

## Policy note: Rebooting EU policy on Gaza

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July 2018

### Executive summary

Several developments have recently combined to push Gaza back onto the EU's agenda: the desperate and worsening humanitarian situation, the mass protests at the Gaza fence and Israel's harsh response, the effort at intra-Palestinian reconciliation and its unravelling, the US and Israeli push for donor-funded projects in Gaza, and the EU's own "review of engagement" on Israel and Palestine. Israel and the US are keen to move forward with energy, water, sewage and industrial projects in Gaza, partly in order to prevent a further humanitarian collapse that could blow back against Israel. They would like to see the EU finance the projects, alongside the Gulf countries. UN envoy Mladenov has recently added to the momentum with his own proposals on Gaza. At the same time, the US and Israeli policies on Gaza appear schizophrenic: the US funding cuts for UNRWA and Israel's severe hardening of its restrictions on Gaza announced on 9 July contradict their rhetoric about improving conditions in the Strip.

For the EU, the risk is that it gets relegated to the role of a mere donor for costly projects without affecting the policy direction on Gaza. Instead, the **EU should couple its financial support for Gaza projects with strong insistence on the lifting of Israel's ongoing restrictions on movement of people and goods, especially between Gaza and the West Bank, and on access to sea, land and gas resources** – which have now been further tightened. Lifting the restrictions is vital for preserving the possibility of the two-state solution, essential for any sustained development in Gaza, and requires little if any donor funding. If the restrictions stay in place, they will hamper the realisation of the projects themselves and undercut their economic effect.

The US and Israeli proposals on Gaza do include easing some of the restrictions but this falls far short of what is necessary and Israel's latest tightening of the closure contradicts it. The EU should exploit the openings in US and Israeli positions but push the envelope much further and be concrete about all the key restrictions that need to be removed. In the Ad Hoc Liaison Committee (AHLC), the EU should work to **align other members including Norway, Egypt and the UN around the priority of lifting the restrictions** but also **insist that Israel and the US financially contribute to the Gaza projects they promote**.

The second EU priority should be to **press the Palestinian Authority to end its punitive measures on Gaza** (in particular cuts and delays to salaries for civil servants) that have compounded the impact of the Israeli closure and to **encourage the PA to be less intransigent towards reconciling with Hamas**. This should be coupled with a clear **offer of EU assistance for the cost of integrating the civil service in Gaza**.

Accordingly, the EU needs to **refocus its Gaza policy and messaging on the above priorities**. Instead, at the last AHLC in March 2018, the EU's High Representative Mogherini put the most emphasis on a) funding the Gaza desalination plant and b) opening the Egyptian Rafah crossing including a possible re-activation of EUBAM Rafah, without concretely pressing for the removal of the Israeli restrictions. The EU has also barely addressed the Israeli closure in the context of the recent Gaza protests. Nor has the EU publicly echoed the UN calls on the PA to resume the salary payments.

If the EU wants to be more than a "cash machine" subsidising Israeli and US agendas in Gaza, it needs to get its priorities on Gaza right. Concentrating on reconnecting Gaza with the West Bank would also match the purpose of the ongoing **review of EU engagement**, launched by Mogherini in order to align the EU's role more effectively with the goal of the two-state solution.

## 1. Gaza's return on EU's agenda

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Several developments have recently combined to push Gaza back onto the EU's agenda:

- Unbearable and further deteriorating humanitarian situation;
- Mass protests at the Gaza fence since 30 March and Israel's deadly response;
- Intra-Palestinian reconciliation process focused on returning Gaza under PA's control since October 2017 and its subsequent unravelling;
- US and Israeli plans for Gaza that seek to elicit funding from international donors, including the EU, for infrastructure projects - as well as the most recent plan of UN envoy Mladenov;
- EU's ongoing "review of modalities of engagement" initiated in September 2017 that is expected to include a strong component on Gaza.

This note addresses all of the above developments but looks mainly at the implications for the EU of the recent US and Israeli initiatives on Gaza as well as of the intra-Palestinian dynamics as those bear most directly on the EU's role as a donor and political actor.

## 2. Context: recent Israeli, US and UN plans on Gaza

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**Israel:** Israel has been promoting a set of infrastructure projects in Gaza to alleviate the humanitarian situation and expects international donors to cover the cost. At the extraordinary AHLC in January 2018, Israeli representatives presented a [\\$1 billion plan](#) involving a list of 20 energy, water and economic projects.

Israel has effectively controlled the Gaza Strip over the past 51 years and, as such, holds a continued responsibility as the occupying power under international law, despite the 2005 disengagement. Yet it has made clear that it will not contribute financially to the plan while expecting other donors to do so. As pointed out by [Gisha](#), Israel would in fact make revenue from the donor-funded projects, in processing fees for trucks and sales of electricity and of goods.

Realisation of such infrastructure projects has usually been hampered by Israel's own restrictions on Gaza – which are also the primary cause of Gaza's humanitarian plight that the projects are supposed to mitigate. The Israeli plan does include six measures to relax some of the restrictions and increase movement and access between Gaza, Israel and third states (though, notably, not the West Bank). However, in a familiar pattern, the measures have not yet been implemented since the meeting.

Israeli policy on Gaza often appears erratic and schizophrenic, reflecting competing Israeli objectives and divisions in the leadership. The calls for easing some of the restrictions have been coming primarily from the COGAT and the wider security establishment which is wary of a humanitarian collapse in Gaza and its blowback against Israel and sees Hamas as a necessary evil to prevent further destabilisation of the Strip. Prime Minister Netanyahu and other politicians also increasingly [emphasise](#) the need to keep Gaza economically afloat and are worried about intra-Palestinian feuds worsening the situation.

At the same time, Israeli politicians are still wary of anything that could be seen as “rewarding Hamas”, while the latter holds bodies of killed Israelis and while incendiary kites are flown from Gaza into Israel. More fundamentally, opponents of the two-state solution who dominate the Israeli leadership today are keen to keep the 2 million Gazans out of the demographic equation and therefore cut off from both Israel and the West Bank. At a meeting of the Israeli security cabinet on Gaza on 11 June, different proposals to mitigate the humanitarian situation were raised but apparently [no clear conclusion](#) agreed. In the latest turn of events on 9 July, Netanyahu announced a [severe tightening](#) of the closure of Gaza as a response to (i.e. collective punishment for) the burning kites, contradicting all the talk about improving conditions in Gaza.

**United States:** The Trump administration has joined Israel in promoting the need for economic rehabilitation of Gaza and urging international donors to support it. In March 2018, the US organised a conference on Gaza in the White House where Jared Kushner presented an ambitious-looking set of proposals involving major infrastructure projects as well as some easing of Israeli restrictions to expand Palestinian movement and access. While the US and Israeli plans are not identical, there is considerable overlap. In June, Kushner and Jason Greenblatt visited the region to [seek support](#) of Arab countries for investments in Gaza.

The US approach also appears schizophrenic, given the major cut in US funding for UNRWA announced in January which threatens to dramatically worsen the situation in the Strip. In its public rhetoric, the US administration blames Gaza's hardship entirely on Hamas (including the access restrictions themselves as well as the recent deaths of Gaza protestors) while fully backing Israel's policies.<sup>1</sup> There is continued uncertainty and speculation about the Trump administration's intentions. The US engagement on Gaza with Arab countries may be aimed at cornering the PA and preparing ground for the launch of the US "peace plan" for the wider conflict. According to some speculations, the US administration is attempting to create the groundwork for a Palestinian "state minus" centred on Gaza and linked to the Northern Sinai, with a diminished extent in the West Bank, and compensated with vague promises of great economic investments. As per the latest media [reports](#), the US has once again postponed the release of its "peace plan" and instead intends to double down on its Gaza focus.

**United Nations:** UN Special Coordinator Mladenov has recently added to the momentum with his own proposals on Gaza. Mladenov's plan involves establishing a sort of an international trust fund where donors could channel money that would be used for speeded up realisation of a limited set of projects already agreed by the AHLC. Those could be implemented on the ground directly by UN agencies. Some have interpreted Mladenov's plan as a way to bypass the PA which remains reluctant to take up its responsibilities in Gaza. However, it rather seems aimed at drawing the PA as well as Israel and Egypt into closer coordination with the UN in order to prevent and overcome obstacles to the realisation of the projects.

**Palestinian Authority:** The Palestinian leadership in Ramallah publicly [rejects](#) the US efforts on Gaza and accuses the Trump administration of working with Israel to separate Gaza from the West Bank under the guise of humanitarian rehabilitation. Despite US denials, the Palestinian fear should not be disregarded given the above-mentioned rumours about the US "peace plan" and the profile of key figures in the Trump administration. On the other hand, schizophrenia is also present here: the PA itself has [deepened the division](#) through its own actions and obstructed the recent reconciliation effort through its zero-sum approach towards the standoff with Hamas.<sup>2</sup> The fact is that Gaza needs investment, with or without the PA. If the PA is serious about Gaza - West Bank unity and does not want to be bypassed, it should in the first place reverse its own recent course on Gaza.

### 3. Strategic priorities for the EU

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The EU should not address Gaza as a separate issue but as an integral part of the occupied Palestinian territory and of a prospective Palestinian state, together with the West Bank. This means concentrating on ways to reconnect Gaza with the West Bank, namely by 1) lifting Israeli restrictions and 2) overcoming intra-Palestinian divisions.

#### Priority 1: Lifting Israeli restrictions on Gaza

The US and Israeli interest in humanitarian relief in Gaza presents both risks and opportunities for the EU. The role envisaged for the EU by Israel, the US, as well as Mladenov is mainly to cover the costs of the projects in Gaza alongside the Gulf countries. The risk is that the EU gets relegated to a role of a mere payer for costly projects without affecting the policy direction on Gaza that will be left disconnected from the

West Bank. On the other hand, when Americans and Israelis seek European funds, this is an opportunity for the EU to exert influence on the plans.

Therefore, the EU should **couple its assistance to Gaza with a strong push for lifting of the continued Israeli restrictions on movement and access, especially between Gaza and West Bank**. Despite some easing of its policy over the past years, Israel still imposes numerous severe and illegitimate restrictions on imports and exports of goods, movement of people, as well as fishermen's access to the sea, farmers' access to the "buffer zone", and access to the gas resources off Gaza's coast – most of which are now to be drastically tightened as per Netanyahu's 9 July announcement. These restrictions are at the root of Gaza's humanitarian plight as well of the mass protests at the Gaza fence, while isolating Gaza near-completely from the West Bank. Removing them is crucial for preserving the possibility of the two-state solution, essential for any real development in Gaza, and, unlike the large projects, would cost the donors almost nothing. This does not mean the EU should not financially support the infrastructure works, but donor support should go hand in hand with ending the restrictions.

The sweeping restrictions on Gaza are far from proportionate to Israel's legitimate security concerns. It has been shown that security concerns can be [addressed](#) while lifting the restrictions to enable normal trade with goods and movement of people.

The EU should **work to align other AHLC members around the priority of lifting the restrictions** and jointly push the US and Israel in this direction. This includes Norway as the AHLC chair, the UN, other members such as Russia and Japan, but also Egypt which wants to see Gaza reconnected to the West Bank rather than offloaded into the Sinai. They should jointly draw the US and Israel into the lifting of restrictions as a logical prerequisite of the economic rehabilitation that they claim to seek.

*"Gaza's exports are a fraction of their pre-blockade level and the manufacturing sector has shrunk by as much as 60 percent over the last twenty years. The economy cannot survive without being connected to the outside world. Any effort at economic recovery and development must address the impacts of the current closure regime. Minor changes to the restrictive system currently in place will not be sufficient. Proposed projects to increase the supply of water and electricity are extremely welcome, but unless there is an opportunity to boost incomes through expanding trade, the sustainability of these investments will be in doubt." – World Bank, March 2018*

The EU should also **insist that Israel and the US financially contribute to the Gaza projects they promote**, and especially so in case Israeli restrictions are not substantially removed. As Israel retains effective control of Gaza and holds back its economy while its own GDP per capita has surpassed that of Japan, there is no legitimate reason for it not to pay.

If the Israeli restrictions stay in place, any international assistance will effectively serve to subsidise the closure of Gaza and its separation from the West Bank and to make the status quo more permanent. As [seen](#) in the past, continued restrictions on imports of materials and shortages of electricity and fuel will also hamper the realisation of the projects themselves and undercut their humanitarian and development effect. Furthermore, without opening Gaza to enable a functioning economy and job creation, its residents may not be even able to pay for the services like electricity provided through the donor-built infrastructure.

## **Priority 2: Ending the PA's punitive measures and incentivising reconciliation**

The PA's cuts and delays to salary payments for PA employees in Gaza have seriously compounded the impact of the Israeli closure and deepened the West Bank-Gaza split. The PA's reluctance to take up responsibilities in Gaza is a serious obstacle to the resolution of the electricity and water crisis in the Strip that has directly hampered project implementation. President Abbas' hard-line stance has also thwarted the recent reconciliation effort with Hamas and reintegration of the civil service in Gaza.

The EU should **press the Palestinian Authority to end its punitive measures on Gaza and to be more forthcoming in reconciling with Hamas**. The EU should publicly echo UN envoy Mladenov who has called the PA's suspension of salary payments "devastating" and has urged the PA to resume them.<sup>3</sup> Unlike the UN, the EU has significant leverage that comes with its large financial support for the PA but also with the PA's increased diplomatic dependency on the EU given its feud with the current US administration and difficult relations with Arab leaders in the region. Lifting of the PA sanctions on Gaza has also been demanded by recent Palestinian protests in Ramallah.

The fact that the EU has been phasing out its own support for PA payments to Gaza employees cannot justify the PA's suspension of those payments. The EU's pre-announced and gradual phaseout should have induced the PA to pursue reconciliation that would allow PA employees in Gaza to return to work as part of an integrated civil service. That has failed largely due to the PA's inflexible approach.

At the same time, the EU could help the reconciliation effort by publicly offering to **contribute, together with other donors, to the cost to the PA of reuniting civil service in Gaza**, estimated by the World Bank at \$781 million (a part of this cost would be offset through increased PA tax revenues from the Strip).<sup>4</sup> Such commitment would help remove one of the obstacles on the path to reconciliation.

### **Gaza and West Bank together**

The EU needs to steer away from two extremes: forging a permanent Hamas-run statelet in Gaza and squeezing Gaza until Hamas capitulates to the PA. The right approach is to prioritise the lifting of Israeli restrictions, re-linking Gaza with the West Bank, ending the PA's punitive measures and incentivising full reconciliation.

Refocusing the EU's Gaza policy on ways to reconnect the Strip with the West Bank would also match the purpose of the ongoing [review of EU engagement](#), launched by High Representative Mogherini in order to align all EU activities more effectively with the goal of the two-state solution. The review is expected to focus significantly on Gaza and the HR/VP is due to report at the next informal meeting of EU foreign ministers on 30-31 August.

#### **Summary of recommendations to the EU**

- 1) Couple assistance to projects in Gaza with insistence on the lifting of Israeli restrictions, especially on movement of people and goods between Gaza and West Bank.
- 2) Work to align other AHLC members around the priority of opening Gaza and jointly push the US and Israel in this direction.
- 3) Insist that Israel and the US financially contribute to the Gaza projects they promote, especially if Israeli restrictions are not substantially lifted.
- 4) Press the PA to end its punitive measures on Gaza and to be more forthcoming towards reconciling with Hamas.
- 5) Publicly offer to contribute, together with other donors, to the cost to the PA of reuniting the civil service in Gaza.
- 6) Reflect and prioritise the above in the ongoing review of EU engagement.

For the sake of focus, this note does not address the EU's policy towards Hamas, which would also need to be [revised](#) to enable effective EU engagement on Gaza and the wider Palestinian issue.

## **4. Why prioritise lifting Israeli restrictions and reconnecting Gaza with the West Bank?**

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There are imperative reasons to put the removal of Israeli restrictions at the centre of the EU's Gaza policy and to tie the EU's financial support for Gaza projects to such policy changes:

- **Strategic contribution to the viability of the two-state solution.** More than other interventions, lifting Israeli restrictions on movement is necessary to reconnect Gaza to the West Bank, thus directly bolstering the possibility of achieving a unified Palestinian state as part of the two-state solution.
- **Greatest economic and humanitarian impact.** The Israeli closure has been the main cause of Gaza's economic implosion over the past years. According to the World Bank's report to the AHLC in March 2018, removing the blockade "is projected to result in the largest gain" among all interventions and would result in additional cumulative GDP growth in the range of 32 percent by 2025. Conversely, financing major projects while maintaining the closure would limit their impact and render any EU assistance ineffective.
- **Low cost and high speed.** Unlike the infrastructure projects that cost a lot of money and take time, lifting the restrictions is almost cost-free and can be done immediately; it only requires a degree of political will.
- **Reducing dependency on EU's aid.** Ending the restrictions and allowing Gaza to normally develop would make it more self-sufficient and significantly decrease its dependency on EU assistance.
- **EU's policy and values.** Calling for the end of the closure has been at the centre of the EU's stated policy on Gaza for years. Lifting the restrictions is also a top priority from the perspective of international humanitarian and human rights law, and basic human dignity of the 2 million Palestinians in Gaza.
- **Openings in US and Israeli positions.** There are important elements in both Israeli and US governments who favour easing some restrictions, as reflected in their proposals on Gaza. While these measures do not go far enough and have not yet been implemented (and were instead contradicted by Israel's latest tightening move), they do present openings the EU should exploit and reinforce. However, the EU should push the envelope much further towards a full removal of the Israeli closure.

#### Why prioritise Israeli crossings over Rafah?

While opening of the Rafah crossing with Egypt is important, leaving the Israeli crossings aside would play into a strategy of entrenching the division of Palestine, discharging responsibility for Gaza onto Egypt, and eliminating the possibility of a unified Palestinian state. Israel has a fundamentally greater degree of control over Gaza and has been the occupying power under international law over the past 51 years despite the 2005 disengagement. Unlike with Rafah, only opening of the Israeli crossings can boost prospects for the two-state solution, connect Gaza back to its traditional markets in Israel and the West Bank, and restore the socio-political ties that bind Palestinians across their territory. Opening of Rafah, including for movement of goods, should go hand in hand with the lifting of restrictions on movement via the Israeli crossings, not as a substitute for the latter.

## 5. Which Israeli restrictions should the EU demand be lifted?<sup>5</sup>

Despite some easing of the Israeli closure over the past years, a host of severe and illegitimate restrictions remain in place, and some have in fact become more stringent. Israel's decision of 9 July brings the policy back to the harshest phases of the closure. In order to have any impact on Israel and the US, it is essential for the EU to be concrete about which restrictions should be lifted and what kinds of movement should be expanded. At the same time, the EU should be pushing for the removal of all elements of the Israeli closure policy rather than lowering the ceiling to a few of the easiest elements. The key restrictions are (state of affairs prior to the 9 July decision):

- **Movement of people** - travel to and from Gaza through the Israeli crossings is banned with a few extremely narrow exceptions. In 2017, the number of exits by Palestinians through Erez crossing dropped further by 51 percent compared to 2016. Israel should be pressed to allow people to travel to and from the Strip, subject only to **legitimate individual security checks**. Until that becomes achievable, these categories should be prioritised (without losing sight of the ultimate goal):

- **Businesspeople:** Expanding access for businesspeople (the quota of 5,000 trader permits has been far from filled and should be expanded to include small business owners, start-up entrepreneurs, professionals).<sup>6</sup>
  - **Labourers:** Allowing permits for labourers to work in Israel (banned since 2006 despite the Paris Protocol of 1994 stipulating free movement of labour between Israel and the PA; prior to 2001 more than 26,000 laborers from Gaza entered Israel for work per day).
  - **Students:** Allowing students from Gaza to study in the West Bank (banned since 2000) and easing access for those studying abroad.
  - **Medical patients:** Allowing timely access to treatment outside Gaza where it's not available in local hospitals. (Israel has pushed down approval rate from 93% of permit requests in 2012 to 54% in 2017, while local hospitals lack adequate resources and face chronic shortages).
  - **Worshippers:** Allowing travel for Friday prayers at Al Aqsa Mosque in Jerusalem (currently only small numbers of permits given in an irregular fashion).
  - **Family visits:** Allowing family visits between Gaza, West Bank and Israel (currently only allowed in exceptional circumstances).
  - **Foreign visitors:** Access to Gaza for foreign visitors including EU member states, parliamentarians and international NGOs.
- **Movement of goods**
    - Expanding **exit of goods** to Israel and the West Bank and **exports** abroad (allowed only on a limited basis, with restrictions on quantities and types of goods).<sup>7</sup>
    - Allowing **imports of so-called "dual-use" materials** (Israel restricts imports to Gaza of a wide range of materials vital to construction and industry that it considers "dual-use", including timber, steel and cement, far beyond any international definition of dual-use materials).<sup>8</sup>
- **Access to sea and "buffer zone"**
    - **Sea access:** Expanding access of fishermen up to 20 nautical miles as stipulated by the Oslo Accords. This would, according to the World Bank, quickly improve the lives of 35,000 Gazans.<sup>9</sup>
    - **Land access:** Lifting restrictions on access to the 300m-wide Israeli-enforced "buffer zone" along the Gaza fence. Farmers should be allowed safe access to their lands in the zone, which takes up a significant part of Gaza's agricultural land. Israel should also stop the aerial spraying of herbicides on their fields.
- **Access to gas resources**
    - **Gaza Marine:** Allowing commercial development of the [Gaza Marine gas field](#) in Palestinian territorial waters off the Gaza coast, to which Palestinians are entitled under international law. The gas field could provide them with a major source of income, meet energy needs in *both* Gaza and the West Bank, and reduce dependency on energy imports and on foreign aid.

## 6. Inadequacy of recent EU approach

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### EU stance on Israeli restrictions

The EU's calls for "the end of the closure and a full opening of the crossing points" have been central to the EU's position as expressed in past Foreign Affairs Council Conclusions and statements at the UN Security Council. In the recent context, however, the EU has not been sufficiently "on message" with its own position. The need to lift the closure and how this is crucial for reconnecting Gaza with the West Bank has barely been present in EU messaging and has not been translated into concrete terms.

*Key examples:*

1. **Mogherini's statement at the AHLC:** High Representative Mogherini's [speech](#) at the AHLC in March 2018 put emphasis on two issues: the **Gaza desalination plant** project, for which the EU [pledged](#) € 77 million, and the need to open the **Rafah crossing** coupled with a possible reactivation of **EUBAM Rafah**. While the HR/VP did say that "Israel, too, can do more, and should do more, in particular on access and movement", that was much less salient and not specific. This is a missed opportunity, not least because the AHLC is one of the few current fora that brings most key players together, including the US and Israel. Paradoxically, the Israeli and US proposals on Gaza put greater emphasis on specific easing of Israeli restrictions than did Mogherini's speech.
2. **EU statements on Gaza protests:** The EU also failed to prioritise lifting the restrictions in the context of the Gaza demonstrations. The EU has issued six statements on Gaza since the beginning of the protests on 30 March (by Mogherini or her spokesperson) but addressed the closure only once and briefly. This is despite the fact that the closure lies at the root of the protestors' despair. Pressing for its removal would have been the most constructive response to the protests as well as a way to acknowledge the legitimate Palestinian grievance motivating them.
3. **EU response to the handover of Gaza crossings to the PA.** The handover of the crossings on 1 November 2017 was an opportunity to push for lifting the Israeli restrictions as it removed a key Israeli excuse: the presence of Hamas at the crossings. The Israeli NGO Gisha highlighted the need to use the momentum to expand movement through the Israeli crossings. However, the EU's [statement](#) on the handover did not make that point and only referred to a possible redeployment of EUBAM Rafah.

**Cyprus port for Gaza: making the EU part of the closure?**

According to media [reports](#), there are renewed discussions between Israel and Cyprus on establishing a port for Gaza in Cyprus. Under the plan, cargo for Gaza would be inspected at a special pier in the port by Israeli security staff before being shipped to Gaza under the supervision of Israeli Navy vessels.

If the plan is serious, it would raise some pertinent questions. Who would decide what is allowed to be shipped to and from Gaza? Would Cyprus allow Israel to enforce its illegitimate restrictions on Gaza from its territory? For example, would Cyprus let Israel block vital materials such as wood, cement, steel on the grounds that they are "dual use"?

If so, Israel would be operating the closure of Gaza partly from the EU's territory, under EU jurisdiction, and facilitated by an EU member state. It is questionable whether that would be permissible under EU law. Israel's excessive "dual use" restrictions probably violate its obligations as an occupying power under international humanitarian law.

Or, conversely, would Cyprus set the terms for the entry and exit of goods in accordance with EU and international standards that Israel would have to abide by?

If Israel sets the terms, the Cyprus route would not bring much relief for Gaza. It would not broaden the scope of items allowed to enter. Demand for imports of permitted items has been decreasing due to the declining purchasing power of Gaza's impoverished population. It appears that the Cyprus port would rather serve to shift more of Gaza's trade away from Israeli land crossings, thus deepening Gaza's separation from Israel and the West Bank.

The lack of EU's emphasis on Israeli crossings is startling also given that the Netherlands has donated two scanners (at the cost of c. € 5 million) placed on the Israeli side of the Kerem Shalom crossing in order to facilitate movement of goods while addressing Israeli security. Their effect has been limited so far by the continued restrictions. A stronger EU push for lifting the Israeli restrictions could help realise the full potential of this Dutch investment. Such investments should be used as a platform for the EU and Member States to demand accountability from Israel, in the same way as they have increasingly taken more ownership over their less costly projects in Area C of the West Bank.



Failing to emphasise the Israeli closure and the way it separates Gaza from the West Bank leaves space for Israeli and US governments to set the narrative on Gaza: presenting Israel as Gaza's benefactor and blaming all problems on Hamas and intra-Palestinian squabbling. This risks skewing the broader international outlook on the situation.

### **EU stance on PA's punitive measures**

The EU has not publicly called on the PA to lift its punitive measures on Gaza at all (to EuMEP's knowledge). While UN envoy Mladenov has urged the PA to resume payments for public sector salaries in Gaza, the EU has so far failed to publicly echo these calls.

### **Beyond rhetoric**

Getting the public messaging right is, on its own, not sufficient to effect change, but is an important part of a serious diplomatic effort. Beyond statements, the EU needs to insist on the lifting of Israeli restrictions and changing the PA's approach to Gaza as the central priorities in its dialogue with the key players – US, Israel and the PA - and to align other actors, including in the AHLC context, around these goals.

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*With thanks to all colleagues and experts who have provided valuable comments on earlier drafts.*

## Endnotes

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<sup>1</sup> Jason Greenblatt has issued a number of op-eds and tweets blaming Gaza's humanitarian situation squarely on Hamas while praising Israel's stance and either omitting any mention of Israeli restrictions or blaming them also on Hamas: "Hamas, not Israel, has inflicted ever-greater restrictions on Gaza by repeatedly hiding materials to make weapons in shipments of humanitarian aid and other goods being moved into Gaza." [Washington Post](#), March 2018.

<sup>2</sup> On 8 July, President Abbas has [restated](#) his position: "The bottom-line is that if Hamas wants reconciliation, either we will be in charge of everything and be responsible for it, or if they want to take everything, they have to carry the whole thing".

<sup>3</sup> Mladenov's [briefing](#) to the UNSC, 26 April 2018: "Starting in March of last year, and without prior notice, the Palestinian Authority reduced salary benefits of thousands of public sector employees in the Strip by over 30 per cent. One year later, in March 2018 it suspended the payment of salaries to some 20,000 civil servants in Gaza. The impact of this decision is devastating. Gaza's already faltering public service will move further towards a total collapse. Hospitals and clinics, schools, water and wastewater treatment facilities, garbage collection, transportation and other critical services will be critically impacted. I have engaged with the Palestinian government on the destructive impact of such decisions that pressure ordinary families who are already struggling to make ends meet. This is why I call on the Palestinian Authority to resume payment for public sector salaries in Gaza without delay."

<sup>4</sup> World Bank report to the AHLC, March 2018, p. 13.

<sup>5</sup> For more detail, see Gisha's "Gaza Wishlist" for June 2018. Also, The Aix Group, "[Improving the Gazan Economy and Utilizing the Economic Potential of the Jordan Valley](#)", January 2017.

<sup>6</sup> See the report of the **Office of the Quartet** to the AHLC, March 2018, para 36: "The movement of people remains a challenge. The number of exit permits issued to Gazans has declined severely in recent years, and this has had a major impact on the Gazan business community. In 2017, the **exits of business persons** dropped by 69 percent compared to 2015. This has significant impact on business, as traders need to be able to travel to build their businesses, develop new business partnerships and participate in trade related events, such as educational workshops, trade fairs and business-to-business meetings in the West Bank, Israel and the world. Although the recent increase in the number of permits issued to the business community in Gaza is a positive step, it is concerning that many of these permits have later been revoked as the individuals concerned attempted to exit Gaza. The Gol is encouraged to ease restrictions on business travel as an important step in enabling private sector led growth and the creation of badly needed employment opportunities in Gaza."

<sup>7</sup> See the report of the **Office of the Quartet** to the AHLC, March 2018, para 35: "**Market access** for products originating in Gaza is severely restricted, obstructing the ability of the Gazan industries to reach their full potential. Many companies operate well below their capacity because their historic market, the West Bank, is off-limits to certain sectors and categories of goods. For example, processed food factories currently operate at only 20-40% of their full capacity and company representatives have advised that hundreds of additional employment opportunities could be created, if their products were allowed for sale in the West Bank. The Gol is encouraged to consider allowing a pilot shipment of processed food, such as biscuits, wafers or dried salty snacks, to the West Bank, as a first step to establishing a mechanism for the transfer of processed foods to the West Bank. Possible concerns over product quality and food safety may be addressed in coordination with the international donor community. The Gol is also encouraged to lift restrictions on the sale of agricultural produce to the Israeli market, including by increasing quotas and allowing additional types of products."

<sup>8</sup> See the **World Bank** report to the AHLC, March 2018, paras 61 and 62:

"61. The Gol applies a longer **list of dual use items** restricting exports/re-exports from Israel to Gaza than to the West Bank. Similar to other advanced countries, Israel controls its exports of goods that have both civilian and military uses, or the so called dual use items. The most common regulatory basis governing the movement of such goods is the 1996 Wassenaar Arrangement (WA). Though not a signatory to the WA, Israel uses the arrangement's lists to license the export of all dual use goods manufactured or assembled in Israel. When it comes to exports/re-exports to the Palestinian territories, the Gol enforces further controls on additional items that it has deemed as "dual use" through the Defense Export Control Law of 2007 and a Military Order passed in 2008 stipulating that all dual use items destined to the Palestinian territories require a special permit and reporting duties. Currently, the dual use list for Gaza and the West Bank includes 6 fertilizers, 2 pesticides, 23 chemicals in their pure form and 26 types of materials, machinery,

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and equipment. There are an additional 61 items that only apply to Gaza. The additional items include inter alia reinforcing steel, cement, aggregates, insulating panels, timber for furniture manufacture.

62. Gaza's **dual use** has an impact on almost all economic sectors and its relaxation could result in significant economic gains. Some organizations such as the UNOCHA and the Israeli NGO GISHA have indicated that the dual use list for Gaza is too extensive making it more like a sanction rather than a defensive measure. Traders report that nearly any item can be deemed as "dual use" at the entry to Gaza, even if it has been imported previously by the same importer with no special controls. In addition, the procedure to import such goods is described as vague, unpredictable and nontransparent by traders which discourages them from initiating the process in the first place. Some of the items on the list are very broad in nature such as "telecommunications equipment" which makes it difficult for traders to fully understand what is covered by the list, adding to the complications. Almost all economic activities in Gaza are somehow impacted by the dual use list, but the most affected sectors are—agriculture, manufacturing, and ICT—and, in particular, the sub-sectors of food processing, beverages, metal fabrication, furniture, textiles, leather, paints, detergents, and cosmetics. Further, aid organizations report that dual use restrictions negatively impact their operations in the Strip making it difficult to address the humanitarian needs of Gazans."

<sup>9</sup> See the **World Bank** report to the AHLC, March 2018, para 80: "**Expanding Gaza's fishing zone** would quickly improve the livelihoods of 35 thousand Gazans. According to the Oslo Accords, Palestinians should be able to access 20 nautical miles of fishing area. However, access for Palestinian fishermen has mostly been restricted to 3-6 nautical miles since 2006. Expanding the fishing area to 20 nautical miles, as stipulated by the Oslo Accords, would significantly expand production and improve the quality of this industry's output. It will also better the lives of 35 thousand Gazans who depend on this industry for their livelihoods."