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‘EU differentiation’ as a case of ‘Normative Power Europe’ (NPE) in the Israeli-Palestinian conflict

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ABSTRACT
Opposition to Israel’s occupation and in particular its settlement enterprise on what the European Union (EU) perceives to be Palestinian/Syrian territories has been a consistent EC/EU policy since 1977 when what was then called the European Community (EC) issued its first declaration against the settlements. While there has been a long historical precedent for EU differentiation in the conflict, the ‘differentiation strategy’ was officially operationalized first in 2013. Using the theory of ‘Normative Power Europe’ (NPE) as a framework of analysis, this article argues that while the differentiation strategy has worked in the sense that it has created a normative, legal and in a few cases economic separation in the EU’s dealings with the internationally-recognised Israel and the non-recognised settlements, it has with some very minor, insignificant exceptions, not changed the realities on the ground in Israel-Palestine.

A weak and ineffective normative power?1

With some notable exceptions (Nikolov 2014, 2017; Persson Persson 2015, 2017), the literature on ‘Normative Power Europe’ (NPE) in the Israeli-Palestinian conflict has typically portrayed the EU as being a weak and ineffective normative power in the conflict, displaying, at best, only very limited normative power in the Israeli-Palestinian conflict (See, for example Azhar and Pinfari 2017, 69; Bicchi and Voltolini 2017, 5; Del Sarto 2014, 213; Diez and Pace 2011, 220; Gordon and Pardo 2015a, 2015b, 424, 2015c, 267; Harpaz and Shamis 2010, 587; Harpaz and Rubinson 2010, 551; Pardo 2015, 99; Pace 2016, 407). The EU’s new differentiation strategy, defined by the think tank European Council on Foreign Relations (ECFR) as ‘a variety of measures taken by the EU and its member states to exclude settlement-linked entities and activities from bilateral relations with Israel’ (Lovatt 2016, 2), therefore provides a new and very interesting case study for the EU’s normative power.2 This article asks the questions what the differentiation strategy has achieved so far from a ‘Normative Power Europe’ perspective and to what extent, if any, the EU has been able to diffuse the norms behind NPE and shape the discourse when it comes to differentiation in the Israeli-Palestinian conflict.

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In contrast to most of the previous literature, this article has a more positive view of NPE in the Israeli-Palestinian conflict, clearly identifying areas where it has made a difference, primarily when it comes to shaping the discourse around differentiation and diffusing the first and fifth of the NPE norms: a limited contribution to peace and rule of law. This article found no evidence of diffusion regarding the other three NPE norms: liberty, democracy and human rights. But while the differentiation strategy clearly has been normatively successful for the EU, and is indeed a clear case of NPE, it has so far changed very little on the ground in Israel-Palestine.

**Theorising and operationalizing differentiation**

It is certainly possible to argue that differentiation is a case of several well known themes in the academic EU literature. It is connected to the EU’s actor capability as a unique political system in world politics (See, for example Bretherton and Vogler 2005, 1). Differentiation could be seen as a tool for beginning to fill the EU’s well known ‘capability-expectation gap’ (Hill 1993, 325), or the related ‘rhetoric-reality gap’; which Nathalie Tocci and others have argued has been a particular problem for the EU in the Israeli-Palestinian conflict (Tocci 2009; see also Bicchi and Voltolini 2017, 1). Also important to note is that the top EU officials see differentiation as having nothing to do with what is called the BDS movement (Boycott, Divestment, Sanctions), which is based on isolating Israel, whereas differentiation is based on deepening Israel’s integration with the EU (Lovatt and Toaldo 2015, 2). Lars Faaborg-Andersen, the EU's ambassador to Israel, has for example, on several occasions gone out of his way to explain to the Israeli press that differentiation has nothing to do with BDS; at one point even saying that settlement products were welcome in the EU, which drew sharp criticism from the Palestinian Authority (PA) (See, for example Erekat 2016). The BDS movement, for its part, is equally critical of the EU, seeing it, in the words of its leader Omar Barghouti (2015) as 'enabling the oppressor [Israel] to carry on its injustices.'

In this article, the theory of ‘Normative Power Europe’ will serve as a conceptual framework to guide the analysis. Originally developed by Ian Manners in 2002, NPE is based on two parts. The first is the ability of the EU, according to Manners, ‘to define what passes as “normal” in world politics’ (Manners 2002, 236). In this article, this will be operationalized as to what extent, if any, the EU has managed to shape the discourse on differentiation. Secondly, the EU has, according to Manners, gradually developed a normative framework based on certain values that it tries to promote in its foreign policy. Manners identified five such core norms: peace, liberty, democracy, human rights and the rule of law (Manners 2002, 242). This will be operationalized as to what extent, if any, the EU has managed to diffuse these five norms when it comes to differentiation in the Israeli-Palestinian conflict.

The concept of the EU as a normative power is clearly connected to what Noam Sheizaf (2014) has referred to as the EU’s ‘regulatory power’ and Amichai Magen (2012, 99) calls ‘rules internalisation’ (rules, standards and regulatory models), which are very powerful vis-à-vis Israel, because of its closeness to the Union; ‘a member of the European Union without being a member of the institutions,’ as Javier Solana once put it (quoted in Pardo 2015, 4). According to Krassimir Nikolov, desk officer on Israel at the European External Action Service (EEAS):

EU law is the EU’s most important foreign policy tool. Among all ENP partners, Israel is probably the best example of the importance of the EU’s normative power. Israel’s continuous efforts for gradual rapprochement with the EU’s legal regime prove this understanding. (Nikolov 2014)
As indicated in Nikolov’s quote and as will be argued in this article, differentiation is best understood as a new strategy for the EU in the conflict with both normative, legalistic and real political underpinnings. Differentiation is seen as something that is morally right for the EU by the EU officials interviewed for this article (Interview, EU official 1; EU official 2). As the EU is a community of law, differentiation is also about ensuring legal consistency and compliance with EU law (Müller and Slominski 2017, 882); in Nikolov’s (2017, 234) words to ‘supplant political principles with legal instruments’. As noted by Azarova (2017, 12) and others, ‘The EU and its institutions are legally bound under the Lisbon Treaty to ensure respect for international law in the exercise of their powers: Finally, differentiation is a way of using contractual agreements with Israel as sticks as much as carrots, which gives it a real political basis too. It is, for example, very unlikely that the differentiation strategy would have been launched if Israel and the PA had been close to signing a final peace agreement. As several of my interviewees pointed out, the differentiation strategy should also be seen as a compromise strategy of doing something concrete against Israel’s occupation, but not too much that will really hurt it (Interview, EU official 1; Interview, Noam Sheizaf).

The historical precedents for EU differentiation in the conflict

The EU’s predecessor, the European Community (EC) has explicitly opposed Israeli settlement construction in the occupied territories since 1977, when the Bulletin of the European Communities mentioned Israeli settlements for the first time. In the final communiqué of the 1977 Euro-Arab Dialogue meeting of the General Committee, the EC stated:

the concern of the Nine over the continued Israeli occupation of Arab territories since 1967. They maintained that the Fourth Geneva Convention was applicable to the occupied territories and opposed the policy of establishing settlements there, which could only prejudice the prospects for peace. (Bulletin of the EC 2-1977, 65)

Before that, the EC’s focus in the conflict had been on Israeli withdrawal from the occupied territories, recognition of various Palestinian rights and security for all states in the region, including Israel (See, for example Bulletin of the EC 5-1976, 7). It is important to note that the first EC declaration opposing the settlements came in February 1977, three months before Menachem Begin’s Likud party won an upheaval election victory in Israel, which ended three decades of Labour dominance in Israeli politics. The EC’s declaration was therefore not a response to the rise of Likud, but the Begin government’s strong claims to ‘Greater Israel’ and increased settlement building led the EC to stiffen its positions even further. In 1979, the EC explicitly deplored Israel’s claim to sovereignty over the occupied territories and stated for the first time that it considered the construction of settlements in these territories as a violation of international law (Bulletin of the EC 6-1979, 93). A year later, in 1980, the seminal Venice Declaration stated that its then nine members:

are deeply convinced that the Israeli settlements constitute a serious obstacle to the peace process in the Middle East. The nine consider that these settlements, as well as modifications in population and property in the occupied Arab territories, are illegal under international law. (The Venice Declaration 1980)

Neither the 1967 borders, nor the issue of settlements was explicitly mentioned in the 1995 EU-Israel Association Agreement, which provides the legal framework for EU-Israel relations. The Association Agreement stated that it was only applicable ‘to the territory of the State of Israel’ (EU-Israel Association Agreement 1995; art. 83), which gave rise to a decade
and a half long rule of origin dispute concerning products made in the settlements. Already in the late 1980s and throughout the 90s, there were reports in the Bulletin concerning EC/EU doubts about the validity of the certificates of origin issued by Israel for goods produced in the settlements and also discussions in the European Parliament of suspending economic cooperation between the EC/EU and Israel (See, for example Bulletin of the EC 12·1989, 89). In 1992, the European Parliament asked the Commission to ensure that no EC funds were used to finance new buildings in the settlements (Bulletin of the EC 1/2·1992, 87). In 2004, the EU and Israel reached a technical solution whereby Israel would specify in the certificates of origin the geographic location of goods exported to the EU (Harpaz 2006, 42). A year later, in 2005, the EU decided to fully implement the rule of origin clause by subjecting products made in the settlements to customs duty, which spurred a scholarly debate over its legal basis (See, for example Gordon and Pardo 2015a, 86; see also Müller and Slominski 2017, 878). The dispute was finally settled in 2010 when the European Court of Justice (ECJ) ruled in what was called the ‘Brita case’ that ‘Member States may refuse to grant the preferential treatment’ to Israeli products made in the settlements (Infocuria C-386/08 Brita 2010, art 74:1). As both Gordon and Pardo (2015a, 100) and Voltolini (2016, 1509) have correctly noted, the rule of origin dispute created the necessary legal framework for the differentiation strategy.

In 2012, the Council issued two major declarations against the Israeli settlements, preparing the ground for a more legalistic EU approach to the conflict. In May 2012, the Council declared ‘to fully and effectively implement existing EU legislation and the bilateral arrangements applicable to settlement products.’ (Council of the European Union 2012a) In December 2012, the Council went one step further, expressing its commitment to ensure that – in line with international law – all agreements between the State of Israel and the European Union must unequivocally and explicitly indicate their inapplicability to the territories occupied by Israel in 1967, namely the Golan Heights, the West Bank including East Jerusalem, and the Gaza Strip. (Council of the European Union 2012b)

It should also be mentioned that for several years before the differentiation strategy was operationalized in 2013, the EU faced both internal pressure from the Commission, the European Parliament and the European Court of Justice, as well as from external advocacy groups, to adopt a more legalistic strategy vis-à-vis the Israeli-Palestinian conflict (See, for example Aprodev et al. 2012; Müller and Slominski 2017; Nikolov 2014; see also the work of the MATTIN Group in Azarova 2013 and Voltolini 2016).

### Operationalizing differentiation

According to Andrew Standley, the former EU ambassador to Israel, the settlement guidelines were meant to ‘operationalize’ the two declarations from 2012 in practical terms (quoted in Keinon 2013). Another (now former) top official at the EU delegation in Tel Aviv argued that the guidelines were ‘about putting the rules of the game in writing’ (De Waele, quoted in Winer 2013). Dutch FM Frans Timmerman bluntly stated that ‘for the European Union and the Netherlands, Israel ends at the Green Line.’ (quoted in Hass 2013) A year later, in 2014, Lars Faaborg-Andersen, the EU ambassador to Israel, told Israeli media that the EU was effectively ‘disengaging from the settlements’ (quoted in Bechor 2014).

Few in Europe took notice of the guidelines against the settlements when they were issued during the summer holiday season in 2013, but they immediately created a political
storm in Israel. PM Netanyahu was quoted in the Israeli press as saying that Israel’s failure to stop them represented his country’s biggest diplomatic failure since he entered politics three decades ago (Ravid 2013a). Palestinian commentators, from the PA to Hamas, were generally supportive of the guidelines when they were issued (Maan 2013).

The Israeli government initially responded to the European Commission that it would be unable to sign the upcoming €80 billion Horizon 2020 research project, set to begin in January 2014, if the guidelines remained in place. Israel was the only non-European country offered to participate fully in Horizon 2020, and was expected to contribute about €600 million to the project and receiving more than €1 billion in return (Lis 2013). Underscoring that R&D now must be considered as an issue of the highest strategic importance for Israel, Prof. Manuel Trajtenberg, then chairman of the Israeli Planning and Budgeting Committee of the Council for Higher Education, told the ministers during the government’s deliberations over how to respond to the guidelines that if Israel gave up its share in Horizon 2020, it would be ‘the end of the world, a blow that even the devil never invented.’ (quoted in Verter 2013)

After huge pressure, not least from the academic community, the Israeli government finally accepted the guidelines with some reservations. In the compromise that was reached, Israel was allowed to insert a clause that stated that it did not recognise the EU clause stipulating that the occupied territories were not part of Israel. Consequently, there is, for example, a unilateral statement by Israel attached to the Horizon 2020 agreement stating ‘that references to Commission Notice No 2013/C-205/05 [the settlement guidelines] should not be construed as prejudicing Israel’s principled position against it.’ (Unilateral Statement by Israel, OJ L 177,7 17.6.2014, 1) Following this compromise, Israel was, in the words of an Israeli official, allowed ‘to march with [the guidelines] but not feel them.’ (quoted in Sheizaf 2013)

**The normative and discoursive significance of the 2013 settlement guidelines**

When the guidelines were issued, the feeling among many Israeli commentators from the left to the right was that the guidelines were the first actual step against Israel’s occupation to be taken by a major international power (See, for example Margalit 2013; Sheizaf 2013). Sheizaf (2013) argued that it ‘was the day Europe finally got Israel’s attention’. Haaretz’s diplomatic correspondent Ravid (2014) wrote that it was the ‘biggest scoop’ he had ever had. Israel Hayom’s Margalit (2013) wrote ‘Make no mistake, this is an important document. Not because of its content…Its importance steems from its function as a dangerous stepping stone for further boycotts’. A senior Israeli official, speaking on condition of anonymity, described the new guidelines as an ‘earthquake’ in the Israeli press because it was the first time ‘an official, explicit guideline has been published by the European Union bodies.’ (quoted in Ravid 2013b) The significance of the guidelines, according to the official, was that ‘Until today there were understandings and quiet agreements that the Union does not work beyond the Green Line [the pre-1967-war border]; now this has become a formal, binding policy.’ (quoted in Ravid 2013b) The PA welcomed the guidelines and FM Riyad al-Maliki said that it ‘hugely helps the Palestinians and their position. It is a very important message for us.’ (quoted in Maan 2013) Another Palestinian official told the Israeli press that ‘The Palestinians attach huge importance to this decision, because it creates international pressure on Israel to stop settlement construction.’ (quoted in Lazaroff and Toameh 2013)
The long-sought and suddenly acquired ‘player status’ for the EU in the conflict was much welcomed and clearly visible in an interview then EU ambassador to Israel, Andrew Standley, gave to The Jerusalem Post, where he said that it was time to put to rest the misconception in Israel that the EU was only a ‘payer not a player’ whose job was to write checks to the Palestinians and not do much more than that (quoted in Keinon 2013). In the words of ambassador Standley:

If you want to see the silver lining in the [settlement guidelines] cloud, it is that it has brought into the forefront and attention of the wider Israeli public just how important Israel’s cooperation with Europe is. People have been focusing very much on the scientific and technological cooperation – how important that is to Israel. And that is not the characteristic of someone who is a payer, not a player. (quoted in Keinon 2013)

As Gordon and Pardo (2015b, 417) have argued, the importance of measures like the settlement guidelines and of the EU’s normative power more generally in the conflict is to a certain degree depending on the resistance it encounters, since without visibility, these measures lose a key part of their potency. This is certainly correct, because as one of the logics behind the differentiation strategy is to create political confrontations with Israel over the occupation and the settlements, the differentiation strategy only gains momentum when there are concrete cases to apply it on. Even so and in contrast to the other differentiation measures discussed in this article, the up until now stalled case of the new Europol agreement with Israel is an example of a case of differentiation with relatively little visibility and political confrontation (i24NEWS 2017).

**Differentiation in everything but the name**

As a term, differentiation is still not accepted EU language, even if the European Parliament (2015) has used it, as has individual member states like Sweden (Wallström 2015). Other members’ states like Germany use the term ‘distinction’ (Federal Foreign Office 2017). According to a senior official at the EU delegation in Tel Aviv and underscoring its significant normative and discoursive impact, it is ‘toxic to spell it out because Israel is very sensitive to the term “differentiation”, seeing it as a trajectory that they want to stop’ (Interview, EU official 1). Nevertheless, there is a clear differentiation strategy in play vis-à-vis Israel in everything but name, according to the two EU officials that I interviewed for this article (Interview, EU official 1; EU official 2). In public and in the press, many top EU officials have tried to downplay the significance of the differentiation strategy, often by referring to it as a technical rather than a political issue, which has been a serious mistake, according to Nikolov (2017, 234). For example, Andrew Standley, the former EU ambassador to Israel, referred to the 2013 settlement guidelines as ‘a bump in the road’ (quoted in Keinon 2013) and the European Commission’s vice president Valdis Dombrovskis told the press in 2015 that the labels on Israeli settlement products were merely ‘a technical issue, not a political stance.’ (quoted in De La Baume 2015) A European Commission’s spokesperson told the Israeli press that the labels on settlement products would simply ‘ensure the uniform application of the rules concerning the indication of origin of Israeli settlement products. The aim is to ensure effective implementation of existing EU legislation.’ (quoted in Lazaroff 2015) No one in Israel buys the argument that the differentiation measures are only technical steps and not political in nature. The Israeli Foreign Ministry, for example, said in its response to the EU’s labels on
settlement products that the argument that this is only a technical step was ‘a baseless cynical claim’ by the EU (quoted in Ravid 2015a).

The two senior EU officials I interviewed for this article regarded the differentiation strategy as a very important tool – both technical, but no less political – for the EU in the conflict. According to one of them, a decision was taken in Brussels to present the differentiation strategy as a technical matter because that would make less room for arguments against it, and thus harder for Israel to counter it (Interview, EU official 1). The other said that it was not very convincing for anyone to present the differentiation strategy as a technical measure, but that member states, especially Germany wanted it to be like this (Interview, EU official 2).

**EU diffuses, Israel adopts the NPE norm of law**

In 2014, the European Commission implemented a policy of non-recognition of Israeli veterinary supervision beyond the Green Line, which effectively banned organic produce and animal products, including eggs, poultry and dairy from entering the EU (Coren 2014; EUbusiness 2014). Since the EU did not recognise the Israeli Agriculture Ministry’s activities in the West Bank, these products were considered unregulated by the EU. In practice, this meant, for example, that Israeli chicken farmers had to set up different production lines for chickens raised in the settlements and for those raised within the Green Line (Coren 2014). An Israeli official told the press that this was one of the ‘strangest diplomatic disputes’ he had ever encountered (quoted in Haaretz 2014). Another Israeli official said it was ‘a technical step, with far reaching consequences.’ (quoted in Lazaroff 2014). According to a senior official at the EU delegation in Tel Aviv, the Israeli Agriculture Ministry has been very cooperative in helping to separate these types of banned settlement products from those that originate within the Green Line (Interview, EU official 2). Within the framework of NPE, this would be a small, but clear example of the EU diffusing and Israel adopting the NPE norm of rule of law.

Israeli farmers in the Jordan Valley in the West Bank reported in 2014 that sales to Western Europe had plummeted in the last two years, with some products dropping as much as 50% (Associated Press 2014). David Elhayani, head of the Jordan Valley Regional Council, which represents about 7,000 settlers said that ‘the damage is enormous’ and that ‘today, we are almost not selling to the (Western) European market anymore.’ (quoted in Associated Press 2014) To date, according to ECFR, 18/27 EU members have issued business advisories warning businesses of the legal and financial consequences involved in doing business with entities linked to Israel’s occupation (Lovatt 2016, 6). In 2017, Elhayani told the Israeli press ‘that products from the Jordan Valley are treated as contaminated goods’ in Western Europe (quoted in Eichner 2017).

**The PA supports, Israel pushes back at EU differentiation**

According to a senior official at the EU delegation in Tel Aviv, the harsh Israeli reaction to the settlement guidelines was meant to prevent future differentiation measures, such as labels on settlement products (Interview, EU official 1) When the EU finally decided to start labelling settlement products in November 2015, after several years of deliberation and hesitation, Israel wanted but did not get assurances from the EU that this would be the last
differentiation measure (Interview, EU official 2). This assessment was shared by Daniel Levy, at the time the Middle East director at the ECFR, who argued that ‘The Israeli pushback is about trying to intimidate Europeans from not going further down this path.’ (quoted in Rudoren and Chan 2015) Israeli PM Benjamin Netanyahu responded by calling the labels ‘heinous’ – a term normally reserved for terror attacks in the political lexicon in Israel (quoted in Times of Israel 2015). The US-based Simon Wiesenthal Center, which normally combats anti-Semitism, ranked the EU’s labelling of settlement products as the third worst outbreak of anti-Semitism and anti-Israelism in the world that year, higher than Palestinian incitement and the threat from Iran (The Simon Wiesenthal Center 2015, 1). Top PA official Mohammed Shtayyeh made an explicit connection to the BDS movement when he argued that ‘If Europe begins labelling settlement products, then this will mean that they have put their political position into effect in the sense that there will be a real and true boycott of settlement goods.’ (quoted in Reuters 2015) Likewise, the Israeli FM spokesperson Emmanuel Nahshon said that the labels ‘will be a de facto boycott against Israel’ (quoted in Reuters 2015) Both of these statements are, at least for the time being, factually incorrect, as settlement products continue to be sold in the EU. Other Palestinian officials, such as Erekat and FM Maliki argued that ‘If the settlements are illegal, then settlers are illegal and then products are illegal, that is obvious.’ (Maliki quoted in Lazaroff 2016)

It is very interesting to note that both Israeli and Palestinian officials, for their own reasons, regularly draw parallels between differentiation and BDS. In both Israel and the Palestinian territories, top officials from both governments typically speak about differentiation as a strategy for boycotting, divesting from and sanctioning Israel. Israeli FM spokesperson Nahshon described, for example, the EU labels on settlement products as ‘discriminatory with a sharp smell of boycott’ (quoted in Ravid 2015b), while top PA negotiator Saeb Erekat welcomed the labels as a ‘significant move toward a total boycott of Israeli settlements’ (quoted in Maan 2015). According to veteran Palestinian negotiator and academic Ghassan Khatib, BDS and differentiation are two different things, but complementing each other in that both are based on peaceful, non-violent means and anchored in international law (Interview, Ghassan Khatib). In an email conversation with this author, Israeli FM spokesperson Nahshon argued the opposite in stating:

The EU policy on settlements and the BDS movement are not identical, but they bear many disturbing similarities – they are both based on singling out and outright discrimination. Both lack legal basis and encourage hatred and discrimination, to the detriment of a negotiated peace solution between Israel and the Palestinians. They both reflect moral bankruptcy. (Email correspondence with Israeli FM spokesperson Nahshon)

It is also important to note that a crucial difference between, on the one hand, the guidelines and the suspension of veterinary inspection and, on the other, the labels, was that the two former were wholly-owned by the European Commission, while it was up to the members to decide on labelling settlement products, which immediately exposed the divisions within the EU, as some members, notably Hungary bluntly said ‘We do not support that decision’ (Hungarian FM Szijjártó quoted in Ahren 2015). Greece and the Czech Republic expressed similar reservations (Lovatt 2016, 6, 7).
Mainstreaming differentiation

Even if it is difficult to establish the exact causal mechanisms involved, there is strong evidence suggesting that the EU’s differentiation strategy has had a legitimising and encouraging effect, even if the EU, as Hugh Lovatt of ECFR has correctly noted, has been rather mute in claiming credit for it (Interview, Hugh Lovatt). Other actors involved in the conflict, most notably the US government, leading human rights and civil society organisations, have explicitly expressed their support for the EU’s labelling of settlement products, which, of course, emphasises the EU’s normative power on this issue (Associated Press 2015). Most likely encouraged by the differentiation strategy, a number of European companies and institutions have divested from Israeli entities directly involved in the occupation in recent years (Gordon and Pardo 2015b, 423). Directly following the EU, Human Rights Watch (2016) published a major report in 2016 where it approved of all the EU’s differentiation measures. Amnesty went one step further in 2017, launching a campaign to ban Israeli settlement goods and to stop international companies from operating in settlements or trading in their goods (Amnesty 2017). Liberal Zionists groups in the US, as well as the editorial board of The New York Times have also expressed support for differentiation (Thrall 2017, 72). The Chinese government has also differentiated between Israel and the occupied territories in questions regarding Chinese workers (Ravid and Berger 2017). In December 2016, the differentiation strategy was further mainstreamed when the UNSC adopted resolution 2334, which in article 5 called upon all states ‘to distinguish, in their relevant dealings, between the territory of the State of Israel and the territories occupied since 1967.’ (UNSC res. 2334 2016) In 2017, five EU members of the UN Human Rights Council helped pass a comprehensive resolution on Israeli settlements containing some of the strongest language on differentiation to date (Dajani and Lovatt 2017, 10; UNHCR 2017).

In addition to the EU’s more formal, if not yet official policy of differentiation, there seemed in 2016–2017 to be a growing trend of what might be called more ‘grassroots differentiation’ where the PA, civil society organisations and other activists were involved in trying to get organisations like FIFA and companies like Airbnb, PayPal and Hewlett Packard to suspend their activities with Israeli entities behind the Green Line (See, for example Brown 2016). The logic behind these measures is to create political confrontations by urging these actors to uphold what the activists perceive to be these organisations’ and companies’ own internal regulations. According to Israeli analyst Noam Sheizaf, grassroots differentiation largely bypasses the political establishment and can be exercised by remote control by activists outside the Israel-Palestine region with reasonable chances for the activists to be successful. Grassroots differentiation has, in Sheizaf’s view, future potential across the board (Interview, Noam Sheizaf).

Focusing on the state or the settlements?

The differentiation measures taken so far have by no means stopped Israel’s continued expansion of settlements, but they have, according to a senior official at the EU delegation in Tel Aviv, helped to contribute to the pressure the Israeli government has been under to moderate settlement expansion during Obama’s two terms as president (Interview, EU official 2). Within the framework of NPE, this can be seen as supporting the EU’s peace vision of a two-state solution, as it has had some effect, however limited, on the ground. As things stand at present,
there is little political will in the EU for further political confrontations with Israel, according to the two senior EU officials interviewed for this article (Interview, EU official 1; Interview, EU official 2). Also important to note is that Federica Mogherini, the current High Representative of the EU's foreign policy, is widely seen as being against further differentiation measures against Israel (Interview, EU official 2; see also Macintyre 2016). Even if differentiation will be added to future agreements between the EU and Israel, such as the stalled Europol agreement, it is not considered to be ‘an active policy at the moment,’ according to one senior EU official I interviewed (Interview, EU official 1), which underscores Gordon’s and Pardo’s (2015b, 417) argument that the differentiation strategy needs visibility and political confrontations to stay relevant. At the same time, however, the EU officials I interviewed agreed that this inactivity could change if there are significant negative developments in the conflict, such as the collapse of the PA, a full or partial Israeli annexation of Area C, or a major outbreak of violence. In such scenarios, the most likely countermeasure from the EU would be a complete import ban on settlements products, according to the officials I interviewed. They did not see restrictions against Israeli banks because of their involvement in the settlement enterprise, as was suggested in a 2015 ECFR report, as a realistic differentiation measure at the moment. The same is true for visa restrictions for Israeli settlers (Interview, EU official 1; Interview, EU official 2).

Even if, as was mentioned in the beginning, the differentiation strategy is about excluding settlement-linked entities and activities from the EU’s relations with Israel, the differentiation measures taken so far by the EU and its members (Horizon 2020, business advisories, labels on settlement products, suspension of veterinary inspections) have mostly focused on Israeli settlements and not on the Israeli state entities behind them. This has led critics to argue that the mostly exclusive focus on settlements rather than the state behind them actually reinforces the status quo and deepens the occupation. Gordon and Pardo (2015b, 417) have argued that the 2013 guidelines allowed ‘Israel to continue the occupation as if business was usual.’ International Crisis Group’s senior analyst Nathan Thrall (2017, 72) has gone even further, arguing that differentiation prolongs the occupation by assuring that only settlements and not the government that creates them will suffer consequences for repeated violations of international law. Thrall (2017, 72, 73) then incorrectly states that supporters of differentiation rejects penalising Israeli state entities, like financial institutions, that help and profit from the settlements, but this is exactly what ECFR has called for since it published its first report on differentiation in 2015 (Lovatt and Toaldo 2015, 7).

Conclusion: a normatively successful strategy with little political or economic impact so far

As Israel has struggled for decades now to erase the Green Line, the EU has likewise struggled for almost the same period to reaffirm the Green Line as the border, with some modifications, between Israel and what it hopes will be a future Palestinian state. This has been successful from a normative point of view, as the whole international community is in clear opposition to Israel’s settlement policies. The differentiation strategy has been important in contributing to the international community’s wall-to-wall consensus regarding the illegitimacy and illegality of Israel’s ongoing occupation and, in particular, its settlement project, something that was clearly visible in UNSC res. 2334. It is also important for the EU’s self-identity and a clear case of its normative power in world politics, primarily when it comes to diffusing the
NPE norm of rule of law. However, this normative power has so far failed to translate itself into a significant policy impact on the ground in either political or economic terms. Israeli and Palestinian officials have, for their own reasons, continuously tried to connect the EU's differentiation strategy to the BDS movement, claims which have almost always been repudiated by both EU officials and spokespersons for the BDS movement. The differentiation strategy, including what in this article have been referred to as grassroots differentiation, will probably develop further, but a key question is to what extent future differentiation measures will focus on Israeli state entities involved in the settlements, as opposed to the mostly exclusive settlement focus it has had so far. According to Hugh Lovatt of ECFR, the differentiation strategy is the highest attainable bar at present, as there currently is little appetite for more punitive measures against Israel in either Europe or the US (Interview, Hugh Lovatt). At the same time, there seems to be a clear agreement, even among the present critics of the differentiation strategy, that the more this strategy will sanction Israeli entities behind the occupation and the settlements, the more effective it will be (Thrall 2017, 73).

Given the current limited appetite in the EU for deepened and broadened differentiation measures against Israel, future research should look into how individual members and other entities in Europe are trying to circumvent this stalemate. Another fruitful area of research would be to look into the growing number of US states (22 as of August 2017) enacting legislation against boycotts of Israel, including not just the internationally-recognised Israel within the 1967 borders, but also against what is called 'Israeli-controlled territories' (JTA 2017). At present, there are many more questions than answers about what consequences these measures may have in relation to the EU's, including its members, differentiation strategy.

Notes
1. Within the framework of writing this article, the author made three trips for interviews and field studies to Israel-Palestine during 2016. I asked at the EU delegation in Tel Aviv, at the Israeli and Palestinian MFA's to speak with the officials most knowledgeable about the differentiation strategy, which I was permitted to do. I also interviewed some academics, think tank officials and journalists who were knowledgeable about the strategy. Some of the interviewees required anonymity in the sense of being referred to as 'an official at the EU delegation in Tel Aviv' etc. The two Israeli officials I interviewed at the MFA refused to be quoted, even anonymously, in the text. Because of this, I had to redirect some questions to the official spokesperson of the Israeli MFA, Emmanuel Nahshon. The interviewees are listed in the back after the references.
2. Coined by the ECFR in its 2015 report, differentiation is arguably the most appropriate and most common term to use for this new strategy, but it has been referred to as 'distinction' as well in UNSC res. 2334, in a leak from the Council and in the Israeli press (See, for example Ravid 2016).

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