

## News Analysis: EU to use economy to press Israel for talks with Palestinians

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by Adam Gonn

JERUSALEM, Feb. 13 (Xinhua) -- European Parliament President Martin Schulz's visit to Israel was largely a relief for the country since he promised that the European Union (EU) would not boycott the Jewish state.

However, analysts said Thursday that the EU would continue to use economy as a tool to promote a two-state solution to the prolonged Palestinian-Israeli conflicts.

A few European banks and insurance companies have already stopped investing in Israeli companies that operate in the West Bank or are considered to help the Jewish state maintain its occupation of the area.

Although the moves haven't had a noticeable impact on the Israeli economy, a full boycott from the EU, an important trading partner of Israel, would be much harder to deal with, analysts said.

"The EU wants to use its influence on the Israeli-Palestinian negotiations," **Azriel Bermant** of the **Institute for National Security Studies** in Tel Aviv told Xinhua on Thursday.

One way is using its economic ties with Israel as a carrot, he noted.

The EU, as a very important destination for Israeli exports, has leverage with the country and wants to try to use it wherever it can, **Bermant** said.

He noted that the EU was considering last year to block Israeli entities in the West Bank from receiving EU grants.

Unlike **Bermant**, Jonathan Rynhold of the Bar-Ilan University said that while the EU wants to have an influence in the peace process, its economic influence might be over-rated.

"The EU speaks loudly, but carries a small stick," Rynhold said.

"It's very hard for the EU to act as a block on these kinds of things, it tends to be left to individual states," he said.

Rynhold doubted how much economic influence the EU really has over Israel, noting that Israel was allowed to join Horizon 2020, an EU research and innovation program in January, where Israel can compete for over 104 billion U.S. dollars in research grants.

Since Europe is Israel's second largest export market, a lot of companies in the economically shaky Europe are interested in what Israel has to offer and would like to continue to buy goods from Israel, he said.

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