

After peace talks: what next for EU policy in Palestine?

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»» In the aftermath of Hosni Mubarak's departure, the Egyptian army has promised to uphold Egypt's peace accord with Israel. But the Middle East peace process is already moribund after talks collapsed late last year. There are rumours of a new US plan which may change some fundamental parameters of the post-Oslo peace process. New debate has emerged around the possible recognition of Palestinian statehood. Prime minister Salem Fayyad has set a deadline of August 2011 to have Palestinian institutions ready for a state to be declared. Now the Palestinian Authority (PA) has been infected by the broader political tumult across the Middle East, with a cabinet reshuffle being forced through in an attempt to head-off protests.

All this presents the EU with some difficult policy choices. The European Commission and EU member states have poured billions of euros into beefing up Palestinian institutions. The reasoning has been that the EU could best use its modest influence by helping create a de facto Palestinian state on the ground. This indirect approach was seen as more propitious than punitive pressure against Israel directly on final settlement issues. How far does the unravelling of peace talks invite a reassessment of this approach?

The collapse of peace talks requires the EU to show even greater solidarity with the Palestinians; high representative Catherine Ashton has already been to the Occupied Territories (OTs) twice in 2011. But what form should such backing take? With a series of crunch points approaching, three issues require consideration: the question of direct recognition of a Palestinian state; the next steps in EU-Israeli relations; and EU support for Palestinian state-building.

HIGHLIGHTS

- A series of 'crunch moments' will call on the EU to reassess its approach towards the Israel-Palestine conflict
- The EU should not relent in its support for Palestinian state-building, but encourage this to take a more democratic turn
- European support to the Palestinian security sector must focus more on a locally owned, participative strategy for policing

»»»»» **DIRECT TO STATEHOOD?**

In her January 2011 trip to the region, Catherine Ashton formally stated that support for Palestinian state-building would continue to be the core element of EU policy. But some policy-makers and analysts believe that a strategy based on constructing institutions for statehood should give way to more direct pressure for the quick achievement of Palestinian sovereignty. The US's new veto of a UN security council resolution criticising illegal settlements certainly behoves the EU to consider how it can keep pressure up on Israel.

One line increasingly heard is that focusing on 'preparing the ground' has given Israel a pretext for stalling tactics; efforts need to be redirected to pushing forward a settlement, if necessary without waiting for Israel's acquiescence in negotiations. Analysts chorus the view that it is even more urgent now to come down hard on Israel expeditiously to end occupation, rather than pilfering at the margins with state-building.

Many European diplomats and parliamentarians now express their frustration with the indirect, state-building focus. Many suggest that Palestinians are already over-trained in democratic capacity. Many lament that state-building has become a forlorn end-in-itself, rather than what it was ostensibly designed to be, namely one contribution to a more comprehensive political strategy aimed at a final settlement. Some even worry that European strictures on democracy are effectively diluting European solidarity with the Palestinians in a moment of acute need.

President Abbas has pondered the option of dissolving the PA and asking Israel to reassume the financial obligations of direct control. In interviews we recently carried out in the OTs, Palestinians were sceptical that more progress could now be made on institution-building without parallel moves on sovereignty. The EU may be about to face a big decision if the Palestinians change strategy. Support for state-building in lieu of immediate sovereignty has been the EU's way of squaring the circle between

Palestinian and Israeli positions. If this is no longer viable, the EU's whole strategy risks collapsing.

Hence, a first policy consideration relates to the possibility of Palestine declaring independence. A number of Latin American states have recently recognised Palestine as an independent state. In a January 2011 visit to Jericho, the Russian president reasserted his country's recognition. There are calls for European governments to support a resolution on Palestinian independence at the United Nations Security Council. As the US would block such a move, such support would be symbolic. Such symbolism should not be denigrated. Palestinians welcome the fact that some member states, including France, Spain, Portugal and Greece (along with Norway) have recently upgraded Palestinian representations in European capitals. But it remains unlikely that moves to declare Palestinian sovereignty in the United Nations will prosper – whatever the European position on this question.

In our interviews, Palestinian organisations themselves expressed concern over the potentially destabilising consequences of a unilateral declaration. Their fear is that such a declaration would do little to improve the situation on the ground, while provoking prejudicial Israeli retaliation. Interlocutors on the ground seem not to attach primary importance to the issue of unilateral recognition – which is somewhat at odds with the attention this is now attracting at the level of high-level international diplomacy. Several European governments are favourably disposed to recognition; they should weigh very carefully whether such a move would actually make Palestine better able to exercise effective de facto sovereignty.

This leads to the second and corollary question of how the EU should manage the next phase of its relations with Israel. The Netanyahu government is most to blame for the failure of last year's talks. Many in the EU will consequently feel justified in exploring what measures can be taken to toughen European policy towards Israel. After Mubarak's exit, it may be an appropriate moment to press a nervous Israel to lift the blockade of Gaza and cede

on Palestinian sovereignty – before less amenable strands of opinion possibly gain sway in Egypt.

In the aftermath of Israel's January 2009 military incursion into the Gaza strip, the EU broke off talks over enhanced cooperation. So far, this move has had no discernible effect on Israeli attitudes. The advanced status EU-Israel association agreement is now less likely to move forward. But this chastigation may have little demonstrative effect.

Some argue that the EU might exert more influence on Israel by simply withdrawing its support to the Palestinians – support that Israel has come to rely on to contain the conflict within manageable proportions. Or at least, the EU could link its continued willingness to prop up the Palestinian institutions to Israeli readiness to let the PA rule its own territory.

Proposals also abound for excluding Israel from EU scientific and R&D programmes. The Commission has been looking for some time at areas of trade policy that require only qualified majority votes to invoke sanctions. A 2010 European Court of Justice ruling against trade preferences on imports from illegal Israeli settlements also provides a potential basis for punitive commercial measures. But the Italian, Polish, Czech, Dutch and German governments are still likely to block any significantly coercive measures against Israel. Despite frequently restating the view that the settlements are illegal, the EU has not been willing to declare goods from those settlements ineligible for entry into European markets. Ineffective ad hoc measures prevail that rely on customs officials to identify goods originating in illegal settlements. The EU does not oblige Israel to mark out or withhold such goods. The EU has, moreover, not supported the Palestinian boycott of such goods.

A much-commented, autumn 2009 EU statement on the conflict was more pro-Palestinian, and sharply rebuked by Israel. But it stopped short of recognising east Jerusalem categorically as the capital of a future Palestinian

state. Those member states that reined back the original Swedish presidency draft on this question are still reluctant to cede ground.

Clearer statements of principle on such final settlement details would be welcome, but they face apparently insuperable political obstacles. The EU would be justified in feeling that pressure on Israel is ethically legitimate. A more difficult question is what kind of strategy is actually likely to lead to the desired outcome.

In the long-term, deeper engagement between the EU and Israel is more likely to influence trends in the desired direction than is a policy of ostracism. The EU must work towards designing a more strategic partnership with Israel. Israelis acknowledge that the country needs friends - especially in light of the uncertainties currently facing regimes across the Middle East. The EU should offer a more political form of partnership that gives Israel this comfort that its future is hitched to European support. This needs to go well beyond the modest upgrades offered under the stalled enhanced association agreement. Strategic partnership should not imply turning a blind eye to Israeli misdemeanours. Quite the opposite: it should come with more rigorous stipulations. Cultivating a deeper sense of shared values is necessary to create the foundations from which EU criticism is actually likely to have an impact.

REDIRECTING INSTITUTIONS

The third area the EU must now assess carefully is the nature of its support to Palestinian state-building. There is a long-running debate amongst Palestinians: resistance versus state-building. But this presents a false dichotomy. Building a genuine democracy can still help bring the aims of resistance closer. The international community errs not in its support for Palestinian state-building but in having relied too much since 2007 on Fayyad. The EU must continue to support his state-building project but encourage it in a more democratic direction.



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»»»»» An enormous amount has been achieved under the Palestinian Reform and Development Plan (PRDP). Under Fayyad's incredibly impressive stewardship, the Palestinian Authority has made enormous steps forward in delivering services, coordinating policy-making and in the probity of financial management. As a second-phase Palestinian National Plan now comes on stream for 2011-2013, there can be no doubt that the framework of a well-functioning Palestinian state is today evident.

International money has poured into assisting the PRDP. This funding has helped beef up the basic institutional capacity of proto-state institutions. And European donors have been by far the largest contributors to this enterprise. One and a half billion euros a year now flows into the OTs from the Commission and member state governments, accounting for nearly two thirds of all international support. Huge amounts of funds have been made available to the PA, in particular for capacity-building for the judiciary and police.

At the same time, West Bank politics have become more authoritarian. Elections have been cancelled, Fatah's political opponents hounded from their jobs, media freedoms restricted, the Palestinian Legislative Council suspended and human rights abuses carried out by security forces. Even after the mid-February cabinet reshuffle and pre-emptive reform promises, the holding of elections this year remains possible but uncertain.

It is disappointing that while providing such excellent backing for the PRDP, the international community has struggled to prevent this democratic regression. Indeed, European support has helped shore up the PA against effective democratic accountability.

European donors are making some moves to correct this policy imbalance. Sweden, the Netherlands and Canada are funding a new Human Rights Secretariat, overseen by the Palestinian NGO Development Centre. The UK's Department for International Development is stipulating that a percentage of budget support

must go to accountability mechanisms. The European Commission's Seyada programme on judicial support is focusing more on legal aid. The EU police mission has pushed for a new penal code to include stronger rights protection and civil society oversight.

But much more needs to be done. The budgets of all European donors are still heavily oriented towards covering salaries and other running costs of the PA. Their institution-building support focuses on buildings and equipment for ministries and security forces. They say such spending is part of laying the building-blocks for democracy. But in practice it has so far assisted in quashing pluralism. As one aid official observes: 'democracy gets a tiny percentage of what we spend on giving the Palestinians police cars'.

Officials in the PA Planning Ministry admit that the next phase of international support must begin to shift from budget support to long-term development projects. They talk of the 'oversaturation' of capacity-building support, especially in the justice sector. In conversation, many donor representatives now admit that the post-2007 period saw too heavy a shift in funding towards the PA.

Some critics claim that the EU's strictures on democracy play into Israeli hands, to the extent that they apportion 'blame' to the Palestinians for not progressing further with reform. There is indeed a balance to be struck, as some in Israel do use the shortcomings in Palestinian democracy in a disingenuous fashion to justify intransigent positions in peace talks. Israel (and often the US) has pressed Abbas to clamp down on many rejectionist opposition groups - and then used that same repression of democratic rights as a reason for delaying statehood.

Notwithstanding this concern, however, the EU has erred not in being too strict on Palestinian democracy but in paying insufficient attention to its importance. Far from imposing ruinous political conditions on the PA, it has almost colluded with it in sidelining democracy. The EU should not abandon the PA or seek to work against

it. But neither should it be afraid to broaden its support and use its well-embedded relationship with the Fatah political elite to press for a reversal of the current authoritarian drift. The PA is now robust enough to move onto this next, more pluralistic stage in the state-building project.

The EU should change its policies in a number of ways. European funding must be made less reliant on the prime minister. During her January 2011 trip Catherin Ashton announced that the EU would front-load 100 million euros of support directly to the PA for salaries and essential services. This is welcome, but suggests that the message has still not

hit home that the underlying structure of power in the OTs needs more critical attention.

European governments must press to make sure that municipal elections are indeed reconvened in 2011. Civil society organisations themselves are clear in arguing that if the elections, cancelled in July 2010, are not held soon then the legitimacy of Fayyad's August 2011 deadline will be impaired. The head of the Central Elections Commission (CEC) laments that the international community has underplayed the importance of monitoring local, as opposed to national, elections. European governments have generously supported the CEC; they must now help ensure its judgements on electoral-preparedness are not countermanded by president Abbas.

Perhaps most crucially, the EU must widen its security sector support. The EU needs to start pressing the PA to strengthen democratic civilian control over the security forces, expressed in a standard rule of law framework that is still lacking. The perception is widespread that 'security sector reform' has served merely as a banner for getting Palestinian forces to do Israel's policing work.

While this may be a proper part of the peace equation, the international community must also make sure that the security agenda meets local Palestinian priorities and is devised in a participative fashion. The recent example of Palestinian forces breaking up demonstrations supporting Tunisian and Egyptian democrats goes in exactly the wrong direction. Human Rights Watch has suggested that aid should be cut in response. This would be too drastic a step, but the EU should insist that more of its security sector support goes to civic monitoring of such abuses.

The even more acute challenge is to return to a single programme of state-building that covers Gaza as well as the West Bank. Here no easy solution is in sight. Criticisms of the decision not to recognise Hamas' victory in the 2006 elections have been exhaustively rehearsed. Policy-makers are fully aware of the costs of their decision – while cautioning that a fundamental change to the 'no-contact' rule with Hamas is unlikely. The EU has inched towards a degree of unofficial flexibility on the ground. But support in Gaza is today limited mainly to humanitarian relief.

In 2006 Hamas was ready to buy into democracy. It needs to be cajoled back to this judgement that it has a prospective place in a democratic state apparatus. The EU could at least help to form a joint committee between the West Bank and Gaza regimes. If some form of Fatah-Hamas reconciliation does appear to be in the air, the EU should stand ready in support and use the opportunity to re-engage in democracy-building in the Gaza strip. It is estimated that over half the population in Gaza is simply disillusioned with both main parties/movements, and potentially open to a third movement emerging between Fatah and Hamas. They should not be abandoned.

CONCLUSION

There is much justification in the calls for more direct routes to peace and there are certainly options to be entertained. But the prospects of their gaining traction in the desired manner



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»»»»» remain slim. Moreover, it would be a mistake to think that Palestinian politics can be put on hold until a final settlement is reached - especially in the context of the broader regional tumult. It is certainly the case that the incremental approach to peace has failed, and needs to be complemented. But the EU can and should still help by supporting Palestinian institution-building. Its generous support for this crucial bedrock of a two-state solution should not be abandoned. Rather, it should take on a different form. Deeper democratisation would remove an argument used against the PA in peace talks.

Prime minister Salem Fayyad wants a de facto state apparatus finished by August 2011, to force the parties back to the negotiating table. The collapse of the peace talks means he deserves enhanced European support for this aim. But he, president Abbas and the PA government must now be pushed to revert to a more democratic form of politics.

The fact that genuine and impressive progress has been made on building Palestine's proto-state has encouraged EU policy-makers to think that the agenda can almost be left on automatic pilot, simply with more of the same kind of help being offered at the technical level. The EU must change course and broaden out its approach to Palestinian politics before this sanguine view risks proving a miscalculation.

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