir: Für die Europäer ist kein Platz im Friedensprozeß".

¹⁶¹ JP 1991-05-07 "Holland's FM sees EC role in talks"; PS 1991-05-10 HZO 3 "Europa möchte an der regionalen Konferenz teilnehmen".

¹⁶² PS 1991-05-10: HZO 3 "Europa möchte an der regionalen Konferenz teilnehmen".

¹⁶³ PS 1991-05-10: MA 2 "Schamir ruft die Europäer auf, die Wirtschaftsverträge mit Israel zu verbessern".

¹⁶⁴ Whilst the EC had supported talks with the PLO for years, it also signalled flexibility in this issue, declaring it did not wish to impose its views on how to go about in the negotiations. See e.g. MD 1991-03-08: Israelischer Rundfunk 1991-03-07, 20:02 GMT "Israel will EG-Vermittlung für Gespräch mit Syrien".

The EC-Israel Cooperation Council had been established by the 1975 EC-Israel Trade and Cooperation Agreement (TCA) and accordingly discussed only economic matters and such that arose from the TCA itself. In May 1991, at the top of the Cooperation Council's formal agenda were Israel's aspirations for a new and improved economic agreement. Gianni de Michelis, the Italian foreign minister acting as a member of the Troika, made it clear to Levy that there would be "nothing to talk about" if Israel would not accept an active EC participation at the peace conference and the ensuing peace process. By this time, however, Levy had apparently come to accept a European role in the peace process as he was already specifying Israel's conditions for an active participation to the EC foreign ministers: the way in which the EC would participate would have to be decided with direct contact between Israel and the EC – and not by the EC and the US and USSR. For example, the EC would have to recognise the principle that the Israeli initiative was based on, and the EC would have to take a unified stance throughout the entire negotiations.¹⁶⁵

Within a week the Shamir government confirmed EC participation at the peace conference.¹⁶⁶ The very terms of the EC's role and the rank of the EC representatives were agreed a fortnight later in a meeting between Levy and the head of the EC Council of Ministers, Luxembourg's Foreign Minister Jacques Poos. The EC would work "at the sides of the US and the Soviet Union", its status would be lower than sponsor but higher than observer. To be sure, Levy still ruled out any EC intervention in direct peace talks, but he said the EC would have a "very, very important role to play", referring – exclusively – to the regional development projects at a conference.¹⁶⁷ According to the agreement, the EC would be represented by the respective member state presiding over the European Council.¹⁶⁸ The Israeli cabinet confirmed the understanding the very next day.¹⁶⁹

In a matter of weeks, from mid-April to mid-May, the Shamir government came to accept EC participation at a peace conference, having categorically rejected both EC participation and the peace conference only weeks before. How did this change in attitude from strict rejection to conditional acceptance of European participation in the Madrid peace conference come about?

3.2.1 Israel's motivation to agree

To begin with, it has to be kept in mind that EC participation in the Madrid conference and the form this participation should take had not been the

¹⁶⁵ PS 1991-05-15: MA 2 "Die EG bietet Israel Vergünstigungen an, als Gegenleistung für eine aktive Rolle bei der Friedenskonferenz".

¹⁶⁶ PS 1991-05-23 MA 5 "Levy: Die Regierung hat eine Beteiligung der Europäer an der Friedenskonferenz bestätigt".

¹⁶⁷ IHT 1991-06-06 "Israel accepts an EC role in peace talks".

¹⁶⁸ FAZ 1991-06-06 "Israel stimmt EG-Beteiligung an Friedenskonferenz zu".

¹⁶⁹ M 1991-06-07 "Jérusalem acceptera une représentation de la CEE à une conférence de paix".

central bone of contention in Israeli foreign policy. Rather, the central issue was *Israeli* participation in any such conference. The concern was whether *Israel* should agree to an international conference and, if so, what form the conference should have. The Foreign Ministry had been wrangling for an authoritative role in peace process policy with Yossi Ben Aharon, Shamir's chief adviser, for months. Whilst the Foreign Ministry regarded the peace conference as inevitable and wanted Israel to make the best of the situation, Shamir saw an international conference as a trap where Israel would be pressured into dangerous concessions.¹⁷⁰ Once the Foreign Ministry's view prevailed and Israel had brought itself to agreeing to the Madrid conference, the question of if and how the Europeans should participate remained only as a relatively minor issue.

3.2.1.1 US role

For one thing, the US position played a role in Israel's considerations to accept European participation: The US was interested to co-opt the EC to the peace process¹⁷¹ and US Secretary of State Baker let this be known quite clearly. In fact, the pressure Israel felt the US was applying was such that Eitan Bentsur, Deputy Director of the Foreign Ministry at the time and in charge of planning Israel's participation at the Madrid conference, termed it "instigation" in retrospect.¹⁷² In Bentsur's view, it was Baker's efforts for EC (and UN) participation that paved the way for Israel to consent. It was felt in the Foreign Ministry that in formulating its position, Israel should keep US sensitivities in mind. This would seem all the more prudent against the backdrop of substantial tensions, with the Bush administration at the time, over settlements in the occupied territories and loan guarantees to fund the integration of hundreds of thousands of new immigrants.¹⁷³

3.2.1.2 Aid for the region

It was clear to the Foreign Ministry as it was to any observer that there would be efforts to establish some form of regional cooperation in the newly launched peace process. It was expected, too, that there would be aid programmes of considerable volume to the region in this context. This was in Israel's interest: aid programmes to Israel's neighbours and the Palestinians would increase their welfare, which would further improve through the economic development that these aid programmes would presumably trigger.

Two considerations made this prospect attractive to Israeli decision makers, both of them based on implicit assumptions. The first, particularly popular amongst Shamir and his partisans, was that there were a direct

¹⁷⁰ Apparently Shamir gave Ben Aharon a free hand to block US initiatives and to neutralise the Foreign Ministry. For details and an inside view of the run-up to the conference and the inter-ministerial and inter-departmental in-fighting on the issue, see Bentsur, 1997; Steinberg, 1999.

¹⁷¹ Together with the UN.

¹⁷² Ahlswede, 1998g.

¹⁷³ Neff, 1994, p. 63; Quandt, 1993, p. 400 f.

correlation between the level of welfare and the development of Israel's neighbours and Israel's security. The assumption was that development by itself could serve to distract Israel's neighbours from the conflict with Israel and make them settle with the status quo. Arab societies that were better off and therefore probably better educated, as well as more integrated, possibly also more liberal and more democratic, would thus be less prone to engage in violence against Israel.¹⁷⁴

The second consideration was based on the widely shared assumption that economic development would promote regional prosperity, which in turn could increase trade and thus create interdependence. Trade with and amongst its neighbours is interesting to Israel because, for one thing, it is expected to contribute to Israel's own level of prosperity by opening new markets. More importantly, such trade would create contacts and interdependence across borders, not only with Israel but also amongst the Arab states. Interdependence gives states and other actors an incentive not to revert to violence when solving conflicts: harming each other would harm one's own interests.¹⁷⁵ Trade could thus help to stabilise the region and turn a cold peace into a warm peace, adding flesh to a peace agreement or at least to a state of non-belligerency. No matter if Israel would come to a settlement with its Arab neighbours and the Palestinians or not, Israel's security would profit from such a rise in welfare and stability in the region.¹⁷⁶

Regional cooperation, for its part, could help to further economic development, by fostering trade and common ventures. It would, too, generate interdependence, which would have a stabilising effect on the region.

From an Israeli point of view, the Europeans thus could indeed play an important role: Next to the US, the Europeans would be the only party that would be in a position to finance projects of economic development and regional cooperation in a substantial way. It was very much in Israel's interest that they did so, no matter how much Israel and the EC would differ in opinion over political matters. It was hard to see, though, how the Europeans would show the same level of commitment – particularly financial

¹⁷⁴ The assumption however that more developed societies tend to use less violence is highly hypothetical if not outright wrong, as European history up to the present day shows. At least, it appears empirically that democracies do not wage war amongst each others: See e.g. Russett & Antholis, 1993. Israeli proponents though of a European role as described here, hardly expect Israel's neighbouring states to be turned into model democracies by simple European development aid.

¹⁷⁵ This view has been most famously formulated by Keohane and Nye: Keohane & Nye, JR., 1977.

¹⁷⁶ In fact, the connection between economic welfare in Arab societies on the one hand and Israel's security on the other seems to be ever more obvious with the rise of Islamism amongst Israel's neighbours. Much of the appeal Islamist organisations like the Palestinian Hamas have, which still deny Israel's right to exist, stems from welfare services they offer in an economically desolate environment.

commitment – if they were denied any role in the Madrid conference and the ensuing political process.

Israel's determination not to lose this substantial contribution apparently has been a major driving force behind Israel's change of attitude. A case in point is Levy's June 1991 statement locating the "very, very important role" the EC had to play exclusively at the regional development projects of the peace process.¹⁷⁷

3.2.1.3 Tame the EC, have France controlled

A major cause of Israel's discontent with EC policy was the Europeans' tendency to come up with independent Middle East initiatives. These initiatives had often been not co-ordinated with the United States and were being received in Israel as not in Israel's interest. Rather, such moves of the Europeans were perceived as interference and – since they were perceived as being biased in favour of the Arab side – were regarded as cause for Arab intransigence.

The Madrid conference offered an opportunity to integrate the Europeans into the peace process' American-led mainstream. In the eyes of Israeli policy makers, integration would "tame" the Europeans by giving them responsibility. At the same time, the EC would be easier to neutralise politically if it was present at the Madrid conference and the ensuing peace process. If the Europeans were to be excluded though, the Foreign Ministry reasoned that they might disturb the process later on with some ill co-ordinated initiatives of their own.¹⁷⁸ As a matter of fact it had been less the EC than specifically France that Shamir wanted to keep out of negotiations – for being more pro-Palestinian than Germany.¹⁷⁹ By including the EC, a way opened up to avoid the French. Just as the EC would be disciplined by integration into the political process, EC participation promised to discipline an otherwise maverick France. Accordingly, Israel insisted on the EC taking a unified stance, speaking with one voice and taking collective action only.¹⁸⁰

3.2.1.4 Role of the Kuwait crisis

It is interesting to look into the effect of the Kuwait crisis on Israel's attitude towards a European role in Middle Eastern politics. The fact that the Iraqi arsenals had been filled with the substantial help of European firms – even though under breach of criminal laws – led to strong resentment of the Israeli public. What particularly aroused the Israelis' anger was the fact that Iraqi missiles would not have been able to hit Israel had they not been upgraded with European, particularly German expertise. Israelis also bitterly remembered that it actually had long been official French policy to support

¹⁷⁷ IHT 1991-06-06 "Israel accepts an EC role in peace talks".

¹⁷⁸ Ahlswede, 1998i.

¹⁷⁹ Ahlswede, 1997k. For Shamir's perception of French policy, see e.g. M 1989-11-24 "Fin de la visit de M. Shamir à Paris".

¹⁸⁰ See e.g. JP 1991-05-07 "Holland's FM sees EC role in talks".

and re-arm this Arab state that now threatened to attack Israel with its newly acquired non-conventional weapons.

In the atmosphere of fear, anger and bitterness that grasped part of the Israeli public, several politicians of Shamir's Likud party argued that the involvement of French, German and Italian firms in the arming of Iraq made it impossible that Israel could ever agree to a European role in the Middle East. The Israeli government, though, never made this point. There is no evidence to suggest that, in the overall analysis, the Gulf crisis tilted Israel's attitude against Europe or a European role in the Middle East in particular. After all, the Europeans did have an active role in the military campaign against Iraq. British and French troops had participated in the war effort as had Italian and, to a lesser extent, German troops. Just how much Europe sympathised with Israel could also be seen from the considerable amount of aid Israel received from the Europeans to alleviate the damage Iraqi missiles did. Despite all the anger over European involvement in Iraq's armament, the Israeli perception and the perception of the Israeli Foreign Ministry was very much that the Europeans were on their side.¹⁸¹

As a result, the European participation in the anti-Iraq coalition boosted Europe's image among policy makers. This helped to create a more positive Israeli attitude towards the Europeans in general and made it easier to accept a European role in the political process once the crisis was over, too. In a way, the European participation in the anti-Iraq coalition had exemplified that the Europeans could in fact play a role in the Middle East that would be "positive" and in Israel's interest.

3.2.1.5 Keep EC amused, safeguard the upgrading of relations

A central concern of Israel's was the cost arising from an all-out rejection of an EC role. The Europeans attached a high priority to their participation in the peace process. They also regarded participation as a matter of prestige, which made the issue quite sensitive. The Europeans could be expected to react quite strongly if Israel was to insist upon their exclusion from a peace conference. It was not in Israel's interest to get the Europeans upset at all. This would have been detrimental to Israel's aims towards Europe, particularly when upgrading EC-Israel relations which Israel was eager to achieve. The EC had made it plain that it regarded its participation in the peace process as a precondition for any negotiations in this matter.¹⁸² The overall relations with Europe were seen as good since the Kuwait crisis, and

¹⁸¹ Ahlswede, 1998m; Ahlswede, 1998i. In fact, the politicians' statements mentioned above should rather be seen as intended for domestic consumption: as a means to sharpen the politician's profile and to receive attention, in the usual way in which a parliamentary democracy works.

¹⁸² See e.g. PS 1991-05-15: MA 2 "Die EG bietet Israel Vergünstigungen an, als Gegenleistung für eine aktive Rolle bei der Friedenskonferenz".

it would not have been prudent to destroy them by keeping the EC out of the Madrid conference.¹⁸³

Just a few months before, from February 1990 until January 1991, Israel had been under sanctions from the EC for the first time ever. Protesting the closure of Palestinian universities during the Intifada, the European Commission had suspended the co-financing of 27 new projects in EC-Israeli scientific cooperation. The sanctions had a distinct psychological effect in Israel.¹⁸⁴ At the time, the Israeli Foreign Ministry had reacted by issuing a strong-worded statement, calling the European Commission's steps "punitive economic measures" that "work against peace [and] encourage the extremists". It was "inconceivable that after defending its survival at great cost, Israel would yield to external pressures".¹⁸⁵ Be that as it may, there were reasons to be concerned from an Israeli point of view: less so about the direct effects of the sanctions – which were only minor – than about the fact that the EC was prepared to impose them and the implications for the future of Israel's relation with the EC. It was understood in Israel that the real purpose of the Commission's decision was to signal to Israel that its association with the EC could not be brought into line with the permanent occupation of the territories.¹⁸⁶ Israel did take the issue seriously. An indication of just how seriously it took it is the Israeli Deputy Foreign Minister Benyamin Netanyahu's presence at the EC's Dublin summit, where the sanctions were being discussed.¹⁸⁷ Half a year later, Foreign Minister Levy went to Brussels with a set agenda to ask for an end to the sanctions – even though, for procedural reasons, they would disappear in short time without being formally lifted.¹⁸⁸

Avi Primor, Israel's ambassador to the EC at the time, underlines the psychological effect that the sanctions had. They made it clear that it could be costly for Israel to disregard the EC's attitude and interests in Middle Eastern politics. It is difficult, though, to establish what effect the sanctions tangibly had on decision-makers in Jerusalem. To be sure, they had an effect on a key figure in Israel's relations with the European Community, Primor himself, and most likely on other central actors dealing with Europe as well.¹⁸⁹

¹⁸³ Ahlswede, 1998g.

¹⁸⁴ Ahlswede, 1998v.

¹⁸⁵ JP 1 1990-02-18 "Jerusalem lobbies against European sanctions".

¹⁸⁶ JP 4 1990-01-25 "Facing an Arctic Europe"

¹⁸⁷ High-ranking Israeli representatives do not normally attend the EC summits.

MD 1990-02-22: Israelischer Rundfunk 1990-02-21, 11:06 GMT "Israel reagiert auf Warnung durch EG".

¹⁸⁸ PS 1990-09-18: HZO 2; DV 1990-09-18.

¹⁸⁹ Ahlswede, 1998v.

3.2.2 Levy's perception of what was agreed upon with the EC in June

Unrelated to whatever the attitude of the EC might have been at the time, the perception in the Israeli Foreign Ministry was that the EC would have to update the 1975 Trade and Cooperation Agreement (TCA) in any case. In this respect, the renewal would only be a matter of time. Time, however, did matter considerably to Israel, as its deteriorating trade balance with the EC suggested.

In the talks with his EC colleagues in May and June 1991, the Israeli Foreign Minister David Levy gave his consent to a European role in the peace process whilst the EC agreed to negotiate renewing the 1975 TCA. Without any doubt, the Europeans had made any upgrading of relations dependant on an EC role in the peace process. However, did Israel turn the argument around, did Israel make its acceptance of a European role conditional on an EC pledge to renew the TCA? Even more important – did the EC accept such a linkage?

EC sources interviewed in the course of this research rejected any suggestion of a linkage of this kind.¹⁹⁰ Eitan Bentsur, who had been in charge of planning the Israeli participation at the Madrid conference together with the then Deputy Foreign Minister Benyamin Netanyahu, insists that Israel never created such a linkage and never put up such a condition.¹⁹¹ Shamir, for his part, claims that concerning a European role, economic positions had not been discussed, and that there had been no specific connection to renewing the TCA.¹⁹² Still, Israeli sources called it "a bit rude to speak of a 'quid pro quo'" rather than dismissing it straight away. The question, however, is less which conditions – implicit or not – Israel might have put forward than rather what Israel believed was finally agreed on. Particularly, it is crucial to understand what Levy's perception was of what the EC had agreed upon in June 1991. Unfortunately, due to methodological limitations, it has not been possible to establish what Levy believed he had achieved in the negotiations. From the tone of his statements on return from Brussels and Paris, however, it should seem that Levy in fact did believe that by accepting a European role in the peace process, Israel had fulfilled its part and should now see the EC live up to its promises by taking up negotiations to renew the TCA. Assessments of contemporary observers support this interpretation, regarding the perception of Israeli government circles in general as well as Levy's perception in particular.¹⁹³

¹⁹⁰ Ahlswede, 1996a.

¹⁹¹ Ahlswede, 1998g.

¹⁹² Ahlswede, 1997k.

¹⁹³ See e.g. PS 1991-05-15: MA 2 "Die EG bietet Israel Vergünstigungen an, als Gegenleistung für eine aktive Rolle bei der Friedenskonferenz"; JP 1 1991-06-06 "Levy, Europeans agree on seat for talks, trade"; FAZ 1991-07-12 "Ohne Frieden keine EG-Einbindung Israels"; Ahlswede, 1997f.

On any other occasion Israel had strongly refused any linkage between Middle East politics and economic relations with the EC.¹⁹⁴ Moreover, it seems to be a grave misperception that Israel could have significant leverage over the EC in the matter: Even if Israel was willing to connect the two issues, it is inconceivable that it would be ready or even just able to offer the EC something politically truly mouth-watering in return for upgrading relations – a significant role in the Middle East or anything else that the EC would not otherwise enjoy. After all, it has not been Israel's reservations that have prevented a more important European role in the region, it has been the fact that the US can deliver in the Middle East, not the EC. Everybody, Israelis, Arabs, Americans and Europeans are aware of the fact and have acted accordingly. Realistically seen, it was the EC that enjoyed leverage over Israel, for its sheer size and market power, and rather obviously for Israel's fixation on upgrading relations as an urgently needed remedy against its gaping trade deficit. Israel did not really have anything to offer, whilst the EC did, having a credible threat, too.

As a matter of fact, there have been other occasions where Levy's interpretations of Israel's foreign policy successes had to be re-evaluated as over-enthusiastic.¹⁹⁵ Part of an explanation of such a pattern of behaviour would be the personal and political differences between Levy and Shamir, which seem to have led Levy to look for opportunities to demonstrate success.

From all we know, the linkage between Israel's acceptance of EC participation in the Madrid conference and an EC pledge to upgrade the TCA – if there was any – was shady at best. It seems that if there was any deal struck in June, it was a far from clear and fairly ambiguous tacit understanding, if not a misunderstanding. Also, one has to consider that even if some Israeli actors had perceived an agreement on a quid-pro-quo, the EC's denial and factual attitude in the matter must have made it very clear that Israel was in fact not going to be rewarded just for simply agreeing to European participation in the peace process. Even assuming that Levy indeed misinterpreted the outcome of his meeting with the EC ministers it is inconceivable that he could have believed the upgrade of relations was all settled and imminent. Finally, the decision to accept the Europeans at the Madrid conference was taken by Shamir. He gave in to Levy and the Foreign Ministry in this issue, following their advice, but certainly not following his Foreign Minister's reasoning should Levy indeed have assumed a quid pro quo. Shamir saw EC participation in terms of damage to prevent, not of benefits to reap, neither regarding Israel-Arab relations nor Israel-EC

¹⁹⁴ See e.g. Levy himself in M 1990-07-25 "Jérusalem mesure le poids politique de la CEE".

¹⁹⁵ An example would be Levy's September 1990 assertion that the Soviet Union had issued an assurance that it would help to protect Israel in the event of an Iraqi attack: JP 1 1990-09-19 "Shamir Assails Levy's Remark".

relations, for their part.¹⁹⁶ On total it has thus rather been concern with the EU's stick than expectation of a carrot that motivated Israel to accept the Europeans at the peace conference.

3.2.3 The actors

It was Levy who pushed through the EC's participation in the peace process in the Israeli cabinet. He was meeting stiff opposition from Shamir, initially.¹⁹⁷ The Israeli Prime Minister did not believe that any good would come out of an EC role. It took quite some convincing before Shamir consented, albeit grudgingly, mumbling "tov, tov" ("all right, all right") with a weary gesture.¹⁹⁸

Levy, however, had not initially been in favour of any European role in a peace conference either. As late as in mid-April he voiced opposition to the Europeans participating even as mere observers.¹⁹⁹ It was the "Professionals", the ministerial officials in charge of relations with Europe who pushed and apparently also convinced the Foreign Minister. They believed in the process of Israel's association with Europe and, being generally pro-European, supported an EC participation in the peace process. There has hardly been any argument over the EC's participation in the Foreign Ministry. To the *Professionals*, it seemed natural.²⁰⁰

From the findings it appears that Israel's ambassador to the EC, Avi Primor, had been most active in urging the acceptance of a European role. Zohar Pery, Deputy Director General and Head of the Department for International Affairs in the Ministry of Industry and Trade, had been crucial in pressing the issue as well. Reuven Merchav, Director General of the Foreign Ministry, prominently pushed for EC participation too, but being on very bad terms with Levy, he had little weight.²⁰¹

3.2.4 Conclusion

In the end, the only argument against EC participation in the peace process was that in Israel's eyes the Europeans had a record of being pro-Palestinian.²⁰² Once it was clear the Europeans would not have any formal weight at a conference let alone an authoritative role, Shamir was not too bothered about their participation at the end of the day. At the same time, accepting an EC role at the conference and the ensuing political process offered a number of potential advantages, as we have seen above, which led the Foreign Ministry's *Professionals* to strongly press for acceptance of European participation.

¹⁹⁶ Ahlswede, 1998g; Ahlswede, 1998i.

¹⁹⁷ Ahlswede, 1998g.

¹⁹⁸ Ahlswede, 1998i.

¹⁹⁹ JP 1 1991-04-19 "Baker, Shamir due to meet this morning".

²⁰⁰ Ahlswede, 1998i.

²⁰¹ Ahlswede, 1998v; Ahlswede, 1998i.

²⁰² Ahlswede, 1998g.

Everything considered, Israel's decision to accept an EC role at the Madrid conference and the subsequent peace process has been a tactical move to gain certain benefits and avoid particular costs, and not a reversal of policy of any sort.

3.3 A European role in the Grapes of Wrath agreement

In April, 1996 Israel launched Operation Grapes of Wrath, a massive air campaign against targets in Lebanon. After two weeks of bombardment, a massive wave of 400,000 Lebanese civilians fleeing North and a hail of Katyusha rockets fired into Israeli towns and villages in the Northern Galilee, US Secretary of State Warren Christopher managed to reach a written cease-fire agreement between the warring parties of Israel, its Lebanese allies and the Lebanese Shia Hizbullah. The paper regulated where and when military force was to be considered legitimate, but what made it outstanding was the monitoring group it established to supervise its implementation. It was to consist of Israel, Lebanon, the United States, Syria and France.²⁰³

The French Foreign Minister called France's participation in the group the greatest success of French foreign policy since World War II.²⁰⁴ Whilst this may be a tad strong as we will see below, it certainly was remarkable. That a European power would be invited to play a role next to the United States was a novelty.

For our analysis, however, the question to look into is what motivated Israel to agree. Israel, for its part, officially accepted not French but EU participation whilst signalling that it did not mind how the EU's participation would materialise or, rather, which nation would take the European seat. To be sure, it was clear that it would be none other than France.

This in mind, Israel's behaviour concerning a French role in the cease-fire understanding, might be considered of limited interest to an analysis of Israeli policy towards the EU. This is not so. It is true that France acted under a very thin CFSP umbrella if any, as we shall see below. From an Israeli perspective, however, any EU policy in Lebanon would carry a strong French signature for the simple reason of France's century-old involvement in the country and its weight in EU Middle East policy making. For Israel, an EU stance on Lebanese affairs and a plain French stance must thus appear almost interchangeable. But this is not even the central point in this case. The really interesting question is why, generally speaking, would Israel agree to or possibly even actively pursue a political European role in the region, be it a role of the French Europeans or of the EU proper. Given the shape and rank of the CFSP compared to the competing national foreign policies of the EU states, a European involvement – and especially one that might require a

²⁰³ The understanding also provided for a consultative group made up of France, the EU, Russia "and other interested parties" to help reconstruct Lebanon. For the text of the understanding, see Israel Ministry of Foreign Affairs (Jerusalem).

²⁰⁴ Ahlswede, 1998h.

military commitment – can be expected to remain an issue to be resolved on a national rather than a centralised EU level. So, let's have a look at the determinants of Israel's behaviour.

Israel, governed by Rabin and Peres, had signed the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip known as "Oslo-II" in September 1995, providing for a limited Palestinian autonomy in roughly a third of the occupied territories. Negotiations on permanent status arrangements – the third and final stage of the Israel-Palestinian peace process envisioned in the Oslo accords – were set to begin in early May 1996. Peace negotiations between Israel and Syria had begun in December 1995. The Middle East Peace process had gained great momentum in late 1995, it seemed as if there could indeed be a comprehensive, "warm" peace and a Palestinian state in the Middle East in almost a matter of months.

This development was not to the liking of the region's violent radicals. Prime Minister Rabin was murdered by an ultra-nationalist Israeli craving to prevent the withdrawal from the occupied territories. Likewise, the Palestinian Islamic rejectionist groups Hamas and Islamic Jihad stepped up their terror attacks to sabotage the peace process. Their wave of suicide attacks against Israeli civilians deep inside Israeli territory culminated in the massacres of the bombing of a Jerusalem bus and a Tel Aviv shopping mall in February and March 1996. Talks with Syria fell victim to the terror attacks and were suspended in March. At the same time, the South Lebanese Shia Hizbullah had moved from the occasional Katyusha rocket fired into Israel to shelling towns and villages in Galilee on an almost daily basis.

The situation became intolerable to Peres, who was campaigning for re-election on a peace ticket. Throughout his political career, Peres had been regarded as being somewhat soft on security. If things went as envisioned by Peres, his next term might well have brought Israel's retreat from territory deemed utterly crucial for Israel's security and national future: the West Bank, the Golan, probably South Lebanon, possibly the defensive belt of settlements East of Jerusalem if not even parts of Jerusalem proper. He urgently needed to demonstrate that he was willing and able to be tough enough to guarantee Israel's security. Nothing could have driven this point home more poignantly than the message sent by the Katyusha-ridden inhabitants of Kiryat Shmona: Peres was advised not to enter the town since his security could not be guaranteed – not owing to Hizbullah's rockets that kept pounding the town but to the angry anti-government protests of its citizens. His opponent in the elections, Benjamin Netanyahu, was received with cries of support.²⁰⁵

The very next day Israel launched Operation Grapes of Wrath. What should be made clear is that the boos and cheers in Kiryat Shmona did not make

²⁰⁵ Hirschberg & Rekhess, 1998.

Peres decide to send the IDF in. The operation had been planned for some time and had apparently also been co-ordinated with the US, presumably during the anti-terror conference at Sharm el-Sheikh in mid-March.²⁰⁶ Neither was the operation motivated by considerations of spin and election tactics alone. Beyond the domestic motive, the Peres government pursued four aims in the campaign.

The immediate military goal was to break Hizbullah's ability to attack targets in Israel or Israeli troops and their allies in South Lebanon. This was to be achieved by massive air raids, destroying Hizbullah's camps, arms depots, supply lines and fighters.

A second, operational goal was to make the South Lebanese civilian population's life miserable, disrupting civilian life and creating a massive wave of refugees to the North, inundating Beirut and forcing the Syrian-backed Lebanese government to pressure Syria to pressure the Syrian-controlled Hizbullah to stop throwing Katyushas at Israel.²⁰⁷

Thirdly, the idea was that the suffering of the civilian population would turn public opinion against Hizbullah and discredit Hizbullah for drawing Israeli attacks on Lebanon. The very name Israel chose for the operation illustrates this aim.²⁰⁸

Lebanon was far from being in full control of affairs on its territory at the time. In the mid-nineties, Lebanon was still catching its breath, ruined by years of civil war, sectarian strife and repeated invasions of its mighty neighbours, Israel and Syria. The re-awakening Lebanese state's authority did not reach the South of its formal territory: There, Syrian-controlled and Iranian-sponsored Hizbullah performed quasi-state functions whilst Israel occupied a "security zone" and kept an allied militia, the South Lebanese Army (SLA). In parts to the East of Lebanon, the state equally did not make itself much felt, the Syrian army effectively running affairs there. But even where the Lebanese state indeed was in charge of affairs, it still was under strict Syrian control, underlined by a massive presence of the Syrian army in the country and its capital, Beirut.

Syria has always held that Lebanon was an integral part of Syria and must not be a separate state. In the conception of the ruling Syrian nationalist Baath party of President Hafiz al-Assad, Palestine, Jordan, parts of Southern Turkey and Lebanon were all part of Greater Syria and belonged under Syrian control. Syria was not shy in the choice of its methods to this end, its

²⁰⁶ Grapes of Wrath, 1996. On the US position, see also Murphy, 1996.

²⁰⁷ Amongst other Hizbullah-related targets, Israel thus attacked Lebanon's newly renovated electricity grid to force the Lebanese/Syrian government to do something. The damage was not too serious since it was intended mainly as a warning. See e.g. Grapes of Wrath, 1996.

²⁰⁸ In the event, Israel failed to achieve this aim. The Lebanese rallied behind the refugees and their defenders, Hizbullah emerged with a bloody nose but with heightened prestige. See e.g. Eisenberg, 1997.

record including invasions of Jordan and Lebanon, sponsoring camp wars between Palestinian factions, countless assassinations of Palestinian, Jordanian and Lebanese figures²⁰⁹ and numerous attempts on Jordan's King Hussein's and Yassir Arafat's lives, as well as outright terrorism. Its grip on Lebanon, however, was the only bit of the Greater Syria dream that Syria managed to make materialise. This was, and still is, central to the self-conception of the Syrian regime.

Control of Lebanon, however, was not only a matter of Syrian pride. Seen from Damascus, Lebanon is Syria's soft underbelly. Syria's own border with Israel, on the Golan, is short, mountainous and additionally secured from an Israeli invasion by massive fortifications. In Lebanon, however, the situation is very different. The Beqaa valley in the Lebanese East might be an open gate to an Israeli invader, who could thus circumvent the Golan barrier and attack Syria from its flank. Control of the Beqaa was therefore seen as crucial in Damascus.

Syrian control over Hizbullah in South Lebanon in turn was highly valuable to Syria in its dealings with Israel. For one thing, Syria sees itself as the one and only defender of the Arab cause against Israel. This is particularly important domestically: the Syrian regime's steadfast rejectionism is a central pillar to its claim for legitimacy. Using Hizbullah as a proxy to attack the Zionist occupier of Lebanese/Syrian/Arab land in South Lebanon allowed Syria to keep up the fight without actually having to fight – an all-out Syrian-Israeli war would have catastrophic consequences, so a direct Syrian-Israeli military confrontation has always been avoided as strictly as possible.²¹⁰

But Hizbullah has not only been an asset in fighting Israel but also in making peace. Syria has used its control over Hizbullah time and again to put pressure on Israel. In December 1995, after years of preparation, Israel and Syria entered peace negotiations on the Wye Plantation. Things were moving fast. Peres was bent on making great progress fast and Assad appeared to be willing to go along. Still, an utterly cautious and tenacious tactician, Assad did not want to be overrun by Peres' "Blitzpeace".²¹¹ To make sure his demands were being heard he gave Hizbullah a green light to step up its attacks in South Lebanon and return to shelling Northern Israel.

Correspondingly, Israel pursued a fourth, strategic goal in launching Operation Grapes of Wrath in order to clip Syria's claws, deliver a major political defeat to Assad and disrupt Syria's relationship with Iran. This becomes clear from the first cease-fire proposal that Christopher made to Syria immediately after the start of the Israeli operation – we must assume it

²⁰⁹ A method that apparently has not gone out of style, as the UN report on the assassination of the former Lebanese Prime Minister Hariri suggests: United Nations Security Council, 2005 .

²¹⁰ Of all its borders and cease-fire lines, Israel's quasi-border with Syria has been the quietest for decades for the very same reason.

²¹¹ The term several Foreign Ministry officials used to label Peres' approach in private.

was coordinated with Israel. An earlier agreement with Israel, concluded under similar circumstances after its 1993 "Operation Accountability", only obliged the partners of the agreement to abstain from attacking each other's civilians.²¹² In contrast, Christopher's proposal additionally envisioned Hizbullah refraining from attacks on Israel's and its ally's troops in South Lebanon. This was far too much for Syria to swallow. Granting freedom from attack to Israel's troops in occupied South Lebanon from South Lebanese resistance fighters effectively meant legitimising the occupation. It would rid Syria of its proxy to pressure Israel, harm Syria's carefully fostered relations with Iran – Hizbullah's sponsor and mentor, undermine Syria's role as the protector of Lebanon and damage Assad's reputation as champion of the Arab interests. All this, of course, was a highly attractive scenario to Israel. Assad rejected it out of hand, even though he was risking ruining his previously good relations with the US Secretary of State over the issue.²¹³

The Europeans had moved in to play a role in Syrian- and Lebanese-Israeli peace in early 1996.²¹⁴ The visiting EU Troika conveyed a message from Assad to Peres in February, re-stating its claim to prominence in the process.²¹⁵ Also in February, France and the UK, both of them not members of the EU Troika at the time, declared the Europeans' determination to be a factor specifically in Lebanese-Israeli peace.²¹⁶ In early April, a week before Israel launched its operation, the French President Jacques Chirac visited Egypt and Lebanon in a show of resolve, underlining France's commitment to Lebanon's independence in a speech which he gave. He explicitly announced that France would be ready "to contribute to guaranteeing Lebanon's borders" if asked by both parties.²¹⁷

As soon as the Israeli operation began, the American Secretary of State Christopher was at first touring the region in pursuit of a cease-fire. So was the French Foreign Minister, Hervé de Charette – without co-ordination with the US, the EU or Israel, for its part.²¹⁸ Initially, de Charette had only been around for an information trip, but within days his fact-finding trip

²¹² Grapes of Wrath, 1996.

²¹³ Seale, 1996, p. 20; for a copy of the first version of the US plan (in French), see L'Orient-Le Jour (Beirut) 1996-04-18.

²¹⁴ Peace with Syria and Lebanon was seen to come together due to Lebanon's limited sovereignty. An independent Israeli-Lebanese peace was deemed out of the question by all parties.

²¹⁵ MD 1996-02-16: Kol Israel 1996-02-14 15.00 GMT "Delegation übermittelt Stellungnahme des syrischen Präsidenten"; PS 1996-02-15: HA 5 "Die europäische Troika berichtete Peres über eine 'wesentliche Änderung in der syrischen Haltung'".

²¹⁶ PS 1996-02-16: HZO "Die EU möchte am israelisch-libanesischen Friedensprozess beteiligt sein".

²¹⁷ FAZ 1996-04-16 "Präsident Chirac fordert Israel und die Hizbullah zur Feuereinstellung auf".

²¹⁸ JP 1 1996-04-16 "US begins diplomatic push to stop fighting"; FAZ 1996-04-16 "Präsident Chirac fordert Israel und die Hizbullah zur Feuereinstellung auf"; NZZ 1996-05-02 "Kein Widerspruch zwischen Frankreich und Israel".

transformed into a mediating mission. When Christopher was busy in Japan for a couple of days, de Charette extended his stay – to profit from Christopher’s absence, as it was perceived in Israel’s government circles.²¹⁹

Very much to the irritation of Israel and the US, when Christopher presented his cease-fire proposal, France presented a draft understanding of its own.²²⁰ Both drafts had been developed in parallel, both envisioned a committee to monitor the implementation of the agreement, and both would re-establish the rules of the 1993 “Operation Accountability” Agreement: not to attack each other’s civilians. The US proposal, however, additionally committed Syria to grant the safety of Israel’s troops in South Lebanon, which the French proposal did not, whilst the French draft in turn failed to grant Israel the right to retaliate should the agreement be violated. Plainly, both proposals were non-starters. Assad rejected the US version just as Ehud Barak, the Israeli Foreign Minister, ruled out the French draft.²²¹ Israel pointed out that it was negotiating with Syria, not with France, with Peres ruling out *any* French initiative as late as 21st April.²²² When de Charette presented the French proposal returning from Damascus on 17th April, Israel held the American draft it liked much more already in its hands²²³ – hardly surprising, given the close coordination of the two states in the operation.

Syria’s rejection of the US draft hinged on the ban of Hizbullah attacking the IDF. To overcome Assad’s opposition, Peres asked the US for a side-letter recognising the IDF’s right of self-defence if it came under fire, the clause granting Israeli troops immunity in South Lebanon was dropped in turn.²²⁴ Syria accepted this second US draft, leaving the French proposal irrelevant.

On 18th April, however, Israeli shells hit a compound of UNIFIL, the UN troops stationed in Qana, Lebanon, killing dozens of civilians who had taken refuge there. After the Hamas suicide bombings in February and March, Israel had enjoyed a wave of sympathy that greatly reduced its risk of being condemned internationally for Operation Grapes of Wrath. With the Qana shelling, this sympathy was wearing thin fast. The IDF was accused of intentionally shelling the UN compound. A UN investigation later concluded that there was hardly any other explanation, further eroding Israel’s base of international support.²²⁵

²¹⁹ MD 1996-04-19: Kol Israel 1996-04-18 4.00 “Frankreich will den USA die Schau stehlen”.

²²⁰ For a copy of the proposal, see L'Orient-Le Jour (Beirut) 1996-04-18.

²²¹ PS 1996-04-18: HA 2 “Politische Stellen: Barak lehnte das französische Waffenstillstandabkommen ab”.

²²² Ahlswede, 1998o; M 1996-05-03 “Israël et la France ‘tirent les leçons’ du récent conflit au Liban”.

²²³ Ahlswede, 1998o.

²²⁴ Seale, 1996, p. 20. For the text of the final version, see Israel Ministry of Foreign Affairs (Jerusalem).

²²⁵ U.N. Report on the Israeli Bombing in Qana, 1996; Grapes of Wrath, 1996; JP 1 1996-04-19 “5 Shells bring Operation Crashing down”.

From the start, Syria and Lebanon had been in favour of French participation in the committee to monitor the agreement, and so was France, of course.²²⁶ The shift in the international assessment of Israel's operation lent Syria and Lebanon enough support to credibly threaten to boycott the committee should France not participate – thus it was perceived in Israel's Foreign Ministry. Israel had no principal objections with French participation. Its position is best described as dispassionate. It was the French initiative as opposed to the second US draft that Israel would agree with. In an eight-hour tête-à-tête Deputy Director General for European Affairs Miki Bavli and de Charette hammered out the terms of the French role. If France agreed with the US text, Israel would accept France's participation in the monitoring committee.²²⁷ Thus is how it was done.

Meanwhile, the EU had moved in. De Charette's mission was conducted as a French mission, displaying France's new Middle East policy, and not as an EU mission in the CFSP framework.²²⁸ France did not consult with the EU but went ahead alone – the EU was not amused.²²⁹ When de Charette came to the region for the fifth time, having met Beilin twice already, the EU furiously sent a Troika delegation to reassert its standing and reintegrate the French activities into the CFSP framework.²³⁰ This was a tricky situation for Israel: Whilst Israel was rather indifferent about French or EU participation in the cease-fire committee, it wanted to antagonise neither France nor the European Union. Israel's formal position therefore was that it had no objections to a *European* presence and that it was up to the Europeans to decide who would fill the European seat. It had always been clear, however, that a European seat would be none other than a French one. Other arrangements had never been drawn into consideration.²³¹

3.3.1 Israel's motivation to agree

So, what led Israel to accept the French role? First, one has to see that France did not get in because of Israel: It was Syria that secured France's presence. Syria exploited France's desire for a role in the region to gain some margin of manoeuvre vis-à-vis Israel and the US. Without Syrian and – in its wake – Lebanese insistence, there would not have been a French seat in the monitoring committee to begin with.

Israel accepted the French seat because Israel did not mind. Israel did not have any problem per se with a French role in the cease-fire agreement.

²²⁶ FAZ 1996-04-16 "Präsident Chirac fordert Israel und die Hizbullah zur Feueereinstellung auf"; JP 1 1996-04-22 "US pushing for cease-fire plus pact".

²²⁷ Ahlswede, 1998o; Ahlswede, 1998n.

²²⁸ For an assessment of France's efforts for a comeback in the Middle East, see JP 4 1996-04-12 "A French comeback"; for a more comprehensive analysis, see Guitta, 2005.

²²⁹ See e.g. JP 05 1995-04-17 "Snubbed EU labels French move a 'Hollow Gesture'".

²³⁰ Ahlswede, 1998o; JP 1996-04-21 "European Troika seeks solution in Syria".

²³¹ NZZ 1996-05-02 "Kein Widerspruch zwischen Frankreich und Israel"; Ahlswede, 1998o.

When Israeli officials insisted they would not have a French initiative and would oppose any French imprint on the cease-fire agreement, the key words were not "French", but "initiative" and "cease-fire agreement".²³² They were codes for an agreement that – from an Israeli perspective – would be less favourable than the American proposal. A French role was not a matter of principal objection, given that it was not contrary to Israel's interests, that is.

France is the only country in the world that is in favour of real Lebanese independence. In that, France is actually quite dangerous to Syria. The Israeli decision makers understood that – in a Lebanese context – France would not be anti-Israel but rather pro-Lebanese, which could easily mean anti-Syria as well. This was nothing that Israel thought it should be wary of.

In addition, France's participation provided a way to nail Syria down, a "means for Syria and Lebanon to climb off the tree" as Bavli put it. Without France, there would not have been a monitoring committee to the cease-fire agreement, but Israel did not regard the committee as essential. The committee was seen as just one, albeit an elegant way of several ways to end the conflict. It was crucial that the agreement itself came into existence, and this was not perceived as being endangered should it not be flanked by the committee.²³³

In essence, Israel thus had no reason to reject the French seat. There was, however, an important benefit that Israel could reap if it accepted France's participation: It could keep France amused. The EU was not quite an issue, the European Union being more concerned by the spectre of a French non-EU presence than of no European presence at all. France, then again, was an important player in the Middle East and particularly in the EU's Middle Eastern policy, traditionally taking the voice closest to the Arab position within the choir of European foreign policy. Chirac had just proclaimed a French comeback in the Middle East, so France definitely was a country to take into consideration and it was better not to antagonise it without need.

Also, in view of the US' difficulties to expand its foreign aid spending, Peres had been drumming for a stronger European and particularly French economic commitment on the Syrian track, where Israel's decision makers expected progress to be imminent.²³⁴ In Lebanon, French companies were deeply involved in the reconstruction of the country,²³⁵ a task that would be

²³² Ahlswede, 1998o; JP 1 1996-04-18 "Beirut must enforce any security deal"; JP 1 1996-04-22 "US pushing for cease-fire plus pact"; M 1996-05-03 "Israël et la France 'tirent les leçons' du récent conflit au Liban".

²³³ Ahlswede, 1998o. See also Beilin's comments in PS 1996-04-25: HA 2 "De Charette: Das hauptsächliche Hindernis – die Forderung Israels nach einer Beruhigung in der Sicherheitszone".

²³⁴ PS 1996-02-05: Globes 49 "Wir haben gemeinsame Probleme"; Globes 52 "Wird die EU zur zweiten Großmacht im Nahen Osten?"

²³⁵ See e.g. JP 9 1996-10-25 "Behind Chirac's Foreign Policy Activism".

all the more important once an Israeli-Syrian-Lebanese peace agreement would be concluded.

Finally, France had good services to offer in dealing with Iran. Whilst Israel has always been critical about the Europeans', particularly the German and French relations with Iran, these ties have often proved useful for Israel as channels of communication. In fact, Peres had sent a message to Iran via France during the Israeli operation.²³⁶ Relations with France were at a high in early 1996 and it was wise not to put them at risk unnecessarily by denying Paris an ardent wish that Israel could fulfil at hardly any trouble.

In conclusion, Israel accepted a European/French role that it perceived as almost irrelevant. Its sole advantage was to come in handy as a present to France at a single point in time whilst not posing any risk to Israel's policy aims whatsoever. France had a token role that cost Israel nothing.

It would be pretty sad if this were indeed the greatest success of French foreign policy since World War II.

3.3.2 The actors

The central actors in dealing with France regarding Operation Grapes of Wrath were Prime and Defence Minister Peres, Foreign Minister Barak, Vice Foreign Minister Beilin and, on the professional level, the Foreign Ministry's Deputy Director General for European Affairs, Bavli. Other ministries were not involved.²³⁷

The line-up of Israel's top foreign policy personnel processing the issue is impressive, but misleading. The Prime Minister, particularly, was involved because Operation Grapes of Wrath was a high-policy policy issue with crucial domestic relevance. In his role as Minister of Defence, Peres was involved because the operation of course was a military issue. In fact, France moved into a policy area covered by the Prime and Defence Minister rather than the Prime and Defence Minister covering an issue between Israel and France. To a lesser extent, the same goes for Barak's and Beilin's role. Seen from the processors' point of view, this was a regional issue, not a European issue.²³⁸

Having said this, a Prime Minister or Defence Minister need not show the activity in dealing with France that Peres displayed. The fact that he did, despite the low priority of the issue, must be attributed to Peres' affinity to Europe and particularly France. This also explains his low-key rebuff of the French initiative. Instead of categorically declaring that the French initiative was anti-Israel and counterproductive as Shamir might have done, Peres merely suggested France adopt the US position – which essentially meant the same but was far less brusque.

²³⁶ JP 2 1996-04-26 "Report: Israel will strike Iran if Jewish or Israeli targets attacked".

²³⁷ Ahlswede, 1998o.

²³⁸ Ahlswede, 1998o.

Barak's role in contrast reflects the overall importance accrued to the issue of a French role in Lebanon. He was mainly involved in implementation, declaring Israel's position to visitors and pronouncing government policy in statements to the media. The in-detail talks with de Charette were taken on by the Vice Foreign Minister, Beilin, who was also apparently the most influential advisor on Peres in this – and other – European matters. The very terms of the French role in Lebanon, however, were negotiated on an even lower level, by Bavli, the central figure of the *Professionals* in this issue.

In fact, there was not really much to decide on for the processors. Israel's position was clear from the beginning – a cease-fire agreement less advantageous to Israel than the American proposal, would not be accepted whilst Israel had no problem with a French role. The decision to agree to French participation in the monitoring group was prepared by Bavli and taken by Peres in close co-ordination with Beilin and Barak.

There was not much of a US role either. To begin with, Israel needed no prodding at all to favour the American proposal. Israel was much more opposed to the French plan than the US appeared to be. After all, this was an Israeli initiative that Israel had managed to gain US support for, not a US operation that required Israel's assistance. Once the American plan was agreed upon, the US warmly welcomed French participation.²³⁹

3.4 The EU's special envoy to the Middle East

In October 1996, the EU Council of Ministers appointed a special envoy to the Middle East. Their choice was Miguel Angel Moratinos, Spain's ambassador to Israel, an experienced diplomat who had been familiar with Middle Eastern issues for years. In 1991, he was in charge of organising the Madrid conference as an official at the Spanish Foreign Ministry.

At the time, Israeli-Palestinian negotiations were set to resume at the Erez checkpoint of the Gaza Strip. The EU, worried about the posture of the new hawkish Netanyahu government, had pushed for progress in the peace process, whilst Israel at the same time had signalled to the Europeans to stay out of the negotiations.²⁴⁰ Whilst Netanyahu was travelling around Europe, riots broke out amongst Palestinians after Israeli authorities had opened a tourist tunnel under the Old City of Jerusalem.²⁴¹ In the ensuing

²³⁹ Peres announced on 30th April that Clinton was "very satisfied that France participates": M 1996-05-03 "Israël et la France 'tirent les leçons' du récent conflit au Liban".

²⁴⁰ PS 1996-09-25 HA 5 "Netanjahu wird darum bitten, sich nicht in die Verhandlungen einzumischen".

²⁴¹ Contrary to what had been reported in the world's media at the time, the tunnel neither cut under the Temple Mount nor did it desecrate places of worship. The tunnel is an archaeological relict of the Hasmonian period starting at the Western Wall in the Jewish quarter and following the outside of the Herodian support wall of the Temple Mount plateau. The act that sparked the Palestinians' anger was the re-opening of the second exit of the tunnel in the Muslim quarter, a step which was intended to improve accessibility to the sight by turning it from a cul-de-sac into a one-way system. The

clashes several people were killed, painting a grim picture of how explosive the situation was and still how much worse it could get. The events graphically underlined the need for progress in the peace process – and the peace process had been stalled since the elections of May 1996. At the same time, the Netanyahu government had seriously snubbed the EU in its claim for a political role in the Middle East: During their tour of Europe, neither Netanyahu nor his Foreign Minister Levy had visited the European Commission.²⁴² What was received considerably worse was that the Europeans had not been invited to the Israeli-Palestinian summit in Washington in early October. The EU did not try to hide its indignation.²⁴³

Relations with the Europeans had been additionally strained by the issue of visits to the Orient House, the PLO representation in East Jerusalem. In July, the EU ruled that all official visits of the EU Presidency and the Troika had to include visiting the Orient House. Israel reacted with its Prime Minister Netanyahu declaring he and his cabinet would not meet with foreign ministers who visited the Orient House. Throughout October, Israel repeated its threat not to receive EU delegations if they visited the PLO representation.

In this situation, with the peace process stalled and the Europeans feeling ignored by Israel, France pushed for greater direct EU involvement in the peace process.²⁴⁴ Israel could witness another manifestation of France's determination to have more of a say in Middle Eastern affairs during the Middle East tour of President Chirac in mid-October. At the Dublin European summit in early October, the French initiative for a greater EU role in the peace talks was vetoed by Germany. The European Council decided not to press the issue and not to insist on an EU role at the Israeli-Palestinian talks that resumed the next day. However, it did decide to send the Irish Foreign Minister Dick Spring on an express visit to the region to express the Union's attitude.²⁴⁵ It was during this visit that Spring announced to Israel that the EU intended to appoint a special envoy for the Middle East.²⁴⁶

The EU's decision was not received well in Israel. Levy told the European ambassadors that Israel very much appreciated the exchange of opinions with the EU and the EU aid to the Palestinians, but Israel would not accept interference in the peace negotiations. Such European efforts were not

Palestinians' angry reaction is better understood as a response to what was perceived as one unilateral act too many in East Jerusalem, the status of Jerusalem being subject to future negotiations according to the Oslo agreements.

²⁴² PS 1996-10-01 HA 4 "Stimmen in der EU rufen zu wirtschaftlichen Maßnahmen gegen Israel auf".

²⁴³ PS 1996-10-02 HA 4 "Die EU wird über die Ausarbeitung eines bilateralen Wirtschaftsabkommens mit der palästinensischen Selbstverwaltung beraten – trotz der ablehnenden Haltung Israels".

²⁴⁴ PS 1996-10-06 HA 6 "Deutschland vereitelte die französische Initiative eines direkten Engagements Europas bei den Friedensgesprächen".

²⁴⁵ PS 1996-10-06 HA 6 "Deutschland vereitelte die französische Initiative eines direkten Engagements Europas bei den Friedensgesprächen".

²⁴⁶ PS 1996-19-09 HA 2.

helpful but created further obstacles. The US, enjoying the trust of both parties, could be the only peace broker – a thinly veiled allusion at the EU's alleged pro-Arab leanings. There must not be a competing EU mediating effort. The EU's role should be to provide an environment for peace and to supply economic aid to the region, Netanyahu repeated. Once Moratinos was appointed, Levy declared he had no interest to meet him.²⁴⁷

To the Netanyahu government, the spectre of an energetic, French-driven EU mediating effort and peace initiative was anything but appealing. Netanyahu had been elected on a staunch anti-Oslo platform and was backed by a hawkish Knesset majority that stood for opposition to progress on the Palestinian track in this formula. The vibrant US efforts pushing for progress in the peace process had subsided with President Clinton's re-election campaign and might not re-emerge again in this energetic form during the President's second term – in fact, they would not, as we will see below. Israel was comfortable with that: The Netanyahu government preferred not to be pushed, be it by the US or the EU. Given that France was behind the EU's decision to appoint a special envoy, there were concerns that Moratinos stood for a new, demanding EU involvement that competed with the United States'.²⁴⁸ Suspecting the EU of generically harbouring ideas less forthcoming to Israel than the US, the Netanyahu government naturally preferred to not have US pressure replaced by European prodding. Worse, a competitive poise of the Europeans in the Middle East peace process might cause the US itself to step up its involvement again. Also, in the Foreign Ministry it was feared that Moratinos' mission would not be compatible with Israel's basic policy that direct negotiations, free from external pressure and intervention, were the only means of achieving peace.²⁴⁹

Israel, however, overestimated the powers of the EU's envoy. In the event, his mandate was rather limited and he was not going to be a competitive copy of the US envoy, Dennis Ross. The EU envoy would not be a travelling negotiator meant to actively contribute to the peace process, but an ambassador stationed in the region to observe the process, to report to the Council of Ministers, offer good services and contribute to the implementation of agreements, however only where requested. He was brought in not to mediate, but to act as a channel for communication.²⁵⁰

Israel's attitude thus quickly changed. Within days after Moratinos' taking of office, Israel struck a different tone: Netanyahu told Moratinos he was

²⁴⁷ PS 1996-10-16 HA 3 "Israel lehnt die Ernennung eines EU-Sonderbeauftragten für den Friedensprozess ab"; Netanyahu to the Dutch Foreign Minister, PS 1996-10-16 HA 2; FAZ 1996-10-21 "Israel lehnt die Vermittlung Europas ab"; M 1996-10-31 "Un émissaire au mandat encore imprécis pour le Proche-Orient".

²⁴⁸ FT 1997-02-07 "EU envoy builds a Mideast role"; Ahlswede, 1998o.

²⁴⁹ Ahlswede, 1998o.

²⁵⁰ For the text of the Mandate, see OJEC L 315, 1996-12-04 p. 0001-0002; Ahlswede, 1997i.

confident about the envoy's mission, calling him an "ambassador of peace" when Moratinos had been in office for only two weeks.²⁵¹ Israel kept this positive attitude thereafter. In stark contrast to Israel's initial posture, Moratinos became an appreciated guest and actor in the peace talks in Israel.²⁵² In this chapter, we will explore what determined the Israeli position on the EU's special representative and what conditions and parameters turned his mission into a venture that was seen as fruitful to the interests of the Netanyahu government.

For a start, we will have a look at Moratinos' actual behaviour, his successes and failures. In his own view, an achievement of Moratinos was to safeguard the January 1997 Hebron agreement between Israel and the Palestinian Authority. It was the EU's letter of guarantee, submitted by Moratinos to Arafat, that convinced the Palestinian Authority in the last minute to sign the agreement on the redeployment of the Israeli army in the city. He also took credit for re-opening channels of discussion when peace talks had stalled over Israeli construction activities on East Jerusalem's Har Choma. He had thus paved the way to meetings between Arafat and Levy and arranged the May 1997 meeting between Arafat and Weizmann.²⁵³ Beyond this, Moratinos shuttled between Jerusalem and Damascus, keeping open channels of communication at a time when no Israeli-Syrian negotiations were taking place and the US made no mediation effort.²⁵⁴

These were successful, but rather modest successes they were indeed. Moratinos bid low and won low. This was exactly what made his mission attractive to the Israeli actors: Netanyahu praised Moratinos for not wanting a seat at the negotiation table. He was valued in the Foreign Ministry for conveying issues confidentially and discreetly instead of publicly articulating them in a potentially controversial way.²⁵⁵ On the whole, the EU envoy was esteemed mostly for what he was not: not a negotiator, not "the thunder of Venice"²⁵⁶, not intervening, not powerful, not a competitor for US supremacy in the peace process and, in fact, not actually effective or successful when measured against the EU's ambitions for a political role.

Being all this not, Moratinos was therefore no threat to Israeli interests, which allowed Israel to enjoy a number of benefits due to his activities.

²⁵¹ Ahlswede, 1996a; FAZ 1996-12-10 "EU-Sonderbeauftragter auf Nahost-Reise".

²⁵² See e.g. FT 1997-02-07 "EU envoy builds a Mideast role"; Alpher, 1998.

²⁵³ PS 1997-05-06 HA 3; HAE 1997-09-19 "Model of a mediator".

²⁵⁴ See e.g. PS 1997-01-27 HZO 1 "Israel zu Syrien: Wir werden die Verhandlungen auf Grundlage der Madrid-Konferenz und der UNO-Resolutionen wieder aufnehmen"; PS 1997-02-04 HA 1 "Assad in einer Botschaft an Israel: Syrien hat Interesse, innerhalb einiger Monate zu einem Friedensabkommen mit Israel zu gelangen"; PS 1997-06-18 YA 11 "Netanjahu ruft Assad auf, die Verhandlungen zu erneuern"; Alpher, 1998.

²⁵⁵ Ahlswede, 1998o; Ahlswede, 1997a.

²⁵⁶ I.e., of the 1980 Venice Declaration that lay square with Israel's foreign policy at the time.

Firstly, the Netanyahu government strongly preferred the original Madrid approach to the Oslo variation, which put more of a stress on negotiations with Israel's neighbouring countries, particularly with Syria. The US though – limited as its efforts were at the time – was more interested in success at the Palestinian front, where the Oslo accords had set the stage. The EU's concept, in contrast, had remained closer to the broader Madrid approach. It was also felt in the Foreign Ministry that Syria felt more at ease with the EU envoy than with US mediation alone.²⁵⁷ So, when the US withdrew from the Syrian track and the vacuum was filled by Moratinos, the Netanyahu government welcomed this development because the EU envoy kept an alternative path to the much detested Oslo process open.

A central figure in this respect was Foreign Minister Levy. We know Levy from the case study on the Madrid peace conference, where he suffered the traumatic experience of being sidelined by Shamir, who preferred to take Levy's deputy, Netanyahu, to Madrid. Trying to assert himself as Foreign Minister, Levy had focussed on what was left, namely relations with the Europeans and the EC. We find a strikingly similar situation here. Netanyahu by then was Levy's Prime Minister, the first to be directly elected and – thus it was perceived at the time – more powerful and autonomous a Prime Minister than any others before him.²⁵⁸ Levy again was marginalised in the central issues of Israeli foreign policy, relations with the Palestinians and the US, which were both occupied by Netanyahu personally.

Levy was highly active with Moratinos on the Syrian track. Apart from the Israeli government's interest to keep the channels to Damascus open, we may assume that, secondly, personal motives of Levy were instrumental to his positive reception of the EU envoy. On the one hand, Levy had always been close to Europe and has been less inclined than others to regard EU influence as negative. On the other hand, Levy apparently fought for a role to not be pushed into irrelevancy again. Moratinos opened a field for activity for Levy on the Syrian track, which must have been appealing to Levy. If he managed to establish himself at the Syrian front, he could not as easily be passed over if the US would step back in and the track would return again to the Prime Minister's interests.²⁵⁹

²⁵⁷ Ahlswede, 1997a.

²⁵⁸ In fact, the newly introduced direct election of the Prime Minister did not enhance his powers or freedom of action. To the contrary, it is argued that the Israeli Prime Minister became a victim to competing small party interests all the more, because voters were no longer disciplined in Knesset elections by the need to vote for a major party they deemed fit to earn enough votes to provide the Prime Minister.

²⁵⁹ PS 1997-01-27: HZO 1 "Israel zu Syrien: Wir werden die Verhandlungen auf Grundlage der Madrid-Konferenz und der UN-Resolutionen wieder aufnehmen"; PS 1997-02-04: HA 1 "Assad in einer Botschaft an Israel: Syrien hat Interesse, innerhalb einiger Monate zu einem Friedensabkommen mit Israel zu gelangen"; PS 1997-02-04: HA "Madrid, Damaskus und Barzelona".

The officials at the Foreign Ministry, however, did not all share their minister's enthusiasm for Moratinos. Some thought the EU envoy should be cut down to size and that he should only be used strictly as a messenger. It was also suggested in the ministry that Israel cultivate additional EU representatives to counterbalance Moratinos' influence, but this never was the official stance.²⁶⁰

Thirdly, being no threat to Israel's peace process policy, the EU envoy was a welcome means to cultivate relations with the European Union. Despite all its initial reservations, Israel had never categorically rejected the EU envoy, for it was felt in the Foreign Ministry that Israel could not afford to not accept Moratinos without risking the EU's substantial financial support for the Palestinians, funds that were deemed crucial to support stability in the PA areas and the occupied territories.²⁶¹ To make sure these funds would continue to flow it was important for Israel to not unnecessarily alienate the Europeans.

It would be even better to give the EU something that would accommodate its thirst for a political role in the peace process. Keeping Moratinos busy but ineffective supplied the EU with a valve to let off steam in the Middle East in a fashion harmless to Israel's interests. From the point of view of the Netanyahu government, a token EU role, institutionalised in the form of the EU Special Representatives as well as his predictable behaviour, was something desirable given the alternatives. Better to have a discreet and hardly effective European participation in the peace process than maverick EU – or worse, French – initiatives that still might put pressure on Israel, or even still theatrical, pompous declarations that might stiffen Arab intransigence, as it was perceived in Israel.

It is to be made clear that it was not primarily Moratinos' ineffectiveness that made his mission attractive to Israel in this respect, but the fact that it promised to channel the EU's ambitions in the Middle East and that it made other, less desirable scenarios of European political activity in the region less likely. As soon as Moratinos left the narrow premises of his assignment and appeared to advance into touchy areas of Israel's peace process policy, he was sharply rebuffed by the Israeli side.²⁶²

Finally, the central factor explaining the Netanyahu government's embrace of Moratinos was the US position. When the EU decided to nominate a special representative to the Middle East, the United States had spoken out against a

²⁶⁰ HAE 5 1997-09-19 "Model of a Mediator"; Ahlswede, 1997i.

²⁶¹ HAE 5 1997-09-19 "Model of a Mediator". The EU and its member states remitted a total of €1,680 million to the Palestinians in the occupied territories and the Palestinian Authority from 1993 to 1997: European Commission, 1999.

²⁶² See e.g. PS 1997-04-07: HA 3 "Moratinos arbeitet einen 'Package Deal' zur Wiederaufnahme der israelisch-palästinensischen Verhandlungen aus"; MD 1997-07-30: Israeli TV 1997-07-26, 17.00 GMT "Aktivitäten von Miguel Moratinos hält man in Israel für gefährdet".

European mediator just as Israel had. Once the low-profile character of Moratinos' mission had become evident, the US welcomed and supported his activities but kept a watchful eye to make sure he would not encroach upon US turf in the peace process.²⁶³ The US, however, did not present its own initiative and had withdrawn from the peace process in the wake of President Clinton's re-election campaign. Whilst it would be wrong to say that Moratinos had taken the place of the US negotiator, Dennis Ross, he certainly found his place in the vacuum left by the US.

Embracing the Oslo process, the United States had been highly active in the peace process during Clinton's first term and especially regarding the Palestinian track. After Netanyahu's election, there was a severe conflict lurking. Netanyahu's election platform had been anti-Oslo, as was his electorate and his rhetoric. In fact, the Netanyahu government did not at all halt the Oslo process but dutifully implemented the Oslo-II accords and continued the process further with the Hebron agreement. But caught between its voters and the hawkish parties building the governing coalition, on the one hand, and the momentum of the Oslo process and the pressure of the international arena, particularly of the US, on the other, the Netanyahu government was set on procrastinating this very process that the Clinton administration had put so much effort into. The US withdrawal had thus been very much in the Netanyahu government's interest. A return of the US to active mediation would certainly have meant pressure on Israel at the Palestinian front – something that Netanyahu was keen to avoid.

The EU envoy offered a way out of this dilemma. In contrast to what might come from the US, Moratinos' mission was far from threatening and sympathetically ineffective. Moratinos had been quick to dispel fears that there would be EU pressure, and should the situation arise, it could be easily parried by pointing to the US as the one and only mediator. At the same time, Israel could demonstrate it was not being inactive in the peace process but was happily willing to use any good services to advance the process. A display of inactivity would have been risky. A return of the United States to active mediation must have been perceived by the Netanyahu government as far more likely, should Israel appear bluntly not interested in progress in the peace process. The EU special envoy thus served to be a fig leaf for Israel to hide its unwillingness to decide whether to implement or reject the Oslo accords, and as a dummy to present to the United States to avoid a new, truly effective US initiative.²⁶⁴

²⁶³ AN 1996-10-09 "Netanyahu rejects appointment of EU envoy"; M 1996-10-30 "Un émissaire au mandat encore imprécis pour le Proche-Orient"; MD 1997-01-13: Kol Israel 1997-01-12, 10.00 GMT; MD 1997-07-30: Israeli TV 1997-07-26, 17.00 GMT "Aktivitäten von Miguel Moratinos hält man in Israel für gefährdet".

²⁶⁴ For a similar assessment by US diplomats at the time, see PS 1997-07-25: HA 2 "Die Reisen des Moratinos".

There is a double irony in these findings. Firstly, it appears as if the EU envoy's mission, meant to advance peace, at least partially worked in the opposite direction. The effect of Moratinos' mission could not be comprehensively analysed in this study, and it is obvious that the US inactivity in the peace process at the time has not been caused and might not even have been influenced by Moratinos' mission. It is remarkable, however, that it was used in a counterproductive spirit to avoid a US initiative that in all likelihood would have achieved far more than Moratinos ever could.

Secondly – and no less ironically – the EU envoy's usefulness for Israel in this central respect stemmed exactly from what Israel had rejected: the fact that Moratinos' mission was an alternative to the US negotiating effort. In contrast to Israeli rhetoric, the EU apparently may well compete with the US, if it had something better in store for Israel than its transatlantic partner. Sadly for the EU, being ineffective and powerless appears to go a long way towards qualification.

3.5 The Barcelona Process

3.5.1 Nature and aims of the EMP

In 1994, the EU Council of Ministers decided on the Euro-Mediterranean Partnership Programme (EMP) to replace the EU's Renewed Mediterranean Policy. The EMP started off with a meeting of the 15 EU foreign ministers and their colleagues of the 12 Mediterranean partner countries at the time in November 1995 in Barcelona, giving the programme its colloquial name, the *Barcelona Process*. In the following, we will be looking at what Israel's attitude towards the EMP has been, and by what factors it has been determined.

The Euro-Mediterranean Partnership Programme has been pursuing three objectives, laid down in the Barcelona Declaration of November 1995.²⁶⁵ Firstly, the ambition is to establish a common area of peace and stability by setting up a political and security dialogue similar to the OSCE. Secondly, the EU and the Mediterranean shall be integrated into a zone of shared prosperity through an economic and financial partnership and association agreements between EU and the Mediterranean non-member countries (MNM) and amongst the MNMs, thereby gradually establishing a free trade area. Thirdly, the EMP aims to foster the peaceful relations between people through a social, cultural and human partnership and to support the evolution and exchanges between civil societies.

On the bilateral level, the central means to achieve these ends are the Euro-Mediterranean Association Agreements that the EU has concluded with

²⁶⁵ For the text of the Barcelona Declaration outlining the objectives, see European Commission, November 1995.

all Mediterranean partners by now.²⁶⁶ They reflect the general principles of the programme whilst being tailored to the specific characteristics of each partner country.

The innovative part, however, is the regional dimension of the process. In contrast to the EC's and EU's previous policies towards the Mediterranean, the EMP complements the bilateral dimension with an integrative, multilateral approach. The programme provides for the regular holding of the Euro-Mediterranean Conferences of Foreign Affairs Ministers, sectoral conferences and regional cooperation and dialogue in economic matters as well as in the political and cultural fields. In economic relations, association agreements with the EU are only one half of the story. They are to be complemented by association agreements amongst the EU's Mediterranean partners themselves, leading to an integrated Euro-Mediterranean free trade area in the Barcelona spirit. Regional cooperation in issues common to all Mediterranean countries such as water management and environmental issues have been seen as most valuable strategically for the development of an awareness of interdependence, a rapprochement between the peoples of the region and, possibly, the evolution of a common identity – developments that would increase peace and stability in the region.

The EU's *Mesures d'Accompagnement* (MEDA) are the main source of funding of the EMP. From 1995 to 2006, MEDA allocated EUR8,785 million in grants to cooperation programmes, projects and other supporting activities. Roughly 86 per cent were directly channelled to the Mediterranean partners, whilst 12 per cent was spent on regional activities, from which all Mediterranean partners and EU member states can profit. The second central financial instrument is the European Investment Bank, which from 1995 to 2007 has lent EUR11,208 million to developing activities in the Mediterranean partner countries.²⁶⁷

3.5.2 An assessment after ten years

It is hard to assess the political impact the Euro-Mediterranean Partnership Programme has had on the region, or, more to the point, on the Mediterranean partners. Many factors have played a role in shaping developments in the area, of which the Barcelona Process is but one. For the most part, the Barcelona Declaration's calls for the promotion of democracy and human rights have not been translated into concrete action. To be fair, this had not been the primary purpose of the EMP, but different interests amongst EU members and the European Union's general reluctance to use conditionality certainly go a long way to explain this failure.²⁶⁸

²⁶⁶ As of September 2008, solely the agreement with Syria – initialled in 2004 – is not yet in force: European Commission, 2006c.

²⁶⁷ European Commission, 2006a; European Commission, 2006b.

²⁶⁸ Yacoubian, 2004

In general though, the region seems to have come closer to the Barcelona Declaration's vision after a decade. On the one hand, Cyprus is still very much a divided island, despite recent efforts of the Turkish North to overcome the division. Certainly Israel's conflict with the Palestinians, Lebanese factions but also with Syria has not ebbed since 1995, to the contrary. But on the other hand, Libya, the only South or Eastern Mediterranean country not amongst MNM partners, has returned to the international community and now participates in the EMP with observer status. The conflict between Islamism and the state has waned: Egypt's violent insurrection lost much of its intensity, a bloody civil war in Algeria between the state and Islamist rebels has come to an end, and in Turkey, radical anti-Kemalism has been transformed into moderate pragmatism for most of the Islamist movement. Syria has withdrawn its forces from Lebanon, which has opened a window of opportunity for further democratisation of the conflict-ridden country,²⁶⁹ and finally the Balkans have returned to relative stability after years of war and civil war.

The Barcelona Process appears to have fallen behind schedule regarding economic integration, given that the Euro-Mediterranean free trade area had been envisioned for 2010. Even so, it can boast a remarkable record in dismantling tariffs, not only between the MNMs and the EU, but also amongst the MNMs. Euro-Mediterranean Association Agreements have been concluded with all Mediterranean Partners. Industrial goods produced in the MNMs already entered the EU free from duties before the EMP, but trade barriers on EU exports of industrial goods are now being gradually removed, and negotiations on trade in agricultural produce, fish and services started in 2006. The Greater Arab Free Trade Area (GAFTA) established in 1998 and particularly the Mediterranean Arab Free Trade Association (MAFTA), agreed on in the Agadir Agreement between Egypt, Jordan, Morocco and Tunisia in 2004, have been great steps towards a Euro-Mediterranean free trade area.²⁷⁰ It has been argued that the EMP has thus played a key role in bringing about a change in attitude in the Arab world to the Arab region's participation in the global economy and in introducing the Arab economies to the momentous structural changes of the world economy after the Cold War.²⁷¹ Critics have pointed out, though, that the reduction of tariffs on industrial goods and the MEDA funds had not been and would not be enough to induce structural change in economies depending on oil and agriculture.²⁷²

²⁶⁹ The great damages that the country suffered in the recent Israeli campaign against Hizbullah and the boost of popularity this Islamist organisation enjoyed as a result however seriously dampen any hope for further improvements.

²⁷⁰ On the GAFTA, see European Institute for Research on Mediterranean and Euro-Arab Cooperation; for the text of the Agadir Agreement, see The Agreement for the Establishment of a Free Trade Zone between the Arabic Mediterranean Nations..

²⁷¹ Miller & Mishrif, 2005.

²⁷² Tovias, 2002, Tovias, 2003b. For a critical view on what has been achieved so far from the viewpoint of the Arab MNMs, see Miller & Mishrif, 2005.

Without any doubt, the existence of the partnership is an achievement in itself. It offers a stable and reliable framework of mutual trust and respect, in which even the most sensitive issues can be discussed. The peaceful resolution of disputes has been addressed in this framework as well as the commitment to human rights, pluralism and democracy, a Middle East free from weapons of mass destruction and a Euro-Mediterranean arms control and crisis management mechanism similar to the OSCE. None of this would have been possible to discuss before, as the failed Euro-Arab dialogue of the seventies had demonstrated. In fact, save for the odd exception, the EMP has succeeded where the Euro-Arab dialogue had failed:²⁷³ in preventing politics from ruining economic cooperation. In contrast, an open dialogue with and amongst the MNMs is now firmly institutionalised.

It appears obvious that the EMP's objectives should also have had a transatlantic dimension. For the European Union, the idea had certainly been to demonstrate that the EU could act conjointly and effectively in its own back yard. Of course, this would effect the US position in the Mediterranean. As far as the EMP has been intended to oust the United States' hegemony in the area, it has yielded near to no results: the US still is unchallenged as the key actor in the Middle East peace process, including even the Balkans, and has launched its own – albeit complementary – US-Middle East Partnership Initiative for the democratisation of the Arab world in 2002.²⁷⁴

3.5.3 Israel's perspective

So what has Israel's attitude towards the EMP been? For a start, it is instructive to identify what Israel has perceived as the rationale behind the Partnership: Beyond the proclaimed goals of security, prosperity, peace and democracy, Israel sees the EMP centrally motivated by the Europeans' fear of migration from the Maghreb and of Europe's growing Muslim minorities. Using this logic, the EU's strategy behind the Barcelona Process would be, on the one hand, to improve living conditions in North African countries economically and socially to reduce push factors in cross-Mediterranean migration. At the same time, the EU suffers from an acute domestic Muslim problem in Israel's eyes, of which the EU – it is implicitly assumed – was painfully aware. Large-scale illegal immigration from the Maghreb increased the Muslim minorities and exacerbated this Muslim problem by an unspecified mechanism. The security and conflict-resolution aspect of the Barcelona-Process, on the other hand, as well as the fostering of democracy, civil society and mutual understanding served – as was the Israeli perception of the EU's motivation – to avoid a confrontation between the Western states of

²⁷³ An exception e.g. has been the decision by Arab representatives to walk out of Euro-Mediterranean discussions in April 2002, in protest to Israel's policy in the occupied territories: Miller & Mishrif, 2005.

²⁷⁴ Halliday, 2005. For details on MEPI and further US democratisation efforts, see Craner, 2006.

Europe and the Muslim societies of North Africa, which could pose a great danger to Europe's relations with its own Muslim minorities.²⁷⁵

As a consequence, as far as the EU is concerned, Israel has essentially seen the EMP as a tool of EU domestic and North-Africa policy, but not as genuinely geared at the Middle East, let alone at Israel, which does not even feel part of the Middle East. In this view, the Middle East has only ever been secondary in the EMP because the EU relied on its aims being promoted there by the peace process. The EMP, it is felt, assumed a peaceful Middle East. Whilst the peace process was in full swing at the time that the Euro-Mediterranean Partnership was planned, it became paralysed soon after the EMP had been set up. In the Israeli perspective, this has rendered a considerable aspect of the Barcelona Process unrealistic and obsolete within years.²⁷⁶

In fact, the Euro-Mediterranean Partnership has been a mixed bag for Israel. As a developed country, Israel does not profit from MEDA but is only eligible to the limited amount of regional funding available. Theoretically, Israel could profit indirectly as Israeli firms could bid on tenders for MEDA projects, thus gaining market access in the partnership countries. In reality, however, Israeli companies have been almost completely ignored by the Arab partner countries in this respect.²⁷⁷

The economic offer that the Partnership Programme has made to Israel, of course, is market access: by 2010, the Euro-Mediterranean free trade area is envisioned, removing trade barriers to Israeli exports into the other MNM partner countries. This, however, sounds more promising than it truly is. Little trade is to be expected between Israel and the Arab partners due to the great differences in the structure of their economies. The true economic gain Israel could reap from the EMP is cumulation of rules of origin.

Cumulation of rules of origin allows entrepreneurs in different countries to cooperate whilst the product of this cooperation enjoys the same preferential treatment by the EU as if it were produced in one country alone. This will reduce the product's price in the EU, securing better market access, and can be expected to increase competitiveness and boost employment in the exporting countries. Israel has long been interested in such cumulative rules of origin with its neighbours, certainly to prop up its own exports, but also to promote economic relations with its neighbours – which Israel sees as an indispensable component of true peace – and to foster regional stability by supporting economic growth in the Arab countries. Similarly, Israel has long

²⁷⁵ See e.g. Israel's Foreign Minister Ehud Barak, quoted in JP 1995-12-01; Alpher, 1998; Tovias, October 1998.

²⁷⁶ For a most prominent exponent of this view, see Tovias, 2002. Tovias even expects the Barcelona Process to be derailed and abandoned soon as a result of this misconception which he perceives. For an assessment of the interdependence of both processes, see Perthes, 1999.

²⁷⁷ Tovias, October 1998.

been yearning to accede to the Pan-European Cumulation System (PECS) introduced in 1998. The EMP offers both aiming to include all Mediterranean partners in the PECS and turning it into the Pan-Euro-Med Cumulation System (PEMCS). To Israel's dismay, however, the EU has been following a rigid step-by-step approach, according to which it will only agree to cumulation of rules of origin once EMAs with all countries concerned and free trade agreements amongst all of these are implemented. This meant that Israel could not expect the EU to agree to cumulative rules of origin with Israel's neighbours long before 2010, if before this date at all.²⁷⁸ At the 2003 Palermo Euro-Mediterranean conference of trade ministers it was decided to open up PECS to all the MNM partners that met certain conditions. In October 2005, the Council of the European Union approved a Commission proposal to amend protocols on rules of origin annexed to the various EMAs.²⁷⁹

Israel's central problem with the Barcelona Process is tangible in this issue. The EMP treats Israel as one amongst a number of non-EU, Mediterranean countries. Each of these three aspects conflicts with Israel's self-perception. Israel may be situated at the Mediterranean and its identity, if one can speak of one, may be Western, European, Oriental, Jewish, East European, Isolationist or it may have some or all of these facets and a number of others more, but it certainly is not Mediterranean.²⁸⁰

Secondly, Israel does not want to be treated as one amongst many. Israel in fact sees itself as completely different from the rest of the countries of the Middle East and Maghreb, pointing to the fact that it is far more developed and a Western, democratic state amidst Islamic societies and autocratic, authoritarian regimes. It desires to be recognised as *special* by the EU, not to be treated equally. Israel wants relations with Europe in the spirit of the EU's 1994 Essen Declaration that spoke of a special or – in the German version – even a privileged status for Israel. This is not compatible with the EMP's outlook.²⁸¹

Finally, Israel sees itself as deserving to be treated as European. It does not want to be addressed as part of the 'out' group by the EU, but part of the 'in' group. Seen from Israel, the EMP comes close to an affront in this

²⁷⁸ In fact, the EU's insistence on keeping to this order of proceedings has been received in Israel as an excuse for inaction: Tovias, October 1998.

²⁷⁹ For details on the PEMCS, see European Commission, 2006d. Israel, in contrast, is not particularly interested in cumulation with the Maghreb countries: see Tovias, 2003a, p. 47.

²⁸⁰ Israel's identity is highly disputed. According to observers, the Israeli society has split into several cultures or "tribes", among them typically the religious, secular, oriental and Arab segments of Israel's society as well as new immigrants from the former Soviet Union as a separate group. Witzthum counts six such tribes, Kimmerling seven: Witzthum, 2001; Kimmerling, 2001. On Israel's contested identity, see also Dachs, 2001; Del Sarto, 2006.

²⁸¹ Del Sarto & Tovias, 2001; Tovias, 2002 and Tovias, 2003b.

respect, bluntly ignoring Israel's demand to be on the other, the European side of the line.

Being addressed as Mediterranean may be confusing to Israel, but not really problematic. This is not so with the Barcelona Process treating Israel as one amongst many MNMs. There, the EMP's approach is in a hardly veiled conflict with which Israel feels appropriate. The Euro-Mediterranean Partnership follows a vision to which not only does Israel not subscribe, but to which it is strongly opposed.

This may lead to serious problems in the long run. So far, Israel has taken a pragmatic stance, ignoring the incompatibilities and supporting the Barcelona Process for the various benefits it offers to Israel.

The Euro-Mediterranean Partnership Programme is completely in line with Israel's long-term interests. Both aspire to stability, prosperity and democratisation around the Mediterranean.²⁸² Also, both assume the latter two of these aims to help accomplish the first. Israel has therefore been highly interested in the civil-society aspects of the EMP from the very beginning.²⁸³ As a small country, Israel is not in a position to do much to bolster the regions' economy to improve the standard of living in its neighbouring countries. The EU, however, can take upon itself this task of financing peace and help create the economic and social conditions in which peace and stability can prosper. Not only does the EMP thus vicariously pursue Israeli foreign policy aims, it also provides the EU with a quasi-political role in the region. This is attractive to Israel because it offers an opportunity to endorse such an EU role instead of rebutting any political role, or antagonising the EU, as Israel would do in the immediate context of the peace process.

The Barcelona Process has also been in line with Peres' mid-term vision of a New Middle East. Both have envisioned Israel and its neighbours being at peace in an integrated Middle East. Again, the EMP promised to support Israeli foreign policy aims, promoting regional integration, trade and civil relations. On the other hand, the EMP did not suppose Israel to be a regional hegemon as which it had been perceived in Peres' vision, but as one MNM partner amongst many, as we have seen above. Also, it has been argued that the Barcelona Process might not actually have intended to actively further integration in the Middle East, having its eyes more on the Maghreb, but might rather have erratically relied on the peace process to achieve this by itself.²⁸⁴ Even so, disregarding these conceptual incompatibilities, the EMP has been attractive to Israeli foreign policy under Peres' lead.

²⁸² Ahlswede, 1998q; PS 1994-12-12: DV 1 "Jerusalem ist zufrieden über die Erklärung des EU-Gipfels über einen Sonderstatus für Israel".

²⁸³ Tovias, 2003a, p. 42.

²⁸⁴ Tovias, 2002.

Most importantly, the Euro-Mediterranean Partnership Programme is in line with Israel's short term interest in a forum for contacts and talks with its neighbours besides the peace negotiations. The more the Madrid and Oslo processes ground to a halt, the more valuable the Barcelona Process became for Israel.²⁸⁵ Over long periods of time, the EMP has been the only forum in which Israel could meet with Syria or Lebanon. Similarly, the Barcelona Process has offered an alternative framework for meeting with Palestinian representatives when the peace process track has been blocked.²⁸⁶ Beyond these palpable benefits, the EMP has been esteemed by Israeli actors for being a platform for a more informal exchange of views in security and other fields than the peace process would allow. It is particularly valued as an opportunity to socialise with representatives of the Arab states, which is hoped to lead to confidence-building through mutual talks and people-to-people contacts.²⁸⁷

If there has been a single, central reason for Israel's interest in the Partnership Programme, it is for the opportunity to overcome Israel's isolation. To the Foreign Ministry, the EMP has been a most important club to this old and fundamental Israeli foreign policy aim. As such the Partnership Programme encouraged hopes within the Foreign Ministry to build up a framework for facilitating peace, whilst actual, specific peace endeavours could be achieved in formally separate processes.²⁸⁸

Hence the Barcelona Process offers Israel recognition by the Arab states and some of the indicators of normality or warm peace. This has not been welcomed everywhere, certainly not by Syria, which is opposed to any such steps that might lead to normalisation before there is a peace agreement, and possibly thereafter, too. But also the EU has had its reservations about Israel's ambitions in this regard. It has been felt in the European Commission that Israel was attempting to reap a peace dividend via the Barcelona Process without making concessions in the peace process proper.²⁸⁹

²⁸⁵ The Madrid process' multilateral Middle East negotiations have been frozen since 1996. A January 2000 meeting of the steering committee in Moscow, attempting to revive formal talks in the multilateral track, yielded no results.

²⁸⁶ For two prominent endeavours, see e.g. PS 1997-01-22: HA 1 "David Levy und der syrische Außenminister haben mit europäischer Vermittlung Botschaften ausgetauscht"; PS 1997-04-14: HA 1 "Arafat zieht in Erwägung, in Malta mit Levy zusammenzutreffen, der Außenminister wird heute entscheiden, ob er fährt".

²⁸⁷ Alpher, 1998; Tovias, 2003a, p. 45; Ahlswede, 1998q. For a theoretical foundation of such expectations, see Risse, 2000.

²⁸⁸ Ahlswede, 1998o; Ahlswede, 1996c; PS 1995-10-05: DV 2 "Israel und Syrien – bei einer Konferenz in Brüssel". On the expected complementarity of the Barcelona and the peace processes, see also Tovias, October 1998.

²⁸⁹ The perception of the EU or, more precisely, the European Commission that the EMP has been so important to Israel that it provided the EU with some leverage over Israel (outlined by Eberhardt Rhein in Ahlswede, 1996c), however, cannot be supported. In contrast, the EU does not even seem to have been able to construct a credible threat of sanctions that would be necessary for any leverage. Anything less

Whilst this might have been the case, the Israeli foreign ministry however did not intentionally treat the EMP as a substitute to the peace process.²⁹⁰ On the contrary, Israel insisted all along that these were two separate processes – to a large part because it wants the US to be the exclusive peace mediator and to avoid what it perceives as European interference and competition to the US during the peace process. When the Spanish Foreign Minister Javier Solana attempted to arrange a meeting of the Israeli and Syrian representatives at the Barcelona conference, the Israeli Foreign Minister Barak categorically rejected this initiative on the grounds that only the United States could bring Syria and Israel together.²⁹¹ The fact, though, that Israel has continued to support the EMP indicates that Israel has not at all perceived the Partnership as an attempt to displace the US, or at least that Israel has not considered this attempt dangerous any more.

The EMP also fulfils another central demand of Israel's: Israel has insisted time and again in its dealing with Europe that politics and economics be kept apart. In seeking to separate the peace process and the process of region-building, the Euro-Mediterranean Partnership Programme does in fact seek to separate these two spheres, thus fulfilling Israel's precondition.²⁹² It offers Israel participation in a regional forum without the risk of interference with Israel's peace process policy. In fact, however, the separation of the Barcelona Process and the peace process has not proved too realistic or logical even in Israeli eyes, as we have seen above.

To deal with matters related to the Partnership Programme, the Israeli Foreign Ministry set up an ad-hoc inter-ministerial committee in December 1997 to be convened about every three months. Since January 1998, one official in the Foreign Ministry has been assigned full-time to issues related to the Barcelona Process, being supported by six further officials on a part-time basis.²⁹³

As an aside and a look into the future: The Euro-Mediterranean Partnership Programme might present Israel with an opportunity to groom a so far neglected facet of its identity – its Mediterranean character. In the long run, the Barcelona Process could be interesting to Israel since it offers an alternative to integration into Europe – which is not viable – and to full integration into the Middle East, which is not desired by Israel for fear of slowing down development and being forced to culturally assimilate into the Arab world. Integration into the Mediterranean, however, has hardly even been contemplated even in academic circles since the pre-WWII Canaanite

than determined inclusion of Israel in the Barcelona Process would have damaged the EU's own aims in the programme.

²⁹⁰ Ahlswede, 1998o; Miki Bavli, quoted in JP 1995-11-27.

²⁹¹ Tovias, 2003a, p. 43.

²⁹² This is also the US position, as the United States have repeatedly pointed out: See e.g. FAZ 1997-04-17 "Belastungsprobe für die euro-mediterrane Partnerschaft".

²⁹³ Tovias, 2003a, p. 46.

movement.²⁹⁴ Israel's attitude and behaviour towards the Barcelona Process has certainly not been influenced by this aspect of the EMP.

3.6 A third leg – Counterbalance a possible decrease of American commitment

Besides Egypt, the United States has been Israel's most important ally, guaranteeing Israel's security and boosting its economy. Israel is strongly dependant on the de facto US security guarantee, and the vast sums of US loan guarantees and economic and military aid are a considerable part in Israel's national budget. From the mid-eighties, however, an uneasy awareness has been growing in Israel that the United States' commitment to Israel may not be that eternally unwavering as it used to be seen.

In response to this development, Israel in the early 1990s stated as its goal to shape relations with Europe in a way that they could counterbalance a decrease of American commitment. There are only a number of public statements to this end, but as few as they are, they are explicit: "The pro-American orientation is coming to an end, Europe is just as important", Foreign Minister Levy told Israel's ambassadors in Europe in May 1992, a European orientation was called for to safeguard Israel's interests in future. His successor Peres was hardly less unambiguous. His government wanted a relationship with the EC "more or less parallel with the US" he told his French counterpart Delors in February 1993. As Prime Minister one and a half years later, he was quoted saying only Europe could help the Middle East whilst strongly criticising US Middle East policy. The United States had followed a clear foreign policy "as long as Communism still existed. After its fall it vanished."²⁹⁵

In the perception of many Israeli politicians and government officials, particularly to the right of the political spectrum, a central reason for the closeness of US-Israel relations had been the strategic value that Israel supposedly had for the United States. They were all the more worried when the Kuwait crisis demonstrated that the US did not at all need Israel as its ally but that the US could strike a fighting alliance with almost any state in the Middle East, whilst Israel contributed best to the war effort by not doing anything at all. Israel appeared more of a liability to the US than an asset. It became clear that, if Israel had ever had a strategic value worth mentioning, this value had been reduced to a level close to irrelevancy. Israeli politicians and pro-Israeli commentators have claimed to discern a new strategic value

²⁹⁴ For an analysis of a developing Israeli Mediterranean identity, see Nocke, 2006, Del Sarto, July 2003 and Del Sarto, 2006.

²⁹⁵ PS 1992-05-13: DV 1 "Die pro-amerikanische Orientierung geht zu Ende; Europa ist ebenso wichtig"; FT 1993-02-02 "Israel seeks EC restraint over deputies issue"; IHT 1993-09-03 "EC vows funds for PLO, more trade for Israel"; PS 1994-11-02: HA 4 "Peres: Nur Europa kann dem Nahen Osten helfen". For Peres ambitions, see also PS 1996-02-07: Globes 52 "Wird die EU zur zweiten Großmacht im Nahen Osten?"

of Israel in the fight against a "global Intifada". But what exactly this global intifada was supposed to be, who its participants – i.e. the US' opponents – would be and how Israel could conceivably be of any help worth thousands of millions of US taxpayers' dollars per year has not been clarified. If Israel had been supported by the US for its strategic value, it had better be worried.

At the same time US pro-Israel pressure groups failed in their massive effort to secure the Bush administration's approval of loan guarantees that were deemed vital in Israel. Whoever had believed that it were Israel's friends in the US who made sure the United States would always throw its lot to Israel painfully saw their hopes crumble, witnessing that the "Israel lobby" was not even in a position to exert some leverage on the administration when it came to a head. In case pro-Israel pressure groups had ever had more sway, it was no longer so. From an Israeli perspective, even if you thought these pressure groups' influence had not been central to keep US support strong, Israel was up for trouble.

The relevance of Israel's strategic value and of the "Israel lobby" for Israel's "special relationship" with the US have been disputed, as we have seen above. Far more worrying though was that the central pillar of the quasi-alliance showed signs of severe strain, too: the moral and emotional basis of the "special relationship" – based on a sense of shared values and a perceived likeness.

By the end of the eighties Israel's image as an outpost for the West, as bridgehead of freedom and democracy and as purveyor of peace sported some distinct cracks.²⁹⁶ Israel's 1982 Invasion of Lebanon gave the Americans' image of Israel the first dent, particularly the much broadcast massacre of Israel's allies in the camps of Sabra and Shatilla. A number of cases of Israeli espionage in the US alienated the Americans during the eighties – most notoriously during the Pollard affair.²⁹⁷ Israel's reputation further suffered from its involvement in the Iran-Contra affair,²⁹⁸ with Latin American guerrilla groups and Columbian drug barons, against whom the US was leading a campaign.²⁹⁹ Its close relationship with Apartheid South Africa did not gain it any sympathies either. In 1987/1988 the United States finally coaxed Israel into abandoning its official military cooperation with the RSA.³⁰⁰

Perceived likeness is the crucial factor in US-Israel relations. Israel's etatist economy had always set itself squarely with the US preference of free-marketism. More than that, years of increasing US aid worth thousands of millions of dollars have allowed economic structures and mechanisms to

²⁹⁶ van Leeuwen, 1992 takes issue with this view, not quite convincingly, though.

²⁹⁷ See Weber, 1991, p. 160, Puschel, 1992, p. 92.

²⁹⁸ Israel was directly involved as an accomplice of the Reagan administration, of Iran and as arms supplier to the Latin American guerrilla: Segev, 1988; Freedman, 1991.

²⁹⁹ Weber, 1991, p. 163.

³⁰⁰ Mekelberg, 1994, p. 192; Weber, 1991, p. 161 f.

survive and develop that are diametrically opposed to the US ideal.³⁰¹ Even so, a second development has probably had more of an influence on US-perceived likeness, more so since it is conveyed much more easily by mass media – the advance of religious fundamentalism in the Israeli society. Due to the immigration and higher birth rate of oriental Jews, who typically have a stronger religious affiliation, and – more recently – of ultra-orthodox Jews, this trend made itself first massively felt in the parliamentary elections of 1988.³⁰² The New York Times saw a right-wing theocracy in the making at the time,³⁰³ but even though this need not materialise, the change of political style resulting from the rise of fundamentalism had to leave an American public taken aback – a public that is used to a strict separation of religion and state.³⁰⁴ An Israel that seems more ultra-orthodox and more oriental will thus be perceived as more alien and less alike in the United States.

Whilst all this contributed to the gradual change of the American perception of Israel, what really damaged its image was Israel's behaviour towards the Palestinians in the occupied territories. Freedom and democracy, two central values of the American society, were implemented in Israel proper but not in the occupied territories. To the contrary, Israel acted there as oppressor of another people, as TV coverage of human rights violations illustrated to the American public during the eighties.³⁰⁵ Israel's reaction to the Intifada, the Palestinian uprising starting in December 1987, ultimately put an end to the well-tended image of the Jewish David pitted against the Arab Goliath.³⁰⁶ In fact, it turned the image upside down: what one could see now were Israeli soldiers, armed to the teeth, who faced stone-hurling children and teenagers – and left hundreds dead.

In addition to this loss of moral status, US sympathies for Israel also suffered from another development: the impression that not the Arabs but rather Israel, to the better part, was responsible for the stalemate of the Middle East peace process. This perception was further nurtured when the PLO renounced terrorism and recognised Israel's right of existence in 1988 whilst Israel caused the ensuing US peace efforts to break down. Similarly, it was very hard for the US to understand, in the run-up to the 1991 Madrid peace conference, why Israel categorically refused e.g. the participation of Palestinians from East Jerusalem or of a UN observer and insisted that the

³⁰¹ For a discussion of this issue, see Rabie, 1989, Neff, 1992.

³⁰² The religious parties unexpectedly gained 18 of the 120 Knesset seats: Yishai, 1990, p. 553 f.

³⁰³ NYT 1988-11-06.

³⁰⁴ Thus e.g. the persistent demand of the religious parties to regulate immigration according to the far stricter orthodox Jewish law that the Likud promised to support: Barzilai, 1991, p. 434.

³⁰⁵ Weber, 1991, p. 160; Mekelberg, 1994, p. 192.

³⁰⁶ The image of the Jewish David had already been tarnished by the unprovoked attack on Lebanon and particularly by Israel's arsenal of nuclear weapons that made Israel rather (and more correctly) appear as a regional great power.

conference be held in the Middle East – now that Israel's alleged goal for decades had been achieved i.e. to directly negotiate peace with its enemies.³⁰⁷

The decline of US sympathies for Israel was mirrored in many editorials and opinion polls. Ominous as this trend was, from an Israeli perspective it was even more disconcerting that it seized vast circles of the US Jewry, too, who are usually seen as a central pillar of the close US-Israel relationship.³⁰⁸ Moreover, however limited the influence of pro-Israeli pressure groups may be, it was clear that they could only be even less effective if they operated in an environment that was increasingly reserved towards Israel.

But not only were the pillars of the US-Israel special relationship shaken, Israelis could also observe unsettling symptoms of change in its very substance, namely in US commitment to Israel's cause. Two decades before, Henry Kissinger had told Rabin, ambassador to the US at the time,

*"that so long as the American policy was simply to frustrate Arab reliance on Soviet support, American and Israeli policies would be identical. But once Arab disillusionment was complete, and once Arab states began to turn to us in a spirit of cooperation, differences in perspectives and tactics might well emerge."*³⁰⁹

This moment had now come. In the late eighties a deep-running controversy had erupted with the US on the future of the peace process. To make Israel give up its resistance to peace talks and stop settlement activity in the occupied territories, the United States was ready to deny its ally guaranties of over US\$10,000 million in loans, funds that were widely regarded as vital in Israel at the time. This was not the kind of behaviour one had become used to of one's superpower ally. What was potentially worse was that at around the same time US politicians, most prominently Senator Robert Dole, started publicly testing the boundaries by re-allocating some of the US aid for Israel to other countries. America's financial commitment to Israel was no longer a sacred cow.³¹⁰ Finally, in the Kuwait crisis the US

³⁰⁷ See Mekelberg, 1994, p. 192 f.; Slater & Nardin, 1991, p. 93 f.

³⁰⁸ Gilboa, 1989, p. 36; NYT 1990-07-09; JP 1990-07-10 "New U. S. poll shows erosion in support for Israel"; JP 1989-02-22 "Israel plummets in U. S. poll"; Khalidi & Stark, 1990, p. 11. For an overview of various polls, see Ben-Zvi, 1993, p. 181 f.

³⁰⁹ Kissinger, 1982, p. 620.

³¹⁰ Rubin, 1992a, p. 22; Ben-Zvi, 1993, p. 176 f.; Puschel, 1992, p. 110. At the same time, US aid also seemed threatened by a re-assessment of Israel's status as a developing country by the OECD. Under the OECD rules, the member countries obligate themselves to spend a certain fraction of their national income on aid to developing countries. As long as Israel was classified by the OECD as a developing country, the USA could set off its considerable payments to Israel against its OECD obligations, thus fulfilling a large part of them. In the early nineties though it became apparent that the OECD would no longer regard Israel as a developing country due to its high level of development. That meant that aid to Israel would be more costly and less likely to flow in the same amounts.

preferred to strike an alliance with just about anybody else in the region except the Jewish state for the military campaign against Iraq.

All this was perceived in Israel as if the heydays of Israel-US relations might be over and worse might still be to come. Rabin and Peres thus picked up the issue in their 1992 election campaign, claiming Shamir's policy was ruining relations with the US. We cannot go into the details behind Rabin's and Peres' victory. Worries about the future of relations with the US were only one factor amongst others relevant to the outcome. The fact that the state of the special relationship had come to be a central issue in the elections though illustrates the acute awareness of the Israeli public and the policy system of the seriousness of the problem.

Israel has always followed a line that relations with Europe should at least be that good that Israel could expect European arms shipments in times of war. But far beyond this minimalist approach, Israel gave the appearance of intending to re-shape relations with Europe in the early 1990s on a much greater scale so that they could counterbalance a decline of US commitment.

Of course, the statements to this end quoted above have to be interpreted with caution. They tend to exaggerate and to imply much more than was probably intended. We have to be aware also that these statements were addressed to – if not specifically made for – a European audience. Even so, they do go far beyond mere declaratory policy or sheer rhetorical tactics to get a European audience into a more forthcoming mood. In fact, Vice Foreign Minister Beilin even convened weekly meetings on how to lean more on Europe with a circle of experts in the Van Leer Jerusalem Institute at the time. These meetings included Foreign Ministry officials, albeit unofficially.³¹¹

We must not be deceived by the dramatic language of the statements above and especially not by the apparent motivation of Levy, Peres and Beilin. Whilst there certainly were grave worries in Israel as to the future of the US's commitment, these three actors and parts of the Foreign Ministry in their wake had more on their agenda: the US almost exclusively dealt with the Prime Minister, i.e. with Shamir and later Rabin, and not with the respective Foreign Ministers, Levy and Peres, and the Foreign Ministry. The US, too, led the peace process, in which Levy and Peres were being sidelined by their Prime Minister as well. Both Foreign Ministers and their followers in the Foreign Ministry³¹² thus had a strong interest in establishing an alternative route to the centre stage of Israeli foreign policy i.e. peace process policy. Upgrading relations with Europe, where the Foreign Minister enjoyed freedom of action, and enhancing Europe's role in the peace process were both an attractive way to this end. Apart from being the only viable option to them personally, Peres and Beilin regarded the European path to

³¹¹ The source of this information preferred not to be named.

³¹² Peres' followers in the Foreign Ministry were, independently from the issue, primarily the "Blazerim": Yossi Beilin, Uri Savir and David Peleg.

progress in the peace process also as more promising in the matter itself than the American track. They saw Europe as more flexible than the US. "If I wanted to initiate something [in the peace process, S. A.], I always felt it was easier for me to do this with the Europeans rather than with the Americans", Beilin said in an interview, "we saw the more impartial policy of the Europeans as something which might help us, not only harm us."³¹³ Peres, Beilin and their comrades-in-arms indeed were very successful in this respect, as we know from the Israel-PLO Declaration of Principles and the Oslo Accords.

So, the relevant actors in the Israeli foreign policy system did indeed have a strong motivation to bolster relations with the EU. They also had understandable reason to be dissatisfied with the performance of the United States: firstly, personally or as bureaucratic units, since they were marginalised in the policy process by the US and the Prime Minister, and secondly, because the US undeniably showed disquieting signs of waning commitment.

However, nothing concrete materialised from these concerns. We see Peres warn the Knesset's Foreign Affairs and Defence Committee shortly after Rabin and his accession to power that Israel needed to be prepared to cope with less American aid and therefore needed to anchor itself more deeply in Europe.³¹⁴ This however only concerned the least disquieting aspect of a waning US commitment and merely added another rationale to the already existing collection of Israel's motivations to pursue upgrading its outdated 1975 Free Trade and Cooperation Agreement.

Far more consequential would be if the United States toned down its political support for Israel in the international arena or even withdrew its security guarantee. These would be the truly grave consequences of a decline of US commitment to Israel. Not only has this not happened, but neither Levy nor Peres seem to have even lost any sleep over this possibility. This ominous spectre though has never been tackled, let alone by a conscious decision to establish corresponding relations with Europe for compensation.³¹⁵ Accordingly, explicit as Levy's and Peres' statements referred to above may be, none of them ever outlined in the faintest what future relations with Europe should be like or what role Europe should henceforth play. There is also no evidence that Israel ever actually tried to counterbalance dwindling US commitment with stronger ties to Europe through the essential pillars of the US-Israeli relationship – namely in security matters.

³¹³ Ahlswede, 1998m.

³¹⁴ JP 12 1992-08-12 "Peres rejects Palestinian insistence on legislative body as unacceptable".

³¹⁵ Ahlswede, 1998o; Ahlswede, 1998m.

Also, even theoretically it is inconceivable how this could be done from Israel's point of view. The openness of Europe's door is a function of Israel's performance in the peace process. Peace process policy, then again, is Israel's first foreign policy priority whilst relations with Europe rank much lower. With this order of priorities, it is unimaginable that Israel would change its peace process policy to further relations with Europe. Israel's vital European aims thus fall foul of matters that are "still more vital" – matters of the peace process that have the potential to directly determine Israel's very survival.

3.7 Actors

Above we have looked at a number of issues that have been central in Israel-EC/EU relations when it comes to European Middle East policy. Let us now take a look at the actual actors in the policy system, influencing and carrying out the behaviour we have observed.

Unfortunately, the data available for each of the case studies is rather scarce and of limited depth. It has not been possible to identify all actors and structures at all stages of the policy process in each of the case studies. There are, however, a number of outstanding features that can be identified and deserve to be presented and examined, which we shall do in the following.

In general, we can distinguish between two groups of actors within the Israeli European policy system, the ministerial officials on the one hand, and the politicians acting in government positions on the other.

3.7.1 The ministerial officials

As far as we can establish from the material available, the majority of ministerial officials active in the policy process have obviously been from the Foreign Ministry. Other important actors have sat in the Ministry of Industry and Trade, the Ministry of Agriculture and, at times, the Prime Minister's office. But let us recapitulate exactly what the official's role has been in the cases under scrutiny.

In the issue of independent Palestinian exports, the ministerial officials can be expected to have played a weighty role on the operational level. Data limitations did not allow a more concise analysis in this matter. The officials, in any case, did not so much directly influence Israel's behaviour towards the EC, but they were members of the bureaucratic units that were the protagonists of the inter-ministerial haggling which led to Israel's protracted non-compliance with its agreement with the EC. Politically motivated as these inter-ministerial conflicts were, however, their pursuit and particularly their resolution lay in the hands of the respective ministers and not of the officials.

In contrast, in shaping Israel's position on a European participation in a Middle East peace conference, the Foreign Ministry's officials were most crucial. The officials professionally in charge of relations with Europe had

come to the conclusion that it was in Israel's interest to have the EC aboard. They were in constant contact with their European counterparts and could feel first hand how sensible an issue this was to the EC and, accordingly, what negative repercussions for negotiations for upgrading relations Israel could expect should it reject European participation. Their opponents, whom they finally won over, were the officials at the Prime Minister's office, but far more seriously, their own Foreign Minister, David Levy, and of course Prime Minister Shamir.

Regarding Israel's reception of the EU's special envoy to the Middle East, the data available did not allow to reliably measure the officials' contribution to the observed behaviour. It is clear though that Foreign Ministry officials did play a significant role in establishing Israel's position in the issue, particularly in respect to identification of possible gains of a change of attitude. Also, it was a group of officials of the Foreign Ministry that kept the question of Israel's stance towards the envoy dynamic by promoting an alternative behaviour.

The officials' role, in contrast, was remarkably constrained in shaping and conducting Israel's behaviour in the issue of a European role in the Grapes of Wrath agreement. This case study stands out for the policy process being almost exclusively run by politicians. We can certainly assume that officials will have played their standard operational roles, but only one official stands out for actively shaping Israel's behaviour: the Foreign Ministry's Deputy Director General for European Affairs, who negotiated the precise terms of the French participation in the monitoring committee. Officials – or, rather, the sole official – thus had a notable role only in implementation. The other posts of the policy process were occupied by politicians, for reasons we will look into below.

In general, we can establish that Israeli ministerial officials have been strongly involved over all phases of the policy process. But who have these officials been?

It has certainly not been possible to compile a complete list of ministerial agents with the role of a certain weight in the policy process. We could witness, however, a number of officials who have taken a role in shaping and/or conducting Israel's behaviour vis-à-vis the EC and EU over the case studies. There has been Avi Primor, ambassador to the EC, who played a central role not only in implementing but interestingly also in formulating Israel's behaviour towards Europe. Zohar Pery, Deputy Director General and Head of the Department for International Affairs in the Ministry of Industry and Trade, was a similarly important actor in this respect. Others in an inner circle of decision makers and influence takers included Jacob Cohen, the Foreign Ministry's Deputy Director General for Economic Affairs, Marcel Shaton, Head of the Ministry of Industry and Trade's International Agreements Section, Dov Mishor of the Treasury and David Nave of the Treasury's International Department. These men – except for Primor, who

took an extra role – formed the informal circle called the “Professionals” in the late eighties and early nineties, who conducted Israel’s behaviour towards Europe on the operative and day-to-day level. The *Professionals* apparently commanded considerable freedom of decision in European affairs, reportedly deciding on their own even without conferring with their Director Generals.³¹⁶ In the mid-nineties, the Foreign Ministry’s Deputy Director General for European Affairs, Miki Bavli, emerged as an important actor, too.

3.7.2 The politicians

Let’s now have a look at the actors in Israel’s European policy on the politicians’ level. Who amongst the politicians has had which role in determining Israel’s behaviour towards the EC/EU in issues of European Middle East policy?

The first candidate to look at, of course, is the Foreign Minister: The Foreign Minister had been central in formulating Israel’s attitude concerning European participation at the Madrid conference. Once he had been convinced by the *Professionals* in his ministry, he was the central protagonist pushing for acceptance of a European role, whilst the Prime Minister represented rejection. When the Foreign Minister, backed by his ministry, had finally won over the Prime Minister, Israel’s attitude and behaviour changed. This though has remained the only instance where we have been able to establish a clear and significant role of the Israeli Foreign Minister in the formulation of intended foreign behaviour towards Europe. In none of the other case studies could the Foreign Minister be identified as a significant actor in formulation, neither in the conflict on independent Palestinian exports nor in the issues of the Grapes of Wrath agreement, of the EU’s special envoy or of the Barcelona Process. In implementation, in contrast, the Foreign Minister has been highly active at times, particularly so in dealing with the European Union’s envoy. This leads us to another remarkable observation. Intriguingly, in both cases that we observed a Foreign Minister taking an extraordinarily active role in policy and behaviour towards Europe, it has been a weak Foreign Minister who has been sidelined by his Prime Minister and who was searching for a role when the central issues of Israel’s foreign policy were already taken care of by the Prime Minister himself.

The Prime Minister, in turn, emerges as comparatively strongly involved in the formulation of intended behaviour towards the EC/EU. He had a most central role in determining Israel’s attitude towards an EC participation in a peace conference – in fact personally deciding in the matter. Similarly, during Operation Grapes of Wrath the Prime Minister took and upheld the position to reject the French initiative, backed by the whole of the foreign policy system’s processors, and he ultimately decided to agree to a French seat in the monitoring committee. In the question of how to behave towards

³¹⁶ Ahlswede, 1997d.

the EU's special envoy, the Prime Minister did not take centre stage in formulation – his Foreign Minister Levy did – but the Prime Minister still was clearly involved in this process since the issue touched high policy.

There is no evidence, in contrast, that Israel's Prime Minister was active at all in formulating Israel's position in the conflict over independent Palestinian exports. He was, though, highly active in implementation, in this matter as well as in the other issues under analysis. Typically, like the other Israeli politicians scrutinised here, the Prime Minister has applied declaratory policy as his primary means, rhetorically rejecting, supporting or demanding specific policy acts of the European Community/European Union in statements, speeches and interviews, but also in public and face-to-face conversations with European politicians and officials.

The Vice Foreign Minister has been an important actor in European affairs as well. We could witness this in the issues of the Madrid conference and of the Grapes of Wrath agreement. Netanyahu, as Vice Foreign Minister at the time of the Madrid conference, was active only in implementation and did not have a perceivable influence on formulation itself. His activity in Israeli-European relations was due to his assignment of organising the conference and not the expression of an activity genuinely directed at the EC. Beilin, Vice Foreign Minister during Operation Grapes of Wrath, in contrast did have an influence on formulating the government's attitude towards the EU, too, through being Prime Minister Peres' central advisor in this respect. Remarkably, he thus seems to have gained prominence over his Foreign Minister, Barak, in this policy field.

Other ministers have had a prominent role in determining Israel's behaviour vis-à-vis the EC/EU: The Minister of Industry and Trade has had a powerful influence at times, albeit for motives not related to the EC/EU and so in the issue of an independent Palestinian exports. He was strongly active in formulation, opposing a change in Israel's treatment of the exports, but also in implementation, using declaratory policy and threats to make his point. He prevented Israel's compliance with its agreement with the EC, thus obstructing the removal of an important cause of the Europeans' irritation. The reasons for his behaviour, however, lay not in his attitude towards the EC but in domestic politics and possibly considerations of peace process policy.

Likewise, we have seen the Minister of Agriculture occupy a central role on occasion, fighting for its domestic clientele or – again possibly – matters of peace process policy in fact beyond his very portfolio, which are not related to Europe at all but still have a mighty influence on policy output. Finally, we have observed the same phenomenon with the Defence Minister at times, influencing Israel's behaviour towards Europe for motives extraneous to Israeli-European relations.

Three particular characteristics of politicians as processors in the Israeli European policy system deserve our attention. Firstly, as we have seen

above, the findings suggest that there may be an inverse correlation between the ability of the Foreign Minister to occupy centre stage in Israel's foreign policy – in peace process policy – and the level of his activity on the Israeli-European arena. We will look into this more in the following chapter.

Secondly, our analysis points to a disproportionately strong influence of personal predispositions and thus of individuals in Israel's dealings with Europe. On the top political level, Levy and Peres, the two French speaking Europhiles, stand out amongst all the Foreign and Prime Ministers, respectively, for their exceptional activity in dealing with Europe over their various assignments.

Thirdly, when we see top politicians acting as central if not decisive processors in each of this chapter's case studies, we must not mistake this for evidence that European policy enjoys a top ranking in Israel's foreign policy. On closer examination there is nothing to suggest that any Israeli government has regarded relations with Europe as a high policy field deserving of being dealt with by its top politicians. In fact, the mechanism making top Israeli politicians deal with European relations works the other way around. It is not Israel that has been assigning top priority to relations with Europe and accordingly also to European ventures in the Middle East. Rather, Europe has been venturing into a policy field to which Israel has assigned top priority – peace process policy. It is not the actor but the arena that prompts Israel to employ its top politicians. Israel may certainly still ascribe very high priority to relations with the Europeans. Our findings do not contradict such an interpretation. The mechanism for staffing its European policy system with top politicians in issues of EU Middle East policy, however, is not fuelled by the ranking of Israel's European policy but its Middle East policy. As such, Israel's behaviour towards the EC/EU often is but a by-product of its peace-process policy. Israel's "European" policy in matters of EU Middle Eastern endeavours has not even been purposefully directed at the European Union in these cases. Instead, Israel's behaviour merely has been a consequence of the implementation of its peace process policy.

This correlates with the question of which processor or group of processors actually put the issue of how to behave vis-à-vis Europe on the agenda in the individual issues. The agenda, so to speak, has been set externally or at least for external reasons, whilst the European policy system has been merely dragged along. Correspondingly, there has been no solid data available as to who in the European policy system initiated the system's internal policy process that has led to the observed behaviour in each of the case studies.

3.7.3 Administrative units

Beyond individuals, administrative units such as ministries and departments have played a significant role as actors in the policy process. Particularly inter-ministerial rivalry has had an influence on the shaping of Israel's position and its actual behaviour towards the EC/EU. We have most clearly witnessed that in the issues of independent Palestinian exports and of

European participation in a peace conference, where the Foreign Ministry was pitted against the Prime Minister and his office. In the issue of independent Palestinian exports, the Foreign Ministry additionally went up against the Ministry of Agriculture, the Ministry of Industry and Trade, and, partly, the Ministry of Defence.

What appears immediately conspicuous is the weakness of the Foreign Minister and his ministry opposite these ministries. Even so, whilst the Foreign Ministry has certainly been relatively weak compared to the Prime Minister and his office in these issues, the seemingly considerable weakness opposite the Ministries of Agriculture, Industry and Trade and Defence is not as profound as it may seem at first sight. As we have seen, to a certain extent, it may have been clever deliberation on the part of the Foreign Minister to not pick a fight with the other ministries when a victory promised no advantage in relations with the EC but possibly even disadvantages to the Foreign Minister's personal and partisan tactics.

3.7.4 Private interest groups

So far, we have not mentioned private interest groups as processors. At the outset of the analysis of Israel's European policy, we expected that private interest groups would not play a prominent role in the policy process because of the corporative nature of the Israeli policy system. The findings of this chapter corroborate this assumption.

In five out of the six issues we have analysed above, no indication let alone evidence for a role of any private interest group in the formulation and implementation of intended behaviour towards Europe could be found. In one of the five issues though, the conflict of independent Palestinian exports, private interest groups did indeed play a role: AGREXCO, fearing for its regularised export monopoly, displayed a considerable amount of activity to hold up the Ministry of Agriculture's opposition to the EC's demand. The Israeli flower growers on the other hand, keen to see the EC remove the obstacles to their exports, lobbied the Ministry of Agriculture to give in to the EC. The ministry put up staunch opposition to implementation of the agreement with the EC, just as AGREXCO desired – but not the flower growers –, but the ministry's attitude was not determined by AGREXCO's attempt at pressure from all we know. In fact, AGREXCO did not have an identifiable influence on the ministry at all. Rather, the Israeli Ministry of Agriculture understood itself as the institutional champion of the state-owned company without any prodding on AGREXCO's part. AGREXCO did approach the ministry in this matter, but there is nothing to suggest a causal relationship. To all appearances, the Ministry of Agriculture's attitude was formed and kept parallel and independent from AGREXCO's efforts. As we have seen above, in addition to the ministry's function as an institutionalised representation of interest, personal as well as inter- and intra-party motivations rather played a role in shaping the Ministry of Agriculture's attitude. So in general, whilst private interest groups did play a role in the

policy process at times, this role has not lent them a discernible direct influence on formulation or implementation.

4 Integration policy: association with the EC/EU

In 1995, after years of negotiations, Israel and the EU signed a "Euro-Mediterranean Agreement Establishing an Association" (EMA) between the two of them.³¹⁷ The following year, Israel signed a second agreement, opening the doors of the EU's 4th Research and Development Framework Programme for Israel as the first non-European country to participate. Clearly, the conclusion of these agreements has been a central issue in Israel's relations with the EC, thereby shaping the very future of these relations. We can expect to find almost all processors of Israel's European policy involved, with the possible exception of the military and defence sector, since these policy areas are not covered by the agreement. Therefore, it is worthwhile to look into the negotiations, the positions held by Israel and, particularly, how these positions have been formed and implemented, why, and by whom.

4.1 The 1975 Free Trade and Cooperation Agreement

The main objectives of the 1975 Trade and Cooperation Agreement (TCA) between Israel and the EC had been the establishment of a free trade area through the progressive elimination of obstacles to virtually all trade and the fostering of cooperation within the general framework of the EEC's Global Mediterranean Policy. Accordingly, the agreement primarily dealt with trade in industrial and agricultural products, competition, and general rules of trade. Trade in services was not addressed in the agreement. Israel-EC free trade was to be established by the gradual reduction or, in some cases, the abolition of customs duties and quantitative restrictions that existed at the time. Timetables were set up by two additional protocols: the EC would abolish all such trade barriers on Israeli goods by January 1977; ceilings that remained on a limited number of goods would be removed by the end of 1979. Israeli tariffs on EC goods were reduced according to two timetables, the deadline for tariffs on certain 'sensitive' imports being ultimately pushed back as far as 1 January 1989. From 1989 onwards, there were no tariffs on industrial goods traded between Israel and the EEC.

Agricultural products were largely exempt from these provisions. Special timetables and rates of tariff reduction were imposed for some 85 per cent of Israel's agricultural exports to the EC, providing for cuts of 40 to 50 per cent in tariffs on these goods. Israel, in turn, cut tariffs on selected agricultural imports by 15 to 25 per cent.³¹⁸

In order to execute the implementation of the TCA, the agreement established the EC-Israel Cooperation Council. It consisted of the representatives of the European Commission, the EC foreign ministers and

³¹⁷ Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the State of Israel, of the other part, 2000. For an overview of the agreement, see Hirsch, 1996, p. 40 f.

³¹⁸ Pomfret, 1988, p. 58; Hirsch et al., 1996b, pp. 13, 71.

their Israeli counterpart. Meeting annually, the function of the Council was to supervise the implementation of the agreement, discuss related issues and problems and to see how relations could be furthered in future. The sessions of the Council were prepared by the EC-Israel Cooperation Committee formed at the level of officials, who would convene about one month before the ministerial meeting.

Since the 1975 Agreement did not cover political relations, politics were not being discussed during the sessions of the Council. This does not mean, though, that politics simply were not discussed at the meetings: they were – very much so indeed – but only during the ensuing lunch.³¹⁹

In 1978, a third additional protocol developed the cooperation aspect of the agreement, establishing industrial and agricultural cooperation, scientific and technological cooperation, and naming the exchange of financial information and the encouragement of private investments as further goals. Two financial cooperation agreements were signed at the same time, designed to provide the means for implementing the TCA, and covering ECU 30 million and ECU 40 million in loans to Israel.

In 1986 Spain and Portugal joined the EC, both Israel's major competitors on the EC's import markets. To adapt the 1975 Agreement to the new circumstances, three further protocols were signed in 1987: a fourth additional protocol to the agreement harmonised duties on Israeli products and Spanish or Portuguese exports, whilst a separate protocol provided for a number of transitory measures resulting from the accession. In a third financial protocol, signed simultaneously, the EC granted a further ECU 63 million in loans to Israel to help offset the adverse effects of the EC's enlargement. Due to a conflict with the European Parliament, however, the protocols did not come into force until 1989.

Even so, at the start of the 90s Israel was less than satisfied with its trade relations with the EC. For Israel, the importance of the 1975 Free Trade Agreement had not primarily lain in the reductions of the EEC's tariff: the reductions were not substantial, Israel had already enjoyed considerable concessions from the 1970 agreement, and the EEC's external tariff against industrial goods was not high to begin with. Rather, the value of the 1975 agreement was that it protected Israel's trade position from deteriorating as more and more countries joined the European Community or negotiated preferences with the EC.³²⁰

³¹⁹ Ahlswede, 1998r.

³²⁰ Shachmurove, 1988, p. 74; Toren, 1988, in a follow-up to the much more enthusiastic Pomfret & Toren, 1980, comes to the conclusion that the effects of the 1975 Agreement were in fact only marginal. For an assessment of the 1975 Agreement, see also Hager, 1988, p. 55.

4.2 The situation in the early 90s

As with any international trade, the pattern of Israel's trade with the EC changed over time. Since the 1975 Agreement had vastly liberalised trade with manufactured goods, their flow could freely adapt to variations in demand and supply in the EC markets. The situation was different with agricultural products, the majority of which were still subject to import restrictions such as tariff quotas and reference quantities. Israel had started growing and marketing new products such as fresh herbs, table grapes and flowers. The growing importance of these products in trade with the EC, however, was not reflected in the regime established by the 1975 agreement. Whilst the portion of agricultural goods decreased in Israel's total exports to the EC, the quotas agreed on for preferential treatment of these new agricultural products fell increasingly short of the actual trade flows. Numerous products were not even covered by the agreement and did not enjoy any preferential treatment at all. At the same time Israel could not take full advantage of quotas for other products. Most prominently, Israel's exports of oranges fell well below the ceiling fixed in the 1975 agreement. Due to changes in the EC consumer preferences, Israel's citrus exports had shifted to "easy peelers", which had not been accorded the corresponding quotas.

Additionally, the preferences Israel had negotiated with the EC had been eroded by the admission to the EC of Greece, Portugal and Spain, three major competitors of Israel's on the EC markets for Mediterranean agricultural products. With their accession, no EC Common External Tariff hindered the marketing of Greek, Portuguese or Spanish products in the EC. Israeli exporters, on the other hand, still had to cope with the EC's external tariff, which now served to protect the new members' products from Israeli competition. Even with the fourth additional protocol of 1987, which was supposed to alleviate the effects of the Southern enlargement of the EC, the situation was far from satisfactory for Israel. The majority of Israel's agricultural products remained subject to restrictions that the Mediterranean EC members' exports were free from.

Finally, the EC had made new concessions to other non-member countries, further eroding Israel's market position as more and more competitors enjoyed preferential access to the EC markets as well. The EC's concessions to Polish goose liver would only have a minor effect on Israeli agricultural exports, but together with many other minor concessions they made themselves felt. Morocco had been given preferential treatment for its agricultural exports, harming Israel's trade position on a larger scale. Israeli flower exports – Israel's main fresh produce as exports – were meeting considerable competition from a number of countries that received

preferential access to the EC for political reasons like the EC's anti-drug policy.³²¹

Consequently, changes in Israel-EC trade had left the 1975 agreement outdated by the end of the 80s. From an Israeli point of view, it had been the agricultural component of the agreement in particular that had not proven satisfactory.

In a parallel development, Israel had built up a considerable trade deficit with the European Community. From 1975 to 1991, the volume of Israel's foreign trade had increased by a good five times in absolute terms.³²² In the first couple of years after the signing of the 1975 TCA, trade with the EC grew proportionally, with exports to and imports from the EC keeping a share of around 40 per cent of the total.³²³ The situation changed, however, during the eighties: whilst Israel's exports to the EC were still growing in absolute terms, their share of total Israeli exports dropped to 30 per cent. Imports from the EC, on the other hand, grew much stronger, their share rising to a good 50 per cent by the late eighties. Starting off from a situation in 1975 where Israel imported more than twice as much from the EC than it exported to it, Israel developed a considerable and ever growing trade deficit with the EC. Since the deficit was not counterbalanced significantly by any Israeli surpluses in exports to third countries, Israel's total balance of foreign trade grew into a sizeable deficit as well. In 1991, the deficit came to US\$4,863 million, of which US\$3,740 million was with the EC. By 1996, the deficit had even swollen to US\$9,439 million and US\$8,292 million with the EC alone (excluding Sweden, Finland and Austria).³²⁴

Even a superficial look at Israel's balance of foreign trade would suggest that the EC's Southern enlargement and Israel's exploding trade deficit are related. The deficit took its first leap in 1982 after the accession of Greece. It remained on an extraordinarily high level, then took an even steeper leap in 1986, the year Portugal and Spain joined the EC, only to skyrocket again in 1992 as the Single European Market became a reality. To many in Israel, the situation was obvious: the deficit resulted from the fact that Israel's trade agreement with the EC was outdated, or, to say the least, the obliqueness of the agreement hindered Israel from effectively reducing the deficit.

Consequently, by the end of the 80s Israel saw a strong incentive to try and come to a new trade agreement with the EC.

³²¹ Interview with Ahlswede, 1998b; Ahlswede, 1998w; Hirsch et al., 1996b, p. 72; Greilsammer, 1991, p. 306.

³²² International Trade Statistics Yearbook, p. 519 (1997).

³²³ Figures are calculated for the 12-member EC as of 1986 to 1994.

³²⁴ Sources: International Trade Statistics Yearbook.. Kol, 1995, p. 70 names UN Statistical Office data as source as well, but surprisingly comes up with extremely different figures. It has not been possible to establish how this difference can be explained.

4.2.1 The causes and implications of the trade deficit with the EC

The causes of Israel's trade deficit are not that obvious, though. The EC's Southern enlargement freed Israel's competitors from tariffs on their exports entering other EC member states. Accordingly, it could have been expected that Israeli exports to the EC would suffer and that dwindling exports would have caused the trade deficit observed after the admission of the new members to the EC.³²⁵ Trade data does indeed show that this was the case after 1981, when Greece joined the EC. However, it was not the case five years later in 1986, when Spain and Portugal joined, Israel's exports were hardly affected at all, whilst Israel's *imports* from the EC rose steeply in contrast causing the deficit. It is more than difficult to ascribe these growing imports to Israeli preference erosion.

In fact, it is not evident that when the 1975 agreement became out of date that this had any significant effect on Israel's trade deficit with the EC at all. The findings of Hirsch's 1996 analysis suggest that any of Israel's free trade area agreements (with the EU, EFTA and the US) have the inherent quality of creating deficits. That is, they tend to increase Israel's imports from its FTA partners more than they further Israel's exports in return – in any case, no matter if the regime of the agreement does take account of the latest developments in international trade or not. But even though Israel's FTAs have the inherent quality of creating deficits, Hirsch points out, they do not necessarily create an overall trade deficit. Rather, they divert Israel's deficit away from its trade with third parties and into balance with the FTA members.³²⁶

Hirsch's findings lead to two conclusions: firstly, Israel's trade deficit with the EC is caused to a considerable part by factors other than the fact that its FTA agreement with the EC might not be up-to-date. Secondly, even though the bulk of Israel's overall trade deficit originates from Israel's trade balance with the European Community, the overall deficit is not necessarily caused by the nature of the TCA at all, be it outdated or not. Due to the diversion effect observed by Hirsch, the deficit with the EC might be but a symptom of imbalances in sectors of the Israeli economy completely separate to trade with the EC.

Indeed, other economists see the cause for Israel's overall trade deficit in a discrepancy between savings and demand for goods, but not in an inadequacy of Israel's free trade agreements.³²⁷

Generally speaking, a partial deficit in trade with one partner does not necessarily mean an economic loss. It is conceivable that it is more advantageous to buy in one market but sell in another. That is, it may well

³²⁵ For an ex-ante analysis of the effects of the EC's Southern enlargement, see Tovias, 1988.

³²⁶ Hirsch et al., 1996b, p. 25.

³²⁷ Ahlswede, 1998k.

be economically sound to have an excess of imports with one trade partner, but an export surplus with another. Following such a logic, the Israeli Ministry of Finance turned away from a fixation on reducing the trade deficit with the EC and sought to balance Israel's foreign trade by boosting trade with the Far East.

But an overall trade deficit does not mean an economic loss, as long as capital flows and transfer payments allow it to exist and the level of investment is high enough. Rather, the figures to look at are the country's balance of payments. The crucial question is if a country's trade in goods and services, the transfer payments it receives and makes, and its foreign exchange balance are balanced in total. In case they are in a long-term deficit, the country's income of foreign exchange will not be enough to pay for its imports. If there are not enough foreign exchange reserves, the country will then have to resort to foreign loans. This in turn is politically sensitive, since the country's political independence will be affected by conditions which the lending countries are likely to set up. Secondly, a deficit or surplus in the balance of payments can unfavourably interfere with the domestic economy.³²⁸

As a matter of fact however, nothing more has been necessary to tend to Israel's trade deficit than the transfer payments Israel received. With the exception of 1995, the remittances Israel received from the US and Germany did not only counterbalance the trade deficit, they vastly exceeded it.³²⁹ In addition, the high-interest policy of the Israeli central bank was attracting considerable amounts of foreign capital from foreign investors who sought to capitalise on the interest rates in Israel and the relative stability of the Shekel. As a result, Israel's foreign exchange reserves grew strongly, supplying Israel with foreign exchange to finance excess imports and causing a surplus of the foreign exchange balance, which would be fit to counterbalance a trade deficit without the need to look for credit abroad. Accordingly it has been argued in the Israeli Ministry of Finance that – as opposed to Israel's official position in negotiations with the EC – in fact there was no need to worry about Israel's trade deficit as long as these circumstances would not change.

Even so, in other circles and on an official level Israel's trade deficit – and its deficit with the EC in particular – was very much seen as a cause for concern.

4.2.2 The dynamics of further European integration

There was more reason to worry. In 1986, the EC countries had signed the Single European Act that would establish the EC Single Market by 1993. Most likely Israeli exports to the EC would be adversely affected by "Europe 92",

³²⁸ For details, see e.g. Kulp, 1978.

³²⁹ Central Bureau of Statistics, 1992, p. 236 f.; Central Bureau of Statistics, 1996, p. 204 f.

where Israel's European competitors enjoyed unhindered access to third EC states' markets whilst Israeli exporters still had to cope with the EC's external tariff. The Single European Act also outlined a European Monetary Union as a goal to attain in the years to come – a step that would certainly have its effects on the Israeli economy. The Maastricht Treaty was signed in December 1991, creating the European Union on 1st November 1993 and demonstrating the EC states' resolve for further and deeper integration. Only half a year later, in May 1992, the EC foreign ministers put their signature on the Treaty on the Establishment of a European Economic Area (EEA), which came into force in January 1994.

Obviously, Israel would be affected by these major changes in its main trading partner's economy. Amongst Israeli officials and academics, though, concern seems to have primarily focused on the creation of the EEA. The creation of the Single Market, by itself, could not do too much harm, since Israeli industrial goods were free from tariffs on the EC markets according to the 1975 TCA.

The prospect of the Single Market to include the EFTA countries in the EEA, though, caused anxiety in Israel. Export patterns to the EC of Switzerland, Austria and Sweden are very similar to Israel's. With these countries' EEA membership, Israel would trade its sound trading position on the EC markets relatively to the EFTA countries with a significantly inferior position. Israel's problem in penetrating EC markets and maintaining market shares is due to non-tariff trade barriers (NTBs) such as public procurement and technical barriers. These would fall for EFTA countries in the EEA, as they would still be in effect for Israeli products. Also, even if the extension of free trade in services to EFTA did not create new sorts of problems, it would aggravate problems deriving from the Single Market.³³⁰

The Israeli government and ministerial bureaucracy has been repeatedly attacked by members of the public, the media and politicians of the opposition for being oblivious to the developments in Europe. This criticism was directed against a perceived lack of measures to counterbalance the adverse effects of Europe 92 or the EEA domestically: critics typically complained that Israel or the Israeli economy was not prepared to meet the challenges of the Single Market and the EEA. However, this should not be read as an indication that in dealing with the EC, Israel was not aware of the significance of the developments in Europe, even if domestically the government might not have taken appropriate steps. To offset the negative effects of Europe 92 and the European Economic Area, the existing trade agreement had to be updated. This was exactly what the government was pursuing, although not primarily in response to the Single Market. Nevertheless, the challenges of Europe 92 certainly added an extra incentive for Israel to renew the 1975 TCA.

³³⁰ Tovias, 1995b, p. 111; Curzon Price, 1995.

4.3 The history of scientific cooperation with the EC

In addition to the Euro-Mediterranean Agreement of 1995, Israel signed an agreement on scientific cooperation with the EU in 1996, making Israel the first non-European participant in the EU's Research and Development Programme. Israel did not and still does not regard the R&D Agreement as an agreement separate to the EMA. In Israel's understanding, the two agreements are but two sides of a coin, that is, of enhanced and deeper relations between Israel and the EU. Accordingly, the Israeli desire to be accepted to the EU's R&D programme will be treated not as a separate issue but as one aim amongst others serving the Israeli goal of updating and upgrading relations.

Whilst Israel-EC scientific relations were launched in 1977, scientific relations with Europe date back much further, to a time when neither the Jewish state nor the EC existed. Scientific cooperation with Europe began in the twenties and thirties with the universities of the Palestine at the time. The Hebrew University of Jerusalem and the Haifa Technion were founded and established prominently by Jewish scientists who had emigrated from Europe. These scientists kept and cultivated their contacts to their former colleagues at Europe's universities, thus forming the first scientific relations. During and after World War II, scientific relations were mainly with the United States and later with France in the fifties and sixties. In the last three decades, finally, the US and Germany have been the main partner in scientific relations.³³¹

In the mid-sixties, Israel's National Council for Research and Development adopted the definite goal that Israel should participate in the integration of European science. As a result, Israel has become the only non-European country to fully participate in nearly all frameworks of European national scientific organisation federations.³³² CERN, for example, the European Council for Nuclear Research, was one of the first joint European organisations. Israel did not participate in founding or financing but had full access to its facilities and maintained an ongoing cooperation with CERN. In 1990, it became a member. Israel has in fact been a founding member of EMBO, the European Organisation for Molecular Biology, and is a member of its laboratory EMBL.

Since 1971, Israeli scientific delegations had met with the European Commission's Directorate General and had visited EC scientific establishments. Formal scientific relations began in 1977 with a protocol for the exchange of scientists – on a very small scale, though. Of all scientific exchanges from 1977 to 1982, only four per cent came about in the EC

³³¹ In this section, I draw heavily on Ahrim, 1996, Keynan, 1995, Maciotti, 1995 and Steinberg, 1988.

³³² Keynan, 1995, p. 261.

framework, the rest were bilateral.³³³ In 1983 a protocol to the TCA was signed for joint research programmes. In the framework of International Cooperation in Science (ISP), a global cooperation programme, Israel would finance 40 per cent and the EC 60 per cent of joint projects. Until Israel signed the R&D Agreement with the EU in 1996, EC-Israel scientific cooperation had thus come under three programmes traditionally: ISP, Science and Technology for Development (STD) up to 1991, and Avicenne thereafter, comprising eighteen Mediterranean projects financed by the EC, with Israel participating in ten of them.³³⁴

The volume of these programmes had been steadily increased, but even so, actual joint research remained weak compared to bilateral enterprises.³³⁵ An explanation of the relatively weak links certainly were the EC's limited means: In the mid-nineties, the EC's science budget was only about 4 per cent of the public research budgets of the twelve member states. Due to the principle of subsidiarity, the EC would only step in when a multilateral approach would be advantageous. Any project that did not virtually call for multilateralism would be dealt with on the member state level.³³⁶

Another, and possibly the central reason for relatively underdeveloped scientific links are hardly veiled political considerations that have accompanied EC-Israel relations in this field. Israel, completely isolated in the Middle East³³⁷ and geographically as well as politically isolated from Europe – in terms of EC membership – had regarded scientific and technological links as a "back door" to the EC. Scientific cooperation offered an alternative way to become accepted within the European political and economic framework. The EC, hardly less political in its motivation, had been unwilling to accept even a low level of functional integration.³³⁸ The EC was worried about impairing Israel's motivation to seek a settlement with its neighbours. Moreover, the EC has used scientific relations with Israel as a policy tool: disapproval of Israeli politics has led to the EC boycotting scientific relations at times, as in February 1990, when the European Commission suspended the co-financing of 27 new projects in protest over the continuous closure of universities in the occupied territories. As a result, in Israel the EC has come to have an image of being unreliable and meddling in academic freedom. Paired with the EC's reputed bureaucracy, scientific cooperation in an EC framework has been considered very difficult – a setting that obviously is not very conducive to fruitful cooperation.³³⁹

³³³ Steinberg, 1988, p. 342.

³³⁴ Maciotti, 1995, p. 218.

³³⁵ Steinberg, 1988, p. 344; for further data on EC-Israel scientific cooperation, see Ahiram, 1996, p. 172 f., for a list of programmes running in the mid-Nineties, see Maciotti, 1995.

³³⁶ Maciotti, 1995, p. 217 f.

³³⁷ Except for a "cold peace" with Egypt.

³³⁸ Steinberg, 1988, p. 338.

³³⁹ Keynan, 1995, p. 264.

Even so, Israel was very keen on further integration into the EC's scientific framework. Already in May, 1989 Foreign Minister Arens had asked for Israel to be accepted as a beneficiary of the EC's R&D funds. The EC declined at the time, though, pointing out that the funds were reserved for EC member states.³⁴⁰

4.4 The run-up to the negotiations

At the 1988 EC-Israel Cooperation Council, Foreign Minister Shimon Peres roughly outlined what Israel's expectations would be from a renewed EC-Israeli agreement: rules of origin more favourable to Israeli products, the abolition of further non-tariff trade barriers and specifically the opening of EC public procurement to Israeli products.³⁴¹ Within days, the visit to Brussels of Ariel Sharon, Minister of Industry and Trade, made clear who would be the central protagonists in domestic conflicts over the new agreement. The Minister of Industry and Trade, intent to portray himself as protector of Israeli jobs and industry, did not show any willingness to consent to cuts in Israeli tariffs that the EC demanded at the time.³⁴² Not only in the case of Peres, but Sharon too stood in conflict over the issue with his colleague of the finance portfolio, Moshe Nissim, as well. The Ministry of Finance engaged in a comprehensive programme of liberalisation of the Israeli economy, and, in fact, it was Nissim's, not Sharon's ministry that was primarily in charge of customs matters. The Israeli Ministry of Agriculture, again, was making demands at the time that were even less compatible with the Ministry of Industry and Trade's views. Eager to gain better market access for Israeli agricultural products, the Ministry of Agriculture was quoted repeatedly as calling for full membership of Israel in the EC.³⁴³

Clearly, the upgrading of relations as laid down in the 1975 agreement had been entered onto the political agenda by the end of the eighties. In what seems to be a further indication that Israel had made up its mind and was paying more attention to its relations with the EC, Israel decided to set up an embassy exclusively for the European Community only a fortnight after the 1988 Cooperation Council. Until then, the embassy in Brussels had dealt with both Israel's relations with Belgium and with the EC.

The late eighties, however, also brought the Intifada; there were new initiatives for peace, and there were new frustrations. In December 1987, the

³⁴⁰ PS 1989-05-31: MA II, 3 „Die EG ist nicht damit einverstanden, daß ein gemeinsamer Ausschuß gebildet wird“.

³⁴¹ HB 1988-05-26 „Peres fordert Engagement“.

³⁴² HB 1988-06-01 „Ariel Scharon will sich als Protektor von Industrie und Arbeitsplätzen profilieren“.

³⁴³ PS 1988-02-17: HZO „Die Leiter der europäischen Landwirtschaftsorganisationen als Gäste des Landwirtschaftsministeriums“; PS 1989-07-03: HA 4 „Der Landwirtschaftsminister: Israel muß bis 1992 als Mitglied in die EG aufgenommen werden“; PS 1989-07-10: DV 6 „Das Landwirtschaftsministerium bereitet einen Antrag auf die Mitgliedschaft Israels in der EG vor“.

Palestinians of the occupied territories had risen up against their occupiers. The Intifada, as the uprising came to be known, claimed many victims on either side and demonstrated to the world how dearly peace was needed in the region, but also how distant it still was regardless of the relative tranquillity that had prevailed in the years before. In reaction to the Intifada, King Hussein, the ruler of Jordan, gave up his claim over the West Bank, forcing the PLO to take its people's matters into their own hands.³⁴⁴ The PLO, under pressure from Gorbachev's Soviet Union to moderate its positions and, in view of its patron's waning support, anxious to come to an understanding with the US, accepted UN resolutions 242 and 338 in November 1988 and thus recognised Israel's right of existence, accepting a two-state solution to the Israeli-Palestinian conflict and renouncing terrorism.³⁴⁵ The Soviet Union, now guided by Gorbachev's New Thinking, did not stand in confrontation with the US any longer but declared its willingness to cooperate in the solution to regional conflicts.³⁴⁶

Keenly aware of the historic opportunity for the peace process, the United States tried to reach some progress at the Israeli-Palestinian front. To forestall an American peace plan, Israel had come up with its own Shamir Plan, envisioning Israeli-Palestinian negotiations over partial Palestinian autonomy in the occupied territories.³⁴⁷ Since Israel rejected any role of the PLO, elections were to be held in the territories to find Palestinians independent from the PLO, with whom Israel would be ready to negotiate. The US and Egypt now endeavoured to arrange talks between the two parties at these elections. They were soon faced with serious obstacles, though, largely because of Shamir's inflexibility regarding the composition of a Palestinian delegation for the talks. Finally, in the course of a conflict over the use of US-guaranteed loans, Shamir made the American peace initiative fail altogether in early 1990 – notwithstanding the fact it was his very own plan that the initiative was based on.³⁴⁸

The EC made it very clear that without progress in the peace process there would not be any further consolidation of relations. Anything more than slight

³⁴⁴ See e.g. Gazit, 1990; for a detailed analysis of the background to Hussein's decision, see the chapter on Jordan in MECS 1988.

³⁴⁵ For details on the PLO's acceptance of the resolutions, see the chapter on the PLO in MECS 1988.

³⁴⁶ On the Soviet Union's New Thinking in foreign policy toward the Middle East, see Golan, 1992, p. 32.

³⁴⁷ For a copy of the Shamir Plan, see Gazit, 1991, pp. 94–96 f. (appendix II).

³⁴⁸ In fact, though, Shamir's lack of enthusiasm for the American initiative and the conflict about the loans are only superficially unrelated. On a deeper level, they are both expressions of Shamir's position on the occupied territories that was objected by the US at its core – namely that the occupied territories were an integral part of Eretz Israel and should never be given back to anybody.

For details on the American initiative and Israel's behaviour, see Gazit, 1991, Gazit, 1992; Spiegel, 1990; Spiegel, 1991; Rubin, 1992a; Yishai, 1990; Barzilai, 1991; Barzilai & Rekhess, 1992; see also Quandt, 1993, p. 392, and Ben-Zvi, 1993, p. 172.

adjustments to the existing 1975 Agreement were out of the question from the EC's point of view.³⁴⁹ Using the issue to sanction Israel's comportment in the peace process may well have been on the minds of European policy makers. The EC certainly was not pleased by the Shamir government's less than enthusiastic reception of the American effort. But even disregarding any possible motivation to sanction an obstinate Israel, the EC had reasons to object to a closer association of Israel to the European Community: Israel, viewed from Brussels, was – and still is – first and foremost a Mediterranean non-member country, or on another level, a Middle Eastern country.³⁵⁰ As such, the EC's perspective on Israel is for it to integrate into the region in which it is located, the Middle East. The worries in Brussels were that, if Israel was allowed to tie itself even further to an entity out of its region – the EC as well as the US for that matter – Israel's integration into its primary frame of reference, would be hindered, i.e. its integration into the Middle East. Firstly, Israel would become alienated from its surroundings even further and the stronger its ties out of the region would be, the more it would turn into a foreign body within the region, unless they were paralleled by a regional integration. Moreover, this effect would presumably be reinforced by a second effect: the more Israel would integrate into the EC, the lower its motivation would be to actively pursue integration into the Middle East. Ben Gurion, seeing no alternative and not expecting any reconciliation with the Arabs whatsoever, actually followed a similar logic as Israel's Prime Minister when he championed Israel's association with the EC: if Israel were tied as closely to Europe as possible, it could do without the Arabs. The Likud, according to the perception of the EC, stuck to this policy right up to the mid-nineties, with the view that its relations with the US had become its centrepiece.³⁵¹ In contrast to Ben Gurion in the fifties and Israel's Likud government however, the EC did see a chance for peace at the end of the eighties and did not want to do anything that might get in its way. Israel would have to deepen relations with its neighbours before its ties with Europe could be deepened.

Israel was certainly not very popular with the EC for its sabotage of the American peace initiative. Generally, Israel's relations with the EC had not been marked by a particular warmth during the 80s. To a large part, this was due to different perspectives on Israeli-Arab relations and the Middle East peace process. The Kuwait crisis of 1990/1991, though, brought about a change in the climate of relations with Europe. In the course of the fighting

³⁴⁹ See e.g. AN 1989-10-26 „Respond to Peace Moves, EC tells Zionist State“; PS 1989-11-21: MA business section 2 „In der EG ist man gegen eine wesentliche Änderung des Abkommens mit Israel“.

³⁵⁰ See e.g. the Dutch Prime Minister Willem Kook's comments in PS 1995-03-08: HAb2 „Botschaft der Solidarität“: the Europeans would prefer to see Israel as part of the Middle East and not as an economic branch of Europe.

³⁵¹ Ahlswede, 1996c.

between Iraq and the international anti-Iraq-coalition, Israel – though not part of the coalition – came under attack from Iraqi missiles. Moreover, Iraq threatened to use its arsenal of non-conventional weapons on Israeli cities. The Iraqi moves were geared to cause a breach in the ranks of the anti-Iraq coalition, first and foremost between the US and the coalition's Arab members. In this situation, it was utterly crucial for the success of the coalition that Israel did not allow Iraq to provoke it into any military action. Israel's restraint in the face of unprecedented attacks on its cities was answered by a wave of sympathy in Europe. This was all the more so as it became known that Iraq would not have had the capability to hit targets in Israel, had it not been for technology supplied – albeit illegally, to a large part – by European firms. What had been particularly appalling, especially in German eyes, was the spectre of Israel under chemical attack, made possible by German expertise.

It is against this background of Israel's newly gained sympathies in Europe that the Israeli Prime Minister Yitzchak Shamir called on the EC to improve the economic agreements in the run-up to the May 1991 Cooperation Council. Completely ignoring any possible linkage with the peace process that the EC might insist on, Shamir argued that Europe had a historic responsibility toward the Jewish people. Therefore, Shamir claimed in a rare case of historic argumentation that Europe should regard it as its obligation to help Israel integrate the immigrants that poured into Israel from the collapsing Soviet Union. Improving the agreements would be a way to do just that.³⁵² Thousands of immigrants had been arriving in Israel each week since the USSR opened its borders. In the three years between 1989 and 1991 alone, 340,000 Soviet Jews arrived to live in Israel, a heavy burden on an economy established for only a population of five million at the time.³⁵³ In 1991, there were still over a million Jews in the Soviet Union who had only just begun emigration procedures. Demographic estimates showed that even up to 2.5 million Soviet citizens might eventually be eligible to immigrate under the Israeli Law of Return.³⁵⁴ Whilst immigration figures actually declined in 1991, worries were high in Jerusalem that an outbreak of instability and violence in the struggling USSR might spur an even more massive influx which Israel would have great difficulty dealing with economically.

Aside from Shamir's rhetoric, the situation did create a sense of urgency. With this perspective, it would be all the more important to reduce Israel's foreign trade deficit to save funds for the absorption of immigrants. There was a second aspect that appears to have influenced Shamir's attitude. Just

³⁵² PS 1991-05-10: MA 2 „Schamir ruft die Europäer auf, die Wirtschaftsverträge mit Israel zu verbessern“.

³⁵³ JP 3 1991-12-31 „One Million from former USSR expected by end of '95“.

³⁵⁴ JP 2 1991-17-02 „Dinitz says many just starting Procedure“; JP 8 1991-01-07 „In ten Years, most Jews will be living in Israel“.

a few days before his statement on Europe's obligation towards the immigrants, Shamir had the Israeli ambassador to the United States, Zalman Shoval, state Israel's intention to ask the US for guarantees of over US\$10,000 million in private loans.³⁵⁵ These loans were meant to help Israel integrate the Soviet immigrants, but the real issue was where the immigrants would be settled. Already a year before, in March 1990, the Bush administration had declared it would only grant guarantees for a smaller loan of US\$400 million, if the funds were not used for construction in the occupied territories. Only under the impression of the Gulf war did the US sign the guarantees in February 1991, and by the time Shoval announced the new Israeli plea it had become known that Israel did not keep to the conditions under which the US had finally agreed to the grants. Shamir was about to embark on one of Israel's toughest conflicts with the US ever, and we must assume he was quite aware of the fact. In the end, Bush would not grant the guarantees until Israel was governed by Rabin in the summer of 1992.³⁵⁶ With the urgency – as perceived in Israel – of allocating funds the failure to receive the US\$10,000 million has to be seen as a major incentive to the Shamir government and bureaucracy to look for other ways to strengthen Israel's economy in 1991 and 1992 – improving the TCA was one of them.

What is interesting to note here is that policy towards the EC is applied indirectly in the service of integration policy.

Trying to capitalise on the EC's friendlier attitude in the wake of the Kuwait crisis, Israel's Foreign Minister David Levy demanded at the May 1991 Cooperation Council that the TCA be re-negotiated. Quoting European officials, the Jerusalem Post had reported as early as late January in 1991 that the EC had informally discarded its old policy of linking further ties with Israel to a Palestinian settlement.³⁵⁷ However this had been a rash judgement.

The EC made it clear that it wanted a role in the Middle East peace process, and that without Israel's consent to an EC participation in the peace process there was "nothing to talk about" when it came to any improvement in trade relations.³⁵⁸ Quite differently from Shamir's attitude, though, Levy seems to have been ready to at least perceive a quid-pro-quo between the two sides' demands. In early June, when he declared Israel's acceptance of EC participation at the peace process, Levy gave the impression of having won the EC's commitment to an imminent re-negotiation of the TCA in taking this step, if not more. He was quoted on returning from Brussels as saying that

³⁵⁵ JP 10 1991-05-07 „Shoval launches new request for U.S. Loan“.

³⁵⁶ For details on the issue, see Quandt, 1993, p. 400; Neff, 1994, p. 63; Ben-Zvi, 1993, p. 203 f.

³⁵⁷ JP 1 1991-01-27 „EC turnabout; bigger Israeli role envisaged in the new Europe“.

³⁵⁸ JT 1991-05-15 „Levy hints that Israel may accept full EC role“; PS 1991-05-15: MA 2 „Die EG bietet Israel Vergünstigungen an, als Gegenleistung für eine aktive Rolle bei der Friedenskonferenz“.

the European Commission had offered Israel full participation in Europe.³⁵⁹ In distinct contrast to his Prime Minister, Levy was ready to have Israel be seen as paying a political price at the peace front for a new agreement with the EC. Even so, within weeks, the EC put Levy's interpretation right when visiting Commissioner Abel Matutes repeated that without peace there would not be any further integration of Israel into the EC. This was felt as a clear setback in Israel, all the more so since it had been hoped that Israel's approval for the establishment of an EC delegation to the occupied territories a few days before had been understood as a gesture of goodwill that should be answered by an EC concession of some kind.³⁶⁰ According to Zvi Allon, Deputy Director General for Foreign Trade of the Ministry of Agriculture, the EC was even more explicit: "As long as you don't change your government, we shall continue to enjoy having lunch and dinner together" in their meetings – and nothing else, Allon was told by the official with whom he was trying to negotiate better access for Israeli agricultural products in 1991.³⁶¹

Just how much in fact Levy thought in terms of a quid pro quo could be seen in March 1992: when a visiting EC delegation mentioned the EC's desire to take part in all multilateral talks of the peace process. Levy replied somewhat sullenly that whilst Israel had agreed principally to the EC's participation in multilateral talks, the EC had not kept its promise to integrate Israel into the EEA.³⁶²

Generally speaking, Israel accused the EC of breaking its Troika's promise of integrating Israel. In June 1991, the Italian Foreign Minister de Michelis, acting as a member of the EC Troika, proposed that Israel join the European Economic Area. Simultaneously, EC officials had proposed for the first time that Israel be anchored institutionally in Europe. De Michelis had linked his suggestion to progress in the peace process and the establishment of a Palestinian state. He also insisted on a European role in the Middle East. EC Commissioner Abel Matutes later declared that the Troika's June 1991 declaration did not have legal status and thus was not binding on the European Commission. The Commission flatly rejected the concept of Israel being anchored in the EC. Adopting the French position, the Commission decided there would be no special treatment for Israel.³⁶³

The EC, on the other hand, made it felt how serious it was about the precondition before any deepening of relations. Israel negotiated with the EFTA for a free trade area agreement in early 1992, and according to Israeli officials the EC applied pressure up on its future partner in the EEA to make

³⁵⁹ PS 1991-05-16: DV 1 „Die EG-Kommission hat Israel volle Teilnahme an Europa angeboten“.

³⁶⁰ FAZ 1991-07-12 „Ohne Frieden keine EG-Einbindung Israels“.

³⁶¹ Eberhardt Rhein, in an apparently unofficial comment: Ahlswede, 1998w.

³⁶² PS 1992-03-30: HZO 2 „Europa fühlt sich der Sicherheit Israels verpflichtet“; see also PS 1992-04-29: AHM „Europa und die Israelischen Vorbehalte“.

³⁶³ Tovias, October 1998; see also HA 1 1992-05-11.

the signature of the agreement conditional on progress in the peace process, in the same way that the EC did.³⁶⁴ Then, amongst growing tensions around Israel's refusal to accept full EC participation in the multilateral talks on arms control, Levy received notice of an internal EC working paper in the run-up to the May 1992 Cooperation Council, suggesting that EC aid to Israel be made conditional upon the cessation of Israeli settlement activity in the occupied territories. Upon hearing about the paper, at first reaction Levy apparently decided to cancel his meetings with the EC foreign ministers altogether.³⁶⁵ However, he eventually did not do so. The circumstances make it appear likely that Levy's first reaction was rather emotional and spontaneous than a thought-out tactical move. Honour seems to have played a role: the perception that the EC had broken the word it had given him and that it was about to sanction Israel even further, all this to the detriment of the status of the Israeli Foreign Minister, who was being marginalised by his Prime Minister in the key issues of Israel's foreign policy anyway.

The Cooperation Council of May 1992 did not bring Israel's goals any closer. Rather events took a turn to the contrary. The EC now specified its conditions: a cessation of settlement activity, the observance of human rights, and "significant progress" on the bilateral track of the Madrid peace process.³⁶⁶ Even so, and somewhat astonishingly, Levy delivered a seemingly programmatic speech the next day:³⁶⁷ Israel's pro-American orientation was coming to an end, he declared, Europe was just as important as the United States. A European orientation was what is called for now, to safeguard Israel's interests in the near future. Levy certainly was not speaking about the security aspect of US-Israel relations. This became obvious when Levy named the details of his vision: "a permanent economic cooperation and a political dialogue with Europe" – which were simply the well-known Israeli aims. Apparently, what Levy tried to do here is demonstrate his pro-European attitude, possibly to contrast with Shamir, but certainly with an eye on his EC negotiation partners.

However this was to no avail. The EC would not even consider negotiations for an improved Israeli status without progress in the peace process. Shamir of course never accepted this linkage, and beyond any doubt, he would not compromise in the peace negotiations for the sake of a new agreement with the EC, as advantageous as it may be. Israel had just engaged in the largest

³⁶⁴ PS 1992-04-14: DV 1 „Die EG versucht, die Verhandlungen zwischen der EFTA und Israel über eine freie Handelszone zu stören“; PS 1992-05-06: HA c2 „Israelische Beamten [sic]: Die EG versucht, das Handelsabkommen mit der Efta zu torpedieren“.

³⁶⁵ PS 1992-05-21: HA 1 „Ein Europäisches Dokument schlägt vor, die Hilfe für Israel vom Siedlungsstopp abhängig zu machen“.

³⁶⁶ PS 1992-05-18: AHM 2 „Die EG verschärfte ihre Bedingungen für eine Vertiefung der Beziehungen zu Israel“.

³⁶⁷ At a meeting with Israel's ambassadors in Europe: PS 1992-05-13: DV 1 „Die pro-amerikanische Orientierung geht zu Ende; Europa ist ebenso wichtig“.

settlement campaign of its history, manifesting its hawkish government's claim over the occupied territories as part of Eretz Yisra'el.³⁶⁸ *Peace for peace* was Shamir's motto in the peace negotiations, not *land for peace*, as demanded by the Arab states, the US and the EC. There would be no Palestinian autonomy except personal autonomy, and certainly no Palestinian state.³⁶⁹ Shamir himself later laid open his strategy on the occupied territories: if re-elected, "I would have conducted autonomy negotiations for 10 years", Shamir said in an interview after his defeat in the 1992 elections, "and in the meanwhile [sic] we would have reached half a million people in Judea and Samaria [the Westbank, S. A.]", thus making Israeli control of the area irreversible.³⁷⁰

It would be naive to assume Shamir saw any chance for progress in the peace process. On the Palestinian track Shamir was bent on procrastinating, and it was most unlikely that any of the Arab states would come to a settlement without progress on the Palestinian front and without any territorial compromise. Therefore, concerning relations with Europe there can be no question that, in Shamir's view, if the EC were to stick to the preconditions it set up, there would be no upgrade of relations with the Europeans. Certainly the improvement of cooperation and commercial relations with the EC did rank fairly low on Shamir's order of priorities.

Things should have changed rapidly, though, with the Labour Party's victory in the June 1992 elections. The Labour Party "under Yitzchak Rabin", as it presented itself, won the elections on a platform calling for a change of national priorities: not the control over the occupied territories should be Israel's central concern, but the welfare of its citizens in Israel proper.³⁷¹ Rabin objected to settlements in the occupied territories except in certain security zones. He accepted the principle of *land for peace* and regarded territorial compromise "at all fronts" as the only viable basis for a political solution to the Arab-Israeli conflict.³⁷²

The Israeli Foreign Ministry tried to show the Europeans that now, with the new approach of the Rabin government and with the Europhile Shimon Peres as Foreign Minister, Israel's foreign relations were "a new ball game", as one official put it. The hope and logic was that Israel's apparent change in

³⁶⁸ Neff, 1994, p. 63.

³⁶⁹ On the Israeli negotiation stance in the peace talks, see Gazit, 1993, pp. 97-105; Gazit, 1994.

³⁷⁰ JP 1 1992-06-28 „Shamir planned to drag out talks until Israeli Control of Areas was irreversible“.

³⁷¹ The increase of public demand for higher standards of living relatively to the demand for security must be seen also as a strong motivation to move closer to Europe. The US can supply security, but not higher standards of living; with the EU, the opposite is true. Rabin and Peres had been elected to a large part due to this shift of public demand, and we must assume that this shift also influenced the processors' perception of the urgency of upgrading relations with the EC.

³⁷² For excerpts of the Labour Party's election platform, see Political Party Platforms, 1992; see also Inbar, 1995, p. 35; Steinberg, 1995, p. 189.

attitude in the peace process should cause the EC to dispose of the detailed conditions it had put before any discussion of closer ties. Within days after Rabin's victory, the Foreign Ministry's Deputy Director General for European Affairs, Uri Savir, flew to Brussels to once more present Israel's desire for upgrading relations.³⁷³ Peres, in turn, tried to convince his European colleagues that the peace process was already progressing since talks had re-started after the elections, making the time ripe to improve the EC's ties with Israel: "It is impossible to compare the first ten days of our negotiations with Syria in Washington, to any previous period in relations between our two countries", Peres told the visiting Dutch foreign minister van den Broek in early September, "Israel altered its approach and Syria reacted positively".³⁷⁴ Similarly, on a visit to France and the UK – the countries holding the EC presidency at the time – the following week, Peres called on his hosts to take into account recent developments in the peace process when considering EC-Israel economic relations. Progress in negotiations with Syria was "almost sensational".³⁷⁵

A stumbling block that remained after the change of government was the issue of EC participation in the multilateral talks on arms control. The Shamir government's opposition to any meaningful EC involvement clearly had not been the central cause for the EC's reluctance to consider an upgrade of relations. However, European officials now pointed out that allowing the EC in would well "pave the way".³⁷⁶ In mid-August, Peres managed to persuade a rather reluctant Rabin to accept a European participation,³⁷⁷ and a month later Peres could report to the Knesset Foreign Affairs and Defence Committee that the Europeans were satisfied with the resolution of the dispute over their status at the talks.³⁷⁸

The Europeans were quite receptive to the changes they perceived in Israel's attitude. And indeed, in late September 1992 the EC signalled that it would now be prepared to talk about closer ties with Israel.³⁷⁹ Exploratory talks began in Brussels in mid-December.

4.4.1 Excursion: the EC agrees to negotiations – a success of Israeli policy?

When the EC finally agreed to talks on upgrading ties with Israel, the Europeans in effect gave up on each of their preconditions for negotiations in this matter. In May, the EC had put up three conditions that would have to

³⁷³ JP 1 1992-07-29 „Peres seeking deal for European role in talks“.

³⁷⁴ JP 12 1992-09-03 „Holland's FM to work for closer Israel-European ties“.

³⁷⁵ JP 1 1992-09-10 „Rabin: territorial concessions necessary for peace with Syria“.

³⁷⁶ JP 1 1992-07-29 „Peres seeking deal for European role in Talks“.

³⁷⁷ PS 1992-08-18: CHA 3.

³⁷⁸ JP 2 1992-09-15 „Peres: We won't give back the entire Golan“.

³⁷⁹ So Peres was told by his EC colleagues at the opening of the UN General Assembly on 1992-09-21: PS 1992-09-22: YA 7 „Erstmals: Europa ist bereit, über eine Stärkung des israelischen Status innerhalb der EG zu beraten“.

be met before there could be any deepening of relations: a cessation of settlement activity, the observance of human rights, and "significant progress" on the bilateral track of the Madrid peace process.³⁸⁰ As a matter of fact, Israel had not met any of them. Under Rabin, settlements were still being constructed. What Rabin had promised to cease were "political" settlements, as opposed to "security" settlements, which Israel would still have to be concerned with. Contrary to announcing a settlement freeze, Rabin declared his intention to go ahead with the completion of 10,000 units already under construction in the occupied territories in his inaugural speech. He certainly did not leave a doubt that construction would go on in East Jerusalem which was occupied territory in the EC's eyes as well.³⁸¹

Concerning the observance of human rights, it is inconceivable how the EC should have come to the conclusion that Israel's record had significantly improved by the end of the year. At a gathering between Peres and the diplomatic corps in August, the British ambassador – the UK held EC presidency at the time – asserted that human rights were routinely violated in the occupied territories, and Peres refrained from expressing any reservations about the statement.³⁸² In early December the Israeli human rights organisation Betsalem claimed that widespread human rights violations and forms of torture did continue despite the Rabin government's promise to improve conditions for the Palestinians.³⁸³ In another much echoed report, Betsalem asserted two months later that in the six months after Rabin took office, the number of Palestinian fatalities in the occupied territories had increased by 20 per cent compared with the last six months of the Shamir government. According to the report, particularly the number of children killed had risen dramatically.³⁸⁴ Similarly, Amnesty International's report on Israel and the occupied territories far from suggested that human rights had been observed any more closely in the second half of 1992.³⁸⁵

There could hardly have been delusions in Europe's capitals over the state of affairs. The British Prime Minister and then chair of the European Council, John Major, in fact saw reason to call on Rabin during his visit to "improve the human rights situation in the occupied territories" just days before exploratory talks on future EC-Israel ties began.³⁸⁶ Obviously, by the end of 1992 Israel had not come to observe human rights to the EC's satisfaction. How much Israeli practice still fell short of the European notions regarding the rule of law was demonstrated in mid-December: in response to terror

³⁸⁰ PS 1992-05-18: AHM 2 „Die EG verschärfte ihre Bedingungen für eine Vertiefung der Beziehungen zu Israel“.

³⁸¹ Neff, 1994, p. 66.

³⁸² JP 6 1992-08-07 "Mr Rabin, meet Mr Peres"

³⁸³ JP 12 1992-12-09 „Little progress on human rights in areas“.

³⁸⁴ JP 12 1993-02-08 „Three said hurt in Bureij Clashes“.

³⁸⁵ JP 2 1993-07-08 „Amnesty report slams Israel, Palestinians“.

³⁸⁶ JP 2 1992-12-10 „Major: Rabin brings 'new Source of Hope'“.

attacks of the Islamist Palestinian organisation Hamas and Islamic Jihad, Israel deported more than 400 suspected activists of the two organisations without trial from the occupied territories to South Lebanon. Belgium's visiting Foreign Minister Willy Claes called the deportations a wilful violation of the Fourth Geneva Convention.³⁸⁷ The British government termed them illegal and inhumane³⁸⁸ and the ambassador of Denmark – holding the EC presidency and which had traditionally been friendly to Israel – denounced them as utterly deplorable.³⁸⁹ However regarding negotiations for closer ties, the EC did not reach the point of anything more than having "technical difficulties" which prevented the visit of the European delegation to the next scheduled round of exploratory talks.³⁹⁰

Finally, the EC had demanded "significant progress" in the peace process. The EC did not specify what would make significant progress in its eyes, but even though the EC's words were less than precise, it seems that it is very hard to determine this progress by the time the EC had agreed to negotiations, even when the loosest interpretation of "progress" is applied. Israel and Syria had actually conducted negotiations of a sort for the first time ever. Apart from this, however, there were no changes at the Lebanese front, hardly any in talks with the Palestinians and nothing spectacular concerning the Jordanians either. Israel could not agree on an agenda for negotiations or even a joint statement of principles with any of the Arab parties at the talks.³⁹¹ Whilst it is ultimately a matter of interpretation of what constitutes significance, progress in the peace process should have seemed fairly modest by the end of 1992. This was also the assessment of the talks' participants apart from the Israelis, who expressed a more optimistic view³⁹² – no doubt with second thoughts of their own though.

In view of these circumstances, is the fact that the EC agreed to negotiations a success of Israeli European policy? It could appear so, considering that the EC gave up on all of the conditions it had proclaimed. But were these really the EC's conditions? On close scrutiny we must conclude that they were obviously not. Rather, they were merely declaratory.

But whilst there may not have been any progress in the peace process, progress from an EC's normative perspective could be observed in Israel's *attitude* throughout the process. This in fact seems to have been the real condition that the EC had put up: that Israel would somehow draw closer to the EC's line and, most prominently, would accept the principle of *land for peace*, irrespective if that led to imminent progress in the peace process

³⁸⁷ JP 3 1992-12-25 „Belgian FM condemns deportations“.

³⁸⁸ JP 2 1993-01-24 „Britain: expulsions illegal, inhumane“.

³⁸⁹ JP 2 1993-01-10 „Danish Ambassador: Israeli gesture on deportees not enough“.

³⁹⁰ MA 1992-12-25; JP 16 1993-01-22 „European Parliament slams deportations“.

³⁹¹ Gazit, 1994.

³⁹² Gazit, 1994.

itself or not. Accordingly, the EC's willingness to open negotiations was a result not of Israel's European policy but of its peace process policy.

4.4.2 Exploratory talks

Despite the warm welcome that the new Rabin government received, the exploratory talks that were meant to precede actual negotiations remained bumpy and hindered by political obstacles that kept coming to the fore. The EC stuck to the linkage it had established between progress in the peace process and an upgrading of relations – the issue of the Islamist deportees put a strain on EC-Israel relations, and so did Israel's Operation Accountability in July: The crackdown on Hizbullah fighters in South Lebanon caused hundreds of thousands of Lebanese civilians to flee their homes. At the same time, and intrinsically related, there had hardly been any visible progress in the peace negotiations. To keep momentum, Peres et al. repeatedly intervened with the EC on the political level. The situation however changed in late summer 1993, when Israel and the PLO declared to the world's surprise that they had come to an agreement over an interim Palestinian self-government in parts of the occupied territories and on a timetable for further negotiations leading to a permanent solution of the Israeli-Palestinian conflict. On 9th September 1993 the PLO explicitly recognised Israel's right to exist in peace and security and so committed itself to a peaceful resolution of the conflict with Israel through negotiations, and renounced terrorism and other acts of violence. Israel, in turn, recognised the PLO as the representative of the Palestinian people and declared the official commencement of negotiations with the PLO within the peace process. Five days later, on 13th September, Israel and the PLO signed the Declaration of Principles on Interim Self-Government Arrangements that they had secretly negotiated in Norway in the weeks before – an enormous step forward in the peace process.³⁹³

It was only then, after this historic breakthrough in September 1993, that the European Community got serious about negotiations for upgrading relations with Israel. Israel expected that now, with the dramatic progress in the peace process, progress in negotiations with the EC should follow soon. Within weeks after the spectacular breakthrough with the PLO, both Rabin and Peres were touring Europe in an attempt to reap the fruit of their newly gained popularity. The European Commission indeed was quick to react to the change of realities in the Middle East.³⁹⁴ A fortnight after Arafat and Rabin had signed the Declaration of Principles on the White House lawn, the European Commission presented its ideas for a new agreement.

³⁹³ For the secret negotiations between Israel and the PLO, see Corbin, 1994, pp. 240, 253, esp.; for the text of the Declaration and the letters exchanged, see Jerusalem Media and Communication Centre, 1994.

³⁹⁴ see e.g. IHT 1993-09-03 „EC vows funds for PLO, more trade for Israel“.

As the Commission's draft mandate for negotiations with Israel suggests, from an EC point of view the free trade of services and scientific cooperation would be at the centre of negotiations. Furthermore, as a significant departure from the relations as established by the 1975 TCA, the EC proposed a regular political dialogue to politicise the so far broadly economic Israeli-European ties.³⁹⁵ The EC had only spoken of ameliorating the existing agreement up to this point – if anything – the European Community now was willing to conclude a "new and enhanced agreement". Israeli officials agreed that the European Commission's propositions were by far more forthcoming to Israel's demands than anything that could have been imagined just months before.³⁹⁶

To Israel's dismay, the EC Council of Ministers did not authorise the Commission to take up negotiations until two months later. In contrast to what Israeli voices were lamenting, though, the reason for the EC's relatively slow handling of the issue did not just lie in its complicated bureaucracy or, as has been implied, in its lack of interest.³⁹⁷ The Uruguay round of the World Trade Organisation's (WTO) General Agreements on Tariff and Trade (GATT) had not yet been concluded. For fear of creating a precedence, the Europeans were keen not to enter negotiations with Israel until the GATT talks were completed. "If we do something with Israel", the EC's ambassador to Israel, Gwen Morgan, explained the situation, "you can bet Canada and our other bilateral partners will come within two hours to request the same thing".³⁹⁸ Rabin's angry snaps notwithstanding, the Israeli party to the negotiations in fact were aware of the background.³⁹⁹ Finally, with the end of the Uruguay round only days away, Rabin was promised negotiations for a new agreement with the EC-turned-EU by the Head of the EU's Council of Ministers, the Belgian Foreign Minister Willy Claes, in early December.⁴⁰⁰ Three weeks later, the EU Council of Ministers approved the Commission's mandate for negotiations.⁴⁰¹ In February 1994, Israel and the EC finally commenced negotiations.

4.5 Israel's aims in the negotiations

4.5.1 Confusion over Israel's goal

Despite Israel's determination to upgrade relations with the EC, what Israel would actually be aiming for once negotiations started was far from clear.

³⁹⁵ NZZ 1993-10-01 „EG-Verhandlungsmandat für ein Abkommen mit Israel“

³⁹⁶ PS 1993-10-06: HA 3 „Die EG-Kommission plant eine weitreichende Verbesserung der Beziehungen zu Israel“.

³⁹⁷ Israel, particularly Rabin blamed the EC for „dragging its feet“: see, e.g. FAZ 1993-10-26 „Rabin kritisiert Europa“.

³⁹⁸ JP 11 1992-07-31 „EC envoy: Now is time to ask for an updated Free Trade Pact“.

³⁹⁹ Ahlswede, 1998x.

⁴⁰⁰ FAZ 1993-12-02 „Neue Verhandlungen mit Israel. JT 1993-12-02 „Rabin gets good start on EC deal“.

⁴⁰¹ PS 1993-12-21: MA 7 „Die Beziehungen Israels zu Europa wurden höhergestuft“.

Israeli politicians and officials presented oddly incompatible scenarios of what the desired outcome of negotiations would be.

In the late eighties, the Israeli Ministry of Agriculture was quoted repeatedly as calling for full Israeli membership to the EC.⁴⁰² This maximalist position had a long tradition in Israel's dealings with the EC, as did the insight that membership was neither on the cards on the EC's part nor desirable from an Israeli point of view. Nevertheless, calls for full membership re-surfaced time and again – by people “who did not know what they were talking about”, as several officials pointedly remarked.⁴⁰³

In the late 80s, early 90s and during the negotiations themselves, Israeli politicians and officials often used the terms *EFTA-like status* and *anchorage* to describe Israel's aspirations for future relations with the EC.⁴⁰⁴ What exactly did these terms imply?

The findings of this research suggest that there has never been a clear-cut idea of what *EFTA-like* and *anchorage* actually mean in concrete terms. Rather, they seem to have been ciphers for two Israeli objectives: firstly, in a political sense, the term *EFTA-like status* underlined Israel's determination to be seen as a country of the North, that is of Europe, and not to be addressed by the EC in the framework of the EC's Mediterranean policy, at least not exclusively. Being *EFTA-like* in this sense is the opposite of being a Mediterranean non-member country. This political aspect of an EFTA-like status is closely related to the concept of *anchorage*: Israel did not merely want another agreement with the EC. An agreement, in the Israeli perception, will always be temporary, whilst Israel seeks to be firmly and permanently tied to Europe.⁴⁰⁵ Ultimately, at a higher level, *anchorage* stands for Israel's aspiration that the EC recognise Israel's Europeanness and unambiguously accept it to the European club.

Secondly, in an economic sense, *EFTA-like* is obviously related to upgrading EC-Israel economic relations. But whilst the political aspect of the proclaimed goal seems quite clearly abstract as it is, its economic dimension is more than vague. The Israeli notion of EFTA-like status did not refer to the contemporary status of EFTA vis-à-vis the EC, but implicitly included the scheduled upgrading of EC-EFTA relations, namely EFTA's inclusion in the

⁴⁰² PS 1988-02-17: HZO “Die Leiter der europäischen Landwirtschaftsorganisationen als Gäste des Landwirtschaftsministeriums”; PS 1989-07-03: HA 4 “Der Landwirtschaftsminister: Israel muß bis 1992 als Mitglied in die EG aufgenommen werden”; PS 1989-07-10: DV 6 “Das Landwirtschaftsministerium bereitet einen Antrag auf die Mitgliedschaft Israels in der EG vor”.

⁴⁰³ Ahlswede, 1997f; Ahlswede, 1998s, amongst others.

⁴⁰⁴ See e.g. PS 1989-11-21: MA business section p. 2 “In der EG ist man gegen wesentliche Änderung des Abkommens mit Israel”; Shimon Shitreet in JP 17 1990-02-09: “Three views on the future. 1992: How can Israel prepare?”; PS 1991-05-16: DV1 “Die EG-Kommission hat Levy eine volle Teilnahme an Europa angeboten”; HB 1994-10-25 “Jerusalem will Efta-ähnlichen Status”; Ahlswede, 1998j.

⁴⁰⁵ Primor, 2000, p. 113.

Single Market to form the European Economic Area (EEA) with the EU in January 1994.⁴⁰⁶ Therefore, it was not EFTA-like status but rather EEA status that was being talked about – the status of a non-EC EEA member to be precise. An array of terms have been used interchangeably by Israeli politicians and officials to name Israel’s goal in the negotiations, or even beyond. “EFTA status” was amongst them as well as “EFTA-like status”, “participation in the Single Market”, “incorporation into the EEA”, “EEA-like status” as well as “EEA status”.⁴⁰⁷ The fact that these terms do really describe rather different models of EC-Israel relations indicates that Israel’s goal has been far from clear.

4.5.1.1 Excursion: implications of EEA status

To further analyse the Israeli notion of EFTA-like/EEA status as its goal, it is essential to understand what implications such a status would have.⁴⁰⁸ Most importantly under EEA status, Israel would accept the Four Freedoms, the free movement of goods, free movement of services and right of establishment, the free movement of capital and the free movement of persons. Of these four, the free movement of goods would make the least difference to the status quo in Israel-EU relations: when it comes to industrial goods, tariff barriers have already been abolished. Under EEA status, all of Israel’s trade in goods with the EU would be freed from tariff barriers, including agricultural products. More importantly, some very effective non-tariff barriers would be removed that have hindered bilateral trade so far. Free movement of services, in contrast, would be a more radical step in comparison. Whilst Israel set out to reduce barriers to international trade in goods decades ago, only in 1994 did it first commit itself to an agreement aiming at liberalisation of international trade in services. Even so, free trade in services with the EU would be a logical and consequential continuation of Israeli policy, just as free trade in goods certainly is.

More problematic, though, are the two other freedoms that would come with EEA status. Israel had started off with interventionist economic policies favouring import substitution, with high protective tariffs and fixed multiple exchange rates. In the late 50s, Israel began to liberalise its economy, and by the early 90s Israel had come a long way. It is still, however, far from being at the end of the journey. Regarding the movement of capital, up until 1998 e.g. Israelis were not allowed to hold foreign currency except under special circumstances and at that time there were many. Israeli economists

⁴⁰⁶ On 1st January 1994, the EFTA countries (except Switzerland) became members of the Single European Market with the creation of the European Economic Area. For the implicit upgrade of EFTA’s status, see also Tovas, 1995b, p. 111.

⁴⁰⁷ See e.g. FAZ 1991-07-12 “Ohne Frieden keine EG-Einbindung Israels”; PS 1992-03-18: MA b2 “Die Eingliederung Israels in den Europäischen Wirtschaftsraum ist nur noch ein Traum”; PS 1994-02-16; Ahlswede, 1998s; Ahlswede, 1998j.

⁴⁰⁸ For a detailed analysis of the implications of EEA status, see Hirsch et al., 1996b, p. 83, on whom I draw heavily in this section.

concluded in 1995 that Israel was not yet ready for free movement of capital, "although it is very possible that it will be in a few years to come".⁴⁰⁹ For one thing, Israel had adopted a strategy of accepting many of the EC guidelines in the years before: the reform of the Israeli capital markets, for example, and the liberalisation of capital flows in particular, is consistent with EC policy. Also, Israel's approach to government debt since the early 90s can be regarded as consistent with the Maastricht guidelines.⁴¹⁰

There is however more to it than the mere structural obstacles that kept standing in the way of a free movement of capital. Restrictions on capital flows enabled Israel to have an independent monetary policy. In view of Israel's special situation as a small country in a hostile environment, with a significant potential for domestic crises and potentially huge waves of immigration to cope with, it has been argued that Israel had better stick to this independence.⁴¹¹ With the shocks that the future may have in store for the Israeli economy, it might not be wise to do away with the fast acting tool of monetary policy. In the late 1980s and early 1990s, the Israeli economy had just had to swallow a mass immigration from the former Soviet Union which was the size of more than a tenth of Israel's population. It managed without unemployment skyrocketing, not the least because Israel could afford to lower interest rates to fuel the economy, without risking capital fleeing the country. We can assume that this memory was still fresh in the minds of Israeli politicians and officials when negotiations for the EMA were on the agenda only a few years later.

Even more delicate are the implications of the Fourth Freedom, the free movement of persons. Israel has got a very exclusive immigration policy based on Jewish ethnicity. Under the Law of Return, persons with at least one Jewish grandparent as well as their spouses are eligible for immigration. "Jewish" in the sense of the Law – and in Jewish religious law – is a person with a Jewish mother. Israeli law does actually provide for naturalisation of non-Jews also outside of the ethnic framework of the Law of Return, but this provision seems to have been rarely used. Despite extensive efforts on the part of a fellow researcher, no government or other Israeli institution has been prepared to issue any information, let alone figures, on the naturalisation of non-Jews under this provision.⁴¹²

Israel's government prefers that the work in the Israeli labour market be carried out by Israeli citizens, mainly to avoid unemployment, but also for security reasons. Moreover, even though imported products are often considered fashionable if not plainly better, Israelis still take pride in their country's ability to rely on its own workforce and the production of "genuine

⁴⁰⁹ Hirsch, 1996, p. 104.

⁴¹⁰ Rubin Meridor, 1995, p. 177 f.

⁴¹¹ Rubin Meridor, 1995, p. 180.

⁴¹² May, 1998.

Israeli" products by Israeli employees. As a rule, foreign workers are not allowed to work in Israel unless there is a government decision to allow it in special cases or in specific sectors.⁴¹³

By accepting free movement of persons, Israel would relinquish this exclusivity of immigration. From that point on, not only the Jews of the world would have the right to immigrate, but also all EU citizens would be free to come and live in Israel, including the citizens of the East European states and possibly Turkey once they have joined the Union. From a Zionist point of view, this could easily be seen as a significant erosion of the Jewish character of the state, if not as an outright attack against its core. More pragmatically, it is feared in Israel that it will be facing a problem when young Israelis are free to go and work in the EU, where wages are likely to be higher and they will not have to serve in the military reserves for many years. Furthermore, highly educated Israelis might find Europe particularly attractive, leaving their country with the problem of a "brain drain".

In contrast, however, it does not seem as though Israel would be flooded with EU immigrants. With its relatively low wages and the language barrier, the Israeli labour market is not likely to attract many Europeans, even though this may change with the admission of the East European countries. The fact of the matter is that if Israel wants to achieve an efficient economy, it will have to liberalise the movement of labour as of capital, goods and services in the long run.⁴¹⁴

There are other problems beyond the implications of the Four Freedoms. When joining the EU in the EEA, EFTA had to accept the principle of *decision shaping*, and it is most likely that Israel will have to as well, in an agreement establishing EEA status. This means that the EU will be in a position to take decisions in the scope of the agreement unilaterally. Whilst these decisions would be binding for Israel, it would only be consulted, without any obligation on the part of the EU to take Israel's standpoint into account. In effect, Israel would face a situation where it would have to adopt foreign legislation, whilst the Knesset would not have the power to influence or change it. Given Israel's strong determination to preserve its sovereignty vis-à-vis the international arena, and in view of the number of sharp disputes and disagreements that Israel has already had with the EC, it can be expected that the principle of *decision shaping* is unacceptable to many in Israel. After all, EFTA found it hard to swallow as a temporary arrangement until full EU membership. In Israel's case, in contrast, the agreement would be permanent.⁴¹⁵

Finally, there might also be unfavourable external effects in other areas of foreign policy that Israeli decision makers have to consider. Israel's special

⁴¹³ Hirsch et al., 1996b, p. 99.

⁴¹⁴ Hirsch et al., 1996b, p. 100.

⁴¹⁵ Hirsch et al., 1996b, p. 94.

relation with the US might be harmed by the significantly closer association with Europe that EEA status would bring about. Similarly, EEA status may conflict with another policy goal of the Rabin-Peres government, the New Middle East. It is conceivable that closer association with the EU would hinder Israel's integration into the Middle East. Following this logic, the EC had turned down upgrading relations for years. With Peres' New Middle East vision, Israel itself might have reason to tread cautiously.

4.5.1.2 EFTA or EEA status?

Now that we have had an analytical view of the implications that EEA status would have for Israel, we will go back to examine what Israel's politicians and officials were implying when they were referring to such a status in the early 90s. As we will see, there are striking differences.

Roughly described, there are discernible three lines of interpretation of EEA status, i.e. of *EFTA-like* status, as it was mostly called until the mid-90s.

Firstly, to many if not most, reference to EFTA's status seems to have plainly served as a manifestation of Israel's interest in removing non-tariff trade barriers (NTBs) for its industrial exports to the EC. NTBs such as technical standards, certificates of quality and regulations of public procurement are Israel's central concern in manufactured exports to Europe. In January 1994 the EFTA countries (except Switzerland) had all NTBs on their exports to the EC removed with the creation of the EEA. Speaking of EFTA-like status as Israel's objective in negotiations therefore served as a hint that Israel wanted to be treated similarly in respect to NTBs. It appears that many calling for EFTA-like status have not even been aware that such a status would affect more than just Israel's exports in goods and possibly services.

Secondly, a considerable group that called for EFTA-like or EEA status apparently was aware that it would affect Israel's service and capital markets and the movement of persons. Still so, they obviously did not understand the far-reaching consequences that such a status would have in these sectors, and on central issues in Israeli policy: on monetary policy, on immigration and emigration policy, the sovereignty of the Knesset, and possibly on relations with the US and Israel's neighbours. At least, this group of politicians and officials must have been overly optimistic that the EC would be willing to transform an EEA status – exclusively for Israel – into something not really EEA-like at all, with the benefits for Israel, but with only selected Israeli responsibilities. After years and months of appeals for EFTA-like status, Foreign Minister Peres had to admit in October 1992 that Israel had to abandon its efforts to attain such a status, now that it had learned which responsibilities Israel would have to take upon it.⁴¹⁶ This is particularly striking given the fact that the Single European Act establishing the Four Freedoms in the EC had been signed already more than half a decade before,

⁴¹⁶ JP 2 1992-10-22 "Peres says Jerusalem must abandon EEA effort".

and that the details of the EEA treaty, too, had been known a fairly long time before it had been signed almost another half year earlier. Just how woolly Israel's conception of its goal remained becomes apparent from statements in the following two years, when preliminary talks and even negotiations were already well on their way: Between early 1993 and late 1994, Foreign Minister Peres alone called for Israeli observer status in the EC, EFTA-like status, associate membership of the EEA, association with the EC, and most dramatically, a relation with the EC "more or less parallel with the US", implying much more than a mere economic agreement and cooperation in various fields.⁴¹⁷

Of all the persons who spoke out for EFTA-like status, there seem to have finally been very few who did fully understand its implications but still thought this was what Israel should go for. In the Foreign Ministry's Department for Economic Affairs such voices were particularly heard. However they could not prevail.

Essentially, with some minor exceptions, whoever in the Israeli European policy system understood the ramifications of an EEA status would not favour it, or at least not any longer, once he understood the implications. When Israel called for EFTA-like status, it did not mean it. In the early 90s, EFTA-like status had been but a temporary misconception of a goal, and quite a hazy one at that.

The EC's vision of upgraded relations, however, was not free from ambiguities either, at least from an Israeli point of view. After the Gulf Crisis, the EC announced its intention to offer Israel "a form of economic anchor in its midst",⁴¹⁸ and specifically spoke of a "substantial rapprochement with the Community on a line similar or identical to what we [the EC, S. A.] are discussing with EFTA".⁴¹⁹ According to a first-hand account, the impression in the Foreign Ministry initially was in fact that the EC was proposing Israel membership of the EEA.⁴²⁰ Later, the EC withdrew from this suggestion on the grounds that there should be no special treatment for Israel. As soon as the upgrading of relations had moved onto the common agenda in September 1992, the EC made clear it did not intend to admit Israel to the

⁴¹⁷ PS 1993-03-10: HA2 "Peres in Straßburg: Ein Friedensvertrag mit Syrien kann eventuell noch in diesem Jahr unterzeichnet werden"; HB 1994-10-25 "Jerusalem will Efta-ähnlichen Status"; JP2 1994-02-18 "Trade talks with Europe to open next week"; PS 1994-02-18: HA5 "Dank der israelischen Bemühungen im Rahmen des Friedensprozesses haben wir die israelische Forderung nach einem neuen Abkommen erfüllt"; FT 1993-02-02 "Israel seeks EC Restraint over Deportees".

⁴¹⁸ See e.g. PS 1991-05-16: DV 1 "Die EG-Kommission hat Israel volle Teilnahme an Europa angeboten"; FT 1991-07-11 "EC links trade deal to Israeli peace progress"; AN 1991-06-06 "Israel agrees to EC Role in Peace Parleys".

⁴¹⁹ Marc Pierini, Economic Adviser to EC Commissioner Abel Matutes: JP 1 1991-07-11 "EC links benefits to progress on peace".

⁴²⁰ According to Lydia Chokron, Deputy Legal Adviser to the Foreign Ministry: Chokron, 1996, p. 184. See also JP 12 1991-07-09 "EC Official due here today to arrange aid to territories".

European Economic Area.⁴²¹ Then again, in late 1993, the EC spoke of closely tying Israel to the EEA, whilst the EU's ambassador declared Israel would neither be an associated member nor would its status be likened to EFTA's.⁴²²

As this analysis of proclaimed goals suggests, Israel did in fact not have any clear idea of what it was negotiating for, nor did its domestic actors. What should be Israel's trade policy to the EC? "I am afraid that a clear cut answer from official sources to all these questions – that is, a global view of the problem, discussed with the economic operators of the services concerned and embodied in a general scheme – is still far away", Minerbi wrote in 1990. One and a half decades later there is nothing to make one disagree with him.⁴²³ In the negotiations, Israel apparently never presented a comprehensive view – let alone paper – of what Israel itself wanted from the EU.⁴²⁴ Instead, in the words of a member of the Israeli negotiation team, Israel, far from having a clear aim, "wanted a little of everything".⁴²⁵

Vague as it was, however, Israel did have a certain idea of what it would like to see in its future relations with the EC. Israel was not just negotiating a new trade agreement but, in a much broader sense, felt the time was ripe to put Israel's relations with the EC on the whole on a new basis. Israel wanted to see an institutionalised political dialogue with the EC, as an expression of a new class of relations.⁴²⁶ Israel set out to seek *anchorage* in the EC and its market.⁴²⁷ A reflection of this aim can be seen in Israel's determination that the new agreement be called an "association agreement": the term is reserved for European agreements, and Israel felt it achieved something politically if this name was agreed on.⁴²⁸ Outside the framework of the EMA, the most significant manifestation of the new quality of ties that Israel was seeking would be its admission to the EC's R&D programme.

We can establish as Israel's rudimentary goal in the negotiations integration into the European market of some sort, paralleled by participation

⁴²¹ PS 1992-09-11: DV3 "Die EG beabsichtigt nicht, Israel in den Europäischen Wirtschaftsraum aufzunehmen"; PS 1992-09-24: HA4 "Es wird nicht beabsichtigt, Israel in dem Europäischen Wirtschaftsraum zu verankern".

⁴²² PS 1993-11-02: MA c2 "Die EG-Kommission: Wir werden uns um einen Anschluß Israels an den europäischen Wirtschaftsraum bemühen"; PS 1993-12-23: AHM6 "Das neue Handelsabkommen mit der EU wird erst im September unterzeichnet werden".

⁴²³ Minerbi, 1990b, p. 38 ; see also Hirsch, 1996, p. 2.

⁴²⁴ Ahlswede, 1998k.

⁴²⁵ Ahlswede, 1998x.

⁴²⁶ See e.g. Levy in PS 1992-05-13: DV1 "Die pro-amerikanische Orientierung geht zu Ende; Europa ist ebenso wichtig".

⁴²⁷ Tovias, October 1998; JP 12 1992-08-12 "Peres rejects Palestinian insistence on legislative body as unacceptable".

⁴²⁸ In fact, the proposal of the European Commission to call the Agreement not an "Association Agreement" but a "Euro-Mediterranean Agreement establishing an Association" came at a very late stage of negotiations and caught the Israeli side by surprise: See Tovias, October 1998.

Chokron, 1996, p. 181. For EC Association Agreements and the case of Israel, see Redmond, 1995, p. 129 f.

in EC R&D programmes and manifestations of closer political ties. Lacking a masterplan, though, the Israeli objective in the negotiations came down to seeing how much it could get at the time.

4.5.2 Aims in detail

Whilst Israel had no clear idea of what its goal should be in the negotiations, it did have a list of wishes, demands and claims to the EU as to the detail of their future relations. In an important one-day meeting in late 1992, an enlarged Inter-Ministerial Director Generals' Committee for Economic International Affairs (DGC) convened with economists who were not government employees to discuss what Israel's objectives should be. In early 1993, an inter-ministerial committee of the Foreign Minister and the Ministers of Finance, Industry and Trade, Agriculture, Communications and Science as well as Transport at times dealt with the matter.⁴²⁹ Nevertheless, Israel eventually did not present a consistent picture of its various aspirations. Rather than acting on a grand design, Israel entered and conducted negotiations on the basis of a mere conglomerate of bundles of individual aims.

In this section, the central aims or bundles of aims which Israel has been pursuing in the negotiations for upgrading relations with the EU are analysed. Some of these aims have been pursued almost exclusively by certain domestic actors and by others not at all. This section, however, looks at aims that the EU's negotiation partner "Israel" tried to achieve, irrespective of the fact of which domestic actors might be behind these aims. The Israeli domestic perspective will be taken in the following sections.

4.5.2.1 Peace dividend

To begin with, there had been a potent motivation for an upgrade of the TCA on the agential level. Peres and Rabin wanted to come to a political solution of the conflict with the Palestinians and Israel's neighbouring states. First, before they had been elected, Rabin and Peres had used the EC's linkage between progress at the peace front and an upgrading of relations to gain domestic support for their plans in the peace process. Already in late 1989 Peres, Minister of Finance under Shamir in those months, thus used the EC's position to gain support for his scheme of Israeli-Palestinian talks.⁴³⁰

Far more appealing to the Rabin-Peres government though must have been that the positive effects of an upgrade would already make themselves felt at a time when the public's patience might wear thin with the prickly issues of implementing an agreement with the Palestinians or Israel's neighbours. The way would be thorny, strenuous and, most crucially in the eyes of the Israeli public, paved with considerable risk. A distinct increase of prosperity and national status could then ameliorate public misgivings for the Rabin-Peres

⁴²⁹ Ahlswede, 1998s.

⁴³⁰ PS 1989-12-11: AHM 3 "Eine politische Regelung wird uns die Türe zur EG öffnen".

government's peace process policy and keep voters aboard. The upgrading of relations was interesting to Rabin and Peres because it would help them create and maintain public support for their main policy field – peace process policy – by providing a dividend.⁴³¹

4.5.2.2 More favourable rules of origin

Israel has long asked the EC to apply more favourable rules of origin to Israeli products.⁴³² Rules of origin are the criteria which determine if goods are regarded as originating from a specific country. To Israel, the crucial question in this context is if goods are considered "made in Israel" by the EC. In this way, goods that enter the EC from Israel will be granted the preferences granted in an EC-Israel free trade agreement.

With goods that are entirely produced in Israel, matters are simple. They will be considered Israeli – unless there is a dispute concerning where the borders of Israel are, as in the case of produce of Israeli settlements in the occupied territories. Difficulties arise, however, with products that consist of pre-fabricated parts that were produced in a country other than Israel, or with products that leave Israel for processing in a third country ("outward processing traffic"). Will they pass for Israeli-made and enjoy preferential access to the EC?

The problem for Israel is that, being a small country, it needs to rely much more on foreign contractors than the EC does. For the EC's sheer size, it is much easier for an EC manufacturer to find contractors on the domestic market than is the case with Israeli producers and their small Israeli market. Israeli products therefore are significantly more vulnerable to a narrow interpretation of rules of origin in EC-Israel trade than EC products are. Not only would more favourable rules of origin improve Israel's access to the EC markets. Moreover, it has been argued, unfavourable rules of origin might even be the central cause behind Israel's soaring trade deficit with the EC.⁴³³

In the negotiations, Israel's concern was predominantly with pre-fabricated parts, Israeli textiles that underwent finishing in Eastern Europe, and products resulting from Israeli-Arab joint ventures.⁴³⁴ As for cumulative rules of origins with Arab parties, it was political considerations rather than

⁴³¹ "We believed that we could use the peace process in order to get something from Europe in order to show our own people that the peace process is very beneficial", Beilin in Ahlswede, 1998m.

Strikingly, despite all this, voices connecting peace with prosperity are very rare in Israel. Israel did reap a considerable peace dividend from the peace agreements with the PLO and Jordan. When the peace process stalled under Rabin's and Peres' successors though, nobody seemed to waste a thought on opportunity cost, neither in politics nor in academia.

⁴³² See e.g. HB 1988-05-26 "Peres fordert Engagement"; PS 1989-05-31: MA II, 3 "Die EG ist nicht damit einverstanden, daß ein gemeinsamer Ausschuß gebildet wird".

⁴³³ Hirsch et al., 1996b, p. 33.

⁴³⁴ FT 1993-19-29 "Israel seeks a better deal from EC"; HB 1994-02-18 "Neue Rolle in Nahost"; JT 1994-06-04 "Israel seeks access to EU telecoms contracts"; FT 1994-11-17 "Israel eyes wider EU trade ties".

economic interests that determined Israel's aim: Rabin's and particularly Peres' vision of peace and a New Middle East postulated a *warm peace* with Israel's neighbours, as opposed to mere non-belligerency. A warm peace would include, as a central pillar, close economic cooperation and interdependence. Cumulative rules of origin of Israel and its neighbours would not only facilitate joint Israeli-Arab ventures but also send a signal of support for the warm peace that seemed to break. To be sure, there were economic interests involved as well. The urgency, though, with which the issue was presented suggests that even these economic interests were strongly seen from the angle of creating a peace dividend.

4.5.2.3 Access to the EU's public procurement markets

A declared aim of Israel's in the negotiations was to get access to the EU public procurement markets. National governments tend to give preference to national products in their spending. This discriminatory practice is an effective non-tariff trade barrier (NTB) against foreign competition. Breaking into these sheltered markets is highly appealing to foreign manufacturers of competitive goods.

To Israel, it was the EU's telecommunications contracts that were particularly attractive. Israel cannot compete on the EU's public procurement markets in all fields, but in computer technology and telecommunications it certainly can. It could be expected that the EU would insist on reciprocity; Israel, however, was not interested in opening up its own public procurement markets in sectors where Israeli producers could not compete. In the negotiations, therefore, Israel set out to gain access only to certain sectors of the EU's public procurement markets, first and foremost to the telecommunications sector.⁴³⁵

4.5.2.4 Mutual recognition of diplomas and standards

Another non-tariff trade barrier that Israel sought to overcome were divergent standards, quality regulations and, in human capital, diplomas. These differences can be a major obstacle to trade if goods, services or labour are denied access to a market on the grounds that they do not fulfil such requirements of the importing party.

Israel has bilateral agreements on the recognition of diplomas with many, but not all European countries, not even all EU member states.⁴³⁶ Israel wants to become a member of the European standards organisations CEN and CENELEC; during the negotiations Israel set out for mutual recognition of standards and diplomas between Israel and the EU.⁴³⁷

⁴³⁵ HB 1988-05-26 "Peres fordert Engagement"; HB 1994-02-18 "Neue Rolle in Nahost"; JT 1994-06-04 "Israel seeks access to EU telecoms contracts"; HB 1994-06-14 "Jerusalem erinnert die EU an ihre Versprechen".

⁴³⁶ Chokron, 1996, p. 182.

⁴³⁷ NZZ 1993-09-07 "Erweiterung des EG-Abkommens mit Israel"; FT 1993-19-29 "Israel seeks a better deal from EC".

4.5.2.5 Harmonisation in financial services

Liberalisation of trade in financial services was another aim of Israel's. During the negotiations, Israel raised the total harmonisation in financial services as its motion, that is, a virtual membership status in this field. As a model, Israel looked at the agreement the EC had concluded with EFTA and Switzerland not long before.

There are two main motives behind this aim: firstly, as is easily understood, Israel would like to open the EU financial markets to Israeli providers of financial services, banks and insurance companies. Secondly, it was expected that free trade in financial services with the EU would facilitate further reforms on the domestic financial and capital markets, which would be a further step towards the deregulation of capital markets in which Israel is interested in, as part of the overall liberalisation scheme of the Israeli economy.⁴³⁸

4.5.2.6 Better access for agricultural products

As mentioned above, Israel has an overall trade deficit, the lion's share of which is in its balance with the EU. Somewhat surprisingly, though, Israel has a persistent trade deficit even in food, the bulk of it, too, is in its balance with the EU.⁴³⁹ In the nineties, Israel exported around US\$700 million in fresh produce per year, 90 per cent of which went to Europe.⁴⁴⁰ The problem for Israel is that for much of its agricultural produce – like citrus, flowers, fresh vegetables, tomato juice and turkey – Israel has no alternative market to the EU.⁴⁴¹

Diagnosing a potential for more Israeli agricultural exports to the EU, Israel principally demanded to increase existing EU import quotas in the negotiations, to lower minimum prices, and to expand the seasonal periods allowed for the export of certain products like table grapes.⁴⁴² Israel wanted quotas raised for flowers, its main fresh produce in export, and to let them enter on the same terms as Israel's competitors' Columbia, Kenya and Zimbabwe. In contrast to Israel, these countries enjoy an EU open-door policy and their exports in flowers are not limited by any quota.⁴⁴³ To provide for better access for new products that had not been covered by the 1975 TCA, Israel wanted to shift existing quotas that Israel could no longer make full use of for these new products. First and foremost, these were Israel's

⁴³⁸ Ahlswede, 1998t; Ahlswede, 1998e; Minerbi, 1990b, p. 37 f.; PS 1994-02-15: MA business section 1 "In dem Abkommen, das mit Europa augebietet wird: Ausländische Aktien werden an der Tel-Aviver Börse gehandelt werden"; HB 1994-02-18 "Neue Rolle in Nahost".

⁴³⁹ Ahlswede, 1998b; Central Bureau of Statistics, 1990, p. 245; Central Bureau of Statistics, 1992, p. 253; Central Bureau of Statistics, 1996, p. 219.

⁴⁴⁰ Ahlswede, 1998b.

⁴⁴¹ HB 1992-12-16 "Jerusalems Wunschliste an Brüssels Adresse ist lang".

⁴⁴² Hirsch et al., 1996b, p. 73.

⁴⁴³ Ahlswede, 1998w.

newly grown easy-peel citrus fruit, but also new products like fresh herbs that Israel had only recently begun exporting.

Beyond this, in 1995 Israel wanted the EU to allow it to export Palestinian agricultural goods. With the Israel-Palestinian Paris Protocol of April 1994, Palestinian goods received free access to Israel save for five commodities that were subject to a five-year schedule.⁴⁴⁴ Wary of low-priced Palestinian competition, Israel hoped to offset some of the negative effects by re-exporting some of this produce.⁴⁴⁵

4.5.2.7 Admission to the EU's fourth framework programme for R&D

An important and central aim of Israel's during the negotiations was to be accepted onto the EU's Fourth Research and Development Programme, running from 1994 to 1998.⁴⁴⁶ With Israel being a member, Israeli researchers, scientists and companies could participate in European tenders.

From participating in the programme, Israel could expect a number of attractive effects: being more closely integrated into the European science community, Israeli researchers would get more information earlier on developments in European universities and laboratories. Funds would be available for projects that would be far too costly for Israel to run them on its own: In 1995, the Israeli Science Ministry expected the EU to spend \$13,000 million on research and development projects in the course of the programme.⁴⁴⁷ Being a small country with limited resources, it is very attractive to Israel to use the allocated resources of an integrated European science community. Participation in the R&D Programme might as well open the doors for Israeli membership in a number of European scientific associations that Israel would like to join. Through the nature of the programme and the increased activity of Israeli research that would go with it, the Israeli industry would improve their knowledge on how to turn scientific developments in academia into marketable products. Participation would offer a platform for the marketing of Israeli skills; Israel could hope to attract European investors this way. But the R&D programme also offered market access: the implementation of joint research products and technologies would yield marketable products. Had Israel participated in a project, Israel could hope to secure a place for its industry as subcontractors for the product that would come out of it. It could be expected that the EU would import a considerable part of these pre-fabricated parts or full-fledged

⁴⁴⁴ Eggs, poultry, cucumbers, tomatoes and potatoes: JP 8 1994-04-12 "Trade deal on agriculture reached with Palestinians".

⁴⁴⁵ Ahlswede, 1998b.

⁴⁴⁶ See e.g. Charish in JT 1994-06-04 "Israel seeks access to EU telecoms contracts".

⁴⁴⁷ JP 2 1995-06-06: "Trade pact with EU dominates Kohl Talks".

products from Israel, increasing Israel's exports and reducing its trade deficit with the EU.⁴⁴⁸

From a more general perspective, it has been pointed out that Israel's scientific authorities have strong motives for encouraging scientific cooperation with the European countries and the EU. The US, whilst having the largest budget in scientific cooperation with Israel, has regarded itself as self-contained in science and not greatly in need of cooperation. The European countries are more aware of this need and tend to pool their efforts in an international way, which affords more of an opportunity for Israel. Also, there is the advantage of Europe's geographic proximity: it is significantly less costly and less time-consuming to send a scientist to Europe than to the United States.⁴⁴⁹

However, possibly the strongest motive behind Israel's application for the R&D programme was political. The EC's research and development programmes had so far been an exclusively European enterprise. Israel would be the first non-European member to join this exclusive circle, and it was felt that Israel had achieved something politically were it admitted. In a way, Israeli participation in the programme would signify that Israel does in fact belong to Europe, and that Europe has come a step closer to recognising this, thanks to Israel's outstanding, and quasi-European, scientific achievements. We will look more closely into this political interest of Israel's in the R&D programme in the following section.

Finally, we can assume the influence of a motive of Israel's self-conception: Israel's keenness to participate in the R&D programme must too be seen in the light of Israel's desire to have its special status recognised not only among the MNM countries but also as a "light to the Gentiles". Israel has classically taken pride in its scientific achievements also as part of its mission to the advancement of mankind. Membership in the R&D programme would in a sense acknowledge that Israel can fulfil this mission. We are probably also witnessing reverberations of this old ideal here.

4.5.2.8 Political dialogue

From early on, Israel had been interested in an institutionalised political dialogue with the EC. Foreign Minister Levy and his EC counterparts had already agreed to intensify political discussions at the May 1991 Cooperation Council.⁴⁵⁰ In the negotiations, Israel specifically suggested regular meetings

⁴⁴⁸ Ahiram, 1996, p. 174; Ahlswede, 1996c.

According to Macioti, 1995, an expansion of Israeli-European scientific cooperation is particularly valuable in physics, i.e. in atomic, molecular and chemical, nuclear and condensed matter physics; in life sciences like biochemical and molecular biology, biophysics, botany, genetics and heredity; and in medical sciences as dentistry and odontology, obstetrics and gynaecology, urology and nephrology.

⁴⁴⁹ Keynan, 1995, p. 256; Steinberg, 1988, p. 341.

⁴⁵⁰ JT 1991-05-15 "Levy hints Israel may accept full EC role".

“at all levels”, i.e. amongst the foreign ministers, director generals of the foreign ministries, and on the expert level.⁴⁵¹

As has been mentioned above, the 1975 TCA did not arrange for political meetings. Even so, politics were being discussed at those meetings, not in the actual Council, but in its periphery. Israel now wanted an institutionalised political dialogue with the EU, very much for political reasons. Similar to admission to the EU’s R&D programme, an institutionalised political dialogue provided another level for deepening relations and would be another manifestation of how close Israel was with Europe. So, somewhat paradoxically, Israel was interested in establishing and institutionalising a dialogue on matters on which it presumably would prefer the Europeans not to have any say and from which Israel would rather keep them well away.

Upon closer examination, this is not that paradoxical, though: From an Israeli point of view, such a dialogue would be worthwhile if it served for nothing more than making the EU let off steam rather than taking steps that could not be in Israel’s interest. Also, the institutionalised dialogue might serve as a vehicle for pre-emptive diplomacy. Israel could hope to have more of an influence on EU decision-making if it could explain its standpoint in an established forum, before the EU would decide its position on an issue.⁴⁵²

4.5.2.9 Boost European investments

Whilst not part of the negotiations for a new Israel-EU agreement, another aspect of the upgraded relations that Israel had tried to reach was a boost of investments from European companies in Israel.⁴⁵³ Clearly, European investments would improve Israel’s balance of payments and increase the capital stock of the Israeli economy. As with the many aims of Israel’s, access to the EU markets is an important motivation: With an EU partner in a joint venture, it will be easier to market a product in the partner’s home market, the EU, be it simply for the partner’s infrastructure that is already up and running.

It can be assumed that there is also a political motive in the Israeli reasoning. With the closeness and “Europeanness” that Israel sees expressed in a new trade agreement, a political dialogue and membership of the R&D programme would thus be sought accordingly in Israel-EU business relations of the non-governmental sphere. However, the political aspect should not be over-estimated. After all, if Israel is looking for foreign investors for pure economic reasons, it is most likely that it will do so also in the EU, simply for being Israel’s largest trade partner.

⁴⁵¹ According to Drory in PS 1994-02-24: HA3a “Die Diskussionen über die Details der Neufassung des Abkommens zwischen Israel und der EG werden im Rahmen von Unterausschüssen weitergeführt”.

⁴⁵² Ahlswede, 1998a.

⁴⁵³ See e.g. PS 1993-11-08: DV15 1993-11-07 “Rabin bittet die EG um eine Korrektur des Wirtschaftsabkommens mit Israel”.

4.6 Disputes

In late September 1993, the European Commission had presented its ideas of a new Israel-EC agreement in a draft mandate for negotiations that it submitted to the Council of Ministers. In the EC's perspective, freedom of services and cooperation in research and development would be the most outstanding features in upgrading relations. Israeli officials acknowledged that in their eyes the Commission's ideas were by far better than anything that could have been imagined only a month before.⁴⁵⁴ Israel, though, was not fully satisfied with the draft. In particular, Israel was expecting better preferential treatment for its agricultural products and textiles as well as more favourable rules of origin and mutual recognition of standards.⁴⁵⁵

Standards would not be much of a topic in the negotiations, for the EU essentially refused to consider the matter for the new agreement. Similarly, Israel wanted to liberalise the right of establishment and recognition of diplomas. The EU declined, too, on the grounds that services are to be dealt with according to GATS, for the time being.⁴⁵⁶ Agricultural products and rules of origin, though, did in fact keep the Israeli and EU negotiation teams busy, as did a set of conflicts over other issues: access to public procurement markets, liberalisation in trade of financial services and, centrally, Israel's admission to the EU's R&D programme.

This section looks into disputes that arose over Israel's foreign behaviour vis-à-vis the EU in the negotiations. There are two types of disputes here that will be essential to understanding Israel's behaviour: firstly, conflicts between Israel and the EU as state actors over the substance of the negotiations, and secondly conflicts amongst actors of the Israeli foreign policy system over what Israel's behaviour in the negotiations should be. Obviously, in the dynamic process of negotiations, the two levels are closely inter-related. As concessions have to be made, for example, domestic actors will try to ward off damage to their sectoral interests in the negotiations and pass the buck to someone else. In turn, the repercussions of these domestic squabbles influence, if not determine the Israeli state actor's foreign behaviour.

In the case under analysis here, some but not all disputes with the EU are mirrored by conflicts between domestic actors. At the same time, there were conflicts within the Israeli foreign policy system that were not directly paralleled by a dispute with the EU. Two of these conflicts of domestic actors are most instructive: the conflict over what Israel's goal should be, and if enough had been achieved to sign the agreements. They will both be looked into closely in the following as well.

⁴⁵⁴ PS 1993-10-06: HA 3 "Die EG-Kommission plant eine weitreichende Verbesserung der Beziehungen zu Israel".

⁴⁵⁵ NZZ 1993-10-01 "EG-Verhandlungsmandat für ein Abkommen mit Israel"; FT 1993-10-29 "Israel seeks a better deal from EC".

⁴⁵⁶ Chokron, 1996, p. 182.

4.6.1 The dispute on rules of origin

In the negotiations for the 1995 EMA, the EU's response to the Israeli plea for more favourable rules of origin was quite reserved. Despite a tenacious negotiation stance, evidently fuelled by the Ministry of Industry and Trade but also the Foreign Ministry's Economic Department, the Israeli negotiation team was not too successful. By the end of 1994, when the EU Essen summit confirmed a draft of the new agreement, the EU had agreed that components produced in third countries would be exempt from duties if their value did not exceed 10 per cent of the final product's value, a concession that was particularly relevant to Israel's electronics industry.⁴⁵⁷ What was politically significant, was that the EU had also accepted the principle of rules of origin to allow products resulting from Israeli-Arab joint ventures.⁴⁵⁸ Israel and the EU, however, did not see eye to eye when it came to outward processing traffic.⁴⁵⁹

During negotiations, the dispute was generally about a more flexible treatment of Israeli semi-finished products that are finished outside the EU. However, the question of how to deal with outward processing traffic was only relevant to textiles at the time. To be more precise, in the words of an EU official involved in the negotiations, outward processing traffic of textiles was "relevant to maybe two companies in Israel only".⁴⁶⁰ In what appears a successful case of institutional lobbyism, the Israeli Ministry of Industry and Trade went to great lengths to safeguard these special interests, to the point of having the cabinet recommend making the final ratification of the EMA dependant on further negotiations on the issue in May 1995.⁴⁶¹ By October, a compromise had been found in rules of origin on the whole, but not in outward processing traffic: Israeli products that were finished in third countries would not enjoy preferences under the new agreement.⁴⁶²

Shortly after the negotiations for the EMA, but not however during them, cumulative rules of origin and outward processing traffic with Arab countries and the areas administered by the Palestinian Authority (PA) became an issue with the EU. To accept cumulative rules of origin of Israel and the Palestinian areas, the EU demanded a trade agreement between Israel and the PA, just as the EU itself signed a free trade agreement with the

⁴⁵⁷ PS 1993-05-18: HA c3 "Fortschritte bei den Gesprächen über einen neuen Handelsvertrag"; PS 1994-12-21: HA4 "Das neue Wirtschaftsabkommen zwischen Israel und der EU wird voraussichtlich Anfang 95 unterzeichnet werden"; Ahlswede, 1998k; Ahlswede, 1998x.

⁴⁵⁸ FT 1994-11-17 "Israel eyes wider EU trade ties".

⁴⁵⁹ PS 1994-12-19: YA1 "Die Regierung ist gegen eine Unterzeichnung des neuen Handelsabkommens mit der EU".

⁴⁶⁰ Ahlswede, 1996a.

⁴⁶¹ FT 1995-06-08 "Israel sets terms for new trade pact with EU".

⁴⁶² HB1995-10-10 "Ein Türöffner für die Exportwirtschaft".

Palestinian Authority in February 1997.⁴⁶³ As an EU official put it, in the eyes of the EU it was at the expense of the Palestinians if Israel used their labour for exports to the EU.⁴⁶⁴

However, it is inconceivable that the EU should resist Israeli-Palestinian outward processing traffic on these grounds. Upon closer observation, the argument fails to make sense: due to the way in which the Israeli and Palestinian economies are structured, it is most likely that almost any economic cooperation will follow the scheme of Israel doing the capital-intensive and the Palestinians the labour-intensive part. This is where their respective comparative advantage lies, and from all we know about economics since Ricardo, such cooperation should be advantageous to both. As a matter of fact, the EU has politically been very supportive of Israeli-Palestinian joint ventures, so for Peres' idea of business parks between Israeli and Palestinian areas. After all, in case the EU should be economically concerned about the use of cheap Palestinian labour for Israeli exports, this would be for the EU's own protectionist reasons.

Rather, the EU's objection is political. The EU would like to see Israel treat the areas ruled by the PA like another state since the EU would like to see a Palestinian state eventually come into existence. Israel, for equally political reasons, does not even recognise "Palestinian" as a different origin.⁴⁶⁵ According to the April 1995 Israeli-Palestinian Paris Protocol, Israel, the occupied territories and the areas administered by the Palestinian Authority form a customs union in any case. The EU signed a free trade agreement with the PA, very much to Israel's dislike, and demanded that Israel sign a trade agreement with the Palestinians accordingly, as precondition for cumulative rules of origin. Israel, ruled by Netanyahu, declined on account of the political aspect of such an agreement.⁴⁶⁶

For the most part, however, as far as Israel's regional economic relations are concerned, the issue of cumulative rules of origin and outward processing traffic has focussed on Jordan and to a lesser degree on Egypt. As a matter of principle, the EU has insisted that it will only accept cumulative Israeli-Jordanian rules of origin if and after Jordan has signed a free trade agreement with both the EU and Israel.⁴⁶⁷ Accordingly, the EU did not accept Israeli-Jordanian rules of origin in the negotiations for the 1995 EMA, nor has it since.

⁴⁶³ PS 1997-02-18: Globes 15 "Die EU fordert einen Handelsvertrag zwischen Israel und den Palästinensern – als Voraussetzung für eine Anerkennung von Herkunftsregeln".

⁴⁶⁴ The official preferred to remain anonymous.

⁴⁶⁵ Ahlswede, 1998d.

⁴⁶⁶ PS 1997-02-18: Globes 15 "Die EU fordert einen Handelsvertrag zwischen Israel und den Palästinensern – als Voraussetzung für eine Anerkennung von Herkunftsregeln".

⁴⁶⁷ Ahlswede, 1998d.

Rules of origin with Jordan have been very much a political issue as well. To Israel, preferential access to the EU market of Israeli products with Jordanian inputs was an opportunity to boost economic cooperation with its neighbour in pursuit of a warm peace. It would also provide an additional peace dividend to Israel and Jordan. The EU, on the other hand, first and foremost wanted to stick to the principles it set up in the Euro-Mediterranean Partnership, the Barcelona-Process: to create a framework of trade and cooperation agreements around the Mediterranean, a framework of North-South *and* – that is the point – *South-South* agreements. Furthermore, and specific to the case under scrutiny, the EU did not want to grant Israel a further peace dividend when prospects in the peace process looked dim in the EU's eyes with a procrastinating Netanyahu government.

In contrast to a number of Israeli politicians who pushed the issue, the ministries' officials dealing with Israeli-European relations seem to have been aware of the fact that cumulative rules of origin were a non-starter in the negotiations, simply for the lack of Israeli-Jordanian and Jordanian-EU free trade agreements, not to speak of the EU's further political considerations.⁴⁶⁸

4.6.2 The dispute on public procurement

Like many aspects of EU-Israel economic relations, the sphere of public procurement is significantly influenced by existing GATT and WTO agreements on the global level, predominantly the 1994 WTO Agreement on Government Procurement. The EC, however, stated in the annex to the Agreement that contracts awarded by central and sub-central government entities in connection with activities in the fields of drinking water, energy, transport and telecommunications are not covered by the Agreement. Rather, the EC grants protection to EC suppliers of goods and services in these sectors under its 1993 Utilities Directive. Similarly, Israel excluded the application of the WTO agreement for the purchase of water and the supply of energy. Concerning telecommunications, Israel stated in the annex that the provisions of the Agreement would apply only to goods and services from the US. Furthermore, Israel took advantage of its status at the WTO as a developing country. As such it may require limited incorporation of domestic content, or demand offset procurements such as buy-back arrangements from a foreign supplier.⁴⁶⁹

Right at the official start of negotiations in February 1994, Micha Charish, Israel's Minister of Industry and Trade, was quoted as demanding full participation in the EU's public procurement.⁴⁷⁰ Whilst this statement could not be validated, should Charish have made such a plea, it can be safely assumed that he was referring to a non-reciprocal arrangement. Israeli producers could only compete in telecommunications, and Charish was

⁴⁶⁸ Ahlswede, 1998j.

⁴⁶⁹ For details, see Hirsch et al., 1996b, p. 45, on whom I draw heavily here.

⁴⁷⁰ HB 1994-02-18 "Neue Rolle in Nahost".

certainly not interested in opening public procurement markets in sectors where Israeli manufacturers could not withstand foreign competition.⁴⁷¹ Rather, in the first stages of the negotiations, Israel suggested the telecommunications sector be open for public procurement exclusively and on a reciprocal basis. The EU responded with proposing to open government procurement completely. Israel declined, and negotiations focussed on opening specific sectors. Feeling that EU industries had a comparative advantage in public transport, electricity and medical instruments, the EU demanded access to these sectors in exchange for opening its telecommunications markets. Israel, though, refused to include public transportation in the EMA for its practice of offsets. Israel has made its purchase of buses conditional on the assembly of their parts in Israel and was not willing to give up this practice.⁴⁷²

By December 1994, when the EU confirmed a draft version of the EMA, no agreement had been reached over public procurement, nor had there been any by the following summer.⁴⁷³ Israel rejected an EU suggestion in February 1995 to conduct negotiations over public procurement after the signing of the EMA but had to reconsider later.⁴⁷⁴ When approving the draft in June, the Israeli cabinet made it clear that it would only ratify the agreement should it provide for further negotiations, particularly in telecommunications. Similar to the issue of rules of origin, the Ministry of Industry and Trade and its minister Charish were central to determining Israel's stout attitude.⁴⁷⁵ The EMA, in fact, did not regulate public procurement except for a concrete standstill obligation. In a Joint Declaration on Public Procurement appended to the agreement, Israel and the EU obliged themselves to negotiate the opening of their public procurement markets beyond the WTO Agreement, particularly in the telecommunications and urban transport sectors. Israel successfully insisted that buses be excluded.

Negotiations kept progressing sluggishly. No progress worth speaking of was made in almost half a year that followed, and then a breakthrough was reached after a meeting between Charish and Leon Britten at the signing ceremony of the EMA in November 1995.⁴⁷⁶ In December 1995, Israel and the EU finally initialled two Government Procurement Agreements in which, most importantly, Israel agreed to grant access to its transportation sector – buses excluded – to EU manufacturers and providers of services. In the

⁴⁷¹ HB 1994-06-14 "Jerusalem erinnert die EU an ihre Versprechen".

⁴⁷² Hirsch et al., 1996b, p. 51; PS 1995-02-02: MA business section 7 "Kontroversen um die EU".

⁴⁷³ PS 1994-12-19: YA1 "Die Regierung ist gegen eine Unterzeichnung des neuen Handelsabkommens mit der EU".

⁴⁷⁴ PS 1995-02-20: MA3 1995-02-19 "Die EU gibt einigen israelischen Forderungen bezüglich der Quoten für Agrarexport nach".

⁴⁷⁵ FT 1995-06-08 "Israel sets terms for new trade pact with EU".

⁴⁷⁶ PS 1995-12-27: HAc2 "Israelische Firmen können an Europäischen Kommunikationsausschreibungen teilnehmen".

second agreement, Israel and the EU took it upon themselves to mutually open procurement of their telecommunications operators through granting an exchange of national treatment.⁴⁷⁷

4.6.3 The dispute on agricultural products

Agriculture has been one of the most disputed issues in the EMA negotiations. Both Israel and the EU have got a long record of protecting their agriculturists against foreign competition, and both were less prone to compromise in this field than they were in others. Disputes over agriculture erupted even within the two parties' delegations, so sensitive was the issue. The regulations on agriculture in GATT certainly served as a basis for negotiations, but given the extraordinarily high level of protectionism still accorded to the agricultural sector this did not seem to make things a lot easier. Eventually, agriculture would be one of the last issues to delay the signing of the agreement.⁴⁷⁸

Israel has a persistent trade deficit with the EU when it comes to food.⁴⁷⁹ This fact led Israeli agriculturists – and the Ministry of Agriculture – not only to believe that there was potential for more Israeli exports to the EU, but also lent some legitimacy in the eyes of the Israeli public to their claim for improved access to the EU markets. It has to be viewed against this background when Zohar Pery, Head of the Ministry of Industry and Trade's Department for Foreign Trade and co-head to the Israeli negotiation team, dismissed the EU's concessions in agriculture in June 1994 as insufficient to reduce the trade deficit, calling the EU offer "a cheek".⁴⁸⁰ In fact, the European Union was not ready to accept most of Israel's requests. Rather, it raised its own demands for improved access for a variety of products, prominently amongst them being concentrated apple juice, beef and butter.⁴⁸¹

Half a year on, by the end of 1994, the EU had conceded, most significantly, to raise the seasonal quota of easy-peel fruit. It also agreed to increase the tax-free quota of flowers from 19,000 t to 24,000 t, whilst Israel had pleaded for 30,000 t. The EU, though, refused to improve import conditions for a range of other goods that were deemed essential by Israel, so not for easy-peel citrus fruit, table grapes and processed products like

⁴⁷⁷ For details, see Hirsch et al., 1996b, p. 51; for the text of the Agreements, see OJEC, 1997, L 202.

⁴⁷⁸ Hirsch et al., 1996b, p. 73. For a short summary and assessment of the regulations of the GATT Uruguay Round on international trade in agricultural products, see Hirsch et al., 1996b, p. 68.

⁴⁷⁹ Ahlswede, 1998b.

⁴⁸⁰ HB 1994-06-14 "Jerusalem erinnert die EU an ihre Versprechen".

⁴⁸¹ PS 1994-07-20: HA6 "Die Verhandlungen zwischen Israel und der EU über einen neuen Handelsvertrag sind in einen Engpaß geraten"; PS 1994-10-17: HA c16 "Die EU wies die Bitte Israels um Exporterleichterungen zurück"; see also PS 1994-10-24: HAc3 "Schwierigkeiten bei den Verhandlungen mit der EU über den Import bearbeiteter Nahrungsmittel aus [sic] Israel"; Hirsch et al., 1996b, p. 73.

orange juice and frozen corn. Accordingly, in response to the EU Council of Ministers' confirmation of a draft agreement in December 1994, the Israeli Ministry of Agriculture declared the concessions as far from sufficient.⁴⁸²

The EU did ultimately yield to more Israeli demands, as did Israel vice versa. Israel had requested a tax-free quota for easy-peel fruit of 50,000 t and the EU came to grant 32,000 t.⁴⁸³ Also, the EU was ready to raise the quota for Turkey (by 900 t) and for easy-peel citrus fruit, accepting a quota of 29 million. – which admittedly though was a far cry from the 40 million Israel had asked for.⁴⁸⁴ Israel, for its part, agreed to raise the import quotas for such EU products as apples and frozen beef.⁴⁸⁵

In the eyes of the Ministry of Agriculture's representative in the Israeli delegation, Zvi Allon, a key to the painful haggling was that the EU preferred forgoing better market access in Israel to granting Israel better access in the EU.⁴⁸⁶ His perception was that the EU simply did not want to further open its agricultural markets to Israel and that the European Commission might well have been simply looking for excuses or conditions hardly acceptable to Israel to best avoid having to grant improved access to Israel. Also, there had been the impression that the EU had broken promises. Whilst the Europeans clearly had not promised anything ahead of the negotiations, the EU according to Tsur and Allon had made some promises earlier in the talks which it later withdrew. Supposedly the EU withdrew these promises with the accession of Sweden, Finland and Austria in January 1995.⁴⁸⁷

These claims could not be independently verified. In any case, however, it would not be an objective truth that mattered to the analysis but the perceptions of the Israeli actors. In the issue analysed here, it can be assumed that the above perception of the two central actors of the Ministry of Agriculture had quite a negative influence on Israel's flexibility in the negotiations.

4.6.4 The dispute on financial services

International trade in services had not been addressed in the 1975 TCA. Israel's 1985 Agreement with the US, too, did not include anything more specific than a vague provision, in which the parties recognised the importance of the sphere of services and the necessity to minimise

⁴⁸² FT 1994-11-17 "Israel eyes wider EU trade ties"; PS 1994-12-19: YA1 "Die Regierung ist gegen eine Unterzeichnung des neuen Handelsabkommens mit der EU"; PS 1994-12-21: HA4 "Das neue Wirtschaftsabkommen zwischen Israel und der EU wird voraussichtlich Anfang 95 unterzeichnet werden".

⁴⁸³ PS 1995-05-24: Globes 50 "Gelegenheit im Wirtschaftsabkommen mit der EU".

⁴⁸⁴ PS 1995-05-23: HAc2 "Die EU wird die Importquoten für Truthahnfleisch um 900 Tonnen erhöhen"; Ahlswede, 1998w.

⁴⁸⁵ Hirsch et al., 1996b, p. 73.

⁴⁸⁶ Ahlswede, 1998w.

⁴⁸⁷ Ahlswede, 1998b; Ahlswede, 1998w; Tsur quoted in PS 1994-08-23: DV 7 "Die EU benachteiligt Israel"; Allon quoted in PS 1995-03-27: DV8 "Die Gespräche mit der EU in einer Krise".

restrictions to their flow. The first time, thus, that Israel undertook an obligation regarding international trade in services was in the 1994 Uruguay Round's General Agreement on Trade in Services (GATS). Due to its immigration policy, Israel significantly limited the GATS' fourth mode of how a service could be supplied to the Israeli market, namely through the presence of natural persons on its territory: In its Schedule of Specific Commitments Israel stated that it will permit only the temporary entry of key persons such as executives and managers.⁴⁸⁸

Whilst the restrictions on the GATS' fourth mode are relevant predominantly to labour-intensive services, attention was focused on financial services, banking and particularly insurance during negotiations for GATS and with the EU. So far, Israel had pursued a relatively liberal policy in the insurance sector. Certain restrictions have been in place though for reasons of balance of payments. Most prominently, individuals have been prohibited from purchasing life insurance abroad under any circumstances. Also, Israel's 1981 Insurance Control Law empowers the Supervisor of Insurance to deny a licence to conduct insurance business in Israel on the grounds of economic policy and public welfare – "criteria broad enough to mask discriminatory measures", as Sassoon points out. Moreover, it has been Israeli citizens exclusively who are eligible to obtain such a licence.⁴⁸⁹

Early in the negotiations for the EMA, the EU proposed to apply broad provisions on trade in insurance services, which could have significantly liberalised trade in this sphere.⁴⁹⁰ Israel for its part raised as its motion the total harmonisation or member state status in financial services, along the lines of the EU's agreement with Switzerland. The Treasury's Director General, Aharon Vogel and his successor in 1995, David Brodet, were in favour of an aggressive negotiating position as was Ehud Kaufman, Head of the Ministry of Finance' Department for International Financial Affairs and responsible for financial services in the negotiations. Personally convinced of the Treasury's decade-old liberal tradition that liberalisation in financial services was in Israel's best interests, Kaufman soon ran into difficulties.

The prices of some insurance services in Israel are higher than in the EU, especially in its northern states. Consequently, the Israeli insurance industry opposed the possibility of opening the Israeli market. The issue had already come up with the GATS negotiations. Furthermore, the representatives of the insurance branch had already stated before the inter-ministerial committee on preparations toward the EC Single Market in 1989 that Israeli firms had no chance of competing successfully.⁴⁹¹ Regarding life insurances, the insurance branch's opposition was always met with the consensus of the

⁴⁸⁸ Hirsch et al., 1996b, p. 61.

⁴⁸⁹ Sassoon, 1990, p. 234; Ahlswede, 1998e.

⁴⁹⁰ Hirsch et al., 1996b, p. 64.

⁴⁹¹ Hirsch et al., 1996b, p. 62.

Treasury not to allow the opening of this market for reasons of the balance of payments.⁴⁹² The bone of contention though was the remaining financial services, especially in insurance.

It was not the representatives of the Israeli banks and insurers who objected to Kaufman's or the Treasury's negotiation stand, respectively – the battle had been fought for GATS already – but the Ministry's own Supervisor of Insurance and Capital. Similarly, the Supervisor of Israel's National Bank disapproved of the Treasury's liberal ambitions – apparently in contrast to Bank Israel's own attitude⁴⁹³ – as did the Head of the independent Security Authority, who objected to the harmonisation of legislation in financial services. Formally, these three officials were of the same rank as Kaufman, who was in charge of negotiations in this matter, even though they were not reporting to him. On the contrary, he was supposed to reflect their views in the negotiations.⁴⁹⁴

As a result of the different domestic views, Israel's negotiators did not get clear guidelines to go on with insurances.⁴⁹⁵ At the same time, the Israeli negotiating position eroded: the way things were looking, Israel simply would not be able to deliver what it was negotiating on. Kaufman was concerned that the EU thought Israel was still subliminally protectionist, when there was simple indecision at work. The EU declined total harmonisation in financial services – in his perception though not because of Israel's refusal to open its lucrative life insurance market, but rather for the EU's own protectionist agenda, not wanting to grant Israeli providers of financial services effective presence in Europe.⁴⁹⁶

Torn between the Treasury's traditional position of pursuing liberalisation and the narrow public interests it was institutionally advocating in the negotiations, the Israeli negotiators could not uphold their aggressive posture. Eventually, the Israeli negotiators preferred to include more general formulations in the EMA. The agreement does not include any new, concrete obligations to liberalise trade in services. Instead, Israel and the EU agreed to widen the agreement in the future and reaffirmed their obligations under GATS: to freeze the status quo, essentially.⁴⁹⁷

Interestingly enough, what we have here is a situation where the Treasury's Director General, the Head of its International Department and the National Bank cannot assert themselves against the inter- and intra-ministerial opposition of actors who are of even lower rank. As far as we

⁴⁹² Ahlswede, 1998t.

⁴⁹³ Ahlswede, 1997f; cf. Bank of Israel Governor Jacob Frenkel in JP 8 1993-10-05 "EC Integration should be goal".

⁴⁹⁴ Ahlswede, 1998x.

⁴⁹⁵ Ahlswede, 1998s.

⁴⁹⁶ Ahlswede, 1998t; see also JP 6 1993-11-26 "Israel gets chance to become a major financial center".

⁴⁹⁷ Hirsch et al., 1996b, p. 65; Ahlswede, 1998e.

know, the issue of financial services has never gone political! As for the reason of the Ministry of Finance's incapability to deliver in its field of influence, Kaufman claims that the ministry was completely unprepared.⁴⁹⁸

4.6.5 The internal dispute on Israel's goal

Israel did not have a clear-cut goal in the negotiations for the EMA. Of the Israeli ministries involved with the negotiations, the Ministries of Agriculture and of Science were only called in when their responsibilities were touched upon. Because of their narrow fields of competence in foreign relations, they did not develop any comprehensive perspective on the future of Israel-EU ties. Nor did the three ministries, however, that were permanently in the negotiation team, the Ministries of Finance, of Industry and Trade and the Foreign Ministry. The Ministry of Finance took the blame for its failure to take an unambiguous stand on future relations with the EU, as we have seen above, and because of its internal differences, it was in no shape to stand up for any vision. The Ministry of Industry and Trade, whilst being the only trade professionals in the negotiation team, at the same time were also its weakest link. Not that this would have mattered much when it came to defining a goal – far from presenting a view on future relations with Europe, the Ministry of Industry and Trade came to the negotiations with a mere list of demands.⁴⁹⁹ After all, the Foreign Ministry, heading the negotiating team, would have been the one predestined to hammer out an overall goal and strategy. It did not do so though, and as a result, Israel's negotiators followed a see-what-you-can-get approach instead.⁵⁰⁰

This is not to say there were no disputes over goals. The state of affairs was rather the result of a lack of comprehensive planning than of a lack of ideas. In the Foreign Ministry particularly, there were some not necessarily elaborate but very different views on what to aim for: Some favoured relations with the EU similar to the Visegrád states', others thought of a status parallel to Turkey's. Ties based on and developed from the EU's Euro-Mediterranean Partnership programme had also been discussed. The most serious contender though to be accepted as Israel's goal was an "EEA status" modelled after the status of the EEA's non-EU-member states'.⁵⁰¹

In the internal disputes on Israel's goal in the negotiations, Zvi Tenney, Head of the Foreign Ministry's Economic Department II,⁵⁰² most prominently pushed for EEA status. Seeing a window of opportunity with a receptive EC after years of reserve, he wanted Israel to do the job right. To him, an EEA status was not so outlandish to aim towards. Conflicts with other government

⁴⁹⁸ Ahlswede, 1998x.

⁴⁹⁹ Ahlswede, 1998k; Ahlswede, 1998x.

⁵⁰⁰ Ahlswede, 1998s.

⁵⁰¹ Ahlswede, 1998s.

⁵⁰² The Foreign Ministry's Economic Department II deals with Western Europe and South America.

policies could be overcome or circumvented, since the EEA granted autonomy in central areas of Israel's concern, such as agricultural and monetary policy.⁵⁰³ In Tenney's view, the only real problem was the free movement of labour, not for its immigration, but rather its emigration aspect. Even this issue could have been solved though, Tenney speculated, since the EC had not been interested in immigration itself at the time.⁵⁰⁴

Tenney's views did not gain wide acceptance. There had not quite been a consciously established consensus in the matter, but whilst most of Tenney's colleagues could agree to EEA status as a long-term goal, the general attitude was that Israel was not yet ready to handle such a status.⁵⁰⁵ In particular, Tenney did not succeed in convincing the Ministry of Finance, which did not want to see freedom of movement of services, i.e. financial services in this case. As we have seen above, even those in the Treasury in favour of liberalising trade in services were determined not to allow the opening of the life insurance market. Just as Kaufman with his liberal ambitions, Tenney, too, met with opposition from the Supervisor of the National Bank, on the grounds that bank control would not be as efficient under the *acquis communautaire* of an EEA status. Moreover, Tenney did not have the backing of his colleagues in charge of EU relations at the Foreign Ministry. Most crucially as it seems, his views were not shared by Oded Eran, the Foreign Ministry's Deputy Director General for Economic Affairs, head of the Israeli negotiation team and Tenney's superior.

The reasons Tenney's colleagues gave for not going along with his initiative included, not surprisingly, the problem of the free movement of persons, the burden of the commitments of the *acquis communautaire*, that EEA status was not compatible with the special relationship to the US which must not be harmed, and that EEA status was unsuitable to Israel since it was meant as a corridor to EU membership which Israel did not aspire to having. The European Commission, for its part, had in fact announced from an early point that it did not intend to anchor Israel in the EEA since an EU membership was not on the agenda. In retrospect, Tenney himself conceded that it had been premature to think of EEA status.⁵⁰⁶ In October 1992, Peres announced Israel would give up on pursuing an EEA status in the negotiations.⁵⁰⁷

Nevertheless, it has not been possible to pinpoint a decision *not* to seek EEA status in the negotiations. Peres himself later returned to *EFTA-like status* to describe the desired outcome of negotiations. Rather, there simply

⁵⁰³ Whilst monetary policy would still be autonomous, it would be considerably less effective because of the freedom of movement of capital under an EEA status: see above.

⁵⁰⁴ Ahlswede, 1998j.

⁵⁰⁵ Ahlswede, 1998s; Ahlswede, 1998q. For some early statements of the other ministries involved, see JP 1 1991-07-11 "EC links benefits to progress on peace".

⁵⁰⁶ Ahlswede, 1998j; Ahlswede, 1998s; Ahlswede, 1998a; PS 1992-09-24: HA4 "Es wird nicht beabsichtigt, Israel in dem Europäischen Wirtschaftsraum zu verankern".

⁵⁰⁷ JP 2 1992-10-22 "Peres says Jerusalem must abandon EEA effort".

has been no decision to go for EEA status – or for any other clearly defined goal. As far as the negotiations for the EMA were concerned, therefore, the internal conflict over Israel's goal in its relations with Europe was solved by non-decision. Israel turned to muddling through.

4.6.5.1 Further vision: EEA status

The issue of Israel's goal, though, stayed on the agenda. Upon Israeli instigation, the EU's December 1994 Essen summit declared it expected a "special status" of Israel in its relations with the EU, described in more detail below.⁵⁰⁸ Subsequently, the EU and especially Kohl, the Chancellor of Germany holding the presidency, wanted to hear Israel's notion of what should constitute this special status. They turned to Avi Primor, Israel's ambassador to Germany and formerly ambassador at the EC. Despite considerable effort on his part – Primor travelled to Israel twice on the matter – he failed to receive an authoritative answer for almost a year. No one in Israel could tell him what was understood by the special status the Essen Declaration envisaged. This is particularly surprising given the importance that had been accorded to receiving a special status by the EU in the first place, and given the pride and satisfaction Israel took in the Essen Declaration. According to David Granit, Head of the Foreign Ministry's Europe III Department in charge of political relations with the EU, the officials dealing with Europe even openly accused Rabin and Peres of neglecting the anchoring of Israel in the EU in the heyday of the peace process.⁵⁰⁹ The disinterest in filling the Essen Declaration with actual meaning is strong evidence that it was form, not content that had mattered to Israel: To Israel, the Essen Declaration had achieved most of its objective once it had been made. Filling it with actual content ranked far below this political aim.

In late October 1995 a meeting was finally called in the matter. Apart from Primor, Foreign Minister Shimon Peres attended, the Minister of Finance Avraham Shochat, the Director General of the Ministry of Industry and Trade and of the Ministry of Science, the Economic Advisor to the Prime Minister, the Presidents of the Central Bank, Jacob Frenkel, and of the Manufacturers' Association, Dan Popper, as well as the President of the Federation of Israeli Chambers of Commerce. Primor hit the right key: the convention agreed to virtually anything he suggested. Primor walked out of the meeting authorised to tell Kohl that Israel's special status should equal an EEA membership. Israel would accept all Four Freedoms including the free movement of persons, the *acquis communautaire* and even the principle of *decision shaping*. Politically, Israel and the EU would be linked by a close permanent and institutionalised political dialogue. Israel, however, would not aspire to EU membership, not even in the long run. With an Israeli EU membership blocked by the Treaty of Rome, the reasoning was that if Israel

⁵⁰⁸ For details on the Essen Declaration, see p. 187.

⁵⁰⁹ Ahlswede, 1998q.

did not unambiguously declare its disinterest in membership, it would only provoke Brussels into rejecting any deeper association. There was only one qualification of EEA status that Israel would insist upon: that the Law of Return would not be touched. It was Shimon Peres who insisted on this point.⁵¹⁰

In contrast to the Israeli calls for EFTA-like status of the early 90s, this time the callers were in the picture when it came to exactly what the implications of EEA status were and consciously decided to embrace them. The decision to establish an EEA status as Israel's long-term goal comes close to a historic moment. A rare case of Israeli planning, the establishment of a defined goal in relations with the EU can be seen as the fundamental basis of a formulated European policy. But not only the decision – its implications, too, are remarkable. In order to move closer to the EU, Israel is willing to give up its control of capital flows, have the autonomy of its monetary policy limited, adopt foreign legislation without the Knesset having a say, and perhaps most dramatically, do away with exclusively Jewish immigration. These are all major departures from long-held positions if not policies. Israel's determination to take this step shows how serious it is about closer ties with the EU – and about liberalising its economy, an interest that has always been closely related to Israel's European ambitions.

What might strike the eye of the observer is the fact that whilst it took a lot of tenaciousness on Primor's side to establish an Israeli position, there was no opposition concerning its content, not even from the traditionally protectionist Ministry of Industry and Trade. The key to consensus was the time span of realisation: It was expected that in any case an EEA status would take a long time to materialise, so there would be enough time to adapt.

In fact however, there would be even more time than the participants of the meeting could have thought. The resolution in hand, Primor turned to Kohl in early November, asking him for support in the European Council. Israel was hoping the Council would supplement the Essen Declaration and issue a mandate to the Commission to negotiate the special status as outlined by Primor. As fate would have it, however, two days later Rabin was assassinated.⁵¹¹

The assassination, apparently, rendered Kohl indecisive. The EU, at the same time, actually showed interest: Eberhardt Rhein, an official of the Commission in charge of Mediterranean policy, told Tenney in early 1996 that it was possible to grant Israel EEA-like status and promised that the EU would look into the Israeli plea. In Tenney's view, however, Rhein's

⁵¹⁰ Ahlswede, 1997h; Ahlswede, 1998v; letter of Avi Primor to Chancellor Kohl of 1995-11-03; Primor, 2000, p. 114 f.

⁵¹¹ Ahlswede, 1997h. For an assessment of an EU-Israel Economic Area from an economist's point of view, see Tovias, 1995a, Hirsch et al., 1996b, p. 118.

comments were strongly influenced by the upcoming Israeli election, and his words were rather to be seen as an appeal to the Israeli public in support of Peres' labour party.⁵¹²

Nothing has come out of Primor's initiative by December 2008 when this section has been written – in May 1996, Netanyahu was elected Prime Minister, forming a hawkish government in June. EU-Israel relations markedly cooled to a new low as a result, making a success of the initiative most unlikely.

4.6.6 The dispute on the EU's R&D programme

The initiative to participate in the EU's R&D programme had originally come from the Israeli Ministry of Science. The Science Ministry and the Foreign Ministry's Department for Economic Affairs were the main supporters of an Israeli participation. Oded Eran, the Head of the Foreign Ministry's economic department, personally pushed for application in the Director Generals' Committee, and was successful. After consultation with the ministerial level, the Director Generals' Committee agreed to go for it.⁵¹³

The idea had been met by consensus from the start. But whilst there was agreement that Israel should take part in the programme in some form or another, there were different views on the extent and particularly on the acceptable cost of Israeli participation.

To the Foreign Ministry, Israel's membership in the programme was very much a matter of political prestige. In the Ministry's view, the R&D Agreement lay at the heart of upgrading Israel's relations with the EU. In fact Israel never thought of the EMA and the R&D Agreement as two different agreements.⁵¹⁴ Israel's accession would be seen as a major political achievement, as a recognition of Israel's achievements as a modern, industrialised and quasi-European state. Ultimately, therefore, the Foreign Ministry regarded accession as being more important than the actual potential of the programme. The Ministry wanted Israel to be treated the same as European non-EU associates to the programme were. This was not just strictly for matters of prestige though: on a pragmatic level, the Foreign Ministry worried that Israel would be disadvantaged in winning tenders if it did not participate in the steering committee of the programme like everybody else.⁵¹⁵

The Ministry of Industry and Trade, aware of the problems the Israeli industry would face in fitting in with the European economic landscape, was treading more cautiously.⁵¹⁶ Like the Foreign Ministry, Charish saw

⁵¹² Ahlswede, 1998j.

⁵¹³ Ahlswede, 1998s.

⁵¹⁴ See e.g. PS 1994-06-13: JP 3 "Peres to Europe for talks on Israeli participation in tenders".

⁵¹⁵ Ahlswede, 1996c; PS 1994-02-16.

⁵¹⁶ According to reports, the Ministry initially even preferred Israel to participate in selected projects only and not join the full programme, worrying it might not win any

participation in the R&D programme as Israel's main priority in the EMA negotiations.⁵¹⁷ He demanded full membership in the programme just as the Foreign Ministry did and was prepared to have Israel pay up to US\$160 million in membership fees.⁵¹⁸ But in contrast to the Foreign Ministry, when Charish spoke of participation, he presupposed participation in the programme's steering committees, not necessarily with voting rights, but at least as an observer. The Ministry of Industry and Trade, too, wanted Israel to join the programme, but not at any cost. The difference in attitude might seem minor, it did lead to a considerable conflict with the Foreign Ministry, though, and a major delay to the signing of the agreement, as we shall see below. Furthermore, there had also been reservations in the Ministry of Industry and Trade stemming from worries of the transfer of technology to European partners, a concern that had also been heard in the Treasury.⁵¹⁹

In the Treasury there were two conflicting approaches to the R&D Programme: Roughly, there were those around the International Department who welcomed Israeli membership as a further step to their long-term goal of liberalisation. On the other hand, the highly influential Budget Department took the lead on those who thought more in terms of profit and loss-accountancy and hence did not believe that Israel's membership could pay for itself. Whilst this was not greatly disputed in its mere financial aspect neither within nor outside of the Treasury, the International Department – and the Foreign Ministry – argued that the benefit Israel would reap from the programme could not be accurately calculated, and certainly not in money on a short-term basis. Avraham Shochat, the Minister of Finance, however, shared the view of his Budget Department. He suspected Peres was giving handouts to the Europeans.⁵²⁰

The Ministry of Science, for its part, given its small budget regarded Israel's accession to the programme as an important step for the opening of Israel's academic institutions. The Israeli science community would profit from any form of Israeli participation in the programme. Full association, of course, would open even more funds for Israeli science, so the Ministry of Science favoured full association as well. The Ministry of Science, a relatively powerless ministry compared to the others involved, however, was not any vociferous in the debate at all.

Taking a pessimistic view on Israel's chances of winning tenders, there were voices in the economic ministries from an early point calling for Israeli participation in selected projects only, to thus avoid the full membership fee

tenders or at least not enough to make membership fees pay. See e.g. PS 1994-02-16.

⁵¹⁷ JT 1994-06-04 "Israel seeks access to EU telecom contracts".

⁵¹⁸ HB 1994-02-18 "Neue Rolle in Nahost".

⁵¹⁹ PS 1996-08-28: Globes 51 "Später Gewinn aus dem europäischen Forschungs- und Entwicklungsprogramm".

⁵²⁰ Ahlswede, 1998x.

of around US\$30 million annually. The Foreign Ministry in return argued that this was the worst thing to do. If Israel did not pay the full fee, it would not be allowed to participate in the programme's steering committee, what indeed would considerably reduce its chances of winning tenders.⁵²¹ The Foreign Ministry's view prevailed, and Israel asked the EC for full association, though reportedly having no high expectations.⁵²²

In November 1993 Peres could be pleased to hear from the Commission's President Jacques Delors that the EU was ready to grant Israel the status of an associated member to the programme, even though Israel was not a European state.⁵²³ Within a short time, however, it was the EU that became wary about full Israeli participation in the programme. Belgium warned of Israeli industrial espionage for the US, the UK was concerned about economic interests with the Arab countries, whilst France spoke of a risky precedence for other non-European countries. Charish, Israel's Minister of Industry and Trade, however suspected that France was rather concerned about not losing the advantage it only recently gained with a 1992 bilateral French-Israeli R&D agreement.⁵²⁴ Peres did his best to win over France and the UK at the June 1994 Cooperation Council, but to no avail. The EU insisted that Israel would only be allowed to join some projects, whilst Israel's participation in others would have to be decided specifically.⁵²⁵

In August 1994, France and the UK revised their position, withdrawing their opposition to Israel's participation in the full programme.⁵²⁶ Belgium remained to be brought round, prompting Israel's Minister of Science and Art Shulamit Aloni to travel to Brussels to lobby her Belgian counterparts in September.⁵²⁷ At the end of the month, the EU science ministers issued a mandate to the European Commission to negotiate Israel's participation in the full R&D programme.

According to the mandate, Israel would not only be the only non-European country to participate, but also to participate in the full non-nuclear R&D programme of the EU. The EU considered this a big concession wrought off the Europeans against considerable opposition. Israel, however, thought differently. The mandate did not provide for Israeli participation in the

⁵²¹ PS 1994-02-16.

⁵²² Chokron, 1996, p. 183.

⁵²³ PS 1993-11-26: HA 4 "Kontakte mit der Europäischen Union"; MA 9 1993-11-30.

⁵²⁴ PS 1994-03-01: HA c4 "Israel wird sich an Forschungs- und Entwicklungsprojekten der EU auf den Bereichen Medien und Energie beteiligen"; PS 1994-05-12: HA 11 "Der Beitritt Israels zum europäischen Forschungs- und Entwicklungsprogramm verzögert sich"; PS 1994-06-02: HA b3 "Die Kraftdemonstration der EU"; PS 1994-06-09: Globes 51 "Meinungsverschiedenheiten in Brüssel"; HB 1994-06-14 "Jerusalem erinnert die EU an ihre Versprechen".

⁵²⁵ PS 1994-06-13: JP 3 "Peres to Europe for talks on Israeli participation in tenders"; PS 1994-07-20: HA 6 "Die Verhandlungen zwischen Israel und der EU über einen neuen Handelsvertrag sind in einen Engpaß geraten".

⁵²⁶ JP 12 1994-08-21 "Equal status for Israel in European Union R&D".

⁵²⁷ JP 3 1994-09-12: "Aloni to lobby Belgians on R&D".

programme's steering committee. In fact, it did not even allow the Commission to discuss the issue in the negotiations.⁵²⁸ Israel accordingly found US\$30 million annual membership fees too much to not be able to participate in the decision making on how funds would be divided up. Also, as mentioned above, it was feared Israel would be greatly disadvantaged in winning tenders should it not sit in the committee. At the same time, Israel would have to open up all of its R&D to the EU, whilst EU countries like France and Germany still had their national programmes that Israel could not join – and since its R&D would be all open already, Israel would have nothing left to offer in return for access to these remaining national programmes.⁵²⁹ No matter if the EU's concession was considerable or not, Israel thought it was asked to pay a very high price, in the eyes of many too high a price. Finally, Israel felt that the EU did underestimate and disregard the value of what Israel would contribute to European R&D in its deliberations.

In response, Israel tried to have a new mandate issued, or to achieve an amendment of the previous.⁵³⁰ Israel pursued a double strategy, on the one hand insisting on participation in the steering committee as an observer at least, on the other bargaining for lowering Israel's membership fee.⁵³¹ It was not successful however. When the Council of Ministers confirmed the EMA in December 1994 as it had been negotiated by then, the EU was still not willing to grant Israel an observer status in the steering committee. Instead, the EU planned to keep Israel informed with continuous reports.⁵³²

Whilst the Foreign Ministry was tempted to accept these conditions at the end of 1994 in order to benefit from the programme as soon as possible, determined opposition led by Charish prevented Israeli approval. With both Israel and the EU unrelenting, negotiations for the R&D agreement reached a low in early 1995.

A turning point was reached when visiting French Foreign Minister Alain Juppé, acting as Head of the EU Troika, promised in February that Israel would have observers in the committee meetings.⁵³³ Nevertheless, progress remained slow. Within the EU, opposition was put up primarily by Sweden, Belgium, the Netherlands and Greece, who argued that participation of a non-European country ran contrary to the idea of European integration.⁵³⁴ Israel did approve the draft EMA in June 1995, but made final ratification dependant on – amongst others – participation without voting rights in the

⁵²⁸ Chokron, 1996, p. 183 f.

⁵²⁹ Ahlswede, 1998x.

⁵³⁰ Chokron, 1996, p. 183 f.

⁵³¹ JP 8 1994-11-09 "Harish: Europe must open markets for updated FTA".

⁵³² PS 1994-12-21: HA4 "Das neue Wirtschaftsabkommen zwischen Israel und der EU wird voraussichtlich Anfang 95 unterzeichnet werden".

⁵³³ JP 1 1995-02-13 "Israel gets enhanced EU trade status"; PS 1995-02-13: HA c2 "Israel kann an den Forschungs- und Entwicklungsausschüssen der EU teilnehmen".

⁵³⁴ PS 1995-07-05: HA 3 "Die israelischen Bemühungen, das neue Wirtschaftsabkommen mit der EU zu unterzeichnen, sind gescheitert".

R&D programme's steering committee. One month on, the Council of Ministers in turn approved the draft EMA, eventually acceding Israel an observer status in the steering committee. Charish took pride in the Israeli success, which he interpreted as the result of Israel's tenacious negotiating position, not the least at his instigation.⁵³⁵ Finally, the R&D Agreement was signed in March 1996.

The issue did take another twist, though. Whilst negotiations were over when Israel had secured its seat in the decision-making body in the eyes of anybody else, the Treasury's Budget Department stepped in again with further objections: Israel's membership fee was too high, and with Israel's late accession it were too late already to really profit from the programme.⁵³⁶ Whilst the Budget Department did not win the day, its concerns about Israel's ability to profit from the programme do not seem unfounded in retrospect.

Given the effort and compassion with which Israel fought to be accepted into the R&D programme, it is surprising to see that the Israeli government took hardly any steps to benefit from this costly investment. Half a year after the R&D agreement had been signed, a contact and coordination centre was still in its first stage of construction. With no information bureau set up yet, it was most difficult for interested companies and scientists to receive information on projects or potential European partners. In contrast, Austria and Finland, first-timers in the EU's R&D framework, too, had begun to prepare for their membership one and a half years before they joined the programme.⁵³⁷

Not too surprisingly, voices were soon raised claiming that membership in the EU's R&D programmes was obviously not worth its money. Indeed, if Israel's government had been looking for a way out of R&D cooperation with the EU and wanted to leave it to die, this would have been just the way to do it. What we are witnessing here, though, is not a case of deliberate political tactics but of failure of policy implementation. Whilst not part of the focus of this research, it is instructive to have a swift look into the matter. To the Foreign Ministry, the value of the programme essentially lay in being accepted as a member. As a foreign policy aim, it did not cause the Foreign Ministry to look into domestic implementation – accession was what mattered. The Treasury, under influence of its budget department, had been critical to Israel's membership anyway and therefore it did not feel obligated to look after implementation. The Ministry of Industry and Trade and particularly the Ministry of Science though had been strongly interested in

⁵³⁵ PS 1995-07-19: HA c2 "Charish: Die Erfolge – das Ergebnis der hartnäckigen Haltung Israels".

⁵³⁶ Ahlswede, 1998t.

⁵³⁷ PS 1996-08-27: Globes 51 "Der komplizierte Weg zum europäischen Forschungs- und Entwicklungsprogramm".

membership, and it would be their clientele that profited from the programme. Even so, they did not look after its implementation either.

An institutional cause for this policy failure may be that the preparations were being led by a multi-ministerial committee consisting of the four aforementioned ministries with their conflicting interests in the programme.⁵³⁸ This does not explain, though, why the ministries with a stake in domestic implementation did not push their colleagues into action or acted on their own. A better answer seems to be that we are looking at a manifestation of a policy style here: the Israeli preference for improvisation or, rather, the style of "No Planning".

So, when Israel had to decide on applying for membership in the EU's 5th R&D Programme starting in 1998, the Foreign Ministry was the only one to push for continuation, if only to prevent a decision to give up the programme altogether.⁵³⁹

4.6.7 Sign or keep negotiating?

The most deep-rooted and prolonged controversy concerning an upgrade of Israel-EU relations centred on the end of negotiations: had enough been achieved to sign the agreement?

After ten months of negotiations, at the end of 1994, the EU had agreed to establish an institutionalised political dialogue with Israel, Israel would be the first non-European country to participate in the EU's full non-nuclear R&D programme, it would gain access to public procurement tenders and would enjoy relaxed rules of origin on partly-Israeli goods seeking to enter the EU. Also, the EU had raised quotas for some fruit and flowers in Israeli exports. In contrast, the EU had refused to improve import conditions for processed food like juices, sweet corn and frozen turkey and for various products that were deemed essential by the Ministry of Agriculture. No agreement had been reached regarding government telecommunications procurement as well as outward processing traffic, and Israel had not managed to gain entry to the R&D programme's steering committee.

Germany was holding the EU presidency at the time – Israel's declared advocate and champion in the European Union. Foreign Minister Peres believed it would be advantageous to finish negotiations in 1994, as long as the Germans were presiding over the EU, and before France – traditionally more critical of Israel – took over the Presidency in January 1995. Peres' deliberations, however, were most likely motivated also by other reasoning than mere tactics. At the end of October, Germany – or, rather, its Foreign Minister Klaus Kinkel – had been deeply offended by not being invited to speak as EU representative at the signing ceremony of the Israeli-Jordanian peace treaty. It has been suggested that by having the EMA finished by the

⁵³⁸ Dan Kaufman in PS 1996-08-28: Globes 51 "Später Gewinn aus dem europäischen Forschungs- und Entwicklungsprogramm".

⁵³⁹ Ahlswede, 1998q.

end of the year, Peres also wanted to give Kinkel a political achievement at the end of the German EU presidency.⁵⁴⁰

It soon became clear, though, that the Ministry of Agriculture as well as the Ministry of Industry and Trade thought too little had been achieved to justify the conclusion of negotiations. Already in October and November, both Ministers, Yaakov Tsur and Micha Charish, had declared their opposition to signing the draft agreement.⁵⁴¹ Charish, specifically, demanded that Israel's trade deficit with the EU be put at the centre of deliberations, portraying its reduction as Israel's central interest in the negotiations.⁵⁴² Concerned that Israel's economic interests might be neglected, he insisted that the EMA had no political significance and should not be acceded any. He strongly warned against politicising the negotiations.⁵⁴³

Charish's views on the EMA were diametrically opposed to Peres'. To the Foreign Minister, it was exactly the political dimension of the EMA that mattered. When the economic ministries criticised that the draft agreement would not make a dent in Israel's trade deficit with the EU, Peres concurred – but despite this assessment, he insisted that negotiations be concluded, arguing Israel should not be driven by “short-term and short-sighted economic considerations”.⁵⁴⁴ To Peres, the economic provisions of the agreement were not unimportant, but ultimately just the façade of the EMA's real significance: to move politically closer to Europe.

With a sense of time pressing before the change of the EU presidency, Peres turned to Kinkel, the German Foreign Minister. Kinkel, too, wanted negotiations to be concluded as soon as possible, better still under the German presidency. He took the draft agreement to the EU Council of Ministers for approval for an agreement in principle. Getting the go-ahead on 19th December, Kinkel sent a letter to Peres stating that Israel and the EU would try to resolve the remaining outstanding issues in the coming weeks.

⁵⁴⁰ Ahlswede, 1998s.

⁵⁴¹ PS 1994-10-17: HA c16 “Die EU wies die Bitte Israels um Exporterleichterungen zurück”; HB 1994-11-10 “Harisch spricht von Diskriminierung”; PS 1994-11-21: YA 2 “Charisch: Ohne eine dramatische Änderung in der Haltung der EU werde ich das Abkommen ablehnen”.

⁵⁴² Economists have contested that modifications in the 1975 agreement could effectively balance Israel's books with Europe: for further analysis, see below. Charish's employment of the deficit argument in the domestic dispute, however, should not be read as a manifestation of his belief in the EMA's effectiveness in this respect. Rather, it seems likely he simply used the trade deficit as a handy argument to keep negotiating in pursuit of his real agenda which was to defend and promote the export interests of the Israeli industry.

⁵⁴³ HB 1994-02-18 “Neue Rolle in Nahost”; PS 1994-11-21: YA 2 “Charisch: Ohne eine dramatische Änderung in der Haltung der EU werde ich das Abkommen ablehnen”; PS 1995-05-23: HA c16 “Die EU hat den Abschluß der Verhandlungen mit Israel um zwei Wochen verschoben”.

⁵⁴⁴ See e.g. JP 1 1995-02-02 “Opposition growing to Trade Pact with EU”.

Peres responded with a letter expressing his satisfaction at the agreement with the EU.⁵⁴⁵

Peres' ministerial colleagues, however, were not bubbling with joy. The week before, the controversy between Peres, Charish and Tsur had markedly heated up. On the political level, deliberations of the EMA were dealt with in an informal inter-ministerial panel, consisting of Peres, Charish, Shochat and Tsur or their representative in a standard configuration. Depending on the issue at hand further ministers and representatives of other institutions were invited, too. The very day before the EU approved the draft, Peres apparently had agreed with Charish and Tsur in this panel not to accept the draft EMA. Two days on, they were startled to hear Peres express satisfaction with the agreement. Consequently, Charish and Tsur strongly rejected the agreement reached between Kinkel and Peres and reiterated their refusal to approve the draft.⁵⁴⁶ The Treasury's attitude, too, was rather reserved. Peres lacked backing even in his own ministry: Oded Eran, the Foreign Ministry's Deputy Director General for Economic Affairs and head of the negotiation team, was not convinced that Israel should sign already. Far from Charish's radical opposition, Eran still was wary that Peres might pay too little attention to economic detail.⁵⁴⁷

Apparently, Peres had been trying to overcome domestic opposition by creating and presenting "facts", hoping to thus initiate an impetus that would sweep away the objections. But beyond tactics, the exchange of letters with Kinkel was also an expression of a personality trait of Peres' that we have noticed on other occasions before: his liking for the visionary, or as some critics would say, his self-styling as a visionary, which more often than not has been oddly compatible with the politically or even just technically feasible.

The fortnight after the exchange of letters confusion reigned. As a result of Peres' declared agreement with Kinkel, a note was published in the EU bulletin reading that Israel had waived its demands. The Israeli embassy in Brussels denied this.⁵⁴⁸ Only a couple of days later, sources in the Foreign and the Finance Ministry let the press know that it was felt that negotiations were over.⁵⁴⁹ Similar statements were heard in Brussels, causing the

⁵⁴⁵ Ahlswede, 1998s; PS 1994-12-21: HA 4 "Das neue Wirtschaftsabkommen zwischen Israel und der EU wird voraussichtlich Anfang 95 unterzeichnet werden"; JP 8 1994-12-21 "Harish rejects trade deal with EU".

⁵⁴⁶ PS 1994-12-19: YA 1 "Die Regierung ist gegen eine Unterzeichnung des neuen Handelsabkommens mit der EU"; JP 8 1994-12-21 "Harish rejects trade deal with EU"; PS 1994-12-22: DV 7 "Das Landwirtschaftsministerium weigert sich, das von der EU angebotene Abkommen zu unterzeichnen".

⁵⁴⁷ Ahlswede, 1998x; Ahlswede, 1998s.

⁵⁴⁸ PS 1994-12-22: MA 3 business section "Das Finanzministerium empfiehlt, den Export von Europa in den Fernen Osten umzuleiten".

⁵⁴⁹ PS 1995-01-06: Globes 16 "Die EU hat Israel vorgeschlagen, die Gespräche über das neue Wirtschaftsabkommen Mitte Januar wiederaufzunehmen".

Ministries of Industry and Trade and of Agriculture to boycott concluding talks with the EU in early January.⁵⁵⁰

The opponents of the Peres-Kinkel agreement won the day, and by mid-January, 1995, the conclusion of negotiations no longer seemed imminent. In a parallel development though, opposition within the Foreign Ministry waned as apprehension rose that Israel might take an ever growing risk in not signing the EMA. With tensions over construction activity in Israeli settlements and a crisis in peace talks with the PLO, there were worries that the EU might link its willingness to sign the agreement to the difficulties in the peace process. Yehuda Milo, Deputy Director General for European Affairs, was told in the French Foreign Ministry that the EU had reached the "red line of compliance". Moreover, the Foreign Ministry warned that if Israel was not to sign the agreement now when France was the first of three Mediterranean countries to consecutively hold the EU Presidency, it could not reap the fruit of the EU's New Mediterranean Policy.⁵⁵¹

Peres and his ministry did not win through. Tsur and Charish insisted on further negotiations arguing the proposed agreement was economically worthless. Charish accused the Foreign Ministry of mishandling the talks, saying it had failed to use political leverage to extract economic concessions from an EU that wanted to be more closely associated with the peace process – a tightrope walk of an argumentation given that Charish kept insisting the EMA was not political.⁵⁵² The minister not only declared his opposition to the proposed agreement in the inter-ministerial panel, but even threatened to provide for a blocking majority in the full cabinet and the Knesset.⁵⁵³ The Knesset's Finance Committee, influential when the Knesset would ratify the EMA, in fact supported Charish's position.⁵⁵⁴ Eventually, the Israeli position presented to the visiting EU Troika in early February was not to conclude EMA talks as soon as possible, but to make a concerted effort to push the EU into further concessions. The EU did indeed agree to further negotiations.⁵⁵⁵

There was reason to be optimistic that Israel could achieve more: Alain Juppé, the French Foreign Minister and Head of the EU Troika, had promised he would see to it that Israel would have observers in the R&D programme's steering committee, a central Israeli demand. Progress remained sluggish, though. In May, the controversy between the Foreign Ministry and the Ministry of Industry and Trade came to a head again. In a situation similar to

⁵⁵⁰ PS 1995-01-09: MA 3 1995-01-08 business section "Die Vertreter der wirtschaftlichen Ministerien boykottieren die Beratungen über das Abkommen mit der EU".

⁵⁵¹ PS 1995-01-37 PS: HA 1 "Das Außenministerium warnt vor einem Verlust des mit der EU ausgearbeiteten Wirtschaftsabkommens"; Ahlswede, 1998s.

⁵⁵² JP 1 1995-02-02 "Opposition growing to trade pact with EU".

⁵⁵³ PS 1995-02-02: MA business section 7 "Kontroversen um die EU".

⁵⁵⁴ JP 12 1995-02-22 "Knesset panel wants more concessions from EU".

⁵⁵⁵ PS 1995-02-16: MA 3 "Weitere Beratungen über das Wirtschaftsabkommen zwischen der EU und Israel".

half a year before, the Foreign Ministry pressed to initial the draft EMA before the transition from the French to the Spanish EU Presidency would delay things further. Also, the Foreign Ministry warned that the EU was losing its good will little by little, and pointed out that the political atmosphere in favour of Israel was not improving, making delays risky. In mid-May, the EU had just condemned an Israeli expropriation of land in East Jerusalem. Charish countered, convincingly, that a timely Israeli approval of the draft would not save it from falling victim of future political moves of the EU. With the prolonged ratification process the agreement would undergo, if the EU wanted to freeze the EMA, it still could do so for months to come. Unrelentingly Charish, backed up by the Minister of Agriculture, fought against signing the proposed agreement. Again threatening to break out of the inter-ministerial panel's consensual mode of operation, Charish declared he would take his fight to the cabinet should Peres move on to sign the agreement. Peres in turn agreed not to go ahead with the EMA unless Israel's demands concerning public procurement and participation in the R&D programme's steering committee were fulfilled.⁵⁵⁶ Even so, Peres kept urging his cabinet colleagues to have the Agreement initialled at the next scheduled meeting of the EU Council of Ministers in late May.

Up to this point, Rabin had not been involved with the controversy. In his job-sharing arrangement with Peres, he left European matters to his Foreign Minister. Judging from a number of statements, though, Rabin had been leaning towards waiting for a better deal. On 21st May, however, Rabin came out backing Peres' call for an immediate cabinet vote on the proposed EMA, in spite of Charish's opposition.⁵⁵⁷ The reason for Rabin's sudden support for Peres may be that he had finally been convinced by his Foreign Minister's arguments for a speedy conclusion of negotiations. There is more to it, though: three weeks on, there would be a Labour Party convention, set to deliberate how to elect the next Prime Minister and how to pick the party's Knesset candidates. In the run-up to the convention, the old Rabin-Peres rivalry over control of the Labour Party had vigorously re-surfaced. In an effort to ward off the imminent open conflict, Rabin and Peres declared a temporary truce on 21st May, postponing the discussion of the issues to the 1996 Labour convention.⁵⁵⁸ The same day, Rabin announced the vote on the EMA. It is most likely that Rabin's move to take up Peres' position in the issue was motivated to a considerable part by a desire to avoid a break between the two and to demonstrate their regained unanimity.

⁵⁵⁶ JP 12 1995-05-15 "Charish vows to fight against European trade agreement"; PS 1995-05-22: HA 5 "Peres ist der Überzeugung, daß Israel genug bekommen hat", "Konflikt zwischen Peres und Charisch führte dazu, daß die Genehmigung des Handelsvertrags mit der EU verschoben wurde".

⁵⁵⁷ JP 1 1995-05-22 "Cabinet to vote on EU pact this week".

⁵⁵⁸ JP 2 1995-04-30 "Peres Supporters urge him to challenge Rabin in '96"; JP 2 1995-05-22 "Rabin and Peres declare temporary truce".

Charish intervened with Rabin, urging him to delay the vote at least until after the visit of German Chancellor Kohl in early June. Rabin did in fact call off the vote. The postponement has been ascribed to Charish's intervention by the press.⁵⁵⁹ The logic, however, is not convincing. If Charish's opposition could not prevent Rabin from deciding to now initial the Agreement in the first place, it is not conceivable how he should have made him overthrow this decision later. The very day Charish appealed to Rabin, the Council of Ministers postponed their meeting to sum up the EMA negotiations for two weeks.⁵⁶⁰ With two weeks more time, the outcome of the Kohl visit could easily be awaited. It was the Council of Ministers who prompted the change in the cabinet's agenda, not Charish.

Meanwhile, discontent with Charish's radical opposition had been growing. Even if the EMA would not make much of a dent in Israel's trade deficit, Israel still had much to lose by having an increasingly later start in the R&D programme. With the negotiations dragging on, it became less and less likely that Israel would be able to take full advantage of the programme. Other countries had started their research programmes already in 1994, many projects were already running, whilst Israel might end up joining only in 1996. At the end of May, the EU signalled that it was willing to accommodate Israel and not wait for the EMA to be officially signed, meaning it would have Israel participate in the R&D programme as soon as Israel approved the Agreement in principle. Each day that passed meant a loss of income for Israel as the Foreign Ministry asserted.⁵⁶¹ The Ministry of Science and Arts, which had not been prominently involved in the dispute so far, came out with an outspoken preference for finalising the deal in early June. Charish's demand to wait for a better trade agreement, Science and Arts Minister Shulamit Aloni warned, might easily cost Israel the opportunity to participate in the R&D programme completely, thereby harming chances to preserve its scientific-technological standing, as she pointedly remarked. Her ministry even went so far as to call for a separation of the R&D agreement from the EMA, thereby leaving the line of thinking of the Israeli government that the two were not to be thought of as separate agreements.⁵⁶²

By June 1995, even the Ministry of Agriculture had given up its rigid opposition against the proposed deal. Worn out after year-long negotiations, Tsur and his Ministry did not see any realistic chance to achieve more, whilst it was felt that Israel was running an increasing risk of losing what had been achieved so far. In particular, Tsur had been wary of the thin and embattled majority that the Rabin government was commanding in the Knesset at the

⁵⁵⁹ JP 1 1995-05-23 "Harish to demand delay on vote on EU Agreement"; JP 1 1995-06-05 "Kohl meets Rabin, Hussein in Naharayim today".

⁵⁶⁰ JP 12 1995-05-24 "Cabinet meeting on EU pact cancelled".

⁵⁶¹ JP 1 1995-06-07 „Kohl promises Help on EU trade deal“. PS 1995-05-25: Globes 50 "Gelegenheit im Wirtschaftsabkommen mit der EU".

⁵⁶² JP 2 1995-06-06: "Trade pact with EU dominates Kohl talks".

time.⁵⁶³ In view of the heated domestic controversies over the government's path in the peace process and the withdrawal from occupied territories, a successful vote of no confidence from the Knesset was not completely unlikely. A change to a more hawkish government however – which most certainly would have been the result – could be expected to lead to a cooling of relations with the EU that might easily damage the EMA.

On 5th June, the German Chancellor Kohl arrived in Israel. High expectations were put upon the visit. Kohl had promised Peres to make sure that the new Agreement with the EU would be satisfactory to Israel.⁵⁶⁴ During his two-day visit, Kohl presented himself as Israel's "reliable advocate" in the European Union, as the "motor of Israel's integration into the EU" as he termed it. He asserted himself in guaranteeing Israel's economic interests in the EMA, expressly promising Rabin that Germany would intercede on Israel's behalf with European leaders to improve the final terms of the Agreement. Most importantly, he promised to ensure that no decision of the R&D programme's steering committee affecting Israel would be taken without prior consultation with Israel.⁵⁶⁵

Kohl's guarantee made the difference. The next day, on 7th June 1995, Israel approved the draft Agreement. Peres had the support of Shochat already, the – albeit reluctant – approval of Tsur, and with Kohl's promise to let Israel have a say in the R&D programme's steering committee, Peres also had the okay from Aloni. Peres forced a decision: "This is what I have", he told the inter-ministerial panel, "I am not going to have further discussions".⁵⁶⁶

Charish still opposed the draft, but by now he was overruled. The decision was taken in an enlarged inter-ministerial panel consisting of, amongst others, Rabin, Peres, Tsur, Aloni, and Police Minister Moshe Shachal. Charish did not attend, he was in Moscow when the vote was taken, but sent a letter opposing the initialling of the EMA. The panel approved the proposed agreement, but in the absence of full agreement voted unanimously to merely initial the EMA: final ratification would depend on Israeli observer status in the R&D programme's steering committee. Also, the panel reiterated the Israeli demands concerning public procurement in telecommunications, market access for agricultural goods and processed food, and outward processing traffic. In contrast to Charish's and, partly, Tsur's demands, however, the panel did not put the fulfilment of these bids before Israel's approval of the EMA but turned them from conditions into recommendations. The panel called on the EU to take steps to help reduce

⁵⁶³ Ahlswede, 1998b.

⁵⁶⁴ JP 1 1995-05-23 "Harish to demand delay on vote on EU Agreement".

⁵⁶⁵ JP 1 1995-06-07 "Kohl promises help on EU trade deal".

⁵⁶⁶ Ahlswede, 1998b.

Israel's bilateral trade deficit and – remarkably – to include parts of the Essen Declaration calling for Israeli “special status” in the new Agreement.⁵⁶⁷

Peres tried to get approval of the EMA on the agenda of the EU Council of Ministers' meeting the following week, but significant differences over several provisions remained and prevented the success of his request. By the end of June, the EU had unofficially consented to Israeli observer status in the R&D programme's steering committee and most of the other outstanding issues had been resolved, too. Charish and Tsur, however, only compromised at the very last moment. On 7th July, the EU Council of Ministers finally approved the EMA, including Israel's participation in the R&D steering committee without voting rights.⁵⁶⁸

Throughout the negotiations, the Ministry of Industry and Trade and the other economic ministries had been criticising the Foreign Ministry, and Peres in particular, for their stand in negotiations. Charish charged the Foreign Ministry were intervening in matters “outside its field of professional expertise”, causing grave damage to trade relations by meddling in matters it did not understand.⁵⁶⁹ In the eyes of the Ministry of Industry and Trade, the Foreign Ministry's negotiation style gave an impression of weakness, and Peres, reckless in his quest for a deal, sacrificed crucial economic interests for political declarations. In the eyes of many in the Foreign Ministry and also the Treasury, on the other hand, Charish and his ministry did not care for a vision at all, but acted narrow-mindedly at the negotiations like merchants with a grocery list, and not even a prioritised one at that.⁵⁷⁰

At the core of their conflict lay the question of if the EMA should be treated as a political or rather as an economic issue. Peres and the Ministry of Industry and Trade had been trying to optimise two different variables: Peres sought to minimise the time span until the new upgrading of relations was operative, whilst the Ministry of Industry and Trade tried to maximise the economic gain that Israel would draw from the Agreement. Their controversy had not been over upgrading relations, and not even about aims during the negotiations. It had been about their order of priorities. The Ministry of Industry and Trade very much supported the EMA. The domestic disputes with Charish and his ministry were about the details of the new agreement

⁵⁶⁷ FT 1995-06-08 “Israel sets terms for new trade pact with EU”; JP 1 1995-06-08 “Agreement with EU will give Israel R&D role”; PS 1995-07-14: DV 2 “Kohl zu Peres: Die EU muß Israel einen Sonderstatus gewähren”; M 1995-09-09; JP 1 1995-06-12 “Peres in Madrid to push EU-Israel trade deal”.

⁵⁶⁸ JP 1 1995-06-12 “Peres in Madrid to push EU-Israel trade deal”; PS 1995-06-12: MA 1, business section “Ein Ultimatum der EU: Das Handelsabkommen wird nur ohne Änderung unterzeichnet”; JP 2 1995-05-16 “Belgium, Holland holding up EU Deal”; PS 1995-06-23: Globes 12 “Fortschritte bei den Kontakten über einen Abschluß des wirtschaftlich-politischen Abkommens mit der EU”; JP 1 1995-07-19.

⁵⁶⁹ JP 12 1995-06-15 “Harish: Foreign Ministry meddling harms trade”.

⁵⁷⁰ Ahlswede, 1998x; Ahlswede, 1998f; Ahlswede, 1998d; PS 1995-07-25: MA 4 “Der Weg zu unserem Aufstieg”; HB 1995-10-10 “Ein Türöffner für die Exportwirtschaft”.

and about getting a little more for Israel here and there. They were not about protectionism. This is important to note. In fact, the Ministry of Industry and Trade had come full circle: as late as even the end of the eighties the Ministry, headed by Sharon, still regarded it as a central mission to delay if not prevent the abolition of trade barriers.⁵⁷¹

Also, the controversy between Peres and the Ministry of Industry and Trade is a result of the lack of a clear cut goal: since it had never been defined what Israel would be aiming for, there was no benchmark to compare with and see if enough had been achieved.

4.7 Israel's behaviour in the negotiations

We have analysed Israel's aims in the negotiations. We have also analysed the domestic debates that accompanied the negotiations and formed the Israeli position, and we have studied the disputes that arose between Israel and the EU over the upgrade of relations. In the following, we will look at the behaviour that Israel displayed in this issue area. Firstly, in order to find out how Israel went about pursuing its aims, we will analyse the tactics Israel applied. Secondly, we will identify the domestic actors that determined Israel's behaviour in its quest for closer association with the EU.

4.7.1 Rhetoric

4.7.1.1 The deficit argument

Throughout the run-up and the negotiations themselves, Israel brought forward a number of arguments to give more weight to its demands. Most centrally, vis-à-vis the EC as well as in domestic debates, Israel's trade deficit with the EC was named as the reason for needing to upgrade relations and the reason why the Europeans should comply with the Israeli pleas. In brief, the argument was that the deficit was caused or at least not reduced since the EU discriminated against Israel by means of the TCA, which was outdated. The EU was therefore obliged to help Israel decrease the deficit and favourably upgrade economic relations.⁵⁷²

In making this argument, Israel implicitly assumed that a trade deficit was an evil as a matter of principle. Secondly, Israel held that the evil that had befallen it – the deficit – primarily existed because of EC trade policies, and that accordingly the EC must hold the key to *decreasing* the deficit as well. Thirdly, Israel claimed that these EC trade policies had been unfair, thus implying that the EC had a moral obligation to make good for the damage.

⁵⁷¹ HB 1988-06-01 "Ariel Scharon will sich als Protektor von Industrie und Arbeitsplätzen profilieren".

⁵⁷² See e.g. HB 1988-05-26 "Peres fordert Engagement"; JP 10 1993-07-08 "Rabin blasts Europe on FTA"; JP 2 1993-10-25 "Rabin: EC dragging feet in peace process"; JP 12 1993-11-09 "Rabin blasts EC for trade policies toward Israel"; JP 8 1994-05-31 "Harish: FTA talks with Europe head for crisis"; JP 3 1994-06-13 "Peres to Europe for talks on Israeli participation in tenders"; JP 12 1995-02-20 "Cautious optimism over talks with European Union".

Upon close examination, however, this chain of arguments is extremely shaky. It is not clear at all if there had been any damage to start with. Generally speaking, the central cause for apprehension when having a trade deficit is fear for one's independence: To finance its surplus of imports, a country with a trade deficit will have to raise credits, which can potentially impair its political independence. Regarding Israel's situation with the EC and EU in the early 90s, however, this scenario does not really make sense. Israel has consistently been able to finance its deficit with the EC through remittances, the majority of them from the US. Israel did not get into a position accordingly when it had to resort to foreign or specifically EC loans to finance its excess imports. The obvious economic dependence on the EC – which does exist irrespective of the fact of Israel having a trade deficit with the EC or not – has not been paralleled by political dependence of any sort like it might result from the necessity to take a large foreign loan.

Admittedly, there is a political dependence that indeed is underlined by the situation: Israel's dependence on the US, which in effect finances the deficit. Israel is very much aware of this dependence; one of the central pillars of its foreign policy is to uphold and strengthen the US patronage. Considering the centrality of the US security guarantee in Israeli policy, the increase of dependence resulting from the US financing of Israel's deficit seems rather marginal, unpleasant as it may be to Israeli policy makers.⁵⁷³ Moreover, the US aid did not have to make good for all of Israel's excess imports. The trade deficit was paralleled by a significant surplus of the balance of foreign exchange, which kicked in to partly free the US remittances from financing the deficit.

Secondly, it is far from certain that the cause of the deficit lay in the nature of the EC-Israel trade regime, i.e. in the fact that the TCA had become outdated. As has been argued above, the deficit might be but a symptom of imbalances in sectors completely separate to trade with the EC. It is even more hypothetical if a change in the EC-Israel trade regime could be the panacea for the deficit as which it has been portrayed here.⁵⁷⁴

Finally, the notion that the EC had been unfairly discriminating against Israel is a subjective perception at least if not intentionally polemic. International trade is ruled by treaties and not normally by super-contractual concepts of fairness that override valid trade agreements. "Unfair discrimination" by the EC against Israel boils down to the fact that Israel's

⁵⁷³ The US did in fact protest against the situation in spring 1995, but not very vigorously. The issue was settled when Israel agreed to reduce US car import fees, after the United States had complained that it was effectively subsidising Israelis' purchases of European cars with their US\$3,000 million of aid: JP 1 1995-05-15 "Rabin: We might lose \$1.2B in civilian aid"; JP 8 1995-07-06 "Indyk blasts Israel for favouring European imports over US ones".

⁵⁷⁴ See also the comments of EU ambassador Jean-Paul Jessé in PS 1996-02-07: MA (business section) "Ein Botschafter des guten Willens".

preferences were eroded, and that in some cases other non-EC countries were granted import conditions that were deemed better by Israel than the ones it enjoyed itself. The fact that the EC did not offer further preferences to offset these developments can only be perceived as unfair if Israel is seen as having the right to be treated better than others.

Essentially we come back to the Israeli notion of deserving a privileged status with Europe that we have established on various occasions throughout this study already. Deep-rooted as this notion of exceptionality may be in Israel, it is not the EU's. Europe prefers to see Israel as one of the Mediterranean non-member countries. The EU thus could not possibly see any unfairness in its trade relations with Israel. Speaking about tactics, it does not seem very promising to try and make the EU feel guilty by arguing along these lines.

Another striking aspect of the deficit argument is that in the late eighties and early nineties not only publicists but also a Vice Minister of Finance, the State Comptroller and even the Israeli President had warned that Israel was not prepared for the European Single Market.⁵⁷⁵ A considerable share of Israel's exploding deficit in the nineties might be explained by the fact that these commentators simply were right. Astonishingly, the suspicion that Israel might just not have been adequately prepared never re-surfaced once the Single Market became a reality and Israel's deficit was up in the clouds. Instead, "unfair discrimination" against Israel by the EU was named as the culprit at the time.

But why would Israel uphold an argument that would not even stand a cursory test of its plausibility? The EU hardly ever picked up the argument during the negotiations. We do not know if and to what extent Israel's politicians and officials were aware of how flimsy the link between deficit and trade agreement was that they kept invoking in their statements. We cannot rule out that many indeed perceived the upgrading of the TCA as the very remedy for the deficit. But there is more to the deficit argument, and this might be the key to its popularity: it offered an opportunity to present Israel's quest for the upgrading of relations not as a mere plea, but rather as the justified claim of a right that Israel held. To put it more bluntly, in this way Israel would not be asking for favours.

The deficit might not be greatly affected by whatever the outcome of the negotiations was. To many, it certainly made a good argument though.

4.7.1.2 The peace argument

The other central argument that was brought forward was that Israel should be compensated and rewarded for its efforts to attain peace.

⁵⁷⁵ HB 1989-03-17 "Wirtschaftlich nicht auf den Binnenmarkt vorbereitet"; PS 1989-09-21: HA 9 "1992 wird man schon irgendetwas provisieren [sic, S. A.]"; PS 1990-07-10: HZO 6 "Präsident Herzog: Israel ist auf die wirtschaftliche Vereinigung Europas nicht vorbereitet".

4.7.1.2.1 Compensate

As part of the Oslo Accords, Israel lifted its 26-year ban on allowing Palestinians to export their agricultural produce from the occupied territories into Israel. The April 1994 Paris Protocol established free movement of agricultural goods, save for five commodities, which were subject to a five-year timetable. As a result, the exposure of the Israeli agricultural sector to Palestinian cheap labour products markedly increased.⁵⁷⁶

Israel argued that the EU could strike a balance and offset the damage to its agriculture by granting enhanced export quotas to Israeli farm products in return. The argument has been very popular with regard to Israel's agricultural concessions toward the Palestinians. It has also been used citing Israel's obligations under the October 1994 Israeli-Jordanian peace agreement. Occasionally, the damage a prospective withdrawal from the Golan would do to Israel's agriculture has been named, too, as to why the EU should improve Israeli export conditions.⁵⁷⁷

Let's have a closer look at the argument. Why did it seem promising to Israel to woo the EU by effectively offering an opportunity to pay for Israel's expenses? The argument has been commonplace amongst Israeli politicians and officials, and it is not conceivable at first glance why this should be so.

Certainly, when Israel made economic concessions for peace, these concessions were in the EU's interest as well. The EU has a clear and stated interest in peace, regional integration and development in the Middle East. The launch of the EU's New Mediterranean Policy had just manifested this interest in 1994.

Israel made its concessions irrespective of the fact if the EU would move to offset them. In future, too, Israel would most likely not condition its steps in the peace process on prospective EU compensation, highly speculative as this would be. The European Union, however, would see its interests served no matter if it offset Israel's cost in response or not. What incentive would the EU have in Israel's eyes to follow the argument and compensate Israel all the same? Why did Israel use this argument?

The answer seems to be that the peace argument very skilfully suggests that the EU, by granting Israel enhanced market access, was actually playing a role in the peace process, albeit indirectly. Ultimately, the peace argument is an offer to the EU to have itself pampered in its quest for a role in the

⁵⁷⁶ Not to be misunderstood – there have always been exports of Palestinian farm products into Israel, all of them illegal though, amounting to thousands of tonnes a year. For details, see e.g. JP 9 1993-12-08 "Gov't strikes deal with Palestinians on agricultural trade"; JP 1 1993-12-17 "Peres: Israel, PLO agree on open market"; JP 8 1994-04-12 "Trade deal on agriculture reached with Palestinians".

⁵⁷⁷ JP 1 1993-12-17 "Peres: Israel, PLO agree on open market"; JP 8 1993-12-21 "EC okays talks to upgrade FTA with Israel"; PS 1994-01-21: HA c2 "Der stellvertretende Landwirtschaftsminister bemüht sich in Europa um die Öffnung der Märkte für israelische Produkte"; FT 1994-11-17 "Israel eyes wider EU trade ties"; Ahlswede, 1998w.

Middle East. Apparently, according to the Israeli perception the EU was that keen on achieving a role in the region that it would find this token offer attractive.

4.7.1.2.2 Inversion

But there is more to the peace argument. For years the Europeans had declared that without progress in the peace process there would be no upgrade of relations with Israel. Just as unyieldingly as the EC stuck to this precondition, Israel had rejected the linkage of Middle East politics and EC-Israel economic relations.

When Israel made peace with the PLO and later Jordan, Israel had met the EU's precondition. The attitude of the Rabin/Peres government, however, was not that simply the central obstacle to the upgrading of relations had been removed. Rather, the attitude was that the EU now had to live up to its linkage. Speaking to European reporters before departing to the May 1994 EU-Israel Cooperation Council, Peres demanded that the EU should reward Israel economically for taking the very steps for peace that the Europeans had been insisting upon for years. "We have stopped settlements", Peres said, "we have recognized the PLO. We are, in a way, empty-handed when we have to show the return. We feel we are entitled to have a fair deal, economically speaking".⁵⁷⁸

Rhetorically, Israel turned the EU's argument on its head, portraying the Europeans' "no peace – no upgrade" as a commitment. Furthermore, it deduced an Israeli claim to an upgrade from the EU's precondition the moment that peace was at hand, the flaw in the argument's logic notwithstanding.

Judging from a number of public statements, Rabin in particular seems to have subscribed to this understanding.⁵⁷⁹ His frequently uttered anger with the EU's "dragging its feet" in the face of progress in the peace process is another indication that Rabin followed this argument, just as the Premier's various outbursts against the EU seemingly assumed a righteous Israeli claim to an upgrade. They do also suggest, however, that we are dealing with behaviour that is beyond tactics and that Rabin did indeed perceive a justified claim deriving from the EU's linkage.

"No peace – no upgrade" was not the only EU linkage that Israel turned on its head during the negotiations. At times, the EC had flanked its central precondition for further integration of Israel by another linkage: "no role – no upgrade", meaning that the EC would not consider any improvement of the TCA unless Israel acceded a political role to the EC in the Middle East. Most

⁵⁷⁸ JP 3 1994-06-13 "Peres to Europe for talks on Israeli participation in tenders". Charish and Tsur made statements to the same ends: see e.g. JP 1 1995-02-08 "Tough talks expected with EU delegation".

⁵⁷⁹ See e.g. FAZ 1993-10-26 "Rabin kritisiert Europa"; JP 12 1993-11-09 "Rabin blasts Europe for trade policies towards Israel".

conspicuously, the EC had established this linkage concerning the 1991 Madrid peace conference.

During the negotiations, Israel set its own linkage against the EU condition: if Europe wanted to play a more important role in the Middle East, it would first have to react to the peace process – particularly in its economic relations to the region. The envisioned reaction prominently included updating the TCA, obviously.⁵⁸⁰ Logically, therefore, the argument is based on the above Israeli assumption that progress in the peace process should prompt the EU to upgrade relations.

The Israeli “no upgrade – no role” however should not be seen as an offer of a quid pro quo. Just as the EC’s “no peace – no upgrade” did not factually make any statement on EC behaviour once peace would be about, the Israeli “no upgrade – no role” does not permit any conclusions on Israel’s attitude on an EU role once the TCA would be upgraded. Regarding content, Israel is not actually in a position to grant the EU a more important role in Middle East politics, since the factors determining the inferiority of the EU’s role to the US’ are beyond Israel’s control, as has been argued elsewhere in this study. Correspondingly, there is nothing to suggest that Israel would in fact be willing to give up its opposition to a significant European role in exchange for closer relations with the EU. Rather, it is a rhetorical sting we are looking at here, polemically claiming that the Europeans were not even following their own ends in their policy towards the Middle East and Israel.

4.7.1.2.3 A policy change?

After years of insistence that politics and economics be kept apart in EC-Israel relations, Israel suddenly demanded that the two be linked, calling on the EU to be guided by political considerations in its economic relations with Israel. Government ministers were no longer challenging their colleague of the foreign portfolio to categorically reject any linkage of politics and economics but attacked the Foreign Ministry for not making more use of this very linkage.⁵⁸¹ Are we witnessing a policy change here?

No. Most likely, Israel’s rejection of any linkage of politics and economics had never been a matter of principle. Rather we can assume it was declaratory policy, invoking the ethics of free trade as a tactic to counter EC moves to use economic sanctions in political conflicts with Israel. Accordingly, the principle behind Israel’s attitude seems to have been “no linkage of politics and economics if disadvantageous to Israel”. Up to the breakthrough in the peace process, such a linkage had been perceived as generally disadvantageous. This changed with the Israel-PLO peace – a linkage now seemed a tactical advantage. Therefore, it is not a policy change we see here. Israel’s behaviour changed simply because the parameters had changed, for the first time making linkage advantageous.

⁵⁸⁰ See e.g. FAZ 1993-10-26 “Rabin kritisiert Europa”.

⁵⁸¹ JP 1 1995-02-02 “Opposition growing to trade pact with EU”.

4.7.1.3 The moral argument

On rare occasions, Israeli representatives have also argued that Europe had a moral obligation to favourably upgrade relations. Shamir did so after the 1990/1991 Gulf war, quoting a historic responsibility of the Europeans towards the Jewish people. Similarly, when negotiations reached an impasse in summer 1994, Eran argued that the Europeans had "a political, economic and moral obligation to Israel they have not yet fulfilled". Neither Shamir nor Eran specified the origin and nature of the obligation they invoked. They must have both been aware, though, that their remarks would be understood against the background of the history of European anti-Semitism and the Nazi Holocaust.⁵⁸²

It is important to note that the cases mentioned here were the only two instances throughout the run-up and the negotiations themselves in which an Israeli cabinet member or official has been found to argue in this manner. Reference to a moral obligation has not been a commonly used tactic of Israel's at all.

4.7.2 Sanctions, threats and retaliation

Israel did not only use plain arguments to win over the EU in the negotiations. It also resorted to polemics and threats to further its aims. In particular Rabin launched a number of rhetorical attacks against the Europeans. "Europe talks about the free market in a high and mighty fashion, but when it comes to Israel, there is discrimination", Rabin charged in January 1993, when preliminary talks had just started, "the time has come for Europe to change its policy and begin buying goods in Israel, since Israel also has the option of buying from other places". The timing of Rabin's attack was all the more surprising – in the middle of the crisis over the Islamist deportees, which put a considerable strain on EC-Israel relations at the time.⁵⁸³ Half a year on, when preparatory talks had not proceeded as fast as Israel had hoped, Rabin again accused the EC of undermining Israel's competitiveness and sharply attacked the Europeans for dragging their feet on upgrading trade relations. When Israel had made peace with the PLO and progress still remained sluggish, Rabin stepped up his criticism in October and November 1993, issuing various angry attacks on the Europeans for procrastinating and "sleeping through the progress in the peace process". Similarly, Israeli officials came out attacking the EU for a "complete lack of political vision" in negotiations for the EMA and for not recognising the

⁵⁸² PS 1994-07-20: HA 6 "Die Verhandlungen zwischen Israel und der EU über einen neuen Handelsvertrag sind in einen Engpaß geraten".

⁵⁸³ JP 9 1993-01-07 "Rabin demands Europe buy more products in Israel"; PS 1993-01-11: DV 1 1993-01-10 "Die EG gab ihrer Verwunderung über die aggressiven Worte Rabins Ausdruck".

sacrifices Israel had made to achieve peace with the Palestinians in summer 1994.⁵⁸⁴

Whilst Rabin's outbursts seem largely determined by the Premier's personality, Israel also issued some deliberate threats against the European Union. Rabin himself called for anti-EU discrimination in Israel's public procurement in November 1992. Half a year on he went a step further, calling on citizens to follow the government's example and boycott products of EU companies that were not ready to make reciprocal purchases.⁵⁸⁵ Furthermore, if the EMA should turn out to be unsatisfactory, Charish announced in June 1994 that he would punish the EU by not signing the WTO Agreement on Government Procurement, which would open up Israeli public procurement to European exporters. Israeli officials repeated this threat in October, declaring that if the EU was not to change its attitude in the negotiations, Israel might retaliate by not granting import concessions that GATT provided to certain European products.⁵⁸⁶

Above all, Israel threatened to shift its imports away from Europe unless the EU was to upgrade relations soon and to Israel's satisfaction. Israel could well do its shopping somewhere else, so the EC had better change its trade policy and begin buying more goods in Israel, Rabin had thundered in his January 1993 attack; some US\$ 9,000 million of Israeli imports a year were not something to be sneezed at, even for Europe. Israel was quite serious about this threat and brought it up several times. Charish warned the EU in spring 1994 that Israel had the option to end its unbalanced purchases in Europe and demanded to promote imports from states like the US that were not restricting trade with Israel. Rabin, too, called for a campaign to increase Israel's trade with the US to punish the EU for its trade policy. "The Europeans shouldn't take for granted that we are in their pockets", he said in June, calling for changes in the tax treatment of car imports that would give American cars an advantage over European ones.⁵⁸⁷

Moreover, Israel made moves to carry out its threat. Israel looked out for new markets in the Far East. This idea had been put forward time and again

⁵⁸⁴ See e.g. JP 10 1993-07-08 "Rabin blasts Europe on FTA"; JP 2 1993-10-25 "Rabin: EC dragging feet in peace process"; FT 1993-10-29 "Israel seeks a better deal from EC"; JP 12 1993-11-09 "Rabin blasts EC for trade policies toward Israel"; FT 1994-08-08 "Israel on brink of trade conflict with EU".

⁵⁸⁵ PS 1992-11-20: AHM 5 "Ein Europäischer Staat wird von Israel Waffen kaufen, wenn Israel ihm Autos abkauft"; JP 10 1993-07-08 "Rabin blasts Europe on FTA".

⁵⁸⁶ PS 1994-06-09: Globes 51 "Meinungsverschiedenheiten in Brüssel"; PS 1994-10-17: HA c16 "Die EU wies die Bitte Israels um Exporterleichterungen zurück".

⁵⁸⁷ JP 9 1993-01-07 "Rabin demands Europe buy more products in Israel"; MD 1993-01-08: Israeli Radio 1993-01-06 19.00 GMT "Rabin wirft EG Diskriminierung bei Handelsbeziehungen vor"; PS 1994-03-08: MA c2 "Charish droht, die Einkaufsregelungen mit Europa nicht einzuhalten"; PS 1994-03-10: HA c2 "Charisch: Wir werden keinem einseitigen Handel mit Europa zustimmen"; JP 1 1994-06-26 "Rabin: No taxes on the stock market as long as I'm in office". See also FT 1994-08-08 "Israel on brink of trade conflict with EU".

by various officials,⁵⁸⁸ but only this time were words accompanied by deeds. Ehud Kaufman, Head of the Treasury's International Department, actively supported a shift of trade to East Asia, to South Korea and Japan. Kaufman saw the promotion of trade with the Far East chiefly as part of a strategic change in Israel's foreign trade relations to reduce its overall trade deficit, and less as a tactical step vis-à-vis the EU. The Ministry of Industry and Trade favoured developing markets in East Asia and the US, too, but rather from a short range perspective. It hoped to influence the EU's attitude by demonstrating Israel had alternatives to trading with Europe. In 1995, an inter-ministerial committee was formed for the promotion of trade with third countries, mainly in East Asia. Kaufman headed the committee, whose task it was to make recommendations of means to develop trade relations. Hardly anything came out of the committee, though, apart from one measure: Kaufman succeeded in convincing his minister Shochat to take Charish's position in a meeting with Rabin. To punish the EU, Israel should reduce tariffs on electricity cables so that a Korean bidder would win the tender. Beyond this step, the initiative petered out in a matter of weeks.⁵⁸⁹

Everything considered, the Israeli threats were not really fit enough to get the EU worried. For many products, Israel simply has no alternative market to the EU, be it to buy from or to sell to. The reasons are multifarious and often lie in the structure of the markets which cannot be changed by Israeli activity in a matter of months, if at all. And, US\$ 9,000 million may not be something to be sneezed at indeed, but after all, the EU's trade with Israel is still just a mere 1 per cent of the EU's total trade. Israel may have made some threats, but they certainly did not cause the EU sleepless nights.

Again, as with Israel's arguments, we can assume that the Israeli actors were aware that their threats could hardly take effect. Similarly, the explanation for the Israeli behaviour seems to be that the threats were rather meant for domestic consumption. As a matter of fact, Israel has no economic leverage over the EU – an unpleasant situation for a state and its actors who do not want to be perceived as asking for favours. Pretending that Israel did have some means of exerting economic pressure might be a matter of national pride. Moreover, for cabinet members dealing with economic relations with Europe and particularly for the Prime Minister it is essential to demonstrate to their voters and clientele that they take a strong stand in negotiations in defence of their interests. This obviously includes the display of threats, unrealistic as they may be.

⁵⁸⁸ See e.g. Jacob Cohen, Deputy Director General for Economic Affairs in the Foreign Ministry, in PS 1989-10-18: HZO 2 "Unsere zunehmende Abhängigkeit von der EG macht es erforderlich, alternative Märkte zu finden".

⁵⁸⁹ PS 1994-12-22: MA 3 (business section) "Das Finanzministerium empfiehlt, den Export von Europa in den Fernen Osten umzuleiten"; PS 1995-07-25: MA 4 "Der Weg zu unserem Aufstieg"; Ahlswede, 1998c; Ahlswede, 1998x.

In its rhetoric, however, Israel did not always use threats. At times it offered incentives, too. In a marked example of declaratory policy, Foreign Minister Levy thus tried to win the Europeans' sympathies after the Cooperation Council in May 1992, proclaiming that "[Israel's] pro-American orientation is coming to an end" and that Europe was now just as important to Israel as the US.⁵⁹⁰ As much as it certainly is one of the EU's fondest dreams to be on a par in status with the United States in the Middle East, such a scenario is far from reality and has always been so, of course. And of course Levy knew this as well.

4.7.3 Further measures

4.7.3.1 Marketing tour of Rabin and Peres

Israel may come up with heaps of arguments as to why the EU should upgrade relations. As a matter of fact, though, Israel's asset in the negotiations did not lie in what it could offer or threaten economically and not in the quality of its rhetoric either. Israel's asset vis-à-vis the EU was and still is a political one. It is a behaviour in the peace process compatible with the Europeans' ideas that prompts the EU to be more receptive to Israeli wishes, not its flamboyant pieces of rhetoric.

Israel, actually, is very much aware of the correlation between progress in the peace process and the EU's receptiveness and has skilfully employed it as an argument to buttress its claims, as the peace argument shows. Just how much Israel has been aware of the opportunities which its peacemaking had opened can be seen from another government step: to send its two heroes of peace on a marketing tour of Europe.

The European Commission was set to issue a mandate to the Council in December 1993 to negotiate upgrading relations. The terms of this mandate would crucially influence the outcome of negotiations, and Israel was determined to improve these. Whilst Rabin and Peres had certainly brought up the issue in their contacts and meetings with their European counterparts, they now took it upon themselves to travel to six European capitals on the matter exclusively. Rabin and Peres jetted through six European capitals in late November to promote Israel's views on what the mandate should include. They visited the three major powers in the EU, Germany, France and the UK, they visited the capitals of the member states that had reservations about enhanced market access for Israeli agricultural produce – Paris, Rome and Athens. Rabin went to Brussels, where he spoke to the European Parliament. Peres met Delors, his personal friend. They stopped at all the EU's neuralgic points, hoping to reap the fruit of Israel's achievements in the

⁵⁹⁰ PS 1992-05-13: DV 1 "Die pro-amerikanische Orientierung geht zu Ende; Europa ist ebenso wichtig".

peace process and turn its peacemaking with the PLO into an economic gain.⁵⁹¹

Whilst Israel clearly recognised the asset it held in hands vis-à-vis the EU after peace with the PLO, it is not so clear if the processors of Israel's European policy system fully recognised that the EU's receptiveness to Israel's wishes is a function not of actual progress in the peace process but of Israel's *behaviour* in this policy field. This is a fine but crucial difference that is not always seen or made.

4.7.3.2 The German channel

Another prominent feature in Israel's behaviour is the prominence it has given to Germany in its efforts in upgrading relations. Germany is arguably the most influential member state of the European Union and has been unambiguously perceived as such in Israel. Also, Germany has traditionally been receptive to Israeli needs and desires. With respect to the EU, Germany has offered to champion Israel's interests in the Union, and has done so on many occasions. Specifically, Germany's Chancellor Helmut Kohl has offered to be "the motor of Israel's integration into the EU".

Against this background, Peres thought it was crucial to have the EMA all wrapped up under the German EU presidency, i.e. under conditions in which German goodwill would have most of an impact in the European Union. Whatever Israel would not get with Germany holding the Presidency, he reckoned was something that Israel would never get.⁵⁹² Consequently, he pushed to conclude negotiations before France would succeed Germany in January 1995.

Charish strongly disagreed with Peres on this point. In his view, the Foreign Ministry was wrong when it claimed the agreement should be concluded before France would preside over the EU since the Foreign Ministry expected the French to be harder to deal with. In 1994, Charish explained his attitude later, "the Germans were busy with elections and did not have the time to lobby member countries to get Israel better terms".⁵⁹³ Charish, accordingly, disagreed with the Foreign Ministry not only on if enough had been achieved but also on what the best timing would be to optimally profit from German support. They did not disagree, however, that German support would be crucial to achieve optimal results in the negotiations.

Charish's argument was obviously based on the assumption that undistracted German support would be that powerful in the EU that it could easily do more than good for the expected reserve of a French presidency. This strong confidence in the potency of German support could be seen again when the German Chancellor Kohl came to visit Israel in June 1995. On the

⁵⁹¹ JP 2 1993-11-23 "Rabin, Peres off to Europe to talk trade"; JP 8 1994-12-21 "EC okays talks to upgrade FTA with Israel".

⁵⁹² Ahlswede, 1998s.

⁵⁹³ JP 1 1995-02-13 "Israel gets enhanced EU trade status".

occasion, Charish urged the cabinet not to approve the draft EMA ahead of the visit but to wait and see what Kohl could do for Israel in the negotiations: "Kohl [...] is the de facto leader of Europe today. We should explain our problems to him before we sign anything". Carrying Peres' argument a step further, Charish implied that, unless Israel had checked what Kohl could do, it had not tried everything: if Kohl could not get it, then Israel could not get it.⁵⁹⁴

In fact, Israel's declared top priority during Kohl's visit was to seek German backing for final issues that kept blocking the conclusion of negotiations.⁵⁹⁵ Israel would not approve the draft before Kohl had reassured Israel of his staunch support and had promised to see about the outstanding Israeli claims. At the same time, Kohl commanded the authority and trustworthiness to tell Israel what really was in the basket and what was not. In another manifestation of Israel's trust in German support, once Kohl had pledged his backing, the Israeli cabinet approved the draft EMA the very next day.

Apparently, German support has been seen as the key to a satisfying upgrade of relations, at least when negotiations were a tough fight.

4.7.3.3 The Essen Declaration

At the EU's December 1994 Essen summit, the European Council declared that it "considers that Israel, on account of its high level of economic development, should enjoy special status in its relations with the European Union on the basis of reciprocity and common interests".⁵⁹⁶ In a further sentence, the European Council requested the Commission and the Council of Ministers to report on any action taken.

4.7.3.3.1 Israel's motivation

Nothing more and nothing less was said about the nature of the envisioned special status. Still so, Israel considered the Essen Declaration a remarkable success.⁵⁹⁷ During the Essen summit, the EU had just adopted its new Euro-Mediterranean Partnership programme. The EC had always addressed Israel in the framework of its overall Mediterranean policy, and set out to do so, too, in the Euro-Mediterranean Partnership programme. Israel had been and would be addressed as one Mediterranean non-member country amongst many others. Israel, however, did not want its upgrading of relations with the EU to return an off-the-shelf contract, an EMA just like the one for example that Tunisia e.g. was negotiating at the time, too. The Essen Declaration elevated Israel above the other Mediterranean non-member

⁵⁹⁴ JP 1 1995-05-23 "Harish to demand delay on vote on EU Agreement"; JP 1 1995-06-05 "Kohl meets Rabin, Hussein in Naharayim today"; JP 2 1995-06-06 "Trade pact with EU dominates Kohl talks".

⁵⁹⁵ JP 1 1995-06-05 "Kohl meets Rabin, Hussein in Naharayim today".

⁵⁹⁶ Council of the European Union, 1994c. The French and German versions even speak of a privileged status ("un statut privilégié"/"einen privilegierten Status"): Council of the European Union, 1994a; Council of the European Union, 1994b.

⁵⁹⁷ On Israel's foreign policy system's handling of the Essen declaration, see p. 161.

countries (MNM) and promised to insure that Israel would not be treated just as one of them in the EU's new policy. With the Essen Declaration, Israel felt that the EU had recognised for the first time that Israel in fact was not just one of the MNMs but should be treated differently.

Secondly, and more importantly, it was clear that the new agreement that was being negotiated at the time would do less than fulfil Israel's any wish in its relations with the EU. Israel hoped for further association with the EU beyond the provisions of the new agreement. The EMA would simply be an updated version of the old 1975 TCA, and as with any agreement, it would be temporary. Israel's long-term goal with the EU, however, is to achieve a permanent institutionalised anchorage of Israel in the EU. For Israel's part, the Essen Declaration has been a strategic measure: grasping the historic situation after the Kuwait crisis and the heyday of the peace process, with an unfamiliar friendly Europe and a government sensitive to European issues. Israel tried to get a foot in the door to further association as long as the door would still be open.⁵⁹⁸

Finally, the Essen Declaration also carried a considerable symbolic value. Israel has always held that it deserved to be privileged and treated differently from its Middle Eastern Neighbours – it was Western, democratic, and much more European in character than Levantine. To Israeli eyes, in Essen, Europe had come a step closer to acknowledging Israel's Europeanness.

4.7.3.2 History of the declaration

The Europeans had really been quite receptive to Israel's wish for a special status amongst the MNMs. Avi Primor, formerly ambassador to the EC, expressed the view in September 1992 that the EC in fact recognised Israel as deserving a special status in its relations with Europe "because of heritage, culture, historical associations and a bad conscience", as he put it.⁵⁹⁹ The EC indeed came out itself at the time as hinting repeatedly that a tailor-made or "special" status would be worked out for Israel's future relations with the EC. Most notably, Jacques Delors, the President of the European Commission, did so in a talk with Peres that autumn.⁶⁰⁰

Israel, understandably, wanted to have this in writing. Apparently, the Foreign Ministry's Economic Department II, in charge of Western Europe and South America, took a leading role in pushing the issue. According to Zvi Tenney, the head of the department, Israel did not initially single out Germany as the most promising address to lobby. Rather, Israel had approached France and all the other EU member states in the search for

⁵⁹⁸ Ahlswede, 1997h; Ahlswede, 1998j; Ahlswede, 1998q.

⁵⁹⁹ JP 5 1992-09-18 "Will she, won't she, la belle Marianne?".

⁶⁰⁰ JP 2 1992-10-22 "Peres says Jerusalem must abandon EEA effort"; see also JP 12 1992-12-09 "European delegation pledges to seek end to Arab boycott". See JP 12 1993-11-07: "EC to focus efforts on building Palestinian University in Gaza" for EC Commissioner Manuel Marin's comments.

support, too, but had ultimately been successful only with Germany.⁶⁰¹ Apart from Germany's traditional forthcoming attitude to Israeli interests and desires, what certainly helped was the fact that Germany was an EU troika member since January 1994 and took over the presidency in July.

Avi Primor, ambassador to Germany by then, was the one to further pursue the issue. In talks with Primor, Kohl had declared his intention to be the "motor" of Israel's institutional integration into the EU.⁶⁰² Primor sent a report on Kohl's offer to the Foreign Ministry, the Prime Minister's office, the Treasury and the Ministry of Industry and Trade, but there was no reaction. Effectively that meant that Primor was given a free hand to act as he saw fit. This might seem surprising to the observer, given that Primor was not officially assigned to deal with Israel-EU relations. He was ambassador to Germany, not to the EU, and with respect to the weight of the issue at hand – the EU's recognition of Israel's claim to be treated as European – it seems astonishing that other desks and departments were not more involved in the preparation of the Essen Declaration. The centrality of the ambassador to Germany or, rather, of the person Avi Primor in EU issues, however, is a feature that we have come across before and that seems to be characteristic for Israel's dealing with the EU. From July on, Peres had been in contact with Kohl and Kinkel in the matter, too, but Primor remained the central figure.

The negotiations with Kohl for the EU's recognition of an Israeli special status went on smoothly. The German chancellor, however, insisted that the actual consequence of the newly acceded "special status" would only be clarified after the declaration of the EU Essen Summit.⁶⁰³

4.7.3.3 Criticism of the Essen Declaration

The Essen Declaration was regarded as revolutionary in Israel, as a significant step forward towards Israel's firm anchorage in the European Union.⁶⁰⁴ In fact, though, there are a number of serious problems with the declaration.

To begin with, any international agreement is "special" in that it is shaped to take account of the specific conditions that prevail in the two parties' relations. In this way so is each of the EU's agreements, and so will each Euro-Mediterranean Agreement of the Euro-Mediterranean Partnership be. Of course any EU-Israel agreement on economic and R&D relations would take Israel's "high level of economic development" into account. The French and German versions speak of a "privileged" rather than a "special status", an expression that seems to have more flesh to it. The UK opposed that term

⁶⁰¹ Ahlswede, 1998j.

⁶⁰² Primor, 1997, p. 175.

⁶⁰³ Ahlswede, 1997h; Ahlswede, 1998v; Primor, 2000, p. 112 f.; PS 1994-12-12: HA 3 "Der EU-Gipfel empfiehlt, Israel einen Sonderstatus zu gewähren".

⁶⁰⁴ PS 1994-12-12: DV 1 "Jerusalem ist zufrieden über die Erklärung des EU-Gipfels über einen Sonderstatus für Israel"; see also e.g. the interview with Jacques Santer in MS 1999-01-15: HA b8 "Der lächelnde Jacques und sein Kampf gegen die Korruption".

accordingly and had it toned down to "special status" in the English version.⁶⁰⁵

Secondly, be it privileged or special – the Essen Declaration did not promise anything after all. It does neither proclaim that "Israel *will* enjoy special status" nor does it say "Israel *should* enjoy special status". It merely announces that the European Council "*considers* that Israel [...] should enjoy special status". All this features in the Presidency Conclusions of the European summit, which are not legally binding in any case.

The Essen Declaration "does not mean anything legally, it is nice politically", as the EU ambassador to Israel at the time, Albert Maes, rightly pointed out.⁶⁰⁶ Whilst the declaration had hardly any substance literally at all, between the lines it certainly did make promises: Israel would be treated differently – better, that is, most probably – than the other Mediterranean non-member countries. Here we are facing the central problem with the Essen Declaration. It is conflicting in spirit with the Euro-Mediterranean Partnership. According to the EMP, Israel is supposed to integrate into its region, which in turn would be part of a vast Euromed region of peace and prosperity. A privileged treatment over the other MNMs, however, would break Israel out of this scenario. Apart from creating a dangerous precedence, with its political implications, such a step could easily damage the whole of the Euro-Mediterranean Partnership programme. Correspondingly, the Essen Declaration has not been popular everywhere, including the EU Commission, where many considered it plainly embarrassing.⁶⁰⁷

4.7.3.3.4 Nothing has become of the declaration

Nothing has become of the Essen Declaration. After the Essen summit, when it came to giving meaning to the words of the declaration, Israel looked at Germany again. Ambassador Primor presented Kohl with an outline of Israel's idea of the special status in November 1995. In the wake of Prime Minister Rabin's assassination, however, the matter fizzled out – not too surprisingly, after Israel had not displayed much determination to pursue the issue any further to begin with. To Israel, the point of the Essen Declaration had been primarily that it had been made, recognising Israel's special status and thus implicitly its Europeanness. Filling it with actual content was seen only secondary. Under Netanyahu, any progress was illusory due to the differences with the EU that arose over the hawkish government's peace politics. The Barak government took up the issue again. Germany remained the central partner on the European side in the issue: during Barak's visit to Berlin in September 1999, Chancellor Schröder repeated his predecessor's commitment to further Israel's relations with the EU. Specifically, Schröder

⁶⁰⁵ Ahlswede, 1998j.

⁶⁰⁶ Maes, 1996, p. 204.

⁶⁰⁷ Ahlswede, 1996a.

told Barak that the Essen Declaration was still valid. On the Chancellor's initiative, the German political Friedrich-Ebert-Foundation was mandated to co-ordinate the proposals that Israel would make to the European Union for the implementation of the Declaration. The EU seemed supportive to the Israeli move: in May 2000, the Portuguese Foreign Minister Jaime Gama, acting as President of the EU, announced the European Union had set up working groups to find concrete ways to implement the Essen Declaration.⁶⁰⁸ By the date this section has been written (December 2008), however, these efforts have not yielded any results.

4.7.3.4 The name of the agreement

As another strategic measure, the Foreign Ministry wanted the 1995 agreement to take a new name and be called an "Association Agreement". Association with the EU is provided for by Art. 131–136 (Part IV, Association for Countries that "have special relations" with EU members), and more generally by Art. 238 of the Treaty of Rome. Association Agreements have been concluded with countries in three categories: former colonies, North Mediterranean countries that qualify for membership geographically but are currently unacceptable on political grounds, and central and Eastern European countries. Israel does not fit into any of these categories, and what Association Agreements had usually offered did certainly not fit Israel's much farther reaching ambitions.⁶⁰⁹ Rather, the Foreign Ministry's motivation was that the term "Association Agreement" would reflect the desired firm anchorage in the EU. Also, it would imply that the European Union recognised that Israel, too, had "special relations" with Europe, meaning – once again – that Israel was more European than its neighbours and deserved to be treated differently.

The European Commission refused though, on the very grounds which had made an "Association Agreement" so attractive to Israel: that the term was reserved for European agreements. The compromise that was struck gave the Agreement the bulky name that all agreements under the EMP carry now: the "Euro-Mediterranean Agreement establishing an Association".⁶¹⁰

Also, Israel never regarded the EMA and R&D agreements as two independent agreements. The EU did, for its part. The Israeli attitude,

⁶⁰⁸ MS 1999-09-22: HA 1: "Schröder zu Barak: Ich werde mich um eine Stärkung der israelisch-europäischen Beziehungen bemühen"; MS 2000-02-23: MA 2 "Eine deutsche Delegation wird bei dem Upgrading der Beziehungen zur EU helfen"; MS 2000-02-24: HA c2 "Man wartet auf Stauber"; MS 2000-04-03: HA 2 "Barak strebt nach einer schnellen Angliederung, die EU ist weniger begeistert"; MS 2000-04-03: HA 3 business section "Ein Vertreter der EU wird in Israel Schritte zur Vorantreibung des Status Israels erörtern"; MS 2000-05-08: HA 6 "Die EU richtet zieht in den Kampf gegen die israelische Gleichgültigkeit".

⁶⁰⁹ Redmond, 1995, p. 129 f.

⁶¹⁰ Chokron, 1996, p. 181; Tovias, October 1998.

however, was that a decision to move closer was simply being formalised in two agreements, a technicality really.⁶¹¹

4.7.4 Actors

After we have analysed the tactics which Israel applied in pursuit of closer association with the EU, we will now have a look at the actors that we have identified as participating in shaping Israel's behaviour vis-à-vis the European Union. Roughly, we can distinguish between actors of three different levels: the ministerial officials, the Director Generals' Committee, and the politicians.

4.7.4.1 The ministerial officials

When we look at actors on the level of ministerial officials, we find that three departments have been primarily active with the issue of closer association with the EU: centrally, the Economic Department of the Foreign Ministry, the Foreign Trade Department of the Ministry of Industry and Trade, and to a lesser extent the Treasury's Department for International Financial Affairs. Not co-incidentally, these were the departments that formed the Israeli negotiation team. In what can be thought of as an informal inter-departmental forum, these three departments worked closely together in forming the Israeli position in the details of the negotiations and in day-to-day issues of Israel-EC economic relations, not only within the framework of the negotiation team – and well beyond the EMA negotiations, too.

Depending on the issue at hand, other departments whose responsibilities were touched upon were involved in the forum, too. Predominantly, these were the Foreign Trade Department of the Ministry of Agriculture and, in relation to the R&D Agreement, the Ministry of Science. As an analogy of their status in the EMA negotiation team, these departments did not belong to the core of the forum but rather to a second belt of actors that were only temporarily included in this policy processing unit for consultation and for certain decisions on issues that lay within their responsibility.

Beyond this second belt there has been a third belt of actors, who were not included in the forum but had an impact on the forum's decisions and actions. In the case under analysis here, these were the Treasury's Supervisor of Insurance and Capital, the Supervisor of Israel's National Bank, the Head of the Security Authority and the Treasury's Budget Department. These actors do not belong to any established structure of the Israeli European policy system but became active and took an influence in response to single issues that fell under their responsibility. They exerted influence either directly through a member of the forum and the negotiation team – the Treasury's Department for International Financial Affairs – or indirectly via the political level.

⁶¹¹ Ahlswede, 1998t.

Our findings suggest that beyond a mere forum of cross-consulting officials doing what they are paid for, there has also been a circle of officials who have actively pursued the furthering of association with Europe. The circle clearly exists in the perception of the officials involved; they refer to themselves and are referred to as the "Professionals" or "Experts" of relations with the EU. Not every official whose assignment touches relations with Europe is considered a member of this circle by far. The criteria of membership with the *Professionals* are not clearly defined; membership is not tied to a certain assignment but rather to a person in a certain assignment. Membership with the *Professionals* thus varies over time. Also, the circle is not clearly limited; according to the issue at hand it is expanded to include others. Whilst the boundaries of the group are not defined, the *Professionals* have had a distinct core, centring on the heads of the Economic Department of the Foreign Ministry and the Foreign Trade Department of the Ministry of Industry and Trade. For the period under analysis here, the following have been consistently named as a driving force for further association with Europe amongst the ministries' officials: for the later 80s and early 90s Jacob Cohen as Head of the Foreign Ministry's Economic Department, Marcel Shaton as Head of the Ministry of Industry and Trade's International Agreements Section, Zvi Allon, the Head of the Foreign Trade Department of the Ministry of Agriculture, and David Nave, in charge of international financial affairs at the Ministry of Finance. Later, and during the EMA negotiations themselves, the inner circle of the *Professionals* seems to have consisted of Oded Eran, Head of the Economic Department of the Foreign Ministry, Zohar Pery, Deputy Director General and Head of the Department for International Affairs in the Ministry of Industry and Trade, Ehud Kaufman as Head of the Treasury's Department for International Financial Affairs, and Zvi Allon again.

Moreover, Avi Primor, ambassador to the EC and later to Germany, has been actively pursuing the furthering of relations with Europe. In spite of his activities and even though he was a ministerial official, Primor however did not belong to the circle of the *Professionals* but is a special case, as we will see below.

What is remarkable is that no official of the Foreign Ministry's European Department has been involved in any outstanding way in the issue of closer association with the EC. Instead, the issue has been dealt with by the ministry's Economic Department and by the informal inter-ministerial forum as described above. This is interesting in so far as this is the procedure for an economic issue, whilst Peres and the Foreign Ministry itself have constantly claimed that the upgrading of relations was very much political.

So what have been the role and weight of these ministerial actors which we have just identified in the Israeli European policy process? It goes to show how influential the *Professionals* have been in the issue where Peres had to give up his intention to have the EMA signed in 1994 for lack of support also

from his own ministry's officials. He thereafter followed his Economic Department's lead in the question of if the time was ripe to sign the agreement, which is another indication of the *Professionals'* considerable influence.⁶¹²

The analysis shows that the issue of closer association with the EU has been very much in the hand of the officials listed above. If we think of foreign policy-making as a tripartite process, consisting of agenda setting followed by the formulation of a position and finally implementation, we can establish that the *Professionals* have been highly active in each of these phases of the policy process. To be sure, we are not speaking of high politics with its crises decision making. On the contrary, it is the other end of the spectrum of foreign policy that we are looking at here, the nitty-gritty of the daily routine. In the issue area under analysis here, the ministerial officials have been very strongly present throughout all of the policy process. They brought up the issues that should be considered to be dealt with in the negotiations, and they formulated the day-to-day details of Israel's behaviour in the negotiations and beyond. At the same time, the *Professionals* have also functioned as the very actors of Israel's foreign behaviour vis-à-vis the EU, accounting for the vast majority of observable actions of the state of Israel. In pursuit of Israel's aims they held phone conversations, exchanged notes with and paid visits to their European counterparts and issued statements to the media. Implementation has thus been firmly in their hands, too – as far as day-to-day issues are concerned, that is. It is estimated, however, that a good 90 per cent of all issues are of this kind.⁶¹³

4.7.4.2 The Director Generals' Committee

The professionals at the top level of the ministerial administration, the Director Generals of the various ministries, have only rarely been actively involved in the policy process as individual actors. As managers of their ministries, the Director Generals were kept informed rather than having a central role. The picture is different, however, with the Inter-Ministerial Director Generals' Committee for Economic International Affairs (DGC):

The DGC has been in existence since 1978, when it was created by government decision. The DGC is headed by the Ministry of Finance and run by its International Department. Members have initially been the Director Generals of the Ministries of Finance, Industry and Trade, Agriculture and of the Foreign Ministry. In the last decade, the National Bank's representative of international affairs has participated, too, as have the representative of the economic advisor of the Prime Minister's Office, the Director General of the Ministry of Science and the Heads of the Foreign Ministry's Economic

⁶¹² Ahlswede, 1998s.

⁶¹³ Ahlswede, 1997j.

Department, the Treasury's Budget Department and the Treasury's Department for International Financial Affairs.

In contrast to governments of other countries, the government of Israel does not maintain a ministry of economics, which would deal with economic issues in a comprehensive manner. In Israel, the responsibilities of a classical ministry of economics are strewn over a number of ministries and government agencies. Whilst there is no body to integrate and co-ordinate the various actors in domestic policy, the DGC in effect functions as a virtual ministry of economics in the realm of foreign relations.

As a working committee, the DGC is not formally responsible for the shaping of foreign economic relations. Rather, it can refer to the Government Sub-Committee of Economic Affairs, which is led by the Minister of Finance and staffed by ministers only, or it can refer straight to the government. Meeting every four to six weeks, the DGC is the highest forum of discussion in a professional, i.e. "non-political" way.

The working mode of the DGC is consensual. Votes are never taken. Issues are raised in the Committee to reach a compromise or to air views and pronounce attitudes, so that the ministers will have clear-cut standpoints to deal with. In contrast, the DGC has not set any political agenda so far. Its function is to create compromise.⁶¹⁴ The agenda of the Committee's meetings is set by the Ministry of Finance, which is heading the Committee. As a matter of fact it has been the Ministry of Finance, too, that has brought up most of the issues that will be discussed.

It is in the interest of the DGC's members to prevent issues from being transferred to the ministerial level where they, the ministerial officials with expert knowledge, will no longer have an influence. In fact, these officials seek to keep the political level out as much as possible, since interference of politicians is perceived as a nuisance. As a result there is an intrinsic pressure to compromise in the DGC.⁶¹⁵ Correspondingly, there has been a tendency of the Ministry of Finance to bring up controversial issues in the Committee, issues on which it might lose at the ministerial level, where there is no self-interest at work which might cause other parties to rally around the Treasury just to prevent the decision from being taken elsewhere.⁶¹⁶

Functioning as a virtual ministry of economics, the Director Generals' Committee has been an important forum in Israel's European policy process. The DGC has been involved in the upgrade of relations from an early point.

⁶¹⁴ The Treasury's International Department however is working to enable the DGC to do more than troubleshooting: Ahlswede, 1998u.

⁶¹⁵ Ahlswede, 1998s; Ahlswede, 1998l; Ahlswede, 1998u.

⁶¹⁶ So, for example, the Treasury brought the question of Israel's participation in the EU's 5th R&D programme (to which it objected) before the DGC, in order to get an overview over the other agents' position. The DGC however decided to move the decision to the government, since the economic component of the issue was too small for the DGC to decide.

In late 1992 it formed the core of a committee that established Israel's aims in the upcoming negotiations. Also, the DGC was the body to issue the mandate to the Foreign Ministry and the Chief Scientist to negotiate the EMA and R&D Agreement.⁶¹⁷

During the talks with the Europeans, the DGC supervised the activity of the Israeli negotiation team. For the most part, the departments and officials involved in the negotiations merely reported to the committee. Decisions of the negotiation routine were handled by the officials in charge without consultation of the DGC. For example, problems regarding agricultural goods were reported to the DGC. Decisions on tactics, however, were made exclusively between Eran and Allon, in the last hours of the negotiations between Eran and Tsur.

At times the DGC issued guidelines on how to behave vis-à-vis the European negotiators, i.e. how to decide on certain issues. An explicit approval of the DGC, in contrast, was only obtained in some rare cases. In one instance, however, a decision was deliberately taken to the Committee: the decision if enough had been achieved to finish negotiations on the R&D agreement. Technically, it would have been possible for the officials of the negotiation team to take the decision themselves and refer the issue to the political level for approval. Eran though felt he needed a clear go-ahead from the DGC, the supreme professional body, because of the high investments that participation in the programme involved.⁶¹⁸

4.7.4.3 The politicians

The third group of actors to look at are, of course, the politicians.

Following the tripartite model, the policy process can be subdivided into three roughly subsequent phases: agenda setting, policy formulation and policy implementation. Regarding the issue of closer association with the EC/EU, it has not been possible to establish a clear picture of the politicians' role in agenda setting. Closer association with the EC/EU has been on Israel's foreign policy agenda throughout the whole of the period under analysis. Politically, the issue has never quite been off the agenda, nor does closer association seem to have been politically re-installed on the agenda at any time. Rather, the issue took a back seat in times of tension with the Europeans only to come to the fore again once relations improved.

It is difficult to speak of agenda setting in this case, since no issue appears to have been "set" by Israel or any of its actors in the first place. Rather, Israel reacted to changes in the EC/EU's attitude towards an upgrading of relations. Accordingly there has not been any agenda setting on the political level, where politicians enjoy a monopoly. Of course, however, the issue area of association with the EU has not generally remained without any agenda setting activity. This activity though took place not on the political but on the

⁶¹⁷ Ahlswede, 1998c.

⁶¹⁸ Ahlswede, 1998s.

technical level. The ministerial officials in charge have been highly active there as we have seen above, bringing up issues that should be considered in determining Israel's attitude and prospective behaviour. Theoretically, politicians could have been active in agenda setting on the technical level as well. It could have been politicians, for example, who turned Israel's participation or, rather, non-participation in the EC's R&D programme into an issue that the foreign policy system should deal with. In fact, however, it was the ministerial officials.

This study has found no evidence that politicians ever took part in agenda setting on the technical level as far as association with Europe is concerned. Generally speaking, politicians have acted in two separate roles when it came to association with Europe. These two roles correspond to the remaining two phases of the policy process, policy formulation and implementation.

4.7.4.3.1 Politicians in policy formulation

In the policy formulation phase, Israeli politicians were involved in their role as exponents of ministries whose responsibilities were touched upon. That is, politicians who had a role in this phase were government ministers and members of the cabinet. Politicians outside of this small group of actors did not have a perceivable influence in the shaping of attitudes and positions of the Israeli government. Neither did high-ranking members of the governing parties have a role, nor the Knesset or any of its members, partisan affiliation notwithstanding, unless they were cabinet members.

Politicians acted as the supreme representatives of the interests that their respective ministries institutionally advocated. Charish fought for the interest of the Israeli manufacturers, Tsur championed the agriculturists, Shochat reflected the positions of the Treasury, and Peres represented the Foreign Ministry's approach. Generally speaking, they acted as ministers, not as party politicians or as individuals with an agenda. The typical behaviour of politicians in policy formulation has accordingly been lobbyism with their cabinet colleagues.

At the same time, politicians have been far from omnipresent in policy formulation. As this analysis shows, they were only involved in some specific issues and under certain circumstances. Politicians thus played an active role in policy formulation only in two issues: firstly, regarding participation in the R&D programme and secondly, closely related, in the question of if enough had been achieved to sign the EMA. In contrast to other issues in the negotiations, when these two issues were concerned, the political level was always and prominently involved in policy formulation. The explanation for the discriminate treatment has to be seen not so much in the fact that these issues were deemed the two central ones. Rather, the reason was that both issues were perceived primarily as political issues, and ones of "high politics", with whom politicians should deal accordingly.

Beyond these two issues – and more specifically – politicians became involved if there were conflicts amongst ministries that could not be solved

by the Director Generals' Committee.⁶¹⁹ In contrast to the politicians' activity in the two issues mentioned above, when ministers became active in policy formulation in a situation of conflict between ministries, their involvement has not been initiated by the politicians themselves but by their ministries' officials in charge.

Not surprisingly, an outstanding feature of the politicians' participation in formulation is the centrality and influence of the Foreign Minister. Just as the Foreign Ministry on the professional level, on the political level Peres took the lead in the drive for closer association. It was the Foreign Minister, too, who decided that the time was ripe to sign the EMA and who forced a decision in the inter-ministerial panel.⁶²⁰

Similarly, Peres' predecessor Levy had been the central driving force for closer association amongst the politicians. The reasons for this constellation are twofold: for one thing, Levy and Peres both were Foreign Ministers who had a particular personal affinity to Europe. But also both were Foreign Ministers under a Prime Minister who was not very interested in Europe and who gave them plenty of rope in this policy area. They were both Foreign Ministers who were marginalised by their Prime Ministers in the central areas of foreign policy: relations with the US and the peace process. Not only were they both personally interested in relations with Europe, but Europe was also the only policy field of major importance that was left for them to deal with.

With respect to Peres it is interesting to note that as Foreign Minister he championed the *political* interests that the Foreign Ministry was following and less the economic interests that the ministry had been pursuing as well. As we have seen, this fact led to disagreement with his own Economic Department, so in the question of if the EMA should be signed in December 1994 already. In contrast to his ministerial colleagues, Peres had thus not been acting as a mere exponent of his ministry, integrating different streams of opinion, but took sides in the internal conflicts amongst his ministry's departments.

The other outstanding politician in policy formulation was Charish, the Minister of Industry and Trade. Charish was extraordinarily powerful on the political level. Not only did his claim that the EMA was not political challenge the Foreign Minister's responsibility for the agreement, but also Charish proved powerful enough to uphold a veto on finalising the agreement for half a year. Interestingly, the Minister's strong position on the political level contrasts to his ministry's subordinate role in the actual negotiation team: there, for reasons of inter-ministerial rivalry, the Ministry of Industry and Trade was the weakest link.

⁶¹⁹ Ahlswede, 1998s.

⁶²⁰ Ahlswede, 1997g.

4.7.4.3.1.1 Peres' inter-ministerial panel

The central decision-making body however in the issue of closer association with Europe was an informal inter-ministerial panel summoned and led by Peres. Its permanent core members were Peres as Foreign Minister, Shochat, the Minister of Finance, Charish, Minister of Industry and Trade, and Tsur, the Minister of Agriculture. At times, depending on the issue at stake, the panel was enlarged to also include ministers of other portfolios like Science, Transport, and on exceptions, also the Prime Minister. From the start the panel was prominently involved in policy formulation concerning the EMA: in early 1993, an inter-ministerial committee of the Foreign Minister and the Ministers of Finance, Industry and Trade, Agriculture, Communications and Science as well as, at times, Transport dealt with the issue of what Israel's objective should be in the negotiations.⁶²¹ Later, in 1995, the decision to sign the EMA was taken in the panel, enlarged by the participation of Rabin and Shachal. Half a year on, Peres' inter-ministerial panel decided on Israel's understanding of the Essen Declaration and on its acceptance of the EEA's Four Freedoms.

The cabinet didn't take these far-reaching decisions, however the informal inter-ministerial committee did. Once a decision had been taken in the panel – anticipating consent of the cabinet – the issue was taken to the full cabinet for formal approval.⁶²² In policy formulation concerning closer relations with the EU this has been the only role that the Israeli cabinet had to play: to approve of what the inter-ministerial panel had decided on.

Whilst Peres' inter-ministerial panel was unofficial and informal, it had clear modes of procedure. Charish threatened to take his ministry's dispute with the Foreign Ministry to the cabinet or even the Knesset. The mode of procedure therefore apparently was that matters concerning the EMA were to be discussed, solved and best agreed upon in the inter-ministerial committee, and then were to be then brought to the full cabinet for approval. The emphasis has obviously strongly lain on consensus, illustrated by the fact that the committee operated in this mode for months before it switched to the majority vote under Peres' lead in the decision to finally sign the EMA.

4.7.4.3.1.2 The Prime Minister

Whilst politicians in general have been barely active in policy formulation, the Prime Minister was even less involved than his ministerial colleagues were. Neither Shamir nor his successor Rabin were purposefully involved in the issue of closer association with Europe at any time, and neither participated in policy formulation vis-à-vis the European Union because of the issues at hand. On the rare occasions Shamir and Rabin did take part, their involvement was due to extraneous motives foreign to Israeli-European relations.

⁶²¹ Ahlswede, 1998s.

⁶²² Ahlswede, 1998b.

The only instance when Shamir took an active role in policy formulation regarding closer ties with Europe was when he called on the EC to improve the TCA in the wake of the Gulf war. As we have seen above, it was not an interest in affinity with Europe that motivated Shamir's appeal, but an economic deliberation in the service of domestic, namely integration policy. Rabin, for his part, became active on a single occasion in late May 1995 when he adopted Peres' position, calling for a cabinet vote on the draft Agreement right away. Rabin, too, in this one and only situation where he took a stand on the issue, did so not in interaction with matters of Israeli-European relations. Rather, he did so in pursuit of domestic politics like his predecessor, and even narrower: in pursuit of intra-party and even personal politics.

4.7.4.3.2 Politicians in implementation

Primarily, though, politicians have been active in the last phase of the policy process, the implementation of policy vis-à-vis the EU. This is particularly poignant with the Prime Minister, whose activity in the policy process has been limited to this phase almost exclusively.

When they acted in implementation, Israeli politicians took on a second role independent from the role that they played in policy formulation. In contrast to the situation there – where Israeli politicians acted as mere exponents of their respective ministries – , in dealing with their European counterparts politicians did keep pursuing their specific interests in implementation, but these interests functioned as components of an integrated Israeli interest vis-à-vis the EU. In implementation, politicians have thus taken on a second, wider role beyond the constrained role they had in policy formulation: the role of champions of *the Israeli interest*.

The politicians' activity in implementation took on a variety of forms: letters, phone calls and visits to their European counterparts keeping the upgrading of relations on the agenda, at times pressing well ahead, speeches and statements to the Knesset and the press, abroad as well as particularly in Israel, backed up Israel's stance in the negotiations. Not uncommonly, Israeli politicians also used calls for, or even plain threats of sanctions to further Israel's aims in the implementation phase of the policy process.

Typically, the initiative to activity in implementation did not originate with the politicians themselves. Rather, as was the case in policy formulation, it was the ministerial officials who got them involved when they felt they needed the politicians' support. In the implementation phase, typically this was the case when dealings with European leaders were required.⁶²³ Even so, on the whole, the politicians' activity has been auxiliary, preparing the ground for successful negotiations of their ministerial officials.

⁶²³ Ahlswede, 1998s.

4.7.4.4 A special case: Avi Primor

Avi Primor is a special case. Primor had been Ambassador to the EC and Belgium from 1987 to 1991, then Vice President of Jerusalem's Hebrew University for two years before he became ambassador to Germany in October 1993. As Israeli ambassador he was one of Israel's officials who dealt with the upgrading of relations and like them he was involved in all three phases of the policy process, agenda setting, policy formulation and implementation. Compared to his colleagues, there are two things that make Primor stand out.

Firstly, Primor has been a determined champion of closer association with Europe and vigorously promoted and pursued this aim across all phases of the policy process. Together with the core circle of the *Professionals* – which he was not part of – Primor was one of the central forces that created and upheld the drive for an upgrade of relations within the foreign policy system. What makes Primor different from the other actors is the long range and perspective of his activities. As little as planning and long-term thinking may play a role in Israeli foreign policy – as far as association with the EU was concerned – in the period under analysis, Primor was the planner of the policy system. Given a free hand to proceed as he saw fit, it was him who hammered out the programmatic Essen Declaration with Kohl. Moreover, when Primor undertook to have Israel's understanding of the declaration defined, he did so without any instructions. This was his own initiative, and since no desk or department joined him in his effort, he effectively determined also what Israel's aims should be vis-à-vis the EU. The inter-ministerial panel merely gave its blessings to Primor's suggestions.

Secondly, and quite surprisingly, what makes Primor different from other actors is that he was not officially assigned to do the job he fulfilled. When the European Council issued its mandate to negotiate the upgrading of relations with Israel in December 1993, Primor had not been ambassador to the EC for over two years. In fact, he had not been on the Foreign Ministry's payroll at all for two years, and at the time he was ambassador to Germany. One would expect the European department of the Foreign Ministry to take the lead in planning and implementing strategic moves with the European Union, or possibly the ambassador to the EU, but not his colleague in Bonn.

The explanation for this phenomenon is twofold. On the one hand, Primor's role is certainly determined by the role Israel assigns to Germany in its European policy – and we can constitute a central role of Germany here indeed.

On the other hand, Primor's outstanding role is due to his personal interest and determination to further Israel's integration with Europe paired with his experience from his earlier assignment to Brussels. And then, finally, we are looking at low priority politics here, after all: since long-term planning is not very common in Israeli foreign policy, and even less so in a policy field of comparatively low priority as European policy, individuals with a

determination can make a difference. Quite likely, only such an individual could.

4.7.4.5 The role of private interest groups

Certainly, there were private interest groups that had and took an interest in closer association with the EC and EU, respectively. Most importantly, these were the Israeli industrialists, represented by the Manufacturers' Association, the agriculturists, the science community, and the banks and insurances. The industrialists in particular were vocal during the negotiating process, but so were the agriculturists.

Industrialists and agriculturists repeatedly and publicly called on the government to take a tougher negotiating stand, freeze negotiations if necessary, and not sign the Agreement before Israel's – or rather their own – demands would be met. Moreover, the Manufacturers' Association demanded to be included in the Israeli negotiation team. When this was turned down, the Manufacturers' Association demanded to keep being involved in consultations with the negotiators. Both the industrialists and agriculturists kept close contact to their respective ministries, but also often directly appealed to the ministerial level. Usually they approached Charish and Tsur, but also personally addressed Peres and even Rabin.⁶²⁴ The Israeli science community, for its part, became active in May 1995 when there was concern Israel might lose the R&D Agreement because of repeated delays with the EMA. Heads of universities and research organisations joined the Ministry of Science in an appeal to the government to separate the R&D Agreement from the EMA.⁶²⁵ The banks and particularly the insurances had reservations about free trade in financial services with the EU.

The analysis strongly suggests that the activities of these actors were not relevant to the positions of the targeted ministries, departments or individuals. No pressure on the government resulted from these interest groups' activities. In the interviews conducted for this research, the various ministries' officials dealing with the EMA negotiations agreed that they were under no pressure from any public interest group, let alone that such pressure would have influenced their or the cabinet's attitudes and actions.

⁶²⁴ Ahlswede, 1998f; see also e.g. PS 1994-10-25: AHM 6 "Die EU wies die israelischen Forderungen nach verbesserten Agrarexportbedingungen zurück"; PS 1994-11-18: MA 13 "Die Industriellen: Die EU führt Israel irre; lehnt die meisten Anträge ab"; PS 1994-11-22: AHM 6 "Die unnachgiebige Haltung der EU schadet der Kibbutzindustrie"; PS 1994-11-23: HA c4 "Der Industriellenverband: Die Verhandlungen über einen neuen Handelsvertrag mit der EU müssen eingefroren werden"; PS 1995-01-03: MA 2 "Das Außenministerium drängt trotz der für Israel schlechten Bedingungen auf eine Unterzeichnung des Wirtschaftsabkommens mit Europa"; PS 1995-01-30: MA business section.

⁶²⁵ JP 2 1995-06-06: "Trade pact with EU dominates Kohl talks".

In some respects reportedly there had been no activity of public interest groups at all, as at the Ministry of Finance.⁶²⁶

Why is this so? For one thing, the EMA did not create a free trade area where none had been before, like the 1975 Agreement. The EMA merely upgraded – if not simply updated, as many claim – an existing agreement. The new agreement would not change any principles of Israeli economic or foreign policy, and accordingly no public interest group had reason to see their central interests endangered. In fact, already in the mid 70s, before the 1975 Agreement, there had been virtually no pressure group against free trade with the EEC. To the contrary, the citrus growers – the group to be most centrally affected by the Agreement – were very much in favour of the closest links possible to the EEC, their main export market. The manufacturers, for their part, had been primarily demanding that the removal of customs protection would be gradual and would give the industry time to take the necessary adjustments. The industrialists' attitude, thus, had not been characterised by frontal opposition either.⁶²⁷

Of course the prospective EMA did touch upon interests of various interest groups, and not everybody was happy with the way the Israeli government set out to address them. The EMA, though, was largely based on existing GATT regulations. The new Agreement therefore did not create a precedence in many respects that were a novelty on the bilateral Israeli-EU level. If there had been any conflicts of interests regarding the EMA, they had already come up and been fought out over the Uruguay round of the WTO already.

Thirdly – and this is the main reason for the non-existence of effective lobbying – the Israeli ministries or, in some cases, some of their departments have been functioning as institutionalised lobbies of the interest groups concerned. In the corporative Israeli system, the Ministry of Industry and Trade represented the interests of the industrialists, just as the Ministries of Agriculture and of Science looked after the interests of the agriculturists and the science community. Slightly different were the Treasury's Supervisor of Insurance and Capital and the Supervisor of the National Bank: they represented the insurers' and banks' interests, not as a ministry, but as Heads of Department.

A good example for the relations between interest groups and government ministries is an appeal of the Manufacturers' Association in March 1994. Dan Proper, the association's president, called on the government to avoid buying European communication products, as a tactical step to make the EU open its government telecommunications procurement. What made Proper's appeal so extraordinary and symptomatic is the fact that Charish, Minister of Industry

⁶²⁶ Ahlswede, 1998s; Ahlswede, 1998t; Ahlswede, 1997f; Ahlswede, 1998b; Ahlswede, 1998w.

⁶²⁷ Minerbi, 1976, p. 259.

and Trade, had called for this step already the day *before*. There was no way the Manufacturers' Association could pressure the government in the issue.⁶²⁸

The Ministry of Industry and Trade, in fact, was very effectively pursuing the industrialists' interests: outward processing traffic of textiles, for example, was one of the most difficult issues to be resolved in the negotiations, and was to a good part responsible for the delay in the negotiations. According to the European Commission, outward processing traffic was relevant "to maybe two companies in Israel only".⁶²⁹ In what appears a successful case of institutionalised lobbyism, the Ministry of Industry and Trade, however, went to great lengths to safeguard these special interests – which where, actually, the interests of a dying non-profitable branch in the eyes of many free-marketeers anyway – to the point of convincing the cabinet in May 1995 to recommend to make final ratification of the EMA dependant on further negotiations on the issue.⁶³⁰

So, whilst there were *interest groups* that were concerned about the EMA negotiations, in the Israeli system they did not operate as *pressure groups*. They were not in a position to put pressure on the respective ministry, since this ministry followed their interests in any case. Rather, the relationship between ministries and interest groups seems to be adequately characterised by a friendly give and take. Interest groups came to the ministry and said what they wanted, whilst the ministry in turn regularly consulted with them and kept them updated about the negotiations. More pointedly, according to Tzur, representatives of the agriculturists who came to his ministry were "rather listening" than making demands. Whilst interest groups were domestically important, he noted, in foreign policy the Ministry of Agriculture were stronger.⁶³¹

It is important to understand that we do not argue that Israel's behaviour had not been influenced by the interests of, say, its agriculturists. The question is not "whose interests have been followed?" but "which actors have been influential?" Our argument is that, whilst their interests were being pursued, the agriculturists did not play any role as an actor, nor did any other public interest group.

The question arises as to why public interest groups do actually make the futile effort to directly appeal to the government to begin with. Apparently, interests groups were either kicking at open doors or plainly wasting their time. We cannot offer an in-depth analysis of the issue here. Given that the public interest groups' efforts are ineffective, and assuming that the groups in question are aware of the fact as well as acting rationally, the findings

⁶²⁸ PS 1994-03-11: HA c3 "Propper: Den Einkauf von europäischen Kommunikationsprodukten vermeiden"; PS 1994-03-10: HA c2.

⁶²⁹ Ahlswede, 1996a.

⁶³⁰ FT 1995-06-08 "Israel sets terms for new trade pact with EU".

⁶³¹ Ahlswede, 1998s; Ahlswede, 1998b; Ahlswede, 1998w.

suggest that their efforts might primarily serve to prove to the group's members that their board "is doing something".

4.8 Interim conclusions

4.8.1 Has Israel achieved its aims?

After all, has Israel achieved what it set out to achieve in its relations with the EU? Browsing through Israel's original aims at the outset of negotiations returns a somewhat mixed picture.

Israel set out to achieve more favourable rules of origin in its trade relations with the EU. It managed to get its will regarding prefabricated parts and products of Israel-Arab joint-ventures. The EU's treatment of Israeli outward processing traffic and particularly cumulative rules of origin with Arab states however have remained unchanged, despite considerable effort on Israel's part. The field of public procurement in contrast has yielded much more success: Israel gained access to the EU's telecommunications public procurement markets – the sector of central interest to Israel. The EU settled for a lot less than it set out for, accepting access solely to the Israeli sectors of non-bus public transport in exchange, and giving up on buses, electricity and medical instruments, as well as fully fledged access to Israeli public procurement, as it had initially demanded.

No progress was made regarding the mutual recognition of diplomas and standards or the liberalisation of the right of establishment, which Israel has aspired to. The European Union refused to look into the matter in the framework of the EMA, leaving it to be dealt with under GATS. Seven years on, things have not got any further except for an Agreement on Good Laboratory Practice that provides for the reciprocal acceptance of safety studies on chemicals and related data, and which was signed in July 1999.⁶³²

Similarly, Israel did not reach its aims concerning the harmonisation of financial services. Far from an agreement on total harmonisation of financial services, the EMA returned a mere standstill obligation – the reason though being not obstinacy of the Europeans but a flaw in Israel's negotiating stance.

The picture is different with agricultural products. Israel did achieve better market access, having quotas raised and shifted, minimum prices lowered and seasonal import periods to the EU expanded. Israel had certainly not been as successful to the extent it had wished to be, but there was a lot for Israel in the compromise that was struck. Israel had set out to gain better market access, and this it achieved without having to make too many concessions to the European Union.

⁶³² The Agreement on Good Laboratory Practice came into force on 2000-05-01. For the text of the agreements, see Agreement on mutual recognition of OECD principles of good laboratory practice (GLP) and compliance monitoring programmes between the European Community and the State of Israel..

The EMA also provides for an institutionalised political dialogue, something Israel had been prodding the EU for years. Valued in Israeli eyes as a manifestation of just how close and special Euro-Israel relations were, the institutionalised political dialogue was welcomed as a political achievement. However, whilst Israel indeed had achieved one of its aims, this success failed to serve the underlying goal that Israel had thus been pursuing. Any of the Euro-Mediterranean Agreements that have already been and are still being negotiated provides for an institutionalised political dialogue with the EU.⁶³³ Not only is this provision of the EMA not the result of successful Israeli negotiating but of an unrelated change in the EU's Mediterranean policy. Also, and more to the point, it fails to make Israel anything special amongst the Mediterranean non-member countries. On the contrary, with anyone in the region being accorded with what Israel wanted as a manifestation of exclusivity, the institutionalised political dialogue rather served to erode than support Israeli special status with the EU.

Likewise, the preamble to the EMA was seen to acknowledge Israel's outstanding position. It was deemed very important amongst Israeli officials that the preamble to the agreement named reciprocity as the basis of Israeli-EU relations and spoke of "further integration of Israel's economy into the European economy" as a common goal.⁶³⁴ In fact though any Euro-Mediterranean agreement refers to reciprocity in relations, and whilst most EMAs envision *regional* integration in their preamble, Jordan's speaks of integration into the European economy just as Israel's does.⁶³⁵ So no exclusivity there either.

An Israeli success without any doubt, in contrast, was that Israel managed to be accepted to the EU's Fourth Framework Programme for Research and Development. Israel was the first and only non-European country to be

⁶³³ Association Agreements have already been concluded, in chronological order, with Tunisia, Israel, Morocco, the PLO on behalf of the Palestinian Authority, Jordan, Egypt, Algeria and Lebanon. The EU's Council of Minister's signature for the agreement with Syria is still pending (September 2008).

⁶³⁴ Ahlswede, 1998a.

⁶³⁵ Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part, 2005; Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lebanon, of the other part, 2006; Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part, 2002; Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part, 2000; Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Tunisia, of the other part, 1998; Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part, 2004.

admitted. Moreover, Israel had managed – against considerable opposition from EU states – to be accepted to the full non-nuclear programme and not just to some selected projects, as a number of member EU states preferred. What is even more, Israel succeeded in being accepted to the programme’s steering committee as an observer, against even fiercer opposition of the EU.

In short, Israel’s rudimentary goal in the upgrading of relations was integration into the European market of some sort, paralleled by participation in EU R&D programmes and by manifestations of closer political ties. Israel achieved this goal: it is the only country outside of Europe that has established a free trade area with the EU based on full reciprocity. The EMA made good for preference erosions which Israel had been suffering from since the 1975 TCA. Even though the impact of the EMA on Israel-EU trade is limited by the fact that the EU signed similar trade agreements with Mediterranean and Eastern European countries too, the 1995 Agreement clearly deepened Israel’s integration in the European market. Israel has been accepted to the EU’s R&D Framework programme. An institutionalised political dialogue has been set up. The EMA declared “association” the goal; closer political ties have also – at least declaratorily – been further manifested by the EU’s Essen summit acknowledging Israeli special status. More or less, Israel is now what it wanted to be concerning the EU.⁶³⁶

4.8.2 Why has Israel been successful?

How come Israel achieved all of this in the mid-nineties? After all, Israel had been wooing the European Community to update the 1975 TCA unsuccessfully throughout the eighties. In 1991 however, after a decade of fruitless efforts, consultations on upgrading of relations got under way, and five years on negotiations concluded with two agreements that constituted a major step forward. What made the difference?

In the early nineties a window of opportunity had been pushed open for Israel to improve and deepen relations with the EC: Israel-EC relations had been strained in the eighties by a number of issues in Israel’s regional policy such as its invasion of Lebanon, Israeli policy in the occupied territories and particularly the handling of the Intifada, the Palestinian uprising. Shamir’s sinking of the American peace plan in early 1990 did nothing to improve Israel’s image with the Europeans. The 1990/1991 Gulf war though marked a turning point: Israel’s restraint under attack from Iraq created a wave of sympathy in Europe which paved the way for the EC to look into an upgrading of relations that Israel had long sought for.

The Israeli request received a much more sympathetic reception also because of the EC’s political re-orientation that was under way at the time. The Community was going to be transformed into the European Union, and it would be enlarged by a number of new member states, as well as it set out

⁶³⁶ Ahlswede, 1998s.

to integrate the Eastern European states in the decades to come after the East-West conflict. The EC was being enlarged anyway, third states were about to be accorded new association agreements, and in this atmosphere of breaking new horizons, of enlargement and integration – the opposite of the seventies' and eighties' eurosclerosis – it was much easier for Israel to put its cause forward.

In particular, Israel benefited from the EC's change of approach to the South. In 1992 the Community replaced its decade-old Global Mediterranean Policy with a Renewed Mediterranean Policy, which evolved into the Euro-Mediterranean Partnership in 1996. In contrast to Europe's prospective relations with the East, concerning the South the challenges are known and the strategies are laid out. The EU has been pursuing a three track strategy towards the Mediterranean, namely

1. to set up a security type dialogue similar to the CSCE;
2. to integrate the Mediterranean into the European area and to bring the Southern economies up to world competition, the main vehicles being association agreements between the North and the South and amongst the Southern countries;
3. to support the evolution of civil societies in the South through facilitating social corporations and the like.

With the Arab-Israeli peace process making fast progress in 1993 and 1994, the implementation of this strategy had become possible. Up until the early 1990s, the Arab-Israeli conflict had hindered all attempts to create an operational scheme of cooperation and association. On the one hand, the Arab states had almost exclusively been preoccupied with gaining European support for their positions in the conflict with Israel, an approach fundamentally incompatible with the Europeans' prime interest of discussing regional cooperation. On the other hand, Europe expected the Arabs to "get their house in order" before any steps towards cooperation or some collective system could be discussed, whilst the Arab states claimed it was exactly the conflict with Israel that caused the problems – which were why they would want to discuss politics. The 1980s' Paris based Euro-Arab Dialogue had died away mainly for these reasons. The rapid acceleration of the peace process made Euro-Mediterranean relations break out of this vicious circle. The 1995 Barcelona conference was to be the EU's New Mediterranean Policy's first outflow.

Concerning Israel, the idea of the EU's policy has been to help Israel integrate into the Euromed region, the assumption being that, if prospering economically, Israel would feel more comfortable to blend into the Euromed scenario. It is against this background that Europe aims at granting Israel market access and access to its research and development programmes. The re-orientation of the EC's Mediterranean policy turned Israel's interest in upgrading relations into a common interest that now both Israel and the EC shared.

The Gulf war, the EC's re-orientation and its new Mediterranean policy thus facilitated upgrading of Israel-European relations. They did not bring it about though. The one single necessary and sufficient precondition that made upgrading of relations come about was Israel's change of regional policy, heralded by Rabin's election, which led to the Oslo peace accords a year later. Peace was Israel's key to Europe:

For one thing, the Rabin government's change of policy created a massive boost of sympathy for Israel. The peace accords with the PLO did so all the more a year later. At the same time, Rabin's and Peres' new approach did not simply appeal to the Europeans' hearts but also their minds: the EC had always been worrying that any closer association of Israel with Europe would increase Israel's alienation from its Arab neighbours. Rabin's and particularly Peres' approach to the region rendered these fears baseless. The political vision that Rabin and Peres were pursuing under the name of the New Middle East made Israel's and the EC's regional policy largely congruent. Both envisioned peace, regional cooperation and an – albeit limited, in Israel's view – integration of Israel into the Middle East.

It was this newly gained concurrence of Israel's and the EC's interests that removed the obstacles to upgrading relations that the EC had previously seen and which Israel had not been able to overcome.⁶³⁷

These are two very central points to our analysis which I would like to stress here: Firstly, the upgrade of relations came about because Israel's foreign behaviour moved aside an obstacle to EC assent. There was no need to convince the Europeans in the matter. It were the basic conditions that made the difference. Secondly, the fact that Israel achieved its goal vis-à-vis the EU was not due to its behaviour towards Europe but towards the Middle East.

4.8.3 Conflicting visions

It has to be kept in mind that there is a fundamental difference in the concepts Israel and the EU have been pursuing in upgrading relations: in short, Israel wants to be integrated into Europe, whilst the EU wants Israel to be integrated in the Middle East – first and foremost, this is to say. As one of the South Mediterranean countries Israel should then well be integrated, not into Europe but into the wider, multi-dimensionally integrated Euromed area. Consequently, Israel has been trying to demonstrate how different it is from its neighbours and how inappropriate it was to regard and treat it as one of the Middle Eastern countries and, that is, not as "a European country that happens to be in the Middle East".⁶³⁸ The EU though has never given any doubt on its matter-of-fact understanding on Israel being an out-of-Europe,

⁶³⁷ Ahlswede, 1996c; Ahlswede, 1998s.

⁶³⁸ Quote by Zalman Shoval, advisor to Netanyahu in European and German affairs: Ahlswede, 1998y.

Middle Eastern country. This disparity has not been solved by the EMA but continues.

Politically, Israel negotiated for a new status which would recognise its Europeanness and its European-like achievements in economics, science and politics. Correspondingly, Israel took the view that the EMA and the R&D Agreement were two manifestations of the same single process, the upgrading of relations, both expressing Israel's special status as envisioned in the Essen Declaration and implemented in two separate agreements for technical reasons only. The new EMA in fact, though, is an ordinary Euro-Mediterranean Agreement of the third generation and no more special in taking account of the individual situation of the contracting party than is any other EMA that the EU has concluded with nearly each South Mediterranean country by now. Not surprisingly, the EU prefers to regard the R&D Agreement as the completely separate agreement it technically is. The EU did concede Israel a new status, but pertaining to their bilateral relations and without acknowledging any "Europeanness by virtue" that would guarantee Israel preferential treatment amongst the MNMs.

4.8.4 Remarks on Israel's policy style

4.8.4.1 Ill-preparedness

When looking at Israel's handling of the upgrading of relations with Europe, a number of patterns catch the eye. Most striking perhaps is the low-profile attitude that Israel displayed towards the negotiations. In summary, Israel came to the negotiations with the Foreign Ministry's vague political objective for closer relations, a long list of non-prioritised demands of the Ministries of Industry and Trade and of Agriculture and an ill-prepared Ministry of Finance that would prove incapable of delivering in its field of responsibility.⁶³⁹ Correspondingly, Israel entered negotiations without clear-cut objectives what was to be achieved let alone a vision of what Israeli-European relations should be like in future. In the words of Oded Eran, the chief negotiator, "Israel's aim in the negotiations was what has been achieved", or, more to the point, what could be achieved. With no domestic consensus to go for more, Eran felt Israel was not ready for any further goal and took a pragmatic approach: get it whilst you can. Instead of clarifying what Israel wanted, Israel saw what it could achieve at a given time.

This is quite surprising given the fact that the upgrading of relations was such an important goal of Israel's. Or was it not?

The explanation for this startling ill-preparedness and lack of planning is twofold: for one thing, Israel has no economic leverage over the EU. With just about one per cent of the EU's total exports going to Israel, it is in no position to uphold any credible threat of retaliation should negotiations not yield what it desires. Similarly, Israel has not really got anything

⁶³⁹ Ahlswede, 1998k; Ahlswede, 1998x.

economically irresistible to offer to the EU as an incentive. At the same time, Israel itself is in a seriously inferior position, crucially dependent on trade with Europe. As a consequence from such circumstances it is quite sensible for a small country like Israel, disadvantaged by an enormous asymmetry of power, to not spend too many thoughts on what it would *like* to achieve in theory but instead to concentrate on what was likely to be achieved.

The second explanation is that relations with the EU may very well be most important to Israel – but there are still a good many policy fields that enjoy a higher priority, some of them an even far higher priority than Israeli-European relations: immigration and integration, relations with the US, relations with Egypt, the peace process, and security. Apparently, we are looking at a phenomenon of scarce resources here, scarce resources of the foreign policy system that are left over to handle inputs of comparatively low-priority policy areas. With so many issues of higher priority to deal with, Israel's foreign policy system simply has no resources at hand to process European inputs more thoroughly.

4.8.4.2 Structural coordination deficit

A second outstanding phenomenon is the inter-agential conflict on if enough had been achieved to sign. Whilst inter-ministerial and inter-departmental conflicts are commonly observed in bureaucracies all over the world, it is the duration of this conflict and the difficulty with which it was overcome that make it remarkable. The fact that European affairs do not enjoy a high priority in Israeli politics certainly pertained to this situation. An inter-ministerial, inter-departmental conflict preventing an international agreement would most likely have been overcome significantly faster in Israel's central foreign policy fields.

Another, structural feature of the Israeli policy system however is the central reason behind the protracted haggling: a structural coordination deficit resulting from the high degree of centralisation in Israel's bureaucracy. There are not many cross-cutting institutions and departments of ministries as well as government agencies monopolise, often even competing within the same ministry. As a result it is very difficult to come up with an agreed solution for problems that cut across competencies. Thus, for instance, there is no comprehensive planning in Israel's policy system. Planning is made, independently and uncoordinatedly, in the various ministries.⁶⁴⁰

Regarding the issue of upgrading relations with the EU, there has only been one integrative institution, the Director Generals' Committee. Functioning as a make-shift Ministry of Economics, the DGC does offer cross-cutting coordination, but not being able to take decisions other than unanimously, it has been toothless when its members cannot reach agreement. And, of

⁶⁴⁰ Ahlswede, 1997j.

course, the DGC's responsibilities are strictly limited to economic, non-political issues. When the various departments involved did not see eye to eye on whether to finalise negotiations with the EU, Israel's foreign policy system offered no fast way out of the impasse.

Regarding intra-ministerial conflicts – and not at all exclusively on the question of whether to sign yet or not – there have been significant differences in the consistency of intra-ministerial positions. The Ministries of Industry and Trade and of Agriculture presented positions consistent with their ministers' stance. The Treasury and the Foreign Ministry in contrast did not always do so. Rather, in these ministries there were competing interests and different notions of what should be done, and on a number of occasions the Treasury, the Foreign Ministry or even single influential departments did not take the same point of view as their ministers. It has not been possible to establish in this study if this is a common characteristic of the Israeli foreign policy system. It would certainly be worthwhile to pay special attention to this phenomenon in future, at least as far as European policy is concerned.

4.8.4.3 Peres' and the Foreign Ministry's weakness

Remarkably, the Foreign Ministry and particularly Foreign Minister Peres have been far from strong, let alone dominant, actors. On the contrary, the findings suggest that they have been rather weak, lacking initiative and power to assert themselves and to pursue their interests in the realm of Israel-European relations. Peres' and his ministry's weakness is manifested by the fact that non-political motives and considerations have been given a tremendous weight in the policy process where Peres' interests were plainly political.

Thus, it was from the Ministry of Science that the initiative to participate in the EU's R&D programme originally came from, or possibly the EC, as other sources claim.⁶⁴¹ What is undisputed though is that it was not the Israeli Foreign Ministry that took the first step. This is remarkable, since the Foreign Ministry regarded participation in the programme almost exclusively as a political achievement and one of first rank, this being the reason for year-long quarrels with other ministries that thought differently. As a political issue – and all the more as one deemed that essential by the Foreign Ministry – one would expect that it was the Foreign Ministry itself that put participation on the agenda. It was not, which indicates the Foreign Ministry's weakness in European policy.

Most instructive though is Peres' doomed attempt to have the EMA finalised early, spurred by an exchange of letters with the then Head of the EC Council of Ministers Klaus Kinkel in December 1994. In effect, nothing came out of this Peres-Kinkel agreement. There was confusion about what the state of affairs between Israel and the EU actually were for about two weeks, then

⁶⁴¹ Ahlswede, 1998s; Ahlswede, 1996b.

there was a new round of talks to which the representatives of the Ministries of Industry and Trade and of Agriculture refused to travel unless there would be further negotiations, and then the issue of signing the EMA was off the table.

Crucial to our analysis of Israel's European policy here is that Peres did not manage to have Israel's European policy system approve his agreement with Kinkel. Peres was not strong enough to overcome the opposition of the Ministers of Industry and Trade and of Agriculture, two ministers whose portfolios do not lie prominently in the realm of foreign relations at all. Moreover, Peres lacked the power to just go ahead and have his opponents outvoted in the cabinet, an option that was perfectly viable as the outvoting of Charish shows half a year later. The weakness of the Foreign Minister also persisted then, in late spring 1995: because of Charish's opposition, the panel and cabinet decided to only agree to initial the EMA in principle and not approve it all out.

Two things aggravate the findings: first, in Israeli standards, Peres was not a weak foreign minister. He had a considerable power base in the Labour party and a lot of standing internationally. Most importantly, he had a power-sharing agreement with the prime minister: different to the Foreign Ministers Levy, Shamir, and Peres himself in the late eighties, the Foreign Minister of the Rabin government did not have to work in competition with or even against the head of government. To the contrary, he had his backing. In fact, the *head of government*, functionally, was formed by Rabin *and* Peres at the time. Therefore, and this is the second point, Peres was acting as part of a two-headed *head of government* in European issues, which was his field of responsibility in the arrangement with Rabin. Consequently, it was not just a foreign minister who failed to assert himself against the Ministry of Industry and Trade, ultimately it was even the *head of government*.

The fact that Peres, not only Foreign Minister but even one half of the governing Rabin-Peres double monarchy, could not win through against the opposition of the Ministers of Finance, Agriculture and particularly, Industry and Trade indicates just how little weight is given to the political dimension of relations with the EU. Whilst the Israeli Foreign Ministry generally is a relatively weak actor when it comes to foreign policy, usually it has lost out against the Ministry of Defence and the Prime Minister. Here, in case of relations with Europe, the Foreign Ministry cannot even assert itself against Ministries of the second tier which are far from representing central Israeli values of self-reliance and resolve as the Defence portfolio or the Prime Minister do.⁶⁴²

⁶⁴² Similar situations arose from the conflict within the Treasury over liberalisation of financial services where a subordinate desk or department gained a veto over its superiors and, to a lesser degree, over participation in the 4th R&D Programme.

On the surface, the EMA predominantly is an agreement of economic importance. Politically, the EMA is the manifestation of the decision of the EU and Israel to move more closely together. The economic importance of the Agreement, in contrast, is disputed, to say the least. Economists have contested that modifications of the EU-Israel free trade area were an efficient tool to reduce the trade deficit at all. Essentially, the EMA makes good for preference erosion from which Israel has been suffering since the 1975 agreement, but not much more. The fact that, in spite of the limited economic value of the EMA, the Ministry of Industry and Trade, flatly denying any political significance of the agreement, was given tremendous weight in the policy process whilst the political aspect of the upgrade was significantly under-weighted serves as an indication that Israel had still not made up its mind on the political nature of its relations with the EU. Political considerations, or rather the political relations themselves, apparently are still seen as secondary to economics. This appears to be the case at least when day-to-day issues are concerned.

Israel seems to not have come round yet to fully accept the political dimension of its relations with Europe. That is, Israel has still not overcome its traditional "economics yes, politics no" attitude with the Europeans – surprisingly, given the long history of lots of politically motivated activity with the EC.

4.8.4.4 Israel's clout

After all, Israel's ability to achieve goals vis-à-vis the EU will depend on what it has to offer and – if its wishes are not met – with what to threaten. In economic relations, Israel has not much of either. The EU's total exports to Israel constitute only about 1 per cent of the EU's total exports. Even if Israel could and would promise an outlandish 50 per cent increase in imports from the EU, the difference would not be greatly felt in Europe. The same goes for the opposite: a retaliatory decline by 50 per cent would hardly harm the EU. It would, though, considerably hurt Israel itself, drastically reducing the palette of goods Israelis could choose from.

This is not to say that Israel has nothing to offer economically. Israel's major asset though in economic relations with the EU is a political one. Whatever the contemporary Israeli position on linkage may be, when it comes to Israel, the EU in fact does link politics and economics. Accordingly, as has been commonly argued, Israel's best tactics are to press the EU for economic concessions when its geo-political assets are maximised.⁶⁴³

This certainly is so. It is also what Israel tried to do when pursuing the upgrading of relations. Even so, the fact remains that Israel did not have much at hand to actually *press* the EU. Rather the scenario was that an obstacle had been removed to an upgrade in which the EU was interested by itself anyway, if – once again – mainly for political reasons.

⁶⁴³ See e.g. Hirsch, 1996, pp. 74–75.

Israel seems to be well aware of this constellation: just as it put the upgrading of relations on the agenda once the peace process got under way and Israel was riding on a wave of sympathy due to its restraint in the Gulf war in 1991, it took further concessions, further integration, EEA-like status etc. completely off the agenda once Netanyahu became Prime Minister, whose attitude towards the peace process was not compatible with the Europeans'.⁶⁴⁴ There has been no progress in the peace process since. Correspondingly, no Israeli government has even tried to further upgrade relations. If peace is not on the agenda, Israel makes no effort to keep upgrading relations with Europe there either.

⁶⁴⁴ Ahlswede, 1998p.

5 Israel's European policy

5.1 Images and perceptions

Images and perceptions play a central role in understanding Israel's behaviour towards the European Union. The question is how Israel's self-conception and the image Israel has of its role vis-à-vis Europe, influence the processors' perception of input into the foreign policy system.

We need to be aware that due to data shortage the perceptions and conceptions described below are aggregates mostly derived from observation of the full segment of Israel's society from which processors have been recruited: in essence well educated, secular Jewish Israelis of Ashkenazi background. The images of individual processors in Israel's European policy system however may vary considerably. Similarly, we need to tread cautiously when we try to shed light on the actors' response to these conceptions in the following.

5.1.1 Self-conception of Israel vis-à-vis Europe

As we can see, not only has there been the principle of Separatism in Israel's self-conception – of *being special* – but, intriguingly, also the exact opposite. Israel may see itself as the primordial outsider, but in European policy the issue is to be an insider. Israel perceives itself as being essentially European. It does so on two grounds: Firstly, it sees itself as “a European country that happens to be in the Middle East” on a matter-of-fact kind of basis. This view is based on Israel's European heritage, its democratic political system, its Western society and its high level of development, characteristics that Israel and Europe share, and which distinguish Israel from any other state in the Middle East. Arguably, these characteristics may make Israel foremost Western rather than specifically European. Israel, though, makes a point out of its Europeaness.

The reason is that, secondly, Israel sees itself as entitled to being recognised as European on the grounds of historical justice, irrespective of its current characteristics. Israel has a score to settle with Europe, as we have seen. In a sense, Israel is still fighting the European Jews' struggle to be accepted into the enlightened European house. In Israel's view, it is not a new applicant at Europe's door. Israel's nationals' ancestors were part of Europe for centuries but have been excluded from – and by – Europe in a gross historical injustice. The establishment of the state of Israel is seen as the very response to this exclusion. Zionism portrays the foundation of the Jewish state as the inevitable outcome of Europe's discrimination of its Jews. Israel thus feels it would be only decent of Europe to recognise Israel as European and at long last accept it into the European house from which its nationals' ancestors had been excluded. To sum up, Israel feels it deserves to be treated as European, for factual reasons as much as on moral grounds.

The trouble is that the EU refuses to do so. The exclusion continues: in the EU's view, Israel plainly is not European. The European Union sees Israel as

a Middle Eastern and Eastern Mediterranean country and has been very clear that these are the regions into which Israel should integrate. The farthest the EU has come has been to offer a vague "special status" amongst the MNMs.

Ironically, we are witnessing a sort of misunderstanding: Israel would love to have the status of being a state at the core of European integration, but only because Israel perceives such a status as an expression and certificate of utter Europeanness. Israel's motivation to get European status is that it feels European. To the EU, though, neither cultural closeness nor perceived Europeanness are the yardstick – geography is. Consequently, there is no common ground in these two conceptions, which renders them incompatible.

The problem is enhanced by the fact that Israel – whilst it certainly would welcome certain advantages – does not seem prepared to put up with the disadvantages of full EU membership: the loss of sovereignty, the submission to the CFSP, the freedom of movement of persons, the challenges to the Jewish character of the state of Israel that EU membership would entail. This, of course, again is incompatible to the EU's conception. The MNMs of the region, at the same time, refuse to accept Israel as part of the Middle East, its *de facto* habitat. Tragically, whilst Israel is struggling to be an insider in Europe, it is thrown back to *being special* again.

But it is not just that Israel feels rebuffed by Europe. It is instructive to look at the plethora of differences over Middle Eastern politics between Israel and the EU from the angle of Israel perceiving itself as a Western, quasi-European country: from that point of view, Israel is not simply criticised or not supported in an issue by some third country, but is actually let down by its brethren – the other Europeans. The bitter perception of European disloyalty is reinforced by the fact that European attitudes are often perceived as guided by considerations of not harming relations with Arab states – which are not seen as part of the European family.

A look at Israel's relationship with the US from this perspective is equally revealing: Jews have never been persecuted in the United States. On the contrary, America has been a haven for the Jewish masses that fled from such conditions in Europe. From Israel's point of view, whilst Europe has a history of exclusion and has always made a point of how Israel was not part of it, the US has no such history. The US has treated Israel as one of the family. The United States has given Israel the support which Israel feels Europe should have provided – militarily, economically and – most important in this respect – morally. The US lived up to Europe's obligations whilst Europe was busy denying familial ties. Effectively, according to the Israeli perception, the US has been acting as an extension of Europe, as an *Ersatz*-Europe, as the "true" Europe that gave Israel the respect it deserved.

5.1.2 Perception of the EU's attitude

As a *rebellious victim*, Israel has conducted policy with the aim of *victims nevermore*, i.e. to never be victimised again. This policy style has included behaviour in Israeli peace process policy that has been met with European

rejection. To a considerable degree Israel is ready to dismiss such European criticism as being caused by Europe's intrinsic dislike. Consequently, such European disapproval of Israeli behaviour is experienced as another instance in the long tradition of Israel's victimisation and as another instance that should be ignored by the *rebellious victim*, which Israel sees itself as being.

But even to the extent that Israeli processors see Europe's attitude as being caused by objection to actual Israeli behaviour, victimisation is still a formative factor in much of the Israeli view: Israel does not expect *victims nevermore* to come without cost. Since the operational environment is largely perceived in terms of *no choice*, Israel sees itself as having no alternative to the behaviour which Europe protests to. By refusing to be victimised by its neighbours, in Israel's view it will thus be 're-victimised' by Europe's rejection of its behaviour. This 're-victimisation' is not seen as originating in Europe but as an extension and partial materialisation of Israel's looming status as a victim in the Middle East. Israel perceives a significant aspect of victimisation at the hands of a hostile environment, albeit indirectly, in Europe's reserved attitude towards its behaviour in peace process policy. Victimisation is thus often present as an issue in Israel's perception of the EU's attitude.

Sergio Minerby, a former ambassador to the EC and the Foreign Ministry's Deputy Director General for Economic Affairs in the late 1980s, gave an account of his perception of the causes of what he had experienced as the negative European stance towards Israel. We assume that his perception has been shared by many processors in Israel's European policy system. In this view, the causes of the European attitude have been:

1. the success of the Palestinian propaganda,
2. the success of the Intifada,
3. the enormous economic interests of most of the European countries in the Arab world,
4. the systematic effort by forces hostile to Israel to drive a wedge between it and the Diaspora,
5. a latent anti-Semitism.⁶⁴⁵

Palestinian propaganda, European economic interests, hostile forces incapacitating Jewish lobbies, anti-Semitism – the causes of Europe's unfavourable stance are seen as completely external and out of reach of Israel. Israel cannot act, it can only react, fending off victimisation. Most strikingly, Israel's own behaviour is seen as not related to Europe's attitude. Israel's treatment of the Palestinians – for example its policy of ruthless retaliation and its failure to step ahead in the peace process at the time of Minerby's analysis – has no effect on the Europeans' stance in this view. Israel is perceived as essentially powerless to change its fate in this respect.

⁶⁴⁵ Minerby, 1990a, p. 55 f.

In consequence we must assume that there is no point seen in changing Israel's behaviour and no incentive to do so – to the extent that the perception of *no choice* would actually even allow for alternative behaviour.

To the observer this appears as a gross misperception. Of course the EU's attitude is related to Israel's behaviour. And of course the EU's approval of Israeli policies depends on the nature of these very policies. The wave of European sympathy after Rabin and Peres' change in peace process policy is the best proof that Israel is not at all powerless to influence the Europeans' attitude. Europe's stance towards Israel may be reserved for various reasons but Israel's actual behaviour certainly is a central factor.

Moreover, the failure to consider Israel's behaviour as relevant to the EU's attitude also prevents an insight into whether Israel and Europe may hold different values as to what is considered appropriate foreign behaviour. We argue that they indeed do, and an Israeli failure to recognise this difference can be expected to lead to misunderstandings and sub-optimal implementation of Israeli European policy, if not outright policy failure.

5.1.2.1 Readiness to explain EU behaviour with anti-Semitism

Our findings suggest that there is an inclination to explain the behaviour of the EU and its member states with a pro-Arab attitude, an anti-Israeli attitude or even with outright anti-Semitism. Prime Minister Sharon, for example, declared in 2003 that nowadays any European criticism of Israel was motivated by anti-Semitism.⁶⁴⁶ Similarly, several Israeli officials interviewed in the course of this study expressed the view that the EU's Middle East policy was motivated to a considerable part not only by Europe's supposed pro-Arab leanings but by a plain dislike of Israel. One official confided that in his view, the Europeans' attitude towards the PLO and Yassir Arafat had essentially been determined by anti-Semitism, and that he was far from alone with this assessment.⁶⁴⁷

To be clear, the vast majority of persons interviewed made no mention of such inclinations.⁶⁴⁸ Even so, a readiness to explain the lack of success in dealings with Europe or to explain Europe's behaviour in general with its dislike of Israel, seems to be far from rare. Typically, the cipher to describe actions of the EU – or, actually, the outside world in general – perceived as motivated by anti-Israel resentment, has been that they are “politically motivated”.

⁶⁴⁶ TheParliament.com, 2003; Reuters 2003-11-13 “Sharon hits critics as anti-Semitic”.

⁶⁴⁷ The official preferred not to be named.

⁶⁴⁸ Avi Primor, a most central actor in Israel's European policy within the time frame being investigated, e.g. pointed out that he did not see anti-Semitism behind the Europeans' attitude towards Israel: “Europe is angry with us. They are not anti-Semites, but they think of Israel as part of the rejectionist front on peace. The problem is fundamental. The Europeans want to see some political movement.”: JP 1 1990-05-04 “Stalled peace moves hamper Israel at EC”.

A case in point is the orange juice affair of the mid-nineties. In 1994, the European Commission complained to Israel that Israeli companies had fraudulently re-exported \$44 million in Brazilian orange juice labelled as "Israeli" to the EU. There were higher tariffs on Brazilian than on Israeli orange juice; the Israeli re-exporters had cashed in on the difference in clear violation of the trade agreements with the EU. The European Commission demanded that Israeli customs cooperate in verifying the origin of the suspect exports, which were suspected to continue to make things worse.

The Israeli authorities chose to ignore the EU's request. After three years of unsuccessfully repeated demands and against the background of further breaches of the agreements regarding produce of the occupied territories, the European Commission – to put pressure on Israel – issued a warning in November 1997 to EU importers of Israeli goods that Israeli certificates of origin were not quite reliable – a serious and potentially harmful accusation on international markets, implying that importers of Israeli goods might be liable for back-dated import duties.

Israel reacted angrily, feeling unfairly treated and accusing the EU of overreacting. In 1994 already, when the Commission had first raised the issue, the Israeli citrus growers had claimed that they were being unfairly singled out, alleging that "everybody did it", and had suggested that they were obviously being politically prosecuted. The Manufacturers' Association echoed this version, albeit in more diplomatic terms, publicly suspecting the Commission's demand as being politically motivated. Three years on, though, statements to that end were made by government officials and politicians too, most notably by Nathan Sharansky, Minister of Industry and Trade, who called the Commission's step a "political measure" by the EU. Behind closed doors, however, many voices in Israel ascribed the Commission's behaviour to dislike of Israel or plain anti-Semitism, terms that have come to be used almost interchangeably in certain Israeli circles, as we have seen.⁶⁴⁹ To the observer, of course, it does not appear extraordinarily anti-Semitic to insist that damage done by a business partner's extra-contractual activities be made good for.⁶⁵⁰

⁶⁴⁹ For details of the affair, see PS 1997-11-12: Globes 1 "Die EU hat eine Warnung gegen die Einfuhr von israelischen Produkten veröffentlicht"; PS 1997-12-02: Globes 7 "Hoher Zollbeamter: Die Fruchtsaftaffäre wurde vor zwei Jahren nicht bereinigt ..."; PS 1997-12-09: MA Supplemental 4 "Man hat uns den Saft ausgequetscht"; Clawson, 1998; Lagerquist, 2003; Written Question E-0443/98 by Eryl McNally (PSE) to the Commission, 1998.

⁶⁵⁰ The inclination of Israelis to interpret unfavourable events in the outside world as expressions of anti-Semitism can be fairly bizarre. In 2002 for example, one of the composers of that year's Israeli contribution to the Eurovision song contest without challenge expressed the view that, should their song not win, only anti-Semitism could be the reason: "Either we win first place, or anti-Semitism wins." Unfortunately, other nations always have to revert to flimsy excuses such as "bad acoustics" or "wrong microphone settings". In the event, Israel did not win first place, and the Swedish ambassador had to fend off accusations of blatant anti-Semitism seemingly

5.1.3 Misperceptions and policy failure

This leads us to the question of misperceptions and their effects. Resentment against Israel and anti-Semitism may certainly play a role in Europe's behaviour. It is the weight– if not the exclusivity– that this motive has gained in many Israeli actors' perception which is worrisome.

For one thing, the true reasons of Europe's behaviour are necessarily underestimated. As a consequence, Israel is depriving itself of the ability to optimally react to European behaviour, to optimally counter unfavourable moves of Europe and to optimally support favourable ones. Also, the bias of Israel's perception prevents it from correctly anticipating Europe's reaction to various foreign policy options.

Secondly – and potentially more harmful – Israel may not only bark up the wrong tree at times, it is also likely to wrongly perceive itself as powerless and to underestimate the difference that its own behaviour could make. If anti-Semitism is the central variable determining Europe's attitude and behaviour, there is not too much that Israel can really do. Fatalism – or (more politically) disrespect for Europe's position – is a rational response then. Why bother whether Israel's behaviour will receive Europe's support if the two are hardly related? If the EU hassles Israel with tariffs for orange juice just because the Europeans do not like Jews, there will not be much point in complying – the Europeans will find something else to trouble Israel with. Additionally, not complying with the anti-Semites' demands may be rewarding in itself. As we have seen above, to stand one's ground in the face of the Jews' many enemies is one of the pillars of Israel's national pride and identity as *rebellious victim*. There will be trouble with them anyway. Moreover, behaviour or demands of the EU that are experienced as being motivated by anti-Israel resentments will necessarily be perceived as illegitimate and immoral too, not only by Israel's but by all of the West's proclaimed values. As a result, Israeli processors may believe EU demands and attitudes could be safely ignored, lacking relevance – illegitimate as they are – as long as they are not paired with considerable pressure or hard power.

But of course, should the EU want Israel to comply with the terms of a trade agreement simply because this is internationally accepted behaviour, Israel had better quickly comply and not risk its international business credentials in an errant manifestation of Israeli pride.

The problem is that such a fatalistic misperception of the EU's motives can keep a vicious circle running: if Israel disrespects Europe's attitude towards Israel's behaviour because it senses the EU's dislike, this very dislike is not going to go away.

manifested in the Swedish jury's failure to give the Israeli song any points: Bermann, 2002; HAE 2002-05-27 "Eurovision vote fuels Israeli siege mentality".

5.2 The policy system

So who have been the relevant actors in Israel's foreign policy system who have shaped and implemented Israel's behaviour towards the EC/EU? For a better understanding, we divided the policy process into three phases: an agenda switch deciding if the policy system will respond to an input at all, which is followed by the formulation of an intended behaviour and then the implementation of this designated behaviour. We will start with the politicians.

5.2.1 The politicians

Politicians with a role in the policy process have been government ministers and members of the cabinet. Politicians outside of this small group of actors did not have a perceivable influence on Israel's behaviour vis-à-vis Europe.

In the tripartite policy process, it has not been possible to establish a clear picture of the politicians' role as operators of the agenda switch. In all of the analysed cases, Israel merely reacted to issues that had actually been set on the agenda by the EC/EU. Israel had not brought up the topic in any of the cases. Consequently, there has been no traceable evidence of a political decision in Israel to engage the policy system with any of these issues. Israel did indeed initiate matters on a technical level. However, technical as these were, they were dealt with on the level of the ministerial officials, to whom we will turn to further below.

5.2.1.1 The role of the Foreign Minister

When we think of actors in a foreign policy system, we of course immediately think of a state's Foreign Minister. In Israel's European policy system, the Foreign Minister, too, has been a central figure, and there are a number of remarkable features about his involvement in the formulation and implementation of intended behaviour which deserve our special notice.

In contrast to what might be expected, the Foreign Minister has not been universally involved in the formulation of Israel's behaviour towards Europe. Of all of the political issues we have investigated, there is only one in which the Foreign Minister actively took part in shaping Israel's attitude: the question of a European seat at the Madrid conference. He did, however, take the lead in the drive for closer association with the EU, interestingly with a determined political outlook on integration despite the economic issues at hand. In summary, we can say that the Foreign Minister became involved in formulation when he saw that matters of national prestige were touched upon and when the Prime Minister was not active in this policy field at the time.

In implementing policy vis-à-vis Europe, on the other hand, the Foreign Minister was highly active, his main means being communications with European leaders, speeches, statements, threats at times, and visits – declaratory policy, that is, for the most part. Implementation has thus been the central sphere of activity of the Israeli Foreign Minister in European affairs. In integration policy, the Foreign Minister has even taken an auxiliary

role to the relevant ministerial officials, who effectively determined the content of behaviour and passed issues on to the Foreign Minister for execution. His relative strength in implementation and also his auxiliary role to the officials in integration policy are not unique characteristics of the Foreign Minister – he has shared them with his ministerial colleagues.

A striking feature of the Foreign Minister's role is the correlation between the level of his involvement in European affairs and the degree to which he is sidelined by his Prime Minister in the central areas of Israel's foreign policy. In the period covered by the case studies, of five Foreign Ministers⁶⁵¹ only two have been notably active in European policy, Levy under Shamir and Peres during the Rabin-Peres government. Both were personally interested in relations with Europe, and both were Foreign Ministers under a Prime Minister who, for one thing, did not share their personal affinity to Europe. Crucially, though, both were Foreign Ministers who were kept away from the central fields of foreign policy by their Prime Minister: relations with the United States and, particularly, the peace process. The next most important policy field – and not occupied by their Prime Minister at all – were relations with Europe, to which both Levy and Peres turned their attention, not the least to boost their images when most of their job was being done by somebody else.

This suggests that there is an inverse correlation between the Israeli Foreign Minister's influence on policy in the peace process and towards the US and, on the other hand, Israel's activity in pursuing closer relations with Europe. Central as the Foreign Minister is on the political level of the European policy system, if he sets his sights on Europe, his cabinet colleagues and the *Professionals* will follow. Apparently, a marginalised Foreign Minister looking for work and status is not the worst for Israeli-European relations.

5.2.1.2 The role of the Prime Minister

The Prime Minister has been active and central in formulation on a larger scale than the Foreign Minister. He has become involved as soon as peace process policy has been touched upon. The Prime Minister has participated in the formulation of Israel's response to input from the EC/EU not because of the importance accredited to relations with Europe but to the peace process – i.e. as a result of Europe moving into a policy field of central importance to Israel. Correspondingly, the Prime Minister has not been involved in the formulation of integration policy except for rare occasions, and then only for motives extraneous to relations with Europe.

Just like the Foreign Minister, the Prime Minister has been highly active in implementation, equally making use of declaratory policy, communications

⁶⁵¹ Peres 1986–1988, Arens 1988–1990 and Levy 1990–1992 under Prime Minister Shamir, Peres 1992–1995 under Prime Minister Rabin and Barak 1995–1996 under Prime Minister Peres.

with European leaders, speeches, statements and visits to further Israel's objectives.

5.2.1.3 The role of further cabinet members

Other politicians who have acted as processors of Israel's European policy system have primarily been the Minister of Industry and Trade, followed by the Minister of Agriculture, on occasion the Ministers of Finance and (even more rarely) of Science. The Vice Foreign Minister has been involved at times as well. Interestingly, the Minister of Defence has not been involved in the policy process except for one instance, when he had limited influence and was involved only in a marginal issue. Having said this, we should however be aware that during four years, in the Rabin/Peres government, the Prime Minister also held the defence portfolio.

In formulation, these ministers have only been involved in specific issues and under certain circumstances. They have taken part in shaping Israel's position and intended behaviour exclusively when either matters of national prestige were touched upon or when there had been conflicts between their respective ministries. They then acted as exponents of their ministries, i.e. they championed their ministries' attitudes and interests, effectively lobbying their colleagues. In doing so, they unambiguously acted as ministers, not as party politicians. The Foreign Ministers most formidable opponent in formulation arose from this group of processors: the Minister of Industry and Trade, followed at some distance by the Minister of Agriculture.

Their main field of action as far as these politicians have been involved in an issue at all – just as with the Foreign and the Prime Minister – has been implementation. Their main instrument has been declaratory policy in this, too. In implementation, however, these ministers typically left their inter-ministerial squabbles aside and championed the Israeli interest in negotiations.

In summary, politicians have only been active in formulation when peace process policy or matters of national prestige have been touched upon. For the most part, however, their field of activity has been implementation, where they have also busied themselves with unspectacular, comparatively trivial issues of lower importance.

5.2.2 The ministerial officials

Ministerial officials have dealt with the daily input of lower priority in formulation, but also with operational issues, especially when it comes to integration policy, where they have been outstandingly strong. In implementation on the other hand, they have been greatly supported by the politicians.

The most important processors of European policy on the officials' level have come from the Foreign Ministry. The Foreign Ministry's officials have been remarkably strong in formulating intended behaviour towards Europe, repeatedly asserting themselves against their Foreign Minister and

convincing him to follow their lead. The Foreign Ministry's Deputy Director General for Economic Affairs emerges as being most central in the policy process as soon as integration policy is concerned, all the more so as Israel's politicians have left integration policy largely to the officials. The Foreign Ministry's Deputy Director General for European Affairs, in charge of political relations with Europe, in contrast has only rarely had a noticeable influence on formulation for the most part since the Foreign or Prime Minister have tended to take this role in immediate political issues themselves. At times, the Israeli ambassador to the EC/EU has also had a role in formulation, not only in implementation.

In the Ministry of Industry and Trade, the Head of the Department for International Affairs and the Head of the International Agreements Section have had a considerable influence on formulation as soon as integration or foreign economic policy have been affected. The same holds true for the Head of the Treasury's Department of International Financial Affairs and the Head of the Ministry of Agriculture's Foreign Trade Department the moment their responsibilities were touched upon, albeit on a less prominent level. Further leading actors in the process of formulation have been, on occasion, foreign policy advisors in the Prime Minister's office, who have presented formidable opponents to the Foreign Ministry's processors.

On occasion, officials of other departments, ministries or institutions have been involved, but only when their specific responsibilities were concerned. Amongst these have been officials of the Ministry of Science, the Treasury's Supervisor of Insurance and Capital, the Supervisor of Israel's National Bank, the Head of the Security Authority as well as officials of the Treasury's Budget Department. Officials of the Ministry of Defence or the Military have not taken part in the policy process in any of the analysed case studies.

The majority of the officials in the policy process have thus had a strong economic outlook on relations with Europe. Correspondingly, the Foreign Ministry's Department of European Affairs has hardly been involved in a major way. A certain counterbalance in favour of a more political approach has been provided by the activities of the ambassador to the EC/EU and Germany, to which we turn below.

5.2.2.1 The Professionals

Generally speaking, formulation in Israel's European policy system has been plainly reactive, responding within a short-term horizon to current demands as they arise. Politicians and officials have shared this short-term outlook alike. There have however been individual processors who took a long-term view of relations with Europe beyond the day-to-day issues and who stood out for actively pursuing Israel's further integration into the European house. They were not politicians, and their commitment to furthering association with the EC/EU cannot be simply explained by their assignment but rather by their personal interest in deepening relations.

Firstly, these processors have been a shifting but still fairly small circle of officials, referring to themselves as the "Professionals" of relations with Europe. Whilst it is difficult to establish clear membership with the *Professionals*, the following individuals have made up the core of this group of visionaries in European policy in the late eighties and early nineties: Jacob Cohen, the Foreign Ministry's Deputy Director General for Economic Affairs, Marcel Shaton, Head of the Ministry of Industry and Trade's International Agreements Section, as well as Dov Mishor and David Nave of the Treasury's International Department. From the mid-nineties onwards, Oded Eran, Head of the Economic Department of the Foreign Ministry, Sohar Pery, Director of the Foreign Affairs Department of the Ministry of Industry and Trade, Ehud Kaufman as Head of the Treasury's Department for International Financial Affairs made up the inner circle of the *Professionals*, together with Zvi Allon, Head of the Foreign Trade Department of the Ministry of Agriculture, who was in the circle throughout the entire time frame being investigated.

Secondly, an official not even formally in charge of relations with the EC/EU had a remarkable influence on formulation, particularly on a long-term aim in relations. Avi Primor had not only been an important actor in the formulation of intended behaviour when he was ambassador to the EC – which itself does not make one raise an eyebrow so far – , but more so when he was ambassador to Germany. He was the central planner of Israel's European policy when he in fact no longer was officially responsible for this policy field at all. This can be explained, on the one hand, by the central role Israel has ascribed to Germany in its dealing with the EU. On the other hand, Primor's and the Professional's weight in the policy process shows how influential dedicated, visionary individuals amongst Israel's ministerial officials have been in a long-term Israeli approach to Europe. They have been the group of processors who have shaped a vision of relations with the EU. They have been the core of the little-noticed active, non-reactive aspect of Israel's European policy.

5.2.3 Bureaucratic units

In addition to the ministries and departments, the heads of which have been mentioned above, two further bureaucratic units have taken part in the shaping of Israel's behaviour towards Europe. The Inter-Ministerial Director Generals' Committee for Economic International Affairs (DGC), functioning as a virtual ministry of economics, has had a central role in formulation, laying down Israel's actual aims in negotiations for closer association with the EU, and issuing guidelines to the negotiators as well as assessing Israel's achievements in the talks. The DGC has also been important to Israel's external presentation in that it has operated as a mediating forum to offset bureaucratic battles and to have the various ministries and departments rally around consensually agreed objectives vis-à-vis the EU.

The central decision-making body in the issue of closer association with the EU, however, was an unofficial and informal inter-ministerial panel

summoned by the Foreign Minister. Its permanent core members were the Foreign Minister, the Ministers of Finance and of Industry and Trade as well as the Minister of Agriculture. Depending on the issue at hand, the panel was enlarged to include the relevant ministries. As far as the decisions that have been taken, it was this panel that determined the general goals to be achieved in integration policy vis-à-vis Europe, in the negotiations for closer association as well as thereafter.

5.2.4 Further actors

The politicians, officials and bureaucratic units named above have constituted the processors of Israel's European policy system. They determined Israel's "policy" towards the EC/EU as we have understood it in this analysis: as designated behaviour, i.e. as the behaviour that Israel intended to show. Of course, there have been more actors in and around the foreign policy system that had a role or even an influence on policy output. Their actions however had no direct effect on formulation – only on implementation or, in many cases, none at all on behaviour towards Europe.

5.2.4.1 Role of the Knesset

Most prominently, the Knesset has not had any influence on Israel's behaviour, neither in setting agendas, nor in formulation or implementation. Members of the Knesset and Knesset committees have called on the EC/EU to behave in one way or another, many times supporting the government's position, but also many times not. In one sole instance, the Minister of Industry and Trade threatened to organise a blocking majority in the Knesset to refuse ratification of a – in his view – inadequate Association Agreement. This was not a move of the Knesset though, it was an action taken by a minister and had not been coordinated with the Knesset. Moreover, there is nothing to suggest that this threat had even been taken seriously by the cabinet. There has been no instance of activities of the Knesset or its members having an influence on the processors. Correspondingly, the Knesset's Foreign and Security Committee has never invited a European expert for a hearing or consultation in the period under analysis. The Knesset is simply not part of Israel's European policy system.⁶⁵²

5.2.4.2 Interest groups

Equally, private interest groups have not been processors in the policy process. Private interest groups have been active in European affairs, decidedly outspoken in part, such as the Manufacturer's Association, AGREXCO and Israeli agriculturists. Their activities did not, however, result in pressure on the targeted ministries, departments or individuals. The reason for this is that in Israel's corporatist system, ministries act as institutionalised lobbies for their respective clientele, e.g. the Ministry of Industry and Trade for Israel's manufacturers. As a consequence, private

⁶⁵² Ahlswede, 1998a

interest groups have not been in a position to effectively put pressure on the respective processors, preaching to the converted who already pursue their interests in the policy system to begin with. The interests, say, of manufacturers did have an influence on Israel's behaviour towards Europe. These interests however have been recognised and pursued in the policy system by a government ministry, not by the manufacturers' corporate representatives.

Apart from these economic interest groups, there have been a number of actors outside the European policy system and in Israel's civil society who have spoken out and promoted closer association with the EC/EU. Amongst them have been, classically, the elite of the Labour Party, Bank HaPoalim, Coop⁶⁵³ and the Bank of Israel since the early nineties. They too, however, have not taken part in the formulation or conduct of Israel's European policy.

5.2.4.3 Competing elites

Finally, a word on competing elites: whilst competing elites certainly exist – the Israeli political parties – they do not compete in European policy and do not offer alternative European policies. The reason is mainly the low priority of European policy for one thing and the fact that many Israeli parties therefore do not even have an attitude towards (let alone a policy on) relations with the EU. There has been no case where an Israeli party has offered itself as coalition partner to the governing parties that would have resulted in an alternative approach to Europe. Secondly, Israel's governments are in control of their parties so that there are no competing approaches from the governing parties in the Knesset or the like, all the less so in a low politics area.

5.2.5 Structures and processes

As far as structures and processes of the Israeli European policy system have become discernible, we have analysed and described them above with the respective case study. Due to the complexity and incompleteness of the data of the precise route that the formulation of a given intended behaviour has taken, it does not appear sensible to try and present an aggregate, generalised account here of typical structures and processes of Israel's European policy system. As such an endeavour would necessarily be faulty and therefore of little use, we abstain from presenting such a generalisation.

5.3 Israel's goals vis-à-vis the EU

A state's policy towards another can aim at a variety of issues: at its core, it usually addresses bilateral relations – the way the two states interact. Policy is often also directed towards the relations the other state keeps with third states and super- or transnational actors. Typically, states will take interest in another state's behaviour towards their neighbours and client states. More often than not, a state's policy towards another state will attempt to

⁶⁵³ "Hamashbir Hamerkazi Israel Cooperative Wholesale Society" in full name.

influence that state's internal affairs, markedly in issues such as development and human rights.

In contrast, Israel's behaviour towards the EU is very much focused on two single issue areas. Whilst the EU has been keen to reform and shape Israel's relations with its neighbours in the course of various Mediterranean policies – particularly the Euro-Mediterranean Partnership with the Barcelona process – Israel has not done so vice versa. Israel has not displayed any activity aimed at influencing the process of European integration or at the EU's relations with potential or future members, the US or with most of the rest of the world. Israel's behaviour towards the EU is almost exclusively directed at two tracks of policy: the role Europe should have in the Middle East on the one hand, and the place Israel should have in Europe on the other.

5.3.1 Preventing an EU political role

Israel has consistently tried to prevent or at least limit the Europeans' role in Middle Eastern politics. We have witnessed this desire e.g. in the issue of a European role at the Madrid conference, the Grapes of Wrath agreement and the issue of the EU special envoy.⁶⁵⁴ A significant political role of the Europeans has seemed disadvantageous to Israel and even dangerous: disadvantageous, on the one hand, because of what the EU calls its balanced position and what Israel perceives as the EU's rather pro-Arab attitude in the peace process; and dangerous, on the other hand, for the EU's inability to back up its positions and possible guarantees with resolve and, ultimately, a credible threat of force, which is all due to the EU's immanent disunity and its lack of military power. Moreover, the Europeans have gained a reputation in Israel for noisiness where silent diplomacy would have been the wiser choice. The showcase characteristic of European Middle Eastern activities might well serve the EU's desire for relevance projection, but for the peace process – as it has been felt in Israel – this loudness has been rather harmful. It is seen as detrimental even to the peace process on the whole, irrespective of Israel's preferences. Finally, European involvement has been judged by some as harming the peace process because the EU's more pro-Arab attitude would encourage Arab intransigence.

A key term is *European interference* that is often used by Israeli actors in conjunction with European political ambitions in the Middle East. Generally speaking, the term *interference* has been used by Israeli actors to describe a

⁶⁵⁴ For a range of examples, see MD 1978-01-06: Galei Zahal 1978-01-04 15.10 GMT; PS 1987-01-26: HA 3 "Peres distanziert sich in Brüssel von europäischen Erklärungen in Bezug auf den Nahostkonflikt"; M 1989-02-25 "Entre la France et Israël les divergences n'empêchent pas l'amitié"; PS 1990-07-24: HZO 1 "Levy warnt die europäischen Minister, keine Sanktionen gegen Israel zu verhängen"; Rabin at the European Parliament, quoted in PS 1993-12-02: AHM 6; PS 1996-12-03: MA 2 "Netanjahu zu den Europäern: Ignorieren Sie feindliche Propaganda"; FAZ 1997-01-13 "Peres gegen europäische Vermittlerrolle"; PS 1998-01-02: HZO 1 "Die Europäer verurteilen Jerusalem schon".

situation where the EU's behaviour has been incompatible with Israel's short- and mid-term regional policy and – this is crucial – where the Israeli perception has been that the EU's position could make a difference to Israel's disadvantage. Israel has been particularly irritated when the United States was active in a particular issue as well, offering an approach that was more to Israel's liking than the EU's, and when the European activities thus threatened to turn the US approach from the only game in town into a mere alternative.

Moreover, Israel has been at unease with Europe's polyvocal approach to the Middle East. The EU's Common Foreign and Security Policy (CFSP) is being created as the least common denominator of all the member states' position. The CFSP has been implemented in the Middle East with very strong national dialects and, at times, with clear national agendas beyond the common EU policy. In spite of steady progress towards a uniform foreign policy, the EU has not spoken with a single voice. The Europeans as a result have won a reputation in Israel for not knowing what they want and the EU has been perceived as not being sufficiently predictable and reliable in its Middle East policy.

Most severe is the Israeli perception of the EU not being able to deliver. Whatever the EU might promise, promote and envision in the Middle East, it would neither have the resolve nor the power to actually fight it through in times of crisis. The example typically brought forward has been that the Europeans' helplessness in the Balkan wars of the 1990s, particularly in Bosnia, served as proof and stern warning not to rely on the EU in matters critical to national security.⁶⁵⁵ One reason of the EU's inability is seen in its structure, its members' diverse interests and its consensus-oriented operation mode. The other reason is seen in the EU's factual lack of hard power, which denies it a credible military threat of the scope the US has in hand. The EU is not sufficiently integrated to be a superpower and has never behaved like one. It has never shown the will – let alone ability – to bend the will of any of the Middle Eastern actors the way in which the US has. Ultimately, the EU on its own does not pose a credible military threat to coax or, for that matter, reliably protect the states of the region.⁶⁵⁶ Consequently, Israel's perception and line of reasoning has been that the EU must therefore not be involved in critical issues touching national security such as a peace process policy.

The weakness of the European Union indeed impairs its potential to act and be accepted as a mediator, as other studies have shown.⁶⁵⁷ Reality shows

⁶⁵⁵ For examples see JP 1 1992-08-09 "Rabin raps European Response to the Crisis in Yugoslavia"; PS 1992-08-10: HA 3 "Rabin: 'Europa möchte am Friedensprozess teilnehmen, verhindert das Massaker in Bosnien jedoch nicht'; FAZ 1992-09-15 "Israel sucht engere Beziehungen zu Europa".

⁶⁵⁶ See also Alpher, 1998.

⁶⁵⁷ Touval, 1975, pp. 51, 68.

that Israel as well as its Arab neighbours in fact have preferred the US as a broker, its more pro-Israel leanings notwithstanding. To arrange for a major political role of the EU has therefore been seen as a waste of time in Israel – independent from the desirability of the content of the EU position.

Preventing an EU political role in the Middle East however is not an absolute goal. A European political role has not been unacceptable to Israel per se: after all, the Europeans' positions have not been that different from the Americans'. It is simply that an unchallenged American solo role has been more attractive to Israel, as it is more compatible with Israel's foreign policy conception; also at times, no third party's involvement and prodding have appeared more attractive. Israel has thus not always looked favourably at US activities in the Middle East. On various occasions, the option most favoured by Israel has been to not be put under pressure by any initiative in the peace process at all. An EU activity in the peace process of any political weight – even if it itself is irrelevant and harmless to Israel's interests – might however prompt the US to step up its involvement, which would result in concrete and unwelcome pressure on Israel. On the other hand, in the case of the EU's special envoy, we have even seen the very opposite on a small scale: Israel capitalising on a political role of the EU when this role had been the more attractive scenario to an intervention of the US.

Israel's determination to keep the EU out of Middle Eastern politics has been limited by two circumstances: firstly, an involvement of the EU has been seen as still to be preferred to the EU's member states acting individually. When an EU member state with a less than averagely forthcoming attitude – classically France – has started a single-handed initiative in the Middle East, Israel has responded by stressing the CFSP approach in the matter, willy-nilly accepting a limited EU role as the lesser evil to a maverick French solo.⁶⁵⁸

Secondly, Israel has always made sure that its rejection of an EU political role would not seriously harm relations with the European Union or its member states. Of course, full-fledged rejection of European involvement in Middle Eastern politics would collide with other aims of Israel's in its relationship with Europe, certainly so with those that would require European concessions. To keep the Europeans amused, Israel has typically resorted to a token role for the EU, which will gratify Europe without any real concession on Israel's part.

But does Israel hold a veto on a significant European political role in the Middle East? No. The EU's role is limited because any actor in the region regards the European Union as second best to the US when it comes to determination and clout – two qualities that are considered indispensable by

⁶⁵⁸ We have witnessed this in the issues of European participation in a peace conference, the 'Grapes of Wrath' agreement and the EU's special envoy to the Middle East.

all parties to achieve progress in the peace process. In the end it is the European Union's very own deficit in resolve, unity and military power that deny it a role on par with or even in place of the United States.

5.3.2 The EU as the facilitator of peace

Israel's rejection of an EU political role in the Middle East, however, has not been as absolute as it may seem at first. It is a direct European say in Middle Eastern politics that Israel has objected to, not indiscriminately any role with political repercussions. Israel's central positive aim towards Europe in Middle Eastern affairs has thus been to recruit the Europeans as facilitators of peace. Whilst they should wield no direct say in Middle Eastern politics, the Europeans should create an environment in which Middle East peace could prosper. Different Israeli governments have had different conceptions of how exactly the EC/EU should best proceed; what they all had in common is the belief that more prosperous, better governed, more democratic and more inter-dependent Arab societies will be less prone to engage in violence against Israel and will be more willing to aim for and uphold peace with Israel.

Whilst this Israeli goal is ultimately political – safeguarding Israel's security – the role that Israel has allotted to Europe has been primarily economic, corresponding to the realistic Israeli perception what Europe's main assets in the region are. Europe's role would be to support Israel and its neighbours with upgrading economic relations, direct investments and aid, foremost in the case of the Palestinians. Furthermore, Israel has sought to employ the EU to help create an environment for peace by fostering the development of civil societies, good governance and democratisation in the region and by providing platforms for people-to-people contacts, so e.g. in the Barcelona process.

So far, Israeli foreign behaviour has been consistent over the period under analysis here. Closer scrutiny shows that, beyond this, there have been three rather different rationales and sets of motives at work for how and why such a European role would be beneficial to Israel.

One school of thought has been particularly popular with Israeli political circles ideologically close to revisionist Zionism, most prominently with Foreign and Prime Minister Shamir. It is based on Zeev Jabotinsky's theorem of the *iron wall* postulating that Israel's Arab enemies would one day come to – albeit grudgingly – accept the fact that they could not defeat and remove Israel. Peace in this view would be *peace for peace*, meaning that Israel's enemies would essentially accept the status quo, particularly Israel's control over occupied territories if not its Palestinian inhabitants, and give up any claims of restitution or the right of Palestinian refugees and their descendants to return. Correspondingly, Europe's role would be to convince Israel's neighbours and the Palestinians that further resistance to Israel's existence was pointless and that they had better make peace.

To reach this end, Shamir envisioned a two-track approach: Europe should foster the development of Arab economies and at the same time use its influence politically to persuade Israel's enemies to give up their extreme positions.⁶⁵⁹ On the first track, Europe's role would be to distract Israel's enemies through development and prosperity and to thus get their mind off the conflict with Israel. The second, political track of Europe's envisioned role reveals a similarly stunning trust in Europe's capabilities in the region. In Israeli eyes it is not just the EC's economic power that lends it a credible influence over the Arabs. Europe's record on Middle Eastern issues has been perceived in Israel as distinctly less than pro-Israeli if not outrightly biased in favour of Arab positions. An assumption of the Revisionist school has apparently been that Israel's neighbours share this perception and would accordingly not suspect Europe of taking sides with Israel, therefore being quite receptive to European exhortations and pressure. Traditionally, close relations between Arab states and their former colonial powers – or the lack of such a colonialist history in the case of Germany – have further contributed to the Israeli assessment that Europe wields greater influence with Israel's neighbours than it makes use of. On the whole, the perception of this school of thought is that of a powerful and capable Europe that could make a difference to Israel's avail but – this being the implicit conclusion – is reluctant to do so.

A second school of thought, most prominently represented by Peres, has looked at Europe's potential and prospected role as facilitator of peace differently. It does not deny that Arab frustration may contribute to Israel's neighbours' preparation to make and keep peace. The focus of this view however is on the creation and nurture of interests that would prevent Arabs and Israelis from going to war and would give them an interest in keeping peace instead. Peace is expected to be reached and kept not by an iron wall but by the interdependence of a New Middle East. It would be too much to speak of an Arab structural incapacity as Peres' and his followers' vision, but here the idea clearly is to integrate Israel and its neighbours that deeply that any state attacking Israel would severely harm its own vital interests. Just as in Shamir's and the Revisionists' view, Europe's role would therefore be to support economic development, regional integration and prosperity, but for very different reasons.

⁶⁵⁹ "Europe's role is to convince the Arabs to come to the negotiation table", Shamir thus told the French Foreign Minister and EC Troika member Roland Dumas in January 1989: JP 1 1989-01-23. See also e.g. EG 1980-10-08 "EEC peace efforts are anti-semitic", JT 1984-11-27 "Israel says EC states are 'one-sided'", MD 1986-04-03: Israeli Radio 1986-04-01, PS 1988-06-01: HZO 2 "Scharon ruft die EG auf, bei der Entwicklung des Gaza-Streifens mitzuwirken", PS 1989-01-20: HZO 8 "Schamir: Die Europäer müssen sich für eine Mäßigung der arabischen Haltung einsetzen", M 1989-02-25 "Entre la France et Israël les divergences n'empêchent pas l'amitié".

There are more differences. Whilst followers of Shamir's view have been mostly concerned with Europe aiding Arab economic development, Peres has been very much – if not primarily – interested in Europe helping to create a peace dividend for his Israeli compatriots, too. On a less visionary and a lot more tactical basis, adherents to this second school have considered it crucial domestically to have the public reap immediate benefits from peace to keep it motivated on the difficult road still ahead. The Revisionist vision of peace did not include painful Israeli concessions and did therefore not necessitate to think of disgruntled voters and compensation. The Rabin-Peres government's approach did, though. It expected Israel to give up occupied territory and to deal with enemies who had only recently been convinced that violence would not lead anywhere. For Peres' vision of a New Middle East to stand a chance with the Israeli public – and for his and Rabin's personal political fortunes – it was crucial to quickly present a dividend. The ensuing foreign policy aim had been to recruit Europe to pep up not only Arab economies for peace, but also to provide an immediate peace dividend, primarily for the Israeli economy, all of this on a much shorter term than in the Revisionist's view, whose peace vision has been distinctly more utopian.

Peres and other followers of this school have pursued this goal through a number of schemes. One of them has been a "Middle East Marshall Plan" to boost regional development. EC championship or at least participation in such a plan has been attempted as early as the seventies by Peres' mentor, Moshe Dayan.⁶⁶⁰ Peres has been promoting the idea in various scenarios since the mid-eighties, when he tried to get ahead in the peace process on the Jordanian track.⁶⁶¹ In the early nineties and particularly after Rabin's and his election, Peres lobbied for a weighty European contribution to a Middle East Development Bank,⁶⁶² to the construction of Israeli-Palestinian industrial parks,⁶⁶³ for European loan guarantees for regional development projects over several US\$1,000 million,⁶⁶⁴ a European fund to finance such projects,⁶⁶⁵ EU support of various multi- and supra-national afforestation and irrigation projects,⁶⁶⁶ and for aid for the Palestinians in general.⁶⁶⁷ When

⁶⁶⁰ FAZ 1979-10-11 "Dayan schlägt Marshall-Plan für den Nahen Osten vor".

⁶⁶¹ See e.g. IHT 1986-04-23 "Peres seeks Europe's aid in Mid-east peace search"; M 1986-04-24 "M. Pérès a relancé son idée de «plan Marshall» pur le Proche-Orient".

⁶⁶² PS 1994-10-31: Globes 2 "Delors: Die EU befürwortet die Gründung einer regionalen Entwicklungsbank im Nahen Osten"; PS 1995-11-01: DAR 3 "Peres: Die ablehnende Haltung einiger europäischer Staaten gegenüber der Gründung der Entwicklungsbank ist unverständlich".

⁶⁶³ See e.g. PS 1994-11-01: Globes 2 "Peres: Südlich der Eres-Absperrung in Gasa wird ein Industriepark errichtet"; FAZ 1995-03-16 "Den Friedensprozess im Nahen Osten 'privatisieren'".

⁶⁶⁴ See e.g. PS 1993-09-06: DV.

⁶⁶⁵ PS 1995-07-14: DV 2 "Kohl zu Peres: Die EU muss Israel einen Sonderstatus gewähren".

⁶⁶⁶ HB 1994-10-25 "Jerusalem will Efta-ähnlichen Status"; FAZ 1997-01-13 "Peres gegen europäische Vermittlerrolle".

progress seemed imminent in negotiations with Syria in 1996, Peres tried to persuade the Europeans to safeguard the prospective agreement with economic guarantees.⁶⁶⁸ For Lebanon, too, the Rabin government hoped for a strong European and particularly French economic commitment to help for the reconstruction of a peaceful Lebanon, also after Operation Grapes of Wrath. Last, but certainly not least, Peres and Rabin regarded upgrading the 1975 trade agreement with the EC as an important European contribution to an Israeli peace dividend and thus to Middle East peace and promoted it as such vis-à-vis the Europeans. Finally, in the mid-nineties, Peres also suggested that the EU be host to a Middle East conference on education and finance a multi-billion dollar programme to computerise the education systems of the Arab world.⁶⁶⁹

But there is another, crucial difference to the facilitator of peace that Shamir wanted the EC to be: in Peres' version the political track is missing. Whilst the Revisionists wanted Europe to use its political influence to moderate the Arab positions, in Peres' view Europe no longer has a political role to contribute to peace. This may be due to a more pessimistic perception of Europe's factual influence and political clout in the region – a perception that seems far more realistic, too.

A third school of thought can be distinguished with Binyamin Netanyahu, succeeding Peres as Prime Minister. A Revisionist by origin, Netanyahu shared the view that Europe had considerable influence in the Arab world and could make a difference politically.⁶⁷⁰ In contrast to Shamir though, Netanyahu did not envision an active political role for Europe to advance peace when he was Prime Minister. Whilst Shamir expected the Europeans to press the Arabs to moderate their attitudes, Netanyahu wanted Europe to stop pressing Israel, arguing that it was this very pressure that made the Arab dig in their heels in the negotiations.⁶⁷¹ To put it simply, Shamir thought Europe could do something for peace politically but that it did not want to. Peres believed that Europe was not in a position to make much of a

⁶⁶⁷ See e.g. JP 1993-04-02 "EC calls on Palestinians to resume talks"; PS 1993-09-06: HA; PS 1995-01-25: HA 3 "Peres kritisierte die geringe Hilfe, die die europäischen Staaten den Palästinensern und Jordaniern zukommen lassen".

⁶⁶⁸ PS 1996-02-07: Globes 52 "Wird die EU zur zweiten Großmacht im Nahen Osten?"

⁶⁶⁹ PS 1995-01-31: HA 6 "Peres schlägt der EU vor, ein Programm zur Entwicklung und Computerisierung des Erziehungsapparats in der Arabischen Welt anzuführen"; FAZ 1997-01-13 "Peres gegen europäische Vermittlerrolle".

⁶⁷⁰ See e.g. Netanyahu in Netanyahu, 1989: "The merging giant that is Europe can help in the quest of peace in the Middle East by using its considerable influence in the Arab world towards these ends."; PS 1997-12-19: HA 2 "Netanjahu: Wenn Europa eine ausgewogene Haltung einnehmen sollte, würden wir uns über seine Beteiligung am Friedensprozess freuen"; PS 1997-09-24: HA 12 "Kinkel: Die Siedlungspolitik Netanjahus kann so nicht weitergehen".

⁶⁷¹ See e.g. PS 1996-12-03: MA 2 "Netanjahu zu den Europäern: Ignorieren Sie feindliche Propaganda"; MD 1997-04-11: Kol Israel 1997-04-10 4.00 GMT "Netanjahu in Europa um Verständnis für seine Politik bemüht".

difference politically whilst in Netanyahu's view, Europe's political activities did in fact make a difference but obstructed progress.

Regarding Europe's economic potential as facilitator of peace, Netanyahu faced the difficulty that Europe, in view of an on-and-off peace process, had become distinctly less enthusiastic in engaging in ever more aid projects and in making economic concessions. The sentiment in Europe was also that in particular Israel but also the Palestinians and Jordan had already received and consumed their peace dividend whilst still owing the peace that was supposed to go with it. Aware of this, the Netanyahu government did not put much stress on trying to expand European aid to the Palestinians and Israel's neighbours. Similarly, efforts to achieve a better and deeper integration into the EU beyond the 1995 TCA were soon put on ice. Instead, Netanyahu followed a pragmatic approach, trying to persuade the EU to change the rules of origin for outward processing traffic of products of Israeli joint ventures with the Palestinians and Arab countries.⁶⁷² More lenient rules of origin would have allowed these joint ventures to export more of their products to the EU, offering the non-Israeli partners a living and thus ultimately development and more prosperity.⁶⁷³

Secondly, the Netanyahu government turned its sights to a new area where the EU might help prepare the ground for progress towards peace: EU integration policy, namely the Barcelona Process of the EU's Mediterranean policy. With Israeli-EU relations cooled and peace negotiations increasingly paralysed, the Barcelona Process became more and more attractive to Israel: Its aims are fully compatible with Israel's long-term interests in the region, in essence they circumscribe an integrated, prosperous, secure and peaceful Middle East (and North Africa) that includes Israel. Even more important, in the short run it could provide the possibility to meet or even achieve some progress with Israel's negotiation partners of the stalled peace talks. Correspondingly, the Netanyahu government tried to employ the Barcelona Process as an alternative to the peace process.

5.3.3 Use the EU's good services

A comparatively minor aim of Israel's vis-à-vis Europe has been to make use of good services that the Europeans can offer. These good services have for the very most part been instrumental aims in the service of higher Israeli foreign policy goals and have not been related to Israeli-European affairs in

⁶⁷² See e.g. PS 1997-01-20: Globes 15 "Die EU wird sich für die wirtschaftliche Zusammenarbeit zwischen Israel und den Palästinensern einsetzen"; PS 1997-02-18: Globes 15 "Die EU fordert einen Handelsvertrag zwischen Israel und den Palästinensern – als Voraussetzung für eine Anerkennung der Ansammlung von Herkunftsregeln".

⁶⁷³ The EU itself envisioned the granting of cumulative rules of origin for these ventures but insisted that the standard procedure of the Euro-Mediterranean Partnership programme should be followed: that the MNMs first conclude free trade agreements amongst themselves before the EU granted such preferences.

content. Neither have attempts to mobilise the support of other actors in the international arena been an exclusive feature of Israel's foreign behaviour nor has Israel limited these efforts to the EU and its member states. Nevertheless, numerous as these endeavours to mobilise European support have been, they need to be seen as context and background of other aims that have been directly and specifically directed at Europe.

Typically, in such a scenario the EC/EU or one of its member states has better relations to a third state or other international actor than Israel itself. Consequently, the Europeans would also have more of an influence if not leverage over this third actor than Israel, and Israel was hoping to employ both to its ends. In the period under analysis here, Foreign Minister Peres for example tried to motivate the EC to help bring about a peace agreement with Jordan in the late 1980s. Jordan insisted on an international peace conference as an environment for peace negotiations with Israel. To be accepted as an "international" conference in the eyes of Jordan, the Soviet Union would have to participate. The Soviet Union, however, had not maintained diplomatic relations with Israel since the 1967 Six-Day War. At the same time, Israel had another high-ranking policy issue with the Soviet Union: Israel wanted the Soviet Union to grant the one and half million Soviet Jews the right to emigrate.⁶⁷⁴ Germany was fighting for free emigration of the Soviet Union's German population at the time, which made Germany a natural ally in the emigration issue. Israel – or, rather, Peres – tried to get the EC and Germany to lobby the Soviets on its behalf and to put pressure on Jordan to lower its conditions for peace negotiations.⁶⁷⁵

Similarly, Israel has aimed to employ European good services in dealing with Syria. Parallel to its efforts with the Soviet Union, Israel in the late 1980s tried to achieve free emigration for Syria's Jews, in this case however with France as the main target of the indirect lobbying effort. France has been viewed by Israel as the pro-Arab pole of the EC/EU with some justification, but this perceived bias has been far from being interpreted as exclusively negative. In fact, France's marked pro-Arab stance is seen as a door-opener and valuable asset to Israel when France acts on Israel's behalf or in its interest. As an actor unsuspected of harbouring too much sympathy for Israeli positions, France is regarded as being able to open channels of communication for Israel and to reach or even influence actors with whom

⁶⁷⁴ Estimates are even expected of up to 2.5 million persons from the Soviet Union to qualify for immigration to Israel under the Law of Return: JP 2 1991-17-02 "Dinitz says many just starting procedure"; JP 8 1991-01-07 "In ten years, most Jews will be living in Israel".

⁶⁷⁵ See e.g. PS 1987-01-26: AHM 14 "Die EG wird vermutlich nicht begeistert auf Peres' Appell reagieren, zum Friedensprozess beizutragen"; PS 1987-01-27: DV 1 "In Kürze wird auch das Problem der palästinensischen Vertretung gelöst werden"; for the situation in the peace process, see Gazit, 1989; for details on Soviet Middle East policy at the time, see Golan, 1992.

Israel could not otherwise get in contact with, or at least not that easily. Israel has been interested in this service France can offer on numerous accounts, and – luckily for Israel – France and the EC/EU typically have been happy to jump at the occasion to demonstrate relevance in Middle Eastern affairs. Israel accordingly has used this good service that the Europeans can offer with Syria in various cases, so in the Grapes of Wrath agreement, as we have seen above. Specifically, Israel has time and again shown its interest to open secret channels of negotiation with Syria and Lebanon via the EU and France.⁶⁷⁶

Another area of foreign policy where Israel has aimed to draw on European services are relations with Iran and, in extension, with Lebanese Shiite militias close to Iran. Germany in particular has been central in Israel's ambitions in this respect. Germany has long-standing and comparatively close relations to Iran, which Israel has repeatedly used. Israel has been openly critical of the fact that Germany has been very reluctant to sever its ties with Iran, even in the face of US pressure. Germany's so-called "critical dialogue" with Iran has been a double-edged sword to Israel. On the one hand, Germany's trade and its policy of keeping channels open with Iran damage Israel's and the US' proclaimed goal to isolate Iran. On the other hand, this is exactly the value of Germany's behaviour in Israel's eyes. Channels with Iran are still open and Iran is not uncontrollably left to its own. It would be exaggerated to claim Israel's aim had been to keep these channels open at any cost, but since they were open, Israel's aim has been to be able to make use of them should there be need. Need has arisen repeatedly, as in issues of Israeli soldiers missed in action where Germany jumped in to mediate, in indirect negotiations with Lebanese factions and – as persistent rumour has it – more often than not with Iran itself.⁶⁷⁷

Israel's aim though to use European good services has not ended at mere intermediation. Israel has sounded out the EU, more specifically Germany and France, on their willingness to deploy troops to safeguard a prospective peace agreement with Syria and also, in France's case, Lebanon. Other examples include an Israeli plea to the EU to help Israel join the OECD or even a call on Germany to support Israel vis-à-vis the US in times of increased Israeli-American tensions.⁶⁷⁸

Finally, Israel's attitude and behaviour towards the EC/EU's Middle Eastern policy has been influenced furthermore by a primordial theme of Israeli

⁶⁷⁶ For examples, see JP 1 1996-09-10 "Levy to meet Chirac today"; M 1997-03-06 "Pour M. de Charette, le projet de colonie juive à Jérusalem-Est est un 'obstacle' à la paix"; Ahlswede, 1998i.

⁶⁷⁷ See e.g. PS 1997-07-23: HA 3 "Arafat: Ich danke meinem Cousin, David Levy"; PS 1997-12-08: YA 11 1997-12-07 "Kohl zu Netanjahu: Ich befürchte, dass Mubarak gestürzt wird".

⁶⁷⁸ PS 1994-06-13: HA 10 "Israel wird die EU bitten, ihm bei Beitritt zur OECD zu helfen"; PS 1997-12-01: YA 4 1997-11-30 "Ich werde den Kanzler bitten, sich bei den USA für Israel einzusetzen".

foreign policy: Israel's desire for recognition. This has not been an aim specifically directed at Europe, but pervasive as it has been, it has left its mark on Israel's attitude towards the EU and its Middle Eastern policy, too. To Israel, simply being accepted amongst its neighbouring countries has been of great value. Recognition has therefore been an aim in dealing with Europe at times. We could witness this with the Barcelona Process, which has offered Israel a forum to this end. Thus, Israel's position towards the Euro-Mediterranean partnership has been shaped, amongst other things, by Israel's interest in overcoming its isolation in the Middle East and in gaining recognition in the region.

5.3.4 EEA status

In the negotiations for the upgrading of the 1975 Trade and Cooperation Agreement, Israel did not have a comprehensive vision of future relations with the EU. Israel desired an institutionalised political dialogue and some form of anchorage in the European Union that was never specified; for the rest Israel came to the negotiation table with a mere list of demands, seeing how much it could get. More favourable rules of origin have been on Israel's list, access to the EU's public procurement markets, the mutual recognition of diplomas and standards, harmonisation in financial services, better market access for its agricultural products and admission to the EU's framework programmes for research and development. In essence, this amounted to an implicit aim of full integration into the EU's market for goods, services and capital, paralleled by participation in EU R&D programmes and by manifestations of closer political ties.

Only in late 1995, after the negotiations for the EMA, Israel formulated long-term goals with the EU: according to the communication in which Israel's aims were put on record, Israel has been seeking relations equal to those that non-EU members of the European Economic Area (EEA) enjoy with the European Union. Israel's aim in integration policy has accordingly been to achieve full freedom of the movement of goods, services, capital and persons between Israel and the EU, and in return to adopt the *acquis communautaire* and to accept having no say in the political decisions of the EU that would still be binding to Israel. Politically, Israel would be anchored in the European Union by a permanent and institutionalised dialogue. Israel however made clear that it did not aspire to actual EU membership, not even in the long run.

It has not been possible to establish if these points indeed have ever been functional aims of Israel's. Within days after Israel had put its long-term goal in integration policy into words, further integration of Israel into the EU was wiped off the agenda with the assassination of Rabin. It is possible that we are merely looking at an early step in the formation of an opinion and not yet at an agreed result of policy formulation.

Whatever the exact design of the status that Israel has aspired to, Israel's goal can be summarised as moving as closely as possible to the EU without

the liabilities of actual membership. Israel – like any other country in the Euromed area – wants to reap the advantages of integration into the EU whilst trying to avoid the disadvantages. EEA status is the vehicle for both.

EEA status has only partly been an economic aim and over time even less so. Integration with the EU has also been a goal of science policy as well as it has been a cultural and – as Israel's economic aims are achieved more and more – increasingly a political goal relating to status and national prestige, as we will see in the next section.

5.3.5 Recognition of Europeanness

Finally, Israel has striven for recognition of its Europeanness and its right to be treated accordingly. This is an goal independent of Israel's desire to achieve a certain formal integration with the EU for its concrete, material benefits. The two goals though are closely related: in perceiving EU membership as the top award of certified Europeanness, Israel has aimed to get as close as possible to this prestigious status without entering into the political commitment of actual accession.

Two factors combine to make it so attractive to Israel to be treated as European: firstly, being European in Israel's eyes stands for being a Western, developed, modern, democratic country. Israel perceives itself as such, and being treated as European accordingly stands for recognition of its membership in this exclusive circle.

Secondly, Israel feels that it deserves to be recognised as European as it had only been established as a state, and only outside of Europe, because Europe had excluded its Jewry from the enlightened European house. The feeling in Israel is that Europe expatriated its Jews in an act of injustice, meaning that Israel – which had only been founded in response to this injustice – had not forfeited its claim to Europeanness and should not be denied being treated as European, least of all by Europe itself.

Having said this, Israel's desire to have its Europeanness acknowledged must not be misunderstood as a wish to actually *be* European. The aim is to end an age-old exclusion and to be accepted as an insider. This means that Israel wants to be accepted as it is, or – concerning its historic claim – even irrespective of what it might be. Also, there is no dynamic component to this aim. Israel's goal of having its Europeanness recognised does not imply that Israel would want to *become* like the Europeans, say in foreign behaviour, state-religion relations, regarding the role of the military or national self-conception, to name just a few examples. Israel merely wants recognition of a claim.

5.3.6 Has Israel achieved its aims?

But how successful has Israel been in pursuing these aims? As a matter of fact, the EU still did not have much of a role in Middle Eastern politics at the end of the time frame investigated; it still comes in a distant second behind the United States in relevance and actual weight in the region, politically and certainly militarily. In none of the case studies we looked into did Israel have

to accept a meaningful political role of the Europeans. As far as the EC/EU managed to assume a role, this role has been of little actual relevance in Middle affairs, at least compared to the US role or, respectively, Israeli worries. Israel's aim to not see a significant political role of the EU in the region has thus been achieved.

At the same time, the Europeans have indeed taken up a role as facilitators of peace, fostering economic growth and prosperity in the Middle East with large sums of financial aid, strengthening the development of civil societies and good governance and providing platforms on which mutual trust and security can develop. Just as Israel has desired, the EU has come to greatly involve itself with laying the ground for a warm and lasting peace in an integrated and preferably democratised Middle East. Whilst peace itself has not materialised, Israel's wish to have the European Union work to create the environment for peace has impressively come true.

With the peace process stuck, Israel could not hope for great leaps in recognition by its Middle Eastern neighbours. Under these limitations, Israel however has been quite successful in its effort to get ahead in this respect with the help of the European Union: Israel has been able to come a little closer to this aim particularly thanks to the Barcelona Process, which offered Israel an alternative forum to socialise with its neighbours when the peace process had broken down. Israel has also been able to use a variety of other good services that the Europeans could offer, and it has managed to keep relations with Europe sufficiently warm so as not to endanger these services.

Economically, Israel achieved its goal in the negotiations for the upgrading of relations. The EMA laid the ground for Israel to be integrated into the EU's markets for goods, services and capital. Israel was also admitted as the first and only non-European country to the EU's Framework Programme for Research and Development.⁶⁷⁹ By and large, Israel is now what it wanted to be concretely in relations with the EU – even though its vision of future relations with the EU are not clear.

So, obviously Israel has achieved what it wanted. Or has it? On closer scrutiny, a significantly different picture arises: what Israel has striven to attain vis-à-vis the EU in Middle Eastern affairs has by and large become reality, but it is hard to see how this could be credited to Israel. The extent to which the political reality has developed or stayed in a manner favoured by Israel must not lead us to conclude that Israel's determination and its behaviour towards Europe had been causal to the outcome we have been observing. Israel's aims have been achieved rather than Israel having achieved its aims. A certain causal relationship may be presumed between

⁶⁷⁹ However, the provisions of the EMA have only slowly been implemented and in parts not at all. The 2004 Action Plan of the EU European Neighbourhood Policy is supposed to reinvigorate the foundering implementation of Israel's integration into the European house.

Israel's behaviour and the achievement of its minor aim to be able to make use of European good services. But the EC of course did not commit itself to energetically fostering prosperity, security and good governance in the Middle East – or, actually, all of the MENA countries – in response to Israel's behaviour towards Europe. True, the extent of Europe's commitment has been influenced by the progress in the peace process in the mid-1990s, so one might argue that – as this progress had been, partly, a result of Israel's foreign policy – Israel's behaviour had indeed triggered the EU's increased efforts, albeit indirectly. This seems far fetched though, since many other factors contributed to the progress in the peace process, and even as crucial as Israel's foreign behaviour has been to the outcome, this behaviour was not directed at Europe. Israel's peace with the PLO and Jordan has not been part of Israel's European policy.

Likewise, the circumstance that the EU has not come to play a significant political role in the Middle East is not a consequence of Israel's behaviour in this regard. It is a consequence of the EU's lack of unity, resolve and clout and particularly a result of the prevalence of the United States. At most, Israel's position and behaviour in this matter has been a factor amongst many. In fact, we also have to see that, whilst the Europeans have not managed to achieve much of a political role, in our case studies the EU mostly got what it wanted: independent Palestinian exports, EU participation at the international peace conference, a European role in the Grapes of Wrath agreement and a special envoy that was accepted and operational in the region. True, the Europeans could only achieve what they did because they had lowered their sights in anticipation of what could be achieved, arguably taking into account Israel's opposition to a significant political role. It is also true that the specific roles that the EU gained in these cases were close to irrelevant to Israel. Even so, whilst the containment of Europe's political ambitions in the Middle East has certainly been welcomed in Israel, it has hardly been the result of Israel's behaviour if at all.

5.4 The role of the US

Structurally, Israel's attitude towards the EU has of course been fundamentally determined by the American guarantee of Israel's security and by the unchallenged US hegemony of the Middle East's international arena. Beyond these parameters however, Israel's behaviour towards Europe has been loosely related to Israel's relations with the United States: the US has intervened with the EU at times when European Middle Eastern activities were not to the US's liking. On most other occasions, the United States supports the EU's endeavours, sometimes explicitly, sometimes not, apparently intent on having responsibilities and liabilities shared, as we have seen in the cases of the Madrid peace conference and the Grapes of Wrath

agreement.⁶⁸⁰ We have found no evidence, however, that the US has ever turned to Israel with regard to Israel's European policy. This is not too surprising after all, since the US has supported the deeper association of Israel with Europe for the sake of Israel's prosperity and its security in the long run. At the same time, Israel has never even contemplated conceding the Europeans any political role that could possibly compete with that of the Americans' and thereby arouse their jealousy. What we have seen, in contrast, is Israel filling a vacuum left by the US with European alternatives: examples have been Israel's use of the Barcelona process as a substitute for the deadlocked, US-led peace process, or the employment of the EU special envoy as a dummy and buffer against an unwelcome renewed US peace effort. Israel's policy towards the EU has thus been dependent on Israel's relations with the US, but differently to how one might expect, it has been Israel rather than the US that has played this card.

5.5 Israel's policy style

In our case studies we have observed a variety of behavioural patterns that Israel applied vis-à-vis the EU. Some are part of the standard repertoire of a government's foreign behaviour and what one would expect in almost any negotiation situation between two international actors: lobbying the other's legislative and relevant executive bodies would be an example, sending one's top ministers abroad for declaratory policy or to take a marketing tour would be another. In the following however, we will take a closer look at a number of peculiarities in Israel's dealings with Europe that differ from behaviour one might expect and thus promise to give a more specific insight into Israel's European policy.

5.5.1 The German channel

To begin with, Israel has tried to lean on German advocacy in its dealings with the EU. This is not surprising, given that the EU's foreign policy still is very much dominated by its member states and that Germany is one of the most influential of these EU members and has traditionally championed Israeli interests and positions amongst the EU states. It should be understood that Israel has also lobbied other national governments, particularly the EU Troika's member states'. The German channel to the EU though appears to have been seen as the most promising and thus received most attention.⁶⁸¹

Despite these Israeli efforts, lobbying through Germany did not play a prominent role in the case studies analysed here. On the contrary, close co-ordination with Germany presents itself as a standard procedure that is not

⁶⁸⁰ See also e.g. JP 1 1992-09-23 "Russia and Israel sign Agreement for increased relations in all spheres".

⁶⁸¹ See e.g. JP 1 1990-02-16 "Genscher tells Arens: Bonn to back Israel against EC sanctions"; JP 10 1991-02-05 "We need political support, Arens tells Bundestag delegates".

too different from lobbying efforts towards and through other EU member states. In fact, despite the relative prominence of the German channel, it was not critical in any of the issues analysed above. For the most part it was plainly irrelevant: either because Germany was in no position to jump to Israel's aid in the concrete issue – as was the case in the conflict over independent Palestinian exports – or because there was nothing to lobby about from Israel's point of view – namely when Israel rejected the EU's advances in the Middle Eastern political arena, which were supported by the EU as a whole, including Germany.

Our findings suggest that efforts of lobbying the EU through Germany do not serve to actually promote Israel's aims in a given situation. In fact, they seem not even to be actually directed at the EU, even though they do hinge on concrete aims and issues. Rather, their function appears to be social: to reassure both sides of their close relationship and to groom and culture their bond. Israel's lobbying efforts may thus be tactically aimed at a very concrete, detailed issue, but their true value lies in the strategic effect on the lobbied counterpart.

5.5.2 Portray behaviour as if caused by EU attitude: the issue of the deportees

Lobbying the EU through Germany may not be very successful – but does Europe have an influence in Israel's regional policy? In one particular issue, Foreign Minister Peres claimed that the EC's attitude did make a difference. Israeli concessions to the EC of any political influence in the region are more than rare, so it is worth having a close look at this particular case.

In December 1992, Israel deported 415 suspected Islamist activists to South Lebanon, where they were stranded in a no-man's land between Israeli and Lebanese forces. The expulsion of the inhabitants of the occupied territories, without any trial and – in some cases – apparently on mistaken assumptions, disrupted peace talks and triggered an international crisis. The US and EC condemned the expulsion, so did the UN Security Council, demanding that Israel take the men back.⁶⁸²

The EC was outspoken in its criticism of the deportations, calling them a wilful violation of the Fourth Geneva Convention, illegal and inhumane as well as utterly deplorable.⁶⁸³ In early January 1993, the Socialist party of the European Parliament called for suspension of financial links with Israel in reaction.⁶⁸⁴ The European Commission, however, let it be known that it did not intend to impose economic sanctions or to downgrade relations with Israel. The EC foreign ministers would debate the issue when they met with

⁶⁸² JP 1 1992-12-20 "Eagleburger sends protest to Rabin over deportations".

⁶⁸³ JP 3 1992-12-25 "Belgian FM condemns deportations"; JP 2 1993-01-10 "Danish Ambassador: Israeli Gesture on deportees not enough"; JP 2 1993-01-24 "Britain: Expulsions illegal, inhumane".

⁶⁸⁴ MD 1993-01-07: MAP (Strassburg) 1993-01-06 "Sozialisten im Europa-Parlament drohen Israel mit Sanktionen".

Peres for the 1993 Cooperation Council in early February.⁶⁸⁵ The European Parliament, in contrast, strongly demanded that the issue be raised in the imminent trade cooperation talks and called on the Commission to consider delaying the fourth financial protocol to the 1975 TCA.⁶⁸⁶ By the time Peres met his European counterparts on 1st February amongst growing international irritation with Israel's failure to comply with the UN Security Council's resolution, the EC's tone had slightly changed: the EC hoped, as a draft position paper read, it "is not put in a position of having to address the issue of updating the 1975 agreement in the absence of a solution of the deportation problem."⁶⁸⁷ Peres promised it would not – and indeed, the same night the Israeli cabinet decided to partly reverse its December deportation decision and to allow about hundred deportees to return from South Lebanon. The next day Peres announced the decision to the EC Foreign Ministers, calling the move a "gesture to the Clinton administration and in response to expectations of the European Community."⁶⁸⁸ The firm opposition of the EC to the expulsions had played a role in the decision to modify the Israeli position, he said.⁶⁸⁹

But had it really been "expectations of the European Community" that had a crucial influence on the decision of the Israeli cabinet?

Rabin told a different story. "It was important for us to reach an understanding with President Clinton's new administration", he told reporters after the cabinet meeting, trying to justify to the public why he effectively backed down.⁶⁹⁰ In their personal rivalry, Rabin and Peres kept their spheres of responsibility keenly apart. Europe was covered by Peres, the United States by Rabin, and security without any doubt by Rabin exclusively, who was not only Prime Minister but his own Minister of Defence, too. The deportees, relevant to security and, in the international arena, predominantly relevant in relations with the US, were a Rabin issue. It can be assumed that his judgement by far carried the most weight in the 1st February decision.

In its conflict with the United Nations, Israel was facing a Security Council move to establish a deadline for compliance with the Council's December resolution, a step just short of the application of sanctions.⁶⁹¹ Israel was under pressure from the United States: Secretary of State Warren Christopher had delivered the clear message to Rabin that Israel had to take action to avoid forcing the US to put in its veto against sanctions imposed by

⁶⁸⁵ JP 1993-01-21 "European Community: No sanctions planned over deportations"; YA 44 1993-01-21.

⁶⁸⁶ JP 16 1993-01-22 "European Parliament slams deportations".

⁶⁸⁷ JP 2 1993-02-02 "Peres: Sanctions would kill peace process".

⁶⁸⁸ JP 1 1993-02-02 "Cabinet agrees to return 100 deportees".

⁶⁸⁹ JT 1993-02-03 "Israel says friction with EC resolved".

⁶⁹⁰ JP 1 1993-02-02 "Cabinet agrees to return 100 deportees".

⁶⁹¹ JP 1 1993-01-26 "Christopher plans visit here next month"; JP 1 1993-01-28 "Rabin: Boutros-Ghali is a 'Gift to Hamas'".

the Security Council. An American veto protecting Israel would damage US credibility, particularly in view of the US determination to see Security Council resolutions implemented when it came to Iraq. In the long run, Christopher rightly pointed out that this would hurt Israel's interests as well.⁶⁹²

The EC, on the other hand, almost only casually mentioned it would be awkward in negotiations for upgrading the TCA if the issue of the deportees were not resolved. True, the EC probably did not have to press this point hard to get its message through to Peres, given the vociferous advances of the European Parliament. Rabin's angry comments of early January had demonstrated Israel's sensitivity in the matter. Then again, Israel probably would not be risking anything more drastic than a short- or, at most, mid-term delay in the negotiations. Israeli Foreign Ministry officials had been convinced all along that, with the EC's self-interest in the Mediterranean, upgrading relations was only a matter of time.

When Rabin explained his cabinet's reasons to take the decision on the deportees, he did not mention the EC at all. This would suggest European expectations were not deemed crucial when the decision was taken. There might be additional reasons for Rabin's failure to mention the EC: The cabinet's move might be justified to the public more easily in terms of US pressure than in EC expectations. Or his rivalry with Peres may have led Rabin to neglect the impact of EC attitudes in his statements.

There can be no doubt whatsoever that an Israeli cabinet would consider the danger of harming ties with the US much more serious. Safeguarding US influence and relations with the superpower partner themselves take clear priority over economic interests with the EC. Taking into account the situation in the international arena, it is very unlikely that the danger of running into difficulty in negotiations with the EC played any crucial role in the decision-making of the Israeli cabinet regarding the issue of deportees – contrary to what Peres' statement at the Cooperation Council suggests.

Peres' statement should thus rather be seen as an effort to portray Israel in a good light to the EC foreign ministers – namely as being sensitive to European concerns. In view of the Rabin-Peres rivalry, an additional explanation may lie in a desire of Peres' to underline the relevance of input from the Foreign Minister's area of responsibility – here Europe – in high policy decisions.

Clearly, though, a significant EC influence in Israeli regional politics cannot be established from Israel's behaviour in the issue of the Islamist deportees. What we can observe, however, is that Israel has pretended that this was the case, very skilfully portraying its behaviour as being caused by the EC's attitude. This elaborate tactic goes together with a number of other tactics

⁶⁹² JP 1 1993-01-31 "US wary of imposing UN veto; Calls on Rabin for action".

that have served to accommodate the Europeans' desire for a say in the region, as we will see below.

5.5.3 Virtual implementation

A related tactic of Israel's has been to simulate a change in behaviour where there has been none. In the tactic described above, Israel claims a causative relation between an EU position and a change in Israel's behaviour when this relation in fact does not exist. In virtual implementation in contrast the causal relation between EU demands and presented behaviour does exist, but the change of behaviour is merely simulated. Applying this tactic, Israel has thus virtually implemented the December 1987 arrangement on independent Palestinian exports with the EC. In neither case does Israel comply with the European Union's request, but both tactics allow Israel to reap the fruits of compliance and gain some leeway, at least for a limited time.

We have observed a further scenario with a similar design, where Israel gave an impression of compliance with – this time – the US' expectations: Israel's embrace of the EU's special envoy to the Middle East was used by Israel to simulate interest in progress in the peace process when it had none.

5.5.4 Hibernation

In Israel's conduct towards the EC/EU, two modes of behaviour particularly stand out: *hibernation* on the one hand and a *get-it-while-you-can* approach on the other. They are both manifestations of the same policy approach. If the political climate between Israel and the EU is too cool for Israel to achieve an aim vis-à-vis Europe – usually in integration policy – Israel will bide its time and wait for better days. This, in itself, is not too surprising given the vast asymmetry of power between Israel and the EU. Israel is in no position to nudge the European Union into granting Israel something it does not want to grant. The striking feature of Israel's tactic however is that Israel will not even attempt to remove the very causes of the cool response it is receiving from Europe. Similarly, Israel will not invest much energy in warming the Israeli-European climate. Once the climate has sufficiently warmed up again, however, Israel will try to grab what it can, typically without much strategy or any long-term concept, and more often than not rather ill-prepared when it comes to details, too.

The background of this behavioural pattern is the disparate correlation between peace process policy and integration policy: Europe's willingness to agree on further concessions in integration policy depends on Israel's behaviour in the peace process. Israel however is not prepared to have its peace process policy influenced by considerations of integration policy, optimising its efforts for European concessions by exclusively concentrating on the possibly short warm periods. Achievements in integration policy thus come as by-products of peace process policy, not as its motivation. The art of hibernation is to offset the risk of not giving in to the EC/EU with the probability of a more favourable climate. The problem with hibernation is

that things might go from bad to worse, as they have for long periods already. Israel so far has been more than ready to put up with this.

As a result, Israel shows a high frustration tolerance when it comes to Europe. Effectively, the Europeans' refusal to grant Israel a concession or preference is a sanction except in name, particularly – as in the case of the Palestinian exports – if simple non-action on the part of the EC leads to a deterioration of Israel's position. Israel so displays a remarkable resistance to sanctions when peace process matters are touched.

5.5.5 Token role of the EU

Whilst Israel is not on a par with the EU in economic and political matters, there is a market where Israel and the EU do indeed meet on equal terms: the market for status and recognition. What the EU can offer goes a long way towards fulfilling Israel's dreams of status in the West and Europe, as we have seen. The European Union, on the other hand, has a strong demand for status and recognition, too, albeit in another field. The EU longs to be recognised as an important actor on the international scene and particularly in the Middle Eastern political arena. Arguably, this has been the Europeans' central concern, considered more important than a factual role in the peace process indeed, which would be but a vehicle and expression of the raised status that the EU yearns to achieve.⁶⁹³ Here, Israel has a supply of recognition at hand, and it skilfully has used it to cultivate relations with the EU. The Israeli perception at least has been that (limited) concessions to the EU in questions of a political role function in safeguarding a certain level of European goodwill in integration matters.

Israel's central tactic to cope with the Europeans' unwelcome quest for political relevance has been to provide them with a *token role*: In stark contrast to Israel's usual shield of rejection against any direct political involvement of the EC/EU, Israel in this case accepts or even welcomes a specific political endeavour of the European Union in the Middle East. Israel's openness can be presented as a considerable achievement to the European Union, which is keen on any opportunity to get its foot in the door of Middle Eastern politics, and as a substantial Israeli concession. To gain recognition and be appreciated for its role in the region from the fiercest opponent of any such role, Israel, must have been extremely attractive to the European Union – so attractive that as a matter of fact, form could take precedence over content in the EU's eyes. Kept in perspective however, the respective European role hardly has had any weight in Middle Eastern politics. It is a token role to keep the Europeans amused, coming at little cost to Israel, devoid of any real relevance as in fact the newly gained European role is. It will also help Israel to channel the EU's ambitions, making the Europeans more predictable, less disaffected and thus less prone for maverick initiatives

⁶⁹³ See e.g. Nizzan Horowitz in PS 1994-12-19: HA b1 "Europa ist nur zum Zahlen gut".

and easier to cope with. A token role will contain Europe by integrating it into structures out of which it can only be kept at considerable expense. Similarly, this surrogate integration will help to tame the more pro-Arab EU member states like France, which will otherwise be hard to restrain. All this makes it a very attractive means for Israel.

We have seen Israel apply this tactic in almost any of the case studies above. Israel accepted the EC's participation in the Madrid peace conference after months of rejection when it became clear the Europeans would hardly carry any weight let alone have an authoritative role. At the same time, the EC's joy for being admitted promised to be helpful in negotiations for an upgrade of EC-Israel relations. Similarly, Israel accepted a French seat in the monitoring committee of the Grapes of Wrath agreement because, essentially, the committee was irrelevant in Israel's eyes. Accepting an unthreatening, irrelevant French seat did however offer to help improve relations with France at almost no cost.

We can see the same mechanism at work with Israel's attitude towards the EU's special envoy to the Middle East: He was only well accepted once Israel realised that he was barely effective and yielded next to no power compared to the EU's ambitions. The envoy was welcomed because, powerless as he was, he was not a threat to Israel's interests and policies. Embracing this extremely limited role of this European actor at the same time offered a whole range of advantages to Israel. Interestingly, the very limitations of the envoy's mandate – the token character of his role – have been installed by the EU itself and not during negotiations with Israel.

Similarly, the Barcelona Process has been greeted by Israel not the least because of the hardly potent and only-almost political role that the EMP has offered to the EU in the region. This, too, has given Israel the opportunity to endorse a European role to the EU's delight, with the added advantage that it cost Israel no true concession since the real issue of a substantial European political role has not even been touched.

We can recognise the Israeli tactic to put the Europeans off with an alternative, surrogate role in a number of further issues, most bluntly probably with the multilateral talks of the Madrid peace process. The multilateral track of the peace talks dealt with infrastructural issues that concerned the whole of the region, so with water, environmental questions, arms control, refugees and economic development. Rabin and particularly Peres enthusiastically called for greater European involvement, stressing that if the EC wanted a larger role in the peace process, there it was.⁶⁹⁴ Of course – and despite the repeated exclamations of Israeli actors of just how important the Europeans were in the multilateral talks – this did not live up to the EC's aspirations of a weighty political say in the region.

⁶⁹⁴ See e.g. JP 6 1992-08-07 "Mr. Rabin, meet Mr. Peres"; JP 14 1992-09-01 "No Outsiders at the Bilaterals, Rabin tells visiting Italian FM".

Other examples of Israel trying to supply Europe with an alternative, quasi-political role have been Israel's extraordinarily warm support for European assistance in organising and monitoring Palestinian elections, Peres' proposal of a central European role in a Middle East development bank and his initiative that the EU organise and finance the computerisation of education in the Middle East.

5.5.6 Bounded slippage and emergencism

We have observed a distinct coordination deficit between departments and ministries at times, leading to inconsistent behaviour and, in the event, to behaviour even counterproductive to Israel's policy objectives. Interestingly, Israel's European policy system has tolerated these aberrations from the intended behaviour by what we have termed *bounded slippage*: Using the equivalent of a fluctuation band in policy output, Israel's foreign policy system will allow the intended policy output to slip within boundaries. As long as the aberrant behaviour will not lead to seriously undesirable feedback from the environment, the system will not correct unintended policy output. In the specific scenarios we are looking at, this means that Israel will not be bothered about annoying the EU, unintentionally yet also knowingly, as long as Israel does not actually consider its policy objectives to be endangered.

In essence, Israel has been very closely calculating the cost of a change in behaviour – the adaptation cost – against the gain to be expected from such a move. Non-correction of slippage has been a rational, cost-efficient behaviour as long as a certain threshold has not been passed. Since Israel is in no position to directly influence agenda setting in the EU's foreign policy system for the sheer imbalance of power, all it can do is react on EU policy output, ignoring it for its irrelevancy and the EU's lack of hold, or either endorsing or rejecting it. Similarly, Israel is not able to achieve concessions against opposition from the EU. Instead, Israel will largely have to take what the EU offers. At the same time, the order of Israel's foreign policy priorities forbids that Israel could employ peace process policy for ends with Europe. As a result, Israel is not in a position to exert much influence on what the EU's position will be in an issue. Correspondingly, Israel has not striven to maximise the effect of its behaviour towards Europe but rather sought to minimise its effort to the minimum sufficient to achieve a given objective.

Based on the same rationale, Israel has also reverted to what we termed *emergencism*, an extreme variant of *muddling through*, a pattern of behaviour forgoing planning and strategic thinking and replacing these with spontaneous improvised responses to burning issues as they arise in the form of emergencies.⁶⁹⁵ In this organisational style, Israel's foreign policy system concentrates on improvised solutions to imminent issues and problems that planning, strategic or even just operational thinking might easily have prevented right from the start. This "just-about-time"

⁶⁹⁵ On muddling-through, see Lindblom, 1959.

management style is considerably costly; it has gone hand in hand with a coordination deficit between processors and, in the negotiations for the EMA and in integration policy in general, an astonishingly ill-preparedness of relevant actors.

5.5.7 Politics and economics shall not be linked?

Finally, Israel has demanded time and again that politics and economics are not to be mixed in Israel-EU relations. In fact, Israel has presented the separation of these two spheres as if it were a foreign policy goal. In pursuing this objective, Israel has rather less than subliminally maintained that this was the international norm of behaviour, which the EU should heed. An often heard Israeli accusation has thus been that the EU was mixing politics and economics, mostly that the EU was using economic means to reach political ends. The implicit charge within this argument has been that a linkage of politics and economics was somehow deplorable and in violation of internationally accepted standards, and so would the EU's behaviour be, should the European Union make use of any such junction.⁶⁹⁶

In stark contrast, as we have seen, when it came to achieving an upgrade of relations, Israel's central argument was hinged on just such a linkage: since Israel had accepted a European delegation to the Madrid conference, the EC should in turn agree to negotiation on a new FTA. As Israel had elected a new government committed to the principle of land for peace, it should be awarded a favourable upgrade of relations. When Israel ultimately signed peace agreements with the PLO and, one year later, Jordan, Israeli politicians and officials not only felt that in this case the Europeans might well strike a linkage between politics and economics but also had an obligation to do so, and quite quickly.

Do we witness a change of doctrine here? Did Israel abandon its classic foreign policy maxim, "politics and economics shall not be linked"?

No, to make it short. The analysis suggests that – despite all claims – Israel has never subscribed to any such doctrine. Rather, reference to this global principle of liberalism has been used as an argument to fend off economic measures unfavourable to Israel. Whenever a linkage of politics and economics in relations with Israel was being contemplated internationally, the word was about political conditions which Israel would have to fulfil to enjoy certain economic concessions if it were not outright sanctions that were being discussed. The case of the EMA simply was the

⁶⁹⁶ See e.g. PS 1988-01-20: MA 6 "Schamir beschuldigt die EG der Erpressung"; PS 1988-05-03: MA 2 "Shamir greift die EG an: Sie versuchen, das zu tun, was sich die USA nicht gewagt haben, zu tun"; JP 1 1990-02-18 "Jerusalem lobbies against European sanctions"; JP 12 1990-07-17 "EC should be more considerate, Shamir tells MPs"; JP 1 1990-07-24 "EC still links trade to peace"; JP 8 1990-08-22 "EC envoy rejects Israel's downbeat view of trade ties".

rare case where politics and economics could be linked to Israel's advantage, not as usual to its disadvantage.

In fact, Israel swiftly returned to invoking the principle of non-linkage once the upgrading of relations had been successfully negotiated. When European politicians thought out loud about delaying or even abolishing the EMA in protest over Prime Minister Netanyahu's settlement policy in 1997, Israel had no problem in performing a rhetoric volte-face and dismiss the very principle of linkage on which it had based its arguments for the upgrade in the first place. Accordingly, if anything, there has been a rhetoric maxim "politics and economics shall not be linked – unless this is favourable to Israel", to which Israel has constantly and consistently stuck.

6 Conclusion

6.1 *Has Israel's European Policy changed?*

Has Israel's European policy changed, however? In the time frame being investigated, two radical changes overturned the environment of Israel's European policy system: the end of the Cold War and the Israeli-Palestinian peace, the Oslo accords. One can expect these changes of parameters to also have a profound impact on Israel's European policy. There have also been five different Israeli governments run by different coalitions in the period under investigation. Surely, these transformations in the operational environment have led to changes in observable behaviour. But have they also led to a change in the principles and patterns in Israel's foreign policy system, in the very substance of Israel's European policy?

These principles and patterns are Israel's aims, the means it employed to reach them – i.e. Israel's tactic – and the actors who determined and carried out the observed behaviour.⁶⁹⁷ As far as actors are concerned, no change in principle can be distinguished. Throughout the time frame, a very similar if not identical group of ministerial officials and units have been central processors of Israel's European policy. Foreign Ministers have been strongly involved in European affairs if sidelined by their Prime Ministers before just as well as after the breakthrough in the peace process. Prime Ministers were involved only if high policy was touched upon at the beginning of the period under investigation as well at its end. Other politicians, too, have played their role as processors seemingly unimpressed by the end of the superpower confrontation or the Oslo accords.

There has also been no significant change in the means which Israel has used in dealing with the EC/EU. Israel's rhetorical and declaratory arsenal remained much the same over the investigated period, with one exception: once Israel had changed its peace process policy and once the EC had begun to pour large sums of aid into the region to help stabilise the sprouting peace, Israel no longer used the claim that politics and economics must not be mixed. We have shown above, however, that this posture had never truly been a doctrine of Israeli foreign policy but had merely been a rhetorical trick to fend off an unfavourable linkage between the two spheres. When Israel waived this argument, it did not do so due to a change in its principles, but simply because the claim no longer served its purpose once a favourable linkage of politics and economics was present.

Similarly, the tactics Israel applied vis-à-vis Europe to achieve its objectives have remained unaltered. Of the more outstanding, we can witness the use of virtual implementation in the late 1980s as well as a

⁶⁹⁷ We are mirroring the classical tripartite model of the theory of economic policy here. For details on this approach that distinguishes between aims, instruments and actors, see e.g. Streit, 2005, pp. 273–344.

decade later. Hibernation, another tactic, has not gone out of fashion either. A token EU role and the tactic of containment by integration have been constantly in use throughout all of the period under investigation.

This leads us to Israel's aims vis-à-vis the EC/EU. To begin with, Israel's interest in making use of the good services that Europe can offer has not waned. The exact form or content of the service the Europeans delivered has varied, but Israel's aim of safeguarding the option to use such European services has remained. The situation is different with Israel's aim of gaining recognition with the help of the Europeans; we only see this goal become concretely relevant after the Israel-PLO peace with the Barcelona Process. That *issues* serving a particular aim appear shortly after a revolution in the operational environment must not, however, be understood as evidence that the very *aim*, too, only evolved as a result of the environmental upheaval. In this specific case it is obvious from Israel's history that the aim – the quest for regional recognition, be it via Europe or other – is much older but only became relevant and observable in relations with Europe when the EU offered a platform for the pursuit of this aim. It is a change in Europe's behaviour which we are observing here, not in Israel's aims.

Then we have the Israeli goal of preventing or at least containing a European political role in the Middle East. This goal has remained unaltered. It has been present openly or implicitly in each of our case studies, from the late 1980s until well after the Oslo accords. If there is a development to be observed, it will be a subtle shift from complete rejection of a political role to containment of near insignificance. Again though we have to ask ourselves if this shift is not really a consequence of a change in Europe's behaviour, and so this obviously is. In the late 1980s and early 1990s, the EC set out to help create a Palestinian state and to participate in a possibly authoritative international peace conference, two utter non-starters which Israel consequently radically rejected. Ten years on, in contrast, the EU's ambition was – in Israel's perception – to get a rather unimportant seat in a dispensable Lebanese committee and to dispatch an envoy of fairly limited political relevance. Israel had no need to uncompromisingly reject these European endeavours, it sufficed for Israel to make sure that the EU's role would not exceed its given close confines. In other words, the transition from rejection to containment does not reflect a change in the principles of Israel's European policy but is the consequence of a modification in the EC/EU's behaviour, to which Israel flexibly responded.

Also, there is Israel's aim to recruit Europe as a facilitator of peace. As we have shown above, Israel has had this aim consistently over the whole of the time frame investigated and most probably long before, too. What has changed has been the Israeli conception of the mechanisms through which Europe would and should prepare the ground for peace. All of the Israeli governments saw economic aid and democratisation efforts as the central instruments of a European contribution to the peace process and they only

differed on the role that they expected from additional political pressure or the lack thereof. The very goal of employing Europe to create an environment in which peace can develop has neither been disputed nor changed on Israel's foreign policy agenda.

Finally, Israel's goal was and still is to integrate into Europe as tightly as possible, short of an actual membership to the EC/EU. There is no substantial change of goals reflected in Israel's step to move closer to the EU either. This was not an Israeli decision. Israel has always wanted to improve economic relations with Europe, and Israel has always wanted to be accepted in the European house. The upgrading of Israel-EU relations was not prompted by a change in Israel's attitude to Europe but by the re-alignment of Israel's peace process policy, which in turn caused the Europeans to give up their opposition to a closer association of Israel to Europe. Firstly, the EC's fear had always been that a firmer integration of Israel into the European system would undermine Israel's integration into the Middle East. When Israel made peace with the PLO and Jordan, Israel took a major step – if not a few – on the road to regional integration. The EU could therefore afford to more deeply integrate Israel into Europe in a parallel movement. Secondly, the upgrading of relations was a way to show Israel and its public that peace would pay, and this reasoning has been a central motivation for the EU when agreeing to the upgrading of relations. There had been no change in Israel's European aims behind this development.

Aims, means and actors of Israel's behaviour and policy towards the EC/EU remained unchanged over the period of investigation – on summary, processes and principles of Israel's European policy system have not varied in substance. Israel's policy towards Europe has not changed, the end of the Cold War, the Israeli-PLO and Israeli-Jordanian peace and various changes of government notwithstanding. Israel's European policy has remained essentially the same despite all the change in parameters of its operational environment.

This conclusion may seem paradoxical given that Israel has been clearly more forthcoming to the EC/EU and its activities in the Middle East once Israel had changed its peace process policy. Israel certainly has been more receptive to European endeavours in the region and indeed has changed its behaviour in this respect. A change in observed behaviour does not, however, necessarily signify a change in the underlying principles. Just as well the input into the policy system may have changed, so a process following unaltered principles and structures will still lead to a change in output, namely in observable behaviour. This is what we are looking at here.

Israel's behaviour has been reactive for the most part, even regarding objectives which Israel wants to positively achieve. If Europe tries to win a political role, Israel will react with rejection. If Europe sets out to improve economic and social conditions in the Middle East, Israel will react with encouragement. As long as there had been no peace between Israel and the

PLO, the EC had been simply disproportionately more active in the former policy field, so rejection was a far more prominent characteristic of Israel's attitude to the European's Middle Eastern activities. Once Israeli-PLO and Israeli-Jordanian peace had been established and the EC/EU as a result accompanied its political endeavours in the Middle East with massively stepping up its involvement and support in the region, Israel suddenly had something to praise in the Europeans' Middle Eastern stance. This must not be mistaken as a change in policy, i.e. as a change in the principles behind Israel's attitude towards the EC/EU. The attitude had remained as it was, but the input prompting a reserved Israeli response has been partly counterbalanced by input triggering a supportive reaction. In general, the Israeli attitude towards Europe thus indeed is more forthcoming than at the beginning of the time frame investigated. This, however, is not due to a change in Israel's European policy, but to a change in the EC/EU's behaviour in the Middle East.

Europe in turn had not been ready to assume the role of a facilitator of peace along the lines of Israel's conception as long as there had not been progress in the peace process. Israel for its part had not been prepared to accept European economic, financial or logistical support to Palestinian national institutions before the peace with the PLO, which would have been the only viable way in the eyes of the EC. This conflict was only dissolved when Israel changed its peace process policy, recognising the PLO, and when the PLO and Israel had made peace. The mutual recognition of Israel and the PLO eliminated Israel's opposition to third states' directly dealing with Palestinian national institutions. With this obstacle removed and Israel's and the EC's notion of the future of the Middle East now far more compatible, the EC stepped in to nurture the new born peace just as Israel desired.

The following chart provides an overview of the challenges that the Israeli foreign policy system has faced and of the aims its sub-system, the Israeli European policy system has formulated in response:

Challenge to the Foreign Policy System	Response of the <i>European Policy System</i> : formulation of aims
No peace with neighbours	EU as facilitator of peace
Less forthcoming power competes with patron for political role in the region	Prevent EU interference
Less forthcoming EU member develops Middle Eastern activity on its own	Stress CFSP
Diplomatic blockade	Use EU's good services
Economic blockade	EEA status
Recognition deficit	Recognition of Europeanness
End of Cold War	No response
Change of peace process policy (Oslo)	No response

6.2 Incompatibilities and conflicts of aims

6.2.1 Conflicting aims: contain Europe or embrace Europe?

Effectively, the aim to politically contain Europe simply is an instrumental aim serving the overriding goal of national security. A significant political say of the EU in Middle Eastern affairs is seen as a potential hazard. It is consequently best avoided from this perspective, all the more so since there are more attractive alternatives at hand in the form of US intervention or – at times – no interference and prodding at all. The cost of keeping the Europeans out politically however comes in the form of trade-offs, which are considerable.

The aim of preventing any significant political role of the EU stands in conflict with each of the other Israeli goals vis-à-vis Europe. The good services that Europe has to offer, acting as a go-between and advocate of Israel's concerns, would of course profit from a more influential European role. Continuously rebuffing the Europeans in their desire for a significant political role can also be expected to dampen the EU's enthusiasm to jump to Israel's side and offer whatever service it may have to offer. The same holds true for Israel's other aims that require concessions on Europe's part: deeper integration into the EU and the recognition of Israel's Europeanness. If Israel keeps rejecting an EU political role, this will not help to persuade the Europeans to be more receptive to Israel's aspirations in turn. The EU will be likely to perceive these as non-reciprocal concessions on its part. But beyond the counterproductive effect, there is a stark logical discrepancy that cannot be reconciled between Israel's desire to be part of Europe and at the same time denying this very Europe any say in Israel's regional matters. After all, the more Israel will be integrated into Europe, the more the wider Europe will be part of the Middle East. Denying participation does not go well with integration. Finally, of course, Israel's aim of preventing a European political role in the Middle East is not compatible with Israel's aim to employ the EU

as facilitator of peace. An actor who invests hundreds of millions of dollars in the region in the development of a functioning economy, good governance, civil society and in democratisation will have a political influence. Such an actor will also claim its role – and somewhat rightly so, as Israeli officials admit. In fact, an actor who did not wield political authority in the Middle East could hardly live up to the role of facilitator of peace.

As a result, there are serious trade-offs between Israel's goal to prevent a European political role and Israel's other goals vis-à-vis the EU. Due to the high priority of keeping the European Union out of Middle Eastern politics the cost has been borne by these latter goals. Israel has in fact put up with these trade-offs stoically.

But why is there such a stark discrepancy between Israel's aim of being part of economic Europe and its willingness to accept a European political role in the Middle East? First of all, we have to bring to mind that Europe does not occupy the centre field of Israel's foreign policy interests, which is security. As a consequence, any goal vis-à-vis the EU – no matter how important the goal may be, regarded on its own – will necessarily be of less importance in the portfolio of Israel's overall foreign policy objectives.

True, because of Israel's dependence on Europe's markets and because of Israel's high interest in the Europeans' commitment to facilitate peace, prosperity and democracy in the region, close relations with the EU have been most crucial to Israel. The fact that relations with the EC/EU have served as an issue in Israeli election campaigns proves that these relations are indeed perceived as highly important and central to Israel's well-being. But even so, if top politicians deal with Europe at times, this does not necessarily mean that Israel ascribes top priority to relations with Europe. Rather, in these cases the situation will be that the EU has moved into a policy field classically dealt with by top Israeli politicians for its centrality: peace process policy. Any state venturing into this arena will receive the attention of Israel's top politicians, irrespective of the importance accredited to bilateral relations as such.

The problem is that whilst relations with Europe are considered very important, there are other policy fields that are considered even more important: relations with Israel's neighbours, the Palestinians and the United States – this all boils down to the crude issue of survival. Europe, in contrast, offers prosperity. The drama of Israel-EU relations is that without prosperity Israel will be miserable, but without security it will be gone. Unless there is peace in the Middle East, no matter how important relations with Europe are, Israel will always have foreign relations issues to solve that dwarf whatever may be at hand with the Europeans.

This is why association with the EU ranks so comparatively low on Israel's order of priorities. This is also why in many instances behaviour towards the EU is simply shaped by the implementation of peace process policy and is not the result of a deliberate policy specifically aimed at Europe.

6.2.2 Incompatible visions: European or Middle Eastern?

Israel wants to be a modern country, an industrialised country, a country of the West. In the geographic and economic reality of Israel, being an industrialised Western country in essence means being European. But there is more to it: for the most part the Israeli self-perception of *being Western* or *being European* is less an expression of affiliation than of dissociation, functioning as an inversion of *not being Middle Eastern*. Israel regards itself as alien to the region it is geographically located in: the Middle East is perceived as underdeveloped, undemocratic and socially backwards – a region of the South. Israel, in contrast, sees itself as industrialised, a democratic state in the tradition of Western civilisation and culture, a country of the North, where its founders came from. To Israel, being North primarily means European. The trouble is that Europe does not share this view.

The Israeli view of being a European state that happens to be in the Middle East has clashed with European conceptions time and again. The European countries have been most reluctant in offering Israel any meaningful integration into European schemes beyond the Euro-Mediterranean Partnership. In European eyes, Israel is a Middle Eastern country, and the Middle East is the region it should itself integrate into primarily. The Europeans would prefer to see Israel as part of that region and not as an economic branch of Europe.⁶⁹⁸

The EC had made it a precondition that Israel first integrate itself into the Middle East to deepen any ties, i.e. that progress in the peace process be made. Under the Rabin-Peres government, Israel indeed went a long way towards regional integration by making and implementing peace with the PLO and Jordan. Israel-EU relations thrived as Israel's regional policies were now much more compatible with the EU's. With Rabin's peace politics and Peres' New Middle East, the differences between the two conflicting concepts of affiliation have also been alleviated. They have never become identical, though. Even under the most optimistic assumptions for a New Middle East, Peres vision did not imply that Israel should trade its European fixation – let alone the US connection – for a Middle Eastern identity. The New Middle East would be an addition to these. One need not go much deeper than look at the fairly low potential for intra-regional trade to understand that point. Also, the adjective *Middle Eastern* does certainly not provide the same status of sophistication and technological prowess that *European* offers and which makes *being European* so attractive in Israeli eyes. When Israel was counted amongst the Mediterranean Non-Member Countries in the Euro-Mediterranean Partnership rather than amongst the Europeans, Israel was less than happy. Similarly, Israel was close to taking offence when the EU

⁶⁹⁸ So e.g. the Dutch Prime Minister Willem Kook in PS 1995-03-08: HA b2 "Botschaft der Solidarität".

insisted the 1995 agreement should be called a Euro-Mediterranean Agreement, just as any other agreement with a Mediterranean non-member.

The Euro-Mediterranean Partnership has been perceived in Israel as aimed at North-Africa and as a tool of EU domestic policy and thus as completely ill-fitted to Israel. It treats Israel as one amongst many non-European Mediterranean countries. Each of the three aspects – one amongst many, non-European and Mediterranean – conflicts with Israel's self-conception. As a counter measure and to make good for actually not being located in Europe, Israel has been pursuing a special status in the EU. More than a decade on, however, this title bestowed upon Israel by the Essen Declaration still has not been filled with any substance. It is in fact unlikely that the Essen Declaration will ever be implemented. Incompatible with the EU's Mediterranean policy this would be a hazard to the Euro-Mediterranean Partnership and to the EU's understanding of Israel as a non-European country that should integrate first and foremost into its region.

It should be clearly understood, therefore, that the underlying discrepancies in expectations from the future of Israeli-European relations have not been solved under the Rabin-Peres government. It just happened that their approach to regional policy was more in line with European ideas than the previous and following governments'.

6.2.3 Incompatible notions: European or special?

There are more incompatibilities: Israel has announced EEA status as its goal in relations with Europe. As parts of this goal Israel has explicitly declared as its aims the free movement of persons and capital with the EEA, the *acquis communautaire* and the principle of *decision shaping*. These aims however are markedly incompatible with central aspects of Israel's self-conception as it presents itself today.

It is therefore hard to see how Israel will factually put up with the loss of sovereignty that would go with EEA status. Israel would have to accept foreign legislation, implementing Brussels's laws without any say in their making. It would thus have to effectively disempower its parliament, the Knesset. Freeing capital movement amounts to giving up the independence of Israel's monetary policy, which so far had been deemed crucial to react appropriately to external shocks such as waves of mass immigration.⁶⁹⁹ Both scenarios ill suit Israel's preference for self-reliability and political independence.

Genuinely radical consequences however lie in the free movement of persons. To truly implement this freedom with the EEA, Israel would have to redefine itself, doing away with Zionism, the Law of Return and much of the "Jewishness" of Israel, its ethnic and religious exclusivity. An insight has been growing in Israel that it cannot hold onto the West Bank and keep its

⁶⁹⁹ By now, however, Israel has already lifted almost all restrictions on capital flows to and from the EU as part of the overall liberalisation of its economy.

Jewish character for the simple reason that the fertility rate of the West Bank Palestinians and of Arab Israelis is higher than of Jewish Israelis. Within years, one in two persons in Israel and the West Bank is expected to not be Jewish.⁷⁰⁰ At the moment it appears as if a consensus were building encompassing the Israeli right to give up territory on the West Bank – the heartland of Judaism, as many see it – to save the Jewish character of Israel. The readiness to sacrifice what is strategic hinterland to some and God-given land to others goes to show how utterly valued Israel's ethnic homogeneity and Jewish character are. In fact, worries are running high in Israeli domestic politics that Jews might be about to lose the demographic majority even in Israel proper.⁷⁰¹ It is very hard to see against this background how Israel will reconcile this aim of ethnic and religious exclusivity with accepting the EEA's freedom of movement of persons. With few exceptions, each and every national of each and every member state of the EEA, nationals of the present as well as of the future members, and of course Palestinians with an EEA nationality would have the right to settle in Israel.⁷⁰² Israel might hope for a special agreement of some sort, allowing Israel to not really implement the full freedom of movement. This, again, is inconceivable, at least in the long run, this time from the EU's position.

The second side to the free movement of persons is no less incompatible with Israel's self-conception. As a Zionist state, Israel has always claimed to be the only place for Jews to live. Emigration from Israel has even been long esteemed as a sort of treason. Establishing the right of Israelis to take up residence anywhere in the EEA as an aim now is as incompatible with the traditional Zionist position as could be possible.

Integration with the EU in fact has the potential to damage the Zionist rationale of Israel's very existence. The claim on which Israel's existence has been based is that Jews must live in their own state to be safe and that the only way to a future for the Jewish people was separation from the nations of the world in an own Jewish state. Integration with the EU erodes this rationale on two fronts: firstly, with the free movement of persons, allowing Israelis to actually emigrate on a large scale, Israel acknowledges that Jews in fact are safe to live outside of a Jewish state – in other words, that the state of Israel is not really necessary by its own Zionist standards. Secondly, of course, the very idea of integration into Europe comes close to a reversal of Zionist logic. The Jewish state was founded in dissociation from, and as an antipode to, Europe's nations. When Israel now seeks to mildly disintegrate into a greater European venture, this is the very opposite of what Zionism

⁷⁰⁰ See e.g. haGalil.com, 2005.

⁷⁰¹ For a prominent example, see Netanyahu's comment quoted in Benn & Alon, 2003.

⁷⁰² Persons settling in another country than their home country for the sole purpose of receiving social security benefits are exempt: See e.g. Bäuerle, 2003. For details on the free movement within the EU (and thus in extension in the EEA), see European Commission, July 2005.

has stood for. The transfer of sovereignty from the Knesset to Brussels is just a point in case.

On a more abstract level, Israel's goal of integration with Europe also logically conflicts with its self-conception: you cannot be special and integrate at the same time. In history, *being special* had been a strategy to assert oneself against a gentile Europe and to avert assimilation. The trouble is that the anti-integrative aspect of this mindset lives on. There is a severe contradiction between Israel's self-conception as *being special* and being European. Worse, this contradiction seems to have gone unnoticed so far.

Of course, one can be special and still European. To Israel, however, the highest expression of Europeanness is EU membership. The contradiction therefore is between the anti-integrative quality of *being special* and the way Israel desires to have its Europeanness certified: through integration into the EU, namely. One cannot be integrated with an anti-integrative agenda.

Being special – the perception that it is Israel's fate if not mission to be fundamentally different – can thus only marginally be reconciled with a perception of being an integral part of a larger whole. The problem of this contradiction is not unique to Israel's relations with Europe but can be expected to be present in any scenario where integration is required. Integration into the Middle East clashes with *being special* even more for the indeed considerable differences between Israel and its neighbours.

Finally, Israel has followed a different notion of being Western than Europe. Both notions have evolved from a common ancestry of European enlightenment and nationalism but they have become less and less compatible. Most pointedly the differences become visible in the lessons drawn from history determining what is considered appropriate foreign behaviour, as we will see below.

6.2.4 Incompatible perspectives on appropriate foreign behaviour

Israel does not want anybody to be an influence in its security and peace process policy. The reason is Israel's self-perception as being on its own, had better not trust anybody, rely on itself and not pay too much attention to the outside world's notion of what appropriate behaviour is. Israel has been hardly more open in this respect to the US than to the EU. The US attitude has simply been more congruent with Israel's foreign policy conception than Europe's position.

In this, Israel thinks of itself as an island. In its insistence on ethic and political self-reliance Israel is pointedly non-European: in form, because the opposite – integration, cooperation and collective security arrangements – have been typical for Europe in the last half century, and in content, because Israel does not share what Europe has come to regard as desirable foreign behaviour, namely not to resort to force but to seek a balance of interests

and mutual trust.⁷⁰³ Israel and Europe have drawn very different and contradictory conclusions from European history. To the Europeans, violent conflict is to be avoided and instead disintegration into a greater, common venture is to be sought. To Israel, the lesson was to avoid being victimised at all cost and to not trust anybody but itself. Both are reactions of people of European heritage to this very heritage. Israel is not un-European in this respect, but Europe's worldview and understanding of what is a state's appropriate behaviour has taken a different route. In contrast to Europe, Israel has not adopted a security conception as outlined by Egon Bahr, "my security is my enemy's security".⁷⁰⁴

Obviously, the incompatibility drives a wedge between the two parties. To Israel, *victims nevermore* requires an astute readiness to use violence in conflict, which in itself is very hard to accept by Europe's ethic standards. European demands that Israel use less violence but work more with mutual trust and integration with its neighbours and adversaries, in turn, is received in Israel as unrealistic at best and as a recipe for suicide at worst. In any case, it serves to reinforce the Israeli impression that Israel indeed had better not trust anybody other than itself – the second conclusion it has drawn from history.

Like many other aspects of Israeli-European relations, the roots of this estrangement in outlook and world view can be traced back to the European Jewry's historical disillusion with Europe. *Victims nevermore* is a direct reaction to enlightened, nationalist and thus exclusionist Europe, not only to Anti-Semitism's deadly pinnacle, the Shoa. So is Israel's deep mistrust of reliance on non-violent means as a principle. And, of course, Israel's reluctance to trust anybody but itself is rooted there, too.

From a neo-Realist perspective, this policy of Israel is understandable, but particularly Israel's attitude to the use of force has gone out of synchronisation with Europe. Its behaviour has thus come to be seen more and more as un-European in spirit and actual deed. All else left aside, the mere unlikeness that is being perceived causes estrangement in Europeans and Israelis alike. Beyond that, the actions that Israel takes in implementing its policy of strength bring about plain rejection in Europe time and again. Neither estrangement nor rejection serve Israel's aims in, and with, Europe well. As we have seen, Israel crucially needs the EU be it only for economic and scientific well-being. Europe, however, will only be ready to be responsive to Israeli pleas for further integration if Israel's behaviour in the Middle East is compatible with the EU's ideas for the region and, also, with European ethical standards. As it is, Israel's persistence in the policy of strength has stood in its way of making further progress towards its aims in

⁷⁰³ On the different approaches of the US and Europe, see Kagan, 2003.

⁷⁰⁴ For Egon Bahr's conception, see Heinlein, 1993. For Bahr's initial speech outlining change through rapprochement, see Bahr, 1973.

the EU just as it has in the Middle East. This is most obvious in Israel's relations with the Palestinians, where this policy has been a constant failure measured against its objective for over half a century: to bring security to Israel.

A consequence of Israel's specific outlook on the world, of *being special* and of *victims nevermore* is Israel's remarkably limited compliance with international and specifically European norms of foreign behaviour. In essence, Israel has not internalised the corresponding European norms to the degree that they would lead to a change in Israel's foreign behaviour. For the domestic internalisation of international norms a "logic of adequacy" would be necessary, i.e. the processors of Israel's foreign policy system would need to have internalised these norms at least to the degree of being aware of what behaviour is being expected from them.⁷⁰⁵ This obviously is not the case, Israel's self-perception as quasi-European notwithstanding. The single Israeli actor's belief of what is expected of him is not determined by the European set of norms but by a distinct Israeli one. Even though the two sets of norms are similar in many respects, they are not compatible though, e.g. not in the attitude towards the application of force towards an opponent as the differences in Israel's and Europe's approaches to the peace process show. Another, related consequence of Israel's self-conception and its outlook on the world has been Israel's resistance to sanctions, be they material or moral in the form of *shaming*.

6.3 Perspectives on Israeli-European relations

Israel's relations with and its behaviour towards Europe have to a large degree been a function of the Middle East peace process and of Israel's peace process policy. At the same time, Israel's European policy has been almost exclusively reactive: Israel's integration with Europe is supply-driven, and Israel will be integrated into the European house to the extent that the EU is willing to grant it access. This willingness of the EU to further integrate Israel into the European house in turn depends on progress in the peace process. The better the prospects for peace, an end to violence and for development and integration of the Middle East has been, the more the European Union has been willing to open its doors to Israel.

The level of Israel's demand for integration into Europe in contrast has not been decisive for the extent of Israel's integration. So far Israel's demand has always exceeded Europe's supply, but this might be about to change. A first indication of a possible saturation of Israel's demand might have been Israel's phlegm to put any substance to the special status that the EU Essen Declaration had accorded to Israel. Further evidence may be Israel's failure to actually pursue any of the aims actively which it had finally formulated in response to the Essen Declaration as its long-term goals. Undoubtedly, at

⁷⁰⁵ Risse, 2003, p. 19.

one point in the future, Israel's demand for integration will be satisfied at large whilst the advantages of further integration will be offset in Israel's eyes by liabilities. This point will probably be reached at the latest when further integration will only come combined with political integration, which Israel has so far always wanted to avoid.

Likewise, Israel's policy towards a European role in Middle Eastern affairs has been vastly determined by the peace process. It has served as an instrument of Israel's peace process policy and as an extension to it. When Israel has aimed to prevent a European political role in the Middle East, its goal has been to fend off an erosion of its position in peace process politics. This has been exactly what Israel has feared that European involvement would lead to, because of Europe's less forthcoming attitude compared to the US position and because of the diffusion of responsibility and the dilution of mediating clout that Israel expected to result from replacing one mediator with two. The instrumental character of Israel's aims in European policy is even better visible with Israel's goal to employ the EC/EU as facilitator of peace. This goal does not serve as an end in itself but obviously is an instrumental goal in the service of Israel's peace process policy.

Regarding integration, peace process policy has been European policy. Regarding the EU's role in the Middle East, European policy has been peace process policy.

6.3.1 Perspective on integration

Ultimately, the dispute between the EU and Israel about further upgrades of relations has been more about timing than about content. In principle the EC/EU has always been interested in upgrading relations with Israel. The Europeans have insisted however that further integration with Europe had to be a second step after Israel first integrated into the Middle East, chiefly by progress in the peace process. Israel's long-term perspective on integration with Europe correspondingly has gone dim with the death of Rabin and the deadlock in the peace process. The EU has made talks on further economic integration conditional on progress in the peace process and Israel has not attempted to get any further in view of the lack of such progress.⁷⁰⁶

Israel's best European policy in this respect therefore is good peace process policy. There is nothing to suggest that the EU might change its attitude, neither regarding Israel's regional affiliation nor the order that peace, Israel's integration into the Middle East and Mediterranean and, on the other hand, its integration with the EU should take. For the same reason, an isolated Israeli European policy would be as good as pointless and irrelevant. That indeed is what we observe: as Israel expects no progress in the peace process, Israel will not even attempt to achieve anything further in

⁷⁰⁶ See e.g. EU commissioner Manuel Marin in PS 1997-08-13: Globes 9 "Die EU macht eine Fortsetzung der Wirtschaftsgespräche mit Israel von Fortschritten im Friedensprozess abhängig".

association with the EU. The Israeli debate on future relations with Europe has instead moved to a small circle of individuals in the Knesset and Israel's academia, who have tried to keep the issue alive, amongst other things by promoting full EU membership of Israel, as we will see below.

But whatever form deeper integration of Israel with the EU would take, it will very easily challenge fundamental aspects of Israel's self-conception. In essence, Israel will have to give up Zionism and its self-conception of *being special* to further integrate with Europe. In fact, the same holds true for Israel's integration into the Middle East, the Mediterranean or just into any trans-national system as soon as integration is supposed to be substantial. It is not at all clear if Israel will be prepared to take this step. At the same time it is suggested that Israel's internal disputes over its national identity on their own limit its ability to participate in regional forums.⁷⁰⁷

We have seen on the other hand that Israel to a considerable degree is not even interested in substance but is rather seeking status and recognition, i.e. form rather than content. This may seem as a way out of the dilemma between Israel's desire to move closer to Europe and its self-conception, but it is not. Israel desires to have its Europeanness acknowledged, and as long as EU membership is perceived as the top award of certified Europeanness, this will be the mark against which Israel can be expected to measure its status. There is nothing to suggest that there could be an alternative, more extensive conception of Europe developing that would encompass Israel as it presents itself today. As a matter of fact, Israel is already very well integrated into just about any European framework, starting from the UN's Western Europe and Others regional group (WEOG) over the European Soccer Association (UEFA) and hundreds of similar trans-national federations to ostensibly trivial frameworks such as the Eurovision Song Contest. And, of course, Israel's level of integration into the EU framework is outstandingly advanced already to begin with. If all this does not make Israel feel accepted as European – which it obviously does not – it is hard to imagine what else could offer Israel an alternative conception of Europe it can feel part of.

6.3.1.1 Full EU membership

There have been calls from a number of Israeli politicians and academics for full Israeli membership to the European Union in recent years.⁷⁰⁸ Alfred Tovias has argued that applying for EU membership "would bring a 'new vision' for Israel, once peace with its neighbours is in the offing, allowing for

⁷⁰⁷ On the effect of disputed identity on the ability to participate in regional forums, see Del Sarto, 2006.

⁷⁰⁸ Amongst the signatories e.g. of an 2002 appeal to this end by the Transnational Radical Party are the members of the Knesset Colette Avital (Labour), Roman Bronfman (Democratic Choice), Michael Eitan (Likud), Joseph Paritzky and Eliezer Sandberg (both Shinui) as well as Raymond Cohen and Alfred Tovias of the Hebrew University of Jerusalem: Transnational Radical Party, 2002. See also Tovias, 2003b, p. 12, Cohen, 2002, Veit, 2003 and Benner, 2004.

a complete change of the present terms of reference."⁷⁰⁹ Whilst this may certainly be so, a complete change of the present terms of reference is exactly what the EU has been bent to avoid. The EU wants Israel to find its points of reference in the Middle East or possibly the Mediterranean. It does not want to integrate Israel into Middle Eastern isolation, all the less so the moment Israel may be about to overcome its regional isolation for the first time due to a Middle East peace. As far as relations with the US are concerned, it is not conceivable how Israel would be ready to substitute the security guarantee and support of US hard power with a reliance on Europe. The EU simply does not have the clout and standing of the United States in the Middle East and of course an Israeli EU membership would not change anything in this.

"Israel's membership in the EU would improve and strengthen the democratic features of Israel as well as its perceived security", Tovias goes on, "something likely to facilitate painful territorial concessions to its neighbours and its geographical accommodation in the Eastern Mediterranean." An Israeli candidacy may indeed be expected to further develop Israel's democracy. We cannot see however how Israel's perceived security could profit from EU membership: Israel would be subject to the CFSP, which Israel so far has perceived as markedly less than helpful if not plainly dangerous to its security concerns. And of course an EU enlarged by Israel would be no less unequivocal in its attitudes and decisions and no more militarily reliable than Israel has seen it so far. Moreover, the question really is if an Israel that feels less vulnerable will indeed be more willing to make territorial concessions or if it will not rather – as the EU worries – lose the incentive to even bother pursuing peace and integration with its neighbours, as it feels comfortably safe.

Ultimately, however, it is even inconceivable how Israel as well as the EU would be prepared for an Israeli membership to the European Union: we have outlined above how hard it is to imagine that Israel will give up sovereignty to gain EEA status and how integration with Europe conflicts with Israel's self-conception, its ethnic democracy, with Zionism, *being special* and with *victims nevermore*. It is still less imaginable that Israel would give up even more of this to become a full member of the EU. To the European Union on the other hand, Israeli membership has never even been an option, simply because Israel is not situated in Europe. But even if geographic location in Europe were to be abandoned as a precondition for accession, it is inconceivable that the EU would agree to Israeli membership without Middle East peace being long-established, without Israel being firmly integrated with its neighbours and without Israel's neighbours being admitted to apply for accession as well.

⁷⁰⁹ Tovias, 2003b, p. 12.

Having said this, one might ponder the idea that Israel might aspire to the status of an EU member, but with special rights and – possibly – less duties: immigration and emigration rights spring to mind, autonomy in monetary and fiscal policy, synchronisation of legislation that touches upon religious issues and exclusion and autonomy from a future European defence system.⁷¹⁰

Under scrutiny, there is no such thing as a light version of EU membership. Either a country is an EU member, or it is not. Also, regarding the substance of such an arrangement, Israel largely already enjoys such status as a quasi-EU member with special rights and less duties. But with EU membership perceived as the top award of certified Europeanness, this is the mark Israel may aim at in future – for status, alas, not for content. Israel's aim is not to *be* or *become* European but to be *accepted* as European.

Peace may come to the Middle East, possibly a "warm" peace and regional integration, too. The many conflicts Israel has with the EU on Middle Eastern politics would reside with this. The one great difference in perspective to most likely remain is if Israel is European or should be so at all.

6.3.2 The future of the EU's contribution

Let us look at things from another perspective: which stimuli in turn could Europe give for Israel's foreign policy, particularly its peace process policy? There is potential particularly in the differences.

As a consequence of Israel's self-perception as *rebellious victim* Israel has not adopted the reciprocal, European-style security concept of Egon Bahr, "my security is my enemy's security". As a victim, Israel has been fixated on only its own security, and as a rebel it has been preoccupied with ruthless retaliation to protect itself in its perceived inevitable victimhood. Due to its victim perspective, Israel has failed to see the security interests of its opponents and how these are interrelated with its own interests. Israel has also failed to recognise the influence its behaviour may have on other international actors' behaviour. This means that Israel on the one hand has failed to realise what positive effect on Israel's security it might have to meet the security concerns of Israel's neighbours and particularly the Palestinians. More generally, it has meant on the other hand that Israel has thought of itself as fundamentally powerless to do anything to improve the unsympathetic attitude it perceives from the rest of the world. The Israeli perception has been *no choice* to a great degree, i.e. that Israel essentially was a victim of circumstances, rebellious indeed, but still a victim, and that its behaviour in peace process policy in effect was largely determined by the inevitable dictate of necessity.

⁷¹⁰ It is not feasible that Israel would agree to transfer the capacity to decide on military action to some body in Brussels. Similarly, it is not at all likely that Israel will be prepared to use its military resources for any venture that does not directly defend its own interest, i.e. essentially its territory. These resources would be precariously bound, limiting Israel's freedom of action.

In the context of Israel's self-conception as a *rebellious victim* we also have to look at policy failure. If we extrapolate these general characteristics of Israel's worldview to the actors of Israel's foreign policy process, we must assume that these actors suffer from considerable misperceptions. Centrally, Israel's ability to change its lot will be underestimated. The relevance of Israel's behaviour for other international actors' attitudes will be underrated. In the terms of our model, the feedback loop from policy output to input from the external environment will be misjudged. Israel will wrongly assume that a change in behaviour would not lead to a change in feedback from the environment when in fact it would. Israel will miss opportunities it falsely misperceives as promising too little. It will probably mistake policy options as not existent. As a result, Israel will not be able to optimise its policy and behaviour. It will face policy failure instead, effects of its behaviour which are not intended, or possibly no effect of its behaviour at all when there should be one. Worse, because of the structure of the processors' attitudinal prism, we can expect them to again misinterpret these policy failures as not related to Israel's behaviour.

We have witnessed such scenarios in Israel's behaviour towards Europe above. Whilst this has not been the subject of this analysis, we can be sure that such policy failure is not only virulent in the single minor policy field of European policy but certainly also in Israel's central foreign policy area, in peace process policy. In fact, what we witness is a policy of strength and relentless retaliation particularly towards the Palestinians which has failed to achieve its objective for well over half a century now: to bring Israel peace and security. We also witness that Israel seems to put almost no faith in its ability to make a change in the Palestinians' hostile attitude. Moreover, Israel's self-perception as *rebellious victim* has led it to ignore and disrespect the sufferings of others, such as the sufferings of Palestinians as a result of Israel's behaviour and specifically of its policy of relentless retaliation. Neither Israelis nor Palestinians recognise their responsibility for the suffering that they have caused each other. It can be expected that both will only be ready for a warm peace and for integration with the Middle East once they will see and acknowledge the sufferings of their enemies.⁷¹¹

This is where Europe could come in. Empathy and acknowledgement of the opponent's security interests go a long way towards peace, and Israel could learn from Europe's post-World War II evolution. In contrast to Israel, Europeans have come to seek to move beyond violent conflict to a peaceful international order built on international law, conflict resolution mechanisms and common institutions. Europe favours dispute resolution through laws, treaties and the primacy of diplomacy and has been markedly unwilling to

⁷¹¹ See e.g. Grossmann, 2005; Erez, 2006.

use military power to achieve particular objectives. In the words of Kagan, Europe is from Venus, not from Mars.⁷¹²

Europe's example could offer precious stimuli for Israel's peace process policy. A good dose of these European qualities may well be the key for Israel to achieve its central foreign policy goal after more than six decades: to exist in peace and security within safe borders. Particularly, recognising the Palestinians' security interests seems promising. There certainly is an interrelation between the violence and the deprivation Palestinians experience from Israel and their readiness to tolerate or even support militants in their midst. A similar correlation must be assumed with the acceptance and support that Islamism and its radical rejection of Israel's existence will receive in Palestinian society. Israel's policy of ruthless retaliation has not succeeded in breaking the circle of violence. Europe's example of military restraint and of recognising the Palestinians' security concerns in contrast could help Israel not to re-fuel this vicious circle. Unfortunately, Israel has so far underestimated Europe's potential for such stimuli.

Generally speaking, Israel could improve its policy efficiency if it managed to critically reflect on its attitudinal prism, particularly on the bias in its perception that the rest of the world's behaviour towards Israel was considerably influenced by sheer antipathy of Israel and that Israel was powerless to do anything about this. A precondition would be to overcome Israel's self-perception as a victim or, in our case, a victim of Europe.

6.4 Usefulness of our model

This analysis has also been a test if Brecher's model of the Israeli foreign policy system is still up to the task after more than three decades. Specifically, the question has been if the model could be adapted to the analysis of non-crisis decision making and routine procedures in only one segment of a state's foreign policy. It did indeed do this very well, primarily for its comprehensiveness and flexibility. The integration into our model of a perspective on the domestic environment, on bureaucratic policy and on implementation has been most useful to get a grasp of the structures and processes determining Israel's behaviour towards the EU. But particularly the inclusion of perceptions has proven most potent. A central aspect of Israel's foreign behaviour and of Israel's attitude towards the world and Europe has thus been rendered accessible and could be analysed and explained.

A methodological problem however has been that the shortage of data has not allowed a clear look at the very perceptions of the relevant actors. Instead these perceptions have been extrapolated from general perceptions of the Israeli public or, at best, of the same demographic sector from which the processors of Israel's European policy system recruit themselves.

⁷¹² Kagan, 2003, p. 3

Similarly, many of the components of the processors' attitudinal prism influencing these perceptions had to be projected. In the case of the ministerial officials it has not even been possible at all to look into factors such as personality predispositions. This is unfortunate since this group has provided centrally relevant actors. Further research into this realm would be promising in order to better understand the workings of Israeli policy making on the bureaucratic level.

In total, due to the complexity of reality, various aspects of Israel's behaviour towards the EU necessarily could not be brought to light. However, an impressive number of basic deliberations in our model have proved their worth. Analysts of foreign policy are well advised to consider this versatile model as a powerful research framework.

Persons interviewed

Aaronson, Shlomo	1997-06-27 Jerusalem
Allon, Zvi	1998-06-03 Tel Aviv
Anug, Yeshayahu	1998-05-25 by telephone
Avinery, Shlomo	1998-01-27 Jerusalem
Bar Siman-Tov, Yaakov	1997-08-27 Jerusalem
Bavli, Miki	1998-03-31 Jerusalem, 1998-04-05 Jerusalem
Beilin, Yossi	1998-07-08 Jerusalem
Ben Dov, Ilan	1997-09-01 Jerusalem
Ben Nathan, Asher	1998-02-05 Tel Aviv
Ben Yehuda, Chanan	1998-03-23 Tel Aviv
Bentsur, Eitan	1997-06-16 Jerusalem
Bertele, Franz	1997-01-30 Bonn
Bialer, Uri	1997-09-03 Jerusalem
Blomeier-Bartenstein, Hans-Henning	1998-07-07 Bonn
Bremer, Jörg	1997-07-27 Jerusalem
Cohen, Jacob	1997-09-28 Jerusalem, 1998-06-01 Jerusalem
Cohen, Raymond	1997-08-21 Jerusalem
de Lacoste, Jean-Noel	1998-06-15 Tel Aviv
DiCara, Stefano	1996-11-26 Brussels, 2000-11-01 Tel Aviv
Diner, Dan	1997-01-29 Essen
Dovrat, Efraim	1997-10-30 Jerusalem, 1997-11-04 Tel Aviv
Elron, Yoram	1998-06-16 Jerusalem
Eran, Oded	1998-03-11 Amman
Gal-Nur, Yitzchak	1997-10-09 Jerusalem
Gerster, Johannes	1997-09-05 Jerusalem
Granit, David	1998-03-22 Jerusalem
Guiness-Hopkins, Chris	1997-11-02 Jerusalem
Hansen, Niels	1997-01-28 Bonn

Hirsh, Boas	1998-02-23 Jerusalem
Hogrefe, Jürgen	1997-08-19 Jerusalem
Inbar, Eyal	1997-09-29 Tel Aviv
Ivry, David	1997-10-28 Tel Aviv
Jessé, Jean-Paul	1998-06-04 Tel Aviv
Kaufmann, Ehud	1998-03-02 Tel Aviv, 1998-03-17 Tel Aviv
Kobler, Martin	1997-08-26 Jerusalem
Krämer, Christian	1998-07-08 Bonn
Krapf, Thomas	1997-10-04 Jerusalem
Lankry, Yehuda	1998-06-17 Jerusalem
Lev, Eli	1998-02-12 Jerusalem
Lewy, Mordechay	1998-02-01 Jerusalem, 1998-05-26 Jerusalem
Lior, Gad	1997-08-25 Jerusalem
Luban, Mark	1998-02-08 Jerusalem
Merchav, Reuven	1998-06-02 Jerusalem, 1998-06-07 Jerusalem, 1998-06-11 Jerusalem
Minerby, Yitzhak / Sergio	1997-08-27 Jerusalem
Mor, Aharon	1998-02-23 Jerusalem
Navon, Benjamin	1997-07-04 Jerusalem
Noy, Amnon	1997-01-30 Bonn
Oron, Benjamin	1998-05-26 Jerusalem
Peled, Micha	1997-09-18 Jerusalem
Peters, Joel	1997-08-25 Jerusalem
Primor, Adar	1997-08-21 Jerusalem
Primor, Avi	1997-11-19 Bonn, 1998-03-26 Jerusalem/ Tel Aviv
Prüße, Lutz	1997-11-04 Tel Aviv
Reinicke, Andreas	1998-07-08 Bonn
Rhein, Eberhardt	1996-11-27 Tervuren
Ryan, Michael J.	1998-05-28 Tel Aviv

Sade, Tal	1998-02-02 Jerusalem, 1998-02-09 Jerusalem, 2000-10-29 Jerusalem, 2000-11-02 Jerusalem
Schütte, Rolf	1997-01-31 Bonn
Segal, Israel	1997-08-24 Jerusalem
Sela, Amnon	1997-06-25 Jerusalem
Shafir, Shlomo	1997-07-17 Tel Aviv
Shamir, Yitzchak	1997-09-25 by telephone
Sheffer, Gabi	1997-08-28 Jerusalem
Shoval, Zalman	1998-03-24 Tel Aviv
Sosnitzky, Ilan	1998-02-08 Jerusalem
Tamir, Naftali	1996-11-28 Brussels
Tenney, Zvi	1998-05-07 Jerusalem, 1998-06-11 Jerusalem
Tsur, Yaakov	1998-05-28 Tel Aviv
Wagner, Martin	1997-08-22 Tel Aviv
Waltzer, David	1997-01-30 Bonn
Weinberg, Michel	1998-02-17 Tel Aviv
Witztum, David	1997-10-08 Jerusalem, 1998-01-27 Jerusalem
Yacobovitch, Kathi	1998-02-23 Jerusalem
Yacoby, Amnon	1998-06-07 Jerusalem
Yishai, Yael	1997-11-02 by telephone
Zimmermann, Moshe	1997-08-17 Jerusalem

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