

# LUISS



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**A Policy analysis of EU Foreign Policy: EU - Israeli  
relations according to “Exit, Voice and Loyalty” theory by  
Albert O. Hirschman**

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## **Abstract**

The relations between the European Union (EU) and Israel have enjoyed convergent and divergent moments along their history which have characterized, positively and negatively, their cooperation and integration. During the last years, both the EU and Israel have lowered their commitment in fulfilling this progressive integration purpose because of contingent issues which have shifted their respective agendas and goals towards other priorities.

Because of this current situation, I have decided to analyze their relations through the lens of the economic theory of Albert O. Hirschman and its well-defined model of “Exit, Voice and Loyalty”. Starting from its economic and social implications, the model is readapted to the international relations theory through a comparative process between its economic principles, mechanisms and its equivalents in the political sphere. With the aim to answer the question how could be the European-Israeli relations analyzed in their current situation, considering their integration concerns, I will examine past and present political, economic and social-cultural relations between them, assuming the European point of view. Indeed, the investigation takes under scrutiny the European Foreign Policy, its actors and instruments and consistent case studies which can be taken as example of integration approach of the EU with another actor.

The research is divided into three chapter, correlated by paragraphs and subparagraphs. The first chapter describes the theoretical model of Hirschman, Exit, Voice and Loyalty (EVL), analysing in details the logical implications and structure, from the economic sphere to international relations one. The second chapter is devoted to the political, economic and social-cultural sphere of the historical relationship between the EU and Israel which are necessary for a comprehensive understanding of their past and current path. Then, following the main options of the Hirschman’s model, the historical description and case studies of European cooperation with other countries, the third chapter intends to define three possible approach of relations between the EU and Israel, namely Turkey after 2016 for exit, Canada for voice and Norway for loyalty. Finally, the results of the provided PEST analysis suggest the voice option (Canada’s approach) as the most effective and consistent with the actual situation of the EU-Israeli relations. However, apart from this, the purpose of the analysis remains to prove that the “Exit, Voice and Loyalty” model, with a relevant case study, is a useful instrument for analyzing political context especially for international relations which entail two subjects, such as the EU and Israel that are part of the same area but with a feasible increasing degree of cooperation and integration.

**Keywords:** EU Foreign Policy, Israel, Integration process, Hirschman

## **List of Abbreviations**

AA (Association Agreement)  
AP (Action Plan)  
CETA (Comprehensive Economic Trade Agreement)  
CFSP (Common Foreign and Security Policy)  
CSDP (Common Security and Defense Policy)  
DCFTA (Deep and Comprehensive Free Trade Area)  
ECJ (European Court of Justice)  
EDF (European Development Fund)  
EEA (European Economic Area)  
EEAS (European External Action Service)  
EEC (European Economic Community)  
EFSA (European Food Safety Authority)  
EFTA (European Free Trade Association)  
EMP (Euro-Mediterranean Partnership)  
ENI (European Neighborhood Instrument)  
ENP (European Neighborhood Policy)  
EU (European Union)  
EUBAM (European Union Border Assistance Mission)  
EUGS (European Union Global Strategy)  
EUPOL-COOPS (European Union Coordinating Office for Palestinian Police Support)  
EVL (Exit, Voice and Loyalty)  
FPI (Foreign policy Instrument)  
GDP (Gross Domestic Product)  
HR (High Representative of the Union for Foreign Affairs and Security policy)  
IR (International Relations)  
JCPOA (Joint Comprehensive Plan of Action)  
MENA (Middle East and North Africa)  
MEPP (Middle East Peace Process)  
NATO (North Atlantic Treaty Organization)  
NGO (Non-Governmental Organization)  
PCA (Partnership and Cooperation Agreement)  
PESCO (Permanent Structured Cooperation)

QMV (Qualified Majority Voting)  
SPA (Strategic Partnership Agreement)  
UfM (Union for the Mediterranean)  
UN (United Nations)  
UNGA (United Nations General Assembly)  
UNSC (United Nations Security Council)  
US (United States)  
WMD (Weapon of Mass Destruction)

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## **Introduction**

International relations studies provide theories which try to explain the international political system, its actors and how these two parts affect each other. Indeed, it is through a theoretical framework that it is possible designing a comprehensive analysis of a certain relation between two or more international subjects, referring to clear methodological constructions and mechanisms. In that sense, the first purpose of this research consists in analysing the status of the European-Israeli relations nowadays through the lens of a specific and original theory: the “Exit, Voice and Loyalty” (EVL) theory by Albert O. Hirschman. In other words, the research question to be answered is how is possible to analyse the EU and Israel relationship in the Hirschman’s theoretical framework. From its economic implications, the model is readapted to the IR context, highlighting the key passages which are fundamental for understanding the research. Then, from a European point of view, the research moves towards the historical context of the EU relationship with Israel, focusing on the foreign policy instruments of the Union and the political, economic and social features which have defined and still characterize their relations. The results of this analysis show a decay of the current European-Israeli relations, inspiring the last step of the research which consists to apply Hirschman’s theory in a political issue. Indeed, the second purpose of this thesis is to provide the most feasible approach, among exit, voice and loyalty, for dealing with EU-Israel decline and enhancing their integration in accordance with Hirschman’s theoretical model and the considered cases studies, namely Turkey post 2016 (exit), Canada (voice) and Norway (loyalty). With the aim to face their decay and foster the best option of integration, the final recommendation which emerges from a PEST analysis, entails the application of the Canada’s approach, the voice option, to the current situation. This conclusion is due to a double reasoning on one hand about the model itself and its application in the IR sphere, on the other hand about its use in proposing solutions for enhancing integration between political actors.

Hence, in the first chapter, the focus is on the theoretical model of Hirschman and the international relations implications which gather from the original economic framework. After a description of the author’s background and context of study, the first paragraph explains the consistency of the EVL model with the research goal and its effectiveness in respect to the other theories and models of integration. Following the economic reasoning of the author, the second paragraph describes the model itself, highlighting the fundamental mechanisms and aspects in accordance with the economic theory. Indeed, the precondition entails a quality deterioration



in a firm production of a good which affects the consumer's behaviour. According to this change, there are three approaches which the consumer could employ in order to deal with the situation: *exit*, withdraw from the first firm searching another one; *voice*, attempt to repair the decay of the first firm expressing dissatisfaction; *loyalty*, remaining with the first firm even though no substantial change happens. Contextualizing these options in the economic framework, Hirschman examines in depth several economics' concepts such as market regimes, elasticity and offer-demand curves, but he shifts also his discussion towards more social and political arguments, applying his model to organization and member relations. Exactly this crossroad of disciplines in the Hirschman's research, called by the Spanish scholar Santiso "*the art of trespassing*", has given the opportunity to develop further consideration about the model and its possible application to the international relations studies. In fact, the third and final paragraph of the first chapter reinterprets exit, voice and loyalty through the lens of the political framework of the IR, readapting the model to the research's context of this analysis. Consequently, *exit* entails a defection and isolation approach with the lowest level of integration, *voice* a confrontation and convergence approach in an average position and *loyalty* a cooperation path towards the highest level of integration. According to Hirschman original theory, all these options must not be seen as dichotomies in which one exclude the others or they could happen only in pure form, on the contrary they should be considered along a wide spectrum with different combinations and shades.

However, for fulfilling the first purpose of this research, the second chapter concerns the historical description of the European-Israeli relations through a three sphere of content: political, economic and social-cultural. Indeed, this division is useful for a comprehensive understanding of their current situation and for identifying strong and weak points in the various areas of relations. Assuming a European point of view, the analysis starts with overview of the European Union Foreign Policy through a description of the main bodies (European Council, European External Action Service, European Commission, European Parliament), strategies (European Union Global Strategy 2016) and players (the European Members States, NGOs) which determine the European External Action, especially towards the neighbour countries (European Neighbourhood Policy) and towards the transatlantic relations with the United States. Then, the focus shifts on the main object of analysis the European-Israeli relations, from the origins to nowadays. Throughout the long history which characterises the two actors, the Israeli-Palestinian Peace Process has a special relevance and is determinant for a clear understanding of the EU engagement in that area and its role in the conflict. Around this issue, the EU has created structures and promoted agreements with Israel without providing a

concrete solutions and stable cooperation. On the contrary, the EU has lowered its commitment in that area because of new contingent problems to solve, beginning a divergent path from Israel. Nevertheless, also the latter has moved towards more radical political positions due to long years of right-wing governments led by Benjamin Netanyahu. Therefore, the European-Israeli relations are in a stalemate which is jeopardizing further cooperation and a concrete integration.

Following the description of the security, economic and social frameworks between the EU and Israel, the research develops through the application of the EVL model to the considered context. Apart from the theoretical references which are fundamental for explaining its effectiveness, the third chapter takes into account three case studies for each Hirschman's options in order to provide concrete examples of European relationship with another actor. The *exit* choice as defection concerns the relationship between the EU and Turkey post 2016 with the progressive decay of its integration process and low level of long-term cooperation (e.g. the Migration Deal). Then, the *voice* option considers the EU-Canada cooperation under the Strategic Partnership Agreement (SPA) and the Comprehensive Economic Trade Agreement (CETA) which imply strategic cooperation in the political and economic field, towards a comprehensive partnership. Finally, the *loyalty* option is represented by the EU-Norway relations, in which the two actors enjoy high level of cooperation through the European Free Trade Area (EFTA), the Schengen Area and the European Economic Area (EEA). This is the highest level of integration without membership that it has a feasible application in the European-Israeli context. Through a brief PEST analysis, the final recommendation suggests the application of the voice option as the most feasible policy among the three and the most appropriate for the current European-Israeli condition.

In conclusion, the Hirschman's model proves to be a theoretical approach that could be applied also in the international relations studies, beyond the original economic framework. Furthermore, according to the exact purpose of Hirschman who has always developed his studies with practical goals, this exit, voice and loyalty model appears to be useful in dealing with concrete issue and in facing problems that could emerge from certain relationship such as the EU-Israel case. Apart from this aspect, the EVL model has proved to be a useful "compass" for understanding which status a specific relationship could have and also which direction an integration process between two actors could take.

## **1. The theoretical framework: “Exit, Voice and Loyalty” theory as a model for the international public policy**

International public policies need a theoretical framework in which they could be designed and defined. Indeed, the choice of the theory is determinant for a useful and effective analysis of a political context. Furthermore, deciding the political subject must be consistent with the theory itself and with the aim of the research.

Hence, the attempt of using the “Exit, Voice and Loyalty” (EVL) theoretical model in proposing a policy between the European Union and Israel answers two fundamental research questions. On one hand, the question is how the relations between the EU and Israel could be improved from a political, economic and social point of view among different geopolitical levels. In other words, which policy, based on the theoretical model and its related case study (Turkey Post 2016 approach, Canada approach, Norway approach), is the more suitable? On the other hand, the aim is to prove why Hirschman’s model could be used as framework to analyze a political context and propose policies. Put differently, why this model is consistent with the creation of policies aim to enhance the European-Israeli relations?

Therefore, the final goal is to create a new theoretical approach, based on a relevant theory, that could be applied in an integration process between two actors or partners, such as the EU and Israel, for enhancing their cooperation and progressive integration. Designing this research, it is clear the close correlation between theory and subject: the former is strengthened by its application in a well-defined political context while the latter has a model to fulfil for implementing a new and effective policy.

Apart from the research inputs, the purpose of this analysis is to state that the “Exit, Voice and Loyalty” model, with a relevant case study, could be an instrument for creating policies especially for international relations which entail two subjects, the EU and Israel, that are part of the same area but with a feasible increasing degree of cooperation.

In this regard, it is worth to explain the theoretical basis of the analysis from the beginning. Firstly, it is necessary a focus on Hirschman’s theory and his background describing his model in its triple organization. The basic concept is as follows: members of an organization, whether a business, a nation or any other form of human grouping, have essentially three possible responses when they perceive that the organization is demonstrating a decrease in quality, they can *exit* (withdraw from the relationship); they can *voice* (attempt to repair or improve the relationship); or, they can stay loyal (no matters what, this is the only choice).

Then, the model that is originally structured as an economic and social analysis, needs to be readapted and inserted in a political frame. Consequently, the three approaches would be specified through the lens of international relations, namely Exit as defection and isolation, Voice as confrontation and convergence and Loyalty as cooperation and integration. In this reasoning, it could be helpful looking at these three paths along a line that goes from 0, no integration or exit, to 2 the best integration or loyalty, with a middle position in 1, partial integration or voice. This graphic explanation should be kept in mind because it would avoid any dichotomy understanding of the model, underlining that these three approaches must not be seen in fixed terms but along a wide spectrum with different combinations and shades.

### **1.1 Why “Exit, Voice and Loyalty”**

This analysis seeks to demonstrate the utility of EVL model in the international relations through a comprehensive review of its theoretical framework. Starting from how Hirschman has created its model, in other words through an economic and social reasoning, the fundamental aim of this chapter is to translate and readapt his model in the context of the international relations studies, focusing on the same implications and mechanisms but from a IR point of view. Hirschman describes economic concepts such as perfect competition and monopoly, elasticity of products and market functioning through graphic representation, but he also implements a social part related to the demand behavior of consumers and product offer of industries, following a rational approach in developing the solutions proposed by the model. As stated before, the three parts of the model must not be considered as absolutes but as guidelines of a wider spectrum of possibilities and combinations. Indeed, the scheme is apparently simple and it is worth to distinguish the different aspects of exit, voice and loyalty in order to produce empirical hypotheses about their relationships (Dowding 2000: 470). Moreover, this approach facilitates the explanation of the political implications of the model that is originally economics oriented.

As it will be described in the following part, there are three main reasons for taking in account this model for an international relations research. Firstly, the evident key role of voice in the Hirschman’s theory has a strong basis in the political understanding of the model. As a matter of fact, voice entails confrontation and discussion which are two fundamental aspect in a progressive integration approach. Secondly, differently from other models and theories, this pattern generally evolves between two entities, a group and an individual, or in this case an organization and a state, which act in a certain environment, such as the international political

system. In other words, this model is suitable for the EU and Israel case because actors and background are well embedded in the mechanism of the theory. Thirdly, for what concerns international public policy, this model seems particularly indicated for proposing policies especially for its triple distinctions in different paths. Apart from this, the strong theoretical method of Hirschman has important effects on the effectiveness of the policies.

### **1.1.1 Albert O. Hirschman and his theoretical framework**

The theoretical framework of Hirschman is placed in the theory of the economy of development, more precisely in the theory of industrialization which had its peak in the early 1960s, but from which he distanced himself after the 1973 oil crisis. Hirschman was a former economist, but his career progressively changed towards more political and political issues such as human capital. This progressive shift demonstrates his belief that explanations of social phenomena are not independent of the knowledge offered by political science (Pasquino 2014: 170). Therefore, it is necessary to outline his theoretical and practical approach to the scientific research. According to Panebianco, Hirschman has brightly attempted to correlate political and economic matters showing to the economists the importance of the political category of voice and to the political analysts the utility of the economic category of exit (Panebianco 2017). In this frame, it emerges the partial dissatisfaction of Hirschman regards the economic theory of his time (Hirschman 1981). Thus, and here there is the first aspect of his theoretical framework, he believes that it is necessary to cross the borders of the different social sciences for understanding the complexity of reality (Santiso 2000).

Following this feature, the second aspect of his thinking is the open-minded approach which is crucial for explaining complex situations avoiding a dogmatic use of the social science categories. As stated before, the model and its paths must be seen with a non-dichotomy method with a wide spectrum of possibilities among the categories.

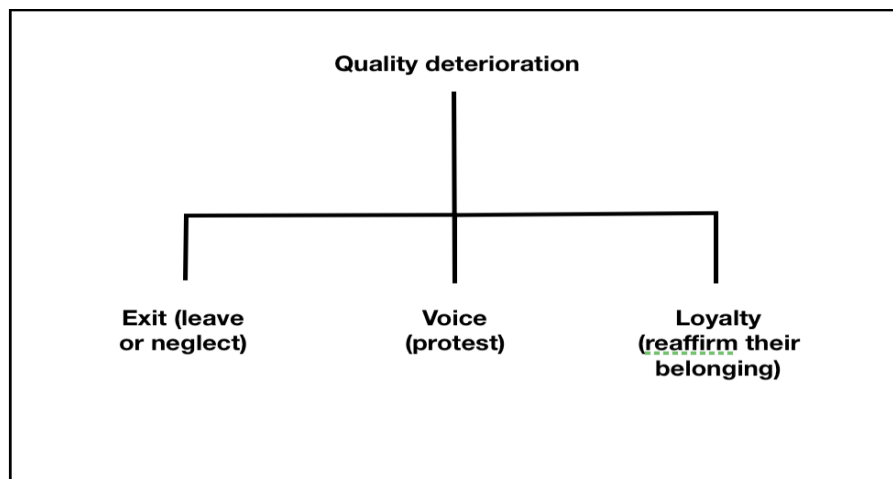
The third aspect refers to the impossibility to separate the economics dynamics from the context of analysis. Namely, the economist needs to conduct his research keeping the threads of the political discussion (Clark & Golder 2017). Indeed, the political context would diminish the rigid mechanism of the economy for tackling real problems in concrete manners.

Hence, the fourth aspect of the Hirschman's theoretical framework relies on this last statement: the goal to find practical solutions for increasing the development in other realities and countries (Santiso 2000; Pasquino 2014; Panebianco 2017). Hirschman had a deep knowledge and experience in developing programs and proposing policies for emerging

countries<sup>1</sup> (Hirschman 1967) and he understood how to be heterodox in order to resolve scientifically certain problems (Panebianco 2017). This feature of his approach is very significant for this research aim to propose policy options for a concrete case such as the relations between European Union and Israel.

Therefore, the research question consists in what strategies do consumers, party members and citizens adopt in the face of product deterioration, the decline of party organization, inefficiency and signs of state disintegration? Hirschman answers that each of the actors has three possible answers (fig. 1.1): leave or neglect (exit), protest (voice) or reaffirm their belonging (loyalty) (Allen & Tüselmann 2009; Pasquino 2014: 171;)

**Fig.1.1 - Graphic representation of the options to the quality deterioration in the EVL model**



In outlining these three possible paths, it appears what the intellectual and friend Guillermo O'Donnell defined as the art of trespassing or "the art of the over-pass": Hirschman's ability to cross-border between economics, politics and every other human discipline (O'Donnell 1986). This characteristic, added to his idea of medium-range theories aimed at analyzing restricted cases, is what allows Hirschman not only to deal with different disciplines such as sociology and political science at the same time, but also to be able to provide interesting insights to understand small portions of the world (O'Donnell 1986; Santiso 2000).

Referring to what Hirschman defined as *petites idées* (Pasquino 2014: 167), scientific curiosity stimulated from time to time by these little ideas can lead to original and unexpected

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<sup>1</sup> He was official officer for the Federal Reserve Board for the reconstruction of Europe after the II World War and he held an important role in the creation of development programs in Latin America in the 60ies and 70ies.

explanations like the one I hope will bring this digression on the European Union and Israel relations.

### **1.1.2 Other models for analyzing the international relations and the integration approaches in the European context**

During the past years, apart from EVL model, many different approaches have been considered for describing the integration process of the European Union among members and non-members states. Focusing on non-members countries, we could characterize three theoretical approaches, namely neo-functionalism, intergovernmentalism and social constructivism integration, which have been used for explaining the phenomenon and its implications. Indeed, it is properly through this analysis of the past and current theories that Hirschman's model is strengthened in its application to the European Union and Israel progressive integration. The purpose of this paragraph is to demonstrate the worth of the EVL model compared to the others.

Hence, the first approach is based on neo-functionalist considerations which assume the spill-over as mechanism of integration. According to this approach, a supranational decision-making process would be almost automatic towards further integration (Niemann 2009: 48) with benefits for the neighbor countries. In other words, the functionalists argue that an integrated sector could lead to a progressive integration of other sectors which were excluded at the beginning. This idea was widely used when the European Union made its first steps but it has been recently criticized for its underestimation of sovereign states and for not considering stagnation period of integration, such as during an economic crisis (Niemann 2009: 52). In that sense, this method lacks several features that are necessary for the analysis of the European-Israeli relations. First, it is limited by its consideration that it would be enough an integrated sector for integrating a wide and complex process such as between an organization and a country. Second, although this model could propose policies beyond the international relations analysis, it is lacking in creating a three-dimensional approach (political, economic and social path) which is well embedded in Hirschman's theoretical framework.

Then, a second method is the liberal intergovernmental approach which considers integration as series of rational choices made by states and their national leaders, mainly influenced by economic interests (Moravcsik & Schimmelfennig 2009: 68). Consequently, it does not recognize a concrete role to the institutions in the decision-making process. Differently from neo-functionalist frame and Hirschman's EVL, the liberal intergovernmental model could

develop and propose policies based on individual interests, but it seems a rigid instrument for analyzing such a fluid and flexible context as the relations between EU and Israel. Furthermore, it diminishes the organization-state relation though a more state-to-state approach that is less comprehensive and suitable for this case.

A third model is based on the social constructivism frame in which values and identities have a central role. Social and cultural agents, such as EU and states, do not exist independently from their social environment but are collectively shared systems of meanings or culture (Risse 2009: 145). This concept is a key part of organization or states decision to integrate or be integrated. Therefore, if a state feels more “European” or the Union considers more “European” a neighbor country, they are more likely or willing to cooperate and enforce their relations. However, even this approach seems uncomplete compared to EVL model. On one hand, it lacks political and economic implications that are relevant as the social ones. On the other, this analysis of the identities seems less concrete and effective because of the fluid nature and difficult definition of identity itself, especially in an integration process.

Differently from the proposed models, the EVL approach seems the most complete and suitable for analyzing a process of integration between an organization and a state, especially if the aim is beyond a theoretical goal and it entails a policy proposal. Indeed, the other methods seem unable to satisfy both a comprehensive analysis (political, economic and social) and a mechanism for suggesting policies. Furthermore, Hirschman’s theory has enough flexibility to be relevant in international relations studies and it is enough well-defined to be consistent with a policy proposal. The following paragraph will clarify the relevance of the model in the international public policy.

### **1.1.3 The consistency of the model in the international public policy**

International Public Policy brings together the theoretical framework of International Relations (IR) with analysis of public policy formulation and governance beyond the nation-state. In other words, it combines theoretical instruments with empirical aspects necessary for an in-depth understanding of policy-making within the general theories of IR, public policy and comparative politics. According to this definition, Hirschman theory fulfills both theoretical and practical features due to its flexibility and clear arrangement of its paths.

Firstly, it provides a useful tool for analyzing international relations between two entities through a well-defined model and clear features. Referring to European-Israeli relations, it creates a scheme of analysis that allows comparisons between the reality and the



theoretical model in the attempt to define the status of the integration between the EU and Israel. Indeed, it is worth to underline now an aspect that partially differs from the theory of the economist. In Hirschman's theory, the core of the interests is the quality of the relationship: in his model individuals and groups move or take actions because of the decay or improvement of it. For that reason, this analysis considers the quality of the relations between the EU and Israel as their degree of cooperation towards an increasing and positive integration. In that sense, as described before, *exit* is the starting point (0) in which EU and Israel has no cooperation or they are in a neglect situation<sup>2</sup> *voice* is the medium point (1) in which EU and Israel make efforts for improving their cooperation, while *loyalty* is the final point (2) of their process in which EU and Israel could have a positive integration. As it will be discussed in the final paragraph of this chapter, loyalty seems the weakest part of Hirschman's theory but it has a key role in enhancing a positive integration.

Secondly, the EVL model seems consistent with the empirical aspect of the international public policy. Indeed, it could propose solutions for improving the integration between EU and Israel in accordance with the frames of its three paths. As it will be examined in depth, *exit* entails a divergent approach between the parties with a policy that excludes possible benefits from a European-Israeli cooperation. Hence, *voice* involves a serious discussion about a possible integration through a policy that is aimed to make some steps towards a cooperation plan between EU and Israel. In the end, *loyalty* remains the most ambitious policy that considers integration without a membership as a win-win solution for the European-Israeli relations.

Thirdly, the European Union and Israel relation is particularly suitable for this model which entails among several aspects, a case-study between an organization and a state. In the framework of the international public policy, having a context of analysis with two specific actors is determinant for describing a complex phenomenon such as the European-Israeli situation.

Furthermore, as stated before, an important aspect of this model is the flexibility that allows an application both on theoretical and practical level. The fact that EVL model seems simpler than other models in its application is not a sign of low stability. Indeed, the division of the model counterbalances this distortive tendency with a well-defined scheme of analysis.

The next paragraph will be focused on this triple mechanism of the model as Hirschman has designed it.

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<sup>2</sup> The neglect term is introduced by Dowding in his analysis of the EVL model Downing, K. (2000).

## **1.2 The “Exit, Voice and Loyalty” Model**

Before analyzing the political implications of the EVL Model and its application to the European-Israeli relations, it is worth to explain the model as Hirschman has designed it from an economic-social point of view. The aim of this second paragraph is to outline his methodological method, focusing on the logical connections of the model. Hence, it is necessary to define three preconditions that are essential for a comprehensive understanding of EVL mechanism. These three features could be summarized in three basic questions: who (1), the subjects, what (2), the object of the analysis and why (3) or the reason of the research.

The first precondition regards the subjects. According to Hirschman, the analysis entails forces which operate in the economy (Hirschman 1970: 1), namely firms and consumers that have an “unchanging level” of rationality (Hirschman 1970: 1). However, in the introduction of his book, the economist states two aspects that are extremely important for understanding its trespassing in other discipline, such as social and political spheres (Santiso 2000: 94). On one hand, the economist argues that the concepts to be developed will be found to be applicable to a wide variety of non-economic organizations and situations (Hirschman 1970: 1). This premise will be evoked in the last paragraph of this chapter. On the other hand, Hirschman brings into question the economists’ assumption that a firm always acts “for a good reason” even when it fails, while Hirschman introduces the idea of a random “repairable lapse” (Hirschman 1970: 2), which entails an irrational aspect in his economic reasoning. This consideration would discuss the role of competition which has not been adequately spelled out (Hirschman 1970: 3). In other words, Hirschman shows the actors of his analysis are not totally rational as the situation that they have created through an act of self-subversion of the economic models (Santiso 2000).

The second precondition concerns the object of the model. What do the actors care about? What is the driving force of the subjects? Hirschman identifies it in the quality of the product or in the provided services (Hirschman 1970: 4). In that sense, according to the level of quality, the actors decide their consumer choices. For both subjects, the producer and the consumer, is still relevant the cost of their production or consumption (Hirschman 1970: 4). The former actor is disposed to maintain high quality at a certain cost, while the latter could pay a high cost if it is satisfied by the quality. As it will be described in the last paragraph, in the political framework the quality corresponds with the cooperation/integration among the EU and Israel where it counts the cost-benefit reasoning as in the economic model.

In the end, there is the third precondition which is the economist's assumption for proposing his triptych. According to Hirschman, the performance of a firm or an organization is assumed to be subject to absolute or comparative deterioration of quality of the product or the services provided (Hirschman 1970: 4). Following his reasoning, although the causes of this decrease are not specified, these are neither so compelling nor so durable as to prevent an possible solution of the deterioration (Hirschman 1970: 4). At this point, Hirschman observes two alternative routes for facing the deterioration: exit option and voice option (Hirschman 1970: 4). Although at the beginning the loyalty option is not considered by Hirschman, exit and voice are already explicative of his trespassing approach. This is a key passage of discussion about EVL model because once again Hirschman distances himself and his theory from the rigid economic frame, in other words from the unique paradigm (Hirschman 1995). Indeed, Hirschman aims at demonstrating to the economists of the usefulness of political concepts and to political scientists the usefulness of economic concepts (Hirschman 1970: 19).

According to this statement, it is consistent starting from the economic reasoning of Hirschman in order to develop a clearer comparison with the next and final paragraph on the international relations implication. The fundamental idea of this research is to readapt economic terms and concepts to the political sphere, also making concrete example in the context of European-Israeli relations.

After describing the framework of analysis, it is possible to introduce the research question posed by Hirschman: how (4) could the subjects face the quality deterioration? What are their alternatives? The next part will show the exit, voice and loyalty model in its economic framework.

### **1.2.1 Exit**

According to Hirschman, the *exit* option consists in some consumers that stop buying the firm's products or in some members that leave the organization because of a quality deterioration. (Hirschman 1970: 4). As results, revenues drop, organization declines and management is impelled to correct whatever faults have led to exit (Hirschman 1970: 4). In other words, this first path appears when a consumer, after he realized a decay of the product or service, decides to change firm in order to find the lost quality. In economic terms, exit is the direct way of expressing unfavorable views about an organization or a firm therefore it is considered "uniquely powerful" (Hirschman 1970: 21).

However, there are two variables which could impact on the exit choice. On one hand, there is the elasticity of the product or service affected by the quality, on the other hand there is the environment in which the actors have their relations.

The first consists in a variation of the demand function, with the difference that changes in quality are more crucial than changes in price (Hirschman 1970: 23). This function measures the interests in the quality of the product or service by the consumer. Under these conditions, any exit in response to quality decline will result in revenue losses or for an organization in member defections. Economically speaking, if the demand is inelastic, the losses will be quite small and the firm or organization will not get the message that something is amiss. On the contrary, if the demand is very elastic, the firm or organization will rapidly lose its revenues or members before it will manage its decay in quality (Hirschman 1970: 24). Therefore, it is desirable that quality elasticity of demand be neither very large nor very small (Hirschman 1970: 24).

However, regardless of elasticity, the exit could fail to cause any revenue loss to individual firm or organization if it acquired new customers or members as it loses the old ones (Hirschman 1970: 26). This depends on the second variable that has been mentioned before: the environment variable or the nature of the economic system. Hence, it is possible to distinguish two different situations: monopoly regime and perfect competition. In the former context, members and consumers are generally forced to accept the quality deterioration because it is particularly difficult to change it (Hirschman 1970: 56)<sup>3</sup>. While in the latter context, consumers can avoid the decay of the product or service by purchasing from another firm. Despite the perfect competition seems the most suitable condition, in certain cases, exit does not cause losses for firms and organizations and moreover it fails to provoke a change in the quality. Hirschman takes into consideration two possible behaviors of producers and organizations in a perfect competition situation. On one hand, the firms of an industry could have a “uniform quality decline” and accordingly each firm would gather disgruntled customers of the other firms while losing its previous customers. In these circumstances the “exit option is ineffective in altering management to its failings” (Hirschman 1970: 26). On the other hand, the producers of a system could decide to resort to a collusive behavior, accepting a general decay of their products (Hirschman 1970: 27). Although Hirschman considers the first behavior very unlikely, he argues that the perfect competition would not be the most suitable situation for facing a quality decay. Indeed, “the basic point is that competition may result in the mutual luring over

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<sup>3</sup> This aspect will be reanalyzed in the next paragraph about the voice option that could have different effects in monopoly situations.

each other customers on the part of a group of competing firms” (Hirschman 1970: 28), without a substantial improvement of the quality.

Hence, as in monopoly regime it is difficult to restore the previous quality because the exit option is almost impossible as well in perfect competition the presence of several competing firms fosters the “perpetual illusion that the grass is always greener on the other side of the fence” (Hirschman 1970: 27). Furthermore, the exit has costs for both actors: for who consumes in finding and readapting to another product, for who produces in creating and bosting new forces (Hirschman 1974: 17).

Even though the economists still have confidence in the exit solution for facing a quality deterioration, Hirschman argues that consumers would be able to bring more effective pressures upon management toward product improvement (Hirschman 1970: 28). In this context, the *voice* option emerges as alternative to the exit.

### **1.2.2 Voice**

Voice is political action *par excellence* (Hirschman 1970: 16). For that reason, the voice option is seen with suspect and mistrust by economists, while it is a key element in the political sphere. As stated before, Hirschman combines these two frames and create a constructive dialogue between the two disciplines, multiplying different views of the world (Santiso 2000: 94). Indeed, Hirschman considers voice as the extra instrument of political science and he aims to implement it in the economic frame.

Referring to the supposed quality decay, voice is defined as “any attempt at all to change, rather than to escape from, an objectionable state of affairs” (Hirschman 1970: 30). This change could be requested individually or collectively by a consumer or a member to the management in charge or to a higher authority. Furthermore, these actors could foster various types of actions and protests, including a public opinion mobilization, with the intention of forcing that change (Hirschman 1970: 30). Hence, if conditions are such that the decline leads to voice on the part of discontented member-customers, then the effectiveness of voice will increase with the volume of the decay (Hirschman 1970: 31). Therefore, the degree of dissatisfaction depends on the degree of deterioration, namely the elasticity of the demand in terms of quality. At this point it is worth to ask how the voice reacts to this decay. Hirschman identifies two paths: voice as a residual of exit and voice as an alternative to exit.

The first case emerges when the “voice option is the only way in which dissatisfied customers or members can react whenever the exit option is unavailable (Hirschman 1970: 33).

This is the typical situation of a monopoly regime in which the demand of quality is very inelastic and the level of voice is increased by the impossibility to exit. Consequently, “the role of the voice would increase as the opportunities for exit decline, up to the point where, with exit wholly unavailable, voice must carry the entire burden of altering management to its failings” (Hirschman 1970: 34). As follows, voice functions as a complement to the exit, not as substitute for it. Indeed, it could happen that a monopoly regime is interested in creating some possibilities of exit in order to limit some voice actions (Hirschman 1970: 60).

The second case entails a use of the voice as alternative to the exit. After a consumer or a member have changed firm or organization for a quality decline (exit), consumers could decide to employ voice against the first firm or organization with the aim to invert the negative trend of quality. Simultaneously, a consumer could exclude the exit option, albeit it is disposable, because he believes in a change through the voice. In both cases, it is evident that “the decision whether to exit will often be taken in the light of the prospects for the effective use of voice” (Hirschman 1970: 37). Indeed, if the customers or members are sufficiently convinced that voice will be effective, then they probably postpone the exit. Differently from the first case, this situation generally occurs under a competition context. Hence, “quality-elasticity of demand, and therefore exit, can also be viewed as depending on the ability and willingness of the customers to take up the voice option” (Hirschman 1970: 37). However, although the voice could be strengthened by a threat of exit, the voice option is more likely to be taken at an early stage because it is more difficult using voice after an exit.

Once recognized voice as an alternative to the exit, it is worth to understand which elements have a key role in the voice functioning. In addition to the environment (monopoly or competition) and the elasticity of the product or service, already mentioned in the exit paragraph, the voice depends on two other factors. On one hand, there is the willingness to take the chances of the voice option as against the certainty of the exit option, on the other the probability through which a consumer expects improvements to occur as a result of voice option, in other words the idea of consumers and members about their influence capacity (Hirschman 1970: 39). Then, these two factors are affected by other two conditions. Firstly, it is important the presence of institutional arrangements that reduce the costs of voice and increase those of exit. Secondly, the actors of the voice are more effective if they are active and in large numbers. Indeed, the voice is fatally weakened by the defection of the members of an organization: the lower the number of members protesting, the less weight they exert on the responsible management and therefore overall, they damage the effectiveness of the voice

(Hirschman 1970: 40). For these reasons, voice is more crucial in organizations than in firms, in the political sphere rather than in the economic one.

However, in some cases, the voice could be exaggerated, obstructing its positive effects on firms and organizations. Indeed, voice “must give management, old or new, some time to respond to the pressures that have been brought to bear on it” (Hirschman 1970: 33), especially in the political dimension. In this reasoning, it emerges the role of trust: a faithful member or consumer will accept to remain close to the first firm or organization in decay because he believes that he could exercise his positive influence on it, avoiding exit. This approach entails another aspect, the confidence between the actors, shifting the discussion to the next paragraph about the third option, the loyalty.

### **1.2.3 Loyalty**

As described in the previous paragraphs, exit and voice are opposite options in the EVL model (Hirschman 1970: 16). Indeed, the presence of the exit option can sharply reduce the probability that the voice option will be taken effectively. Consequently, it seems that voice is likely to play an important role in organizations only on condition that exit is virtually ruled out (Hirschman 1970: 76). According to Hirschman, a more solid understanding is gained by introducing the concept of loyalty. Loyalty consists in a strong attachment to the product or the organization by a consumer or a member who influences positively an organization when he believes that it is in a quality decay. Therefore, with a given estimate of one’s influence, the likelihood of voice increases with the degree of loyalty and at the same time loyalty holds exit at bay (Hirschman 1970: 77-78).

Hence, the loyalty option acts in three different ways: against exit, as voice support and as loyalist behavior. All these paths are functional approaches of loyalty, but the first two are also interdependent each other.

The first approach, loyalty against exit, consists in the neutralization within certain limits to exit, especially for the most quality-conscious customers or members (Hirschman 1970: 79). Indeed, loyalty can serve the useful purpose of preventing deterioration from becoming cumulative and furthermore it has the function of giving a chance to recuperate from lapse in efficiency, avoiding exit (Hirschman 1970: 79). In that sense the loyalty option, differently from the voice option, is not an alternative to the exit, but it could be an instrument against exit. Thus, loyalty helps to redress the balance by raising the cost of exit (Hirschman 1970: 80). Following the loyalty assumption which entails an irrational attachment to a firm or

organization, the loyalty option makes the exit unpleasant to the consumers or members rather than excludes it.

However, the second approach entails a support of the loyalty to voice in which loyalty differs from exit but it strengthens voice through the same possibility to exit. Loyalty involves the principle of disloyalty and boycott that in one way or another are attempts to threaten defection and to make its bargaining power stronger and consequently the voice. There are two strategies: on one hand, threatening the hypothesis of exit without ever realizing it, on the other by making a momentary exit that causes costs to both, member and organization, but with the aim of lasting the time necessary for the qualitative adjustment. In the former strategy, the chances for voice to function effectively as recuperation mechanism increase if the voice is backed up by the threat of exit, whether it is made openly or whether it is just perceived (Hirschman 1970: 82). While in the other strategy, boycott entails a temporary exit without corresponding entry elsewhere with costs for both sides: this combines characteristics of exit with those of voice (Hirschman 1970: 86). For this reason, it seems that the effectiveness of the voice mechanism is reinforced by the possibility of exiting. The contradiction lies in the fact that the propensity to develop and use the voice mechanism is reduced by output, but at the same time this increases the ability to effectively use the voice itself. This paradox can be solved if the possibility of exit exists when the exit is neither too easy nor too tempting when one's organization begins to deteriorate (Hirschman 1970: 83).

As stated before, these two approaches are interdependent each other and the loyalty could lead to unsuitable results. Indeed, loyalty could cause a voice-exit mix in which the exit option is unduly neglected. Moreover, the institutional arrangements could fail to activate voice or even could repress voice alongside exit (Hirschman 1970: 92). For that reason, the firm or the organization would design devices with the aim to create a combination which is ideal from their point of view. Hence, there are generally two instruments: high fees for entering an organization and stiff penalties for exit (Hirschman 1970: 93). In the first case, it is a matter of making difficult the access to an organization by raising the membership requirements, namely an expensive entry or a severe initiation. By exploiting the nature of loyalist behavior, organizations transform this behavior into a unconscious one, through self-deception, in other words they fight the realization that the organization the member belongs to or the product the consumer has brought, are deteriorating or defective (Hirschman 1970: 93). This also leads to a greater interest (initiative and activity) of the members in question in the changes to the system of the organization, having more concern about its deterioration. In the second case, instead, the organizations implement a high exit price, namely penalties, excommunication,



confiscation and loss of alliances, making the price of exit high, and in some circumstances even the threat of defection very difficult. Consequently, the organization succeeds in the dual aim of eliminating the output and weakening, if not eliminating, the voice. In these two situations, it seems that the impossibility to exit depends on legal-institutional barriers of organization but it is often due to the hallmark of loyalist behavior (Hirschman 1970: 98).

In this frame, the third approach comes out. Indeed, the decision to remain a member in face of an exit alternative follows two paths: an unconscious and irrational behavior and a conscious one. If Hirschman summarizes the first as “our country, right or wrong” (Hirschman 1970: 78), in other words staying loyal no matter what, the second behavior appears to follow a rational balancing of perspectives between private benefits and costs. Thus, loyalist conduct may be motivated in a less conventional way. In deciding to exit or not an organization, members, especially the most influential ones, will sometimes be held back by the anticipation that the organizations to which they belong would go from bad to worse if they left. In these terms, the member would continue to care about the activity of the organization even after he has left it (Hirschman 1970: 98-99), because the exit causes greater qualitative deterioration in the organization's capacities and members are still worried about the decay regardless of staying or not in the position of a member. Therefore, the consumer-member is a quality-maker and not just a quality-taker, thus he is involved both in the supply side and in the demand side, in production as well as in consumption of the service, in the growth and improvement of the organization (Hirschman 1970: 99-100). The only explanation of such behavior may be a situation in which the quality of the organization is important even after the exit. In other words, when the loyalty occurs, a complete exit is impossible: one remains connected to the organization despite the official exit and in a certain way continues to make its voice heard.

As described above, loyalty is the most complex part of the EVL model and it is an important element for both the exit and voice option. Referring globally to the model, from exit to loyalty the approach shifts towards a political approach.

### **1.3 From social-economic to political frame: international relations perspectives**

In the reflections following “Exit, Voice and Loyalty”, Hirschman highlights his purpose to convince economists that an essentially political concept, the voice, is important and useful for the analysis of economic phenomena (Hirschman 1974: 7-8). This consideration is confirmed not only by the numerous political examples present in the text and used in the economic analysis, but also by the continuous juxtaposition between consumer / company and

member / organization throughout the work, as an attempt to explain concepts belonging to the economic area. Although Hirschman had no interest in a disciplinary placement as a political scientist, his “art of trespassing” (Santiso 2000) inevitably leads him to cross over into other areas of whom he nevertheless knows the utility. For this reason in the second part of his career the most appropriate qualification was that of social scientist, suitably confirmed by the entry into the Princeton Institute for Advance Study, in the School of Social Science (Pasquino 2014: 169). Therefore, considering Hirschman a political economist, it is possible to combine the "Exit, Voice and Loyalty" model with the study of political science themes, in this specific case with International Relations. Indeed, at the beginning of his masterpiece, Hirschman argues that the concepts to be developed will be found to applicable to a wide variety to non-economic subjects and situations (Hirschman 1970: 1).

In the second paragraph of this chapter, it has been analyzed the necessary preconditions for understanding the EVL model which correspond to the questions who, what and why in the economic framework. Thus, it is necessary to contextualize these questions in the political framework with the aim to clarify the mechanism of the EVL model in the International Relations sphere, especially in the case between European Union and Israel.

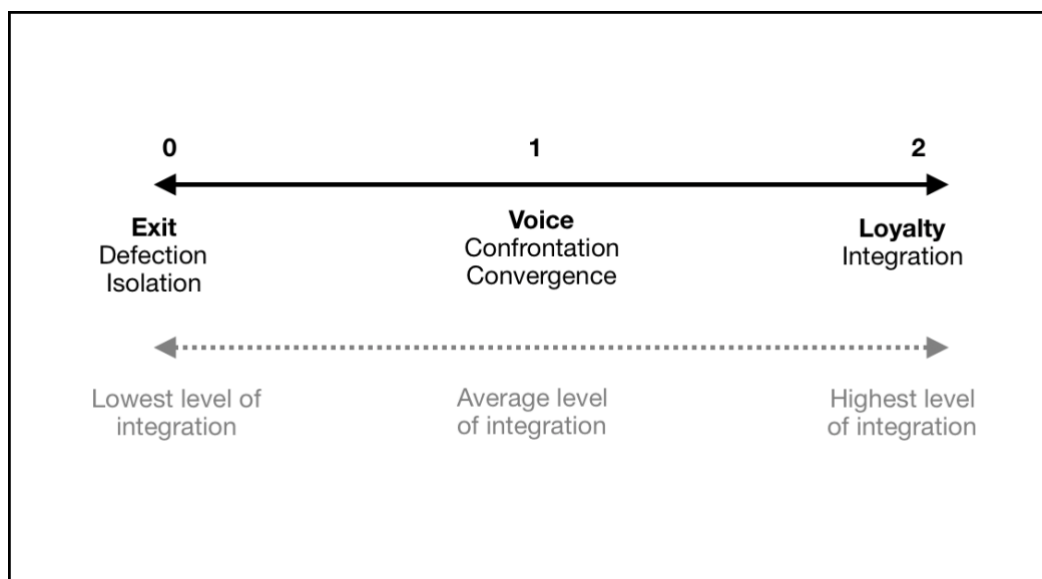
The first precondition refers to the subjects of the research, namely an organization and a member. As stated several times, this bilateral (organization-member) approach is particularly useful for describing the context between European Union and Israel. The former represents a supranational organization, while the latter is a member of the neighborhood policy of the same organization. For that reason, these subjects have undoubtedly close relations and a strategic interest in cooperating each other.

The second precondition concerns the object of the research: the quality of integration. In the economic reasoning, the quality of a product or service is what matters for the subjects, both producer and consumer. At the same time, Hirschman applies this reasoning to the relationship between organization and member in which the quality of the relations is the object. Consequently, in the political framework, this object represents the state of the relations between European Union and Israel. In other words, the quality of their relations corresponds to their level of cooperation and integration.

The third precondition is the reason of the research and it is fundamental for introducing the discussion. As remarked by Hirschman along all its analysis, the assumption is that an absolute or comparative deterioration of quality of the product or services occurs (Hirschman 1970: 19). If the frame shifts from the economic to a political one, this deterioration correspond to a decay in the relations between the organization and the member, namely the European

Union and Israel. This decay entails a deterioration in their cooperation and path of integration or generally in a malfunctioning of their relations from a political, economic and social perspectives. In the context of European-Israeli relations, the political issue concerns especially the Israeli-Palestinian conflict and the Mediterranean geopolitics. From an economic point of view, the focus is on trade and cooperation in several sectors such as the energetic one. Then from a social perspective, the role of the religion and the ethnic diversities are often under pressure.

**Fig. 1.2 - EVL model in the IR context**



Hence, these three preconditions and the three level of analysis are fundamental for understanding the application of the model to the international relations and its functioning as policy instrument. As declared in the introduction of this chapter, the three paths must be seen along a line: exit (point 0) as isolation and defection, voice (point 1) as confrontation and convergence towards integration and loyalty (point 2) as the best integration that could be obtained between European Union and Israel. Avoiding dichotomist approaches, the model has different combinations along a wide spectrum and it shows the possible proximity to a point or another.

However, in this final paragraph, the aim is to explain the political framework of each option of the model, especially in its application to the studies of international relations.

### **1.3.1 Exit as isolation and defection**

According to Hirschman, exit option is strictly economic and it is the most direct way of expressing dissatisfaction (Hirschman 1970: 21).

Hence, because of its economic nature, exit and its variables need a reconceptualization in the political field, starting from the concepts of elasticity and economic environment. The first concerns the quality of relations and the possibility to find the same or better quality with other partners. On one hand, if the demand of quality is inelastic, it will be harder to find better organization for the member, while the organization will not get the message that something is amiss. On the other hand, if the demand of quality is particularly elastic, the member will leave without though efforts, while the organization will not manage the decay in quality (Hirschman 1970: 24). As assumed in the introduction of this paragraph, the quality of a product in the economic model corresponds to the quality of the integration in the IR model. Thus, the elasticity of the quality is the elasticity of the integration, in other words the possibility for the actors to find more suitable members or organizations. Consequently, the inelastic and elastic aspect of the integration consists in the low or high chance to change organization or member.

In the European-Israeli context, the integration and cooperation elasticity is neither very large nor very small because both actors could find positive integration and cooperation with other partners, especially the Union in the economic field. Indeed, this aspect is consistent if the EU is contemplated in its supranational organization feature, in other words as a sum of the various MSs. The EU has a wide foreign policy with other Mediterranean states through the European Neighborhood Policy (ENP) and it has relations with several Arab Countries (EUGS 2016), such as Lebanon and the Palestine Authority. At the same time, Israel has a strong and long cooperation with the United States through a Free Trade Agreement (FTA) in 1985 and the Strategic Partnership Act of 2014.

The second variable is related to the economic environment, namely the market in which the product and the actors act. As described in the economic model, there are two situations: the monopoly regime and the competition regime. In the international relations framework, a state is not forced to accept a deterioration in the cooperation or integration with an organization as in the economic situation of monopoly. As described above, the European Union and Israel relations are part of a wide foreign policy which is far from being exclusive and absolute, in fact both the actors enjoy deepening relations with other global partners and aim to increase their individual relevance and power. Therefore, the condition of the political system and the nature of their relations are closer to a competition regime framework in which they have a

propensity for changing partner if the integration or cooperation is not going in the right direction. Although Hirschman argues that a collusive behavior would affect also the competition regime (Hirschman 1970: 27), there are few possibilities of such behavior in a political context.

Regarding the practical aspect of exit in the IR sphere, isolation and defection are the most likely paths between two international actors. According to Lavelle, who has applied the EVL model in the context of international organization and US relations, exit could entail a lowering in the economic commitment of the actors or in the political field through a lowering of the diplomatic rank of official or delegations (Lavelle 2007: 373).

In that sense, it is worth to take in account some examples of the relations between European Union and Israel for understanding a typical exit attitude or behavior. On one hand, the European Union and Israel had avoided dialogue and cooperation in key moments, choosing a defection approach with an attempt to isolate each other. During the Lebanon War in 1980, the Venice Declaration<sup>4</sup> by the EU failed to positively change the political issue of Palestinians, jeopardizing the relations with Israel (Pardo 2010; Terpan 2010). In addition, Israel insisted for the exclusion of the EU in the Madrid Conferences<sup>5</sup> because Israel considered the European Union as part of the problem and not part of the solution (Pardo 2010: 10). On the other, they could clash with each other not through a war, but through unfriendly actions, such as new alliances and cooperation with opposite partners. For example, in its Global Strategy, the European Union would increase its dialogue with Iran and GCC in order to foster the space for cooperation and diplomacy<sup>6</sup>. Accordingly, Israel would create a cooperation with Russia beyond the Syrian Conflict against Iranian threat in the region, developing a partnership on security and economic matters.

All these conducts are not without costs. According to Hirschman, exit has costs for both actors (Hirschman 1974: 17), namely creating new relations with others states and organizations or boosting forces and resources towards different partners. Thus, also in the IR context context, the *voice* option could emerge as alternative to the exit.

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<sup>4</sup> Signed in Venice on 13<sup>th</sup> June 1980.

<sup>5</sup> Signed in Madrid on 30<sup>th</sup> October 1991.

<sup>6</sup> According to European Global Strategy (2016) “Building on the Iran nuclear deal and its implementation, it will also gradually engage Iran on areas such as trade, research, environment, energy, anti-trafficking, migration and societal exchanges. It will deepen dialogue with Iran and GCC countries on regional conflicts”.

### 1.3.2 Voice as dialogue and convergence

Differently from the exit option, voice has been defined as “any attempt at all to change, rather than to escape from, an objectionable state of affairs” (Hirschman 1970: 30). According to this definition, voice is a reaction against the quality deterioration with the aim to revert the negative trend. This attitude is well-embedded in the political framework and according to Hirschman it is a political action *par excellence* (Hirschman 1970: 16). Referring to the international relations studies, the quality demand corresponds to an integration and cooperation demand, while voice becomes an attempt to face a deterioration in the cooperation or a tool for improving the integration between a member and an organization. In that sense, with referring to the previous analysis, voice option could be a residual of exit or an alternative to exit.

Regarding the first path, voice as residual of exit is an option that could occur in a monopoly regime with a strong inelastic quality demand. As stated above, the context of international relations is mainly not monopolistic and the quality demand is often elastic. In fact, considering the best trading partner of the EU, Israel is not even in the first 20 countries<sup>7</sup>, however considering all the European partners, the EU is the first commercial subject for Israel, even though according to the World Bank, the United States and China respectively counts for the 27% and the 7,7% of total Israeli export with an incremental rate (World Bank, 2017). In other words, there are possibilities for exiting from a cooperation or for diverging from a process of integration for both the actors, probably it would be more feasible for the EU.

Differently, the second path is consistent with the IR research. According to Hirschman, “the decision whether to exit will often be taken in the light of the prospects for the effective use of voice” (Hirschman 1970: 37). Hence, the voice option is an alternative to exit and it is based on a reasoning about the effectiveness in facing the quality decay. The quality demand is elastic and the system is under competition, as assumed in the international relations context. In political terms, the choice to use voice for improving the integration between member and organization will be generally taken evaluating two factors: willingness and probability. On one hand willingness entails taking the chances of the voice option against the certainty of the exit option, while on the other probability concerns the expectations about the influence capacity for facing the deterioration (Hirschman 1970: 39). In a IR case, such as in the European-Israeli relations, the willingness corresponds to the beliefs that both actors have of their relations: does

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<sup>7</sup> According to the European Commission 2018 Report, Israel is 27<sup>th</sup> [https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_122530.pdf](https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf).

the European Union consider cooperation with Israel important? Is Israel interested in a progressive integration with EU and vice versa? Thus, they analyze their probability of success in implying resources of voice in their cooperation through the institutional arrangements that they have for boosting their integration or limiting the possibilities of exit. Furthermore, they are keener to cooperate if other actors support their efforts, in other words voice is more effective if activated in large number. Indeed, they look at the costs/benefits in using voice and if benefits overtake costs, they increase their efforts in improving their relations.

Therefore, voice in international relations is the option of the dialogue and convergence in order to face a decay or improve a partnership. According to Lavelle, they could “voice” dissatisfaction while remaining more than exiting (Lavelle 2007: 374). Furthermore, through voice they could articulate a specific program of counter-proposal to bargain with (Ling 2009: 35)<sup>8</sup>. By means of the voice option, the European Union and Israel could converge towards each other and discuss about what is going wrong in their relations. In that sense, several efforts have been made in the past for creating a constructive dialogue between them. The European Union disagree with the settlements policy of Israel which is counterproductive both for economy and religion: on one hand, because it affects the application of the Association Agreement (1995), on the other because it encourages religious and social tensions through the security fence, especially in Jerusalem and West Bank (Pardo 2010: 19-20). However, in the 2005 the EU Border Assistance Mission (EUBAM Rafath) has seen an agreement on security matters between EU and Israel with a delegated responsibility on borders (Pardo 2010: 23). Furthermore, the European Union and Israel have shared common goals and problems through multilateral cooperation with the aim to amplify the voice with other actors. The Euro-Mediterranean Partnership (1995) and the Union for the Mediterranean (2008)<sup>9</sup> are both initiatives for enhancing a positive dialogue and for developing an upgraded Israeli-EU partnership (Pardo 2010: 44; Terpan 2010). Therefore, voice option is linked to the multilateral feature of the European-Israeli relations and by definition, it is strengthened through a participation of other actors in the discussion (Hirschman 1970: 40) However, as Hirschman argues, voice must not be exaggerated and must give time to respond to a decay, especially in the political dimension (Hirschman 1970: 33).

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<sup>8</sup> Ling has applied Hirschman model to the relations between US, China and Taiwan.

<sup>9</sup> Both are part of the Barcelona Process. Moreover, these two examples of multilateral cooperation are in the wide frame of the ENP.

Voice remains between the exit option and the loyalty option, as middle step of a process towards progressive integration otherwise towards a progressive defection. For that reason, it is particularly delicate in its application and more complex than other options.

According to Pasquino, voice is useful for drawing attention to what is wrong, highlight a problem that was previously not perceived (Pasquino 2014: 176). In the international relations context, it is an attempt to understand and to solve deficiencies between actors, sitting at the table of negotiation and discussion and avoiding for the moment exit option and loyalty option.

**Chart 1.1 - Comparison between Economic and IR characteristics of the EVL model**

|                | <b>Economic Framework</b>   | <b>IR Framework</b>  |
|----------------|---|--|
| <b>Exit</b>    | <ol style="list-style-type: none"> <li>1. Elasticity</li> <li>2. Economic system (perfect competition and monopoly)</li> <li>3. Economic Costs</li> </ol>   | <ol style="list-style-type: none"> <li>1. The possibility to find the same or better quality with other partners</li> <li>2. The international relations environment and context</li> <li>3. Costs of creating new relations with others states and organizations or boosting forces and resources towards different partners</li> </ol> |
| <b>Voice</b>   | <ol style="list-style-type: none"> <li>1. The willingness to take the chances of the voice option as against the certainty of the exit option</li> <li>2. The probability through which a consumer expects improvements to occur as a result of voice option</li> </ol> | <ol style="list-style-type: none"> <li>1. The beliefs that both actors have about a possible improvement of their relations</li> <li>2. Implying resources of voice in their cooperation through the institutional arrangements that they have for boosting their integration or limiting the possibilities of exit</li> </ol>           |
| <b>Loyalty</b> | <ol style="list-style-type: none"> <li>1. High fees for entering</li> <li>2. Stiff penalties for exit</li> <li>3. “staying loyal no matter what”</li> </ol>   | <ol style="list-style-type: none"> <li>1. Legal obligation for cooperation and integration</li> </ol>  |



|  |  |   |
|--|--|---|
|  | 4. to follow a rational balancing of perspectives between private benefits and costs | 2. Financial and legal penalties for interrupt a relation<br>3. Passive tolerance and acceptance of certain conditions for cooperating<br>4. Choosing reliability in virtue of the balance between costs and benefits of an integration |
|--|--|---|

### 1.3.3 Loyalty as cooperation and integration

As described in the 1.2.3 paragraph, loyalty consists in a strong attachment of a member to its organization and it holds exit at bay (Hirschman 1970: 77-78). Indeed, loyalty acts through three paths: against exit, as voice support and as loyalist behavior. However, all these paths are based on the positive belief that the quality decay will be solved and the relationship will improve between organization and member. In the international relations framework, this entails the same positive belief in a progressive cooperation and integration between the actors. The European Union and Israel would enhance their cooperation with confidence about their positive improvement in their relations, avoiding conflict position such an interrupt of their partnership (exit). Generally, loyalty excludes exit and boosts voice by raising the costs of leaving (Hirschman 1970: 80).

Hence, for strengthening loyalty there are two alternatives: on one hand, legal ties for entering, on the other stiff penalties for exiting (Hirschman 1970: 93). According to Lavelle, they can remain loyal by making a given forum their chosen outlet for conflict resolution (Lavelle 2007). In a political and IR context, this approach corresponds to mutual assurances, treaties and deals that could be signed between the actors, from different points of view, political, economic and social. These instruments are aim to enhance cooperation and integration between an organization and a state, such as the EU and Israel.

Apart from the legal or institutional tools, even in the IR sphere, loyalist conduct may be motivated in a less conventional way. Indeed, the aim is often to stay because the situation would worsen if there will be a defection in case of deterioration. In deciding to exit or not an organization, members, especially the most influential ones, will sometimes be held back by the anticipation that the organizations to which they belong would go from bad to worse if they

left. According to Santiso, confidence and virtuous conflict have a key role in constructing a positive dialogue (Santiso 2000: 102). In particular, loyalty and confidence imply even compliance with management demands (Ling 2010). In these terms, the member continues to care about the activity of the organization even after he has left it (Hirschman 1970: 98-99).

The issue of loyalty between the European Union and Israel is therefore related to their real involvement in improving their relations and cooperation. Following the historical and institutional development of their relations, there are few examples of application of loyalty framework. Firstly, the EU-Israel Association Agreement (1995) was a positive attempt to institutionalize the economic and political dialogue between Israel and EU on the basis of full reciprocity (Pardo 2010: 48). This bilateral approach is consistent with the loyalty option which entails a sort of special relationship between the actors, based on confidence. Secondly, the EU-Israel Action Plan (2005) is another example of loyalty in their relations. Indeed the preamble, it states that: “enlargement offers the opportunity for the EU and Israel to develop an increasingly close relationship, going beyond co-operation, to involve a significant measure of economic integration and a deepening of political co-operation”<sup>10</sup>. Although the political complexity, the positive belief had enhanced a steady convergence in European and Israeli thinking over the strategies needed to bring the Israeli-Palestinian conflict to an end (Pardo 2010: 65). The element of “taking care”, typical of this option, is closely linked to the feeling of trust between two actors (Santiso 2000: 105). As described above, trusting behavior can be conscious or unconscious. In the first case it is a matter of choosing reliability in virtue of the balance between costs and benefits, in the second case it becomes passive tolerance and acceptance even in the face of qualitative decline (Pasquino 2014: 178)<sup>11</sup>. In this case, the question is if the European Union and Israel have confidence in the work of the other, especially if the EU is determined to accept certain conditions in order to cooperate with Israel.

As described, the loyalty option is the highest possible degree of integration between the EU and Israel and for that reason it is a long and complex process that requires far more debates than other options, such as exit and even voice.

In the next two chapters it will be analyzed the context of the relations between EU and Israel from a political, economic and social point of view with a focus on the European Foreign Policy. Then, in the last chapter, it will be apply the model for proposing three policies based on the exit, voice and loyalty approaches.

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<sup>10</sup> Preamble of the EU-Israel Action Plan, April 2005 [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eu-israel\\_action\\_plan\\_2005.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eu-israel_action_plan_2005.pdf)

<sup>11</sup> In that sense, Ling introduces the concept of fearful loyalty (Ling 2010: 42-43).

## **2. European Union-Israeli Relations: from past to present**

In the first chapter, it was described the theoretical model of Hirschman, Exit, Voice and Loyalty (EVL), analysing in details the logical implications and structure. As already stated, the aim of this research is to explain the current situation of the European-Israeli relations and propose a possible solution to their decay in cooperation and integration. For that reason, this second chapter is focused on the political, economic and social-cultural sphere of the relationship between the EU and Israel which are necessary for a comprehensive understanding of their current path. The division in thematic areas is particularly suitable for this analysis and the general purpose of the research.

The first paragraph provides an overview of the European Union Foreign Policy through a description of the main bodies, strategies and players which determine the European External Action, especially towards the neighbour countries. Furthermore, a section is destined to the progressive divergence in the transatlantic relations with the United States and the new efforts of the EU to create an independent foreign policy.

Then, the second paragraph concerns the historical part of the research with a review of the past cooperation and partnership between the EU and Israel. Starting from the origins of their relation, the paragraph is developed through the main agreements which have been signed by the parties. A specific section addresses the issue of the Israeli-Palestinian peace process which is determinant for a clear understanding of the EU engagement in that area and its role in the conflict. Then, the analysis moves on the recent evolution of European-Israeli relations, describing the political similarities and the different agendas due to contingent crisis and radicalization of certain aspects of their dialogue and cooperation.

This tendency is clearer in the third and last paragraph of the chapter which analyses security, economic, social and cultural features of the EU-Israel partnership. In the first framework, the focus is on the security and military cooperation of the actors in the Mediterranean Area, especially the importance of an effective partnership on this matter. The second framework concerns the economic sphere which is the most advanced sector in the European-Israeli integration. Then, in the last framework, the social and cultural aspects are shown as fundamental elements of a comprehensive understanding of the European-Israeli context, especially on the symbolic role of Jerusalem.

Indeed, apart from the historical background of their relations, the EU and Israel have an old partnership in the economic field and a cultural closeness which are not questionable.

Indeed, the special status granted to Israel is mostly based on the shared identity that Israeli people has with the European countries and vice versa.

However, because of difficult moment of their political relations and the global uncertainty, the equilibrium is quite fragile and their integration is facing a progressive deterioration.

Hence, following the division in different frameworks, the policy proposals will be discussed in the next and final chapter of this research, proposing a possible solution to this decay in their cooperation. Indeed, the analytical scheme provided in this chapter will be useful for organizing a well-structured study of the EU-Israel relations.

## **2.1 An overview of the European Union Foreign Policy**

In this paragraph, it will be observed the fundamental aspects of the European Foreign Policy that are necessary both for understanding past and future development of the European-Israeli cooperation and for applying the “Exit, Voice and Loyalty” model to the analysis of their relations.

The first part concerns the European institutions and strategies that oversee the foreign policy of the Union. The European External Action Service (EEAS) deals with the management of the relations outside the Union through partnerships and cooperation in different fields from political to social matters, from economic to security issues. Although the EEAS’s action is under the executive control of the Member States and the European Commission, its work is fundamental for proposing new policies in line with the European Union Global Strategy (EUGS 2016). This strategy represents the key document for the European Foreign Policy, defining its scope, goals and means.

Secondly, it is proposed a digression on the path of the current transatlantic relations under the U.S. presidency of Donald Trump. The well-evident change in the European-US relationship is due to a differentiation of their political and economic agenda, especially in the global governance. Indeed, the European Union and the United States are following an autonomous and divergent path which has never happened since the Second World War. However, in this context, the European Union could find a new independence, especially in its foreign policy, and a new role in the global order. Being able to balance the international political system, the EU is making efforts for strengthening its autonomy, above all in the security realm. This excursus is aimed to show the real independence of the European Foreign

Policy from the American one and to test the capabilities of the Union to act autonomously in its relations with Israel, strong partner of the US.

Thus, the third section takes in account the European Neighbourhood Policy (ENP) which includes the closest states around the Union, from East to South, such as Israel. The focus is on its instruments that are disposable for boosting and improving integration and cooperation among the European neighbours. Apart from the issues related to its functioning, the ENP represents the principal framework in which the Union develops its political, economic and social relations with other countries. Therefore, the analysis of the ENP is necessary in order to create and propose policies based on the EVL model as it will be clearer in the final chapter.

Hence, the mechanism and the instruments of the EU must be necessarily clear before describing the history of the European-Israeli relations and its current implications at political, security, economic and social level. Although the complexity of the European Foreign policy, the focus will remain on the European Institutions and common policies, leaving aside the individual actions of MSs without diminishing their influence.

### **2.1.1 Brussels foreign policy and its strategy**

After the enactment of Lisbon Treaty in 2009, the creation of the European External Action Service (EEAS) in 2010 has profoundly changed the foreign policy architecture of the European Union (Kostanyan 2017). Indeed, the EEAS is designed as an institutional instrument between the EU Member States (MSs), the Commission and the Parliament, with the aim to provide diplomatic services to the Union and assist the High Representative (HR)<sup>12</sup>, who chairs the Foreign Affairs Council<sup>13</sup>. Although the EEAS enjoys a special autonomy in the European institutional context (Riddervold & Trondal 2015 and 2017; Sellier 2018), it is evident the compromise between its supranational and intergovernmental nature (Kostanyan 2017) and the non-exclusive delegation of the EEAS (Dijkstra 2017). In that sense, the effectiveness of the EEAS is sometimes weakened by an unclear division of the labor, for example the overlapping of the MSs foreign services and embassies (Dijkstra 2017: 56).

However, the EEAS connects the rest of the EU Foreign policy actors through several tasks and it holds its own independent staff from the other European Institutions, assuming a

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<sup>12</sup> Art.27(3) TEU: “In fulfilling his mandate, the High Representative shall be assisted by a European External Action Service. This service shall work in cooperation with the diplomatic services of the Member States and shall comprise officials from relevant departments of the General Secretariat of the Council and of the Commission as well as staff seconded from national diplomatic services of the Member States [...]”.

<sup>13</sup> Beyond being the Vice-President of the European Commission

central role in the EU foreign policy machinery (Riddervold & Trondal 2015; Kostanyan 2017). The independence of the EEAS is given by its integration into Commission structures and its capillary action through the EU Delegations (Lequesne 2015). The Delegations are responsible for all policy areas of the relationship between the EU and the host country (political, economic, trade or on human rights and in building relationships with partners in civil society) and they enhance cooperation for developing projects and grants<sup>14</sup>. These delegations are coordinated by EEAS in five large departments (Asia-Pacific, Africa, Europe and Central Asia, the Greater Middle East and the Americas) covering several issues such as human rights, democracy support, migration, development, security, response to crises and administrative and financial matters<sup>15</sup>.

Among these tasks, there are two key purposes of the EEAS: the security issue and the financial sphere. On one hand, the Common Foreign Security Policy (CFSP) consists in the management of the security affairs of the EU in cooperation with the Common Security and Defence Policy (CSDP)<sup>16</sup> which is the operational sector and the main component of the CFSP. The general aim is to strengthen the EU's external ability to act through the development of civilian and military capabilities in Conflict Prevention and Crisis Management. On the other, the Foreign Policy Instrument (FPI) is the responsible for operational expenditures in the crucial area of EU external action<sup>17</sup>. Namely, it decides the financial instruments for responding to a crisis, it defines sanctions and it controls the Partnership Instrument for cooperating with partners in order to advance the Union strategic interests.

All this structure acts accordingly with the general aim of the Union and its Global Strategy which is designed by the HR and EEAS through the cooperation with the Commission. The 2016 European Union Global Strategy (EUGS 2016) describes the guidelines of the EU Foreign Policy, in other words the shared interests and principles. Firstly, the practical goals of this strategy concern the internal and external security, which singled out counterterrorism “as an area in which the “joined-up union” and the comprehensive approach that it envisages are of key relevance” (Sellier 2018: 130). Secondly, the purpose is to invest in the state and societal resilience of eastern and southern states for enhancing the European Neighborhood Policy (ENP) both for implementing a comprehensive approach to conflict and crisis and for

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<sup>14</sup> As described by the EEAS [https://eeas.europa.eu/headquarters/headquarters-homepage/65034/what-we-do\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/65034/what-we-do_en)

<sup>15</sup> *Ibid.*

<sup>16</sup> According to EEAS: “The EU Military Staff is the source of collective military expertise within the EEAS and also advises the High Representative / Vice-President on military and security issues.” [https://eeas.europa.eu/headquarters/headquarters-homepage/65034/what-we-do\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/65034/what-we-do_en)

<sup>17</sup> According to the EEAS, [https://eeas.europa.eu/headquarters/headquarters-homepage/2084/foreign-policy-instruments\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/2084/foreign-policy-instruments_en)

strengthening the regional cooperation (EUGS: 10-11). According to the EUGS, “possibilities include the creation of an economic area with countries implementing Deep and Comprehensive Free Trade Areas (DCFTAs), the extension of Trans-European Networks and the Energy Community, as well as building physical and digital connections. Societal links will also be strengthened through enhanced mobility, cultural and educational exchanges, research cooperation and civil society platforms” (EUGS: 25).

Hence, in this context, the EU needs to be strengthened as a security community: European security and defense efforts should enable the EU to act autonomously while also contributing to and undertaking actions in cooperation with other partners beginning from NATO (EUGS: 20). However, the transatlantic relations are facing a halt due to the new US foreign policy, especially in security and economic field. Indeed, the development of this policy is focus on a progressive disengagement of the American military presence in the European and Mediterranean Area and a progressive decrease in the financial support. Thus, an autonomous path of the European Foreign Policy seems consistent with the current situation at global level.

### **2.1.2 A European path of independence from US policy of Trump’s administration**

As described before, a new path of relations between the European Union and the United States is ongoing, especially since the 2016 election of U.S. President Donald Trump. In an evident context of crisis at global level due to several issues, from immigration to climate change, from trade war to terrorism (Riddervold & Newsome 2018: 507) and because of a general malfunctioning of the multilateralism approach in cooperation (Smith 2018), the old transatlantic relations are challenged by both divergent political views and a fragmented integration process.

On one hand, it seems that the new U.S. President is following an agenda which is opposed to the European interests and goals, especially on geopolitics, economic and climate change matters (Stewart 2017; Riddervold & Newsome 2018). Indeed, the U.S. has withdrawn from the Iran nuclear accord, the Paris climate negotiations and the negotiations on the Transatlantic Trade and Investment Partnership (TTIP), making its steps far from the European path. In addition, according to Ikenberry, Trump has broken with 70 years of tradition by signaling the end of U.S. support for the European Union, endorsing Brexit and making common cause with right-wing European parties (Ikenberry 2017).

On the other hand, this behavior has increased the already difficult moment of the European integration process which is becoming more fragmented in its internal dealings with

multiple crises and challenges (Riddervold & Newsome 2018; Smith 2018). In the EU, populism, Brexit and nationalist movements are undermining the effectiveness of the European Union soft power and its common actions, seeking special relationships with the U.S. (Riddervold & Newsome 2018: 515).

However, many scholars have argued that the current context could be an exceptional chance for the European Union for developing its own path in foreign policy, especially in its defense and security policy (Howorth 2018; M.E. Smith 2018; Riddervold & Newsome 2018). As the Ukraine crisis, the war in Syria and the terrorist attacks have showed, the European Union needs to strengthen its efforts in common security (Lehne & Grabbe 2017; Riddervold & Newsome 2018), pushed also by the policy of disengagement that the U.S. has implemented in the military field (Stewart 2017: 53) and by its decreasing financial commitment inside NATO. According to the European Global Strategy, the North Atlantic alliance remains a strategic partnership in the security framework, but without jeopardizing the autonomy of the European Union actions (Howorth 2017). Indeed, “the EU needs to be strengthened as a security community: European security and defense efforts should enable the EU to act autonomously while also contributing to and undertaking actions in cooperation with NATO” (EUGS 2016: 20).

Although the political and military field is still a pillar of the transatlantic special relationship, the EU has implemented a serious path of independence in the economic field, especially in trade and currency since the creation of the single market and then of the Euro. In addition, the recent trade agreements with Canada (through CETA), MERCOSUR and a possible future partnership with China have strengthened both the economic frame of EU and its transnational relations with other international actors apart from U.S. According to the three-dimensional chess game by Joseph Nye, the military, economic and transnational relations boards are three levels of power distribution that a global and independent power needs to control (Nye 2004). In that sense, the EU has chosen a path of progressive independence, especially in its military field, as reaction to the decay of the relations with the U.S.<sup>18</sup> because of a lowering of the harmony level with the political agenda of the new president.

Therefore, a weakened transatlantic relationship could benefit a more cohesive and stronger Union, “if the member states unify in their responses to the crises they are facing, suggesting the emergence of what we call an autonomous EU super- power” (Riddervold & Newsome 2018). These issues concern both the internal and the external sphere of the European

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<sup>18</sup> It would be interesting an application of the Exit, Voice and Loyalty model also to the current transatlantic relations.



Union, but the focus of this analysis is mainly on external action. If the purpose is becoming “strategically autonomous” and sitting among the other global powers, the EU has no alternative but to develop its capacity in all areas – including in the area of security, defence and crisis management – to the fullest extent possible, starting from the stabilization of their neighborhood (Howorth 2018: 534)<sup>19</sup>. The EU relations with neighbor states will be analyzed in the next section with a focus on its policy.

### **2.1.3 European Union relations with its neighbors: the European Neighborhood Policy**

Through its European Neighborhood Policy (ENP), the EEAS together with the European Commission and the MSs, works with its Southern and Eastern Neighbors to enhance stabilization, security and prosperity, following the Global Strategy for the European Union's Foreign and Security Policy. In other words, the ENP is a foreign relations instrument for improving integration with closest countries which could even seek to become a member state of the EU.

After the revision in 2015, the ENP has broaden its scope beyond the fundamental principles and values of liberty, democracy, rule of law, universality and respect for human rights, considering other issues such as economic development for stabilization, security and migration (Oikonomou 2018). This new path is in line with the EUGS 2016's aim which would enhance an improvement in the state and societal resilience of the neighborhood countries (EUGS 2016: 25)<sup>20</sup>. The ENP is supported by the European Neighborhood Instrument (ENI) which is used by the EEAS as financial tool for political coordination, consistency and effectiveness of the EU's external action (Oikonomou 2018)<sup>21</sup>, with over 15 billions of investment in the period 2014-2020 (Horizon 2020). In these regards, it is worth to introduce an important mechanism of the ENP functioning: the conditionality. The principle of conditionality argues that the EU is willing to economically aid a neighbor country if this country is willing and disposable to introduce certain political or economic reforms. The principle, used also by the International Monetary Fund, has been questioned as an ineffective instrument for promoting democracy and its values, especially together with the differentiated

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<sup>19</sup> “This means ending its dependency on the US. This means, in effect, becoming a security actor that is at least comparable to NATO” (Howorth 2018).

<sup>20</sup> According to the EUGS (2016): “The EU will support different paths to resilience to its east and south, focusing on the most acute dimensions of fragility and targeting those where we can make a meaningful difference”.

<sup>21</sup> According to the Council Decision 2010/427/EU of 26 July 2010 which establishing the organization and functioning of the European External Action Service – OJ L 201, 3.8. 2010, p. 30, [https://eeas.europa.eu/sites/eeas/files/eeas\\_decision\\_en.pdf](https://eeas.europa.eu/sites/eeas/files/eeas_decision_en.pdf)

approach introduced in the ENP revision (Kostanyan 2017). However, the conditionality and the differentiation are two basic features of the ENP action and they are necessary for dealing with a numerous and different neighbor countries.

Indeed, there are several countries involved in the ENP's umbrella, 6 located in the East and 10 in the South of the EU, namely Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, Palestine and Israel. The EU and its Neighborhood partner countries work both bilaterally and multilaterally to advance the cooperation, with a focus on the most acute dimensions of fragility among them.

The ENP builds upon the legal agreements in place between the EU and the partner in question: Partnership and Cooperation Agreements (PCA) or Association Agreements (AA). The implementation of the ENP is jointly promoted and monitored through the Committees and sub-Committees established in the frame of these agreements<sup>22</sup>. Regarding its functioning and coordination, the EU Association Council is the periodical meeting appointed to develop and strengthen the bilateral relations between the EU and a neighbor country and it is the main political instrument for boosting partnership and integration. Furthermore, there are several EU agencies (FRONTEX, EUROPOL, CEPOL, EEA, EFSA, EMCDDA, etc.) which collaborate with ENP countries, allowing for different levels of engagement and working arrangements.

However, both the revised ENP and the EU Global Strategy are questioned as effective policies for improving the EU relations with its neighbors. On one hand, the ENP seems an unbalanced strategy<sup>23</sup> which is a compromise between the long-term normative purpose, such as the democracy fostering and rule of law implementation, and the short-term security and economic goals, without considering the geopolitical turn in the neighborhood (Kostanyan 2017; Panke 2018). On the other hand, the EUGS could not be equipped enough to achieve its core aim, whether in terms of formal institutions or standing capabilities, affecting its effectiveness and the EU's credibility (M.E. Smith 2016).

Apart from these issues related to the mechanism of the ENP and more broadly of the EEAS, the EU and the European States have old-rooted relations with their neighbor countries (especially ex-colonies) and they have developed structural dialogues in the political, economic and social frameworks since several years. Following these frames, the next paragraph will describe the relations between the EU and Israel which enjoys a "unique status" with the EU through an economic, cultural and political closeness (Pardo & Peters 2010: 69). Indeed, the analysis of the historical context of their relations is doubly useful for this study of the EVL

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<sup>22</sup> *Ibid.*

<sup>23</sup> Panke talks about a "dual strategy" (Panke 2018: 102)

application to the EU-Israel relations. On one hand, it is possible to understand the deterioration that they are facing during these last years. On the other, it highlights goals and issues that will be tackled in the last chapter through different policy proposals based on the Hirschman's model.

## **2.2 EU and Israel and their unstable political relations: from divergence to convergence**

After the illustration of the European mechanisms of foreign policy and the current relationship with the United States, the second paragraph is focused on the historical relations between the EU and Israel from its old roots to nowadays.

The first section describes the origin of the trouble history of the Jewish people in Europe and the Holocaust tragedy with consequences both on Israeli identity and European collective memory. Then, the discussion shifts on the creation of the State of Israel and the European Union and on their bilateral and multilateral cooperation throughout the years. This part is characterized by an “up and down” intensity of the European-Israeli integration mainly due to the global context and the Middle East Peace Process.

Following this reasoning, the second section concerns the Israeli-Palestinian Peace Process which remains a key aspect for understanding European-Israeli relations. Starting from the first European initiative in 1980 with the Venice Declaration, the analysis shows the convergent and divergent approach on the issue between the EU and Israel. According to Musu, the EU has built its path on two pillars: the “two-states” solution and the respect of human rights and international law (Musu 2010). On the contrary, Israel has marked important steps towards a more “one-state” solution, especially in the last years thanks to the support of the United States. This divergent path partially characterizes the deterioration of their relations which is the object of EVL model application in this research.

Thus, the third section examines the current situation of the European-Israeli relations, focusing on the main causes of their decay. First, the change in the US Foreign Policy is affecting the effectiveness of the EU on the Israeli-Palestinian peace process, jeopardizing the “two-states” solution. Second, Israeli Prime Minister Netanyahu is moving its policy and the country towards more a hard-right approach due to its government coalition. Third, the EU is focusing on more contingent issues apart from the Middle East Peace Process with a declining cooperation with Israel. Nevertheless, this section also argues the uniqueness of Israel as the most politically and economically developed country among the other European Neighbors, highlighting the necessary cooperation and desirable increasing integration with it.

Referring to the Hirschman's framework, Exit, Voice and Loyalty have characterized different moments along the European-Israeli relations, but only through understanding the historical context it will be possible to define their state and create practical policies for enhancing their integration.

### **2.2.1 The historical relations between Europe and Israel: from Balfour Declaration to the EU-Israel Action Plan**

The European-Israeli relations have old and long roots in the history. Indeed, well before the creation of the European Union and the State of Israel, the European Countries and the Jewish communities had coexisted together for long time (Brenner 2018). However, the conditions of the Jewish people were quite difficult due to the discrimination that Christianity had against them, being considered as the murders of Jesus (Leavy 2006). With the progressive secularization of Europe, this trend changed in favor of a more positive dialogue between Europeans and Jewish.

After the division of areas of influence in the Middle East between the most powerful colonial powers, namely France and Great Britain (Sykes-Picot Agreements in 1916), the Balfour Declaration (1917) represented a first step towards the creation of a Jewish community in Palestine. This decision was confirmed in the Sèvres Treaty (1920) with the official mandate of the League of Nations to United Kingdom in that area. Since the firm of the Declaration, several Jewish communities moved in the new territory of Palestine, starting the difficult cohabitation with the Arab and Muslim communities that lived in the region (Brenner 2018: 84). This probably signed the beginning of the Arab-Israeli conflict which will be described in the next section.

However, the political situation in Europe was changing. The Nazi totalitarian regime and other authoritarian countries started a persecution against Jewish people that soon resulted in a clear and planned project of racial extermination (Brenner 2018: 89). This event, now called Holocaust, has profound effects on the European-Israeli relations with consequences in the political, social and cultural fields even today. Indeed, there are two main issues about the narrative of the Holocaust that affect both the European and Israeli social spheres. On one hand, the public memory of the Holocaust in Europe is still related to different national articulations pertaining to events that European countries share with each other, especially because a Europeanisation of the event has occurred only later at the end of last century, remaining at an embryonic and debatable stage (Littoz-Monnet 2013; Perra 2018). On the other hand, the Israeli

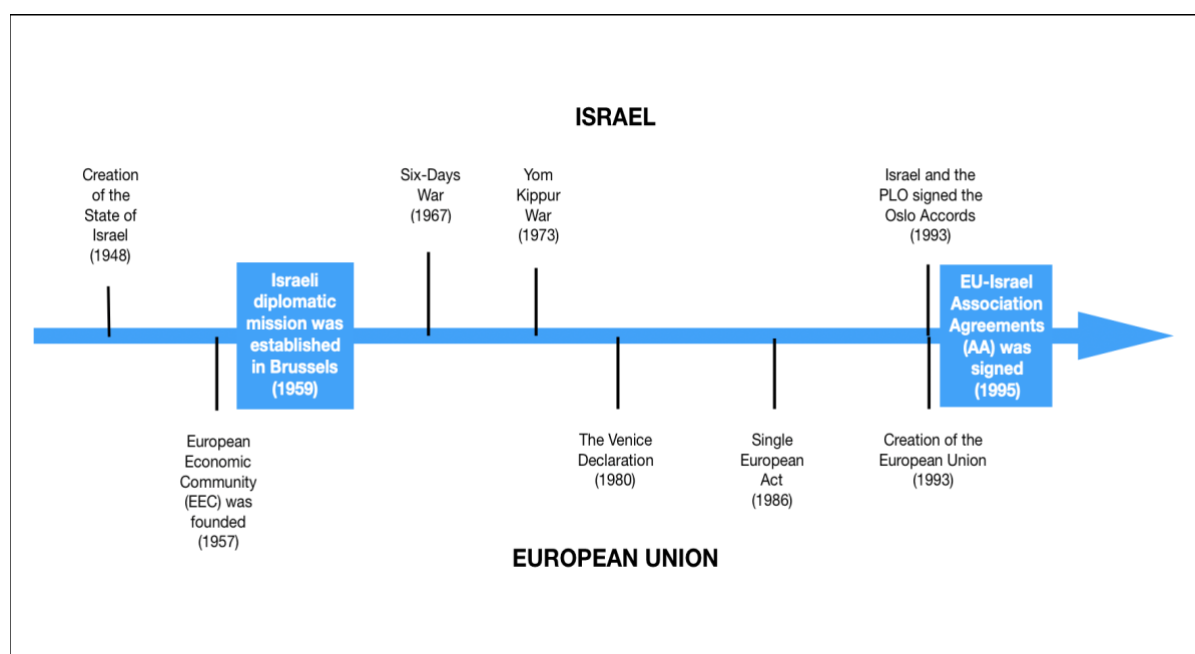
collective national trauma of Holocaust has influenced the social perception of Israeli people towards Europe and its contemporary political attitudes. Furthermore, the Holocaust has been used as justification of certain behaviors of Israel, shaping the national identity (Klar 2013; Lustick 2017) and creating a sort of traumatization of political attitudes, in which a group's past trauma and collective victimization is maintained in collective memory (Canetti & Hirschberger 2018).

Nevertheless, in the aftermath of the Second World War and the UN General Assembly Resolution 181 (1947), the demand of a state was fulfilled with the creation of the State of Israel in 1948. Nine years later, the European Economic Community (EEC) was founded and the formal European-Israeli relations were established in 1959 with the Israeli diplomatic mission in Brussels (Pardo & Peters 2010). After that, the relations between Europe and Israel has been characterized by a fragmented path of convergence and divergence mostly because of the periodical conflicts in the region which have involved Israel and his neighbors, especially the Palestinians represented by the Palestine Liberation Organization (PLO). The context of the European Union and Israeli-Palestinian peace process will be examined in depth in the next section.

After the end of the Cold War and the creation of the European Union, the '90ies seemed to be a relative peaceful and positive moment for boosting the cooperation and integration among them. The breakthrough between Israel and the PLO with the signing of the Oslo Accords in 1993 led to an improvement and a qualitative change in the nature of the relations between the EU and Israel (Pardo & Peters 2010). Indeed, numerous political initiatives, both multilateral and bilateral, were boosted and realized. Firstly, the EU-Israel Association Agreements (AA), signed on 20<sup>th</sup> November 1995 and ratified on 1<sup>st</sup> June 2000, has marked a significant upgrade in their cooperation with new legal basis that would govern European-Israeli relations (Pardo & Peters 2010: 48), together with Euro-Mediterranean Partnership (EMP) in 1995 created during the "Barcelona Process". On one hand, the AA has allowed for continuous talks and the emergence of a vast degree of cooperative ventures between the EU and Israel on a range of issues, establishing an institutional framework for a bilateral dialogue (Pardo & Peters 2010: 51). However, according to Pardo & Peters it practically remains on an economic level of cooperation, lacking any systematic thinking about the political nature of their relations (Pardo & Peters 2010). On the other, the EMP initiative has established a multilateral cooperation in which the EU would include Israel as key player of the Mediterranean region, improving its relations with the other, mainly Arab, countries. In this context, two issues emerged and affected the EMP. First, the longstanding Israeli suspicions

about the accommodating attitude of the EU with regards to the Arab states, instilled a fear that the meeting would develop a forum against Israel (Pardo & Peters 2010: 36). Second, the EU misunderstood and shifted the EMP's focus from a political, economic and cultural partnership to an instrument for resolving the Arab-Israeli conflict, tightening the future process of a Mediterranean cooperation to the Middle East peace process (Pardo & Peters 2010: 39). The conflation of the two processes has characterized the multilateral approach even after the creation of the new Union for the Mediterranean (UfM) in 2008 which has repeated same narratives and issues of the Barcelona Process (Pardo & Peters 2010: 45).

**Graph 2.1 - EU-Israel relations (1948-1999)**



Consequently, the EU decided to move its efforts towards a more bilateral approach with the new born ENP which has been already mentioned in the previous section referring to its general aspects. After several negotiations, the EU-Israel Action Plan (AP) was adopted in 2005, the first of the new ENP and to be approved by the European Commission. The purposes of the new policy are expressed in the preamble of the AP<sup>24</sup>, with a special emphasis on: an upgrade in the political cooperation especially on human rights, an enhanced dialogue on efforts to resolve the Middle East conflict, an increasing economic integration in trade and financial

<sup>24</sup> "Enlargement offers the opportunity for the EU and Israel to develop an increasingly close relationship, going beyond co-operation, to involve a significant measure of economic integration and a deepening of political co-operation" (EU-Israel Action Plan, April 2004) [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eu-israel\\_action\\_plan\\_2005.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eu-israel_action_plan_2005.pdf)

services and a decrease in the spread of Weapons of Mass Destruction (WMD) and in the trafficking of military equipment (Pardo & Peters 2010: 61). However, even the AP lacks political commitment and it has vague and ambiguous definition of the issues and means to implement (Pardo & Peters 2010: 63), especially referring to the Israeli-Palestinian conflict which remains an obstacle for further integration. For that reason, the next section is extremely important for understanding a crucial aspect of the cooperation between the European Union and Israel.

### 2.2.2 The Israeli-Palestinian Peace process

As described above, the Arab-Israeli conflict has influenced and still affects the European-Israeli integration and cooperation. Since the creation of the State of Israel and especially since the Six-Days War in 1967, the issue of the Palestinians refugees and statehood have been in the center of Middle East Peace Process (MEPP). The 1967 war was a trigger that favored the implementation of the Israeli-Palestinian conflict on the EU and MSs' agenda (Musu 2010: 50). Indeed, following the Yom Kippur war in the 1973, the European Council launched its own initiative with the Venice Declaration (1980) which became the landmark of the EU's efforts in MEPP, outlining several principles which have defined all subsequent EU moves (Pardo & Peters 2010; Musu 2010). The Venice Declaration states three important principles:

- rights to self-determination for Palestinian people;
- special status for Jerusalem<sup>25</sup> ;
- and a formal opposition against the Israeli settlements<sup>26</sup>.

All the provisions of the Declaration represent the fundamental basis of the “two-states solution” reasoning which is still the political position of the EU towards the conflict and the first pillar of the European approach (Musu 2010). After the Venice Declaration, the relations between Israel and EU reached its lowest point with the Israel's invasion in Lebanon in 1982

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<sup>25</sup> “[...] that any agreement on the city's status should guarantee freedom of access for everyone to the holy places.”  
 Venice Declaration, June 13, 1980,  
[http://eeas.europa.eu/archives/docs/mepp/docs/venice\\_declaration\\_1980\\_en.pdf](http://eeas.europa.eu/archives/docs/mepp/docs/venice_declaration_1980_en.pdf)

<sup>26</sup> “[...] the Israeli settlements constitute a serious obstacle to the peace process in the Middle East [...] as well as modifications in population and property in the occupied Arab territories, are illegal under international law.”  
 Venice Declaration, June 13, 1980,  
[http://eeas.europa.eu/archives/docs/mepp/docs/venice\\_declaration\\_1980\\_en.pdf](http://eeas.europa.eu/archives/docs/mepp/docs/venice_declaration_1980_en.pdf)

and the First Palestinian *intifada* in 1987, with harsh criticism on both sides (Pardo & Peters 2010: 9), which affected their cooperation until the end of '90ies.

However, following a change in the global context, the parts of the dispute decided to support a new dialogue for the MEPP and the Palestine issue. The so called “Oslo Process”, began in 1993, led to a positive period between the EU and Israel, with a lunch of several multilateral and bilateral initiative which were described in previous section. Furthermore, after the repartition of the territories under the provisions of the Oslo II agreement, the EU started a massive financial aid in favor of the Palestinians and its state-building opportunities, becoming the leading actor of this process (Bouris 2019). Nevertheless, the Palestinians were facing several difficulties in the new set of the region and with the security forces of Israel (Pardo & Peters 2010: 11). Hence, through the Berlin Declaration in 1999, the EU reaffirmed the Palestinian rights to self-determination, including the option of a state (European Council 1999)<sup>27</sup>, definitively forging its position and its first pillar towards the Israeli-Palestinian conflict (Tocci 2009).

The outbreak of the violence reached its climax in the Second *intifada* in 2000 and the Operation Defensive Shield in 2002, with the Israeli invasion of the West Bank areas which were handed over to the Palestinian Authority by “Oslo Process”. The consequences were severe with the end of the “Oslo Process” and the construction of the security barrier which still divides Jerusalem and the West Bank. Following the Advisory Opinion of the International Court of Justice which ruled that the barrier was a violation of international humanitarian law and human rights, the EU supported the motion, strengthening the second pillar of its approach to the Israeli-Palestinian conflict (Musu 2010). Notwithstanding, many Israelis saw the European decision as “reflective of an overall antipathy to Israel and lack of sensitivity for its safety” (Pardo & Peters 2010: 20).

With the aim to rebalance the situation, the EU together with US, Russia and the UN (“the Quartet”) drawn up the 2003 Roadmap, another attempt to resolve the conflict. This process led to a positive (but partial) dismantling of settlements and military disengagement from Gaza and the West Bank in 2005, enhancing the relations between the EU and Israel. In the same year, Israel and the EU signed the Action Plan which marked an important step in the integration of Israel in the ENP system, while the EU Border Assistance Mission (EUBAM Rafah) was established in order to monitor the control performance on the Palestinian borders.

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<sup>27</sup> “The European Union reaffirms the continuing and unqualified Palestinian right to self-determination including the option of a state and looks forward to the early fulfilment of this right” European Council, March 25, 1999, Berlin. [http://www.europarl.europa.eu/summits/ber2\\_en.htm#partIV](http://www.europarl.europa.eu/summits/ber2_en.htm#partIV)



The symbolic and political significance of the mission was as important as its operational role, highlighting a significant step forward for Israeli-EU relations and creating a precedent whereby Israel agreed to give a limited responsibility to Europe in hard security sphere (Pardo & Peters 2010: 23). Furthermore, the EU engaged itself in the rebuilding of Palestinian Authority security capacity through the European Union Police Mission for Palestinian Territories (EUPOL-COPPS).

However, the increasing engagement of the EU in the Israeli-Palestinian peace process arrived at another halt in the 2006-2007. Firstly, the election of Hamas in the Gaza Strip closed any window of opportunity (Voltolini 2016) and the EU decided to leave the region<sup>28</sup>, concentrating its efforts (also the economic ones) in the West Bank. Secondly, the Operation Cast Lead in 2009 led to a freezing in the peace process and the cooperation between the EU and Israel (Pardo & Peters 2012). Thirdly, the election of Benjamin Netanyahu as Prime Minister has been a source of concern and frustration for many European leaders (Greene & Rynhold 2018: 92).

Although the agreement between the European states on how to reach the goal of a peace in the Israeli-Palestinian conflict is weak, the EU commitment to the two-state solution is not disputed (Voltolini 2016). According to Musu, this approach towards the conflict has been described as a policy of “converging parallels” (Musu 2010): divergences persist among the MSs, but the EU has reached a well-established position based on the two pillars, namely the two-states solution and the respect for human right and international law (Tocci 2009). A proof of this behavior was the adoption of the UN General Assembly resolution in 2012 which granted Palestine the status of non-Member Observer State (UNGA 2012). The Israeli reaction with new plans of settlements forged unity among the European States which were opposed to the policy of Netanyahu (Greene & Rynhold 2018). Indeed, in July 2013 the EU published the “Guidelines<sup>29</sup>” in which it stated that Israeli settlements or other activities conducted in the occupied territories would not be founded by the EU under the new budget 2014-2020<sup>30</sup>.

The period 2009- 2014 saw Netanyahu makes attempts to promote a centrist image in Israeli political terms, by including center-left parties in his coalition and by participating in

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<sup>28</sup> According to Bouris “[...] it is still in the region with the operational capacity to be deployed on short notice (EUBAM Rafah 2016). The total personnel of the mission was reduced substantially to four EU staff and eight locals as of January 2017.” (Bouris, 2019, 96).

<sup>29</sup> 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 (2013/C 205/05) [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/guidelines\\_on\\_the\\_eligibility\\_of\\_israeli\\_entities\\_and\\_their\\_activities\\_in\\_the\\_territories\\_occupied\\_by\\_israel\\_since\\_june\\_1967.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/guidelines_on_the_eligibility_of_israeli_entities_and_their_activities_in_the_territories_occupied_by_israel_since_june_1967.pdf)

<sup>30</sup> *Ibid.*

US-orchestrated negotiations with the Palestinians based on a two-state solution (Greene & Rynhold 2018: 92). However, in 2014 another military action, the Operation Protective Edge, saw the failure of the negotiations led by the Obama's administration (Greene & Rynhold 2018). Even though the EU remains anchored to the two-states solution<sup>31</sup>, the approach is changing at international level. Indeed, since the new US presidency of Trump, there is a progressive shift from the "two-states" solution to a "one-state" solution with a radical change for the Israeli-EU relationship on this matter (Lovatt 2017).

### **2.2.3 A decay in the European-Israeli relations: among divergent aspects and democratic similarities.**

Currently, there are three aspects which have a negative impact on the European-Israeli relations, in other words, in Hirschman's framework, a quality deterioration of their cooperation and integration: the US policy in Middle East area, the Netanyahu's government shift towards hard-right wing and the priorities change in the European agenda.

Firstly, as argued before, the international context is deeply changed by the new US policy, especially towards the Middle East Peace Process and the Israeli-Palestinian conflict. Although Trump's intentions would be a progressive military disengagement from the Middle East, his political actions show a clear shift towards a "one-state" solution approach in the context of a resolution of the Arab-Israeli conflict (Lovatt 2017). Indeed, the Washington's recognition of Jerusalem as Israel's capital in 2017<sup>32</sup> and the recognition of Golan Heights as Israeli in 2019<sup>33</sup> are both political choices that negatively impacted on the peace process, probably for the sake of the Netanyahu's reelection<sup>34</sup>. Historically, the United States have favored the Israeli side, especially in the negotiations, but they have never questioned the "two-states" approach in resolving the conflict. Even though the so called "deal of the century" is not well-defined, this divergent vision from the European one could affect the EU capabilities and effectiveness in promoting and protecting the "two-states" solution approach. Consequently,

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<sup>31</sup> High Representative of the EU, Federica Mogherini, [https://eeas.europa.eu/headquarters/headquarters-homepage/61633/remarks-high-representativevice-president-federica-mogherini-joint-press-point-ahead\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/61633/remarks-high-representativevice-president-federica-mogherini-joint-press-point-ahead_en)

<sup>32</sup> Landler, Mark "Trump Recognizes Jerusalem as Israel's Capital and Orders U.S. Embassy to Move", The New York Times, Retrieved December 6, 2017, <https://www.nytimes.com/2017/12/06/world/middleeast/trump-jerusalem-israel-capital.html>

<sup>33</sup> Landler, Mark; Halbfinger, David M. "Trump, With Netanyahu, Formally Recognizes Israel's Authority Over Golan Heights" The New York Times. Retrieved March 25, 2019. <https://www.nytimes.com/2019/03/25/us/politics/benjamin-netanyahu-donald-trump-meeting.html>

<sup>34</sup> Luce, Edward "Trump helps stalwart Netanyahu remain in global populist club", The Financial Times, April 12, 2019, <https://www.ft.com/content/19196876-5bee-11e9-9dde-7aedca0a081a>

the European-Israeli cooperation on this matter could be jeopardized, worsening the decay of their relations.

Secondly, the Israeli Prime Minister Benjamin Netanyahu pushes Israel and its people towards a hard-rightwing approach due to the coalition with Zionist and Orthodox parties in his government. First, in 2015 he introduced illiberal legislative moves such as a law intended to marginalize human-rights NGOs that received international funding (Greene & Rynhold 2018). This had triggered such great concern in Europe that the EEAS highlighted the risk of undermining Israeli democratic character<sup>35</sup>. In 2017, the Knesset introduced a bill to legalize some settlements built on private Palestinian land<sup>36</sup> and in 2018 it passed a controversial law about “Israel as nation-state of Jewish people”, jeopardizing the self-determination right of non-Jewish people in the country and complicating the “two-states” solution process<sup>37</sup>. These hardline policies of Netanyahu of moving towards a “one-state” reality together with a delegitimation of the independent powers such as judiciary and the press are affecting both the democratic institutions of Israel and the social perception of Israeli people which is moving towards ethno-nationalist positions<sup>38</sup>. Furthermore, they have reduced the upgrade of the bilateral relations with the EU which at the same has been facing several threats inside and outside Europe.

Indeed, as third aspect, the EU has begun to pay less attention on the Israeli-Palestinian peace process and, as consequence, on Israel, focusing on other more contingent issues (Lovatt 2017: 3). Migration issue and Libya instability, Brexit and rise of illiberal governments, Islamic State terrorism have shifted the European Agenda far away from Israel and the Arab-Israeli peace process. Moreover, the EU’s initiatives on the MEPP have been frustrated by internal divisions between MSs, especially because of the populist and nationalist states of the Visegrád group (Lovatt 2017; Greene & Rynhold 2018). Referring to this trend, two examples are significant: the poor attention posed on the Middle East conflict by the European Union Global Strategy (Greene & Rynhold 2018: 101) and the absence of meetings of the EU-Israel Association Council, the formal ministerial body for agreeing bilateral cooperation, since

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<sup>35</sup> European External Action Service, ‘Statement by the Spokesperson on the Passage of the New NGO Law in the Israeli Knesset’, 12 July 2016, [https://eeas.europa.eu/headquarters/headquarters-homepage/7228/statement-spokesperson-passage-new-ngo-law-israeli-knesset\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/7228/statement-spokesperson-passage-new-ngo-law-israeli-knesset_en)

<sup>36</sup> Beaumont, Peter “Israel Passes bill retroactively legalising Jewish settlements”, The Guardian, February 6, 2017, <https://www.theguardian.com/world/2017/feb/06/israel-likely-pass-bill-retroactively-legalising-jewish-settlements>

<sup>37</sup> Beaumont, Peter “EU leads criticism after Israel passes Jewish nation-state law”, The Guardian, July 19, 2018, <https://www.theguardian.com/world/2018/jul/19/israel-adopts-controversial-jewish-nation-state-law>

<sup>38</sup> Gomel, Giorgio “Israele dopo il voto: sfide difficili per la democrazia”, Aspenia Online, April 11, 2019, <https://aspeniaonline.it/israele-dopo-il-voto-tra-democrazia-ed-etno-nazionalismo/>

2012<sup>39</sup>. Therefore, the decay of the relations between the EU and Israel lays in their divergent political agendas and priorities. In particular, “the declining credibility of Israel’s commitment to a two-state solution is undermining the propensity of the EU and several European states to provide diplomatic support to Israel” (Greene & Rynhold 2018:100).

However, the political closeness and the democratic similarities between the EU and Israel are unquestioned. According to Freedom House, Israel remains the only country of the Middle East and the Mediterranean Area with solid democratic structures<sup>40</sup> despite the mentioned constitutional reforms. For that reason, the EU needs to enhance its relations with Israel through a strategic cooperation and integration for the sake of a mutual improvement in political, security, economic and social fields. European politicians visiting Israel generally feel themselves to be familiar with a Western-type political surroundings, creating a sense of shared identity (Greene & Rynhold 2018: 106). Indeed, the institutional structures are based on Western examples, above all European, with a clear division of powers, an independent judiciary and an unwritten constitution as the Anglo-Saxon model. Nevertheless, the declining belief in the possibility of a two-state solution and the continuous breaching of the Palestinians rights are causing a dwindling confidence in Israeli democracy, threatening the stability of this shared identity.

During the last two elections, the first on the 9<sup>th</sup> of April 2019 and the second on 17<sup>th</sup> of September, the former Prime Minister Netanyahu and his political opponent the ex-general Benny Gantz have failed twice to get the majority in Parliament (61 on 120 is the magic number), creating an unstable situation in the country. Although he failed to form a coalition between his Likud Party and the nationalist and ultra-Orthodox parties in April, Netanyahu could probably have the chance to form a unity government with the opponent Blue and White party leading by Benny Gantz. According to the last statement of Israeli President Rivlin, the two main parties should find a compromise for the country, avoiding a third and probably useless third electoral turn. However, in the *real politick*, both leaders hope in the political defeat of the other: Gantz believes in the pending judicial process on his rival, while Bibi hope in his experience and influence to gain support of all the other political forces in the Parliament<sup>41</sup>.

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<sup>39</sup> ENI 2018/C (2018) 6948/Israel SM/Support to Israel [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c\\_2018\\_6948\\_sm\\_2018\\_israel\\_merged\\_document.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c_2018_6948_sm_2018_israel_merged_document.pdf)

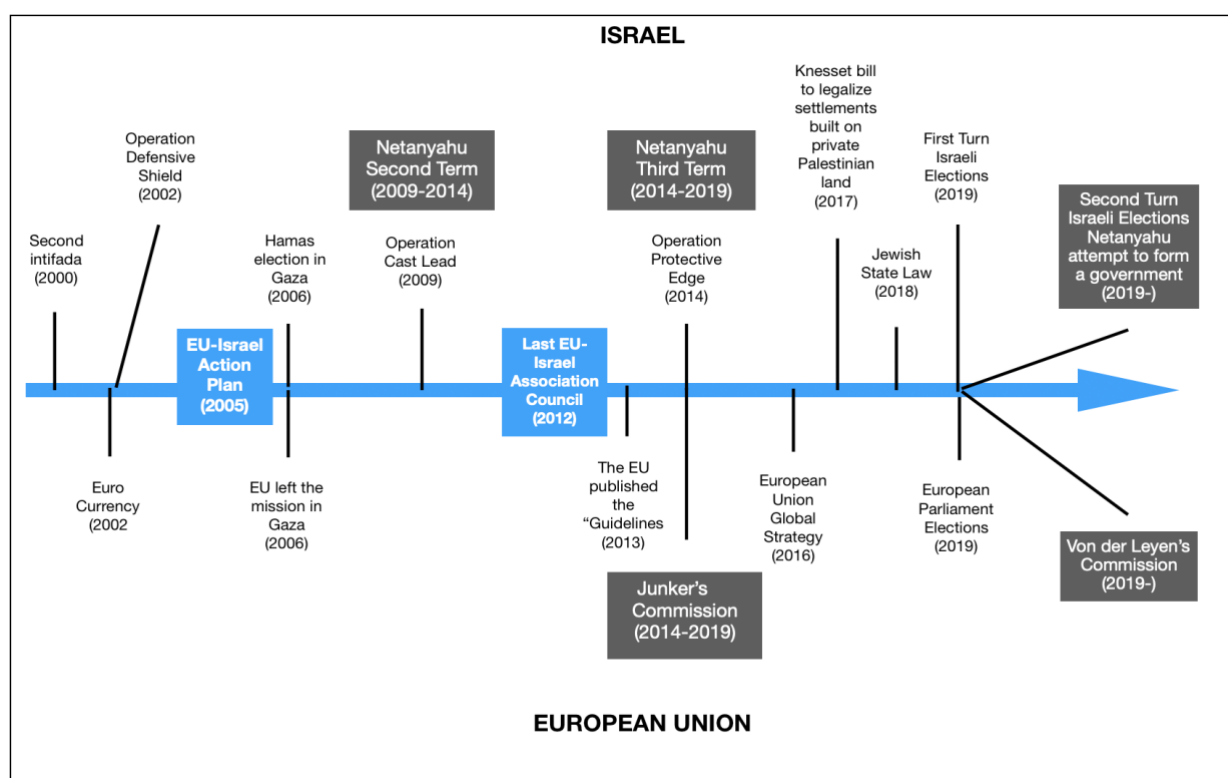
<sup>40</sup> Apart from Israel, only Tunisia enjoy a status of free country state, but its democratic bodies are more recent. <https://freedomhouse.org/report/freedom-world/freedom-world-2019/map>

<sup>41</sup> Staff, Toi “Rivilin said set Wednesday night to tap Netanyahu to try to form a coalition”, Times of Israel, September 25, 2019, <https://www.timesofisrael.com/rivlin-may-tap-netanyahu-to-form-coalition-wednesday-night-reports/>

For that reason, Israel is facing a political stagnation with a general uncertainty among people and a governing coalition which is incapable of generating a credible renewed commitment to a “two-states” solution (Greene & Rynhold 2018: 107).

Apart from the political sphere, other aspects, such as economic, cultural and social frames, are fundamental for understanding the unparalleled potential of a cooperation between the EU and Israel. These elements will be analyzed in the next and final paragraph.

**Graph 2.2 - EU Israel relations (2000-2019)**



### 2.3 EU and Israel in the security, economic and social frame: A long economic partnership and a social and cultural closeness

After the historical excursus, the analysis of the context moves towards three basic frameworks which are fundamental for a comprehensive understanding of the European-Israeli partnership, namely political cooperation and security, economy and trade, social and cultural cleavages.

Firstly, it will be described the security framework of their relations, starting from the concrete military engagement of the Union in Israel and Palestine. Then, the focus shifts

towards the principal issues of the security cooperation, namely the change priorities in their agendas and the relation with the United States and NATO. Furthermore, it will be highlighted the key role of Israel for the security of the Mediterranean Area and the EU's importance as regional partner.

Secondly, the analysis will move on the economic framework of the European-Israeli partnership through a detailed study about their principal trade and economic agreements. After that, it will be provided a brief review of the energy sector of the area and its regional implications both for Israel and the EU. In addition, it will be observed the implication of the Israeli-Palestinian conflict on the economic integration between them.

Thirdly, the last section of the paragraph will concern the social and cultural framework of the EU and Israel. The focus is on the concepts of anti-Semitism and anti-Zionism with references to the European attitude towards them. In particular, the role of Jerusalem is consistent with the reasoning of this part because it provides a clear example of the relevance of cultural and religious sphere in understanding the dynamics between the EU and Israel.

Hence, their closeness is due two macro factors. On one hand, the convergence of their security and economic goals enhances their cooperation towards a progressive integration. On the other hand, their "shared identity" represents the historical glue based on similar and common social and cultural values. Although these values remain delicate, the EU and Israel should maintain this balance for preserving their identities.

Apart from this, the division in these frameworks, namely security, economic and social, together with the political sphere, correspond to the division which will be used in the last chapter in the application of the EVL model for proposing policies aim to face the deterioration of European-Israeli relations.

### **2.3.1 The Security cooperation: common and different aspects**

Since the introduction of the Action Plan in 2005, the EU and Israel have promoted a dialogue for resolving the Middle East conflict and for strengthening the security cooperation, through a containment of the spread of WMD and other military weapons (Pardo & Peters 2010). During the same years, the EU implemented two important missions in the Palestinian territories: the EUBAM Rafah and EUPOL-COOPS. The first based in Gaza aims to reassure Israel's security concerns and ensure the freedom of movement of Palestinians in order to control and prevent possible tension. The second based in West Bank has the purpose to improve the safety and security of the Palestinian people, supporting Palestinian Authority in

building its institutions. The objective of implementing security in ENP is reflected also in a document entitled European Security Strategy 2003. The document was intending to conduce to the creation of a more stable Europe, to combat terrorism, proliferation of weapons of mass destruction, regional conflicts, state failure and organized crime (Oltean 2009). It had on its base the idea that “Security is a precondition of development”. Indeed, double European engagement is necessary both for sustaining the Israeli-Palestinian peace process and for boosting development and good relations between the two sides.

However, the centrality of the Middle East Peace Process in the European Global Strategy was changing because of the rise of new threats within and beyond the EU. Firstly, the Arab Springs and the wars in Libya and Syria shifted the focus on more contingent issues. Secondly, these conflicts caused a migration wave and a spreading of ISIS terrorism which directly destabilize the European Union. Thirdly, the Russian aggressive policy and the democratic deterioration in Turkey are weakening the European borders. Furthermore, the US commitment at global level has been called into question under Trump’s presidency. Therefore, the Israeli–Palestinian arena no longer appears as central to the EU’s strategic concerns in the Middle East as it once did. Differently from the EU’s 2003 Security Strategy, the 2016 Global Strategy document briefly mentions the issue in a paragraph on support for ‘functional multilateral cooperation’ in the Middle East, which itself is just one of five ‘lines of action’ for the EU’s approach to the Mediterranean, Middle East and Africa. By contrast, ‘terrorism’ gets 32 mentions and ‘migration’ 26 (Greene & Rynhold 2018: 101).

Nevertheless, even though the Israeli-Palestinian peace process has lost importance on the European Agenda, Israel is still the most reliable ally in that area both for the Mediterranean stability and for the fight against terrorism. Apart from being the only liberal democracy in that area and cultural close to the Europe, Israel is a critical security partner for Egypt and Jordan, whose stability is crucial for Europeans, especially for what concerns jihadists movements and migration waves (Greene & Rynhold 2018). The EU and Israel are on the same side in the Syria War and recognize a shared interest in containing Iran’s expansion. Although the EU is more concerned about the Russia’s influence in the Mediterranean area and Israel pays more attention to the Iran’s presence in Syria and Lebanon, both would limit Iran’s nuclear and missile program. In addition, Israel has important bilateral security ties with the EU thanks to its expertise in the intelligence area and to its military defense equipment sector. Indeed, several European states have responded to terror attacks in their cities by looking to Israeli techniques of prevention and intervention, while many European governments bought a record of \$1.8 billion-worth of defense equipment from Israel (Greene & Rynhold 2018: 103).

In a multilateral context, the EU and Israel are still important partners of the United States, the first through NATO and the second through a strong bilateral partnership. The recent positions of the Trump's presidency on the insufficient efforts of NATO member states have led the European Union to develop an autonomous role in the military security field. For this reason, even with a weakening of cooperation with the Americans, the Union should seek to maintain or even expand its cooperation with Israel. In fact, in the chaos in the Mediterranean and the Middle East, Israel remains the best ally from a military, political, but also democratic and cultural point of view (Greene & Rynhold 2018: 104).

### **2.3.2 Economic competition and partnership: trade agreements and energy sector**

The EU and Israel have long and strong economic relations. Israel was one of the first countries to engage with the European Economic Community (EEC) and their first agreement (1964) provided a partial suspension of common external tariff duties (Pardo & Peters 2010). This process of decreasing tax barriers led to the first free trade agreement in 1975 for industrial products and duty free entry into the EU of the 70% of Israeli agricultural goods<sup>42</sup>. After that, the EU-Israeli AA (1995) marked the definitive special status of Israel which became the closest EU partner in industrial and economic terms (aside from Turkey) of the Mediterranean area (Pardo & Peters 2010). Economically, the agreement expanded the parameters of the previous one through an easier access to the public government procurement markets, a simplification of terms of trade with regards to procedures and a prohibition of customs duties on imports and exports between the parties. This cooperation is strengthened by the fact that Israel is the only Mediterranean partner country that reaches an industrial and a financial development comparable to the EU's countries, allowing it to cooperate on a basis of full reciprocity (Pardo & Peters 2010). Following this path and after the Action Plan in 2005, the EU and Israel continued to sign trade agreements in specific fields of economic and trade cooperation such as Agriculture and Fishery (2009) and Pharmaceuticals (2012)<sup>43</sup>. Furthermore, they have established an important civil aviation cooperation with the "Open Skies" agreement, which enabled more European airline companies to enter the Israeli market and vice versa, and with the EUROCONTROL agreement of 2016 they have enhanced the coordination of air traffic and air defense (Rettig & Eran 2018).

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<sup>42</sup> European Commission, Press Release (2019) [https://europa.eu/rapid/press-release\\_MEMO-95-127\\_en.htm](https://europa.eu/rapid/press-release_MEMO-95-127_en.htm)

<sup>43</sup> "The Agreement on Conformity Assessment and Acceptance (ACAA) signed in 2013, which recognizes the standards for industrial and pharmaceutical goods approved in Israel and is intended to facilitate trade in those goods".



**Chart 2.1 - Bilateral relations between the EU and Israel**

| <b>Agreements and Deals EU-Israel</b>   | <b>Date</b> |
|---|-------------|
| First agreement provided a partial suspension of common external tariff duties.   | 1964        |
| First free trade agreement for industrial products and duty free entry into the EU of the 70% of Israeli agricultural goods | 1975        |
| EU-Israeli Association Agreement  | 1995        |
| EU-Israeli Action Plan  | 2005        |
| Trade agreements in Agriculture and Fishery   | 2009        |
| Trade agreements in Pharmaceuticals   | 2012        |
| “Open Skies” agreement  | 2016        |

Thanks to these agreements and an historical economic partnership, the total trade between the EU and Israel accounts to €34 billion in 2018, with a positive surplus of €7 billion for the EU (European Commission<sup>44</sup>). Indeed, Israel represents just the 1% of the total European foreign trade, while the EU accounts more than the 30% of the Israeli foreign trade (Rettig & Eran 2018). While Israel is just the 26<sup>th</sup> European trading partner at global level and the 4<sup>th</sup> at Mediterranean level, after Turkey, Algeria and Morocco, the EU is globally the first trading partner for Israel (European Commission, 2017<sup>45</sup>). Therefore, the importance of the European trade for Israel is undisputed, especially in the chemicals and machinery sector which accounts to more than the 60% of the exports<sup>46</sup>. For that reason, Israel is aware that the EU is necessary for sustaining its economy and improving its competitiveness, especially during this uncertain period at global level with the trade war between the United States and China, respectively the second and the third largest Israeli trading partner. However, while the EU economies have

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<sup>44</sup> European Commission, Directorate General for Trade, Client and supplier countries of the EU28 in Merchandise Trade (2018). Retrieved from [https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_122530.pdf](https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf)  
<sup>45</sup> European Commission, EU-Turkey Statement: Three years on, March 2019. Retrieved from [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20190318\\_eu-turkey-three-years-on\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20190318_eu-turkey-three-years-on_en.pdf)

<sup>46</sup> *Ibid.*

<sup>46</sup> European Commission, Trade picture with Israel (2019). Retrieved from <http://ec.europa.eu/trade/policy/countries-and-regions/countries/israel/>

limped in the last decade, Israel's economic and demographic growth has continued, thanks to the great success in the high-tech sector and the dynamic entrepreneurship (Greene & Rynhold 2018).

Apart from the trade cooperation, the EU represent a great investor in the Israeli economy in research and development (R&D). The participation of Israel into Horizon 2020, the EU's research and development program, is a major step forward in strengthening ties between them. The program provides researchers, companies, and universities in Israel with access to a budget of 77 billion euros up to 2020 for the funding of joint scientific research and projects. In addition, the EU makes available about 12 million euros as part of the ENP to non-government organizations operating in Israel for the promotion of goals and values that Europe supports, such as democracy, human rights, and promotion of the peace process (Rettig & Eran 2018). Furthermore, The EU contribution to Twinning programs in Israel under bilateral ENI allocations averages 1.8 million per year<sup>47</sup>. On-going Twinning projects are in the areas of statistics, education and telecommunication.

Apart from the bilateral economic relations between the EU and Israel, it is worth to outline even the multilateral context of their economic relations, especially trade and energy sectors in the Mediterranean area, with the consequent geopolitical implications. After the shale oil revolution, the United States are no longer dependent on imported oil, making possible for the Trump administration to take stronger positions in the Middle East<sup>48</sup>. However, the EU and Israel have serious reasons for pursuing a safe policy in the energy sector and consequently in the Eastern Mediterranean. According to the European Commission, cooperation opportunities in the energy sector remain a priority, following the discovery of sizeable gas reserves in Israeli territorial waters. The EU remains interested in exploring opportunities for energy cooperation with Israel also to diversify sources of energy and hence energy security. On one hand, the EU needs natural gas supply diversification and security for limiting Russia's influence, developing the Southern Gas Corridor and a new gas hub in Southern Europe with additional quantities of natural gas coming from the Caspian, Central Asia, the Middle East as well as the Eastern Mediterranean (Ruble 2017). Indeed, according to the European Commission, the so-called East Med pipeline has great importance for the EU<sup>49</sup>. On the other hand, Israel has always

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<sup>47</sup> European Commission, European Neighborhood Policy and Enlargement Negotiations with Israel (2018).

Retrieved from [https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/israel\\_en](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/israel_en)

<sup>48</sup> Crooks, Ed. US shale bonanza boosts support for Israel, says official, Financial Times, New York, March 27, 2019, <https://www.ft.com/content/68cc8a60-5027-11e9-9c76-bf4a0ce37d49>

<sup>49</sup> European Commission, Projects of Common Interest <https://ec.europa.eu/energy/en/topics/infrastructure/projects-common-interest>

avoided to import oil and gas from boarding states because of the political implications. For that reason, Israel is improving its energy sector and expanding his gas production which is expected to grow thanks to the recent discovery of one of the largest known gas reservoirs in the world (the Leviathan), with production expected to start beginning 2020 (OECD 2019)<sup>50</sup>. Furthermore, Israel is investing in renewable energies especially solar one (Hamed & Bressler 2019).

However, the political tension between Israel and the EU surrounding the Palestinian question “is also reflected in the economic realm and is influenced by the Israeli economy’s dependence on Europe” (Rettig & Eran 2018: 160). In fact, the EU’s action is aimed to assist externally the recovery of the Palestinian economy and to penalize the Israeli economy developed in the illegal settlements. On one hand, through the ENI and the new “European Joint Strategy in support of Palestine 2017-2020”, the EU allocates about €1.3 billion for 2017-2020 period in favor of economic and political reforms in Palestine<sup>51</sup>. On the other, the EU has introduced the 2013 “Guidelines” whereby any new economic agreement signed with Israel will not apply to the settlements and the Jewish neighborhoods in East Jerusalem, but rather only to areas within the 1967 borders (European Commission, 2013/C 205/05). Furthermore, in November 2015, the EU approved the labeling of goods produced in the settlements that are exported to Europe<sup>52</sup>.

In these terms, it is evident the involvement of political and social aspects in the economic frame, demonstrating the key relevance of the cultural and ideological dimension of the European-Israeli relations. Indeed, culture and religion are two elements of pivotal importance for Israel and the EU as it will be described in the next and last section of this chapter.

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<sup>50</sup> OECD, Fossil Fuel Support Country Note Israel, April 2019 <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=6&ved=2ahUKFwjT9L6Wg5bkAhUCI1AKHXCoDy8QFjAFegQIABAC&url=http%3A%2F%2Fstats.oecd.org%2Fwbos%2Ffileview2.aspx%3FIDFile%3D43723b1c-d337-435a-aca0-dc24046ea459&usg=AOvVaw2Q7-YZ4rbqLhvM4h-eRomn>

<sup>51</sup> European Commission, European Neighborhood Policy and Enlargement Negotiations with Palestine (2019). Retrieved from [https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/palestine\\_en](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/palestine_en)

<sup>52</sup> Emmott, R. & Baker L. “EU moves ahead with labeling goods made in Israeli settlements”, Reuters, November 11, 2015 <https://www.reuters.com/article/us-israel-eu-labelling/eu-moves-ahead-with-labeling-goods-made-in-israeli-settlements-idUSKCN0T013B20151111>

**Chart 2.2 - Multilateral relations between the EU and Israel**

| <b>Multilateral Initiatives</b>                          | <b>Date</b> |
|--|-------------|
| Euro-Mediterranean Partnership (EMP) “Barcelona Process” | 1995        |
| European Neighborhood Policy (ENP)                       | 2004        |
| Union for the Mediterranean (UfM)                        | 2008        |
| New European Neighborhood Policy (Horizon 2020)          | 2014        |

### **2.3.3 Between European antisemitism and Israeli Zionism: the social and cultural issues**

As argued before, Israel enjoys a “special status” with Europe from a political and economic point of view, especially in the Mediterranean area. Nevertheless, it is in the social and cultural field that the EU and Israel have closer relations and affinity.

During the past years, public opinion and political elites of both sides were divided in three contradictory paths: many Israelis have positively spoken about the increasing cooperation between the EU and Israel even about a possible membership in the near future; others have considered closer relations with the EU not essential for Israel and still others have viewed anti-Semitic behaviors and anti-Israeli attitudes spreading in the EU (Pardo & Peters 2010: 70-75). However, the recent trend has seen the shift towards the second and the third views with a progressive Israeli consideration of the EU as adversarial rather than friendly<sup>53</sup>. At the same time, European perception of Israel is changed by the declining belief in the possibility of a two-state solution and the continuous breaching of the Palestinians rights, threatening the stability of their shared identity (Greene & Rynhold 2018: 106).

In that sense, it is worth to explain how anti-Semitism and anti-Zionism affect the relations between the EU and Israel, especially in their new dynamics.

Before that, it is important to introduce the concept of anti-Zionism which is often confused, involuntarily or not, with anti-Semitism (Ury 2018). Briefly, anti-Zionism is the opposition to the Jewish state project and it is different from anti-Semitism which is a generalized racial hate and discrimination towards Jewish people. However, anti-Zionism is against the right of self-determination and it is considered by several politicians and academics as a reinvention of anti-Semitism (Calimani 2007). Differently, other scholars and political

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<sup>53</sup> Ahren, R. “Poll finds most Israelis see EU as a foe rather than a friend”, Times of Israel, October 29, 2018, <https://www.timesofisrael.com/poll-finds-most-israelis-see-eu-as-a-foe-rather-than-a-friend/>

figures argue the two concepts are not interlinked and it could be a tactic to silence criticism of Israeli policies (Chomsky 2008). The debate is still open and it needs to be faced by the EU and Israel through an open-minded and laical discussion with the aim to reconcile social and cultural spheres.

The provision against anti-Semitism behavior was already well-defined in the EU-Israeli AP (2005), namely training MSs, European Institutions and bodies, NGOs for the “fight against racism and anti-Semitism, including issues related to Holocaust awareness and remembrance”<sup>54</sup>. This commitment was confirmed in the December 2008 EU Council guidelines for strengthening the political dialogue structures with Israel (Pardo & Peters 2010: 77) and it is still part every year of the European Commission Agenda<sup>55</sup>. Years after, Israeli people still considers Europe a “hostile anti-Semitic continent” which did not and is not doing enough in the prevention of this attitude<sup>56</sup>. Indeed, Israel considers the European bias about Jewish people as a justification for a less involvement of the EU in the peace process (Greene & Rynhold 2018).

According to Pardo, there is a new expression of European anti-Semitism embedded of anti-Zionism, anti-Israelism and anti-Americanism and it is mainly due to a combination of growing Islamic populations in the EU MSs and some features of globalization (Pardo & Peters 2010: 79), such as inequality. At the same time, this combination has created forms of anti-Islamism and Islamophobia in several European countries, especially where there is a right-populist government, expressing solidarity with Israel to booster their anti-Islamic credentials and to resist charges of anti-Semitism (Greene & Rynhold 2018: 104). Both these behaviors are undermining the common social and cultural values of the European-Israeli special relationship and it is necessary a renewed effort for fighting this two tendencies.

With the aim to better understand this context, it is relevant a brief analysis on the role of Jerusalem. Apart from its special status granted by the UN General Assembly Resolution 181 in 1947<sup>57</sup>, the Holy City is pivotal for the identities of Jews, Muslims and Christians, both individually and collectively. These identities are extremely important for their heritage, culture, belief and value system and they cohabit together in a delicate equilibrium.

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<sup>54</sup> EU-Israel Action Plan, April 2004

<sup>55</sup> European Commission, Combating Anti-Semitism, (September 27, 2019). Retrieved from [https://ec.europa.eu/newsroom/just/item-detail.cfm?item\\_id=50144](https://ec.europa.eu/newsroom/just/item-detail.cfm?item_id=50144)

<sup>56</sup> According to 2007 KAS and Pardo survey, the 78 percent of Israeli people thinks that the EU is not doing enough to counter anti-Semitism. This trend was confirmed by Pardo (2016). [https://www.ecfr.eu/article/commentary\\_what\\_does\\_israel\\_think\\_about\\_the\\_european\\_union\\_7101](https://www.ecfr.eu/article/commentary_what_does_israel_think_about_the_european_union_7101)

<sup>57</sup> United Nation General Assembly, Resolution 181 (II) on the Future government of Palestine, November 29, 1947. Retrieved from [http://unipd.centrodidittumani.it/public/docs/UN\\_GA\\_Risoluzione\\_181\\_\(1947\).pdf](http://unipd.centrodidittumani.it/public/docs/UN_GA_Risoluzione_181_(1947).pdf)

Furthermore, especially in the context of the Israeli-Arab conflict, cultural and religious symbols galvanize national and tribal sentiments: on one hand, they become a litmus test in the face of threats, providing stability in the face of change, on the other hand, their loss creates a profound sense of insecurity for individuals and groups, threatening the certainty of faith and fostering resentment and rejection (M. Bell, M. J. Molloy, J. Bell & M. Evans 2005: 23). Therefore, unilateral declaration on Jerusalem's status, such as the Trump's decision of moving US embassy, and rough policies, for example the Israeli settlements, foster a tense climate in which ethno-nationalist ideologies wrongly determine the sharing urban space and administration (Dumper 2019).

Regarding this debate, the EU confirm its position in favor of a "two states solutions" and Jerusalem as the capital of both the state of Israel and the state of Palestine. On 7 December 2017, the High Representative confirmed that the EU and its 28 Member States will continue to respect the international consensus on Jerusalem, until the final status of the Holy City is resolved through direct negotiations between the parties<sup>58</sup>.

Hence, the social, cultural and religious issue, such as the status of Jerusalem, is determinant for enhancing relations between the EU and Israel. Indeed, even in this context, it seems that the so-called European-Israeli "shared identity" is losing its relevance after being a positive factor in the past years of positive cooperation. This decline is probably the litmus test of the current relationship between the Union and Israel, not only at social and cultural level, but also at political and, even though to a lesser extent, economic level.

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<sup>58</sup> European Parliament, At glance: US recognition of Jerusalem as capital of Israel, December 2017. Retrieved from [http://www.europarl.europa.eu/RegData/etudes/ATAG/2017/614636/EPRS\\_ATA\(2017\)614636\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2017/614636/EPRS_ATA(2017)614636_EN.pdf)

### **3. Policy analysis of the relations between EU and Israel through the lens of the model: political, economic and social implications at regional and global level**

After the theoretical description of the Hirschman's model, Exit, Voice and Loyalty, and the contextual analysis of the European-Israeli relations at political, economic and social level, it is necessary to address the question how the deterioration of the relations between the EU and Israel could be tackled.

At the beginning of this research, it has been described the application of the Exit, Voice and Loyalty model as a line along which there are different levels of integration. At the lowest level, there is the Exit option which entails a total divergent approach between two actors. Then, there is an intermediate level, in other words the Voice option which concerns a dialogue for constructive cooperation. Finally, the highest level is the Loyalty option which represents the most integrated level between the subjects. As already stated, these options must not be considered as dichotomies but as a wide spectrum of different combinations. Currently, the most feasible status of the European-Israeli relations seems between the exit option and the voice one in a difficult stalemate that both actors have difficulties to overtake.

Hence, for the sake of a consistent policy analysis and with the aim to limit the range of possible options, three policy proposals will be outlined following the main options of the Hirschman's model, namely exit as defection approach, voice as convergence and loyalty as integration. Assuming the European Union point of view, these policies will apply specific and practical cases of foreign relationship that the EU is implementing or has already implemented with other actors: Turkey after 2016 for exit, Canada for voice and Norway for loyalty.

Regarding to the exit option, the chosen case is that of EU-Turkey relationship post 2016, especially after the attempted *coup d'état* on the 15<sup>th</sup> of July. In this case, the EU has taken a progressive divergent approach towards Turkey, following the progressive deterioration of the Turkish rule of law and democratic institution. Indeed, the EU has favored new cooperation with other regional partners and it has signed pacts and deal only for the sake of contingent and individual interest, such as the Migration Deal in 2016. This European behavior is described in the first policy proposal as a defection approach. At political and security level, the EU should develop its relationship with other regional and global actors, take a decisive position in the Israel-Palestinian Peace Process and the international law breaches of Israel and create a real autonomous defense policy. In the economic frame, the EU could promote a careful

economic policy towards Israel more based on trade agreements rather than a deepen integration, considering a possible reform of the EU-Association Agreement. Then, in the social and cultural sphere, the EU should enhance cultural and social relations with other countries of the Mediterranean Area and with Arab states whose population is wide spread in Europe and it needs a more integration, with a keen information about the Palestinian reality.

For what concerns the voice option, the case study is the EU-Canada partnership after the sign of the Strategic Partnership Agreement (SPA) and the Comprehensive Economic Trade Agreement (CETA) and respectively in 2016 and 2017. Since then, the EU has increased its cooperation with Canada, especially from a political and economic point of view, without considering further integration. In addition, the approach of the voice policy is consistent with the theoretical framework in which voice gains value with the increasing of the actors that participate in the dialogue. For that reason, the voice option implies a multilateral initiative by the EU towards Israel. Regarding to the political and security frame, the EU should boost multilateral initiative for involving Israel in the political protection of the Mediterranean Area, for example through a new Euro-Mediterranean partnership. Through another multilateral approach, the EU together with the UN should promote balanced position in the Arab-Israeli conflict. However, at bilateral level, the EU should implement the model of Canadian SPA to Israel and increase the Israeli participation in NATO. In the economic frame, the model is that of CETA with key areas of cooperation between the EU and Israel, such as energy sector. The liberalization of the custom duties would have a positive impact on both markets. Then, in the social and cultural sphere, the approach is both multilateral and bilateral through a deepen participation of Israel in the Council of Europe and the application of the SPA with the aim to reconcile some “European values” within EU programs, such as a better dialogue between Jews and Muslims.

Then, the third and final policy is the loyalty option which represents the most integrated approach towards Israel without a membership. For that sense, the case study to consider is that of the EU-Norway relations, in which the two actors enjoy a special relationship in several sectors. Indeed, the European Economic Area (EEA) and the Economic Free Trade Agreement (EFTA) are both important bilateral deals which had a positive impact on EU-Norway cooperation and they could be useful also in the EU-Israel context. From a political point of view, the EU should promote Israeli participation in formal and informal ministerial meetings in which it could network and build European contacts at the political level. Indeed, the Union should integrate Israel in its political system, trusting its reliability in a positive future change of its vision about the Arab-Israeli Peace Process. Furthermore, the EU should enhance a



progressive Israeli participation in the financial and technological sustain of defense. From an economic point of view, the EU-Norway's model would allow Israel a wide spectrum of possibilities in terms of integration, free trade, energy security and enterprise development. The EU could expand the Israeli commercial relevance under the adoption of the internal market legislation in the legal system of Israel. Then, in the social and cultural sphere, the European aim is to implement a Schengen Area with Israel in the long-term, such as with Norway. Therefore, the EU should pay attention to the Israeli security concerns on this matter. Apart from the communication and education empowerment, the EU should better share its cultural common heritage with Israel and their linkages in the religious dialogue, encouraging interreligious relationship and cohesion among people.

Consequently, the three policy options are examined through PEST analysis, checking their practical feasibility. According to the results, the voice option seems the most effective and consistent with the actual path of the EU-Israeli relations. In other words, the Canada's Model has proved to be the most suitable for facing their decay and promoting a new partnership. This policy forestalls a possible exit, reconsidering the force of cooperation and dialogue as fundamental element for a future integration, towards the loyalty in long-term.

### **3.1 First Policy: Exit as divergent approach. A European defection from Israel (Turkey post 2016)**

As described in the second chapter, the EU and Israel are facing a decay in the cooperation and intensity of their relations because they seem to pursue different goals and visions about their role at regional and global level. According to the analysis of exit in the first chapter (see p. 13), there are two factors which affect their context of relations: the possibility to find a better quality of integration with other partners (the elasticity in the Hirschman's economic model) and the system in which the actors operates (the economic environment, competition or monopoly).

Both these aspects are taking in account in this first policy proposal based on the exit option, together with the relative cost of an exit behavior. Indeed, according to Hirschman, exit option is not without costs (Hirschman 1970) and the EU must be well-aware of the consequences of such policy

Since the analysis is developed from a European point of view, the focus will be on the actions that the EU should implement in order to interrupt its "special relation" with Israel with the aim to fulfill or enhance partnership and cooperation with other actors. In other words, the

EU should freeze any perspective of a more integrated relationship with it and it should prefer a business approach in which the EU collaborates with Israel only in area or situation of its interest. Accordingly, the EU-Turkey post 2016 case of relations could be relevant for understanding such policy, considering specific events such as the attempted coup d'état and the Migration Deal. Although Turkey, differently from Israel, has an ongoing process of membership in the Union, the last decision of the European Parliament to suspend this process represents a clear example of the exit behavior that the EU also could have with Israel.

This approach entails a divergent path between the EU and Israel in which the degree of European defection depends on its actual integration in the political (and security), economic and social-cultural (and religion) field with Israel. In fact, this first policy will suggest actions following these three spheres beyond the general framework of the exit option.

Firstly, regarding to the political area, the EU should consider creating regional partnerships with other countries, such as Arab ones, and lowering its ties with Israel at regional level and with the United States at global level, promoting new relations with other global powers. In that sense, the EU should reconsider its role in the Middle East Peace Process and in the Israeli-Palestinian conflict, especially in its bargaining power between the two sides. In the security sphere, the EU should create an autonomous path from the US umbrella without jeopardizing the Atlantic Alliance.

Secondly, the EU could promote a careful economic policy towards Israel more based on trade agreements rather than a deepen integration. This could have the double aim to lower the competition of Israeli market and boost a change in the Israeli-Palestinian positional bargaining. The EU could even consider a reform of the EU-Israel Association Agreement.

Then, in the third field, the EU should promote a social and cultural neutrality, avoiding any interests in improving the historical closeness with Israel. On the contrary, the EU should enhance cultural and social relations with other countries of the Mediterranean Area and with Arab states whose population is wide spread in Europe and it needs a more integration.

Hence, in the first proposal provided below will be outlined both actions to implement and effects of the policy in each field of analysis, with general reference to the European-Turkish case of these last years.

### **3.1.1 New political partners and “bandwagoning” initiatives**

According to Pardo, the political and security ties between the EU and Israel have been characterized by divergent and convergent moments (Pardo & Peters, 2010). In the last years,

the two actors have lowered their level of integration with a decreasing interest in each other especially on their political agenda (e.g. EUGS 2016). In that sense, the Israeli-Palestinian conflict resolution has seen a progressive low attention by Israel in its “two states” solution which is always considered by the EU as the only possible approach. Furthermore, the United States, their common partner, has changed its policy towards both the EU and the Middle East, taking rash positions with Europe and changing its role in the area. Thus, this proposed exit policy suggests to the EU to consider the status of its relationship in realistic terms and if necessary, far from Israel. As in European-Turkish relations post 2016, the EU has downgraded its political ties because of the degeneration of the democratic bodies in Turkey. Indeed, the European Parliament has decided to suspend the membership process of Turkey due to several breaches of political and social rights contained in the Copenhagen Criteria<sup>59</sup>. This action could be a possible exit approach that the EU could implement with Israel.

On the path towards a defection approach, the EU should pay attention to three main issues: looking for valuable partners at regional and global level; a disengagement in the Israeli-Palestinian peace process and an autonomous strategy in the security and military sphere.

As regards the first issue, the EU needs to rethink its role in the Mediterranean area and its relations with other partners, reducing its political commitment with Israel and lowering its dependence from the US umbrella in the Middle East without however jeopardizing their cooperation in other areas. This approach could be undertaken from two perspectives. At bilateral level, the EU should promote and enhance cooperation and political partnerships with other actors, especially with Mediterranean countries such as Morocco, Tunisia and Egypt. In the global context, the EU should consider an open political dialogue with Iran and China beyond the economic sphere which has been recently developed through several initiatives that it will be taken in account in the economic section on this policy. At multilateral level, the EU should reform its Mediterranean initiative, such as the UfM, with the aim to strengthen its cooperation with the majority of Arab countries of the region, avoiding isolating Israel from its Mediterranean policy but not granting a special status to it. Another initiative that the EU should promote, it is a dialogue with the Gulf Cooperation Council for improving its cooperation in that strategic area and helping its stabilization. Furthermore, the EU should pay more attention to the international law breaches of Israel and implement more serious actions against it, both

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<sup>59</sup> European Parliament, Resolution of 13 March 2019 on the 2018 Commission Report on Turkey (2018/2150(INI)). Retrieved from [https://www.europarl.europa.eu/doceo/document/TA-8-2019-0200\\_EN.pdf?redirect](https://www.europarl.europa.eu/doceo/document/TA-8-2019-0200_EN.pdf?redirect)

at multilateral level through the United Nation and bilateral one through its legal instruments. An option could be a more stringent application of the conditionality principle in the financial and custom matter for forcing Israel in respecting human rights and international provisions, especially for what concerns the settlements and its aggressive security measures on the borders. Referring the Turkey case, the EU has recently considered a suspension of the custom free area for the Turkish interference with Cyprus' exclusive economic zone<sup>60</sup>.

Regarding to the second issue, the Israeli-Palestinian conflict, the EU should reinvigorate the “two states” solution approach, involving the regional states in new multilateral action to deal with the issue, for example a new Arab Peace Initiative. At bilateral level, the EU should consider a sticks and carrots approach, threatening change in the political and economic relations with Israel. This behavior could be compared to that the EU has with Turkey on the Cyprus Issue, in other words binding further integration (in the Turkish case is membership) to a peaceful resolution of the conflict (Melike Baştürk 2013). According to Lovatt, without an end to the occupation, the EU should look for instruments to make Israel face the costs and consequences of its drift towards a one-state reality and its violations of international law (Lovatt 2017: 6). The EU should begin to state the legal and political consequences of the unlawfully prolonged occupation for Israel, along with the implications of an emerging one-state reality for EU-Israel relations. This should not be about discarding the two-state solution, but rather about acknowledging that an immediate course correction is required to avoid cementing a one-state reality. In that sense, the EU should be equally clear that the entrenchment of this reality with unequal rights in the interim will necessitate changes to the EU's relations with Israel, including in its 1995 Association Agreement (Lovatt 2017). This political pressure could push Israel to sit at the table of the negotiations for solving the conflict, or at least reconsidering its settlements' policy in West Bank. In addition, the wide spectrum of partners in the Mediterranean Area and Middle East is a positive stimulus for the EU and its bargaining power which could be used for boosting a change in Israeli behaviors and actions. The EU should start from the possibility of commissioning its own study on the legality of Israel's continued presence in the OPT.

Finally, for what concerns the third issue, the EU must develop a security and military autonomy, claiming a European Sovereignty in this field (APPENDIX A). This aim would not

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<sup>60</sup> Baczynska, G., “EU threatens Turkey with sanctions over Cyprus drilling: draft”, Reuters, July 11, 2019 <https://www.reuters.com/article/us-cyprus-turkey-eu/eu-threatens-turkey-with-sanctions-over-cyprus-drilling-draft-idUSKCN1U610I>

jeopardize the Atlantic Alliance (NATO) and the cooperation with the US, rather it would make independent the security and military action of the EU in face of the growing divergence between the EU and the US on several issues such as the Joint Comprehensive Plan of Action (JCPOA) on Iran, the Paris Climate Agreement and Middle East Peace Process. Hence, this path should be applied also to the European-Israeli relations about military and security concerns, in which Israel is totally aligned with the actual US policy. However, the proposed exit approach is not aimed to jeopardize the Atlantic relations and the cooperation in certain security field. On the contrary, the EU should foster a “spot-cooperation” with Israel (and the US) in this matter, in other words the EU should cooperate according to individual goals based on its interests without any project of long and integrated partnership. According to the behavior with Turkey post 2016, the EU should promote strategic deals such as the successful Migration Deal of March 2016<sup>61</sup> in which the core interest is an immediate and short-term solution for maintaining stability and security inside the Union, avoiding any attempt of more integrated cooperation. This business approach will be clearer in the next section concerning the economic suggestions of this exit policy.

### **3.1.2 Trade agreements without integration**

A regards the economic frame, it is well acknowledged that the EU is the strongest side of the European-Israeli relationship. According to the analysis provided in the second chapter, Israel has important economic and trade ties with the Union which is still its first commercial partner. On the contrary, the EU has only a small percentage of its economic activity with Israel, especially on the import side. In that sense, Turkey shares the same economic dependence of Israel towards the EU, even though it enjoys a more integrated status being part of the European custom union<sup>62</sup>.

Hence, an exit policy would be relative unfriendly for the Union compared to its negative effects on Israel, with low costs of exit for the former and high costs for the latter. Furthermore, although they are both in an economic context with a high degree of substitution

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<sup>61</sup>European Commission, EU-Turkey Statement: Three years on, March 2019. Retrieved from [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20190318\\_eu-turkey-three-years-on\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20190318_eu-turkey-three-years-on_en.pdf)

<sup>62</sup> EU-Turkey Association Council, Decision No 1/95 of 22 December 1995 on implementing the final phase of the Customs Union (96/142/EC). Retrieved from [https://www.avrupa.info.tr/sites/default/files/2016-09/Custom\\_Union\\_des\\_ENG\\_0.pdf](https://www.avrupa.info.tr/sites/default/files/2016-09/Custom_Union_des_ENG_0.pdf)

in terms of commercial partnership and financial investors, the EU has more appeal and economic power, especially at regional level, while Israel has difficulties in the economic cooperation with its neighbors which have political biases towards Israel and less economic relevance.

Thus, considering these two aspects of their relations, the EU could pursue an exit policy with a concrete and effective impact on Israel. This approach does not entail a severe behavior towards Israel but a divergent path based on three main actions.

Firstly, the EU should strengthen its economic partnership with other countries in the Mediterranean area and in the Middle East. On one hand, the EU should reinvigorate the Union for Mediterranean and the single Euro-Mediterranean Association Agreements with the most developed countries of the region from a political and economic point of view. Indeed, the EU should liberalize trade in services and investment, negotiate agreements on accreditation and acceptance of industrial products, establish deep and comprehensive free trade areas, such as in agricultural trade, with Morocco, Tunisia and Jordan, based on the Turkish model of customs union. On the other, the EU should enhance its cooperation with the Arab countries of the Gulf Area and Gulf Cooperation Council (GCC), which represent a strategic interest for the Union both in terms of trade and energy security. A possible starting point could be a relaunch of the 1998 EU-GCC Cooperation Agreement for implementing free trade agreement and an energy partnership. In that sense, the EU should be able to secure its energy necessities and provide a commercial support to other states aside from Israel.

Secondly, the EU should change its relations with Israel, including in its 1995 Association Agreement. As Lovatt suggests in his paper, the EU should consider Israeli behavior towards Palestine as a serious reason for changing policy with it (Lovatt 2017). This entails a decreasing or a freezing of the economic integration with Israel and a bigger European effort in developing an economic sovereignty for the Palestine. Hence, beyond the development of economic relations with other countries, the EU should concentrate its economic commitment in Palestine in order to help prevent the deterioration of the PA's effectiveness and create a more vibrant Palestinian economy (Lovatt 2017: 11). Namely, the EU should promote promoting Palestine's sovereignty and control over its natural resources, including by pushing Israel to allow Palestinian businesses greater economic access to Gaza and Area C. Furthermore, it could be useful elaborating a "Marshall Plan for Gaza" that would include support for the PA's development of the Gaza Marine gas field, which represent also a strategic value for the EU. In addition, the EU should support backing the development of the Palestinian agriculture and tourism sectors, including through support for grassroots business initiatives

that help promote Palestinian sovereignty, and enhanced Palestinian tax collection in the West Bank, including making such demands of private individuals and businesses located in Israeli settlements.

As regards this last action, the EU should pay more attention to the trade with Israel, especially for what concern the settlements. This third issue is particularly complex because it is related on one hand to the partial compliance of the European Members States with the provisions of the European Commission on the restriction of trade of goods which come from the Israeli settlements, on the other to the Israeli behavior towards Palestine and its breaches of the international law. Therefore, as first option, the EU must convince the MSs to stop their commercial activities in those areas following the European Commission guidelines. For what concerns the Israeli side of the issue, the EU should penalize all the Israeli exporters if Israel is unwilling to assist EU customs authorities in stopping the exports from the settlements which benefit unlawfully preferential tariffs (Lovatt 2017)<sup>63</sup>. Furthermore, in this context, EU member states should support the upcoming UN Human Rights Council database of not legal business activity linked to settlements as a tool for alerting “businesses to the consequences of activities in such environment” and for providing “guidance on the measures they must adopt to comply with their responsibility to respect human rights”<sup>64</sup>.

### **3.1.3 Social and cultural neutrality: visa control and religious cleavage**

Regarding to the enforcement of the respect of the human rights and international law, this third and last section of the policy deals with social and cultural issues of the European-Israeli relations which affect the Israeli sensibility on the matter. Referring to the Turkish case, the EU has reacted to the Islamic radicalization of the country through more clear dialogue and an open-minded approach. This process could be resembled to the radical shift that is happening in the Israeli society.

Therefore, it is worth to distinguish three main aspects of this frame in order to provide a clear proposal of exit policy, suggesting a possible path of relation between the two actors.

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<sup>63</sup> “A change to the Israeli postcode system has allowed exports from the settlements to once again benefit from preferential tariffs under the EU-Israel Free Trade Agreement, in a worrying sign of the inadequacy of the 2005 arrangement on this issue.” (Lovatt 2017: 6).

<sup>64</sup> International Federation for Human Rights, “Joint NGO Statement in Support of the UN Database on Unlawful Business Activity related to Settlements in the Occupied Palestinian Territory”, 30 November 2017, available at [https://www.somo.nl/wp-content/uploads/2017/11/Joint\\_NGO\\_Statement\\_Database\\_Tool\\_NOV\\_2017\\_FINAL.pdf](https://www.somo.nl/wp-content/uploads/2017/11/Joint_NGO_Statement_Database_Tool_NOV_2017_FINAL.pdf)

Firstly, the social aspect which entails in particular the relations among European and Israeli people. According to the divergent approach of the exit policy, the EU should enhance its social relationship with other countries of the Mediterranean area, favoring a cross cultural dialogue especially with Arab countries. Indeed, Arab people have increase its presence in Europe in the last decades, more than the Israeli people which for the most have returned to their country. Thus, this policy of integration with Arab people would be more consistent with the trend of the migration which has characterized European states, especially the most prominent such as France, Italy and Germany. In concrete, the EU could decide to introduce a less stringent visa requirements even a limited liberalization for those countries and raise the Israeli ones, which are still too severe towards the EU. Certainly, this could be implemented only if the security standards of the considered countries would be set at the European standards level.

Secondly and strictly linked to the first aspect, the EU should pay attention to the cultural relations with Israel. As stated in the second chapter, the European commitment to preserve the memory of the Holocaust and the fight to the severe discrimination against the Jew remain undisputed. However, the EU should promote a better communication and understanding about the Palestine's conditions. On one hand, the EU should boost its cooperation with the several NGOs and other private actors which already operate in Palestine with the aim to create cultural dialogue and clear information about the Palestinians conditions and cultural heritage. On the other, the EU should improve its cooperation in the education and research field with Palestine, focusing on increasing the possibilities for study programs with scholarships for the young Palestinians. This would require an important financial effort by the EU and the MSs, but it would have a positive impact on the difficult Palestinian reality.

Thirdly, there is the religious issue which mainly concerns the role of Jerusalem. With the aim to strengthen the special status of the Holy City, the EU should help safeguard Palestinian national identity and cultural heritage. According to Lovatt, the EU could also explore ways to provide financial support to Palestinian schools and other public, as well as non-governmental, institutions in East Jerusalem (Lovatt 2017). Indeed, Palestinian schools are particularly vulnerable, given that their receipt of Israeli state funds is now conditioned on the adoption of textbooks approved by the Israeli government. Therefore, the EU should intervene in order to balance this distortive behavior.

According to the exit approach, the key role of the EU should entail both a more careful relation with Israel, especially until Israel would not positively change its attitude towards Palestinians and Arabs in terms of social, cultural and religious behavior. In parallel, the EU



must promote a common and open feeling among the Palestinians side, which remain highly biased by Israel.

**Chart 3.1 - Exit policy in summary**

| <b>Political</b>  | <b>Economic</b>   | <b>Social-cultural</b>  |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Enhance cooperation and political partnerships with other actors, at regional and global level</li> <li>• Look for instruments to make Israel face the costs and consequences of its drift towards a one-state reality and its violations of international law</li> <li>• Foster a “spot-cooperation” with Israel (and the US) in the military and security field, increasing its autonomy.</li> </ul> | <ul style="list-style-type: none"> <li>• Strengthen its economic partnership with other countries in the Mediterranean area and in the Middle East</li> <li>• Decrease the economic integration with Israel through a reform of the EU-Association agreement. Develop and improve economic sovereignty in the Palestine</li> <li>• High control of the trade between Israel and other MSs, especially for products coming from the settlements</li> </ul> | <ul style="list-style-type: none"> <li>• enhance social relationship with other countries of the Mediterranean area, favoring a cross cultural dialogue especially with Arab countries</li> <li>• Cooperate with the several NGOs and other private actors which already operate in Palestine with the aim to create cultural dialogue and clear information about the Palestinians conditions and cultural heritage</li> </ul> |

### **3.2 Second Policy: Voice as convergence. Reinvigorating the multilateral approach (Canada model)**

The second policy proposed in this research is based on the voice approach, which is the intermediate option in the model. According to Hirschman, voice is a reaction against the decay with aim to revert the negative trend (Hirschman 1970). It is affected by the willingness and the probability, in other words the chance of the voice option against the certainty of the exit and the expectation about the influence capacity for facing the deterioration (Hirschman 1970: 39). Because of its dialectic nature, voice is generally more effective if activated in large number.

Thus, this policy would pay attention to the multilateral aspect of European-Israeli relations, especially for what concerns the participation of Israel in certain initiatives at regional and global level. In this case, a possible reference case is that of the EU with Canada, which has boosted at a higher level their relations at political and economic level.

The description of this voice policy would follow three basic frameworks of analysis: political, economic and social-cultural. The first is the political one and it is probably the most important in the voice approach. Indeed, according to Hirschman, voice is a political action par excellence, therefore it has a key role in this policy option. At multilateral level, the EU should relaunch a new initiative in the Mediterranean Area based on the current Euro-Mediterranean Partnership with specific tasks and effective power in certain decisional area. This could be a positive attempt for creating a new political cooperation with Israel, involving the both European and non-European neighborhood countries. However, following the Strategic Partnership Agreement (SPA) between the European Union and Canada in 2016, the EU should implement also a bilateral initiative with Israel with the aim to enhance political dialogue on a broad range of areas, including international peace and security, economic and sustainable development, justice and freedom. Regarding to the Israeli-Palestinian peace process, the EU should promote a new dialogue on the question with the support of the United Nations. Furthermore, for what concerns the security and military field, the EU should consider the Israeli closeness to the US with the aim to promote a deepen Israeli engagement in the Atlantic Alliance such as Canada.

The second frame is the economic one and it entails a reconsideration of the commercial value of the Mediterranean countries among which Israel. In that context, a possible initiative could be a development of the current free trade agreements that the EU has bilaterally with each regional country in a more integrated system such as a Free Trade Area. In addition, following the Canadian model, the EU should promote a bilateral agreement with Israel based on the CETA, increasing the free tariff sectors and reorganizing the numerous agreement that Israel has individually with MSs.

The last and third frame concerns the social and cultural issue with a focus on the human rights. As previously described, the European-Israeli social and cultural relations have a strong basis and their affinity is an important “glue” between them. As Canada, Israel has important linkages with Europe and it has democratic institutions based on the Western model. In this section, as first step the voice policy would sustain a multilateral initiative in which Israel could become a full observer state in the Council of Europe, such as Canada. Furthermore, the EU should enforce a better knowledge of the European values and culture and vice versa in order

to create a solid multilateral dialogue on delicate matters such as Antisemitism on one hand and Islamophobia on the other.

However, as Hirschman argues, voice must not be exaggerated, giving time to respond to a decay, especially in the political dimension (Hirschman 1970:33). Indeed, this voice policy is an attempt to understand and resolve deficiencies between the EU and Israel, differently from the exit option in which the only alternative seems the defection. For that reason, the intermediate approach of the EU-Canada relations could be consistent with this aim.

### **3.2.1 A Strategic Partnership Agreement in the Mediterranean Area**

The political framework represents the core of the voice policy and it needs to be developed both at multilateral and bilateral level, depending on which issue should be tackled. As in the first policy, there are three main aspects to consider: the political dialogue, the Israeli-Palestinian Peace Process and the security cooperation.

As regards the political dialogue, at multilateral level the EU should reconsider the effectiveness of the Union for Mediterranean and its strategy. Indeed, the European aim should entail a positive cooperation between the MENA (Middle East and North Africa) states on the Mediterranean and Israel under a new multilateral initiative. The EU has a key role in mediating the relations among Mediterranean-Arab countries and Israel for the security and the political stability in the area. For example, on one hand the EU should cooperate with all these MENA countries in supporting the regional promotion of a humanitarian and political response strategy to Gaza's humanitarian crisis. On the other, the EU together with Israel which, as already said, represent the only well-developed democratic country of the area, should explore new paths with all Mediterranean countries to strengthen democracy, ensuring free and democratic elections in full compliance with international principles and an independent judiciary, besides respect for fundamental liberties and the substantive role of civil society. Beyond the positive impact of such policy on the Mediterranean countries, this would preserve and boost also the Israel's affiliation with the club of liberal democracies

At bilateral level, the EU should implement a SPA based agreement with Israel, following the Canadian approach. This would upgrade the current relations between the EU and Israel, facing the decay and relaunching a path of progressive integration. Referring to the Canada's SPA, in the new SPA with Israel, the EU should reaffirm the cooperation and shared values between them and reflects the comprehensive, long-standing and strategic nature of the partnership, going beyond the old EU Association Agreement (1995). A renewing approach

would consider a replacement of the current political fora such as the Israel-EU association Council with newly-established mechanisms such as the Joint Ministerial Committee and the Joint Cooperation Committee, based on the Canadian model.

Shared values are to be expressed concretely through binding political clauses mandated by EU Member States, and applied consistently to all partners. Accordingly, the EU and Israel should improve together their shared values worldwide and regionally in such fundamental areas:

- the non-proliferation of Weapons of Mass Destruction (WMD);
- combatting illicit trade in Small Arms and Light Weapons (SALW);
- the fight against terrorism;
- promoting international peace and stability;
- human rights and
- an effective multilateralism

The cornerstone principles of this initiative would be dialogue, mutual respect, equal partnership, multilateralism, consensus and the respect for international law. In this context, the EU should develop effective channels for strengthening and extending cooperation with Israel and lay the ground for effective joint-cooperation in multilateral fora.

Especially in this second aspect, the EU should cooperate with the UN for resolving and mediating the Israeli-Palestinian conflict. This is probably the most delicate aspect of the voice policy which must not exaggerate in its action, avoiding a painful incomprehension and a worsening of the European-Israeli relations. Hence, the EU should adopt a balanced position in the conflict through a double action with the UN support. On one hand, the EU should acknowledge that Israel's illegal use of force to prolong its occupation and acquire Palestinian territory creates a legal obligation for third parties to intervene under international law on state responsibility<sup>65</sup>. On the other, the EU should assist and monitor the state-building process in Palestine together with the UN, especially in mediating between the two political sides, Fatah in Ramallah and Hamas in Gaza, in order to stabilize institutions and government's functioning. Currently, according to *Mitvim Institute*, it seems very unfeasible a sole US mediation in the Israeli-Palestinian Peace process, especially with the last Trump's administration decisions. For

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<sup>65</sup> "Recent work by ECFR, as well as UN special rapporteur Michael Lynk and eminent scholars of international law such as Marco Sassòli, can provide some initial policy guidance focusing on third-party responses to Israeli violations of jus ad bellum (the rules on inter-state use of force) – including the consequences of its de jure and de facto annexation of Palestinian territory and entrenchment of discriminatory practices against Palestinians in favor of its settler population" (Lovatt 2017: 6)

that reason, the involvement of the EU – also in cooperation with other global actors such as the UN – can be increased importance and value<sup>66</sup>.

Linked to this second aspect, the third and the last section proposes a security cooperation between the EU and Israel through a multilateral approach. A possible answer could be an upgrade of Israel membership in the NATO, sustained by the European Countries and the US. At this moment, Israel is a partner country of the Atlantic Treaty and it has increased its strategic importance with the spreading of terrorism and the Syrian War. Thus, there are also potential political dividends for both the EU and Israel. On one hand, the closer NATO partnership could help to rebuild trust with its once staunch ally Turkey while bolstering the trilateral partnership with Greece and Cyprus. Furthermore, NATO and the EU could also fully tap into the Mediterranean Dialogue's potential to promote relations between Israel and Arab countries. On the other, Israeli high competence in the security matters would enhance the capabilities of the EU and NATO in the technological and cyber field. In addition, Israel is one of the largest consumer of financial resources in the military equipment and forces, therefore it would contribute to the expenditure in the NATO which is reducing its economic burden, especially the American one. It is exactly in the economic frame where the EU and Israel could create an effective partnership, especially at bilateral level.

### **3.2.2 An upgrade of free trade agreements based on the CETA model**

In the second framework, it is described the economic side of the voice policy. The fundamental idea of this section is to develop an economic partnership between the EU and Israel in key areas, namely economic cooperation, trade and energy. As already described, Israel enjoys a special status with the EU in the economic field thanks to its rooted economic relations and trade agreements that Israel has mainly at bilateral level with each European country. Following the three key areas, the aim of this voice policy is to provide solutions to the decay of their relations through two approaches.

At multilateral level, the EU should support an Israeli involvement in the Mediterranean area with increasing economic relations with other countries. Because of the cultural and political cleavage between the Arab countries and Israel, the EU has a fundamental role in mediating and resolving their frictions, shifting the dialogue from positions to interests. In other words, the EU should focus on the economic benefits that could emerge from a more integrated

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<sup>66</sup> “Guiding Principles for Israel’s Foreign Policy toward the EU”, Recommendations of a Mitvim Institute Task Team, June 2019.

Mediterranean and it should promote this vision also to Israel and the neighbor players, starting from those countries that have ameliorate its relations with Israel in the last years (e.g. Egypt). Hence, the EU should reconsider the actual Euro-Mediterranean partnership through an expansion of the economic sectors in which the EU, the other Mediterranean countries and Israel could cooperate.

Regarding to the bilateral approach, the main attempt of this policy is to reorganize MSs single agreements in a unique comprehensive agreement following the example of the Comprehensive Economic Trade Agreement (CETA)<sup>67</sup> between the EU and Canada. The application of this model to the European-Israeli context is consistent because Israel, as Canada, is part of the most developed countries and it has well-rooted economic relations thanks to its social and cultural closeness with Europe.

From an economic cooperation point of view, the CETA model would enhance the economic growth of both and the amount of economic interactions, providing instruments also for the protection of investors' interests, such as the Investment Court System<sup>68</sup>. In that sense, the EU should create predictable conditions for both EU and Israeli investors and make it easier for European firms to invest in Israel. As described in the economic paragraph of the second chapter, Israel has deepened economic interest in the Union and it would be an important upgrade for its economic relevance and development. On the other, this agreement would make both Israeli and European firms more competitive and it would help to bid public contract on both side. For that reason, the EU should establish an economic dialogue channel between professional EU and Israeli teams to promote, inter alia, the lifting of non-tariff obstacles, reduction of regulation and an approximation of laws.

However, trade remains a fundamental area for both the actors, especially Israel. Also in this aspect, the CETA's model is particularly recommended. Apart from the reorganization of the agreements with Israel, this initiative should satisfy both the actors: on one hand, the EU would enjoy a favorable environment and a strategic partner with strong competences in high technology and medical-chemical sector, on the other Israel would benefit from a free market in which it could increase its economic relevance. If the EU would apply the same provision of CETA with Israel, European and Israeli companies would benefit a getting rid of 99% of the duties (taxes) on exports in the short term with the aim to abolish all customs duties on industrial

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<sup>67</sup> European Commission, CETA Free Trade Agreement, October 30, 2016. Retrieved from <https://ec.europa.eu/trade/policy/in-focus/ceta/ceta-chapter-by-chapter/#targetText=The%20Comprehensive%20and%20Economic%20Trade,between%20the%20EU%20and%20Canada>

<sup>68</sup> *Ibid.*

products after seven years<sup>69</sup>. Indeed, European and Israeli firms would also benefit from cheaper parts, components, and other inputs which they use to make their products.

Through a Comprehensive Agreement, the EU and Israel would boost their exports in several sectors such as agriculture, foods and drinks, with a control on regulations, technical standards, consumer safety and needs, environmental protection, animal or plant health and food safety (including rules on GMO's). According to several experts, there are specific fields of mutual interest for potential business collaboration between the EU and Israel that are not sufficiently developed (Goren & Ronen 2018: 201). In line with the framework of CETA, the EU should place a strong emphasis on the following industries both in terms of trade liberalization and technological cooperation:

- Biotechnology and pharmaceuticals,
- Renewable and alternative energy,
- Clean-tech, agro-technology,
- Water security
- Cyber and homeland security sectors.

Among these different sectors of cooperation with Israel, the EU should pay particularly attention to the energy area. In fact, the recent discoveries of natural gas reserves in the east Mediterranean coasts are projected to yield substantial dividends for this region (Goren & Ronen 2018: 199), beyond a strategic alternative to other energetic hubs, such as the Russian one. The EU's objective to diversify its energy sources could use on one hand, the discoveries of natural gas as an opportunity to leverage regional cooperation, on the other strengthen ties between Israel and the other countries which participate in the EastMed pipeline initiative. Indeed, it is agreed that individual countries could not afford to construct the necessary export infrastructure separately due to financial constraints: these projects must be carried out in the framework of regional co-operation. In other words, this mixed bilateral-multilateral action could have positive impacts on both the EU and Israel: the former in its energy differentiation and security, the latter in its increase of revenues in the sector and economic stabilization of the region through the cooperation with other states.

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<sup>69</sup> *Ibid.*

### **3.2.3 Social and cultural issue: a common protection and promotion of human rights in the Council of Europe**

Another important shared aspect of the application of Canada's approach to the EU relationship with Israel is the undisputable social and cultural closeness between them. Indeed, both Israel and Canada have European natives which live in the Union and vice versa, with long traditions in the social and cultural background of Europe. Although Canada is proper western country, Israel with its vague definition has numerous communities which come from the EU (France, Italy and Germany) and other European Countries (such as Russia) and this allows a common basis for further dialogue.

Hence, the EU should consider this aspect as a good start for a deepen cooperation between them around three fields of action: social (included human rights), cultural and religious (about the role of Jerusalem).

As regarding to the first two fields, the EU should involve Israel in a more favorable environment, increasing the Israeli participation in the Council of Europe. Indeed, as Canada is part of the Council as Observer state at the Committee of Ministers and the Parliamentary Assembly, the European states should upgrade the Israeli status to that of Canada. Indeed, the participation of Israel in the intergovernmental meetings of the Committee would increase its cooperation in the executive sphere of the organization. Namely, Israel would be tasked in contributing to the democratic transition in Europe and financially supporting the activities of the Council of Europe on a voluntary basis. This represent also the general task of the SPA between the EU and Canada in which they commit themselves to uphold democratic principles and human rights, to advance democracy, including free and fair elections<sup>70</sup>. Indeed, the application of the SPA to Israel is also a European attempt to reconcile some European values within EU programs, for example "peace building", "human rights" and "Arab-Israeli peace dialogue" which are still seen with suspect by the Israeli government and society<sup>71</sup>. Every EU program should be developed in collaboration with Israeli partners, possibly within the framework of an EU-Israeli partnership. At the same time, the programs should aim to support capacity-building, help to build cultural institutions and improve sustainability.

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<sup>70</sup> *Ibid.* "Other fields of strengthened cooperation include law enforcement; the fight against organized crime and corruption, money laundering, the financing of terrorism, cybercrime, and illicit drugs; migration, asylum and border management, data protection, as well as consular protection."

<sup>71</sup> European Union, Culture in the EU External Action: Israel Country Report, February 26, 2014. Retrieved from [https://ec.europa.eu/assets/eac/culture/policy/international-cooperation/documents/country-reports/israel\\_en.pdf](https://ec.europa.eu/assets/eac/culture/policy/international-cooperation/documents/country-reports/israel_en.pdf)



Furthermore, this new open dialogue would increase the commitment of both the EU and Israel in enhancing on one hand the human rights and democratic values and on the other the fight against anti-Semitism and racism which still affect some European countries and in Israel the religious minorities. The EU must also take care to not exclude the ethnic minorities within Israel (of which Arabs make up the largest community. The exchange of experience in the “management of diversity” represents an area in which by its nature Israelis and Europeans have opportunities to learn from each other, providing a context for future cooperation<sup>72</sup>.

The last and third field concerns the religious sphere which differently from the Canadian context, remains particularly important in the Israeli society and environment. According to the aim of the voice policy, the EU should boost a more intense dialogue among the different religion actors both in Israel and in Europe. Apart from the political relevance of the Holy City, the EU should reconfirm the special status of Jerusalem in the multilateral fora through a strong effort in creating a positive dialogue between Jews and Muslims.

**Chart 3.2 - Voice option in summary**

| <b>Political</b>  | <b>Economic</b>  | <b>Social-Cultural</b>  |
|---|--|---|
| <ul style="list-style-type: none"> <li>• Renew the Union for Mediterranean and its strategy through another multilateral initiative and implement a SPA based agreement with Israel</li> <li>• Adopt a balanced position in the Arab-Israeli conflict through a double action with the UN support</li> <li>• an upgrade of Israel membership in the NATO, sustained by the European Countries and the US</li> </ul> | <ul style="list-style-type: none"> <li>• Support an Israeli involvement in the Mediterranean area with increasing economic relations with other countries</li> <li>• Reorganize MSs single agreements in a unique comprehensive agreement following the example of the Comprehensive Economic Trade Agreement (CETA)</li> <li>• Boost their exports in several sectors such as agriculture, foods and drinks, with a control on regulations</li> </ul> | <ul style="list-style-type: none"> <li>• Increase the Israeli participation in the Council of Europe</li> <li>• the application of the SPA to Israel is also a European attempt to reconcile some European values within EU programs, for example ‘peace building’, ‘human rights’</li> <li>• Boost a more intense dialogue among the different religion actors both in Israel and in Europe, especially between Jews and Muslims.</li> </ul> |

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<sup>72</sup> *Ibid.*

### **3.3 Third Policy: Loyalty as an integration approach. A bilateral initiative based on the Norway's model**

Following a path of increasing integration model, the Loyalty policy is aimed to boost the European-Israeli relations towards the highest possible degree of cooperation among them in respect of their prerogatives, without considering an Israeli membership. According to Hirschman, loyalty consists in a strong attachment of a member to its organization and it holds exit at bay (Hirschman 1970: 78) through a positive belief that their relations will improve without drastic solutions such as exit option or exaggerate use of voice. Hence, the loyalty option is based on the confidence and real involvement of the two actors in improving their cooperation for obtaining effective mutual benefits at political, economic and social level.

In that sense, the Norway's model of association and integration seems consistent with this purpose for several aspects. Firstly, it is the highest level of European integration without a membership which in the Israeli case, remains legally disputable by European Union law's point of view and practically unfeasible for the high complexity of the process. Secondly, although with several different on social and cultural field, Norway resembles Israel for what concerns population and GDP and its form of government. Thirdly, both have long and historical relations with the European Union and both are strategically important for the EU and vice versa, especially from an economic point of view.

Also in this third policy proposal, the scheme of analysis follows the three dimensions. On a political field, the EU should promote a closer participation and collaboration with the Israeli government in European Institutions and enhance a political dialogue about common policies from within, especially in the CSDP. This effort should be aimed to develop a more effective security strategy in the Mediterranean Area and to try to solve the Israeli-Palestinian conflict. In the economic sphere, it should be implemented the provisions of the European Free Trade Association (EFTA) agreement which represents, apart from the membership, the maximum integration in the economic frame of the Union. Here the Norway's model is particularly useful. Finally, at social and cultural level, the EU should create a dynamic environment of social-cultural exchange in favor of students and workers, fostering positive religious dialogues and protection of human rights. In that sense, it could be considered the introduction of the Schengen provisions among the EU and Israel.

However, as already stated in the first chapter of this research, the loyalty option is complex and it requires a long-term vision. Furthermore, for strengthening the "taking care" element of this option is necessary on one hand to introduce legal binding provisions

(Hirschman 1970), on the other to develop a sense of attachment to the difficult situation with the aim to resolve it through a positive dialogue (Santiso 2010). These “costs” together with the type of attitude of the EU, conscious or unconscious, should be considered in order to implement such policy.

### **3.3.1 A closer partner in the political and security field**

The Norway’s approach could be an effective model for aligning Israel with the EU that is below the level of membership, especially from a political point of view which remains the most delicate aspect of their relations. In addition, as already stated, the EU and Israel share common political values about democracy and rule of law which allow a positive and increasing cooperation at institutional level according to the Norwegian model.

Following the Norwegian Government’s strategy, the EU should promote an Israeli participation in formal and informal ministerial meetings based on the Norwegian model in which it has the opportunity through its agreements with the Union (such as European Economic Area) to network and build European contacts at the political level, especially with the relevant EU commissioners and with their colleagues in EU member states. One example is Norway’s engagement in the informal group of European countries that have been most affected by the security threat posed by foreign fighters. Another example is Norway’s participation in the Green Growth Group, which brings together the EU member states that are advocating an ambitious climate policy and a tighter Emissions Trading System cap. Furthermore, Through the EEA Agreement and bilateral agreements with the EU, Norway currently participates in 12 EU programs and 31 EU agencies. In addition, Norway participates in the work of five agencies that manage EU development programs.

As EU develops strong political relations with Norway in areas of importance to it, in the same way, the EU should promote closer partnership with Israel in the fields where both are interested in. Indeed, the EU should fulfill its commitment of “special relationship” with Israel more with any other countries in its ENP. About the neighborhood policy of the Union, the objective should be a more homogeneous relationship between the EU and Israel, which is also the aim of the Euro-Israel Partnership (EIP) described by Pardo & Peters in *Uneasy neighbor*.

However, the Israeli-Palestinian issue remains crucial in the political framework of the European-Israeli relations. Differently from the past and current approach of the EU in dealing with the conflict in which the relationship with Israel has been mainly designed by the peace

process, the EU should distinguish the two paths, working for strengthening the integration with Israel. In other words, following a conscious behavior, the EU should integrate Israel in its political system, trusting its reliability in a positive future change of its vision about the issue. Obviously, this European attitude must not become unconscious with a passive tolerance of the Israeli negative behaviors, such as the settlement policy, but it should remain vigilant in its action, improving the loyalty between them. The EU is still considered by Israeli people enough impartial for pursuing a diplomatic effort with the aim to resolve the Israeli-Palestinian conflict, differently from the single EU member states. Taking the example of the Norway's attempt with the Oslo Process, a secret back channeled diplomacy by the EU could have important chances for obtaining positive steps towards a solution. Certainly, the relation with the OLP should be maintained through political sustain and financial aids which are fundamental for the stabilization and functioning of Palestine. If the EU should implement a loyalty policy, the increasing political integration of Israel in the European system could favor a new dialogue on the Israeli-Palestinian peace process.

Strictly connected to this issue, the security cooperation should become an important pillar of the EU-Israeli more integrated partnership. As the EU-Norway relations, the EU should involve Israel in the military and civil protection (security strategy and crisis management) through Storting's Delegations to the Conference on EU Common Foreign and Security Policy (CFSP) and the EU Common Security and Defense Policy (CSDP) based on the Norwegian model. A deepen participation in European security agencies could enhance the European and Israeli capacity to prevent, address and respond to several threats in the Mediterranean and Middle East areas. An Israeli participation in the European Defense Agency would allow both the EU and Israel to develop common expertise and interests, providing a channel for political dialogue on issues relating to defense policy. It is important for the EU, in both security and economic terms, to ensure that it has the necessary military capabilities to safeguard the interests of the European defense industry and in that sense, Israel is a reliable partner with strong and advanced capabilities. For example, an Israeli involvement in the European Union Agency for Network and Information Security (ENISA) could be a positive effort towards an integrated cooperation which is based on loyalty.

Furthermore, this loyalty policy should promote a progressive Israeli participation in the financial and technological sustain of defense. Indeed, a European Defense Fund has been established to support collaborative research in the area of defense and to promote the joint development and acquisition of defense equipment and technology. Through the EEA Agreement and the Norway's model, Israel could participate in the Preparatory Action on

Defense Research (PADR) under the research strand of the European Defense Fund. Hence, the EU should work to ensure that Israeli actors would be able to participate in projects financed by the Fund, both in research projects and in projects under the Fund's other strand aimed at promoting the joint development and acquisition of defense capabilities beyond a cooperation among European and Israeli companies which operate in the security sector.

### **3.3.2 Area of free trade and competition (EEA-EFTA)**

Regarding to the financial aspect, the economic framework would be the most affected by a loyalty option because of two main reasons. Firstly, the EU has demonstrated an effective integrational capacity in this field and wide economic influence. Secondly, as already stated in the second chapter, the European-Israeli relations are well-developed since the EU-Israel Association Agreement which is still the highest attempt to institutionalize their cooperation on the basis of full reciprocity (Pardo 2010). For that reason, a more integrated approach based on the model of the European Economic Area of Norway could be consistent with the aim of this loyalty policy.

As first aspect, the EU should encourage an economic cooperation in financial services and in the energy sector. In that sense, the EU should involve Israel in the European Free Trade Association (EFTA) for strengthening their integration which is fundamental to safeguard security, promote values, and maintain a sustainable welfare society. On one hand, the EU should align Israel to EEA's provision such as Norway in order to increase its participation in the European system also from a legal point of view which will be analyzed hereafter. In addition to giving access to the EU's internal market, the EEA Agreement would give Israel the right to participate in a range of EU Programs and to the general growth of the Union. Cooperation also would encompass education, research, environmental protection, social policy, statistics and consumer protection.

On the other hand, the EU should develop a better partnership in the energetic field. As the Norway has a strategic value being a great producer, Israel has a similar strategic relevance being an important energy hub between the Mediterranean area and the Middle East. As already mentioned in the second chapter, the EastMed pipeline is an energy initiative of great relevance and it would work better if Israel would be more integrated in the European system, cooperating better with Cyprus and Greece, the other two key actors of the project. Hence, through EEA,

the EU should promote Israeli participation in the internal energy market, starting with conferences based on the EU-Norway model of partnership<sup>73</sup>.

The integration in the internal market is the second aspect of this loyalty policy and it is probably the most advanced form of integration. Although not having membership status, the EEA countries such as Norway are affiliated to the EU in very substantial ways (Egeberg & Trondal 1999). Indeed, this agreement which makes the EEA countries part of the Single Market, would imply on one hand that goods, capital, services and people would circulate freely in the whole EEA Area, including the EFTA countries (Norway, Iceland and Liechtenstein)<sup>74</sup>, on the other that the internal market legislation would be adopted by Israel continuously. According to the EEA's provisions, the EU should allow Israel to participate on expert and advisory committees in the Commission, but it would not have rights of participation in the Council structure. Israel as EFTA state, as one of the two parties on the EEA Joint Committee, may, however, ask to be consulted on relevant decisions in the Council.

Furthermore, through the EEA agreement, the EU would expand the 'home market' for the Israeli business sector, giving it access to a market of 500 million rather than 8 million people. Within the sectors that it could cover, the Agreement would make it possible to trade throughout the EEA with a minimum of obstacles. Common rules on state aid and competition, combined with uniform and effective enforcement of those rules, ensure predictability and a level playing field for companies operating in the EEA. This could be crucial for Israel's economic interests, for Israeli consumers, and for the integration with the EU.

Applying the Norway model to Israel and the consequent EEA's provisions, it means the adoption of the internal market legislation in the legal system of Israel. This third aspect of the loyalty option is particularly complex because it entails the fulfillment of the *acquis communautaire* and its associated monitoring system by Israel. In other words, the EU should convince Israel to accept the Four Freedoms (goods, capital, services and persons) and the jurisdiction of the ECJ on the matter. According to Pardo, the creation of a "homogenous partnership economic area" could be made possible through the application of common rules and the updating of new Community rules (Pardo 2010: 98). In that sense, the fundamental means through which the integration's objectives could be achieved are the Four Freedoms, competition rules and EU-Israeli cooperation agreements in several key areas, such the EEA

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<sup>73</sup> See European Commission, 4<sup>th</sup> EU-Norway Energy Conference, February 5, 2019. Retrieved from [https://ec.europa.eu/info/events/4th-eu-norway-energy-conference-2019-feb-05\\_en](https://ec.europa.eu/info/events/4th-eu-norway-energy-conference-2019-feb-05_en)

<sup>74</sup> EEAS, Delegation of the European Union to Norway, Norway and the EU, Thursday, 12 May, 2016. Retrieved from [https://eeas.europa.eu/delegations/norway\\_en/1631/Norway%20and%20the%20EU](https://eeas.europa.eu/delegations/norway_en/1631/Norway%20and%20the%20EU)

based on the Norwegian model. First, the EU should ensure that European rules promote growth both in Israel and in Europe as a whole. Then, it should seek to ensure that the rules are in line with Israeli priorities, for example in terms of environmental standards, consumer protection (such as *kosher* religious rules), food safety and workers' rights. Second, although Israel would be bound by the European laws, following the EEA countries' model, the EU should treat Israel like a Member state as far as the preparatory stages of the legislative process are concerned. This is undoubtedly an aspect of loyalty behavior policy of the EU towards Israel.

Certainly, this integration approach should be planned in a long-term vision by the EU, especially for what concerns the free movement of persons which probably "touch raw nerve in Israel" (Pardo 2010: 98). This issue will be tackled in the next section about the social-cultural framework of this policy.

### **3.3.3 Beyond human rights: a Schengen Area for a free movement of individuals**

In this last framework of the policy, it will be discussed the role of the EU in favoring a more integrated vision of society, culture and religion with Israel. Hence, the implementation of a Schengen Area would be consistent with this aim and the model of Norway, which is already member of the free area. The EU should convince Israel to liberalize visas and borders' control, making more effective the action of the EEA agreement especially from the workers point of view. Considering the Israeli security concerns, this is an ambitious purpose of the EU and it needs a strong commitment from the European Institutions and the Member States themselves. In fact, the EU should develop better security checks and intelligence facilities in order to increase the Israeli confidence in their functioning. Certainly, this is a long-term goal of the loyalty policy and it should be carefully managed by the European Institutions, especially in such a difficult situation with the migration crisis.

However, according to the Norwegian Government's Strategy, Schengen agreements which allows to cross borders, live, work, study and have a family in other European countries has made Norway richer – in both economic and cultural terms. The European hope is that this approach would positively work among the EU and Israel.

Apart from the aspect of a Schengen Area, a second element concern the cultural sphere of the European-Israeli relations and it should be enhanced through two pillars. Firstly, the EU should promote a better communication for what concerns Israel, its population, language and religion, sharing its cultural heritage and reminding its old-roots in the European history. Furthermore, the EU should encourage an open exchange of information with Israel in several

matters, such as political and social conditions of the borders with Palestine. This could be a concrete proof of a loyalty path among the European-Israeli relations. Secondly, the EU should develop a new education approach with Israel aimed to integrate the Israeli Universities in the European frame. Although there are already several European universities which enjoys partnership with Israeli ones, this should be boosted under the cover of the Erasmus plus program. Indeed, Norway and even Turkey are part of this initiative and the EU should involve Israel too which has already excellent universities in chemistry, medical, engineering and psychological fields.

Finally, the last aspect of the loyalty policy concerns the religion sphere. According to the second chapter of this research, Jerusalem has a key role in that sense and it should be turned from a city of old disputes into a positive stimulus for a religious dialogue and cooperation, becoming a real hub for cross-cultural relations. Thus, the EU should reinvigorate the special status of Jerusalem granted by the international law and it should promote a EU Delegation with the aim to encourage interreligious relationship and cohesion among people. According to Pardo, Israelis have supported a deeper relation with the EU in the past, even a membership in the Union (Pardo 2010: 108).

However, the membership is not considered in such loyalty policy and generally it is considered an impracticable path under the current conditions which have been explained through this research. Nevertheless, the relations between the EU and Israel should be urgently reshaped and institutionally restructured to more effectively identify and cultivate common interests and potential synergies.

**Chart 3.3 - Loyalty option in summary**

| <b>Political</b>   | <b>Economic</b>   | <b>Social-Cultural</b>  |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Promote an Israeli participation in formal and informal ministerial meetings in which it could network and build European contacts at the political level</li> <li>• Integrate Israel in its political system, trusting its reliability in a positive future</li> </ul> | <ul style="list-style-type: none"> <li>• Involve Israel in the European Free Trade Association (EFTA) for strengthening their integration</li> <li>• Expand the “home market” for the Israeli enterprises in specific sectors according to the EEA’s provision with a minimum of</li> </ul> | <ul style="list-style-type: none"> <li>• Implement a Schengen Area, in a long-term perspective, paying attention to the Israeli security concerns</li> <li>• promote a better communication and education for what concerns Israel, its population, language</li> </ul> |



|   |   |  |
|---|---|--|
| change of its vision about the Arab-Israeli Peace Process <ul style="list-style-type: none"> <li>• Involve Israel in the military and civil protection (security strategy and crisis management) such as CFSP and CSDP</li> </ul> | obstacles <ul style="list-style-type: none"> <li>• Introduce the internal market legislation in the legal system of Israel through the fulfillment of the <i>acquis communautaire</i> and its associated monitoring system by Israel</li> </ul> | and religion, sharing its cultural heritage and reminding its old-roots in the European history <ul style="list-style-type: none"> <li>• promote a EU Delegation in Jerusalem with the aim to encourage interreligious relationship and cohesion among people</li> </ul> |
|---|---|--|

### 3.4 Policy recommendation by PEST Analysis (why)

After describing the content of each policy according to their specific theoretical framework, it is necessary to recommend the most suitable option for facing the deterioration of the European-Israeli relations in order to enhance a more integrated partnership between them. Following the Hirschman's theoretical frame, this last part concerns the practical application of its model to a contingent situation in which it urges an action for dealing with the problem of quality decay (Hirschman 1970). In that sense, it seems consistent with this purpose the use of a tool for identifying this possible solution. Indeed, a PEST analysis is useful for examining the feasibility of these policies with the final aim to suggest one of them to the European Union and its MSs. However, it is worth to explain why this PEST analysis and how it practically works.

According to the PEST model proposed by the Stanford University of Law, this analysis can help to locate recommendations in competing information and perspectives<sup>75</sup>. In other words, it can clarify doubts about the implementation of one policy or another referring to the disposable notions about the context and the perspectives about the policies themselves. A PEST analysis generally focuses on how negatively or positively Political, Economic, Social and Technological factors affect the feasibility and the effectiveness of a policy option. In the case of the European-Israeli relations, these factors consist in the three frameworks which have characterized this research since the beginning. However, this analysis has needed a

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<sup>75</sup> Herman, L., Tips or Writing Policy Papers, Stanford University of Law, (2013). Retrieved from <https://www-cdn.law.stanford.edu/wp-content/uploads/2015/04/White-Papers-Guidelines.pdf>

reformulation and adaptation to the case because it refers to the international relations studies instead of law or economy. In fact, the political sphere is particularly important, therefore it has been developed in internal and external impact for a comprehensive understanding. Furthermore, it has been added an index concerning the legal aspects of the policies which is often considered in other type of PEST analysis such as PESTL (L means Legal). Nevertheless, the PEST analysis involves not only identifying the relevant factors, but also considering options for responding to these influences or categories. Yet, the PEST analysis for policy makers is a somewhat fluid heuristic. It simply offers a starting point from which you can drill down to increasingly detailed conclusions and recommendations.

### **3.4.1 PEST analysis: categories indexes and marks (how)**

Before looking at the tables of the PEST analysis, it is worth to understand how these charts have been designed and how indexes have been assigned. After the explanation about why this PEST analysis could be applied to this context of research and why it is useful, it is necessary an overview about the structures and reasoning behind this tables.

On one hand, the analysis is developed through three charts which address the policy's proposals of exit, voice and loyalty (vertical side of the chart) in the respective categories, namely political, economic and social. On the other, these policies are broken into five indexes (horizontal side of the chart) to assess the feasibility of the three recommended options:

- (1) internal political feasibility,
- (2) external political feasibility,
- (3) economic costs/benefits,
- (4) social-cultural environment and
- (5) legal regulation.

Consequently, it has been assigned a quality mark to each policy of exit, voice and loyalty that goes from negative (-) to positive (+), with an average score (+/-) which entails a balanced result. A negative mark means that the policy has a negative feasibility or it has more costs than benefits in its implementation. On the contrary, a positive score highlights the feasibility of a policy and its positive impact in terms of benefits. Then, an average mark entails both negative and positive effects which are counterbalanced by each other, implying an ambiguous result on the feasibility and policy costs.

In details, the first category concerns the political implication inside the EU and its MSs, in other words how much consensus could obtain a certain policy among the European States and the European Institutions. This means that the decision-making procedures, unanimity voting, timing of proceeding and working committees are all considered as elements which characterize this category, beyond all the intergovernmental negotiation and the single decisions of the MSs. In terms of mark, the internal political feasibility entails:

- **Negative (-):** low political feasibility due to the European political differences among MSs and their different interests in a certain issue. In this context, it is difficult to find a compromise among the states and the European institutions.
- **Positive (+):** high political feasibility thanks to the consensus among the MSs and the European Institutions. The political decision is commonly shared.
- **Balanced (+/-):** ambiguous political feasibility due to opposite views among MSs and difficulties in the decision-making procedures in the European institutions.

Similarly, the second category is in the political frame, but with a regional and global perspective, addressing the question how could be the reaction of the local states and international actors in front of a certain policy choice by the EU. Indeed, the EU's choices on foreign policy have an important impact at regional level (especially among the Mediterranean and African countries) with possible sustains or on the contrary oppositions from other states to a certain policy. At global level this means the systemic effect of a specific policy, namely the consequences on the Atlantic Alliance, the cooperation with the US, the Russian and Chinese power and the Iranian issue. Here the marks are assigned as such:

- **Negative (-):** regional partners could have serious reasons for opposing to European policies towards Israel in terms of political cooperation and security. Lack of trust. At global level, there are disincentives for the Atlantic Alliance or low possibilities to create new cooperation with other actors
- **Positive (+):** regional partners could have positive gains from a new European-Israeli cooperation. Trust in a process of integration which could lead to other positive relationship. At global level, the Atlantic Alliance could be improved and strengthened or the EU could benefit from new political cooperation with other actors.
- **Balanced (+/-):** both at regional and global level the effects of the policy are both positive and negative for the others actors which are related to the EU.

The third category entails the economic costs and benefits for the EU in implementing one or another option. In this category, the focus is on the economic and financial advantages that the EU could gain from a new cooperation and integration, or on the contrary the economic disadvantages which could affect the European economic status, namely, investments, increasing trade, competition on markets, financial aids, economic initiatives. Referring to the marks, they are named as follows:

- **Negative (-):** the EU has unbalanced combination in terms of costs/benefits. The proposed policy has a negative impact on investments, market and other financial elements. Regarding the other European partners, their economic sphere could be negatively affected by a certain policy towards Israel.
- **Positive (+):** the benefits overtake the costs. The EU has a positive economic and financial gains from Israel which has positive effects on the regional and global cooperation and economic development.
- **Balanced (+/-):** economic costs and benefits are balanced, there are sector of mutual gain, other with negative impacts on the EU and other regional partners. In other words, the economic cooperation has neutral effects

Then, the fourth category focuses on the impact of the policy option on the social and cultural environment, especially on the effects on the European society and on the cultural linkages with Israel. This entails social behaviors and considerations of the European people about the Israelis and the government itself. Furthermore, it concerns the perception of cultural closeness and the cross-religion dialogue between the EU and Israel. The marks are:

- **Negative (-):** the policy has negative impact on the European consideration of Israel both its population and government. This could affect the cultural closeness and religious dialogue.
- **Positive (+):** positive effects of the policy on the social and cultural aspects which link the EU and Israel. The implementation of such policy implies an increasing integration in the social and cultural field.
- **Balanced (+/-):** the policy has neutral or ambiguous effects on the society and culture characteristics between the EU and Israel.

Finally, the fifth policy concerns the legal sphere of the policy, or rather, the implication at international, European and national level of a different regulation based on the policy option's requirements. This means the legal implication of a certain policy in terms of European

Union Law and national states law. Furthermore, it implies even the international law legislation in the relation with the Israeli actions, as the UNSC decisions and the breaches of international law. As regards the scores, the results mean:

- **Negative (-):** the implementation of the policy requires strong efforts in terms of legal and judicial instruments and measures which need to be created or introduced. Furthermore, the Members States consider negative certain legal provisions in their application. Long timing for a homogeneous codification.
- **Positive (+):** the policy has short-timing and less complex legal obligations to implement. In other words, the application of the policy requires less legal efforts. The Members States consider positive legal binding aspects of a provision.
- **Balanced (+/-):** the policy has neutral or ambiguous effects on the legal sphere. It could be neutral if it has no effect on the judicial sphere both at international, European and single national states level. While, it could be ambiguous if it has positive or negative impacts on the different levels.

The results of the analysis suggest the implementation of the voice option as the most suitable policy for facing the current deterioration of the European-Israeli relations. This choice is due to the close similarity of the Canadian context to Israel respect to ones of Norway and Turkey. Indeed, the voice option in its timing approach, in other words a practical and immediate behavior (starting from the economic part, to the political one and then to the social) seems the most consistent for dealing with the current deterioration of the European-Israeli relations. Furthermore, considering the regional and the global context nowadays, this voice option is probably the most suitable on one hand for dealing with a Mediterranean Area which is effected by democratic consolidations and transitions, beyond the migration issue, on the other for facing the uncertain context of the international political system in which US and China compete for the political and economic leadership.

### 3.4.1.1 PEST Political Framework (1)

|                |   | <b>Internal political feasibility</b> | <b>External political feasibility</b> | <b>Economic costs/benefits</b> | <b>Social-cultural environment</b> | <b>Legal regulation</b> |
|----------------|---|---------------------------------------|---------------------------------------|--------------------------------|------------------------------------|-------------------------|
| <b>Exit</b>    | Political partnerships with other actors, at regional and global level                                  | +                                     | +/-                                   | +                              | -                                  | -                       |
|                | Penalize Israeli drift towards a one-state reality and its violations of international law              | +                                     | +/-                                   | -                              | +/-                                | +                       |
|                | Foster a “spot-cooperation” with Israel (and the US) in the military and security field                 | +/-                                   | +                                     | -                              | +/-                                | -                       |
| <b>Voice</b>   | Renew the Union for Mediterranean and implement a SPA based agreement with Israel                       | +                                     | +                                     | +                              | +                                  | +/-                     |
|                | Adopt a balanced position in the Arab-Israeli conflict with the UN support                              | +                                     | +                                     | +                              | +                                  | +                       |
|                | Upgrade of Israel membership in the NATO  | +/-                                   | +                                     | +/-                            | +/-                                | -                       |
| <b>Loyalty</b> | Promote an Israeli participation in formal and informal ministerial meetings in the EU institutions     | +                                     | -                                     | +/-                            | +/-                                | -                       |
|                | Trusting its reliability in a positive future change of its vision about the Arab-Israeli Peace Process | +/-                                   | +/-                                   | +                              | -                                  | -                       |
|                | Involve Israel in the military and civil protection such as CFSP and CSDP                               | +/-                                   | -                                     | +                              | +/-                                | -                       |
|                |   | <b>Internal political feasibility</b> | <b>External political feasibility</b> | <b>Economic costs/benefits</b> | <b>Social-cultural environment</b> | <b>Legal regulation</b> |

### 3.4.1.2 PEST Economic Framework (2)

|                |  | <b>Internal<br/>political<br/>feasibility</b> | <b>External<br/>political<br/>feasibility</b> | <b>Economic<br/>costs/benefits</b> | <b>Social-<br/>cultural<br/>environment</b> | <b>Legal<br/>regulation</b> |
|----------------|--|---|---|------------------------------------|---|-----------------------------|
| <b>Exit</b>    | Strengthen its economic partnership with other countries in the Mediterranean area and in the Middle East                          | +   | +   | +/-                                | +/-   | +                           |
|                | Decrease the economic integration with Israel through a reform of the EU-Association agreement                                     | +/-   | +/-   | -                                  | -   | +                           |
|                | High control of the trade between Israel and other MSs, especially for products coming from the settlements                        | +   | +   | +                                  | +/-   | +                           |
| <b>Voice</b>   | Support an Israeli involvement in the Mediterranean area with increasing economic relations with other countries                   | +   | +/-   | +                                  | +   | +                           |
|                | Reorganize MSs single agreements in a unique comprehensive agreement as Comprehensive Economic Trade Agreement (CETA)              | +   | +/-   | +                                  | +   | +/-                         |
|                | Boost their exports in several sectors such as agriculture, foods and drinks, with a control on regulations                        | +   | +   | +/-                                | +   | +/-                         |
| <b>Loyalty</b> | European Free Trade Association (EFTA) for strengthening their integration   | +   | +/-   | +                                  | +   | -                           |
|                | Expand the “home market” for the Israeli enterprises   | +/-   | +/-   | +                                  | +/-   | +/-                         |
|                | Introduce the internal market legislation in the legal system of Israel through the fulfillment of the <i>acquis communautaire</i> | +   | +   | +/-                                | +/-   | -                           |
|                |  | <b>Internal<br/>political<br/>feasibility</b> | <b>External<br/>political<br/>feasibility</b> | <b>Economic<br/>costs/benefits</b> | <b>Social-<br/>cultural<br/>environment</b> | <b>Legal<br/>regulation</b> |

### 3.4.1.3 PEST Social Framework (3)

|                |   | <b>Internal political feasibility</b> | <b>External political feasibility</b> | <b>Economic costs/benefits</b> | <b>Social-cultural environment</b> | <b>Legal regulation</b> |
|----------------|---|---------------------------------------|---------------------------------------|--------------------------------|------------------------------------|-------------------------|
| <b>Exit</b>    | Enhance social relationship with other countries of the Mediterranean area, favoring a cross cultural dialogue especially with Arab countries | +                                     | +                                     | -                              | +/-                                | +/-                     |
|                | Cooperate with the several NGOs and other private actors which already operate in Palestine   | +                                     | -                                     | -                              | +/-                                | +/-                     |
| <b>Voice</b>   | Increase the Israeli participation in the Council of Europe   | +                                     | +                                     | +                              | +                                  | +                       |
|                | The application of the SPA to Israel is also a European attempt to reconcile some European values and Israeli ones                            | +                                     | +/-                                   | +                              | +                                  | -                       |
|                | Boost a more intense dialogue among the different religion actors both in Israel and in Europe, especially between Jews and Muslims.          | +/-                                   | +/-                                   | +                              | +/-                                | +/-                     |
| <b>Loyalty</b> | Implement a Schengen Area, in a long-term perspective, paying attention to the Israeli security concerns                                      | -                                     | -                                     | +                              | +/-                                | -                       |
|                | Promote a better communication and education for what concerns Israel, its population, language and religion,                                 | +/-                                   | +/-                                   | +                              | +/-                                | +                       |
|                | Promote a EU Delegation in Jerusalem with the aim to encourage interreligious relationship and cohesion among people                          | +                                     | +/-                                   | -                              | +/-                                | +/-                     |
|                |   | <b>Internal political feasibility</b> | <b>External political feasibility</b> | <b>Economic costs/benefits</b> | <b>Social-cultural environment</b> | <b>Legal regulation</b> |



### **3.4.2 Why a “Canada” approach and how could be implemented**

According to the PEST analysis, the voice option has resulted as the most feasible policy for facing the decay of the current EU-Israel relations. Indeed, the EU-Canada’s case of relationship represents a concrete and consistent model of voice approach because it avoids exit, increasing the chances for a constructive dialogue towards integration. Differently from the Norway’s model of loyalty, the voice option entails both multilateral and bilateral actions and promotes careful cooperation, lowering high costs of further integration, as in the Norway’s model. But why Canada model for the Israeli case? Why are they so close in terms of resemblance with the EU?

On one hand, Canada and Israel share a common political background in terms of democracy, rule of law and independent judiciary system, they are among the most developed countries in the world, with numerous commercial relations and they have multicultural and multilinguistic society with different religions. On the other, both have in common an historical and well-rooted relationship with Europe and the European Union. In terms of political relations, they have started their collaboration with the EU in the fifties with increasing cooperation, especially in the economic sphere. Indeed, in this field Canada and Israel have enjoyed favorable agreements in trade and economic cooperation, more than other European partners. Furthermore, both countries have family relatives in Europe and vice versa, long roots in the European society, old linkages with European countries where Canadian and Israeli families have lived for long and they still have connections with those territories.

Apart from the common connections between Israel and the taken case of Canada and the reasons of this choice, it is necessary to define how could be the voice option implemented in the context of the European-Israeli relations. Basically, there are two possible approaches that could be considered: timing approach and reconciliation approach. Referring to the first one, the voice policy should follow concerns about an immediate change of behaviors between the EU and Israel for the sake of facing the deterioration. In this approach, the economic section of the policy should be the first to be enacted, favoring economic development, free trade and technological cooperation. Consequently, the political part of the policy which is more complex and difficult to implement because of the Israeli-Palestinian Peace Process. This needs a strong effort of the EU together with the UN for making an attempt in order to tackle the question. However, this implies a long commitment in terms of resources and time by the EU. Finally, the social frame is the third step of the timing approach to the policy and it requires social and cultural dialogue. Certainly, rebuilding trust and affinity between Israeli society and the

European one entails long procedures with several barriers due to biased attitude of each side and old religious cleavages.

For what concerns the reconciliation approach, the point of view is completely different. The goal shifts from the timing concerns to a resolution of the disputed questions and unresolved issue between Israel and the EU. Therefore, the first section of the agenda policy is the political part which deals with the Arab-Israeli conflict. According to Pardo, this issue remains the main barrier of the integration between the two actors and it is necessary to overtake it to increase the chance of successful cooperation (Pardo 2010). Indeed, the fundamental idea is to put political dialogue before social and economic ones which would be enacted in a second and third step. Together with the political field, the social and cultural environment is also subjected to a reconciliation approach with the aim to fight antisemitism and improve cross-cultural dialogue. Last step regards the economic realm and according to this second approach, the implementation of this section is less concerned with the reconciliation approach because it is less affected by deepen biases and more focused on practical interests.

Hence, considering the urgency of the European-Israeli relations' deterioration and the possible leadership change in the Israeli government, the EU is still faithful in a positive change of the current path. According to Pasquino, the voice option is useful for drawing attention to what is wrong, highlight a problem that was previously not perceived (Pasquino 2014: 176). In the EU-Israel relations context, it is an attempt to understand and to solve deficiencies between them, sitting at the table of negotiation and shifting from a status between exit and voice to a full voice moment.

## APPENDIX A: Claiming a European Sovereignty

This European purpose should be fulfilled through practical common initiatives and a redefinition of the concept of strategic autonomy. Firstly, the EU should enhance a better coordination among the Member States in the defense policy. From a decisional point of view, the EU should boost the potential broadening of the scope of qualified majority voting (QMV) in certain areas of CFSP, including sanctions regimes and decisions on civilian CSDP missions with possible substantial implications for the future of EU security and defense policy (Juncker proposal in his 2018 State of the Union address)<sup>76</sup>. While from a financial point of view, according to the European Parliament, the Permanent Structured Cooperation (PESCO) members should increase national defense budgets in real terms with an investment expenditure towards 20 % of total defense spending, especially in defense research and technology with the aim to reach 2 % of total defense spending. In addition, the EU should pledge to develop and provide 'strategically relevant' defense capabilities and to contribute to projects that boost autonomously the European defense industry. In fact, as described in the economic paragraph of the second chapter, Israeli industries widely contribute to the European military equipment (as the US does) and this should be avoided by the EU. In the coming years, the European Defense Fund (EDF) should step up its activities and reach its full projected capacity in coordinating, supplementing and amplifying national investments in defense research, in the development of prototypes and in the acquisition of defense equipment and technology. The budgetary investment in the fund will undoubtedly be a step in the direction of a true European defense union (European Parliament 2018). Secondly, according to Fiott, for what concerns the concept of strategic autonomy, a more responsible EU should be militarily capable of undertaking autonomous missions and operations in its neighborhood and globally, if so required (Fiott 2018). This autonomy could be gained through three behaviors. First, a responsible behavior that European states should take up a greater share of the burden inside NATO and, when appropriate, through the EU. Second, a strategic hedging behavior that means a sort of insurance policy that guards against a deterioration in relations between two actors and/or should the hegemon cease to provide security to the hedging actor. What the concept does allow for, however, is for the EU to simultaneously maintain a favorable relationship with the US in diplomatic and economic terms while also focusing on specific domains that can help

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<sup>76</sup> European Commission, State of the Union 2018. Retrieved from [https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech\\_en\\_0.pdf](https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech_en_0.pdf)

improve the EU's autonomy (Fiott 2018: 4). Third, an emancipated behavior in which the EU can either protect European territory and its global interests by relying on full spectrum capabilities that are produced and owned by European governments. This could be obtained especially through a solid economic system in which the EU has competitive means for weighing its bargaining power towards Israel.

## Conclusions

This analysis has presented an interpretation of the European-Israeli relations through the lens of the theoretical model “Exit, Voice and Loyalty” of Hirschman, showing the relevance of this theory even in the international relations studies. Given the research question, the EVL model has proved to be a suitable theoretical approach for describing interactions in regional and global context between international actors which have increasing cooperation and integration process purposes. In that sense, the chosen case of the EU and Israel is particularly consistent with this aim because it represents a clear example of uncomplete integration which has been characterized, according also to Pardo, by an alternation of divergent and convergent moments (Pardo, 2010).

Indeed, the correlation between theoretical aspects and historical events has highlighted how the EU and Israel have employed exit, voice and loyalty approaches throughout the development of their past and current cooperation, without a stable approach. In fact, the EU and Israel have interchanged exit behaviours and voice actions with a loyal perspective which has never been realized completely. This has occurred on one hand because the global environment and actors have called into question the international political system itself and its balance, on the other hand because the political goals and agendas of Israel and especially of the EU have been changed by contingent issues and new threats, shifting their common needs in the long-term towards individual interests of short-term.

According to the Hirschman’s model and the political, economic and social frameworks of their relationship, the EU and Israel are now facing a deterioration which is downgrading their integration from voice towards a progressive exit approach. This condition emerges from the analysis of the low political cooperation between them and the internal uncertainty which is affecting both. Although the economic relationship remains stable, possible mutual benefits and upgrades in trade, financial and energy sectors are affected by this political condition and by the social-cultural environment which has become less relevant and “liquid” in an increasing globalized context.

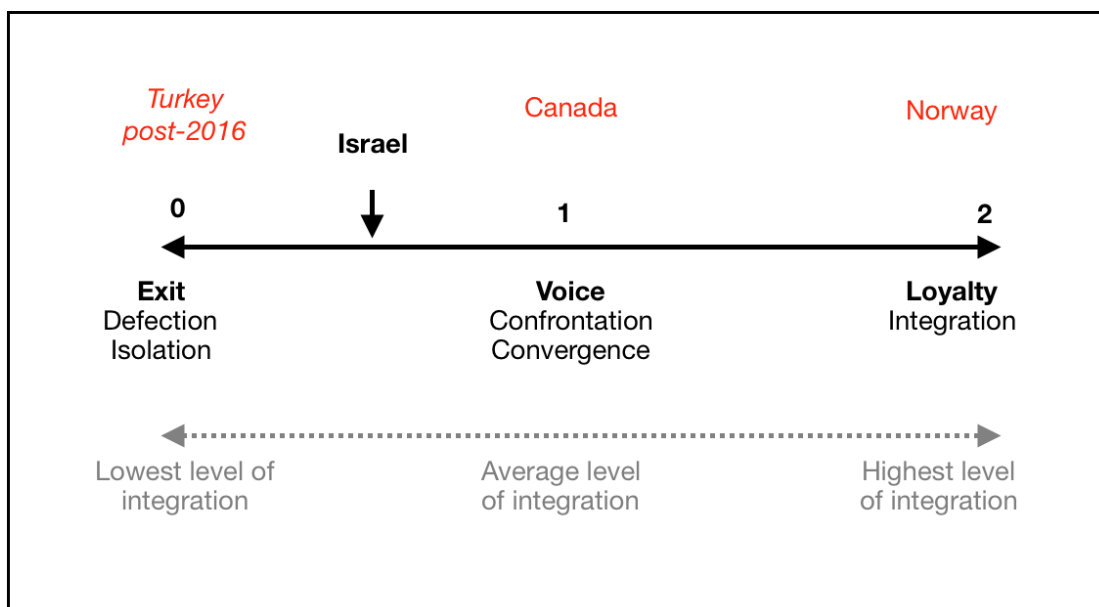
In this hybrid and uncertain situation, the EVL model reaffirms its consistency with the international relations analysis also through its practical application in resolving an issue. According to the original and general aim of Hirschman, exit, voice and loyalty options demonstrate their utility in dealing with the deterioration of a relationship, such as the European-Israeli one. This aspect is confirmed in the policy analysis of the research in which theory’s options and case studies are correlated according to their specific framework, namely

exit as defection to the EU-Turkey relations post 2016, voice as cooperation to the EU-Canada partnership and loyalty as integration without membership to EU-Norway relationship.

As results, the PEST analysis suggests the implementation of the voice option and the Canada Model as the most feasible policy for dealing with the current situation of the European-Israeli relations. Indeed, the EVL model strengthens its reliability through a policy proposal which, apart from its political purpose, points out empirical proves of its theoretical frameworks and methodological methods. Following this conclusion and general reasoning, it emerges the practical aspect of Hirschman's theoretical framework which is aimed to recommend effective solutions for facing a deterioration.

However, the importance given to the last part of the research is not so much due to the possible implementation of one of the proposed policy scenarios, but rather to the models they represent. The cases of integration and cooperation of the European Union with Turkey post 2016, Canada and Norway are useful models to understand and define the state of relations of certain actors (whether they have been, international organizations or NGOs) with the European Union, in our case Israel.

**Fig. 1 - The EVL model revisited through international relations theory**



Thus, the three theoretical approaches in their practical examples are necessary to define the systemic condition of the relationship between two actors, in which these characteristics, both theoretical and practical, are reflected. Accordingly, we could place, with a certain degree of approximation, on our line of integration derived from the Hirschman model, not only Israel, as in our case analysed, but also other actors who have cooperative relations with the Union (Fig. 1).

The combination of a theoretical and practical approach to the proposed case and more generally to international relations, is in accordance with the same philosophy of study adopted by Hirschman and supported by him with conviction. In fact, Hirschman as an economist has always argued for the importance of the possibility of applying his theoretical studies to concrete cases in which he requires not only an analysis of the situation, but also a proposal for a resolution to the problem.

As already mentioned, this purpose is evident in the use of the PEST analysis to support one of the described approaches. However, this overtakes the real and research purpose of this thesis and the question which has been posed as an incipit. In fact, paraphrasing the words of Hirschman, this analysis represents a “*petite idée*” aimed at examining the systemic condition of relations between the European Union and Israel, with an attempt to explain the elements that characterize a divergent situation (*exit*), a situation of cooperation and convergence (*voice*) or an integration approach without a membership (*loyalty*).

The spectrum through which these considerations can be developed is very wide and, for Hirschman himself it must remain as such, far from dichotomous claims. This allows the model to remain flexible and versatile and above all to be adopted here in relations between the European Union and Israel, as well as in other contexts of analysis.

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## Summary

The relations between the European Union (EU) and Israel have enjoyed convergent and divergent moments along their history which have characterized, positively and negatively, their cooperation and integration.

During the last years, both the EU and Israel have lowered their commitment in fulfilling this progressive integration purpose because of contingent issues which have shifted their respective agendas and goals towards other priorities. On one hand, the EU and its Member States (MSs) have faced a huge economic crisis, an uncontrolled immigration wave and political threats from the same European countries and historical Western allies, which have questioned historical partnership in the economic and security field (e.g. US President Trump's Policy). On the other hand, during the Netanyahu's governments, Israel have changed its political discourse and position towards more radical consideration about its role and the European one, especially in the Middle East and in the Israeli-Palestinian question. Besides its impressive economic growth, Israel is facing a political stalemate in forming the new government after the second turn of elections this year and it has showed increasing social and cultural cleavages among its population.

Because of this current situation, I have decided to analyze their relations through the lens of the economic theory of Albert O. Hirschman and its well-defined model of "Exit, Voice and Loyalty" (EVL). Starting from its economic and social implications, the model is readapted to the international relations theory (IR) through a comparative process between its economic principles and mechanisms and its equivalents in the political sphere. Consequently, the three approaches would be specified through the lens of international relations, namely *exit* as defection and isolation, *voice* as confrontation and convergence and *loyalty* as cooperation and integration. In this reasoning, it could be helpful looking at these three paths along a line that goes from 0, no integration or exit, to 2 the best integration or loyalty, with a middle position in 1, partial integration or voice. This graphic explanation should be kept in mind because it would avoid any dichotomy understanding of the model, underlining that these three approaches must not be seen in fixed terms but along a wide spectrum with different combinations and shades.

In that sense, exit, voice and loyalty become three approaches for describing and defining a specific international relations context with the double attempt to provide a clear understanding of the relationship and to forecast its possible development at regional and global

level. Indeed, the aim is to create a new theoretical approach, based on a relevant theory, that could be applied in an integration process between two actors or partners, such as the EU and Israel, for enhancing their cooperation and progressive integration. For this reason, my research question is: how could be the European-Israeli relations analyzed in their current situation, considering their integration concerns?

In order to answer this question, I have considered past and present political, economic and social-cultural relations between them, assuming the European point of view of action. Indeed, the investigation takes under scrutiny the European Foreign Policy, its actors and instruments and above all consistent case studies which represent significant examples of integration approach of the EU with another actor. Hence, each case is related to a Hirschman's option, namely exit with the EU-Turkey relations post 2016, voice with EU-Canada partnership and loyalty with EU-Norway integration without membership. Then, according to the practical purpose of the Hirschman's theory, these three options shape also three possible paths that the EU could implement regards Israel. The provided PEST analysis suggests the voice option as the most feasible and suitable policy as things currently stands. However, apart from this, the purpose of the analysis remains to prove that the "Exit, Voice and Loyalty" model, with a relevant case study, is a useful instrument for analyzing political context especially in international relations when two actors are considered, such as the EU and Israel, that are part of the same geographical area but with a feasible increasing degree of cooperation and integration.

The research is divided into three chapter, correlated by paragraphs and subparagraphs. The first chapter describes the theoretical model of Hirschman, Exit, Voice and Loyalty (EVL), analysing in details the logical implications and structure, from the economic sphere to international relations one. The second chapter is devoted to the political, economic and social-cultural sphere of the historical relationship between the EU and Israel which are necessary for a comprehensive understanding of their past and current path. The division in thematic areas is particularly suitable for this analysis and the general purpose of the research. Then, the third chapter intends to define three possible approaches of relations between the EU and Israel, following the main options of the Hirschman's model and the historical description. Assuming the European Union point of view, these policies apply specific and practical cases of foreign relationship that the EU is implementing or has already implemented with other actors: Turkey after 2016 for exit, Canada for voice and Norway for loyalty. Finally, the three policy options are examined through PEST analysis, checking their feasibility. According to the results, the voice option seems the most effective and consistent with the actual path of the EU-Israeli

relations. In other words, the Canada's Model has proved to be the most suitable for facing their decay and promoting a new partnership. This policy forestalls a possible exit, reconsidering the force of cooperation and dialogue as fundamental element for a future integration, towards loyalty in long-term.

In the **First Chapter**, the analysis seeks to demonstrate the utility of EVL model in the international relations through a comprehensive review of its theoretical framework. Starting from how Hirschman has created its model, in other words through an economic and social reasoning, the fundamental aim of this chapter is to translate and readapt his model in the context of the international relations studies, focusing on the same implications and mechanisms but from a IR point of view. Hirschman describes economic concepts such as perfect competition and monopoly, elasticity of products and market functioning through graphic representation, but he also implements a social part related to the demand behavior of consumers and product offer of industries, following a rational approach in developing the solutions proposed by the model. As stated before, the three parts of the model must not be considered as absolutes but as guidelines of a wider spectrum of possibilities and combinations (§ 1.1). Indeed, the scheme is apparently simple and it is worth to distinguish the different aspects of exit, voice and loyalty in order to produce empirical hypotheses about their relationship. After the description of Hirschman's background (§1.1.1) and the comparison with other theoretical method of analysis such as neo-functionalism, intergovernmentalism and social constructivism integration theories (§1.1.2), three main aspects emerge for making consistent this model with the IR research. Firstly, the evident key role of voice in the Hirschman's theory has a strong basis in the political understanding of the model. As a matter of fact, voice entails confrontation and discussion which are two fundamental aspect in a progressive integration approach. Secondly, differently from other models and theories, this pattern generally evolves between two entities, a group and an individual, or in this case an organization and a state, which act in a certain environment, such as the international political system. In other words, this model is suitable for the EU and Israel case because actors and background are well embedded in the mechanism of the theory. Thirdly, for what concerns international public policy, this model seems particularly indicated for proposing policies especially for its triple distinctions in different paths (§1.1.3).

Then, the chapter continues with the outline of his methodological method, focusing on the single option of exit, voice and loyalty and on the logical connections of them from an economic point of view. Regarding to the logical connection and mechanism, I define three



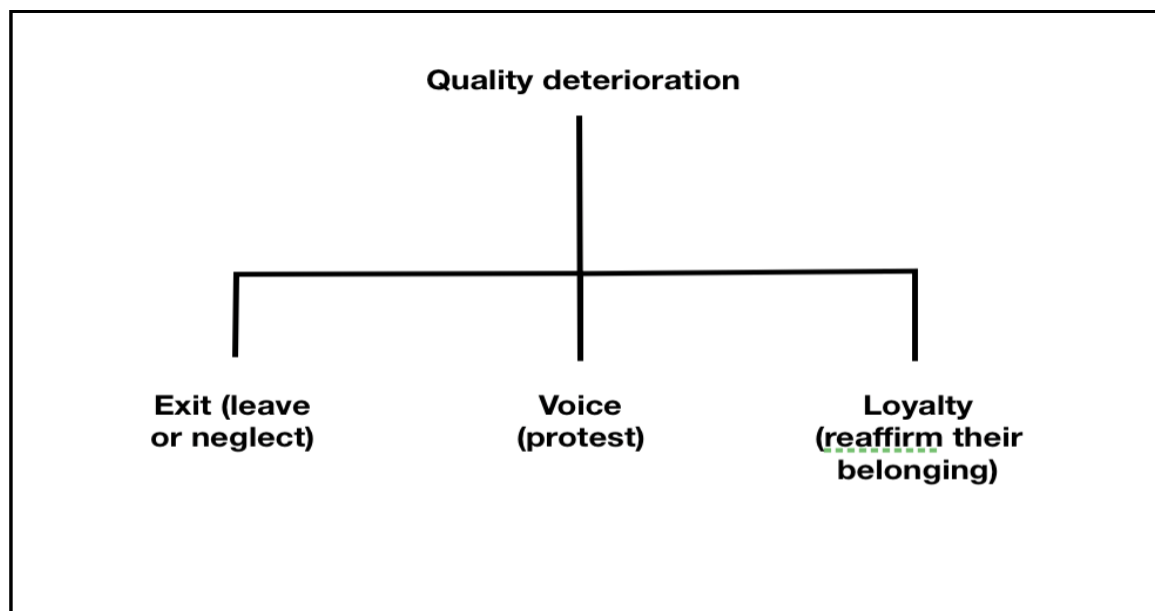
preconditions that are essential for a comprehensive understanding of EVL mechanism. These three features could be summarized in three basic questions: who (1), the subjects, what (2), the object of the analysis and why (3) or the reason of the research. The first precondition regards the subjects. According to Hirschman, the analysis entails forces which operate in the economy, namely firms and consumers that have an “unchanging level” of rationality. The second precondition concerns the object of the model. Hirschman identifies it in the quality of the product or in the provided services. In that sense, according to the level of quality, the actors decide their consumer choices. For both subjects, the producer and the consumer, is still relevant the cost of their production or consumption. In the end, there is the third precondition which is the economist’s assumption for proposing his triptych. According to Hirschman, the performance of a firm or an organization is assumed to be subject to absolute or comparative deterioration of quality of the product or the services provided. Following his reasoning, although the causes of this decrease are not specified, these are neither so compelling nor so durable as to prevent a possible solution of the deterioration. At this point, Hirschman observes two alternative routes for facing the deterioration: exit option and voice option. Although at the beginning the loyalty option is not considered by Hirschman, exit and voice are already explicative of his trespassing approach. This is a key passage of discussion about EVL model because Hirschman distances himself and his theory from the rigid economic frame, in other words from the unique paradigm. Indeed, Hirschman aims at demonstrating to the economists of the usefulness of political concepts and to political scientists the usefulness of economic concepts (§ 1.2).

According to Hirschman, the *exit* option consists in some consumers that stop buying the firm’s products or in some members that leave the organization because of a quality deterioration (§ 1.2.1). On the contrary, *voice* is defined as any attempt at all to change, rather than to escape from, an objectionable state of affairs (§ 1.2.2). Then, *loyalty* consists in a strong attachment to the product or the organization by a consumer or a member who influences positively an organization when he believes that it is in a quality decay (§ 1.2.3).

Although Hirschman had no interest in a disciplinary placement as a political scientist, his “art of trespassing” inevitably leads him to cross over into other areas of whom he nevertheless knows the utility. Therefore, considering Hirschman a political economist, it is possible to combine the “Exit, Voice and Loyalty” model with the study of political science themes, in this specific case with International Relations. Once it has been defined the object of the economic reasoning, the quality decay of the product, and its equivalent in the political reasoning, the quality level of integration and cooperation, it is possible to introduce the

fundamental assumption which is at the base of the discourse. This consists in an absolute or comparative deterioration of quality of the product or services which occurs between the consumer and the producer. Shifting this condition from the economic to a political one, this deterioration corresponds to a decay in the relations between two actors, in our case the European Union and Israel. This decay entails a deterioration in their cooperation and path of integration or generally in a malfunctioning of their relations from a political, economic and social perspectives (§ 1.3).

**Fig.1.1 Graphic representation of the options to the quality deterioration in the EVL model**



Regarding the aspects of exit in the IR sphere, isolation and defection are the most likely paths between two international actors. Indeed, exit entails a lowering in the economic commitment of the actors or in the political field through a lowering of the diplomatic rank of official or delegations, through less favorable tariff policies with the general aim to isolate or partially cut the relations with that country (§1.3.1). For what concerns the voice option in the IR framework, it consists in the option of the dialogue and convergence with the aim to face a deterioration in the cooperation or a tool for improving the integration between a member and an organization. Being a residual of exit or an alternative to exit, Voice remains between the exit option and the loyalty option, as middle step of a process towards progressive integration otherwise towards a progressive defection. For that reason, it is particularly delicate in its application and more complex than other options (§ 1.3.2). Finally, the loyalty option is based

on the positive belief that the quality decay will be solved and the relationship will improve between organization and member, excluding exit and boosting voice by raising the costs of leaving. In the international relations framework, this entails the same positive belief in a progressive cooperation and integration between the actors. Referring to the European Union and Israel context, loyalty would enhance their cooperation with a positive perspective of an improvement in their relations, avoiding conflict position such an interrupt of their partnership (§ 1.3.3).

The **Second Chapter** is focused on the political, economic and social-cultural sphere of the relationship between the EU and Israel which are necessary for a comprehensive understanding of their current path. The division in thematic areas is particularly suitable for this analysis and the general purpose of the research.

Firstly, I observe the fundamental aspects of the European Foreign Policy that are necessary both for understanding past and future development of the European-Israeli cooperation and for applying the “Exit, Voice and Loyalty” model to the analysis of their relations. This part concerns the European institutions and strategies that oversee the foreign policy of the Union. The European External Action Service (EEAS) deals with the management of the relations outside the Union through partnerships and cooperation in different fields from political to social matters, from economic to security issues. Although the EEAS’s action is under the executive control of the Member States and the European Commission, its work is fundamental for proposing new policies in line with the European Union Global Strategy (EUGES 2016). This strategy represents the key document for the European Foreign Policy, defining its scope, goals and means (§ 2.1.1). Then, I propose a digression on the path of the current transatlantic relations under the U.S. presidency of Donald Trump. The well-evident change in the European-US relationship is due to a differentiation of their political and economic agenda, especially in the global governance. Indeed, the European Union and the United States are following an autonomous and divergent path which has never happened since the Second World War. However, in this context, the European Union could find a new independence, especially in its foreign policy, and a new role in the global order. Being able to balance the international political system, the EU is making efforts for strengthening its autonomy, above all in the security realm. This excursus is aimed to show the real independence of the European Foreign Policy from the American one and to test the capabilities of the Union to act autonomously in its relations with Israel, strong military partner of the US (§ 2.1.2). In the last part of the paragraph, I consider the European Neighbourhood Policy (ENP) which

includes the closest states around the Union, from East to South, such as Israel. The focus is on its instruments that are disposable for boosting and improving integration and cooperation among the European neighbours. Apart from the issues related to its functioning, the ENP represents the principal framework in which the Union develops its political, economic and social relations with other countries. Therefore, the analysis of the ENP is necessary in order to create and propose policies based on the EVL model as it will be clearer in the final chapter (§ 2.1.3). Hence, the mechanism and the instruments of the EU must be necessarily clear before describing the history of the European-Israeli relations and its current implications at political, security, economic and social level.

After the illustration of the European mechanisms of foreign policy and the current relationship with the United States, the chapter continues with the historical relations between the EU and Israel from its old roots to nowadays. The first section describes the origin of the trouble history of the Jewish people in Europe and the Holocaust tragedy with consequences both on Israeli identity and European collective memory. Then, the discussion shifts on the creation of the State of Israel and the European Union and on their bilateral and multilateral cooperation throughout the years. This part is characterized by an “up and down” intensity of the European-Israeli integration mainly due to the global context and the Middle East Peace Process (§ 2.2.1). According to this reasoning, the following section concerns the Israeli-Palestinian Peace Process which remains a key aspect for understanding European-Israeli relations. Starting from the first European initiative in 1980 with the Venice Declaration, the analysis shows the convergent and divergent approach on the issue between the EU and Israel. The EU has always built its path on two pillars: the “two-states” solution and the respect of human rights and international law. On the contrary, Israel has marked important steps towards a more “one-state” solution, especially in the last years thanks to the support of the United States. This divergent path partially characterizes the deterioration of their relations which is the object of EVL model application in this research (§ 2.2.2). Then, I examine the current situation of the European-Israeli relations, focusing on the main causes of their decay. First, the change in the US Foreign Policy is affecting the effectiveness of the EU on the Israeli-Palestinian peace process, jeopardizing the “two-states” solution. Second, Israeli Prime Minister Netanyahu is moving its policy and the country towards more a hard-right approach due to its government coalition. Third, the EU is focusing on more contingent issues apart from the Middle East Peace Process with a declining cooperation with Israel. Nevertheless, this part also argues the uniqueness of Israel as the most politically and economically developed country

among the other European Neighbors, highlighting the necessary cooperation and desirable increasing integration with it (§ 2.2.3).

**Chart 1. Bilateral and Multilateral relations between the EU and Israel**

| <b>Bilateral Agreements and Deals EU-Israel</b>   | <b>Date</b> | <b>Multilateral Initiatives</b>                          | <b>Date</b> |
|---|-------------|--|-------------|
| First agreement provided a partial suspension of common external tariff duties.   | 1964        | Euro-Mediterranean Partnership (EMP) “Barcelona Process” | 1995        |
| First free trade agreement for industrial products and duty free entry into the EU of the 70% of Israeli agricultural goods | 1975        | European Neighborhood Policy (ENP)                       | 2004        |
| EU-Israeli Association Agreement  | 1995        | Union for the Mediterranean (UfM)                        | 2008        |
| EU-Israeli Action Plan  | 2005        | New European Neighborhood Policy (Horizon 2020)          | 2014        |
| Trade agreements in Agriculture and Fishery   | 2009        |  |             |
| Trade agreements in Pharmaceuticals   | 2012        |  |             |
| “Open Skies” agreement  | 2016        |  |             |

After the historical excursus, the second chapter of the context moves towards the three basic frameworks which are fundamental for a comprehensive understanding of the European-Israeli partnership, namely political cooperation and security, economy and trade, social and cultural cleavages. Firstly, I describe the security framework of their relations, starting from the concrete military engagement of the Union in Israel and Palestine. Then, the focus shifts towards the principal issues of the security cooperation, namely the change priorities in their agendas and the relation with the United States and NATO. Furthermore, I highlight the key role of Israel for the security of the Mediterranean Area and the EU’s importance as regional partner (§ 2.3.1). Secondly, the analysis will move on the economic framework of the European-Israeli partnership through a detailed study about their principal trade and economic agreements. After that, I provide a brief review of the energy sector of the area and its regional implications both for Israel and the EU. In addition, I observe the implication of the Israeli-Palestinian conflict on the economic integration between them (§ 2.3.2). Thirdly, the last section of the paragraph will concern the social and cultural framework of the EU and Israel. The focus is on the concepts of anti-Semitism and anti-Zionism with references to the European attitude towards them. In particular, the role of Jerusalem is consistent with the reasoning of this part because it provides a clear example of the relevance of cultural and religious sphere in

understanding the dynamics between the EU and Israel. Hence, their closeness is due two macro factors. On one hand, the convergence of their security and economic goals enhances their cooperation towards a progressive integration. On the other hand, their “shared identity” represents the historical glue based on similar and common social and cultural values. Although these values remain delicate, the EU and Israel should maintain this balance for preserving their identities (§ 2.3.3).

Referring to the Hirschman’s framework, Exit, Voice and Loyalty have characterized different moments along the European-Israeli relations, but only through understanding the historical context it is possible to define their state and create practical policies for enhancing their integration. Apart from this, the division in these frameworks, namely security, economic and social, together with the political sphere, correspond to the division which will be used in the last chapter in the application of the EVL model for proposing policies aim to face the deterioration of European-Israeli relations. However, because of difficult moment of their political relations and the global uncertainty, the equilibrium is quite fragile and their integration is facing a progressive deterioration.

The **Third Chapter** addresses the question how the deterioration of the relations between the EU and Israel could be tackled. At the beginning of this research, it has been described the application of the Exit, Voice and Loyalty model as a line along which there are different levels of integration. At the lowest level, there is the Exit option which entails a total divergent approach between two actors. Then, there is an intermediate level, in other words the Voice option which concerns a dialogue for constructive cooperation. Finally, the highest level is the Loyalty option which represents the most integrated level between the subjects. As already stated, these options must not be considered as dichotomies but as a wide spectrum of different combinations. Currently, the most feasible status of the European-Israeli relations seems between the exit option and the voice one in a difficult stalemate that both actors have difficulties to overtake. Hence, for the sake of a consistent policy analysis and with the aim to limit the range of possible options, three policy proposals are outlined following the main options of the Hirschman’s model, namely exit as defection approach, voice as convergence and loyalty as integration. Assuming the European Union point of view, these policies apply specific and practical cases of foreign relationship that the EU is implementing or has already implemented with other actors: Turkey after 2016 for exit, Canada for voice and Norway for loyalty. In the first paragraph, I describe the first policy proposal based on the exit option,

together with the relative cost of an exit behavior. Indeed, according to Hirschman, exit option is not without costs and the EU must be well-aware of the consequences of such policy

Since the analysis is developed from a European point of view, the focus is on the actions that the EU should implement in order to interrupt its “special relation” with Israel with the aim to fulfill or enhance partnership and cooperation with other actors. In other words, the EU should freeze any perspective of a more integrated relationship with it and it should prefer a business approach in which the EU collaborates with Israel only in area or situation of its interest. Accordingly, the EU-Turkey post 2016 case of relations could be relevant for understanding such policy, considering specific events such as the attempted coup d’état and the Migration Deal. Although Turkey, differently from Israel, has an ongoing process of membership in the Union, the last decision of the European Parliament to suspend this process represents a clear example of the exit behavior that the EU also could have with Israel. This approach entails a divergent path between the EU and Israel in which the degree of European defection depends on its actual integration in the political (and security), economic and social-cultural (and religion) field with Israel. In fact, this first policy will suggest actions following these three spheres beyond the general framework of the exit option. Firstly, regarding to the political area, the EU should consider creating regional partnerships with other countries, such as Arab ones, and lowering its ties with Israel at regional level and with the United States at global level, promoting new relations with other global powers. In that sense, the EU should reconsider its role in the Middle East Peace Process and in the Israeli-Palestinian conflict, especially in its bargaining power between the two sides. In the security sphere, the EU should create an autonomous path from the US umbrella without jeopardizing the Atlantic Alliance (§ 3.1.1). Secondly, the EU could promote a careful economic policy towards Israel more based on trade agreements rather than a deepen integration. This could have the double aim to lower the competition of Israeli market and boost a change in the Israeli-Palestinian positional bargaining. The EU could even consider a reform of the EU-Israel Association Agreement (§ 3.1.2). Then, in the third field, the EU should promote a social and cultural neutrality, avoiding any interests in improving the historical closeness with Israel. On the contrary, the EU should enhance cultural and social relations with other countries of the Mediterranean Area and with Arab states whose population is wide spread in Europe and it needs a more integration (§ 3.1.3)

In the second paragraph, I present the second policy of this research based on the voice approach, which is the intermediate option in the model. According to Hirschman, voice is a reaction against the decay with aim to revert the negative trend. It is affected by the willingness and the probability, in other words the chance of the voice option against the certainty of the

exit and the expectation about the influence capacity for facing the deterioration. Because of its dialectic nature, voice is generally more effective if activated in large number. Thus, this policy would pay attention to the multilateral aspect of European-Israeli relations, especially for what concerns the participation of Israel in certain initiatives at regional and global level. In this case, the reference case is that of the EU with Canada, which has boosted at a higher level their relations at political and economic level.

The description of this voice policy would follow three basic frameworks of analysis: political, economic and social-cultural. The first is the political one and it is probably the most important in the voice approach. Indeed, according to Hirschman, voice is a political action par excellence, therefore it has a key role in this policy option. At multilateral level, the EU should relaunch a new initiative in the Mediterranean Area based on the current Euro-Mediterranean Partnership with specific tasks and effective power in certain decisional area. This could be a positive attempt for creating a new political cooperation with Israel, involving the both European and non-European neighborhood countries. However, following the Strategic Partnership Agreement (SPA) between the European Union and Canada in 2016, the EU should implement also a bilateral initiative with Israel with the aim to enhance political dialogue on a broad range of areas, including international peace and security, economic and sustainable development, justice and freedom. Regarding to the Israeli-Palestinian peace process, the EU should promote a new dialogue on the question with the support of the United Nations. Furthermore, for what concerns the security and military field, the EU should consider the Israeli closeness to the US with the aim to promote a deepen Israeli engagement in the Atlantic Alliance such as Canada (§ 3.2.1). The second frame is the economic one and it entails a reconsideration of the commercial value of the Mediterranean countries among which Israel. In that context, a possible initiative could be a development of the current free trade agreements that the EU has bilaterally with each regional country in a more integrated system such as a Free Trade Area. In addition, following the Canadian model, the EU should promote a bilateral agreement with Israel based on the CETA, increasing the free tariff sectors and reorganizing the numerous agreement that Israel has individually with MSs (§ 3.2.2). The last and third frame concerns the social and cultural issue with a focus on the human rights. As previously described, the European-Israeli social and cultural relations have a strong basis and their affinity is an important “glue” between them. As Canada, Israel has important linkages with Europe and it has democratic institutions based on the Western model. In this section, as first step the voice policy would sustain a multilateral initiative in which Israel could become a full observer state in the Council of Europe, such as Canada. Furthermore, the EU should enforce a better



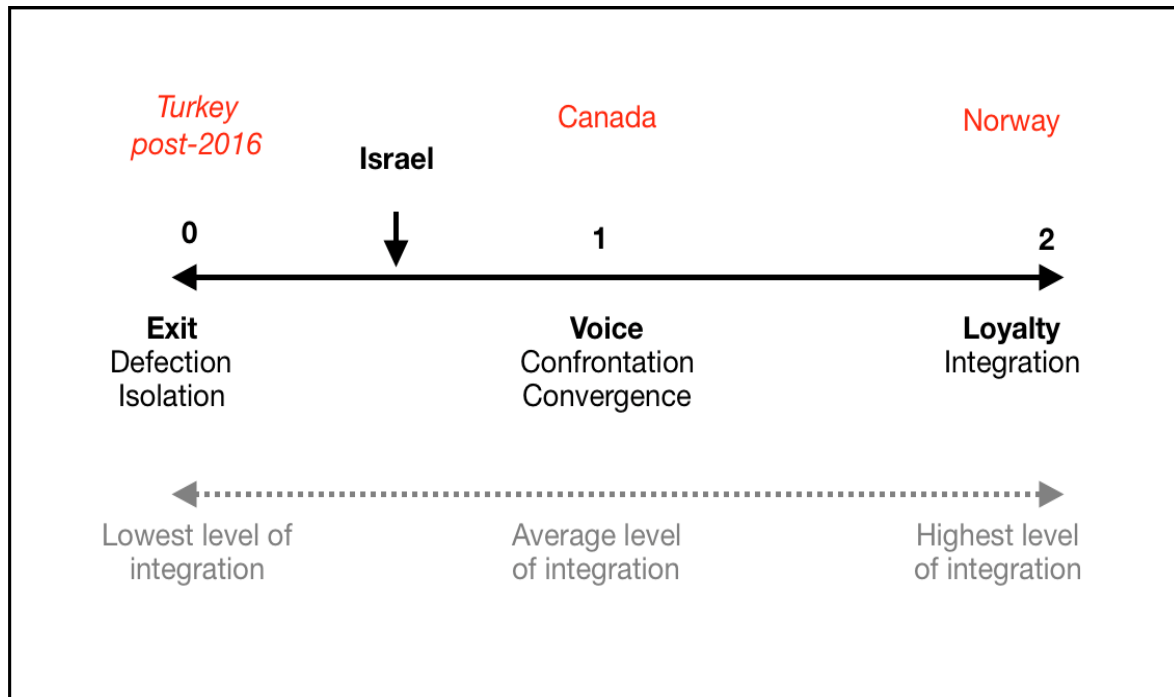
knowledge of the European values and culture and vice versa in order to create a solid multilateral dialogue on delicate matters such as Antisemitism on one hand and Islamophobia on the other (§ 3.2.3).

In the third and last paragraph, the Loyalty policy is aimed to boost the European-Israeli relations towards the highest possible degree of cooperation among them in respect of their prerogatives, without considering an Israeli membership. According to Hirschman, loyalty consists in a strong attachment of a member to its organization and it holds exit at bay through a positive belief that their relations will improve without drastic solutions such as exit option or exaggerate use of voice. Hence, the loyalty option is based on the confidence and real involvement of the two actors in improving their cooperation for obtaining effective mutual benefits at political, economic and social level. In that sense, the Norway's model of association and integration seems consistent with this purpose for several aspects. Firstly, it is the highest level of European integration without a membership which in the Israeli case, remains legally disputable by European Union law's point of view and practically unfeasible for the high complexity of the process. Secondly, although with several different on social and cultural field, Norway resembles Israel for what concerns population and GDP and its form of government. Thirdly, both have long and historical relations with the European Union and both are strategically important for the EU and vice versa, especially from an economic point of view. Also in this third policy proposal, the scheme of analysis follows the three dimensions. On a political field, the EU should promote a closer participation and collaboration with the Israeli government in European Institutions and enhance a political dialogue about common policies from within, especially in the CSDP. This effort should be aimed to develop a more effective security strategy in the Mediterranean Area and to try to solve the Israeli-Palestinian conflict (§ 3.3.1).

In the economic sphere, it should be implemented the provisions of the European Free Trade Association (EFTA) agreement and the European Economic Area (EEA) which represent, apart from the membership, the maximum integration in the economic frame of the Union. Here the Norway's model is particularly useful (§ 3.3.2). Finally, at social and cultural level, the EU should create a dynamic environment of social-cultural exchange in favor of students and workers, fostering positive religious dialogues and protection of human rights. In that sense, it could be considered the introduction of the Schengen provisions among the EU and Israel (§ 3.3.3). Nevertheless, as already stated in the first chapter of this research, the loyalty option is complex and it requires a long-term vision. Furthermore, for strengthening the "taking care" element of this option is necessary on one hand to introduce legal binding provisions, on the

other to develop a sense of attachment to the difficult situation with the aim to resolve it through a positive dialogue. These “costs” together with the type of attitude of the EU, conscious or unconscious, should be considered in order to implement such policy.

**Fig. 2- The EVL model revisited through international relations theory**



In conclusion, the three policy options are examined through PEST analysis, checking their practical feasibility. According to the results, the voice option seems the most effective and consistent with the actual path of the EU-Israeli relations (§ 3.4). In other words, the Canada’s Model has proved to be the most suitable for facing their decay and promoting a new partnership. This policy forestalls a possible exit, reconsidering the force of cooperation and dialogue as fundamental element for a future integration, towards the loyalty in long-term. However, apart from the possible practical application, these policies answer to our research question about how the EVL model can be useful from analyzing international relations dynamics, such the European-Israeli relationship. Indeed, it is through the considered case studies and its respective theoretical approach of exit, voice and loyalty that I defined the current path of their relations, providing possible guidelines for understanding ongoing processes and future developments.