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**Understanding the EU presence in the Mediterranean - EU-Israel bilateral relations and post-enlargement impacts**

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**Abstract:**

In relation to the Middle East and particularly Israel, it is assumed that the EU's political influence is not matched by its economic strength. As a central trade partner to Israel, it might be expected that the EU plays a prominent role in the political arena; still the prevailing viewpoint among politicians, political scientists, the public and the media is that it does not. The EU has little real political influence, notwithstanding its economic strength and active involvement in national and regional processes, such as the EMP (Euro-Mediterranean Partnership), the Action Plan, the ENP (European Neighbourhood Policy) and the UfM (Union for the Mediterranean). The dissonance between the EU's significant financial investment in Israel and its slight political influence is highlighted when contrasted against the international competitiveness, the US weakening position in the global arena, and the rise of new powers, such as China and India.

The paper will try to provide a basis to examine how this common viewpoint can be challenged, arguing that it fails to take account of the EU tangible effects on the domestic political economy; this by reviewing the framework of the bilateral relations, and later considering national models of capitalism and the way the EU addresses them.

**Introduction:**

In the case of the Middle East it is particularly interesting to examine the relations between the EU integration and its engagement with the region. The overlapping facets of those political, economic, and cultural processes are transformed into a complex and essential analysis of political economy.

The paper examines the impacts of the EU, throughout its evolution, consolidation and enlargements, and its presence in the region, particularly accounting for the Israeli case. The complex of the bilateral relations with Israel, consisted of common history, personal ties, strategic interests, cultural and political similarity, along with the distinct position of Israel in the Mediterranean target of EU regional processes, provides a fascinating case study to examine the EU political power as a derivative of its economic investments. The case of Israel is remarkably challenging to explore, also due to the unique integration between the political and economic dimensions in the bilateral relations, Israel's distinct position in the region ('privileged status'), and the economic-cultural dimension that its relations with the newer members bring to this diplomatic alignment, largely inspired by regional political processes and by the internal politics of the EU. The IPE, therefore, is the leading factor shaping the EU multilateral relations in the region.

This paper is a part of a bigger project examining the bilateral relations between the EU and Israel as a part of the regional processes, focusing on the way the EU addresses the Israeli model of capitalism in order to acquire political power, thus shaping its position as a global actor.

While in the first decades of the EU-Israel bilateral relations the main engines (as well as the main points of controversy) were the heritage of the holocaust on the one hand, and the Arab-Israeli conflict<sup>1</sup> on the other, today there is a third and no less compelling factor – the economic dimension. The massive economic - trade relations are a result of both the EU's regional - multilateral view and its positioning as a significant actor, politically, socially, culturally and mainly economically, and of the bilateral and mutually beneficial interaction, which results an accelerated and productive cooperation of both parties. Those two aspects, the regional and the bilateral, are deeply integrated and interlinked, up to an extent of conflict in attributing their source of power.

The paper will try to provide a basis to examine how the paradoxical common viewpoint regarding the EU can be challenged. The economic aspect of the relations may actually transform the perception of the EU in the public eyes, along with its genuine increasing influence through the private economic centres of power in the domestic political economy of Israel. This paper, therefore, will examine the basis of these relations and will introduce the fundamentals of the bilateral relations and their regional inclusion. Israel's interaction with the global arena, with regards to the state level, has been characterised by many variables; its interaction with the EU is particularly fascinating, full of internal controversies, complex foreign policy and challenging inclusion in regional processes, aside the versatile impacts of the enlargement waves. The interaction within the civil - private sector, in its more institutionalised form, is no less wide-ranging, and in general is focusing on economic interaction, as well as social-cultural one. These civilian-private sector ties are an inherent part to the state level relations, and are gradually becoming more and more focal in shaping them.

There is no one coherent characterisation of these bilateral relations; these have gone through transformation and simultaneous existence of subsidies, reconciliation, interests of global power competencies, Israeli business interests within the enlarged Europe, political support and criticism, surrounding the conflict implications, and regional inclusions and exclusions. The inclusion of Israel in the Mediterranean in the various processes, as will be reviewed, gave a major boost to the economic relations, but created various political conflicts as well as economic barriers.

Current literature treats the versatile sides of the EU involvement in the Israeli-Palestinian conflict, its regional and bilateral trade policy, the various regional processes, and the EU enlargement and its effects on the relations with the Mediterranean region and with Israel.<sup>2</sup> Some writings focus on the economic aspect - the influence of the EMU, the trade policies and the monetary policy on the Middle East, including Israel<sup>3</sup>, while others examine the combination between trade policies and the EMP.<sup>4</sup> Legal and economic aspects of the bilateral relations are also reviewed.

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<sup>1</sup> See in this context Pardo, Sharon. 2011 "How the EU lend its weight to the Israeli-Palestinian peace process"

<sup>2</sup> See for example Tovias, Alfred. 2003. "Israeli Policy Perspectives on the Euro-Mediterranean Partnership in the Context of EU Enlargement". *Mediterranean Politics*, 8/2-3: 214-32

<sup>3</sup> See for Example Sadeh, Tal. 2004. "Some Trade Effects of the EMU Process on Israel". *Israel Affairs* 10: .156-76, 2004; and Sadeh, Tal. 1999. "Israel and the EC - Is a Customs Union Better for Israel than an FTA?". *Israel Tax Quarterly*, 26, 103: 27-43 (Hebrew version)

<sup>4</sup> For example Tovias, A. and Al Khouri, R. 1999. "An Empirical Investigation of the Potential Economic Effects of a Bilateral Free Trade Area Agreement Between Israel and Jordan in the context of the Euro-Mediterranean Partnership". *Israel Affairs*, 10/3: 138-58

Since the 1990s the realm of the relations has shifted from the pure state to state dogmas into a more institutionalised, regional, grand in terms of view, values and reforms, and comprehensive doctrine. The stronger European business orientation among Israeli business community, along with the active role of individuals, the academy, the media and NGO's, have been reshaping and redefining the framework of these relations. These bilateral relations are largely characterised by a mutually ambivalent approach: Israel wants to strengthen its relations with the EU and promote membership in various forms, but is suspicious (Pardo and Peters<sup>5</sup>, 2010) and tends to try to diminish the EU's political influence; these doubts are mainly grounded in the different approaches towards the Israeli - Palestinian conflict. The EU, in return, holds a declared special or privileged status to Israel in the region (Essen 1994, Luxemburg 2008), but does not state the latter and its content explicitly (Pardo and Peters 2010:114). It does not refer to Israel in any way as an inherent factor in the EU, despite the Israeli self-inclusion tendencies (Newman 2000<sup>6</sup>, Del Sarto and Schumacher, 2005, Tovias, 2003) and the strong connection to Europe, further fortified following the EU enlargement waves.

This paper will attempt to spill some new light on the complex of these relations and on the Israeli interaction with the global arena, more precisely with the EU. It is divided to four, inter-linked and complementary parts: the first one will review the evolution of these relations, the particular ties and the place of the Israeli-Palestinian conflict in them, along with that of the civil-private factor. The second part accounts for the EU presence in the region, in terms of its power, its interests, and its internal political structure, in light of the EU gradual establishment, with regard to its involvement in the region. The third part examines the bilateral framework of the political-economic relations, the unbreakable ties between the political and the economic, the public discourse, and the conflict of Israel's political and economic attribution to and inclusion in the EU or to the Mediterranean. The last part will review the institutional side of these relations, the regional processes and their particular impact on Israel and on the bilateral relations, expressing the EU problematic yet influential presence in Israel.

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<sup>5</sup> Pardo Sharon, Peters Joel. 2010. *Uneasy neighbours: Israel and the European Union*. Plymouth: Lexington Books

<sup>6</sup> Newman, D.(2000), "Citizenship, identity and location: the changing discourse of Israeli geopolitics". In: K. Dodds & D. Atkinson (Eds.) *Geopolitical Traditions: A Century of Geopolitical Thought*. London: Routledge. pp.: 302-331.

## **Part 1 : The evolution of the EU-Israel bilateral relations**

### **The historical account of the bilateral relations**

The historical heritage of the holocaust was certainly the most dominant factor shaping the beginning of the era of the bilateral institutionalised relations. There was in fact a dual effect – on the one hand the moral debt of Europe towards Israel intensified and deepened all aspects of relations, largely in the shape of support and sustainability of the new state, and later in extensive trade relations; on the other hand, Israel is described as turning its back to Europeans (Greilsammer and Weiler<sup>7</sup>: introduction), choosing the alternative path of American alliance. Still, the Jewish-European history and common path is integral to the foundation and construction of the state itself, as well as to the bilateral relations. The strong European orientation in Israel is a result of an influencing mass immigration waves from Europe participating in the establishment of the state, the physical closeness resulting flows of tourism, and the mental admiration or proximity to the European culture and lifestyle. Nonetheless, the virtues of Israel's right to self-defence and the Jewish home are no longer the ultimate justification of such support, or the only sources of interest; economic interests, strategic regional importance, ambition of EU branding as a global power and social-economic closeness, along with the generations' change, are significantly important ingredients of the relations. These bilateral relations, in general, were inspired by the historical heritage, focused on the conflict, and motivated by the economic engine.

The bilateral relations can be divided to three distinct phases (IEPN 2009<sup>8</sup>): the first phase was the establishment of the EC – 1957 – 1969, in which the relations were dominated by multinational collaborations with no bilateral agreements (Loose:4), more adaptively – construction of multilateral diplomatic framework. The second phase, from the 1970s till 1994, to be named establishment of EU political-economic power, included the first bilateral agreement and waves of trade liberalisation and economic cooperation (Free Trade Agreement, FTA, of 1975), of enhanced economic relations. The third phase, to be referred to as the modern EU power alignment, is the one to be debated and assessed in this paper; it initiated in Barcelona, 1995, with vision of free trade area and series of bilateral association agreements between the EU and the Mediterranean states, (ibid:4), characterised by deeper economic cooperation and intensified political and scientific cooperation, in parallel to grand waves of EU enlargement; these were subject to political conditionality<sup>9</sup>.

### **The place of the Israeli-Palestinian conflict**

The analyses of the EU-Israel bilateral relations focus in grand part on the Israeli-Palestinian conflict. The relations between the EU and Israel, and the EU's influence on Israel have so far been addressed for multiple perspectives, mainly as a part of the

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<sup>7</sup> For more on the sociological-historical impact of the legacy of the holocaust on the bilateral relations see Greilsammer and Weiler, 1988, introduction

<sup>8</sup> IEPN November 2009. 1957-2009: Israeli – European cooperation – stocktaking

<sup>9</sup> On more on the gap between expectations and reality see Hill, Christopher. 1993. "The Capability-Expectations Gap, or Conceptualizing Europe's International Role". *Journal of Common Market Studies* 31(3): 305-328.

Mediterranean vision and as a function of the Israeli-Palestinian conflict. This is perceived as the core of these relations, the source of the problems characterising them, as well as the seed of their progress. Without a shadow of doubt, the main dividing point between the two parties and the source of the infertility of the relations, throughout the entire period of the institutionalised relations (1957 and on), is the Israeli-Palestinian conflict and its implications, namely the frozen peace process, the occupation, the Israeli military reactions and presence etc. The conflictual perception and the different understanding of civilians' security, along with suspicions of pro-Arab tendency and even anti-Semitic one by the Israeli side, in front of perceptions of not enough efforts and condemned occupation policies by the European part, backed by Pro-Israeli and anti-Israeli groups, lobbies and networks, are translated into problematic political approaches and misconducts. However, as concluded from past failures to create and maintain a solid and lasting solution, the strength of these bilateral relations, potentially stabilising a resolution, is not necessarily grounded in the political channel solely; furthermore, the additional dimensions of these bilateral relations may, in fact, be those dictating their nature and consequently creating a new path in the multilateral agenda. No doubt that the conflict itself (Pardo 2011, Pardo and Peters, 2010:27) has impact on the domestic stability of the EU, while its resolution will arise new and echoing effects in the entire Arab world, most particularly in Europe and in the Middle East; however, the political – diplomatic route might simply not be enough. The context of the Israeli-Palestinian conflict<sup>10</sup>, therefore, is not the only engine of these bilateral relations, despite its crucial place. An important and determinant axle in shaping those relations is the political economy rather than the political situation per se. The increasing tendency in the EU of a more open and extensive policy towards intensified dialogue with the civil society has been highly facilitated and welcomed in Israel.<sup>11</sup> The active presence of European diplomacy and efforts in the Arab-Israeli conflict is, to certain extent, a contribution in itself, almost regardless the actual consequences; the presence of the EU in the regional arena has an important implication per se, and its outcomes, even future ones, are inspired by this view. A lack of significant success for the EU as a central actor in the Arab-Israeli talks (Steinberg 2004, for example), a failure to translate its policy into an actionable one (Spencer<sup>12</sup> 2009:2), or a lack of political rationale behind its activities (Schmid<sup>13</sup> 2007:92) do not imply no significant political role. The fact of having EU as a body to account for, even in terms of negative consideration, i.e. to decide to counter its agenda (as in the non-freezing the settlements policy), tattoos the EU presence deep in the Israeli political and economic non-separated discourse. From there on, the active presence of the EU in social, cultural, and most significantly economic circle is mostly prominent and essential. Only by stating a visible and effective power in the region the EU acquired political global acknowledgement and trust base to further establish its power and locate it in a leading position in the international map.

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<sup>10</sup> See more on the EU involvement in Hollis, Rosemary. 2004. "The Israeli-Palestinian Road-Block: Can Europeans Make a Difference?". *International Affairs*, 80(2): 191-255.

<sup>11</sup> See for example EUROCOEMMRCE recent conventions and EU Commission publications

<sup>12</sup> Spencer, Claire. 2009 "New challenges for EU-Israel relations after the Gaza war". *IEPN* April 2009

<sup>13</sup>Schmid, Dorothee. "European Views of the Israeli-Palestinian Conflict: The Contribution of Member States to Framing EU Policies", in Nathanson and Stetter (ed.) 2007, p. 88- 114

### Mutual interests

The EU interest in Israel, apart from historical common heritage and responsibility, is also a result of economic<sup>14</sup>, technological, security matters, the Jewish community effects, and the establishment of EU soft power (Nye, 2002). In addition, the EU enlargements are providing new frontier or divergent perspective to the EU in the region, in terms of politics and economy, as well as borders. Israel's interest is also clear - the need of EU presence in security, peace process with the PA and Syria, economic arrangements and help in institutional establishment in the PA (Eran, 2009). Agreement and common view in the issues of Israel's national identity, security and trade are shaping efforts and investments, and reflecting the most significant interests.

There is a great importance to the personal ties among the leaders, still, civilian channels have been created and expanded, providing a new and productive dimension to the bilateral relations. Israel has vast economic interest in cooperation with the EU, along with social, cultural and political ones, with respect to the interaction with the global arena. The Impact of the distinct preferences of global actors (Musu<sup>15</sup>, 2003), as alternative institutionalised framework, are constantly being tracked, and may well be expanded to the private sector.

The importance of the peace process creates some kind of contradicting stance, since the EU has to connect it to all other agreements (the un-avoidable conditionality), being the final stamp on its branding as global power; therefore, Israel needs to find a way to distinct the peace process or the conflict resolution from all other agreements, to avoid damaging conditionality to its economic-social implications with the EU. The Israeli-Palestinian conflict is probably the main obstacle, whereas Israel should use European aspiration of global critical actorness, while Europe must not let the bilateral relations with Israel be the hostage of the conflict resolution (Heller 2009:233). Disconnecting the EU-Israel bilateral relations from the Palestinian-Israeli conflict is shown as an almost impossible mission; nonetheless, these relations are rich and multidimensional to an extent calling for such attempt isolating them from the conflict.

### The civil aspect in the evolution of the bilateral relations

The strengthening of a people to people dialogue between the EU and Israel must rely on the power structures in Israel, in terms of political leadership, central economic actors and civil opinion shapers. There is, therefore, a need to specify the power centres in the Israeli political economy. Gardner Feldman<sup>16</sup>, emphasising the importance of institutions and institutionalised transformation (1999:336), indicated the four variables of the dynamic and open-ended process of reconciliation: history, leadership, institutions and the international context, participated by individuals, groups and governments and applied to every evolution of bilateral and multilateral political-economic relations. The centre of focus has shifted from the common historical heritage, to the conflict, up to the economic cooperation. Those are shaping the bilateral relations today, and any successful framework must entail the leading stances of each of them in the mutual interaction.

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<sup>14</sup> On the various economic impacts in the first years of the institutionalised bilateral relations see Sadeh, Tal, Moshe Hirsch (1998), 'Adjusting to the European Community: A Brief Analysis of the Economic Gains and Problems for Israel', in P. Xuereb (ed.) *The Mediterranean's European Challenge*, Msida: EDRC - University of Malta: 127-47

<sup>15</sup> Musu, Costanza. 2003. "European Foreign Policy: A Collective Policy, or a Policy of Converging Parallels". *European Foreign Affairs Review*8(1): 35-49

<sup>16</sup>Gardner Feldman, Lily. 1999. "The principle and practice of 'reconciliation' in German foreign policy: relations with France, Israel, Poland and the Czech Republic". *International affairs* 75,2: 333-356

## **Part 2: The EU presence and power in the region**

The first significant act of the EU following the treaty of Maastricht of 1992 and the creation of the EU in 1993 was the 1995 EMP, grounded on the commission idea of 'zone of shared prosperity'. The EU involvement in the region is naturally containing both opportunities and risks; Hanlet<sup>17</sup> defined EU interests of energy security, climate change, migration management, export markets and security (2010:1), and characterised (2010: 1-2) seven areas of risk: Arab-Israeli conflict; natural resources conflict – oil, natural gas, water, agricultural land; the social question – a result of the poverty gap between states and demographic developments; conflicts of political transformation related to states' identity and ideology; the Iranian nuclear development; the uncertain future of Iraq; and fragile statehood in this part, affecting the development of the greater Middle East. Together with terrorism and migration, all those are prominent in shaping the EU regional vision. The EU involvement in the region is a result of several geo-political, political, economic, cultural and social motives, among those geographical proximity, oil considerations, the security issue, colonial past, historical account, culture proximity across states from both sides etc. The Muslim presence in Europe<sup>18</sup> is also an important issue in the relations, shaping them throughout the years.

Hill and Smith<sup>19</sup> (2005:) distinguished three perspectives on IR and the EU – the EU as a sub-system in IR, the EU as a part of wider processes, and the EU as a global power. The EU involvement in the region is not a question to be examined; it is an inherent process by force, which cannot be judged according to specific failures or achievements, but to be seen as integral and non-separated part of the regional politics.<sup>20</sup> The EU failure to fully realise the socio-economic and political potential of the relations, despite the efforts in the region, points at the EU lack of hard power and incoherent CFSP (Aoun 2003, Kagan 2002), but also at the changing nature of the global political and economic system. The Puzzle of Euro-Israel, Euro-Arab (including Med) and Arab- Israeli relation depends on broader regional transformation, in which Israel does not have the central role.

### **The EU foreign policy following recent enlargement waves – a single voice?**

The EU single voice in its foreign policy is a central issue when examining its power in the Mediterranean. Musu<sup>21</sup> explored the EU involvement in the conflict or in the peace process to conceptualise its foreign policy, demonstrating the EU internal political alignment. She examined whether convergence between EU member states has reached the point where a true collective policy towards the Middle East can be formed, or whether the EU policy is of 'converging parallels' which do not intersect. The doctrine of the EU towards the Middle East shows a convergence, due to external pressures, similar interests, trans-governmental network of common institutions, and a relatively common EU vision. Still, the different national preferences did not yet lead to collective agreed policy; this can be well consolidated if serving better the national individual interest.

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<sup>17</sup> Hanelt, Christian Peter. "2010. The Middle East as a region of opportunity". *Spotlight Europe*, 2010/10 – November

<sup>18</sup> See for example Del Sarto, Rafaella. 2006. *Contested State Identities and Regional Security in the Euro-Mediterranean Area*. New York: Palgrave Macmillan; Siddiqui, M. 1999. *The Muslim presence in Europe: past and present issues*, In: Morton, A. and Francis, T. (eds.) *A Europe of Neighbours*. CTPI, Edinburgh, pp. 90-98.

<sup>19</sup> Hill Christopher and Smith, Michael (eds.).2005. *International relations and the European Union*. US: Oxford University press

<sup>20</sup> Hollis, Rosemary. 1997. "Europe and the Middle East: Power by Stealth?". *International Affairs*, 73(1): 15-16

<sup>21</sup> Musu, Constansa, 2007. "The EU and the Arab-Israeli peace process", in Casarini and Musu, 2007, p.112-127

Examining the EU ability to produce an effective and coherent foreign policy, the convergence of policies hides different and congruent interests. Casarini and Musu<sup>22</sup> (2007) argued that this inability to translate the economic power of the 27 member states into a 'political clout' is the EU biggest obstacle from becoming a global power. Wang<sup>23</sup> further argued that the absence of coherent foreign policy has to do with the absence of decision-making state-like body.

When related to Israel, this clash of interests and the different types of inter-states relations are particularly crucial, and are most prominently leading to an Israeli preference to interact with the member-states individually, rather than with the EU.

### **Europeanization – enlargement**

The “Europeanization” doctrine is not one and clear; it is a complex process, with various definitions. It is expressed both externally, within the regions and states the EU exercises its power upon, and internally, within the enlarging EU itself.

Smith (2005:157)<sup>24</sup> made a general division of the EU external policy instruments – diplomatic, economic and military tools, and internally, arguing that the EU has been having problems in balancing and regulating those two different circles, and sometimes the integration between them or miscalculations of merit actually lead to non-optimal results. The deep difference between Europeanization and the EU foreign policy seems to be too fuzzy for the EU itself, as expressed, for example, in the Mediterranean project. When analysing the bilateral relations, the synthesis between foreign policy and Europeanization is less relevant, since the EU does not try to convert the domestic political system in Israel, but to shape its foreign policy regarding the PA specifically. As a civilian, normative power, relying on soft-power instruments, it seems that its success, if any, was rather limited.

### **The enlargements’ impacts on the bilateral relations**

The EU enlargements waves of 1973, 1981, 1986, and 2004<sup>25</sup> were all deepening the bilateral economic connections between the EU and Israel, and expanding the political commitment, as well as the mutual and common interest. The 2004 enlargement, due to the business interest and the cultural linkage, was an actual advantage to Israel.<sup>26</sup> The impact of the 2004 and 2007 EU enlargement changed the numerical balance between EU and the Mediterranean – from 15 vs. 12 to 25—7 vs. 10, almost all Arab, while Turkey being a candidate for EU membership. This obviously caused an emotional-psychological echo in Israel, which similarly to other EU processes was ambivalent – the fear from neglecting Israeli interests on the one hand, and the great proximity to the Eastern bloc on the other.

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<sup>22</sup> Casarini, Nicola, Musu, Constanza (eds.). 2007. *European foreign policy in an evolving international system – the road towards convergence*. New-York: Palgrave Macmillan

<sup>23</sup> Wang Reuben. 2005. “The Europeanisation of foreign policy”, in Hill and Smith 2005, p. 135-153

<sup>24</sup> Smith, Michael A. 2007. “Implementation: making the EU's international relations work”, in Hill and Smith 2005, p. 154-175

<sup>25</sup> See more on the EU enlargements in Schimmelfennig, Frank and Sedelmeier, Ulrich. 2002. “Theorizing EU enlargement: research focus, hypotheses, and the state of research”. *Journal of European Public Policy* 9:4: 500–528; Zielonka, Jan. 2006. *Europe as Empire: The Nature of the Enlarged European Union*. New-York: Oxford University press; Hughes, James, Sasse, Gwendolyn, Gordon, Claire. 2004. *Europeanization & regionalization in the EU's enlargement to central & Eastern Europe*.

<sup>26</sup> On more on the relations between the enlargement and the bilateral relations see Tovias, Alfred. 2003. “Israeli Policy Perspectives on the Euro-Mediterranean Partnership in the Context of EU Enlargement”. *Mediterranean Politics* 8 (2 & 3): 214 - 232

EU enlargement is perceived in large as much more political than economic; it can be anticipated that Central and Eastern European countries will increase their advantage over Mediterranean countries, at least in terms of investment opportunities. However, the real competitors for the Mediterranean are not the countries of Central and Eastern Europe, but Latin America, China, India and other Asiatic countries, capturing an increasing part of direct European investment.<sup>27</sup>

Israel is cultivating better bilateral relations with individual European states. Those relations are sensitive to regional impacts, but are considered more legitimate, or unconditional, in the global perspective. An implied conclusion is that the business elite may be a central channel of influence in foreign policy terms; this redefines the framework of the relations, examining the existing nature through innovative prism, civil and private sector-oriented.

### **The conceptualisation of the EU power and power relations**

#### The EU power towards Israel

The analysis of the EU power in Israel can be described in a way as a bridge between soft power means and hard power ambitions, but can also be judged simply as a policy of approximation or 'a stake in the internal market', as literally implied in the ENP.

The EU 'hard power deficit' (Harpaz, 2007, Shamis and Harpaz, 2007<sup>28</sup>) can be interpreted as the limited ability of EU states to project decisive force into other regions (Kagan 2002, Aoun 2003). Nonetheless, when analysing the bilateral and the multilateral-regional relations, this concept of hard power deficit is insufficient; it is not as valid as before the enlargement, the Europeanization or even the cold war. Today there may be an EU unwillingness to use hard power measures just in order to brand itself as a global power. Creating economic and social interdependency is a far more efficient approach in many senses of global actorness, and the EU aims to be evaluated, criticised and judged in accordance to its achievements in these areas. Despite the claims that the EU is seen as having difficulties in stabilising political and social power aside the economic one (Shamis and Harpaz, 2007), there is a need to tie all three types of powers together. The concept of the EU civil power (Hettne and Soderbaum<sup>29</sup>, 2005, Lavenex<sup>30</sup>, 2004, Whitman<sup>31</sup>, 2007) stresses the exercise of soft power using political-economic and normative means. Soft power instruments are, among others, persuasion, strategic dialogue, free trade agreements, regional projects, financial incentives and rewards, creating and leading to economic and normative influence. However, also with regards to the EU soft power instruments, there is a wide conception of relatively modest results, or simply not enough awareness to its contribution in this field. The separation between the EU economic power, its slight political influence and its dubious social essence is somewhat simplistic and even contradictive to the actual essence of contemporary global power. The EU adherence to soft power (Nye 2002: 8-9), i.e. culture, political values, and

<sup>27</sup> China becomes Israel's second largest exporter in 2007 , (Xinhua); 2008-08-28 , China Daily

<sup>28</sup>Shamis, Asaf and Harpaz, Guy. 2007. "Cafe Europa: contemporary Europe in Israeli public discourse – A linguistic constructivist perspective". The Israeli association for the study of European integration, working paper 3/07

<sup>29</sup> Hettne, B. and Soderbaum, F. 2005. "Civilian power or soft imperialism? The EU as a global actor and the role of inter-regionalism" . 10/4 EFA Rev:535-552

<sup>30</sup>Lavenex, Sandra. 2004. EU external governance in "wilder Europe" *journal of European public policy*:11(4)

<sup>31</sup>R.G Whitman, 1998. From civilian power to superpower? The international identity of the European union. London: Mcmillan

foreign policies, may actually be its tangible strength in the long term. Its technological engagement, for example, as seen in its relations with Israel, an effort to extract the Israeli competitive advantage in this field, may be converted into a hard power instrument, creating dependency and interest in a level which commits a political process alongside, or setting the agenda of military activities.

#### EU-US –Med triangular power relations - from competition to synergy

These triangular power relations have gone through some significant transformations in the past decades. Despite the geographical, cultural and social rapprochement to Europe, Israel enjoys strong and solid relations with the US, characterised by incremental support, subsidies and funding, versatile exchanges and massive strategic alliance. The reasons would probably be common strategic vision of the region, strong Jewish lobby, personal historical connections among leaders, pro-Israeli position, mutual-interests coalition, economic dependency etc. ‘Americanisation’ in Israel is far more prominent than ‘Europeanization’. The EU Honest Broker status<sup>32</sup> was reviewed in existing literature, analysing how the economic contribution was still not enough to boost the political trust in Israel, mainly in comparison with the US, which is perceived as a most valuable and positive external actor. The EU failed to gain an honest broker status in Israel, but succeed in it among the PA, while the situation for the US is opposite,<sup>33</sup> due to several reasons. Nevertheless, the Israeli foreign agenda relies on several other important grounds, such as effective trade relations and stable political cooperation in matters of economics, culture, technology and society, in which the EU influence is becoming more and more significant. Despite the view that the US is still leading the Israeli decision-making process regarding the PA, ever since Obama was elected Israel started to search closer allies, and found them, geographically, mentally, and in terms of perspective and potential agreements, in Europe. Simultaneously, also the economic cooperation with Europe is biting some of the former US share, and private enterprises find it increasingly easier to get funding or to be included under EU projects (for example EU’s Galileo project for a global navigation satellite system, R&D networks; EUREKA, EEN, TAFTIE; ACAA, FP’s and more).

Today there are hardly perception differences<sup>34</sup> between the US and the EU, following the gradual retreat from Iraq and the consensus regarding the eventual and inevitable process of two-states solution. The EU and the US began seeking one voice regarding the conflict (Pardo, 2011), with almost no differences between them. In a way, those two powers transformed from a competition to a synergy conception.

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<sup>32</sup>EuroMesco, 2006, p.5

<sup>33</sup>Schmid, Dorothee, Moses, Shai, Tovias, Alfred, Calleya, Stephen. 2006. “Mapping European and American economic initiatives towards Israel and the Palestinian Authority and their effects on honest broker perceptions”. *EuroMesco* 2006, p.6

<sup>34</sup> See also Kagan,R. 2002. “ Why the United States and Europe see the world differently” . *Policy review* 113

### **Part 3: The bilateral framework of the political-economic relations**

Both the EU and Israel are described as lacking a strategic vision in the bilateral relations (f.e. Dror and Pardo<sup>35</sup>). They stressed the importance and vitality of the EU role in Israel, which can no longer be dismissed as a pale interventionist body, while certainly being a strengthening global political actor. Dror<sup>36</sup> further emphasised the Israeli weakness in developing long-term grand strategies. This weakness is expressed also domestically, with the non-coherent policy regarding the settlements.

On the EU part there is also a problem. To some extent the EU and Israel share mutual interest, but to some extent Israel is a problem (“uneasy neighbours”), while the strategic importance of neighbouring and the mutual interests are clear. Israel, despite the close ties, is neither an Arab state nor a candidate for membership, stands in the centre of the regional conflict, and has historical heritage with the EU, as well as economic-development advantage over other Mediterranean states. This positions an extreme challenge when establishing a grand strategy<sup>37</sup>.

Rethinking EU-Israel relations, Toviás (2003) presented four options: Israel acceptance of a broader regional approach, presenting political and domestic advantages, seeing the EMP as an important multilateral forum for economic, political and cultural regional cooperation. This includes institutionalising contacts and cooperation of the civil society, aimed towards security, considering the integrated culture and identity in Israel, both European and oriental (ibid:222-3). The second alternative is bilateral agreement of the Swiss type<sup>38</sup>, in terms of Economic integration with no seen membership – ‘new regionalism’,<sup>39</sup> what does not meet the actual needs of Israel, due to US subsidies, individual evolving relations with the far east, unique market patterns and more. Also, Israel is not similar to Switzerland in terms of economic development or geographic position. The third alternative is EEA membership and institutionalisation of the EMP (Xenakis and Chrysochoou<sup>40</sup>2001:119). Economically, with the enlarged EU, Israel has further motivation to apply such option; also politically there is an advantageous demographic vote power. This alternative, though, neglects the security issue – Israel is not willing to rely on the EU, although it may prove very beneficial juridically and of course economically. This option is certainly more applicable than full membership in the eyes of the EU members. The fourth option Toviás (2003, see also 2002, 2007) as well as others (Heller, 2009:233) considered was EU membership, justified by the level of the continuing economic integration and political shapes, the membership of Cyprus and Malta and the Turkish candidacy; the borders, the peace process, the diminishing US

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<sup>35</sup>Dror, Yehezkel and Pardo, Sharon. 2006. “Approaches and Principles for an Israeli Grand Strategy towards the European Union”. *European Foreign Affairs Review* (11): 17–44

<sup>36</sup>Dror, Yehezkel. 1998. “Grand -strategic thinking for Israel”. Policy papers 23, Ariel Center for Policy Research

<sup>37</sup>For a juridical model to the enhanced relations between EU and Israel see Harpaz Guy. 2004. “A proposed model for enhanced EU-Israel relations: Prevailing legal arrangements and prospective juridical challenges”. The Israeli Association for the study of European integration, working paper 4-05

<sup>38</sup> See Toviás, Alfred (2005). ‘Adopting the Swiss Approach in Israel’s Negotiations on European Neighbourhood Policy (ENP) with the EU: some Thoughts’, in Roby Nathanson and Stephan Stetter (eds.), *The Israeli European Policy Network – Reader* (Tel Aviv: Friedrich-Ebert-Stiftung), 76-94., and Toviás, Alfred (2005). ‘The EU Models of External Relations with EEA Countries and Switzerland in Theory and Practice: How Relevant for Israel?’ in Roby Nathanson and Stephan Stetter (eds.), *The Israeli European Policy Network – Reader* (Tel Aviv: Friedrich-Ebert-Stiftung), 62-75.

<sup>39</sup> Evans, David, Holmes, Peter, Iacovone, Leonardo, Robinson, Sherman. 2004. “A framework for evaluating Regional Trade Agreements: deep integration and new regionalism”. Working Paper, University of Sussex.

<sup>40</sup> Xenakis, D. and Chrysochoou, D. 2001. *The Emerging Euro-Mediterranean System*, Manchester and New York: Manchester University Press

involvement in the region, the cultural ties, strengthened by the immigration to Israel from former USSR, and of course the economic interests are the central arguments (Tovias 2003: 229-31). The membership idea becomes more impossible the more sense it makes; it is generally more a strategy than an actual target. The reasons behind the idea are economically, politically and diplomatically logic, but the prospect of actual application seems almost impossible.

### **The relations between trade and politics - conditionality of the conflict as an economic title**

The link between economy and politics is being expressed and integrated throughout all the phases and directions of the bilateral relations. Spencer (2009:6-7) argued that economy without political progress can work within Israel but the EU needs further political legitimacy in the shape of progress of the two-states solution, to further establish its regional power; thus, its first requirement is to identify the constants in the Israeli actions on the ground; engagements in security discussions are therefore crucial. The EU delivers now to a different Israeli public than that of Oslo days, and must be aware of the fact that the message, as well as the recipient, have significantly changed.

The conditionality is one of the central cornerstones in the bilateral relations. Since the economic and the political cannot be separated, with the EU uncompromising determinacy to exercise its power, conditionality cannot be avoided.

### **The perception of the EU place in Israel – scepticism along rapprochement**

The public discourse regarding the EU has tremendously shifted from the Holocaust and the EU responsibility and moral debt, to the EU involvement in the conflict and its biased approach against Israel. The economic aspect, though, is mostly assessed within the business circles, not widely accounted by the public, despite its significance to the political economy of Israel. The knowledge or perceptions regarding the EU among the public are rather limited, but tend towards the scepticism, due to what is perceived as the pro-Palestinian tendency of the EU; the common perception is of EU interests in the Arab world, leading to an anti-Israeli approach.

Steinberg<sup>41</sup>, attacking what he called 'the myth of power balance', identified European idealism as a negotiating style, while rejecting deterrence, the use of force, zero-sum approaches to conflict and Hobbesian agendas (2004:7-8). This legitimacy deficit is further analysed (Harpaz, 2007<sup>42</sup>) following the EU integration and enlargements, raising the problem of a united voice. The EU should therefore search for effective instruments that can improve its credibility and legitimacy in the eyes of Israelis.

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<sup>41</sup> Steinberg, Gerald M. 2004. "Kantian pegs into Hobbesian holes: Europe's policy in Arab-Israeli peace efforts". The Israeli Association for the study of European integration, working paper 5/04

<sup>42</sup> Harpaz, Guy. 2007. "Normative Power Europe and the Problem of a Legitimacy Deficit: An Israeli Perspective". *European Foreign Affairs Review* (12) : 89–109

### **The inclusion of Israel in the Mediterranean**

Attributing Israel to the Mediterranean in most European projects is conflictual and challenging. While the EU interest in the interaction with the region is mostly implemented by its desire to lead some sort of institutional change, in terms of governance, values and economic performance, in Israel the method of the EU involvement and leadership is to use the existing infrastructure in order to navigate it towards the EU desirable direction, mostly applied on the implications of the Israeli-Palestinian conflict. There is no attempt to convert the institutional system in Israel, but to lead it to a path which would sustain the EU ambitions as global power and as a geopolitical strategic leader.

Israel's dual position within the EU, i.e. Mediterranean state but also a western democracy and the only non-Arab state in the Mediterranean partnership, makes its status, as well as the framework of the relations, further complicated; it is not a candidate for membership in the EU, but it is not an Arab state, and has strong links, culturally, socially and economically to Europe,<sup>43</sup> what makes the regional inclusion politically challenging, not to mention the vision of Mediterranean union. On the other hand, Israel must be part of Mediterranean group of states in the eyes of the EU, both geographically, strategically, and in order to obtain the EU grand strategy of actorness in both the regional and global arenas. Israel is economically advantageous in terms of participation in EU projects and initiatives, but there are no beneficial strategic resources for the EU in Israel, unlike the region's rich oil states.

Israel's special economic status can be leveraged to political advantage or the other way around – creating hostility and senses of inferiority from the part of other Mediterranean partners. Israel cannot be singled out in most agreements, however, its inclusion raises political antagonism, and furthermore, as shown in the framework of the ENP, its strategic competitive advantage in the economic, social and cultural baskets of cooperation, are inferiorising to a certain point the other Mediterranean Arab partners, creating hostility towards the processes as a whole. The different emotive lexicon, the cultural gap, the perception differences, and ego are permanent shadows.

It is also not clear what is better for Israel – a regional economic attachment or a European one; Israel is obviously isolated, in many terms, in the region, but in a way it enjoys the competitive advantage of the cooperation with the EU, from the Mediterranean side. Although a regional cooperation can best serve Israel's economic interests, it will never be free of political, namely territorial conflicts, conditionality and external involvement. Israeli policy makers have traditionally preferred the EU view of Israel as a non-member European country, such as Norway or Switzerland (Sadeh<sup>44</sup> 2007 :165), despite the political reality of the Middle East. The EU, in contrast, has always viewed Israel as a Mediterranean and Middle Eastern country, with its economic uniqueness in the region<sup>45</sup>. This clash of perspectives (Sadeh 2007:166) has not changed much in the wake of the Action Plan.

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<sup>43</sup>See Del Sarto, Rafaella and Tovas, Alfred. 2001. "Caught between Europe and the Orient: Israel and the EMP". *The International Spectator* (4): 61-75

<sup>44</sup>Sadeh, Tal. "The EU, Israel and Lebanon: The Political Economy of Post-War Reconstruction", in Nathanson and Stetter (ed.) 2007, p. 153-179

<sup>45</sup>Munin, Nellie. 2006. "Israeli-European Cooperation under the Galileo Programme: The Sky is (Not) the Limit", in Roby Nathanson and Stephan Stetter (eds.), 2007

### **Mediterraneanisation and Europeanization – a co-existence?**

The wave of regional processes with Israel inherent inclusion formally began with the launch of the EMP - BP. The defined long-term aims of the EMP are “to create an area of shared prosperity and stability”, at the same times as discussions regarding the bilateral agreements, a policy which was further sharpened and focused on the Framework of the ENP and the AP. The motivation was economic instability, political instability and the need of creating an inter-cultural dialogue.

The EC’s Council of Ministers approved in 1996 a new EC Regulation called MEDA (Mesures d’Accompagnement) dealing with all the Mediterranean Non Member Countries (MNMCS). Within the MEDA framework Israel is not eligible for funding in the state level, but is involved in many of its branches and is entitled for financial support as a part of regional inclusion. Israel is moving, therefore, between Europeanization, transformation, decoupling and Mediterraneanisation. Israel cannot enable or allow itself a path of bilateral relations without regional back; the EU simply cannot consider such diplomatic partial way. Israel, in a way, must use the EU's interests as a global actor obtaining its regional goals to leverage its own domestic and political long-term agenda. The problem is when the latter is not clear and established, thus the arrows are directed towards the EU policies and regional perception.

Foster the "Europeanization" of the identity of the state of Israel by an intensification of Euro-Israeli economic, political and cultural cooperation, in parallel to a "Middle-Easternization" of Israel - engagement in the construction of a regional system, supported and sustained by EU policies and programmes (Schäfer 2008) may be a new and productive domestic and regional strategy.

## **Part 4: the institutional front**

### **Economic Europe**

The history of economic cooperation between the EU and Israel dates back, following Israel joining the GATT in 1962, to the first economic agreement of 1964 and later in the 1970 trade agreement with the EC. Israel actually tried to integrate in the economic Europe since the 1960s; the 1970's saw the agreement between Israel and the EEC on steps of trade liberalisation, reaching a breakthrough with the 1975 free trade agreement (FTA) between Israel and the EC. In 1985 Israel conducted a FTA with the US, followed by more states. In 1989 Customs duties elimination was conducted, and together with Madrid conference wider free trade agreements,<sup>46</sup> were leading to the 1995 Association agreement (AA) – the main legal instrument governing the economic relations.

### **The EU trade approach towards Israel**

EU is expressing itself in Israel firstly as an economic superpower. Being Israel's central trade partner (with trade scope of over 40 billion dollars a year) the EU has close business connections, joint ventures, and strengthening economic ties with leading Israeli economic structures. The same applies for other Mediterranean and MENA countries. Israel faces other Mediterranean states with a certain competitive advantage – commercial, economic and political, in the sense of domestic regime of democracy and freedom, facilitating trade flows and economic cooperation.

Despite Israel's deep economic integration into the EU (Tovias 2003, Harpaz G. 2004, 2006, Sadeh 2004, 2006), Don Harpaz M.<sup>47</sup> was taking an opposite view, raising concerns regarding the implications of anchoring Israeli economy to the European one, emphasising the risky dependence on trade with the EU ('trade exposure risk', 2008:399), as well as the dependency on a narrowed number of partners. The strong connection between the economic and the political is leading to a less certain business climate in Israel, and to trade disruption rather than promotion, resulting further risk (ibid). Israel's bilateral relations with the BRIC countries are to a great extent free of the problems of risk exposure and conditionality; this may shape a different business ambience in Israel, leading to different political balance of power.

Harpaz and Shamis (2007) argued that the economic narrative is the least widespread of the three (interlinked) aspects of the partnership – economic, political and cultural, "being manifested mostly within the business community and socio-political elite" (2007:24). The integrative nature of the political and the economic in the Israeli system, along with the strong inter-personal ties and the alignment of mutual influences across fields, do not enable a segregation of the economic essence of the relations. The attribution of the economic dimension to the business community mainly is probably correct, but this does not set constraints to the cooperation and its impacts; instead, this re-defines the algorithm of the power alignment and the chains of influence. The business elite has a direct and indirect chain of supply and influence to all social, political and economic strings, thus its impacts echo in the political economy of Israel as a whole.

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<sup>46</sup>Musu, Costanza . 2006. "The Madrid Quartet: An Effective Instrument of Multilateralism?" in Roby Nathanson and Stephan Stetter (eds.), *The Israeli European Policy Network – The Monitor of the EU-Israel Action Plan*. Tel Aviv: Friedrich-Ebert-Stiftung, 260-281.

<sup>47</sup>Don Harpaz, Marcia. 2008. "Israel's trade relations with the European Union: the case for diversification". *Mediterranean Politics* 13( 3): 391-417

## The EMP

The EMP brought by large the message of institutionalised conditionality; it differs from previous policy in that it is based on a concept of partnership, even through financial funding, rather than on simple assistance. Since Israel tends to think itself largely as a part of the EU, there was fear that the EMP will be used as a platform to the Arab-Israeli progress on the expanse of the bilateral relations<sup>48</sup>, but the EU perceived it as a process per se, parallel to others, mainly to the political, conflict-oriented one. Pardo and Peters (2010:37) argued, though, that this separation was completely intertwined, when the EU did not plan how to prevent spill-overs from the conflict resolution process to the BP.<sup>49</sup> The decision to include Israel in the EMP has in fact two complementary meaning – the shift from the traditional status of bilateral relations, to a more general inclusion, but also a distinction of Israel and enabling of its relative progress in relation to its neighbours, eventually aspiring to progress in the conflict resolution. Certainly it testifies the end of more emotional-based relations, influenced by national interests and memorandum, to a more pragmatic approach that forces institutionalised cooperation and shared agenda. This pragmatism, rather than vague ties and lack of vision, even with the price of losing support, is probably the way to reach a stable political solution.

The main reason is that the EMP does not lead to re-think its current partnership strategies, which clearly have not been able to counteract investment and trade diversion in favour of past and future member states. The main problems that Tovias (2002) characterised in considering the EMP as a possible anchor to economic and (political) reform were<sup>50</sup> that the nature of the commitments made by the EU is weak, lacks actual dedication, and reversible, leaving some commitments as a possibility only. Furthermore, the value of those incentives would likely to diminish with time due to an erosion of preferences by Enlargement, to real economic integration of MNMCs in the European hub. In this respect a mere institutionalization of the EMP (as suggested by Xenakis and Chrysochoou, 2001: 119) would not be helpful. If the EU had other reasons in favour of establishing industrial free trade areas and MEDA, these do not necessarily still hold.

The most common view regarding Barcelona was at least as not a success, but the spread perception was of failure of the Barcelona Process, not achieving its goals. Schäfer<sup>51</sup> argued that although the EU's role as a "transformative power"<sup>52</sup> in the region is growing, it still has only a limited impact on Israel's role in the region. Aliboni et al disagreed with the failure perception, indicating important institutional contributions such as academic and civil networks. They argued (2009: introduction) that while the EMP proved to be a relatively relevant experience in economic terms, of regional integration and cooperation, it was not so from the political point of view. As an international actor, the EMP ended up being weak and sometimes irrelevant. At the same time, many scholars, Israeli and European, argued that the EMP was not meant to promote peace or resolve conflicts, but to develop a north-south trade program, failing for two reasons – the EU exclusion of agricultural goods and labour services from the AA,

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<sup>48</sup>Sadeh, Tal . 2004. "Israel and a Euro-Mediterranean Internal Market". *Mediterranean Politics* 9 (1):29-52.

<sup>49</sup> In Malta Conference 2010 (focusing on China) those became entwined, and afterwards it was too difficult to separate them

<sup>50</sup>In this context Ehud Barak in 1995 stated that EU interest is not the Middle East, but in fact it is the Maghreb.

<sup>51</sup>Schäfer, Isabel. 2008. "The EU as a Transformative Power in the MENA region: Implications for Israel, in Nathanson and Stetter (ed.)163- 182

<sup>52</sup>The implications of "Transformative power" are that the EU shapes its external relations according to its priorities and that a process of Europeanization is promoted by the means of conditionality and intensified economical relations (Grabbe 2006).

and the long time it has taken for the cumulation rules to be introduced, as well as because the Arab members of the EMP failed to reform economically and politically.<sup>53</sup> Thus, it seems that in the large perspective there was no indicated success. Nonetheless, the institutional mechanisms within the EMP function rather well. In spite of its weaknesses, the EMP has raised a growing consciousness about the common responsibility for the Mediterranean region amongst the involved actors, and long-term rapprochement of societies.

### **The ENP – Action Plan**

The breakthrough of the EU adaptation of its vision to practical stance in the region was the ENP. Within the ENP many of the improvements in the bilateral relations were related to the public, meaning the private-civil sector, separated to some extent from the political-diplomatic one. Separate Israel-EU dialogue from the Euro-Med one is an objective for Israel (Heller 2009: 232), since this is the only way, in fact, not to centre on progress in the conflict resolution in order to promote economic and social-cultural ends. In addition to the bilateral dimension of the ENP (the Action Plan), the EU has also developed a regional institutionalised framework. Foreign, industrial and trade ministers' conferences, Euro-Mediterranean committees, Working groups on industrial cooperation, rules of origin, services, and trade measures that are related to regional integration; business, environmental, research, and cultural networks have been established as well.

### **Privileged status to Israel – a statement or an essence?**

In 2007 Israel brought the Essen 1994 issue of a special-privileged status and EFTA inclusion – full economic integration without political one, considering that this special status was never actually fulfilled or practised. In March 2007 the 'reflection group' achieved a mutual consensus to enhance the relations. A new statement was issued by the EU and Israel on June 2008 in Luxembourg, expressing the upgrading of relations between the two entities. Although the Statement continues the approximating line of the bilateral relations, it does not transform Israel's status or add a new substance; instead, it is a reaffirmation of prior agreements and understandings (ENP, AP, Galileo project, the FP's, and the existing trade agreements). Furthermore, the Statement creates a basis for future agreements, not specified in the Statement itself (Nathanson and Blidstein: 243). In December 2008 the EU affirmed the will to upgrade its relations with Israel, calling some guidelines. However, Israel still did not develop a strategic accepted vision regarding its relations with the EU. The Gaza operation, again, kept this option on hold.

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<sup>53</sup>Emerson, Michael. 2008. "Making sense of Sarkozy Union for the Mediterranean". *CEPS Policy Brief* 155, march 2008

### **The Union for the Mediterranean, 2008 – a shift in paradigm?**

The UfM is a development of the EMP, continuing under existing policy frameworks such as the AA, the ENP and the AP. It upgrades the political level of the EU's relationship with its Mediterranean partners into further co-ownership and multilateral relations, making these more concrete and visible through additional regional and sub-regional projects.

Aliboni and Ammor<sup>54</sup> suggested that in ensuring continuity and complementary relations between the UfM and the EMP it would be a mistake to believe that the outcome will be a combination of the two frameworks.

The UfM is considered an irrelevant failure, particularly following the recent revolutionary waves in the Middle East. Nonetheless, it is important to review it in order to understand the shift in the EU conceptualisation of the regional bilateral and multilateral relations.

Sarkozy's initiative of a "Mediterranean Union" was originally proposed as an alternative to the Turkish membership in the EU, and stemmed from the aspiration to strengthen the role of France and its diplomatic position in the area, and to somehow compensate the failure of Barcelona, emphasising European/French-Maghreb relations (Stetter in IEPN 2008: 213-4, Aliboni et al 2008:5). It is clear that the UfM is not a part of the EU, although it is integrated in its global and regional policy package. The genesis of the idea<sup>55</sup> strongly expressed EU internal politics and ownership conflicts, with German opposition, ("division of influence") along with Spain and Italy<sup>56</sup> competitive "Appel de Rome", and the Eastern-European hesitation. On March 2008 the European Council enshrined the "Europeanization" of the French initiative<sup>57</sup>, directing the institutional focus on projects.

Unlike Gillespie definition of 'Europeanising Sarkozy's initiative',<sup>58</sup> Balfour characterised an Europeanization of the 'Mediterranean union' (2009:100), as a transformation of Sarkozy's project.

UfM analysis from Europeanization view shows the focus of the UfM debate on EU cohesion more than on the merits of the initiative itself.

### **The UfM as a transformation of regional conceptualisation**

The UfM initiative is predicated on three main pillars: equality among members, a mostly intergovernmental approach, and a focus on economic and social projects, through mechanism of co-decision and co-management. Basically, the stronger integration of the private sector is aimed to create a new sort of partnership, thus not an attempt to fix past experiences, but to put the spot on a rather new or vigorous dimension. This presents a

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<sup>54</sup>Aliboni, Roberto, Ammor, Fouad M. 2009. "Under the Shadow of 'Barcelona': From the EMP to the Union for the Mediterranean". *Euromesco* 77

<sup>55</sup> The genesis of the UfM - see in particular Gillespie 2008; Soler and Lecha 2008; Friedrich-Ebert-Stiftung 2008; Emerson 2008 and Aliboni, Driss, Schumacher and Tovias 2008

<sup>56</sup>Lecha, Eduard Soler I, Fanes, Jordi Vaquer I. 2010. "The Mediterranean in the EU's Spanish presidency: a priority in turbulent times". *Mediterranean politic*. 15 (1) 73-79, assessed Spain, as one of the key actors in Barcelona process, as well as organising Valencia, 2002 (2010:74)

<sup>57</sup> On how the origin of this UfM policy proposal in the presidential campaign of Nicolas Sarkozy and how EU-internal discussion has over time led to a change of some of the basic ideas in the original proposal, see Stetter, Stephan. 2008. "The Barcelona Process: Union for the Mediterranean - Assessing its Impact for Euro-Mediterranean and EU-Israeli Relations", in Nathanson and Stetter (ed.) p. 211-232

<sup>58</sup> Gillespie, Richard. 2008. "A 'Union for the Mediterranean'...or for the EU?". *Mediterranean Politics* 13 (2): 277-286, brought by Balfour (2008:279)

sort of conceptual transformation, demonstrated in the transition from EMP to UfM; from macro to micro, and more particularly – stop relying on the big ideas of global power converting the region, and focus more on projects, leveraging and promoting the EU interests, as well as the region's ones.

The acceptance of such project as the more comprehensive UfM is not clear; already the 2005 ten-years-anniversary meeting of the EMP was boycotted by most Arab heads of states, not only due to their opposition to Israeli policies in the Israeli-Palestinian conflict, but also due to their concerns that the multilateral civil -oriented framework of the EMP could be a potential threat to their autocratic power in a national context (Amirah Fernández and Young 2005<sup>59</sup>).

#### The Israeli perspective – eliminate individual power or strengthening regional ties?

The objective to liberalise economies of the UfM was from the beginning not valid for Israel.<sup>60</sup> Also, for Israel, which cannot join most regional, Arab-oriented networks (Arab League, Agadir FTA, etc.), the UfM did not solve these conflicts, thus pointing at its somewhat limited business scope; however, it did set an alternative to the political comprehensive view inspired by the conflict.

However,<sup>61</sup> this process was of great strategic importance, since Israel gave the EU a hard power authority, although some central declared objectives of the UfM point at a more Arab-focused nature, which regards Israel mainly in the context of the conflict.

The UfM is perceived as failure for now, by all sides, and the ENP keeps on being the ruling framework of the EU engagement in the Mediterranean.

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<sup>59</sup>Amirah Fernández, Haizam and Richard Youngs. 2005. *The Barcelona Process: An Assessment of a Decade of the Euro-Mediterranean Partnership*. Madrid: Real Instituto Elcano de Estudios Internacionalesy Estratégicos; Brought by Stetter, 2008.

<sup>60</sup>For EU grand ambitions in the region see Youngs, Richard. 2002. "The European Union and Democracy Promotion in the Mediterranean: a New or Disingenuous Strategy?". *Democratization* 9(1) :54

<sup>61</sup> See more in Nathanson, Roby and Blidstein , Moshe. 2008. "UfM A new phase in our relations?" Assessing the EU Statement of June 2008, .p.240-246, in IEPN, 2008

### **To sum up...**

The view of the EU as a relatively weak political actor is a prisoner of the EU economic power. While the latter is easily dismissed when referring to the EU power in general, it has actually been shaping the EU as a significant political actor rather than purely economic. The definitions of global power, as seen in the emerging BRIC states, have shifted from hard power means and spread of values and norms to economic vigour, as a mean to obtain political influence. The EU, in this sense, is trapped between its classical conceptualisation of the global actorness, and the genuine means, economically adapted to this new era, through which it exercises its power.

The EU power towards Israel can be described as a bridge between soft power means and hard power ambitions. The separation between the EU economic power, its slight political influence and its dubious social essence is somewhat simplistic and even contradictory to the actual essence of contemporary global power. The concept of power is particularly crucial when analysing ambitions of regional leading role; the EU foreign policy and IR agendas are clearly diverse from most, if not all, Mediterranean partners, still, it can bridge such gap through mutual fulfillment of interests. That, however, cannot be executed by state level interaction; it must integrate the emerging layer of the civil society, namely the business sector, the social-cultural organisations and individuals in general. The economic power, therefore, is the way to obtain this new stance of interaction and control.

The ties between the political and the economic, in the region in general and particularly in Israel, cannot be segregated. There is no autonomy to either factor in these relations, political or economic; furthermore, these are used to enhance each other or to condition their application. The attempts to combine them most efficiently are displayed all along the evolution of the EU's bilateral relations with Israel. The focus and the core of the bilateral relations have shifted from the common historical heritage, to the conflict, up to the economic cooperation. Those three are shaping the bilateral relations today, and any successful framework must entail the leading stances of each of them in the mutual interaction. All of them are now subject to the EU institutional regional involvement, its commitment to the Arab world, and its positioning as a leading global actor. The EU does not try to deviate from the norms of influence through conditionality, accounting for that symbiosis. The conditionality is one of the central cornerstones in the bilateral relations. Since the economic and the political cannot be separated, with the EU uncompromising determinacy to exercise its power, conditionality cannot be avoided.

The bilateral framework suffers a lack of strategic thinking, also expressed in the confusion regarding possible ways of integrating Israel in the EU. The sceptic public discourse, even if not precise, is stated too deep in the mutual conceptualisation, and it seems as if only a drastic move can convert it.

The conflict between the multilateral and the bilateral is well expressed in Israel's political attribution, namely the conflict between Mediterraneanisation and Europeanization. The regional processes do not seem to resolve the dissonance, or to provide accurate decisions which will enable such political inclusion.

The EU involvement in the region is a result of various geo-political, political, economic, cultural and social motives. This whole integrative complex is eventually pointing at the Israeli-Palestinian conflict. However, there are the other channels which can be fluently exercised in order to shape and structure the multilateral relations, not to put them as a hostage to the binary impossible conflict resolution. The internal structure and the political processes within the EU itself are a complex which cannot enable a homogeneous or united front. The enlargement effects and the internal politics between the member-states are entwined in the EU explicit involvement, its motivation and its strategies. The rise of new global powers is becoming more and more crucial in dictating the EU foreign policy and the direction on which it would put its weight.

The EU must, therefore, decide whether it should maintain and fortify its current framework, or deviate from its way into an entire newly adapted vision; the UfM of 2008 actually expressed a transformation of regional conceptualisation

The EU new business-oriented definition of global power is still embedded by traditional virtues, but it has been expanded into the areas which contribute a substantial dimension to this definition. Grand political strategy is still the title of this new process, however, the way to obtain it, while creating an array of incentives, commitment and ties with the EU, is crucial, not less than the final end.