



Beyond Labels

Furthering Economic Co-operation
in Pursuit of Lasting Peace

A Response to the EC Labelling Directive on Israeli Settlements

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Furthering Economic Cooperation between Israelis and Palestinians
in the Pursuit of Lasting Peace - By **Michael Hines**¹

Any discrimination based on any ground such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation shall be prohibited... [A]ny discrimination on grounds of nationality shall be prohibited.

Article 21 of the EU Charter of Fundamental Rights²

Abstract

EU labelling guidelines for Israeli 'settlement' enterprises apply a discriminatory double-standard based on a political agenda with little regard for the welfare of the Palestinian workers who will be disproportionately harmed by their implementation. Furthermore, these new rules impose a punitive burden on those Israelis and Palestinians who are seeking closer economic ties, weaken the EU's own stated objective of fostering a climate of greater co-existence and compromise, actively encourage the boycott of Israeli goods and prejudice the future borders of any prospective peace deal. While having minimal economic impact on Israel's €30 billion annual trade with Member States, these regulations will prove to be counter-productive in the EU's quest to be an honest broker in facilitating a lasting Middle East peace and, for all these reasons, should be rescinded.

I. Overview

On 11 November 2015, the European Commission issued an 'Interpretative Notice' on labelling goods from Israeli enterprises in territories claimed by the Palestinian and Syrian peoples.³ This directive, issued to the relevant authorities in all 28 EU Member States, re-affirmed the longstanding European position that it does not recognise Israeli sovereignty over any "territories occupied by Israel since June 1967." It also reminded Member States that current EU legislation demands the "mandatory indication of origin of the product in question." Since the required labelling "must be correct and not misleading for the consumer," and the EU does not recognise the Golan Heights, West Bank or East Jerusalem

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² European Commission (EC), 'Charter of Fundamental Rights of the European Union,' as adopted, 18 December 2000, *Official Journal of the European Communities* (OJ C 364, 18.12.2000, p. 13).

³ EC, 'Interpretative Notice on indication of origin of goods from the territories occupied by Israel since June 1967,' as issued 11 November 2015, *Official Journal of the European Union* (OJ C 375, 12.11.2015, pp. 4-6).

as part of Israel, the designation ‘*Made in Israel*’ (or ‘*Product from Israel*’) is thus “incorrect and misleading” when applied to goods originating from those areas.

These guidelines, though technical by nature, have clearly been constructed to further the EU’s foreign policy objectives in the Middle East, thinly veiled under the guise of promoting consumer choice. They build on an earlier Commission directive published in July 2013 which invoked a “territorial clause” with regards to Israeli activities beyond its pre-1967 borders, restricting cooperation on a wide range of funding initiatives, including research grants, scholarships and bank loans from the European Investment Bank.⁴ Upon their release the 2013 guidelines were described by Israeli officials as an “earthquake” in EU relations and, conversely, “a significant political and economic sanction against settlements,” by Palestinians.⁵ These polarized responses were due to the fact that both sides accurately foresaw them paving the way for the 2015 labelling law.

Thus, despite EU efforts to downplay the political nature of the initial guidelines and the subsequent labelling directive, it is clear that the latest ‘Interpretative Notice’ has clearly been formulated to apply punitive pressure on Israelis doing business over the 1967 ‘Green Line,’ and strengthens the gathering Boycott, Divestment and Sanctions (BDS) movement throughout Europe.⁶

It is the contention of this paper, therefore, that the Commission’s labelling directive:

- 1. Contravenes Oslo** – The guidelines seek to prejudge the future boundaries of a Palestinian State in a manner that disregards the 1993 Oslo Peace Accords, contravening the basis of international diplomacy in the region for more than two decades and demonstrating the EU’s unwillingness to take an impartial approach to competing territorial claims.
- 2. Applies a Double Standard** - Such a law has no precedence with the EU’s dealings with any Member State or preferred trading partner. There are no labelling laws for Moroccan-controlled Western Sahara nor for the northern territory of Cyprus both which are illegally occupied according to international law. This double-standard is

⁴ European Commission, ‘Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards,’ 19 July 2013, *Official Journal* (OJ C 205, 19.7.2013, pp. 9-11).

⁵ ‘EU: Future agreements with Israel won’t apply to territories,’ *Ha’aretz*, 16 July 2013; ‘EU takes tougher stance on Israeli settlements,’ *The Guardian*, 16 July 2013.

⁶ See for instance, ‘Statement by EU High Representative Catherine Ashton on the publication of guidelines on Israel and EU funding instruments,’ 19 July 2013; and, EC, ‘Indication of Origin Fact Sheet,’ 11 November 2015 (http://eeas.europa.eu/delegations/israel/documents/news/20151111_indication_of_origin_fact_sheet_final_en.pdf). The Fact Sheet adamantly opposes any suggestion that the EU supports “any form of boycott or sanctions against Israel,” despite the fact that proponents of the new labelling guidelines have openly acknowledged that they will enable individual Member States to penalize trade and tourism with Israeli entities operating beyond the pre-1967 borders, a key objective of the BDS movement.

even more puzzling since Ankara still refuses to recognize the Republic of Cyprus - one of the European Union's own Member States.

3. **Promotes Boycotts** - Such a law comes dangerously close to laws that existed in Nazi-occupied Europe where Jewish products were labelled and Jewish business boycotted. While the Commission argues that it opposes any form of boycott and sanctions against Israel, Member States have already interpreted the 2013 guidelines in a manner that is consistent with the objectives of the BDS movement, and will likely read the new labelling directive as endorsement of further sanctions against Israeli-owned enterprises that operate in the territories.⁷
4. **Hurts Palestinian Workers** - While the Commission estimates that the labelling directive will impact "less than 1%" of the €30 billion annual EU-Israel trade,⁸ the effects will be felt disproportionately among the thousands of Palestinian families who depend on Israeli businesses for their livelihood and who receive remuneration that is usually significantly higher than the average Palestinian wage.
5. **Weakens Coexistence** – Israel's thriving economy has, in the past two decades, produced a climate of entrepreneurialism and coexistence that is unparalleled throughout the Middle East. The social and economic position of Israel's Arab minority has increased to the point that it is the only place in the region where they can enjoy full democratic rights and equal access to education and economic development. Beyond the pre-1967 borders, the only points of peaceful coexistence have been the very companies now being targeted by this law. While forcing them to relocate this might serve the narrow nationalistic interests of the Palestinian Authority it does not serve the interests of peace.

For all these reasons, the European Commission should seek ways to foster *greater* economic and political engagement between Israelis and the Palestinians rather than issuing guidelines that penalise the few pockets of fragile co-existence that have so far managed to defy the prevailing climate of suspicion and mistrust.

Only by going *beyond labels* will the EU be able to build a credible platform through which it can both expand its values and bring lasting peace.

⁷ 'UK government issues warning over doing business with Israeli settlements,' *The Guardian*, 9 December 2013; See also: UK Trade & Investment, 'Overseas Business Risk – Israel,' 3 December 2013, (<http://opentoexport.com/article/overseas-business-risk-israel>), and Palestinian BDS National Committee, 'UK government warns businesses about illegal settlement enterprise,' 9 December 2013, (<http://www.bdsmovement.net/2013/uk-government-warns-business-links-settlements-11475>).

⁸ EC, 'Indication of Origin Fact Sheet,' 11 November 2015.

II. Labels Contravene the Oslo Accords

It is no secret that the EU views Israel's presence in the territories to be "illegal under international law."⁹ Yet, although the EU has consistently advocated in favour of a two-state solution, it has also stated that it will not "recognise any changes to the pre-1967 borders including with regard to Jerusalem, other than those agreed by the parties."¹⁰ To that end, the second 'Palestinian Authority Action Plan' ratified in 2013 under the terms of the European Neighbourhood Policy, reaffirmed Europe's commitment to work towards a comprehensive and lasting peace based upon the principles of the 1991 Madrid Peace Conference, and the subsequent agreements "reached by the parties" upon signing the 1993 Oslo Peace Accords.¹¹

A. The Centrality of Oslo

The centrality of Oslo, thus, cannot be ignored. These agreements, though severely tested over the past twenty-two years, continue to provide the legal and practical framework for the day-to-day functioning of the Palestinian Authority and govern the terms of its economic and security cooperation with Israel. Although the European Commission and EU Member States represent the largest single donor bloc financing the PA and its affiliated institutions,¹² it is Israel's ongoing willingness to abide by its side of the Accords that has allowed the sustained development of Palestinian civic society. This continues to be the case despite Mahmoud Abbas' recent declaration that the PA is no longer prepared to abide by them.¹³

At the heart of the Oslo initiative was the recognition that the future boundaries of Israel and any prospective Palestinian entity would have to be worked out at the negotiating table, "with equivalent land swaps as may be agreed between the parties."¹⁴ By instituting a labelling regime that automatically delegitimises certain Israeli communities beyond the 1949 armistice line and bequeaths disputed Jordanian territory to the, as yet, non-existent State of Palestine, the EU is pre-determining the outcome of those negotiations. Above all, it is removing any incentive from the Palestinian Authority to fulfil its side of the process as demanded by the 1993 Oslo Accords, the 2002 Roadmap for peace, and the ongoing diplomatic efforts of the Madrid Quartet; namely, recognising Israel's right to exist in peace and security, ending incitement and forswearing terrorism in all its forms.

⁹ European Neighbourhood Policy, 'European Union-Palestinian Authority Action Plan,' 2013. (http://eeas.europa.eu/enp/pdf/pdf/action_plans/pa_enp_ap_final_en.pdf)

¹⁰ EU 'Foreign Affairs Council Conclusions,' 8 December 2009.

(http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/111833.pdf)

¹¹ 'EU-PA Action Plan,' 2013.

¹² See Jürgen Bühler, 'European Leadership Funding: Investing for Peace in the Middle East,' European Coalition for Israel, October 2005. (<http://int.icej.org/european-leadership-funding>).

¹³ 'Abbas Says Palestinians No Longer Are Bound by Oslo Accord' *Wall Street Journal*, 30 September, 2015. (<http://www.wsj.com/articles/abbas-says-palestinians-are-no-longer-bound-by-oslo-accord-1443637744>)

¹⁴ 'EU-PA Action Plan,' 2013.

B. The Problem with Syria

Furthermore, by uniformly applying the latest labelling guidelines, the EU is failing to distinguish between the differing status of the territories in question. It maintains the fiction, for instance, that Israel is occupying Syrian land in the Golan Heights that was itself illegally occupied by Damascus for nineteen years in the aftermath of the 1948 Syrian invasion.¹⁵ The EU's approach is even more hypocritical in the light of ongoing European military action against Da'esh (The Islamic State) and its vociferous support of Syrian regime change ("political transition").¹⁶ The EU is surely not advocating an Israeli withdrawal from the Golan Heights where it maintains the only truly stable border with Syria, and where it has successfully prevented the Syrian conflagration from spreading further? If not, then why is it delegitimising the Israeli presence there?

The same confusion is evident in the blanket designation of more than half the city of Jerusalem, including the historic Jewish Quarter in the Old City and the Western Wall plaza, as "Israeli settlements". If the EU has now taken the position that Israel has no legitimate claim to any part of its capital beyond the 1949 armistice lines, then, in effect, it is abandoning the principles of Madrid, Oslo, *and* the Roadmap, and has moved to the position of seeking an imposed, rather than a negotiated agreement.

C. The Reality on the Ground

With its determination to apply the new labelling guidelines equally to all the disputed territories, the EU is demonstrating that its policies are geared more towards political posturing than taking a serious look at the reality of the situation on the ground more than a generation after the end of the Six Day War. Israeli communities in Judea and Samaria are now home to hundreds of thousands of civilians; those on the Golan are on the frontline of the Syrian civil war, and five decades of rapid urban development in Jerusalem has seen the city's population triple from 263,000 in 1967 to over 800,000 in 2011.¹⁷

By pre-supposing what the borders of Israel and a future Palestinian State will be, this labelling directive contravenes the very Accords which underpin the legitimacy of the

¹⁵ Even UN Resolution 242 – the basis of the EU's claim that Israeli settlements are illegal under international law – is deliberately ambiguous as to the exact parameters of the envisioned Israeli withdrawal, and affirms that any such withdrawal should be conditioned on the cessation of Arab belligerency towards Israel. See Article 1.i and 1.ii of UNSC Resolution 242 as passed on November 22, 1967. See also, Ruth Lapidoth, 'Security Council Resolution 242: An Analysis of its Main Provisions,' Jerusalem Center for Public Affairs, (<http://jcpa.org/text/resolution242-lapidoth.pdf>).

¹⁶ 'Final declaration on the results of the Syria Talks in Vienna as agreed by participants,' European External Action Service (EEAS), 30 October, 2015, (http://eeas.europa.eu/statements-eeas/2015/151030_06.htm). See also, 'Remarks by High Representative/Vice-President Federica Mogherini upon arrival at the Foreign Affairs Council,' EEAS, 16 November, 2015, (http://eeas.europa.eu/statements-eeas/2015/151116_01_en.htm).

¹⁷ See useful selection of links to primary sources on the changing demography of Jerusalem in, 'Demographic History of Jerusalem,' *Wikipedia* (https://en.wikipedia.org/wiki/Demographic_history_of_Jerusalem).

Palestinian Authority and demonstrates the EU's unwillingness to take an impartial or even-handed approach the competing territorial claims at the heart of the conflict.

III. Labels Contradict EU Principles

On 18 December 2000, EU Member States adopted a Charter of Fundamental Rights designed to govern and inform their interactions with their citizens and to safeguard their freedoms. Predicated on the “indivisible, universal values of human dignity, freedom, equality and solidarity” the Charter affirms the fundamental “principles of democracy and the rule of law.”¹⁸ Alongside provisions safeguarding the rights of women, children, the elderly and disabled, the Charter prohibits “any discrimination on the grounds of nationality,” including race, ethnic origin, religion or belief.¹⁹

A. Double-Standards

Applying these principles to cultures and conflicts beyond the EU's own borders presents numerous challenges. However, there is legitimate expectation that the EU's interaction with nations with its neighbours would adhere to its own standards.

Yet, the new labelling directive has no precedence with the EU's dealings with any Member State or preferred trading partner. There are no labelling laws for the Moroccan-controlled Western Sahara²⁰ nor for the northern territory of Cyprus both which are illegally occupied according to international law.²¹ This double-standard is even more puzzling since Ankara still refuses to recognize the Republic of Cyprus - one of the European Union's own Member States.

Thus, while it is perfectly legitimate for the EU to take a dim view of the existence of Israeli settlements beyond the 1949 armistice lines and seek a negotiated political deal that will lead to a two-state solution, its role as a trusted peace-broker is irreparably compromised when it deliberately targets *Israeli-owned* enterprises for punitive labelling in the absence of any meaningful political process.

B. Discrimination & Boycotts

The ridiculousness of the notion is evident in the Jordan Valley where Israeli and Palestinian-owned date farms exist side-by-side, accounting for 40% of the world's medjool date

¹⁸ 'Preamble to the Charter of Fundamental Rights' p. 8.

¹⁹ 'Charter of Fundamental Rights,' Article 21, p. 13.

²⁰ See Moshe Kantor, 'Brussels embraces the anti-Israel label,' *Wall Street Journal*, 11 November, 2015. In 2014 the EU “signed an agreement with Morocco extending their fisheries treaties into Western Sahara,” argues Kantor, despite the fact that the Moroccans “have been accused of occupying that region and conducting a campaign of ethnic cleansing against the indigenous people there.”

²¹ See, United Nations General Assembly Resolution 37/253, 'The Question of Cyprus,' 13 May 1983, which reaffirms “the inadmissibility of occupation and acquisition of territories by force” and deplores the fact that “part of the territory of the Republic of Cyprus is still occupied by foreign forces.”

production. The industry was pioneered by Israelis, who over the course of the past three decades have proceeded to improve the soil, share their seedlings with their Palestinian neighbours and build a collective export base that now employs some 7,000 Israelis and 10,000 Palestinians.²² All these dates are produced in the same corner of Jordan Valley, share the same climate, soil and water, but some will now be labelled 'produce of Palestine', others produce of 'Israeli Settlement in the West Bank.'²³ How this wording can be considered to be "correct and not misleading for the consumer" as required by the EC's 'Interpretative Notice' is inconceivable, proving once again that the purpose of this directive is primarily political and, consequently, discriminatory.

Consider also the case of Israeli Arab residents who have taken up residence of East Jerusalem. Would goods exported from their business also be considered as originating from an 'Israeli Settlement in the West Bank'?²⁴ If not, the EU would be making a discriminatory designation based on nothing more than ethnic origin, and taking a step closer to targeting business owners based on ethnicity alone, a practice that is forbidden in the EU Charter and which comes dangerously close to laws that existed in Nazi-occupied Europe where Jewish products were labelled and Jewish business boycotted.

While the Commission argues that it opposes any form of boycott and sanctions against Israel, Member States have already interpreted the 2013 guidelines in a manner that is consistent with the objectives of the Palestinian-led Boycott Divestment Sanctions (BDS) movement, and will likely read the new labelling directive as endorsement of further sanctions against Israeli-owned enterprises that operate in the territories.²⁵ Even before the EU released their 2013 guidelines withdrawing funding from institutions doing business with Israeli settlements, Israeli farmers in the Jordan Valley had already seen their trade with Europe dwindle due to the influence of BDS campaigners.

"Palestinians [in Europe] were going to supermarkets and labelling it themselves," Jordan Valley farmer Hanan Pasternak told the *Times of Israel*. "It started in Scandinavia and then spread. We used to export a lot of product to Holland and England and Germany." Pasternak's only exports now are to Russia, he said.²⁶

III. Labels Harm Working Palestinians

There are 14 industrial zones with 800 factories and agricultural facilities impacted by the new labelling regulations in the West Bank alone. Together they employ some 15,000

²² Example quoted by Martin Lowe in 'The EU's Embarrassing Little Secret in Labeling Israeli Products,' *Gatestone Institute*, 19 November 2015 (<http://www.gatestoneinstitute.org/6921/israel-eu-product-labeling>).

²³ For the EU's suggested wording see EC, 'Interpretative Notice,' pp. 3-4.

²⁴ Lowe also raises this point in 'The EU's Embarrassing Little Secret.'

²⁵ 'UK government issues warning,' *The Guardian*, 9 December 2013; See also: UK Trade & Investment, 'Oversees Business Risk – Israel,' 3 December 2013, and Palestinian BDS National Committee, 'UK government warns businesses about illegal settlement enterprise,' 9 December 2013.

²⁶ 'Jordan Valley farmers unperturbed by EU labels,' *Times of Israel*, 11 November, 2015.

Palestinians earning between two and three times as much as the average salary in the Palestinian Authority.²⁷ While the European Commission estimates that the labelling directive will impact “less than 1%” of the €30 billion annual EU-Israel trade,²⁸ there is no question that the effects will be felt disproportionately among the thousands of Palestinian families who depend on Israeli businesses for their livelihood.

In 2012 a similar decision by the South African government to label products manufactured on the ‘wrong’ side of the 1949 armistice ‘Green Line’ caused Unilever to move its ‘Bagel-Bagel’ factory to Safed in the Upper Galilee and Sweden’s Mul-T-Lock corporation to move its factory to Yavneh, just south of Tel Aviv. 150 Palestinians lost their jobs when Bagel-Bagel closed but over 1,500 more lost their livelihoods as an indirect result of the decision. Even more families were impacted by the Mul-T-Lock move.²⁹

In small Israeli-owned factories such as Lipski, which makes sanitation and plumbing products in the West Bank, Palestinian workers earn up to NIS 9,000 a month, (approx. €2,200), more than three times the average salary in the PA. “If Europe boycotts me, the factory will collapse,” CEO Yehuda Cohen told *Ha’aretz* in 2013. “Do they know how many people will become destitute? What will happen to them?”³⁰

IV. Labels Hurt Prospects for Peace

Israel’s thriving economy has, in the past two decades, produced a climate of coexistence and entrepreneurialism that is unparalleled throughout the Middle East. In its latest country survey, the OECD comments that “Israel’s output growth has been impressive, considering global economic weakness,” outperforming almost every other Western economy with an unemployment rate “at a 30-year low,” and labour force participation “rising steadily.”³¹ Despite a slight downturn in 2014-2015, the OECD is projecting GDP to bounce back to 3.5% in the coming year.³²

The consequences have been felt in the improvement of the social and economic position of Israel’s Arab minority which has increased to the point that it is the only place in the region where they can enjoy full democratic rights and equal access to education and economic development. Beyond the pre-1967 borders, the increase in Palestinian participation in Israeli-owned settlement enterprises has ensured that the economic growth has spilled over

²⁷ See, ‘Irk some EU labeling of settler goods could snowball into BDS avalanche,’ *Times of Israel*, 4 June 2011; See also ‘EU Settlement ban casts shadow over Palestinian Industry in the West Bank,’ *Ha’aretz*, 11 August, 2013.

²⁸ EC, ‘Indication of Origin Fact Sheet,’ 11 November 2015.

²⁹ ‘EU Settlement ban casts shadow,’ *Ha’aretz*, 11 August, 2013.

³⁰ *Ibid.*

³¹ OECD, ‘Economic Survey of Israel 2013,’ (<http://www.oecd.org/eco/surveys/economic-survey-israel.htm>).

³² OECD, ‘Israel - Economic forecast summary, November 2015,’ (<http://www.oecd.org/economy/israel-economic-forecast-summary.htm>)

into Palestinian Authority areas, breaking down cultural barriers, and gradually increasing the prospects for lasting peace.

In his West Bank plumbing factory, Cohen is proud of the fact that Palestinians, “work shoulder to shoulder with Israelis, so this is a chance for Israelis and Palestinians to work together, to talk to one another, to trust one another. We’re an industry that manufactures peace products,” he says.³³

With direct Israeli-Palestinian peace negotiations on hold, these grass-roots economic ties in the territories should be at the heart of EU peace-making policy, not penalised by it.

Speaking at the Interdisciplinary Centre in Herzilya in 2010, former British Prime Minister Tony Blair in his capacity as the envoy for the Middle East Quartet, encouraged Israelis to combat those seeking to delegitimise them by answering with the “openness, fairmindedness and creativity” that characterises the nation.

“The issue of delegitimization,” he said, “is not simply about an overt denial of Israel’s right to exist. It is the advocating of prejudice in not allowing that Israel has a point of view that should be listened to.”³⁴

Blair went on to add that a “consistent conversation” he had with some of his European colleagues was to argue against applying “rules to the government of Israel that they would never dream of applying to their own governments or their own countries.”³⁵

Labelling Israeli goods from settlements is a good example of European leaders applying “rules to the government of Israel” that they would never accept for themselves. Forcing Israeli-owned enterprises to relocate to the western side of the ‘Green Line’ may serve the nationalistic interests of the Palestinian Authority, but it does not serve the interests of peace.

³³ ‘EU Settlement ban casts shadow,’ *Ha’aretz*, 11 August, 2013.

³⁴ ‘Blair: Delegitimization of Israel is affront to humanity,’ *The Jerusalem Post*, 25 August 2010.

³⁵ *Ibid.*

V. Conclusion: Beyond Labels

The United Nations 2009 'Arab Human Development Report' depicts a devastating situation in large parts of the Arab World in regard to human rights, women's rights, freedom of expression, democracy and social and economic security.³⁶ Since the advent of the 'Arab Spring' and the ensuing Syrian civil war the situation has deteriorated dramatically.

The only exception in the Middle East is Israel. Furthermore, the decade since the 2005 Israeli withdrawal from the Gaza Strip has only proven that Israel's disengagement from the Palestinian people will not lead to more freedom and prosperity but to the emergence of a radical regime that suppresses its own people.

The current trajectory of EU policymaking in the Middle East seems intent on forcing another complete Israeli disengagement from the Palestinians, this time evacuating hundreds of thousands of Jews from the West Bank, the Golan and greater Jerusalem to make way for a contiguous Palestinian State. Not only would this policy cause irreparable harm to Israel's national security, but it would lead to greater division, greater hostility, and greater mistrust.

In their policy document 'Eight Steps to Israeli-Palestinian Peace' Mubarak Awad, Chairman of Non-Violence International and Abdul Aziz Said, the Mohammed Said Farsi Professor of Islamic Peace at the American University in Washington DC, argue that economic prosperity is the key to lasting peace.

There cannot be peace without economic prosperity. Prosperity must be shared. Opportunities for economic growth will ensure that both Israelis and Palestinians are too busy to hate. Mutual prosperity will provide a basis for overcoming mistrust, paranoia, and defensiveness. Israeli society and industry are technologically sophisticated, but Israel has not demonstrated willingness to help Palestinians. Israelis should pursue policies that promote Israeli investment in Palestine and development of the Palestinian economy. Encouraged by the Palestinians, Arab countries must end the economic boycott of Israel and promote trade and commercial transactions.³⁷

While many would dispute Awad and Said's blanket assessment that "Israel has not demonstrated willingness to help Palestinians" there is no question that the growing international support for the BDS movement is making it increasingly difficult for Israeli society to interact with or invest in the Palestinian economy.

³⁶ UNDP, 'Arab Human Development Report 2009: Challenges to Human Security in the Arab Countries,' (<http://www.arab-hdr.org/publications/contents/2009/execsummary-e.pdf>).

³⁷ Mubarak Awad and Abdul Aziz Said, 'Eight Steps to Israeli-Palestinian Peace,' School of International Service at American University, Washington DC, (<https://www.american.edu/sis/islamicpeacechair/upload/Eight-Steps-to-Israeli-Palestinian-Peace.pdf>).

Furthermore, this latest EC labelling directive will do nothing to overcome “mistrust, paranoia and defensiveness” between Israelis and Palestinians. Not only will it harm those Palestinian workers currently employed in settlement enterprises but it will exclude many more from the economic and social benefits of deeper cooperation with their Jewish neighbours. Furthermore, this directive plays into the hands of radicals and extremists who threaten ordinary people on both sides of the conflict.

Israeli poet Erez Biton, the most recent winner of the prestigious Israel Prize for literature, used his acceptance speech in April 2015 to put the dangers of the EU’s planned labelling initiative into perspective. As a blind Moroccan-born Mizrahi Jew, his words bear honest reflection. “Those who label products today,” Biton said ominously, “are liable to label people tomorrow.”³⁸

It is time for Europe to go beyond labels and to take steps in pursuit of a lasting peace.

³⁸ ‘Irk some EU labeling of settler goods,’ *Times of Israel*, 4 June 2015. For more on Biton and the 2015 Israel Prize controversy see, ‘Why Netanyahu was right to interfere with the Israel Prize,’ *Ha’aretz*, 8 April 2015.